

Save Agricultural Capacity, Dump the Dead ‘Markets’ System

by Marcia Merry Baker and Robert Baker

April 11—President Donald Trump announced on April 9 that he had ordered Agriculture Secretary Sonny Perdue to intervene in the farm crisis, after Perdue, the day before, had met with reporters, saying that he was reviewing measures to be taken. Trump tweeted,

I have directed @SecretarySonny to expedite help to our farmers, especially to the smaller farmers who are hurting right now. I expect Secretary Purdue to use all of the funds and authorities at his disposal to make sure that our food supply is stable, strong, and safe. We will always be there for our Great Farmers, Cattlemen, Ranchers, and Producers!

What it means for government action to “be there” for farmers and ranchers right now, is: emergency action to *save agriculture capacity*, and to look to longer-term measures to establish a secure, family-farm based system. Action for farmers is equally action in the public interest, because it guarantees a reliable food supply, both at home and in collaboration with other nations for places of need around the world.

The American Farm Bureau Federation summed up the crisis in an April 7 [press release](#):

Nearby futures prices for nearly all the major crops have dropped by double-digit percentages. Pushed down by a 40% plunge in ethanol prices, corn prices have fallen 15%. Soybean prices are down 10%, while the price for cotton, which is heavily dependent on foreign manufacturing capacity, sank nearly 30%. Buoyed by demand in the U.S. and China, wheat prices have declined only 3%.

On the livestock front, since the beginning of the year, both beef and pork futures prices have

declined more than 30%. Milk futures prices have also fallen sharply, with the price for milk used to make cheese down 28% and the price for milk used to make nonfat dry milk falling by 34%.

The resilience of farmers and ranchers has been nothing short of stunning, but we must not take for granted their ability to hold on with prices spiraling, taking all hope of breaking even with them....

A letter to President Trump March 18, from Bill

Crop Farm Received and Paid Indexes

United States: 2011=100



Livestock Farm Received and Paid Indexes

United States: 2011=100



Bullard, CEO of R-CALF, the Montana-based Ranchers-Cattlemen Action Legal Fund United Stockgrowers of America, stated, “America’s largest segment of Agriculture—the U.S. live cattle industry, is in a {catastrophic crisis already}, and has been, since 2015. We pray for your attention.”

For days, stark photos have been coming from farmers having to dump milk down the drain, from Vermont to Michigan to California. Less visible are hundreds of producers trying to deal with cattle and hogs ready for market, and nowhere for them to go. Packing houses are down; prices are crashing. The meat and dairy farm sectors—involving perishable products and live animals—are in the forefront of the crisis generally for farmers and ranchers.



Courtesy of a dairy farmer

As a result of the COVID-19 pandemic, dairy farmers have been turning to milk dumping as their only recourse, when there is either no place to sell their milk, or the price being offered is so low that they would lose money in delivering the product.

The Virus Hit a Broken System

In short, the so-called “markets system”—pricing and processing—have all but blown out. This emergency comes from both the impact of the coronavirus, and from the underlying features of the Wall Street/City of London monetarist system of price speculation, monopolized processing, global sourcing and all such anti-family-farm practices. For the past several years, prices to agriculture producers for their output, have been below their costs of production, or barely break-even. Livestock producers have filed lawsuits, organized twitter storms and taken other actions to demand Federal action, to no avail. In Europe last year, farmers, especially dairy producers, took to the streets with protest tractorcades.

Then as the coronavirus hit with stay-at-home orders being issued mid-March, farmers took a huge hit with schools, hotels, colleges and other institutions ceasing to buy their products. Add to this, the shut-down of several giant meat-packing plants, as COVID-19 spread through the workforce. All the while, mega-processors and speculators made a bundle. Gouging by the meat processor cartel is now under investigation by the U.S.

Department of Agriculture. But it is just a flagrant repeat of other episodes of cartel gouging in recent years.

As of early April, proposals of what national emergency measures to take for the food supply and for food producers have come out from farm groups and leaders. These measures are reported below, along with situation reports on the most urgent crisis sectors—livestock and dairy. These emergency measures can work. They address shoring up the physical economic conditions for production. The American Farm Bureau Federation, calling for action, stated in April, “Empty shelves can be frightening; but empty fields and barns would be devastating.”

