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'Farmer-friendly' bill to kill farmers

As the condition of the farm sector worsens, it is time to scrap the 1990 farm bill—and Agriculture Secretary Yeutter.

In early January, the National Association of Farm Broadcasters conducted a survey indicating that 89% of their respondents favored reworking the 1990 five-year farm bill. This sentiment came not from the expected impact of Bush's Persian Gulf war, but from the already worsening condition of U.S. farming, and the expected impact of the Food, Agriculture, Conservation, and Trade Act of 1990, signed into law last December.

Leland Swenson, head of the National Farmers Union, said that the radio poll just reflects public opinion on the "economic devastation" that rural areas are experiencing. "Wheat, dairy, corn, and other commodity prices have fallen dramatically in the past several months. It's cost the rural sector billions of dollars, and it's the low-price policy the administration has pushed that's causing it."

In his own national radio hookup in January, Agriculture Secretary Clayton Yeutter, who is leaving his post to become head of the Republican Party, chided those who might want to rewrite the farm bill. He said that the 1990 law is "farmer-friendly" and should be left intact. "No tinkering."

In fact, the low price, "free trade" policies Yeutter advocates are causing disasters around the globe. Wheat is a dramatic example. In December 1990, the National Farmers Federation of Australia, a leading wheat-exporting nation along with the United States, Canada, Argentina, and France, reported that wheat prices are so low that one-third of their farmers will be unable by the June planting time in the Southern Hemisphere to repay their banks and other debt. NFFA vice president Graham Blight said that there is a risk of huge defaults by 40,000 Australian farmers. "The big question is how the banks will respond to defaults on such a scale, because much of this non-repayment is not simply likely—it's inevitable."

It is the same situation in the U.S. wheat belt. There is a blackout from Washington, D.C. on the scale of the farm and food crisis in the United States, but the pieces of the picture all fit together. Last November, North Dakota wheat growers staged an action to try to break the blackout. They sold bread at 5¢ a loaf to dramatize that what the farmer gets is so little that he can't stay in operation and produce food.

The international cartel of grain companies is imposing prices on farmers that are less than half the minimum cost of production. Wheat prices at the farm were averaging $2.38 per bushel at year end, compared with $3.80 in December 1989. The $2.38 price is the lowest level for the month of December since 1972. Corn is about $2.18 a bushel.

Cattle averaged about $77.60 per 100 pounds of live weight, up from $71 a year earlier. Hogs averaged $47.60 per hundredweight, a little less than a year earlier. But whatever the price, if you don't produce it, you can't sell it.

The national cattle inventory in the nation has declined from 130 million head in the 1970s, down to about 99.3 million at year end.

On top of this, when farmers are on the margin, bad weather can mean ruin, instead of merely "one bad season." A rare cold snap in December devastated large portions of California's $8 billion fruit and vegetable crop, when farmers there are suffering from the high costs of a three-year drought. Joel Nelson, head of the California Citrus Mutual in Visalia, said, "We've had cold weather before, but we've never had a crop loss like this."

Under conditions of low prices, and rising oil and all other costs, debt service is next to impossible. The Farmers Home Administration (FmHA), which is run by the U.S. Department of Agriculture and mandated by Congress to be the farm lending agency of last resort, has boosted its rate of farm foreclosure actions. The FmHA has a farm loan portfolio of about $24 billion among 210,458 active borrowers. About 15%, or 31,925, were behind in payments as of Sept. 30, 1990, the end of the FmHA fiscal year.

Last year, the FmHA sent out 5,462 "acceleration" letters (the FmHA euphemism for pre-foreclosure paperwork), which is 2.6% of all its farm borrowers. The previous year, notices went to 4,045 borrowers, or 1.8%

FmHA spokesman Marlyn Aycock said that bankruptcy petitions, and the number of delinquency cases sent to the FmHA's Office of General Counsel for foreclosure action, have also increased. Still more farmers are reacting to the severe financial pressure by just signing over their property to the FmHA as part of a settlement to just quit farming.

The new farm bill that Yeutter calls "farmer-friendly," does nothing to reverse this. In fact, due to federal budget-paring, there is a cut of $13.6 billion in farm support monies for farmers for the 1991-95 period. With friends like Yeutter, farmers don't need enemies.

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