

How 'free trade' enslaved North American farming

by Marcia Merry

The report below, on the devastation of farming capacity in the English-speaking world by "free trade" policies, was initially prepared as an educational tool to strengthen the resistance in both eastern and western Europe against GATT. The London and Washington officialdoms are on a rampage to force the European Community to sign a U.N. General Agreement on Tariffs and Trade (GATT) treaty that would gut the capacity for independent farm output in Europe, by ripping out all price supports and tariff protections, and letting prices sink to the lowest market level even where that is far below the costs of production.

If Europe is destroyed, the cartels will tighten the dictatorial grip they already hold over the United States, Canada, and Australia. This is a ticket to world starvation, as opposed to necessary food self-sufficiency for nations, based on the independent family farm. Our report is a summary picture of the agriculture sectors of these three nations, which are already being destroyed by the champions of "free trade."

Ironically, the Anglo-American financial powers intend to wield what has not yet been destroyed of North American farm output, in order to consolidate control over world agriculture as a global food weapon for bringing about a "new world order" in which no economic challenger will be brooked. Apart from military hardware, the United States and British allies have only their agricultural clout left as a weapon in global economic power plays. This is because all other productive sectors of the Anglo-American sphere—United States, Canada, Australia, New Zealand, and Britain itself—measured in terms of output of steel, machine tools, transport systems, and most consumer goods—are in shambles.

Relative to this, there is still measurable agricultural output left in the Anglo-American bloc—the vestiges of an abundantly rich agricultural economy that was built up by the technology-proud family farmer. Out of the annual amount of grain traded in recent years (185 to 210 million metric tons), the United States alone still accounts for 40-50% of exports. Canada ranks next in exports, accounting for



German farmers demonstrated in Bonn in September against the General Agreement on Tariffs and Trade. The tenor of the slogans was, "We're on the brink." In fact, the cartels have in store for Europe exactly what they've done to North American and Australian independent farmers.

11-15% annually over the past three years; and Australia accounts for another 6-8% of annual grain trade. Taken together, these three nations account for between 62-68% of all the grain traded annually in recent years.

In contrast, the European Community annual grain exports are about 14-16% of annual grain traded, and Argentina ranks next with 4-6%. Below that are the rice-exporting nations of Thailand, Pakistan, and, in good harvest years, Vietnam. The bulk of the world's grain is grown, stored, and consumed within the borders of the producing nations.

The survey presented here should also help developing sector countries to beware of a cruel "divide and conquer" strategy by the financial oligarchy, to convince them that GATT is the only way for them to get some export earnings, now that the International Monetary Fund and other major creditor institutions have crushed their internal economies with onerous loan "conditionalities," and made them dependent on external markets.

American family farm no longer exists

The type of agricultural output based on independently owned and operated family farms, that was part of the economic practice in the United States known as the "American System" in the nineteenth century, now no longer exists. Across America, you can still see independent family farms, struggling to continue. But the system characterized by this mode of production has been destroyed in the last 25 years. The following assembly of graphs documents the miserable

state of farming in the United States.

In recent years, families have been forced out of farming at such a drastic rate that the U.S. farm sector has been degraded into neo-feudalism. **Figure 1** shows the decline in the number of U.S. farms and the increase in average amount of farm land per farm over the last 45 years.

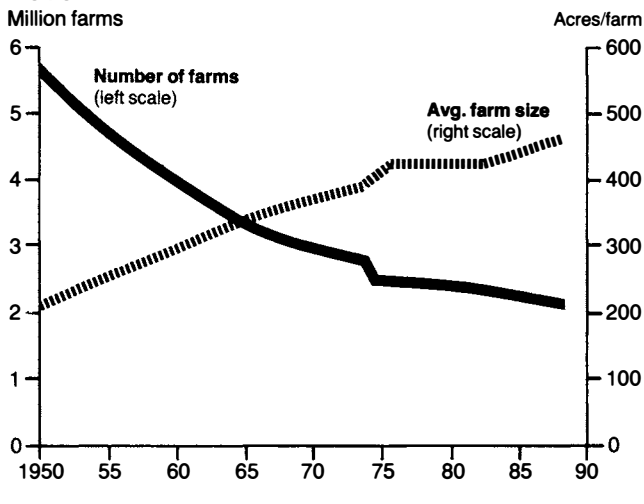
Last year, for example, the number of farms in the U.S. dropped by 36,000—at a rate of about 690 farms lost per week. This rate will be equaled this year, in particular due to the current ruination of family-run dairy farms, which take decades to build up.

