

Destruction of family farms means the U.S. can't produce enough food

by Robert L. Baker

You could call this year's U.S. wheat harvest "fair to middling," because the wheat crop is coming in at about the same level as it was for five of the last 15 years. But don't expect bumper crops in the future, unless policies are changed: The U.S. agriculture sector as we knew it 25 years ago is now disintegrating, and its output potential is declining dramatically.

It was the intention of the Founding Fathers that the United States have millions of independent, self-sufficient family operated farms. The feudal estates of the landed gentry of the 1700s, worked by serfs in England and continental Europe, were not to be allowed.

The independently owned family farming system, a U.S. innovation, was set in motion with the passage of President Abraham Lincoln's Homestead Act of 1862. By the late 1800s, America had the most advanced farmers in the world. Pioneer and immigrant farmers followed new railroad lines and flooded the Midwest and Plains states, to settle on 160 acres of free land. Farm numbers increased 350% in less than 75 years, peaking at 6.8 million independent family-operated farms in 1935.

After World War II, because of political decisions, a drastic reduction of the numbers of family farms was set into motion. Today, due to Anglo-American grain and financial cartel interests, domestic farm policy has ripped the guts out of what was once the most dynamic rural agricultural food-producing system in the world. They are moving to a cartelized, feudal system, in which a few large farm operations and companies control most of the food production and processing in the nation, with once-independent farmers now working as peons.

Thousands of family farms gone

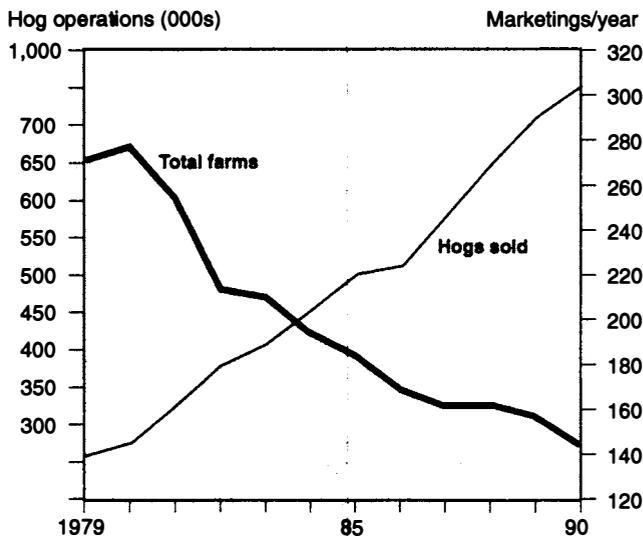
Today the official tally of individual farms stands at 2.1 million, the same level as before 1860. Of these, 15% (about 300,000 large industrial-sized farms) produce 85% of U.S. grain and livestock; a mere 5% of U.S. farmers produce 50% of all grain and livestock. Low grain prices and government withdrawal of subsidies continue to force thousands more

toward another round of 1980s-style farm foreclosures.

Look at how the family farming system is being transformed into feudal organization. Grain prices were deliberately kept below the cost of production, and this gave rise to huge livestock factories, very profitable for investors, while smaller grain, hog, cattle, and dairy farmers were forced out of business.

Hog producers have fallen 60%, from 600,000 in 1980 to about 250,000 today, and are expected to fall another 40% to 150,000 by 2000. Today, 42% (38 million head) of all pork output comes from only 3.6% (11,000) of farming operations, most of which are linked in joint ventures with multinational grain and meat companies (Figure 1).

FIGURE 1
Hog farms collapsed by 60% in the 1980s



Source: Farm Journal

While U.S. cattle numbers crashed 25% from 132 to about 100 million head, and dairy herds declined, the top 30 cattle-feeding operations monopolized enough pen space to potentially feed out 46% (11.9 million head) of all cattle produced in the United States. At the top of the heap, you find the owners are multinational companies like ConAgra, Continental Grain, Cargill, and Metropolitan Insurance Co. Some of these huge operations can feed out almost 1 million head per year and make huge profits from cheap grain. Yet, the United States must import 8-10% of the pork and beef that it consumes (Figures 2 and 3).

Live hog prices were at record levels during the 1980s. However, the dollar lost two-thirds of its purchasing power since 1967. The average price in 1991 was a record \$49 per hundredweight (cwt), but in deflated 1967 dollars, that equals the purchasing power of \$12 per cwt, the lowest price for hogs in the past 40 years. And it continues a downward trend since 1975.

