

LPAC Submits Testimony to Senate: Save Agriculture, Dump Globalization

This testimony, entitled, "Breakdown Phase of Globalization Now Grips Agriculture; Launch FDR-Style Emergency Measures for Economic Recovery," was prepared by EIR's Marcia Merry Baker, and submitted by the LaRouche Political Action Committee (LPAC) on July 20, 2006 to the Senate Agriculture, Nutrition, and Forestry Committee, to become part of the record of the Northeast Region, Farm Bill Field Hearing, July 21, in Harrisburg, Pennsylvania. The field hearings are being held in preparation for the drafting of the next five-year farm law.

Dear Senator Saxby Chambliss, Chairman; Senator Tom Harkin, Minority Leader; and Committee Members:

Drafting the next five-year farm law comes at a time radically different from past periods of policy deliberation. We are now in a crisis context with two interrelated features: 1) *breakdown of the entire monetary financial system* itself—as seen in out-of-control hyperinflation and deficits, bursting of the home mortgage bubble, chain reactions of insolvencies and other manifestations; and 2) globalization in the extreme, to the point that financial interests behind the scenes—from Cargill/Monsanto, to Lazard/Macquarie and all the rest—constitute a fascist menace to the continued existence of the nation-state system.

What is required is Federal emergency action, for which



A cotton field in Texas. Today's cotton price of 50¢ per pound to the farmer, is the same as it was in 1949.

precedents exist. During the 1930s FDR period, bipartisan anti-Depression efforts succeeded in rebuilding the nation, under the General Welfare principle.

The Lyndon LaRouche Political Action Committee (LPAC) was formed exactly two years ago this month, in Boston, at the conclusion of the Democratic Party convention, to serve as a mobilization effort for bipartisan policy action. At a press conference then, LaRouche said, we would "draw the economic map of the nation" to make clear to people, who have been persisting in denial, that there is a takedown process under way in the physical economy. Now, we have reached an emergency stage.

On the manufacturing side—the heart of any modern nation—the U.S. auto/machine sector is being liquidated. In May this year, LPAC released the "Emergency Economic Recovery Act of 2006" (ERA), which is in mass circulation (available on www.larouchepac.com), spelling out action required to save and retool auto capacity, for a vast infrastructure-building drive, to lead a recovery in rejuvenating family-farm agriculture and the economy across the board. The ERA outlines the monetary/financial reform measures needed. Hundreds of leaders in the Northeast and across the country have signed a petition calling on Congress to take action.

LaRouche's evaluation is that the financial system itself may explode as of September. In his statement, "Emergency Legislation, Now!" of May 2, he defined the "Threat To Be Defeated":

"For a little less than two generations, about forty-two years, the presently leading circles of government and private enterprise in our national economy have been persuaded to adopt the delusion that a so-called 'post-industrial' orientation for our nation's economy is both an available, and even an inevitable long-term option. Under the influence of what has been this increasingly popular delusion, the independent agriculture, manufacturing, health-care system, and our republic's basic economic infrastructure generally, have been collapsing, per capita and per square kilometer, throughout virtually all of our national territory. . . ."

This, then, is the context in which the 2007 farm bill must be considered. We here provide your Committee with summary information on three points: 1) stopping globalization; 2) the "U.S. Emergency Economic Recovery Act of 2006"; and 3) key measures for an infrastructure-led recovery in agriculture.

Stop Globalization

Over the last four decades, U.S. economic policy has shifted into financial “bubble economics” (speculative episodes of all kinds—Nasdaq, infotech, fiberoptic, derivatives, home mortgage securities, commodities, etc.), while the means of physical production have been downgraded to ever more cheap conditions—global sourcing for food, outsourcing of industry, and now outsourcing of services. At the same time, basic infrastructure—from bridges, to locks, dams, and water supplies—has not been repaired or replaced. This pattern prevails worldwide.

In the agriculture sector, look at manifestations of the takedown process: U.S. food import dependence, loss of family farms and farmland, reliance on ever-cheaper immigrant labor, and mass depopulation of our farm counties. North Dakota’s population growth is negative. Agriculture Department statistics document the fact that farmers’ receipts for their output, are way below their costs of production (**Figure 1**). At the same time, manufacturing has been drastically downsized.