Figure 2 shows the decline in the numbers of people living on farms. In 1947 there were about 26 million persons. Today, there are fewer than 5 million persons.

During the early years following World War II, the exodus from farms reflected a nationally beneficial process of increasing energy and energy-equivalent inputs per hectare—more mechanization, better seeds and fertilization, weed and pest control, efficient harvesting, drying, storing. Productivity per hectare increased all the while.

In contrast, in recent years, farmers have been impoverished and driven off the land by direct foreclosure, or other involuntary financial pressure. In the place of independent, family farms, there is now a new system which consists of a growing number of huge factory farms with absentee owners—the new "collectives," and also there are some remaining family farms, locked into servitude to the mega-companies of the world food cartel, by any and all of these

FIGURE 1
Number of farms declines, average farm size rises



Source: USDA

means of bondage: manipulated pricing, contracts, “custom farming,” “vertical integration,” etc.

‘Contract’ farming and ‘vertical integration’

The last 20 years have seen a dramatic growth in “contract” farming and “vertical integration” of farm output to serve the food cartel companies’ designs for processing and marketing.

Some of the famous companies that exert this domination are: Cargill, Archer Daniels Midland/Töpfel, Bunge, Continental, Ferruzzi/Central Soya, André/Garnac, Louis Dreyfus, ConAgra. They are discussed more below.

Figure 3 shows the pervasive control over farms in the categories of staple food production—beef, pork, poultry, grain and oil seeds.

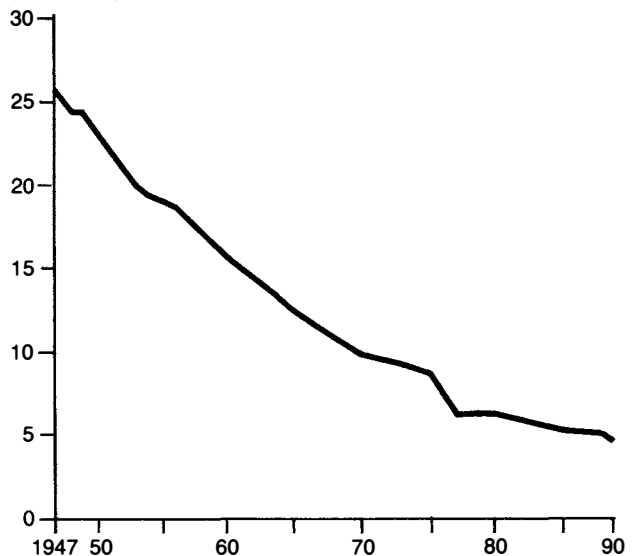
Effectively 100% of all “broiler” chickens (not egg layers) in the United States are produced under contract or equivalent arrangement with one of the handful of giant poultry companies, for example, Continental, Cargill or ConAgra.

The way it works is that the farmer has personal title to his land, buildings and equipment—and to his debt obligations. He contracts for the chicks, the feed, the veterinary medicaments from the cartel company. He is forced to accept the cartel company’s price for the chickens he raises. He is forced to meet whatever specifications the company demands for housing and raising the chicks—as well as his expense and debt obligation. He is worse off than a sharecropper.

The chart shows that the control over fattened cattle is reaching the point of 25% domination of production by cartel-dictated contract farming.

In hog production, there has been a dramatic rise in just the last 10 years to where almost 15% of all hogs raised is

FIGURE 2
Population living on farms, 1947-89
 (millions of persons)



Source: EIR, USDA.

through contract and vertical integration. In some arrangements, the farmer merely rents the sows from Cargill or another behemoth.