The same dynamic hits other grain and livestock commodities. The trend toward cheaper livestock and grain in

constant dollars sounds a warning for U.S. producers. As margins tighten, the average farm size will have to grow to support the operator (Figure 4).

As farms are getting too large for one operator to manage alone, hundreds of banks, insurance companies, and chemical companies are cashing in with farm management, consulting, and marketing companies to help manage the mega-farms, for fat fees. The top 100 farm management companies manage almost 14 million farm and ranch acres. Most of the largest players in these services are owned lock, stock, and barrel by multinational companies. The largest, Farmers National Company is owned by Metropolitan Insurance Co.

Food acreage locked out of production

Millions of acres of farmland are being locked away, discouraging further land development and improvement. Harvested acreage in the United States rose almost 23% between 1969 and 1981, as low cattle prices and herd liquidation forced thousands of acres of pasture land to be plowed up and planted to grain crops. Yet in the decade between 1981

Mediocre wheat harvest is expected this year

According to field reports by farm leaders in the grain belt, and preliminary statistics from the U.S. Department of Agriculture, the U.S. wheat harvest will be mediocre this year. In terms of world need for food relief, this is a catastrophe.

The July 1 U.S. Department of Agriculture report from the Agriculture Statistics Board projects the total of all U.S. wheat harvested this year as 2.2 billion bushels, which is about 61 million metric tons, at the standard trade conversion rate of 60 pounds of wheat per bushel, and 2,200 pounds per metric ton. This level of harvest would be basically the same as in 1974, 1975, 1978, 1987, and 1989. The 1990 wheat harvest was 75 million metric tons.

However, according to field reports, the USDA projection is typically overstated. The winter wheat harvest is now in process of completion (winter wheat, planted in the fall, accounts for about 75% of all wheat grown in the United States), and the harvest reports in the heart of the wheat belt—from Texas north through Oklahoma, Kansas, parts of Colorado, Nebraska, Missouri, South Dakota, North Dakota, and including Washington State and Missouri—are bad.

The winter wheat in South Dakota was damaged with winterkill because of drought in fall and winter. South

Dakota is one of the top 10 producers of winter wheat, and produces an almost equal amount of spring wheat. The frost which occurred during the last week in May also damaged a lot of the winter wheat. There was damage from hail and intense rainfall in July, when there was more rain than during any other month in the state's history. The harvestable wheat acreage is estimated to be 35-50% of last year's, because of the winterkill and drought. Farmers estimate that the total harvest will be 35% of last year, as both yields and harvestable acres are down. The quality of the winter wheat has also been diminished. The Montana winter wheat crop has also been harmed by heavy rain.

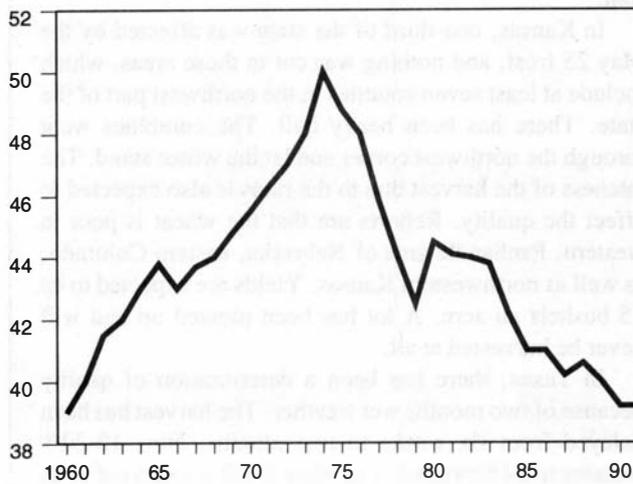
In Kansas, one-third of the state was affected by the May 25 frost, and nothing was cut in those areas, which include at least seven counties in the northwest part of the state. There has been heavy hail. The combines went through the northwest corner and let the wheat stand. The lateness of the harvest due to the rains is also expected to affect the quality. Reports are that the wheat is poor in western, Panhandle area of Nebraska, eastern Colorado, as well as northwestern Kansas. Yields are expected to be 15 bushels an acre. A lot has been plowed up and will never be harvested at all.

In Texas, there has been a deterioration of quality because of two months wet weather. The harvest has been delayed from six weeks to two months. Now 15-20% remains to be harvested, and what is left is expected to be of low quality.



