commodity futures deals." After this, FCA lending began noticeably to contract.

Oil Hoax Inflation

As any farmer knows, the expansion in farm-lending earlier this year had nothing to do with speculation; it reflected the spiralling operating costs set in motion by Rockefeller's Great Oil Hoax. Following the U.S. Department of Agriculture's elimination of government subsidies for farm acreage "set aside" (and lured by the speculator-fed high prices of 1973), farmers went all out to expand production, borrowing heavily in hopes of boosting their income. Then the Oil Hoax was detonated, tripling fertilizer and fuel prices and setting off inflationary price hikes for every item used by farmers. By mid-July 1974, the index of prices paid by farmers for production items was 15 per cent above the level of a year earlier. Farmers' expectations of high prices were dampened as livestock and grain prices tumbled below year-earlier levels on the commodity markets.

Even the Federal Reserve Bank of Chicago in its August 1974 report on "Business Conditions" attributes the increased lending not to "speculation" but to rising operating expenses and the financial losses of livestock producers, necessitating in some cases "renewals and extensions of existing loans and, in others, a refinancing of farm real estate to pay off operating loans." The Federal Reserve report also points out that the growth in short-term loans represents the "tightening credit practices of merchants and dealers," forced by the "tight money" policies of the Fed itself.

U.S. NET FARM INCOME DOWN 17 PER CENT INDEBTEDNESS UP

Oct. 1 (IPS)--The Department of Agriculture's latest prediction that net farm income will decline 17 per cent this year from last year's $32.2 billion high is a misleading statistic, covering up the true extent of the loss to farmers. As the New York Times and other Rockefeller press were quick to point out, if judged by net income figures alone, 1974 would be the "farmers' second best year." Actually, in the last three years, the total farm indebtedness in the U.S. has risen from $62 billion to $95 billion--a figure almost equalling the total gross farm income for 1974. Average farmer indebtedness has risen from $21,000 in 1971 to $33,000 today. Under these conditions, the impending second Oil Hoax and the related collapse of working class consumption levels will be enough to push thousands of small farmers over the brink.

Overall net income figures also mask the damage done to the livestock, poultry and dairy sectors targetted by Rockefeller to be destroyed first. A combination of artificially high feedgrain costs and the collapse of livestock commodity prices resulted in some cattle feeders losing as much as $200 on each steer they fattened. The Department of Agriculture estimates that the total losses on cattle placed in feedlots during the last half of 1973 and first half of 1974 amount to $1.3 billion out of the total $2.8 billion equity capital employed to fatten those cattle. The catastrophic decline in the numbers of cattle placed in feedlots means that these farmers' withdrawal from production will show up as a shortage of grain-fed beef for working class consumers in the months ahead.