Output of grains and oilseeds, especially soybeans and rapeseed (canola), is proceeding in this direction.

In an effort to continue the family farm, members of the family have been forced to take off-farm jobs to make non-farm income to continue operating the farm at larger and larger losses. Over 50% of family farm income comes from off-farm work. The pressure on farm families is heavy, and the suicide rate in rural United States has skyrocketed.

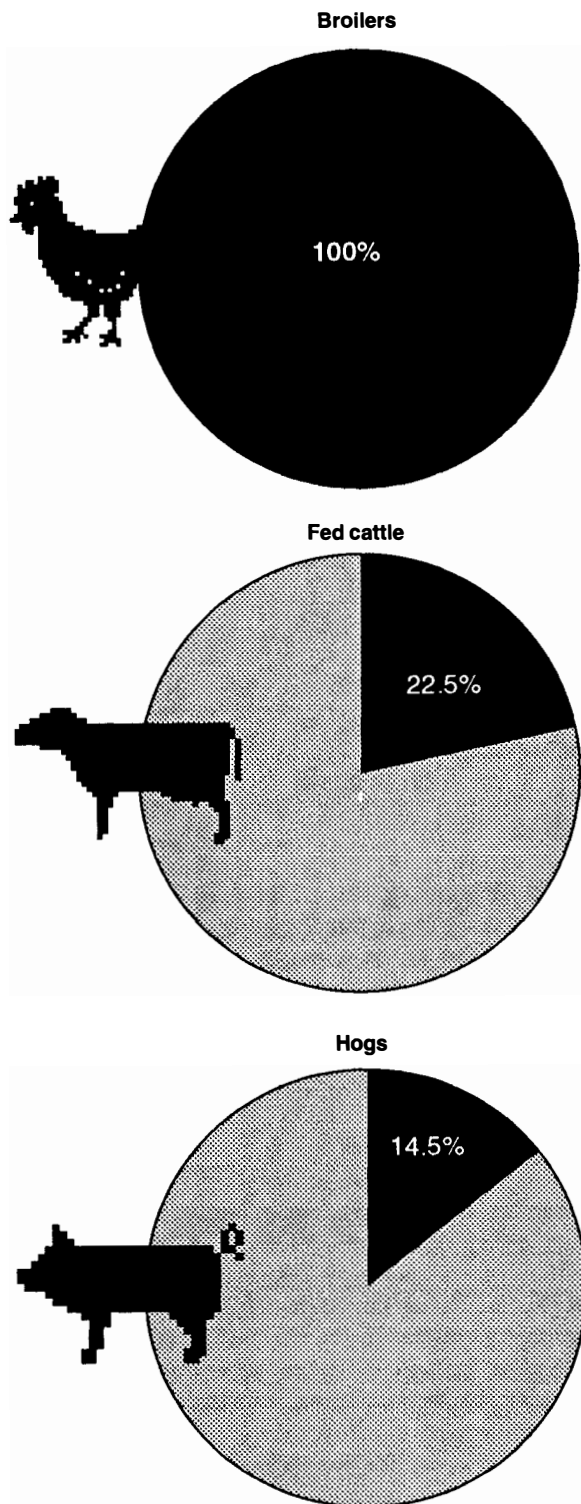
The average age of farmers has been increasing, as youths turn elsewhere, and relatively new farm ventures end in ruin. For example, the age of the average cattle rancher is 55 years.

The average age of machinery has been rising higher and higher, as most farmers have not had the means to replace their equipment.

The numbers of beef cattle, the dairy herd, and the hog inventory have all been declining over the past 15 years. **Figure 4** shows the decline in U.S. numbers of cattle and hogs for the period 1945 to 1989. That trend continues.

