A cruel joke

That's the only description for Reagan's farm budget cuts, when farm communities around the country are disappearing.

How dumb can you get? That's all you can say about the latest farm policy budget proposal from President Reagan. It tells farmers, "Go jump in the lake," while telling consumers, "Let them eat cake." The proposals call for drastic cuts in the various farm income-support measures, mostly beginning in 1989, despite the fact that farms are shutting down in mass numbers, and farm community infrastructure is collapsing. If this keeps up, there will be no cake, no bread, no gruel.

On Jan. 5, the outline of President Reagan's planned farm income cuts were announced. The legislation sent to Capitol Hill would reduce farm commodity target prices—which determine income-subsidy levels—by 10% a year, beginning in fiscal 1989. Reagan told lawmakers that he wants subsidies to be cut by more than half over the next five years. He advocates a return to a "free market," where "competitive pricing" will prevail.

There is no "free market," and never could be. If the government doesn't order the market, then a handful of cartel companies, as now, dominate the market. They dominate over 90% of food commodities traded internationally, and significant amounts of domestic food processing and distribution. They set prices to their own advantage, through market control, and also through their channels into government and finance. For example, the USDA official in charge of the Agriculture Stabilization and Conservation Service, and U.S. foreign commodities trade, is a 15-year Cargill man, USDA Undersecretary Daniel Amstutz. He has a few laughs over all this talk of "free trade." The cartel perspective is that food output capacity should be cut way back, and the cartels should have strategic control over world food production and stocks.

But poor President Reagan believes in the "magic of the marketplace." He plans big budget cuts to reduce Big Government, never thinking how farm income and government revenue both could increase if the real economy were restored to health and productivity with a timely bit of intervention.

Reagan simple-mindedly projects national farm program costs as follows: 1988—$21.3 billion; 1989—$17.8 billion; 1990—$15.1 billion; 1991—$11.9 billion; 1992—$10.5 billion. Administration officials project farm exports to rise over this time period, and farm spending to decline. In other words, farmers will have to cultivate crops like air ferns.

The reality is that the farm sector is disintegrating, and the administration proposal is a mockery. Even a senator like Rudy Boschwitz, Republican from Cargill's home state of Minnesota, has had to come out against Reagan's proposal. On Jan. 6, Boschwitz said, "The administration has taken a good idea and started it down the wrong road." In 1985, Boschwitz co-sponsored a bill to sever price supports from crop production, but he calls the current administration proposal a "perversion" of his idea, "designed by the Office of Management and Budget, not the Department of Agriculture, for the simple purpose of saving money, not to start agriculture on a road to recovery."

The combined effects of the lack of farm income, the shutdown in the farm supply system, and other industrial and commercial shutdowns is that entire farm communities must cease to exist. There is no means to support essential services such as education, health, roads, etc.

A report on this crisis, published in the December 1986 USDA journal, *Farmline,* documents how local governments and school systems are "caught in a vise of rising costs and falling revenues."

USDA statistics place the value of an average acre of farmland at $586, down from $823 in 1982. Across much of the country, property taxes account for about one-quarter of local tax revenues, and go as high as 70% in some rural areas.

In addition to shrinking tax revenues, communities are suffering from Gramm-Rudman's elimination of federal revenue-sharing. At the same time, local residents have become more in need of public services in terms of health care, energy aid, and other forms of aid because of dispossession of farms and unemployment. The estimated amount of compensation needed to maintain vital service levels in the farm areas ranges from about $13 to $199 per person.

Between 1980 and 1985, tax delinquencies have gone up by 50-70% in the eight top farm states. Federal assistance to state and local governments over this period dropped 17%, down to $180 billion. Rural communities depend on state aid for an average of 38% of their revenue base. Another 35% comes from federal aid, and miscellaneous taxes and user fees. Property taxes account for at least 27% or more.