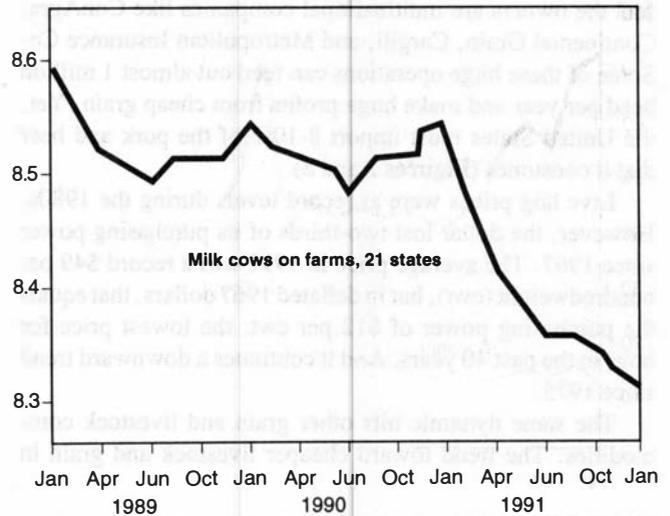
Child labor gathers the harvest in Accomac, Virginia. In place of the family farm, the cartels are now bringing us serfdom.

FIGURE 2
Calf crops dropped back to 1960 level
 (millions of head)



Source: Farm Journal.

FIGURE 3
Decline in milk cows, 1989-91
 (millions of head)



Source: USDA.

and 1991, various government set-aside and conservation programs paid farmers to idle tens of millions of acres of cropland.

Since 1985, the Conservation Reserve Program (CRP) has paid farmers to lock 35,395,951 acres of farmland out of production for 10 years. Collectively these acres could have produced over 26 million metric tons of grain per year (Figure 5).

The idled acreage for each year during the period 1981-91, added together, makes for a total of 477 million acres, which could have produced at least 350 million metric tons of grain. Acres harvested for crops dropped 20% from 383 million acres in 1982 to 307 million in 1992.

Lower intensity of inputs per acre

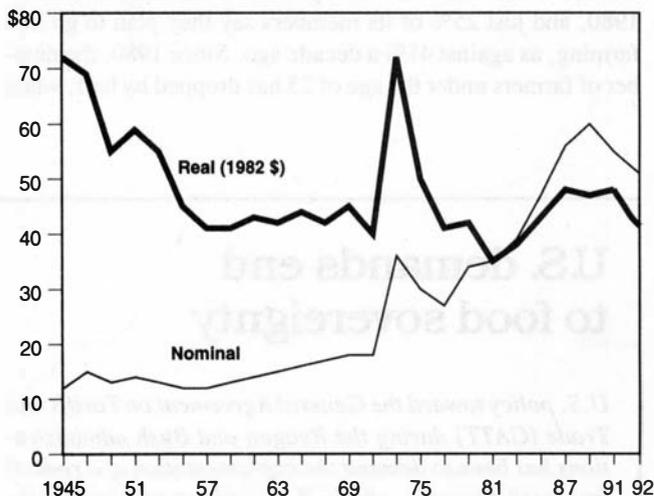
Low prices to the farmer, plus taking farmland out of production, has resulted in less use of proper inputs per acre, reduced output potential, and mining of the soils left in production. The inputs of tractor power, fertilizer nutrients, water, chemicals, fuel, electrical energy, and machinery power per acre are falling each year below what is needed to maintain the increasing productivity and technical intensity of rural farm infrastructure.

Farm machinery manufacturers sharply curtailed domestic production in the 1980s, as sales of tractors and self-propelled combines crashed through the floor. In 1991, sales

FIGURE 4

Real net cash income declined

(billions \$)

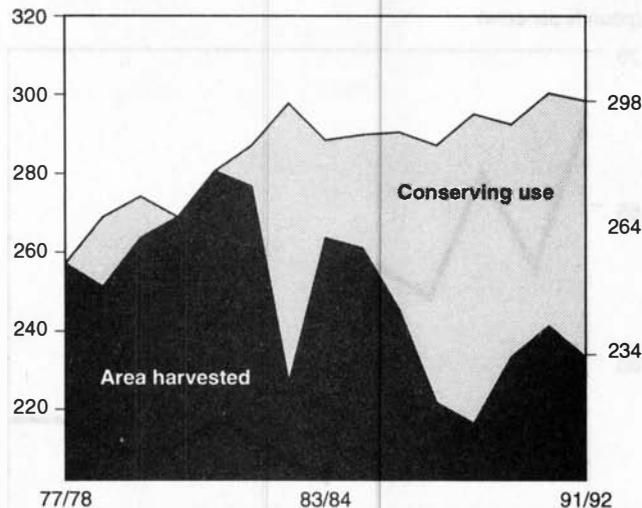


Source: USDA.