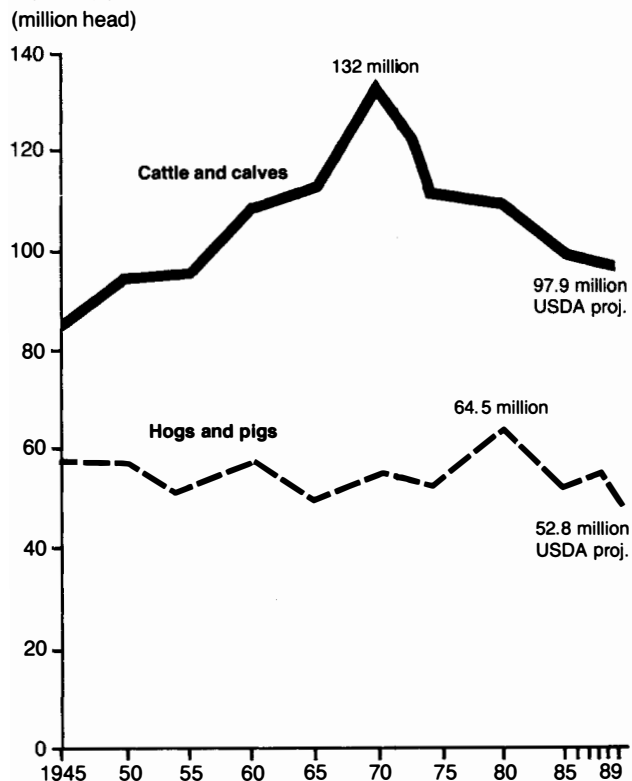
The proximate cause of this subversion of the family farm is the systematic lowering of prices paid to the farmer for his output, relative to the income needed to meet costs, make capital improvements, pay living expenses, and clear a return on his investment and efforts so that the next generation is trained and operates the family farm at even higher productivity levels. This was the original idea embodied in what in the nineteenth century was called the “American System.”

FIGURE 3
Percent of U.S. meat production under cartel control



Source: Kansas City Federal Reserve, *Economic Review*, 1990.

FIGURE 4
Decline in U.S. numbers of cattle and hogs, 1945-89



Source: *EIR*, December 2, 1988.

Figure 5 shows that over the last 30 years, the prices received by the farmer have been way below the prices paid out by the farmer. The disparity today is forcing family farmers to shut down, or become serfs to the cartel system.

The graph presents prices in a term frequently used in the United States—the “parity price.” This refers to the ratio that existed for U.S. farmers in the 1910-1914 period, relating their prices received to their prices paid out. In comparison to that, U.S. farmers today are in an impossible position. They are operating with negative incomes.

Figure 6 shows that the ratio of farmers’ parity price to costs has been falling for 75 years.

Table 1 (page 36) shows how the farm price has fallen for beef and cattle from 1945 to the present. Farmers are getting the same for their beef today as they were in 1970. They are getting half as much for their pork as they were in 1945. Today, the price they receive for a hundredweight of raw milk is the same level as it was in the 1970s.