Concentrations of industrial and farm output are being de-structured. Look at the entire nine-state region, from western New York and Pennsylvania, through to Missouri. Historically, this was the world’s center of auto production and heavy industry. At the same time, its high-tech farming, and regional food processing were significant national assets. But over the last 40 years, all this activity has declined, to the point of mass population loss from Michigan, Ohio, western Pennsylvania, etc. This map (**Figure 2**) shows the patterns of high loss of farmland over the past 30-year period in this region.

Now we are at the point of total loss of what’s left of the auto/machine tool capacity in this region. As of June 23, 47,000 auto-sector jobs are being eliminated through “buy-outs” from General Motors/Delphi. The auto workforce has already been cut by 240,000 (20%) since 2000. Of 50 auto plants targeted for shutdown nationally, 37 are in these 9 states. Over 75 million square feet of capacity is shutting down—more than in the last 30 years combined. Machine tools are being sold off at pennies on the dollar.

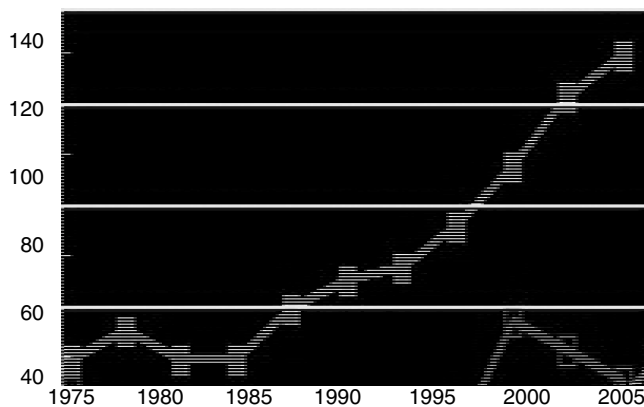
Who Is Behind the Destruction?

A network of individuals and companies is operating internation-

FIGURE 1

Prices Farmers Pay for Their Costs of Production Outpace Prices They Receive for Output

(Percent—1990-92 = 100)

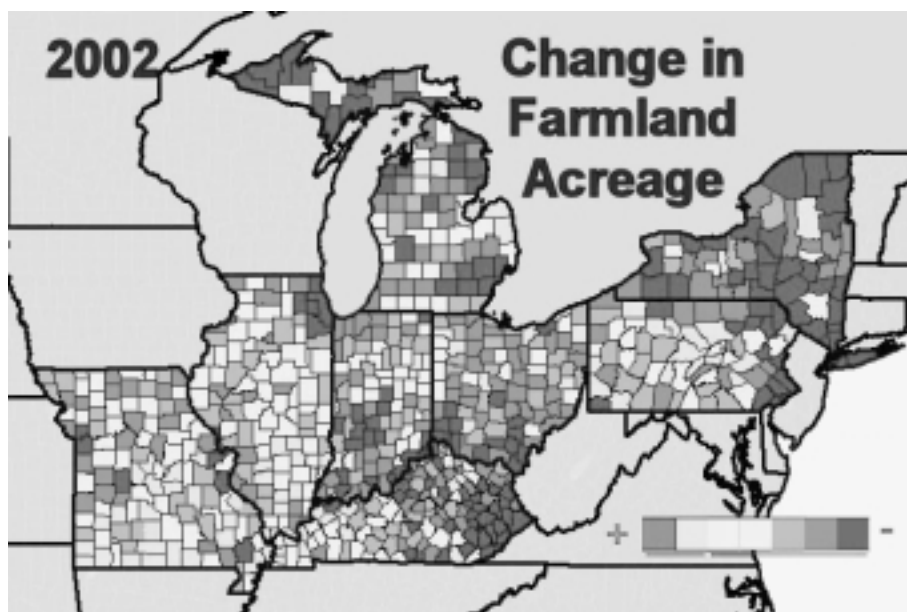


Sources: U.S. Department of Agriculture, National Agriculture Statistics Service.

This graph shows the worsening of the price gap since 1991, when prices farmers must pay for their costs of production, began to rise faster than the prices received for their output, for all types of commodities. Today’s energy hyperinflation now dooms thousands of farm operations to shut down.