FIGURE 5

Crop area harvested, plus conserving uses

(millions of acres)



Source: USDA.

of four-wheel drive tractors were down 20%; two-wheel drive tractors were down 13%; and combines were down 7%. Yearly sales projected for 1992, compared to 1978, for two-wheel drive tractors in the 40-99 horse power category are down 52%, larger two-wheel drive (over-99 HP) field tractors sales declined 67%, and sales of monster four-wheel drive tractors fell 63%. This is a decline per year of 78,848 tractors of all sizes.

Statistics recently released by the Equipment Manufacturers Institute (EMI) show that 1991 is the first time the industry has sold fewer than 100,000 tractors in one year since 1969.

Self-propelled combine sales have dropped 70%. Annual sales in 1978 were 29,834 units, compared to only 9,000 units projected for 1992.

Now there are only two major U.S. manufacturers of tractors: Deere and Co. and J.I. Case Co. The 16 major U.S. farm machinery manufacturers merged into 5, reducing 25% of U.S. machinery production capacity. The number of machinery dealerships and repair shops dropped 30% from 11,432 in 1979 to less than 8,000 today. According to sources at John Deere, the next five years will see a 15-20% further reduction in dealers.

From 1981 to 1990, total U.S. inputs of nitrogen, potash, and potassium, the three main fertilizers used to produce wheat, coarse grains, rice, and soybeans, dropped by 17% from 24 million to 19.5 million nutrient tons. Phosphate use



Cargill, one of the giants of the food cartel, has the franchise for corn seed on this Iowa farm. The mega-companies run things from top to bottom, while the small and medium-sized farmer goes bankrupt.

FIGURE 6

Phosphate applied per acre on Iowa corn, 1980-91

(pounds per acre)



Source: USDA.

fell from 53 pounds per acre in the 1970s to 45 pounds in the 1980s. Nutrient application rates for corn have fallen 1% to 3% per year since 1981. Corn alone accounts for over 40% of the total. These declines follow a nearly 40-year upward trend in fertilizer use, which peaked in 1981 (Figure 6).

Farm fuel (gasoline, diesel, liquid propane) used for field operation, irrigation, grain drying, and fertilizer production dropped about 50%, from 8.1 billion in 1978 to 4 billion gallons per year today.

Irrigated farmland in 1987, though only 14.8% of total harvested cropland, produced 37.8% of total crop value. Between 1978 and 1987, irrigated crop acres fell 2 million acres.

At the end of 1990, railroads owned 119,758 miles of track, down 30%—about 50,000 miles—from the 1979 total of 169,927 miles. Abandonment procedures resulting from the Staggers Rail Act of 1980 allowed carriers to discontinue service more easily, resulting in the abandonment of 3,766 miles of track per year during the period 1980-85 and 2,177 miles per year during 1986-88. Subsequently, thousands of small rural farm communities have been cut off from rail transportation service.

Farmers forced off the land

The most valuable resource, the human operator, continues to leave the farm. The number of Americans living on

farms has been cut by 50% since 1970. Most of those who have remained have off-farm jobs, as off-farm income is now higher than net farm income. The Future Farmers of America, the organization for high school and college students, has seen its membership shrink more than 20% since 1980, and just 25% of its members say they plan to go into farming, as against 41% a decade ago. Since 1980, the number of farmers under the age of 25 has dropped by half, while

U.S. demands end to food sovereignty

U.S. policy toward the General Agreement on Tariffs and Trade (GATT) during the Reagan and Bush administrations has been to demand the implementation of a radical free market agenda, which, if carried out, will worsen the worldwide food crisis by driving even more farmers into bankruptcy. This British liberal policy is the opposite of the American System economic program that built this country's agriculture, infrastructure, and industry, starting with Alexander Hamilton.

A key element of the current U.S. agenda is to deny nations the sovereign right to produce food for their own consumption, demanding instead that the political and economic vagaries of the "free market" determine whether a people will eat or starve. The following document lays out this policy. Titled "Proposal by the United States to the GATT Negotiating Group on Agriculture—The 'Uruguay Round,'" it was submitted to the GATT Secretariat on June 6, 1988.