Precedent for what needs to be done now, is dramatically seen in what was done during the 1930s Great Depression by

Henry Wallace—who served three terms as Secretary of Agriculture (1933-1940) in the Franklin D. Roosevelt Presidency. The principles used then involved serving the public interest with a reliable food supply, by supporting family farms with stable prices (related to a “parity” level), production management (fostering the priority crops and volume of output needed), science and technology, and infrastructure (rural electrification, water supplies, disaster defenses, transportation, public health and medical care), and general fairness.

Lyndon LaRouche reiterated these same principles in the decades of decline following the 1971 floating-currency break with the Bretton Woods system, and he singled out one special consideration: the necessity of a diversified agriculture production landscape. Public health and sanitation are best served by a spread-out pattern of farming, processing and storage of food, he said, so that the impact of any incidence of disease to animals, plant life or humans, can be relatively subject to containment, instead of an automatic catastrophe.

He pointed out the danger to public safety from all the agriculture and food supply concentration practices that the Wall Street/City of London commodities system

tends to create: monoculture (huge areas of single-crop cultivation, such as the cartel-serving soybean-growing regions), huge factory livestock operations (not family-scale “big” operations, but mega-complexes), and highly concentrated meat-packing and food processing (instead of local and regional facilities, which allow redundancy and flexibility in processing perishables). And the Wall Street/City of London axis enforces global sourcing. All these monetarist practices contribute to making any bio-security threat into an all-out disaster, as we see now with the impact of COVID-19 on the U.S. food production system.

The CARES (Coronavirus Aid, Relief, and Economic Security) [Act](#), signed March 27 by President Trump, has in it \$48 billion for the U.S. Department of Agriculture to use against the COVID-19 impact. Sub-categories of that amount are designated for specified areas of activity, such as SNAP (Supplemental Nutrition Assistance Program), formerly known as food stamps (\$15.8 billion), child nutrition (\$8.8 billion), and some others. Especially relevant for farmers and ranchers are two categories. For the CCC (Commodities Credit Corp.), established in the 1930s, there is \$14 billion. This can be used in various ways. The USDA (U.S. Department of Agriculture) can directly buy unsold products (milk, meat, cheese, produce) and dispose of them however feasible, so that the producer, and processor, get supported. Or the money can be used for direct financial aid to farmers and ranchers, feedlots and other operations.

In addition, the CARES Act designates \$9.5 billion to be used expressly for aid to producers in the “livestock, dairy and specialty crop” sectors.

The specialty crop sector includes the whole range of fruits, vegetables, tree nuts and produce that are currently being slammed by the sudden loss of sales in farmers’ markets, restaurants and institutions now closed. This sector is also being hit by the lack of labor from travel restrictions. Federal intervention is urgent. However, attention is also acutely needed for agriculture involving herds and flocks.

Defend Livestock Sector—Price and Processing

In the first ten days of April, many of the mega-slaughterhouses for beef, pork and chicken have been

shut across the country when COVID-19 showed up, and this has affected hundreds of workers. This adds up to probably over five percent of the meat supply being cut, and a complete loss of options for many farmers and ranchers to sell their animals. The reason for that, is that over the past 30 years, the number and distribution of local and regional meat lockers and packing plants shrank as big money consolidated ownership and created networks of a few gigantic facilities.

Whereas in 1970, there were some 9,600 packing houses in the U.S., today it is down to 1,100, and of those, 250 account for most of the U.S. meat processed. For example, the packing plants owned by just four firms control over 85 percent of all the beef slaugh-



In the first ten days of April, many of the mega-slaughterhouses for beef, pork and chicken were shut down across the country when COVID-19 showed up, affecting thousands of workers.

tered: Tyson Foods, Cargill, National Beef/Marfrig and JBS (the latter two headquartered in Brazil). Pork is similarly concentrated, with the biggest being Smithfield/WH Group Ltd. (headquartered in Hong Kong).

