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Agriculture by Marcia Merry

Farm income falls to 12-year low

USDA statistics were adjusted downward, in precise conformity with EIR'*s earlier predictions.*

Net farm income for 1983 dropped to its lowest level in 12 years, discrediting U.S. Departament of Agriculture forecasts of an income increase, while spelling farm bankruptcies and danger ahead for the U.S. food supply.

Statistics for 1983, released last week by the department's Economic Research Service, show net farm income was between $15 billion and $17 billion—exactly as forecast last year by this journal. The *EIR Quarterly Economic Report* for October 1983 had forecast net farm income of between $14 billion and $18 billion. The USDA, at the same time, forecast a figure of $25-$29 billion, nearly double the actual amount.

The actual 1983 figures for net farm income mean that average farm income was below $6,000 per farmer—welfare levels. Many farmers, in fact, had no income at all in 1983. The main reason for the reduced income is the same as that which causes many agricultural experts to fear a food shortage: Farmers are going out of business. They are being driven into bankruptcy by high interest rates, high costs of production, declining property values, and price manipulations by the commodity cartels.

For the farmers desperately working to remain in operation "one more season," the situation is impossible. The data assembled in the latest *EIR Quarterly Economic Report* (June 1984) show that the cost of farm operating expenses—even excluding labor—stands at 50% of gross income, the highest percentage in any recent decade. Funds available for investment are below 1963 levels. Interest payments have leaped from $14 billion in 1978 to $21 billion in 1983. What keeps many farms going at all is off-farm income—wages, investments, any kind of income from nonfarming pursuits, which will amount to more than $40 billion this year, more than 60% of total farm income.

No emergency measures have come out of Washington—from either the administration, the congressional opposition, or the established farm lobbies to stem the tide of farm bankruptcy disaster. Instead of freezing farm debts, and ordering emergency production credits to guarantee national food security, farm credit is being turned off, and loans called in. From 1983 to 1984, it is projected that total farm debt will decrease by at least $1 billion down to a total of $215.1 billion.

The Senate, like unconcerned bystanders, has passed a resolution calling on the President to appoint a task force to investigate the problems of farm credit. The first vice president of the American Farm Bureau, Elton Smith, met with President Reagan July 13, and said, "Farmers get harder put because of higher interest rates than any other group. . . . The Congress is the problem," but his group, the largest farm organization in the United States, has no solution because its Chicago head office backs the International Monetary Fund world austerity program to drastically reduce numbers of farmers, food "surplus" output, and population.

Several bills introduced in the House present various incompetent solutions to the farm debt crisis, for example, federal aid to rural banks to assist them to lease back foreclosed farmlands to their original farm owners, who will then be government/bank tenant farmers.

Though U.S. Agriculture Secretary John Block has claimed only 4% of U.S. farmers would go out of business this year, in many regions of the farm belt the actual figure ranges from 10% to 50%. In the heart of the U.S. farm belt, from Minnesota down to Texas and from Indiana to Colorado, sources report, you can't book an auctioneer, they are so busy with farm bankruptcy sales.

Rumors are now spreading that Secretary Block will not last past November. Financial statements show that the Blocks' Illinois hog farm is bankrupt. Only unsecured loans have permitted him to stay in business over the past year.

A month ago, the agriculture secretary was hospitalized for bleeding ulcers, attributed to the stress of a recent trip to Japan. But insiders know that it is the stress of presiding over the worst farm collapse since the Great Depression that is taking its toll on Block. He has been forced to play the role of a "Charlie McCarthy" puppet, mouthing the arguments for an agricultural policy he knows does not work to satisfy the policy desires of the State Department and international food cartels who want the food-surplus potential of the United States completely destroyed.

Lurking in the shadows behind Block is Agriculture Undersecretary Daniel Amstutz, former general partner of Goldman, Sachs and a 25-year Cargill executive who has specialized in speculation in scarce commodities—what food will now become.

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