

Agriculture by Marcia Merry

Free trade pact faces farm opposition

The new U.S. Congress has begun hearings on agriculture and trade policy as farms face catastrophe.

The new 102nd Congress has begun a raft of hearings, and the testimony on agriculture and farm trade shows that the situation warrants emergency measures. But so far Congress is conducting business as usual, while the facts before them show catastrophe in the making.

The Conservation, Credit, and Rural Development Subcommittee of the House Agriculture Committee held hearings Feb. 21 on "Credit Needs of Borrowers and Outlook for the Next Few Years." The outlook is grim. Since January, reports have been flooding out on the plunge of agricultural land values in Texas and other farm states showing that the value of loan collateral is plunging. Farm prices for wheat, corn, and dairy products are low. But no relief measures are under way.

Just the opposite. For example, the Farmers Home Administration (FmHA), the lender of last resort run by the USDA, is conducting a "go slow" policy in processing operating loans, even for farmer borrowers current on their debt payments.

Fred Huenefeld, a farm activist in Louisiana who serves as a trustee-in-bankruptcy, told the committee: "Today, in rural America, I am handling a 20% increase in bankruptcies in the last three months, which include doctors, lawyers, bankers, farmers, drug stores, restaurants, auto supply stores, and every sector of the economic system. I have had over an 1,800% increase in bankruptcies since I started handling cases in the 1960s."

He asked the members, "Why am I handling so many bankruptcy cases?

Why are my friends being pressured into despondent situations and conditions where they are losing their homes, their farms, their wives, their children, and ending up sick with shingles and in the hospital? Why am I talking people out of committing suicide?"

This description applies to other farm states. The grain belt is hit by record low prices for wheat. Farm counties in California are facing devastation by the curtailment or cutoff of irrigation water announced by state and federal water authorities in recent weeks. State Water Project officials recommended to farmers that they idle all their alfalfa, rice, and cotton land.

Against this backdrop, the prospect of even lower farm prices to come from "free trade" practices under a General Agreement on Tariffs and Trade (GATT) treaty, or a hemispheric free trade pact, has lost the appeal that the food cartel interests have worked hard to create. One target of farmers is the proposed U.S.-Mexico free trade pact. The line-up against such a treaty includes Florida citrus growers, and many other specialty crop producers.

Hearings on U.S.-Mexican trade relations the week of Feb. 18, became the forum for descriptions of the general decline of the U.S. agricultural sector. Again, Huenefeld reported to this House subcommittee on the conditions in his state, which were in large part created by free trade measures already in effect.

"We just had a catfish operation go broke about 20 miles from my hometown in Winnsboro, Louisiana.

And why did they go broke? Really simple: I went down to the local Super Saver, one multinational grocery store, and bought catfish from *Brazil* for \$1.29 a pound, and in the same ice in the same counter, were catfish from Winnsboro, Louisiana for \$1.99 a pound. Which catfish are the poor folks going to buy?"

Similar examples abound in the Washington, D.C. area, where congressmen live and work. Melons are shipped in from *Brazil* for retail sale at 69¢ a pound—lower than the price of some homegrown apples.

Data were presented to the congressional committees from a forthcoming *EIR* economics survey of the current need to increase U.S. agricultural output by at least 4%, in order to accomplish two goals of sound national farm and food policy: 1) fill currently unmet per capita needs in various food groups; and 2) domestically produce food now imported at sharecropper's prices which are impoverishing the exporting nations.

These objectives require agriculture credit policies of the type used during World War II by the War Mobilization Board, to set prices for farm output at parity levels (meeting costs of production plus a return to guarantee continued production for food security); and to provide low-cost credit, at 2-4% interest rates, to expand output. Today, emergency measures are required to stay foreclosures, and to freeze and reschedule debt.

There is an outcry in farm states to reopen and rewrite the just-enacted five-year farm law, the "Food, Agriculture, Conservation, and Trade Act of 1991." Despite all the hearings, the Senate, as of mid-February, had not yet set a date for hearings to confirm Rep. Edward Madigan (R-Ill.) as the new secretary of agriculture. They don't want to take the flak from farmers demanding a new farm bill.