Farm debt has crushed farmers

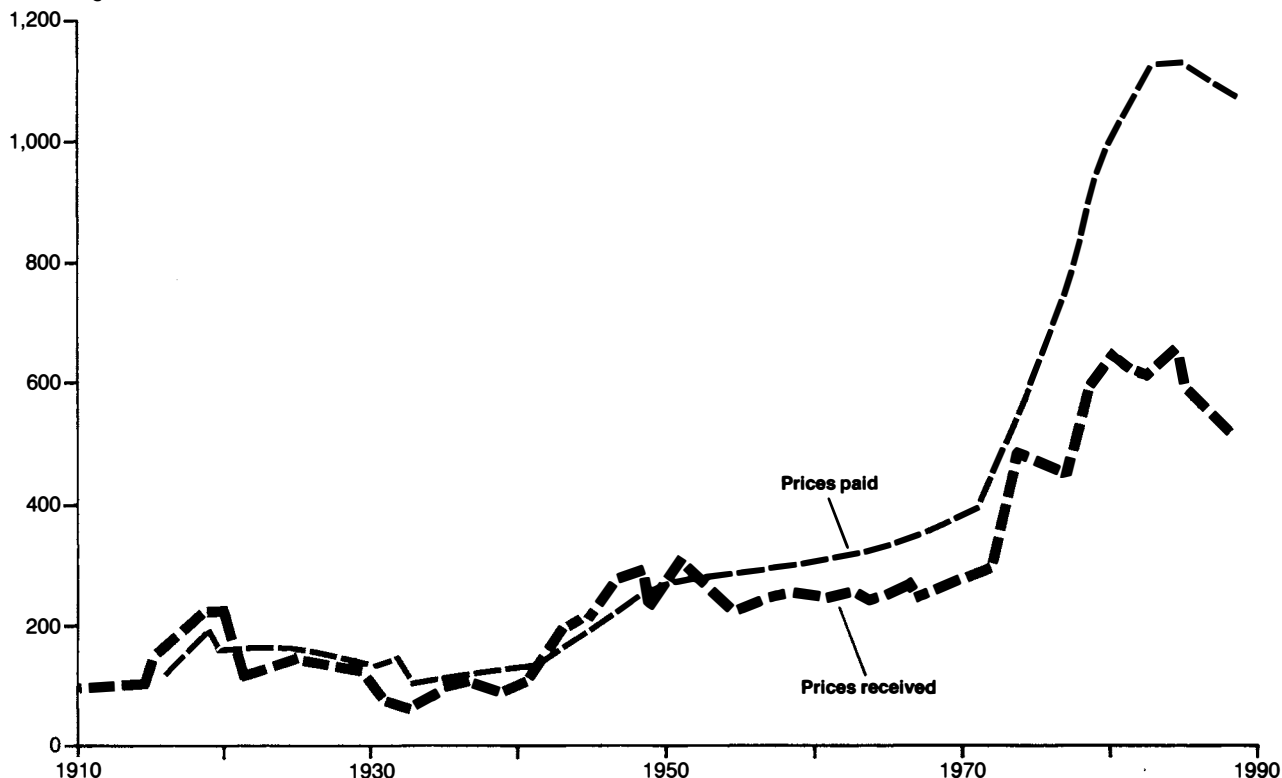
Figure 7 shows over the last 40 years how farm debt soared, while farm income was low and level.

Because farmers were hit by having to pay rising costs

FIGURE 5

Farmers' cost of production and living expenses outpaced what they received for farm production, 1910-90

Percentage of 1910-14 base



Source: USDA Economic Research Service Bulletin #531 (Sept. 1987), "Price Parity: An Outdated Farm Policy Tool?"

of production and living expenses—and the cartels did not pay them honestly for their output—farmers were forced into larger and larger debt obligations. This process was aided by banking functionaries colluding with the cartels and international banking interests, to countenance inflated farm land values as collateral for a ballooning in farmers' debt. Then, when the farmers could not pay their debts, and land values fell, the banking networks forced the farmers off the land.

Figure 8 shows the contrived rise in farm land values in Iowa, in the 1980s, and then the plunge. The sudden devaluation of collateral for farm debt that this caused fell on the farmers like a guillotine.

During the first part of this process, total U.S. national agriculture debt went from less than \$50 billion in 1970 to over \$200 billion by 1980. During the 1980s, Congress authorized spending some funds to shore up the farm lending agencies—in the name of helping farmers—but the corrupt officials of agencies, such as the Farm Credit System and Farmers Home Administration, foreclosed on the farmers anyway and channeled the funds to select private networks. Among these was, for example, the Rabo Bank of the Netherlands, which came into the United States farm scene in the

1980s to make a killing. From 1986 to 1989, an estimated 300,000 U.S. farms were forced out of operation.

During the past 25 years, the U.S. has become increasingly dependent on food imports, and there has been a persistent decline in the number of the pounds of beef and pork produced per capita since 1970. In that year, there were 192 pounds of beef produced per capita. Today there are fewer than 140 pounds. Pork production per capita has dropped from over 100 pounds to less than 85 pounds today.