FIGURE 2

Decline of Upper Midwest Land in Farms, by County: 2002 Acreage in Farms, As a Percentage of 1969



Sources: U.S. Department of Agriculture; Census of Agriculture; EIRNS/Meghan Rouillard.

The darkest tone shows a loss of 25% or more of farm land acreage, with most extensive areas of loss in New York State and northern Pennsylvania, eastern Kentucky, and upper Michigan.



USDA/Bill Tarpenning

Holstein cows in a milking parlor in Queen Anne's County, Maryland. Today's milk price to the farmer, in the range of \$12.90 per 100 pounds, is the same as it was in 1980.

ally to acquire production assets and commodities, in the face of financial blowout, to stand as corporate trusts over and above nations, as their predecessors did in the 1920s and 1930s, backing Hitler and other fascists. World War II U.S. intelligence reports called these banker fascists by their own self-description, the "Synarchy." One of these figures, Felix Rohatyn, who connects back directly to these circles, is active in the industrial takedown today, along with such infamous entities as Lazard, Morgan Stanley, Goldman Sachs, Steve Miller, Kirk Kerkorian, and a swarm of others.

In agriculture, the names are well known, including Cargill/Monsanto, ADM, Bunge, Smithfield, and the rest.

This is the same crowd conducting a wholesale grab for public infrastructure, going under the cover-name of "PPPs"—public private partnerships, also under Felix Rohatyn's personal leadership. For example, a Lazard connection, Macquarie Infrastructure Group, now is part of the syndicate which bought the Chicago Skyway, Northern Indiana Toll Road, and many more choice public works.

These operations must be stopped. You can't "privatize" the General Welfare.

'Economic Recovery Act of 2006'

The guidelines for Congressional action in the LPAC ERA call for a set of actions of the following kind, in brief: Put a halt to the plant shutdown and job eliminations in the auto sector; preserve the auto/machine-tool capacity and workforce through various precedents of Federal receivership powers. Secondly, bring about retooling of unused auto/machine tool capacity in auto to supply inputs for an array of needed public works projects from rail, to locks and dams, to power plants. Thirdly, launch major new infrastructure-building programs, creating millions of new jobs in the pro-

cess; expand the Army Corps of Engineers' approach to coordinate both large-scale projects, modern-day CCC programs.

At the same time, Federal emergency measures are needed, to counter chaos from a financial crash. These include stabilizing currencies, freezing unpayable and "unworthy" debts, and issuing low-interest credits to rev up the economy from the infrastructure-building drive.

Launch Infrastructure-Led, Farming Recovery

In this context, family farming can revive and thrive. We sketch some of the Federal actions required, specific to agriculture:

- Put an end to the free-trade practices, imposed by globalist financial interests. Roll back NAFTA and the other pacts. Stop trying to resuscitate the dead WTO. Restore policy of domestic-produced food supplies, and pursue the

same principle in foreign policy, for mutual interest trade, and for infrastructure and food aid to Africa and other points of need.

- Re-establish floor prices for farm commodities, under the standing 1940s parity law principle, to restore equivalence of farm commodity prices received to prices the farmer pays. Resume anti-trust interventions to dismantle the globalist corporations.

- Launch infrastructure building throughout the farm regions, including: restore the rail grid; upgrade flood control, waterway systems and all other Army Corps installations; advance nuclear power, and initiate nuclear-power desalination projects for vast new water supplies; undertake the long-delayed water conveyance projects, such as the North American Water and Power Alliance.

Land Improvements; Upper Watershed Dams

Among the thousands of "ready-to-go" projects is the backlog of authorized work on upper watershed dams, under the jurisdiction of the National Resource Conservation Service division of the Agriculture Department, in partnership with local entities in all 50 states. Over half of the 10,000 installations need work. This itself sets up demand for massive job creation and provision of inputs.

The combined impact of all these actions creates conditions to literally repopulate rural counties, and restore towns and states to solvency and growth. The Federal institutional framework already exists, it just needs to be expanded. For example, the AmeriCorps has programs such as the NCCC—National Civilian Community Corps, which can be scaled up to provide jobs, and do needed infrastructure work.

It sounds like a tall order, but the Senate is the institution that has unique power to initiate such emergency action.