

Free-marketeers and Soviets demand destruction of U.S. farm parity price

by Chris White

Food production in the United States stands on the verge of destruction because the parity-pricing system, created by the American System of economic science, has been supplanted by the usurious opposing conception of the primacy of ground-rent and interest, embedded in free-enterprise doctrines.

Ironically, but not accidentally, it is on this precise issue that the KGB-controlled International Institute for Applied Systems Analysis (IIASA) in Laxenburg, Austria agrees fully with free-marketeers like David Stockman and the Heritage Foundation, the Mont Pelerin Society, and Friedrich von Hayek's Adam Smith Society.

The uninformed and uneducated reduce the conception of parity pricing to a formula designed to maintain farmers' purchasing power. All this proves is that the lunacy of free enterprise goes hand in hand with the hedonism of a consumer-oriented society. Parity pricing in the American System of economics is designed to maintain and expand production under conditions of technological progress. Where food is concerned, this ensures continuity of supply. But the principle is applicable to all areas of productive economic activity.

Opponents of the parity system argue that to return to that approach would be to increase the cost of food, and that the American public would never accept anything other than a cheap food policy. Therefore, parity pricing is unacceptable. They also argue that the parity system is a drain on the public purse, since farmers receive subsidies which cause them to produce too much. They cite the case of the dairy industry and the government's cheese stockpile to bolster this argument.

They then demand that the number of farmers, the amount of production, and the acreage farmed be reduced—in order to raise prices. They are therefore not serious about keeping prices down.

Because the principle of parity pricing has been violated, we now face a crisis in which one-third and more of the country's farmers in the \$40,000 to \$250,000 bracket will be

wiped out, in which perhaps one-third of the country's agricultural banks, those with more than 25% of their loan portfolios in farm debts, could collapse, and in which the U.S. farm component of world indebtedness, nearly a quarter of a trillion dollars, could come crashing down, bringing a lot more with it.

The food crisis now upon us is representative of the way in which national economic policy has been criminally bungled over the last years.

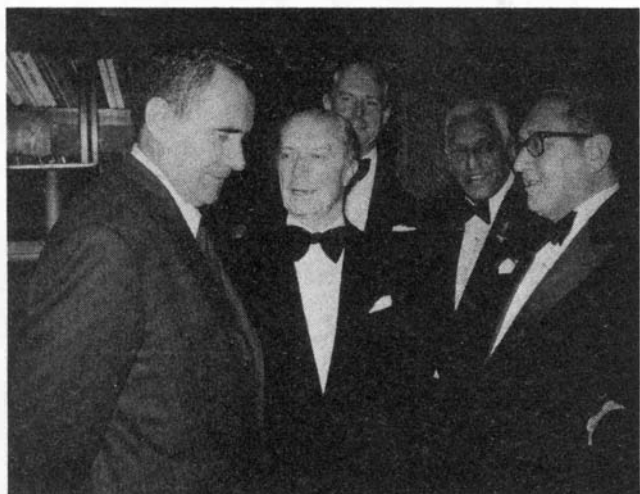
The expansion of farm production over the decade of the 1970s was financed by the creation of a debt bubble. That bubble became a time bomb under the national economy as a whole, the fuse that may detonate the entire rotten structure of U.S. indebtedness. Political agreements were concluded during the 1968-72 period with the Soviet leadership, which tied the expansion of an aspect of U.S. production to Soviet markets. This political creation of an export market led to a rise in land values based on anticipated increases in farmers' earnings. The increased land values increased farmers' borrowing power to further increase production.

Kissinger's deal with Russia

U.S. farm policy became tied to the whole complex of the U.S.-Soviet strategic equation, and American food production became a hostage to Henry Kissinger's mad strategic doctrine of Mutually Assured Destruction. As part of the negotiations around Kissinger's SALT I and ABM treaties, U.S. grain production was subordinated to filling shortfalls in Soviet production, and U.S. maritime transportation capabilities were dismantled to permit the exports to be shipped to Soviet ports of destination by the Russian merchant fleet.

