state of agriculture

Farm Credit: Rockefeller Tight Money Policy Will Create 1970s Dust Bowl

July 15 (IPS) — The Rockefeller-engineered "World Food Crisis" is underway. The Rockefeller forces intend to wipe out productive agriculture in the advanced sector, forcing the international working class to subsist on a diet of grain, roots and berries. Under the notorious McNamara plan, recycled slave labor population in the U.S. and Western Europe will depend for sustenance on labor intensive agriculture in the underdeveloped world, where agricultural workers will be starved to death on 1000 calories per day.

The U.S. agricultural sector is on the verge of a depression collapse which will strangle food production and transform entire farming areas into a dust bowl wasteland. The impending collapse of the agricultural sector is the result of two developments: the plunging of farm commodity prices, and the drying up of agricultural credit, at a time when farmers are burdened with a record mass of debt. Both these developments are the direct outcome of the unprecedented tight money policies of the Rockefeller-dominated Federal Reserve Bank. According to a spokesman for David Rockefeller's Chase Manhattan Bank, they are designed, among other things, to bring about the collapse and consolidation of the two and one-half million farm units into 300,000 by the end of the decade.

Farm Debt Highest in History

U.S. farmers incurred enormous debt to finance the record increase in agricultural output during 1973 and the first half of 1974. The debt was made excessive to support the speculative profits of such Rockefeller firms as Cargill and Continental Grain.

During 1973 alone, the costs of such expansion were overwhelming:

- Land in production increased by 16 per cent at prices which jumped by over 25 per cent.
- Fuel, fertilizer, and pesticide consumption rose at skyrocketing costs, the result of the Rockefeller-engineered oil hoax.
- Farm equipment purchases, after five straight years of decline, advanced sharply, with farm tractors alone increasing by 26 per cent at highly inflated prices.

These costs were directly financed by massive increases in farm debt:

- During 1972 and 1973, farm debt rose by $15 billion.
- During 1973 alone, outstanding non-real estate farm loans held by commercial banks jumped by 21 per cent.
- This debt build-up has continued into 1974. During the first four months of 1974, outstanding loans of member Federal Reserve Banks engaged in agricultural lending was up 18 per cent. Moreover, the U.S. Department of Agriculture predicts a $12 billion increase in farm debt for 1974!

The nature of this debt accumulation places farmers in an extremely vulnerable position in terms of bankruptcy. Most of this debt is short-term, with an average maturity of no more than nine months. According to USDA statistics, the scheduled principle and interest payment on farm debt for this year alone will be $60-65 billion, and for next year $70-75 billion!

Debt Payments Can't Be Met

These debt payments cannot be met. The record cash receipts of farmers in 1972 and 1973 reached $61 billion and $83 billion, respectively, which would barely meet these debt payments. But cash receipts this year, as farm commodity prices continue to plunge, will not meet even half of the debt payments, with commodity prices just beginning to collapse, as Rockefeller's tight credit policies throughout the world are cutting demand in half. American farm income has already declined by 15 per cent. As farm prices literally collapse in the wake of impending Rockefeller-engineered worldwide depression, farm income will spiral downward, setting off waves of farm bankruptcies.

"As farm prices literally collapse in the wake of impending Rockefeller-engineered worldwide depression, farm income will spiral downward, setting off waves of farm bankruptcies."

Collapse of Food Sector

This process has already begun:

- Prices paid to farmers for cattle and hogs dropped to a two-year low in mid-June.
- Bankers surveyed by the American Bankers Association have already predicted the extreme difficulty of farm debt repayment in cattle and corn areas.

© 1974 EIR News Service Inc. All Rights Reserved. Reproduction in whole or in part without permission strictly prohibited.

Farmers in the advanced sector will be reduced to labor intensive methods...

• Seventy per cent of banks making livestock loans have reported livestock loans "in distress."

• Wheat, corn, and soybean prices have already dropped significantly since mid-February. As feedlots are cut back — and as traditional hoarders of these farm commodities (Japan, Italy, Israel, South Korea, Taiwan, Rumania, and Mexico) continue to dump them on international markets for cash — these prices too will collapse.

The only short-term solution to the postponement of massive bankruptcy is the extension of further credit. Rockefeller's tight credit policies, however, have made this an impossibility.

• As a result of the high interest rate policies of the Rockefeller-controlled Federal Reserve System, dealer credit, which traditionally furnishes about 40 per cent of producer finance, has been turned off. Not only are retailers no longer providing credit, but they are insisting on cash down for the placement of orders!

• This applies direct pressure on the regional banks to finance farm operating needs. However, regional banks which have financed farm needs either through direct loans, or through participation in PCAs, are in difficult straits: they have been shut out of the commercial paper and certificate deposit markets as a result of Rockefeller tight money policies. This has led many regionals to go directly to New York or Chicago money centers for loans at interest rates which are prohibitive.

• Regional banks which service farmers, such as Omaha National Bank, Security National and Toy National in Sioux City, Iowa, and Harris Trust and Savings and Central National in Chicago, are all in financial trouble.

