AGRICULTURAL REPORT

FARM CREDIT SQUEEZE GUTS PRODUCTION

NEW YORK, N.Y., Dec. 22 (IPS)--Rockefeller's farm credit squeeze has already accomplished the liquidation of whole sections of U.S. meat and dairy production. As a direct result, working class protein consumption is rapidly plunging to outright depression levels. According to the conservative projections of the U.S. Department of Agriculture, per capita pork consumption in 1975 will sink to the lowest level in 40 years!

During the first half of 1975, pork production will be slashed 10 per cent from the previous year's level. Broiler output will drop 10 to 15 per cent, and egg production will decline by 4 to 6 per cent. This year, milk production--on the decline since the 1960s--hit the lowest level since 1948!

These declines in food production and consumption reflect the Rockefeller-imposed credit squeeze rapidly reaching the breaking point. In June spokesmen for Rockefeller's Chase Manhattan Bank declared that their intention was the reduction of the U.S. farm population from approximately two million to 300,000.

Caught between skyrocketing production costs and collapsed farm prices, livestock farmers have not merely cut back on current production; they are failing to replace their herds and flocks, a trend which spells more severe meat shortages in the future.

The strangulation of livestock production is the cutting edge of the ratchet-style collapse of U.S. agriculture as a whole. Already wheat and feedgrain prices have begun to tumble--a direct result of the 30 per cent cut in animal feeding. The only thing that stands between the present farm crisis and wholesale collapse of food production in the U.S. is the spreading farmer-worker organizing to impose an emergency moratorium on farm debt, the resolution recently adopted at the annual convention of the National Farmers Organization.

Livestock: The Linchpin

The number of cattle in feedlots as of Dec. 1 was down 30 per cent. Due to the prohibitive cost of grain-feeding, feedlot operators have suffered huge losses and sharply cut back their production. Their losses were in turn passed on to the ranchers and farmers who produce the feeder cattle bought by feedlot operators for fattening--feeder cattle prices this year dropped by more than half.

As a result, a greater proportion of the cattle slaughtered in 1975 will be non-fed, having bypassed completely the feedlots, or will have been fattened to lighter weights. While total beef output may remain about the same in 1975, more of it will be of inferior, tougher grades. Despite record slaughter rates this year, beef cattle numbers are still up, reflecting the longer life-cycle of grass-fed cattle.

Even this "lesser evil" will not last. As cash-strapped farmers step up the heavy slaughtering even further, rushing the animals to market at younger ages, they will accelerate the process of herd liquidation.

The same process is at work in other livestock sectors. Hog producers this fall cut their sow farrowing by 10 per cent, producing the smallest pig crop since 1968. Egg-laying flocks during 1974 averaged 284 million birds, 7.7 million below 1973 and the fewest number since the late 1930s. Hatchery flock supplies for spring broiler placements have been reduced by 12 per cent. In the case of the depressed dairy sector, not only has the number of milk cows declined, but milk output per cow has dropped due to inadequate grain feeding.

Grain farmers rightly view this situation with alarm. Pressed to the limit with exorbitant production costs and impossible credit conditions themselves, many are withholding their 1974 crops from the market until January to delay tax payments and in anticipation of a turn-around in the pattern of steadily declining prices. These farmers are likely to be caught holding the bag as the commodity markets continue to skid under the pressure of the snow-balling livestock collapse. As of this writing, corn futures for March delivery have already fallen 11 per cent from their high in early October.

Anatomy of the Crunch

Despite the USDA's rosy predictions of bumper harvest for 1975, the truth is that many farmers are finding it difficult to raise the cash to purchase the necessary seed, fertilizer, fuel, and equipment. Net farm income this year declined almost 20 per cent--from $32.2 billion in 1973 to $26 billion. Even this figure tends to mask the actual losses incurred by farmers in particular sectors such as livestock, dairy, and the drought-damaged grain-producing areas of the Midwest.

At the same time, farm production costs continue their upward spiral, kicked off by Rockefeller's Great Oil Hoax early this year. The Federal Reserve Bank of Chicago is predicting another 10 to 15 per cent increase in the price of fertilizer between now and next spring--this comes on top of last year's 80 per cent rise. Fertilizer production is totally dependent on supplies of natural gas and petroleum and could be severely curtailed in the event of another Rockefeller energy hoax.

Farmers have already cut their purchases of farm machinery. Wheel unit tractor sales were off 8 per cent in 1974, and some other lines of machinery were down as much as 20 per cent. Dealers also report that despite the shortages, fertilizer purchases are slowing as farmers wait until the last possible moment to commit themselves to production expenses for the coming planting season.

One cattle producer summed up the farmers' dilemma this way: "If you spend the amount of money that you must spend to go all out in production, this next year, you are going to have to borrow more money than you have ever borrowed in the history of your life as a farmer. You are going to have to pay the highest interest rate for money you have ever paid, and you are going to be taking the greatest economic risk you have ever taken as a farmer."

The Key is Credit

The main determinant of farmers' ability to finance new production rests on the availability of cheap farm credit, and it is in this arena that the most serious blows to farm production have been leveled. Farmer indebtedness during 1974 increased at the rate of almost 20 per cent--reaching a whopping $95 billion. Banking on high farm commodity prices, buoyed throughout 1973 and part of 1974 on the wave of speculation, farmers took on a huge debt burden in 1974. Putting their farms and land in hock to private banks and increasingly to the various banks under the aegis of the government-controlled Farm Credit Administration, farmers managed to continue production through 1974.

But with farm prices falling, gross farm receipts will not be sufficient to meet this heavy loan repayment schedule during the coming months, inevitably forcing large-scale bankruptcies and sharply reduced spring plantings.

The precariousness of this situation is indicated by recent unprecedented moves of the largely farm-owned, government-controlled Farm Credit Administration--the traditional source of funds for farmers when the private banks and dealers turn their backs.

As early as June, the Federal Reserve had demanded that the FCA, which presently accounts for approximately one-quarter of all farm lending, reduce its "inflationary" lending to farmers. Last week the agency announced that it would issue a series of short-term discount notes early next year "to provide interim funds between bond sales." An FCA public relations officer stated in an interview with IPS that the agency will borrow $23 billion on the bond markets in 1975, but that all except $4.5 billion will go to payments on past bond issues falling due! With the present gutting of the bond market, where only the top Rockefeller corporations are able to borrow without extraordinary costs, the FCA has in fact little prospect of actually marketing its enormous debt.