Elaboration of U.S. agricultural proposal with respect to food security

The United States has proposed the comprehensive liberalization of and improved GATT disciplines for trade in agricultural products. The U.S. GATT Agricultural proposal calls for the elimination of all market access barriers and subsidies which affect trade as well as the harmonization of health and sanitary measures.

We recognize that food security is a concern of all GATT member countries. An effective global trading system is important in providing the type of economic environment such that each nation can assure access for all its people to enough food for an active healthy life. However, food security need not imply food self-sufficiency pursued behind restrictive trade barriers.

Food security and self-sufficiency are not one and the

the number of those over 65 has held steady, a circumstance that could leave tens of thousands of farms in the next decade without anyone in the family to tend the fields.

Three-fourths of all "non-metro" counties—in which over 50% of income comes from farm production—lost population in the 1980s. In the corn belt, Iowa, the largest grain- and meat-exporting state, accounted for almost half of the region's population loss, at a rate of 8%.

Reduced agricultural input use and agro-industry foreclosures have eliminated millions of jobs in non-metro counties. Since 1982, the non-metro labor force has dropped 22% from 33.7 million to 26.3 million. This loss of jobs compounds the low-income problem and increases the foreclosure rates of smaller farmers who depended on off-farm income to supplement their farming. Rural poverty rates continue to outpace city rates.

same objective or goal. Food security is the ability to acquire the food you need, when you need it. Food self-sufficiency means producing some portion of one's own food supply from domestic resources, regardless of market forces, with deliberate intent of displacing imports or reducing import dependence. However, food security does not demand self-sufficiency. In some cases, in fact, self-sufficiency can actually work against food security goals.

Self-sufficiency, as distinct from food security, is no longer justified by the possibility of massive global food shortages. Throughout human history, up until the technological advances of the green revolution, a global food shortage due to crop failures was a conceivable, and often real, threat. Today, due to the greatly diversified sources of agricultural products and the worldwide integration of agricultural trade, it is highly improbable that food shortages caused by shortfalls in agricultural production would have a lasting or harmful global impact. For example, the largest year-to-year reductions in world grain output in the last 25 years has been only 5 or 6%. Most annual variations fall within 2%. Good crops in some locations offset the quantitative effects of poor crops in others. Thus, the world market has been a dependable, stable source of food.

Disruptions or slowing of normal food supplies for short periods can be covered by stockholding at levels required to cover short-term needs. Countries which artificially maintain high levels of self-sufficiency gain minimal benefits in supply stability compared to that available on the world market. Yet the costs of self-sufficiency, due both to comparative disadvantage in production and the much higher risk and variability of individual country output means that artificially self-sufficient countries are paying very high costs for very meager benefits.

Domestic policies used to achieve self-sufficiency inevitably involve misallocation of resources through production support pricing, subsidies, import barriers, and, on occasion, export controls. The adverse economic impact of these misguided policies is not confined to the

countries utilizing the measures but is invariably spread to others through the limitation and reduction of access opportunities and unfair competition from dumped surpluses.

We believe that food security concerns of member countries, whether related to dependability of supply or ability to pay, can be addressed effectively without recourse to trade-distorting policies. An unrestricted global trading environment will encourage the effective use of national resources within and between countries. More efficient use of each country's domestic agricultural resources will enhance national income and increase consumer purchasing power. At the same time, food assistance programs have a critical and legitimate role in addressing food needs both in a national and international context. Therefore, in developing the U.S. agricultural negotiating proposal, *bona fide* food aid was specifically excepted from the phased elimination of all government programs that distort trade.

Recent World Bank-sponsored studies demonstrate the gains to global food security from unrestricted agricultural trade. The importing countries benefit from more reasonable food prices and more choice as to where to buy and when; exporting countries gain from more efficient and lower cost production, and all countries benefit from more stable world prices and supplies. Accordingly, the U.S. is prepared to discuss appropriate means of building national food security for all GATT members as part of the process of global agricultural trade liberalization.

Access to supplies by food importing countries is critical to an effective global trading system. Embargoes on food exports are as distortive as barriers to food imports. There is no place for either in a global trading system. The United States, as a food-exporting nation, is sensitive to its responsibility to those nations which count on free access to U.S. markets for the foods they need. Therefore, we propose removing from GATT Article XI 2.(a) permission for GATT Contracting Parties to restrict or prohibit exports of agricultural food products to relieve critical shortage.