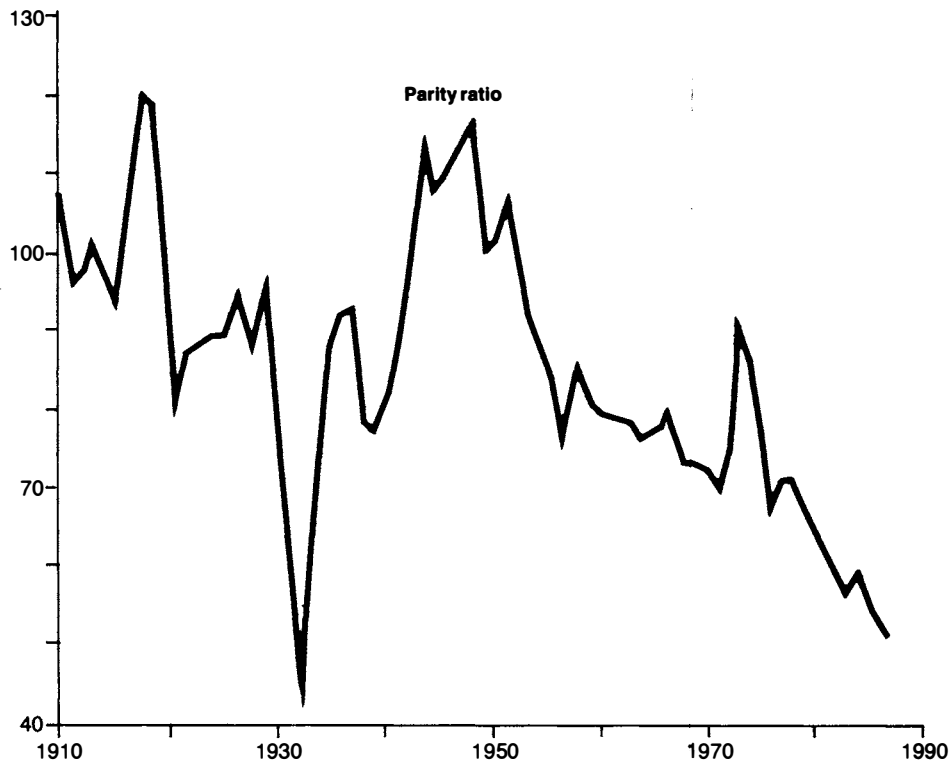
The same picture applies to fresh fruits and vegetables. Larger and larger tonnages are coming into the U.S. from Mexico, the Caribbean, and other points in Ibero-America.

The cartel companies have orchestrated this shift to their advantage, while farmers throughout the western hemisphere have been impoverished, and the overall nutrition levels are dropping. For example, 20 years ago, Cargill organized bringing orange juice concentrate from Brazil into the U.S., at ruinously low prices to independent Florida citrus growers. Cargill had the first juice concentrate ocean-tanker in the world. In Brazil, farm labor was paid only pennies a day to work on large citrus estates owned by Cargill and various European oligarchy investors.

FIGURE 6

Farmers' parity ratio has been falling for 75 years

Percentage of 1910-14 parity



The parity ratio is the percentage of relationship of what a farmer's commodity unit (ton of wheat, pound of poultry, etc.) would buy in the 1910-14 base period, compared to later points in time.

Source: USDA Economic Research Service Bulletin 531, Sept. 1987.

'Green' terror against farming and food

Bogus environmental arguments have been adduced as the rationalization for subversion of high-technology family farming over the past 25 years. Arguments are made against the use of farm chemicals, against cow manure, against draining swamps, and against even growing crops of any kind. Entrepreneurs who attempted to use food irradiation to provide safe food in large quantities have been vilified and jailed on fraudulent charges.

One sweeping action against sound farming has been a federal program to induce farmers to take land out of farming and lock it up in what is called the "Conservation Reserve Program" (CRP). This program was created by the 1985 five-year U.S. farm law, at the behest of such international oligarchical interests as the World Wildlife Fund. The law's goal was to take a total of 45 million acres out of food production for at least 10 years, and that goal has nearly been reached as of 1991.

