

Clinton sounds the alarm on U.S. agriculture crisis

by Marcia Merry Baker

On July 23, President Bill Clinton, flanked by Agriculture Secretary Dan Glickman, Congressmen from North Dakota, South Dakota, and Texas, and others, gave a “teleconference” to more than 200 radio and television stations, calling attention to the national farm crisis, and announcing urgent aid measures. The fanfare was appropriate. What’s hitting the U.S. farmbelt is no mere downside of a “good times/bad times” cycle, but the end-phase of breakdown. Unless the right emergency measures are taken—including ending U.S. support for the International Monetary Fund—there will be massive food shortages in the near future.

The President’s initiatives follow alarms sounded in the Senate during the week of July 13-16, at the time of passage of the Agriculture Appropriations bill for fiscal 1999. On July 14, a sense-of-the-Senate resolution was passed as an amendment, by a vote of 99-0, recognizing the urgency of the nation’s agriculture crisis, and calling on Congress and the President to take emergency action. The resolution was sponsored by Sen. Tom Harkin (D-Iowa) and Senate Minority Leader Tom Daschle (D-S.D.), who joined Clinton at the July 23 teleconference.

Farmers are now facing ruin, from the combination of low commodity prices, collapse of exports, and vulnerability to the nearly total control of markets by commodities cartel companies. Nationwide, net farm income is headed down below \$45.5 billion, which is a 25% drop this year from \$60 billion in 1996. State by state, depending on the commodity, farm income is in steep decline. In hundreds of farming counties, especially in Wisconsin, Minnesota, and the Dakotas, a real economic emergency exists. Weather and pest disasters are compounding the problems caused by foolish economic policies.

State and local crisis meetings occur almost daily. On July 15, a coalition of Oklahoma farm organizations flew to Washington, D.C. to meet with their eight Congressmen, demanding, according to Oklahoma Farms Union head Phillip Klutts, “short-term and long-term solutions.” “Low prices and drought have made the situation very severe,” he said.

No ‘safety net’ for farmers

President Clinton outlined a number of actions, including backing a \$500 million aid package for farmers, already introduced in the Senate; intervening to lift the low price paid to farmers for wheat by 5% per bushel, through government purchase of some 2.5 million tons of wheat and flour in the coming months, for donation to nations in need (Indonesia, North Korea, Sudan, and others). The President also announced expedited aid for regions hit hard by the weather disasters of the past year. Clinton assigned Secretary Glickman to go to Texas and Oklahoma to assess the situation first-hand.

Clinton himself, with members of Congress joining in, described the scope of the crisis. “Let me tell you how big a deal this is,” he said. “About 40-50% of all American grain production is exported. Forty percent of all the exports go to Asia. We have a 30% decline in farm exports to Asian countries, excluding China and Japan. They’re down about 13% in Japan; they’re down about 6% in China, 30% in the other countries this year, because of the Asian financial crisis.”

Senator Daschle, speaking next, said:

“Today, we had another illustration of the seriousness of the situation, with a report of income for farmers and ranchers



An abandoned farmstead during the dust bowls of 1937. So today, drought and other severe weather patterns are compounding the effects of lunatic free-trade policies, to drive American farmers into bankruptcy.

been shrinking rapidly. He added that increasing export credits won't help the producers, because "that would put more money in the pockets of the grain traders and importing companies and not the farmers we all represent." He continued, "If you want to help the farmers, then what we have to do is, we have to put in some supports and put that safety net back in there."

Average net farm income in North Dakota dropped 98% in 1997, compared with the previous year. Declines in other states from 1996 to 1997 were: Wisconsin, -38%; Minnesota, -38%; Washington, -20%; South Dakota, -17%; Idaho, -17%.

The Daschle/Harkin initiative to re-open the 1996 farm bill, flying in the face of years of "free-market" propaganda and delusions, was defeated on July 14, but the direction of their thinking—that "markets" cannot determine policy—is critical for

declining now 35% in the first quarter. That is indicative of what we see every time we go to our rural states. Income is declining."

Earlier in July, Daschle reported on this in detail to the Senate, in motivating a new bill to re-open the 1996 Freedom to Farm Law—the radical "free-market"-based legislation which is denounced by farmers as the "freedom to fail" act. Daschle proposed some safety-net measures for farmers, as national food security protection. At the time he signed the bill in April 1996, Clinton said that he did so "with reservations," that no safety net existed, and that future action might be needed.

"In 1998," Daschle told the Senate, "the average net farm income for Great Plains farmers is expected to be near the poverty line for a family of four."

Daschle reported that farm income is down in 32 states by a total of \$5.2 billion, and farm debt, at \$172 billion, is at its highest level in 13 years. In addition to the effects of this on farmers, it could also result in the loss of 100,000 jobs in rural America. Placing the blame on the 1996 farm bill and what it has done to prices, he said, "No one can survive on prices that farmers are receiving at the local elevator. They are at the levels that farms received when I was born" (in 1947).

Senator Harkin added that not only are prices paid to farmers going down, but retail prices, including those paid for farm products, are going up. The farmer's share of those prices has

forcing the right action in the future.

Dump the IMF

But President Clinton, while rightly sounding the alarm about the farm crisis, is, unfortunately, continuing to argue that backing for the IMF will restore farm export markets. At his July 23 briefing, President Clinton fell back on this, saying, "We must give the International Monetary Fund the resources it needs to strengthen and reform the Asian economies, so that they will have the money to buy our farm products. Yesterday, unfortunately, the House of Representatives delayed this critical funding for the IMF. American farmers cannot afford to wait. They need help now."

The President was referring to House Speaker Newt Gingrich's (R-Ga.) announcement that a Congressional vote on IMF funding would be postponed until September.

Radical defense of the free markets was the line taken by Sen. Pat Roberts (R-Kan.), the architect of the Freedom to Farm Act, who spoke before the American Farm Bureau Federation in Washington in July, calling for support of the IMF. "I am one who is a firm believer that the best way to strengthen commodity prices is by increasing demand," he said. He neglected to point out that it was the IMF austerity conditionalities and free-market lunacy that caused the Asian financial crisis in the first place, and that are plunging the rest of the world into a depression.