Press can't ignore the farm debt crisis

by Christopher White

The U.S. farm debt crisis of which this magazine has warned has now erupted into the pages of the international press. For too long, it has been prevailing, incompetent, wisdom that the foreign debt crisis is the main locus for strains on the international financial system. This has never been the case, for apart from the off-shore Eurodollar markets as a whole, it is the rotten internal credit structures within the United States which pose the greatest threat to the insolvent international credit markets.

But the explosion of the farm debt crisis, as we have also warned, is not simply a question of a collapsing chain-letter swindle. The existence of the independant farmer producer, and the nation's and world's food supply, is equally at stake.

What we have warned about erupted into the national press with articles in the Sunday Oct. 21 editions of the *New York Times* and *Chicago Tribune*. Both, for the first time, started to sound the alarm bells on the precarious credit situation within the United States. The *Times* reported: "The farm bank crisis is severe enough that most experts foresee additional farm bank failures, and a period of tighter credit for already hard-pressed farmers. . . . While these banks make up 28% of the nation's more than 14,000 commercial banks, they accounted for only 24% of the institutions on the "problem bank" list compiled by the Federal Deposit Insurance Corporation in December. By last June, however, the figure had jumped to 34%, and was rising."

Nearly 800 U.S. banks are currently on the "problem" list, according to a report released by the chairman of the Federal Deposit Insurance Corporation (FDIC) in October. The FDIC list, which is periodically compiled by government bank supervisors, names 797 "problem" banks and a rising rate of bank failures. Already this year, 66 U.S. banks have gone down.

The rate of bank collapse has begun to escalate as a byproduct of the agricultural crisis—which is bankrupting American farmers and, with them, farm-related industry—and the energy-price crisis. Many of the banks on the "problem" list have up to 70% of their loan portfolios committed to the farm sector.

According to the *Times,* federal regulators classify about 4,300 institutions as farm banks.

The *Financial Times* of London raised the alarm on Tuesday, Oct. 23. "Many bankers are simply not up to the challenge of coping with the problems they face," the newspaper reported. Drawing on the studies of Professor Neil Harl of Iowa State University, who, this magazine has shown, is part of the grain-cartel-linked circles backing a Mondale-fronted plan to bankrupt farmers in the $40,000 to $100,000 per annum income range, the *Financial Times* profiles the financial vulnerabilities of the U.S farmer. In Iowa, the paper reports, 10% of the state's farmers hold 25% of the $17 billion of farm debt. These farmers have debt to asset ratios of over 70%, and "are in imminent peril of collapse." Sixty percent of the debt is held by 28% of the farmers. According to Harl, surveys of Wisconsin and Minnesota suggest that farmers in those states are even worse off.

Fed bankruptcy plan

The farm bank failures are recognized by the Federal Reserve and their London banking partners who see the present shakeout as a necessary step in reorganizing the U.S. economy along the lines of the neo-feudal British economy. To accomplish this re-organization, they are willing to risk an uncontrolled financial blowout.

In its article, the London *Financial Times* quoted an unnamed "senior administration official" that the "farm debt is a bigger threat to the stability of the financial system here than all those international loans."

"The farm crisis is threatening in the eyes of many observers to consign the traditional family farm to the history books," the article continues. "It is changing the structure of the American farming industry and thus potentially the organization of farming in Europe and the rest of the world. It is reshaping the financial services industry in the Midwest, and it is having a strong influence on the way the Federal Reserve Board is conducting its policy."

This is the core of the policy this magazine has identified which is aimed at wiping out the independant farmer producer, and thus the nation's capacity to produce food.

The reorganization policy is exemplified by the virtual takeover of Continental Illinois, on behalf of the Federal Reserve Bank which now owns it, by David Rockefeller's Chase Manhattan Bank. Chase executive personnel now make up most of Conti's new management. Chase's policy will be to dry out "soft" agricultural and energy loans, thereby further depressing the economy and forcing up the rate of bankruptcies in the banking as well as the farm sector.

The *Financial Times* also reports that it is "the potential for a domestic debt crisis in the farm belt and not just the continuing problems of international borrowers, that is prompting the Federal Reserve Board . . . to nudge interest rates down."

But the time is past for such palliatives. If the nation's food supply is to be assured, the White House must act to take control of domestic credit away from Paul Volcker and the Federal Reserve Board.