The CRP offers a financially strapped farmer the inducement of receiving an annual per acre payment for land on which he contracts to grow *non-food* vegetation!

In addition, every year, at the discretion of the U.S. Department of Agriculture, a certain amount of crop land is "set aside," supposedly to control the amount of crop produced. The USDA offers the farmer an inducement of some income support for that year if he withholds a percentage of his farm land specified by the USDA from production of crops—wheat, corn, other small grains, and rice and cot-

ton—also specified by USDA.

Therefore, the total amount of land harvested in the United States—which could potentially be over 400 million acres, has been depressed by intervention of the U.S. Department of Agriculture, and interests that the USDA serves, including the World Wildlife Fund lobby and the food cartel, whose policy is to keep food scarce.

Figure 9 shows how the land area harvested has declined in the United States.

What 'free trade' cost farmers

In 1978-79 there was a national wave of farm protest against the destruction of the U.S. agriculture sector, but it then died back over the 1980s. Today, U.S. dairy farmers are renewing the fight, and, if the potential is actualized to link up with non-farm citizens, and go against Bush's evil policies across the board, there is renewed hope.

At the end of the 1970s, when farmers were hit by the double whammy of falling prices for their production, and rising interest rates and costs of production, a wave of revolt swept the farm belt. Thousands of farmers "went to town" with their tractors and staged tractorcades and huge demonstrations in state capitals and in Washington, D.C. over 1978 and 1979. The American Agriculture Movement (AAM), a new organization, came out of this protest movement.

An activist with the founders of the AAM, Billy Davis, ran for vice president on the 1980 presidential ticket with American System economist Lyndon LaRouche. They tour-

TABLE 1

Number of cattle and hogs and price paid to farmer per pound declined, 1945-89

Beef	Cattle & calves (million head)	Avg price to farmer (cents/lb)	Purchasing power in 1988 inflated dollars (cents/lb)
1945	85.7	12.1	94.5
1950	77.9	23.3	120.1
1955	96.6	15.6	70.6
1960	96.2	20.4	81.3
1965	109.0	22.0	80.3
1970	112.0	27.1	79.5
1975	132.0	32.2	66.8
1980	111.0	62.4	89.5
1985	110.0	53.7	59.6
1988	99.0	72.3	72.3
1989	97.0	78.0	78.0

Hogs	Hogs & pigs (million head)	Avg price to farmer (cents/lb)	Purchasing power in 1988 inflated dollars (cents/lb)
1945	59.3	14.0	109.0
1950	58.9	18.0	92.8
1955	50.5	15.0	67.9
1960	59.0	15.3	60.1
1965	50.8	20.6	75.2
1970	56.7	22.7	66.6
1975	54.9	47.9	99.4
1980	64.5	39.0	56.0
1985	52.3	44.5	49.4
1988	55.5	43.0	43.0
1989	53.4	43.0	43.0

ed the farm belt, and LaRouche aired national television broadcasts on the farm and food crisis in both 1980, and then again in 1984, when the situation worsened.

However, counterinsurgency experts sent out into the farm belt by the Reagan-Bush administration acted to divide, divert, and demoralize the farm protest movement. A network of telephone "hotlines" was offered to farmers "counseling" on how to "adjust" to the new—worsening—conditions in the farm belt. New farm help groups were set up by the Ford Foundation; other fronts for the cartel and banking interests' new farm advocacy groups bore such populist names as: Rural America, Prairiefire, and Groundswell. The AAM itself was bought off, and its national leadership became tame and started politely lobbying Congress by holding fish-fries and cook-outs.

The mainstream farm organizations even went along with the idea of free trade. In 1986, then-Special U.S. Trade Representative Clayton Yeutter went to the U.N. GATT conference in Punta del Este, Uruguay, which founded the "Uruguay Round," where he called for world "free trade" in agriculture in four years. U.S. farm organizations, such as the National Farmers Union, the National Farmers Organization,

and others, said that they would agree as long as there was a "fair" GATT deal, and "free competition" internationally.