• When IPS asked a spokesman for the Rockefeller-controlled First National Bank of Chicago if he thought that regional banks were in trouble, he giggled, "I suppose you could say that."

Banks Stop Credit

As a result of the cost-price squeeze on farmers and the liquidity squeeze on regional banks, the latter have begun to restrict credit:

• Regional banks have threatened liquidation of inadequately secured livestock loans.

• Regional banks equity demand has risen from 20 per cent to 30 per cent over the last nine months.

The consequences of loan restriction are already being felt:

• Farmers are being forced to refinance loans by using real estate acquired 15-25 years ago as collateral. As commodity prices collapse, the next step will be mortgage foreclosures.

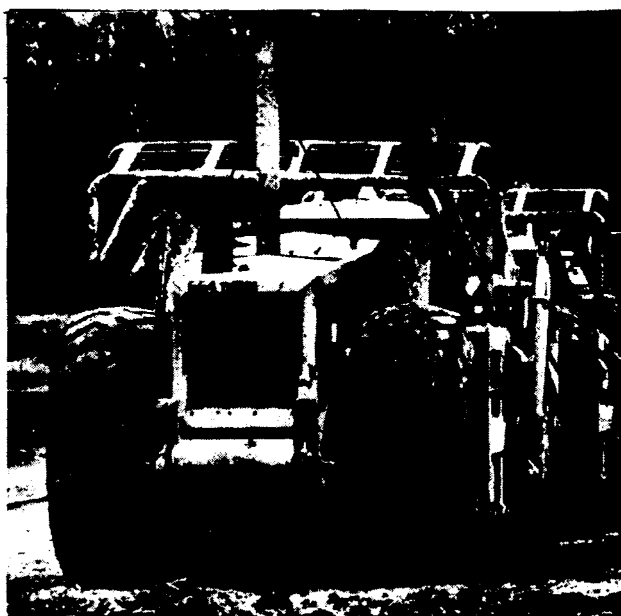
• Feedlots are being cut back as it becomes increasingly difficult to finance new loans.

The end result of the general collapse of commodity prices and noose-tight credit will be massive bankruptcies and foreclosures. Grain will be plowed under, cattle slaughtered, and chickens drowned in a desperate attempt to reverse the price bust. To no avail! Rockefeller will move in and buy up bankrupt farms, a nickel on the dollar.

Regional Banks Go Begging

A breakdown of Federal Reserve reports of the "condition of commercial banks" in the 12 districts reveals that banks in the centers which service agricultural areas have been squeezed for cash by the New York money market, which has recently been beseiged by banks seeking additional funds.

In effect, the New York money market, dominated by the Rockefeller (Chase Manhattan and First National



...as massive bankruptcies leave modern farm equipment standing idle.

City) and Morgan (Morgan Guaranty, Bankers Trust, and Irving Trust) financial interests, is the "lender of last resort" to U.S. agriculture — not the regional Federal Reserve Banks.

Despite increasing requests from regional banks for interbank loans from New York City, most of the supplicant banks have returned empty-handed. A spokesman for the First National City Bank told IPS that normal "corresponding bank" relationships have broken down. Although banks are frequently sent round to four or five of the New York giants to put together a loan, a study by the Federal Reserve of New York shows that there has been no increase at all in the proportion of lending which New York allocates to regional banks — throughout the month of June, New York banks maintained loans to other commercial banks at a steady 1.8 per cent of total loans and investments, most of which consisted of trade-offs between the New York banks themselves.

While loans from other banks account for a sum equal to five per cent of total deposits in New York, the figure is less than one per cent among banks in the Fed Districts of St. Louis, Minneapolis, Kansas City, Cleveland, and other areas which service agriculture. This underscores the difficulty banks in these areas experience obtaining interbank loans.

Even when banks do receive loans from the Rockefeller empire, terms can be prohibitive. A spokesman for the First National Bank of Chicago, which has direct interlocks with the Rockefeller interests, said that its loans to supplicant banks carry an interest rate of 13 per cent, despite the bank's posted 11.80 per cent prime.

Of the total volume of interbank lending in the U.S., estimated by the Federal Reserve at $5.5 billion, New York banks take 65 per cent, while St. Louis, Kansas, and Minneapolis receive less than one per cent apiece.

To take an instance, direct loans to agriculture from New York banks declined last week, while loans to the Rockefeller-controlled "energy" sector rose at a record pace.

Small wonder, then, that a dozen leading Midwestern banks, each of which services many smaller banks in its region, are said to be in financial difficulties.

Rockefeller-Controlled Treasury To Cut Loose Regional Banks

The answer of the U.S. Treasury, headed by Rockefeller man William Simon, to this problem: take more money out of the regional banks! A directive issued Tuesday will take Treasury checking accounts away from commercial banks. Previously, the Treasury left funds in accounts with commercial banks for periods of up to 10 days, in the process of tax collection. An IPS study shows that while such deposits account for only 0.9 per cent of checking accounts in New York banks, they account for 1.8 per cent of such accounts in St. Louis, 1.5 per cent in Minneapolis, 1.2 per cent in Kansas City, and so on. New York is the money center least affected by Simon's move nationwide.