# Now Food Inflation Takes Center Stage

by Marcia Merry Baker

Anyone who buys groceries in the United States has seen "price creep" for food items over recent years. But now prices are set for take off. Why? The lying media fixate on the obvious—soaring oil prices. True, that has a big, immediate effect. The Agriculture Department estimated this Summer that farmers face a *40% rise* this year alone in fuel costs of all kinds (gas, diesel, liquid propane, natural gas), and also higher costs for electricity. Other expenses are soaring. Because natural gas (tied to oil prices) is a feedstock for nitrogen fertilizer, farmers now face more than a 50% rise in fertilizer costs.

The impact of the fuel prices is evident all along the food chain. In May, the president and CEO of the National Grocers Association (the organization representing independents and family-owned stores), Thomas K. Zaucha, wrote a letter to President Clinton, saying, "The dramatic increases we are experiencing in fuel prices will inevitably be reflected in the cost of food."

Then there is the example of the McDonalds chain in San Diego, California, where a 10¢ surcharge on all food items was imposed in July, to cover the *doubling* of their electricity bills this Summer.

But energy is only one of many co-factors, all combining now to make for hyperinflation in the food chain, and a breakdown in supply.

The energy costs hitting the farm sector, and the transportation and distribution networks, are coming on top of years of *underpayment* to farmers for their commodities, to the point that family farm operations are now being forced out of business in overwhelming numbers. The prices for many farm commodities are at 25-year lows, or worse. We are on the brink of unimaginable shortages.

At the same time, international commodity cartel companies have taken over choke-point positions in the food chain, for mega-profits, speculation, and control.

To dramatize the crisis, in early September, Maryland farm leader Randy Sowers dumped 12,000 eggs, and gave away or sold "over the fence" thousands more. His operation of 106,000 chickens produces 40,000 eggs a day, and Sowers refused to ship any more to Michael Foods, headquartered in Minneapolis, when the company suddenly offered only 6¢ a dozen for the eggs—far below the farmer's cost of production, peremptorally ceasing to honor the price specified in a standing two-year contract. Sowers then decided to publicize how he has been defrauded, instead of trying to sue in court. "Rather than give them away to a mega corporation for only 6¢, I would rather throw them out or give them away," he said.

Earlier this year, six other farmers in Frederick County, Maryland, announced they were quitting dairy production, because of the impossibly low prices they receive for milk and high costs they must pay for production. Sowers, also a large dairy producer, testified on the scope of the crisis at the June 22 Ad Hoc Democratic Party Platform hearings in Washington, D.C., which were facilitated by Lyndon LaRouche's Presidential campaign.

Forcing this take-down process of U.S. food production, has been the policy shift to globalization, through the 1992 North American Free Trade Agreement, the General Agreement on Tariffs and Trade/World Trade Organization, and the radical free market "Freedom to Starve" farm law (officially called "FAIR," the Federal Agriculture Improvement and Reform Act of 1996).

Thus, all the bashing of oil-producing nations you now see daily in the major media, is for the gullible. In reality, the food supply crisis is part of the *systemic breakdown* in the financial and economic system and internationally, worsened by the continuation of the Federal Reserve policy of hyperinflating, to keep Fed Chairman Alan Greenspan's favored banking interests satisfied.

The U.S. food supply itself, along with other consumer and producer necessities, is only maintained because of unprecedented imports of agricultural products. For example, in the last five years, imports of milk protein concentrate have gone up 600%. This tribute to the "imperial" dollar will not last forever, nor should it.

## Return to Parity Policy

In agriculture, what is required is a return to traditional parity-based pricing to farmers, for purposes of food security. This policy simply means that if farmers get a price covering their costs of production, and a fair return, providing the incentive for capital improvements for the future, then the public will have its needs met, now and in the future. The companion steps required, are to launch needed infrastructure projects—water, power, transportation, to back advanced technologies (global positioning system, "precision farming," hydroponics, etc.)—and to back young people who want to go into agriculture sciences and farming.

An immediate step, is to nullify the "Freedom to Starve" farm law which expires after seven years, in which case the standing farm law of the nation will revert to the 1949 Agriculture Act, a parity-based law, which can be updated accordingly for today's mode of farming. A small step in this direction has come from a recent draft Federal law, for a milk "floor price" of $12.75 per hundred pounds.

"The point of no return will be shortly upon us all," is the description of today's farm and food supply crisis, from V.B. Morris, National Secretary for the American Agriculture Movement, in Sunray, Texas.