As part of this overall arrangement, IIASA in Vienna was created by McGeorge Bundy and the KGB's Dzhermen Gvishiani, and inaugurated at a ceremony at the Royal Society in London, to study world energy and world food production from a systems-analysis standpoint.

The strategic insanity of this approach is demonstrated in a two-fold way. Most obviously, U.S. resources and labor were put at the disposal of the Soviet military buildup, helping the Russians to free up resources. But more fundamentally, the most advanced industrial economy in the world became dependent to an increasing extent on exports of primary goods, such as wheat and other cereals. Export markets should have been created instead for the capital goods and infrastructure which would permit others to develop their own production capabilities, while we produced meat and dairy products, and made our expertise available to develop the world.



As part of Henry Kissinger's deal with the Kremlin, Moscow gained leverage over the U.S. agricultural market. Kissinger is shown here with Andrei Gromyko in 1974.

But to keep the agreement with the Russians that had been negotiated by the leading financial interests, the grain cartels, and their front-man Henry Kissinger, we turned away from that path, and in so doing gave the Russians access to manipulation of the internal financial bubble that was being created. All this was done in the name of "free enterprise" and "producing for the market."

Is it any wonder that Russian economic publications attack the conception of parity in almost the same language as our own free marketeers, or that IIASA, the institution from which President Reagan ordered U.S. funds withdrawn because it is run by the KGB, is making "free-market" policies for the Reagan administration's own Department of Agriculture, via computer data-base link-up (see article, page 10)? Our retreat from the policies of American System economics has opened the country up to economic warfare by the resurgent Russian empire, among other forces.

Beginning in 1980, the bubble began to burst. Earnings from exports began to collapse, land values declined, and farmers were left to service the debt that had been accumulated with a falling revenue base. Increasingly during the last

four years, revenue earned has failed to cover the cost of debt service, much less the financing of the next production cycle. Federal Reserve studies conducted in 1984 profiled the potential for a blow-out in the farm-related banking sector, as well as among the farmers themselves. The studies recommended that nothing be done to counter what the Fed's economists called a "cyclical readjustment."

In such thinking, the potential collapse and reorganization of approximately 3,000 banks can be discounted, because no large money-center banks are involved. Protection of the interest income derived from financing and refinancing ground-rent-based swindles and bubbles had become the primary aspect of policy. The insane economic doctrines of British liberalism, which this nation opposed from its very creation, were reasserting themselves.

Contrary to the free-marketeers' doctrines, the parity system is not based on the idea that land—earnings from rent or from buying cheap and selling dear, compounded at interest—is the source of wealth, but rather increases in the productive power of human labor to alter nature.

To produce food, or anything else, there are costs that have to be covered, including labor, the upkeep and improvement of land and equipment, the consumption of industrially produced goods which permit farming to occur, plus a margin of necessary profit for technological advance in increasing productivity. The technological content of the prevailing productivity measured in per capita and per hectare terms defines the cost of maintaining agricultural production.

Such a price is also a world price, reflecting the implicit global technological content of carrying out economic activity in that branch of production. To the extent that the costs associated with maintaining and improving the technological content of production are not met, then productivity and production will tend to collapse.

Grain is marketed by private agreement between eight principal international companies and their customers. They purchase from the farmers cheap and sell dear, relative to the costs of production. Because they control marketing, they also control speculation on commodity futures markets and so forth. Now, with the Agricultural Adjustment Act of 1985, they are moving to control the conditions under which production occurs as well. Not surprisingly, these companies have been the best allies of the Russians in attacking the parity system.

In short, the present crisis is to be used to bring about a complete transformation in the way food is produced within the United States. If the free-marketeers are not stopped, the days of the independent farmer-producer will soon be over. He will be replaced by a contract laborer or serf, producing at levels and qualities determined by the financial and related interests which control marketing and distribution for political purposes. And those political purposes extend to deciding who will eat and who will not, and what they will be eating.