FIGURE 2
Farms with active FmHA loans and delinquent loans
(as of Jan. 10, 1986)

Region	Active	Delinquent
Cornbelt	47,102	10,202
Delta states	29,692	10,203
Northern Plains	37,527	7,587
Southern Plains	24,096	7,525
Southeast	19,879	7,241
Appalachian	33,317	6,789
Lake states	23,320	5,382
Mountain states	14,886	4,137
Pacific states	8,426	2,603
Northeast states	15,154	2,952
Puerto Rico	2,855	694
Total	321,581	65,323

Source: Farmers Home Administration

ing powers to merge and shut down whole sections of the farm credit system, at the discretion of a newly created entity called the FCS Capital Corporation.

The FmHA has been proceeding in 1986 to attempt to collect delinquent loan payments and to foreclose. A meeting has been tentatively set for May 1-2 in Minneapolis, at the instigation of attorneys representing the 65,000 delinquent loan farmers nationwide, in order to go over the procedures by which the FmHA is proceeding on collections and foreclosures. The FmHA sent out notices on delinquencies and foreclosure intentions in February this year. Attempts to forestall this legally have not succeeded. Federal Judge Bruce Van Sickle, who ordered a foreclosure moratorium over the past two years, ruled on March 3, that he would not grant an injunction to halt FmHA foreclosures, saying the new FmHA regulations provided adequate notice to farmers. He ruled only that farmers have a right to appeal FmHA denials of requests for family living and farm operating expenses.

The foreclosure process carried out by the FmHA, the Federal Land Bank and Production Credit Associations—part of the Farm Credit System network—and the commercial banks, is removing huge amounts of land from production, and closing down farm communities. For example, in the dryland farm region of Yuma, Colorado, the Federal Land Bank has foreclosed on 19 farms in the area in the past 50 days, comprising 30,000 acres of prime farmland.

The president of the local Federal Land Bank, Mike Harvey, said, "If you restructure refinance, who is going to pick up the difference? If we get government assistance, we can have some latitude to do that. But right now, there's not much I can do."

Government kills off 10% of milk herds

by Marcia Merry

For those who thought the 1983 Payment-in-Kind (PIK) program for shutting down farm production was a lulu, look at the latest disaster from the USDA: the Dairy Herd Termination Program. The federal government is now implementing a plan to liquidate 14,000 valuable milk herds. Debt-strapped dairy farmers were solicited to submit bids to the government, during the first quarter of this year, on how little each would accept for his herd. Farmers owning nearly 40,000 herds applied for the program, and the government accepted 13,988 for liquidation.

The 14,000 herds represent an estimated 1.5 million cows, heifers, and calves that will go to slaughter. About 10% of the national dairy inventory will be eliminated!

The plan will throw millions of tons of meat on the market, bankrupting many cattlegrowers. The government has been scrambling to make a show of contingency plans to buy up about 400 million pounds of the slaughtered dairy animals. However the details of the plan are worked out, the result will be the same: drastically reduced milk output, a temporary increase in meat supplies, then a plunge in stocks, and liquidation of some of the most precious blood-line breeding stock in the world. It takes years to develop a prime dairy herd.

A leader of the nation's largest farmer-owned milk cooperative warned, "If any emergency again came upon this nation, as in 1940, there will be nothing we can do."

There have been some hasty political skirmishes by farm, church, and civic organizations, to divert some of these animals into export programs so they can at least be of benefit somewhere for the world's milk supplies. But most of the cows, which can produce up to 20,000 pounds of milk a year, will wind up in the grocery meat case. The former dairy herd owner is then obliged to stay out of milk production for five years.

What dairy 'surplus'?

The rationalization for this crazy program is that there is a "surplus" of dairy products and production capacity. In turn, so the story goes, the dairy products are a glut on the market, a drain on the federal budget, which is the buyer of last resort, and a drag on the farmer's price per 100 pounds of milk sold. The current price level of about $11.50 per hundredweight of milk a month, is way below the farmer's cost of production.

The USDA insists that milk output should be reduced by at least 9%. But the milk "surplus" story is just a myth for the gullible; the true story is that the international market for U.S. dairy products is kept down almost to nothing by collusion of the international dairy cartel companies—Nestlé, Unilever, and the New Zealand Dairy Board. The domestic market suffers from the economic depression, which prevents households from buying high-quality dairy products.

The USDA and the media give a lot of attention to the government-owned unsold dairy stocks in storage—cheese, butter, and dry milk powder. However, they exaggerate. If you took all the butter and cheese stocks in government storage in the country and divided these by every person in the United States, here is all you would get (from USDA March 21, 1986 figures): one pound of butter and 2.5 pounds of cheese for every person in the United States (and some of that would be moldy and inedible). If you were to distribute all the dry milk powder to Africa, there would be enough to provide each person three gallons of milk.

The stated intention of the USDA is to eliminate 9% of the national milk output. In fact, much of the basic economic infrastructure—schools and community services, agriculture extension networks, transportation and processing systems—will also be eliminated. Farmers whose cows produced almost one-fourth of last year's milk supply got in line for the program, because they had nowhere else to turn. Of the 14,000 farmers that were convinced to accept a one-shot payment to shut down their farms, fully 40% are in the top six dairy states—Wisconsin, Minnesota, California, New York, Pennsylvania, and Michigan—where the dairy infrastructure has been so well developed over the years, that these states produce more than 50% of all the annual milk output. Now that is being dismantled.

Figure 3 shows the total number of dairy herds to be liquidated, in the 10 agricultural regions of the country (milk production regions do not exactly correspond to these regions of crop output, but the scale of the shutdown process is nevertheless clear).

Regional milk shortages will appear soon after the program begins. Under these shutdown conditions, there are already projects underway for large-scale milk "factory" farms, based on off-shore and foreign investment. There are projects reported in the Carolinas and Georgia, involving Irish and Danish dairy expertise, backed by money flows of dubious origin. These projects are taking place under the expectation that milk will soon become a high-priced luxury item.

FIGURE 3
Liquidation of U.S. dairy herds
(as of March 1986)

Region	Total number of herds requested for liquidation	Number of herds to be liquidated
Lake states	16,731	4,677
Cornbelt	6,169	2,521
Northeast states	5,502	1,579
Northern Plains	2,903	1,329
Appalachian	3,420	1,089
Pacific states	1,213	705
Mountain states	1,192	658
Southern Plains	1,028	570
Delta states	760	484
Southeast	651	376
Total	39,534	13,988

Source: USDA

Rifkin's kooky campaign against farm technology

While the U.S. government is closing down farms, a parallel drive is under way to lower food output by obstructing the development and application of scientific breakthroughs that can increase productivity. The most prominent spokesman for this effort is Jeremy Rifkin, the pseudo-scientist who uses his Washington, D.C.-based Foundation for Economic Trends to prevent the use of biotechnologies in agriculture.

In April, Rifkin won a court judgment staying the use of genetically altered bacteria that can protect row crops and citrus groves against frost damage. These benign bacteria would allow the production of millions of tons a year more fruits and vegetables around the globe.

Rifkin's latest court action is to attempt to block the use of a bovine growth hormone that promises to increase the dairy cow's milk output by up to 20%, without proportionately increased costs to the farmer. Rifkin is demanding that the government do an economic impact study of the use of the hormone, charging that it will put dairy farmers out of work, because the cows will be too productive. Rifkin is also against the use of computerized cow feeding stations and a new chemical feed additive, because they make dairy herds so much more productive.

Rifkin's book *Algeny—A New Word, A New World,* presents his superstitious rationalizations for why scientific advances and applications should be stopped.