The JBS plant in Souderton, Pennsylvania, considered the largest east of the Mississippi River, is shut. A shop steward there died April 3 from COVID-19. Three other packing plants are closed in the state, including Cargill in Hazelton, which had 130 out of 900 workers test positive for COVID-19 as of April 7. The JBS plant in Greeley, Colorado is shut; this gigantic operation has 3,000 workers. The huge Smithfield pork packing plant in Sioux Falls, South Dakota is shut. A Tysons pork processing plant in Columbus Junction, Iowa is shut. A National Beef plant in Tama, Iowa is down. And so on. Thousands of packing plant workers are sick and

scared. In the best of times, their terms and conditions of work were notoriously bad. The temporary closures are announced as for days or weeks, but re-opening dates are uncertain.

What is required is Federal intervention, in the spirit of the National Defense Production Act, if not actually under the letter of the law, to see to it that the following kinds of measures are taken:

1. Maximize the packing capacity that exists. Support the labor force by recruiting more, by setting decent pay levels, providing protective equipment and work protocols—determined by the CDC/USDA/FDA, and so on.

2. Bring into operation any recently closed packing facilities to expand redundancy.

3. Implement sanitation procedures set by the CDC/USDA/FDA.

4. Take the same steps of labor protection and sanitation for the livestock haulers bringing in the animals and the truckers driving out the product to wholesalers and retailers. At the earliest time, start the process of anti-trust in meat processing.

Many specific measures were spelled out in a [letter](#) to Secretary Perdue on April 7 by Bill Bullard, CEO of R-CALF, in order to support—

cattle and sheep producers' ability to maintain both pre-existing financial obligations and their current financial needs for maintaining financially viable operations. To this end, we ask that you consider directing both government and private lenders to grant emergency extensions of loan repayment deadlines, provide essential emergency operating funds, provide no-interest or very low interest rate loans, and consider loan payment waivers and even loan forgiveness in some instances.

Save Dairy Herds, Feed People

Dairy farmers have turned to milk dumping as the only recourse, when there is either no place to sell their milk at all, or at such a low price that it costs too much to provide it. For example, reports came in, in the first week of April, of milk dumping from Augusta, Wisconsin (Brookside Dairy Coop), of 50,000 pounds, to Vermont, where 50,000 gallons was dumped, and the same at many other locations. In Wall Street “markets” terms, there is a glut. But in reality, there is a product that is

needed, and dairy herds that must be maintained.

Dairy farmers are hit all down the line for the various standard categories of where milk goes. Each category requires different processing equipment:

Class 1—Fluid milk, for which the market drastically shrank once the COVID-19 national emergency declaration was made in March, and schools, restaurants and other such users were shut down;

Class 2—Soft dairy products (ice cream, yogurt, soft cheeses, desserts), which cannot absorb all the milk diverted from Class 1;

Class 3—Harder cheeses, whose market has also plunged, cannot absorb the diverted Class 1 and 2 milk; and

Class 4—Milk powder, butter, and various kinds of canned milk, which are storable, but cannot process the wave of milk available.

Exact prices to the dairy farmer, per hundred pounds (cwt), vary by region, by class of use. In the Northeast, for example, milk prices fell 10 percent in the last two weeks of March, hitting \$15.80 per cwt, which is below the farmer's costs to produce it.

What is required are income supports—prices, stipends, debt stretch-outs, and other kinds of aid to keep dairy herds and operators going. This can range from direct government subsidy, to government buy-up of dairy products from the processor, which can be stored or distributed at food banks and other outlets. Historically this has often been done. In addition, all possible assistance should be given to expand processing. At points of need around the world milk powder should be distributed directly and in various kinds of food relief products.

The Secretary of the Vermont Agency for Agriculture, Anson Tebbets, has written to Secretary Perdue to ask that he set a floor price for milk of \$19.50 per cwt for the next four months, and take other measures for the farmer. Cheese processors, too, need emergency aid.

The Agri-Mark Cabot dairy cooperative circulated a letter on April 1 saying:

It is critical that dairy farmers have a stabilized source of revenue to allow for their operations to continue at a time when they are the most critical to our nation. This is a matter of national food security. The need for financially strong and diverse dairy production and manufacturing sectors is more important than ever.