The same game is now being played against the developing sector, by the same cartels and financial interests that crushed the American family farm.

In contrast to this, in his 1988 presidential campaign platform, Lyndon LaRouche initiated the effort for a fighting "Food for Peace" group to oppose free trade and all other forms of policy rationalizations for getting rid of farmers and causing starvation and genocide. The international Food for Peace group was founded in Chicago in September 1988, in the midst of the devastating drought that hit the North American grain belt that summer.

At present, a growing number of dairy farmers and supporters in over eight milk-producing states are staging a protest action against the Bush farm and food policies by donating milk powder to children in Iraq, who are dying at the rate of 500 a day because of Bush's continued embargo. This protest dramatizes the situation where family farms are forced out of operation by government-sanctioned low prices, while millions are suffering for want of food that could easily be produced.

Fake food

While the traditional family farm was being undermined, the American public, including the farm family, was being told by the media and cartel-owned government officials, that normal food is bad for their health, and they should switch to "health foods." What does this mean? Simply, those selected food items that give huge profits to the cartel companies, and allow them ever greater food control.

In a healthy population, dietary needs do vary from person to person, based on considerations ranging from age, sex, and activity level, to medically prescribed individual requirements. But that is no justification for wholesale scare tactics about, for example, cholesterol levels, and other factors that have been used to deter consumption of butterfat, animal proteins, and similar foods that are wholesome, and especially good for children.

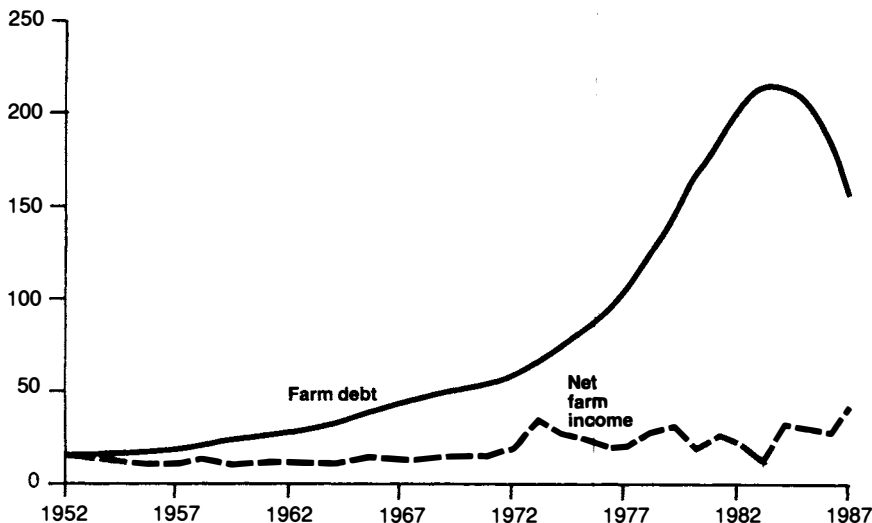
- **Poultry:** Over the last 30 years, while the cartel companies took control over production of broiler chickens (see Figure 3), a propaganda campaign was launched to convince the public to avoid eating beef and pork (red meat) in favor of chicken (white meat).

- **Margarine:** During the time that Cargill and ADM came to dominate the processing of the principal ingredients for margarine (corn oil, soy oil), propaganda pushed this product as a substitute for butter, while thousands of private, family-run dairy farms and dairy food-manufacturing businesses were bankrupted. In the 1940s, seventy percent of the population ate butter, and 30% ate margarine. Today the ratio of margarine consumption to butter is two-to-one. One giant company, Dean Dairy Foods, spends millions of dollars a year figuring out *how to dispose of butterfat* which is only "surplus" because it is no longer profitable.

FIGURE 7

U.S. farm debt soared, while net farm income stagnated in the 1970 and 1980s

Billions \$

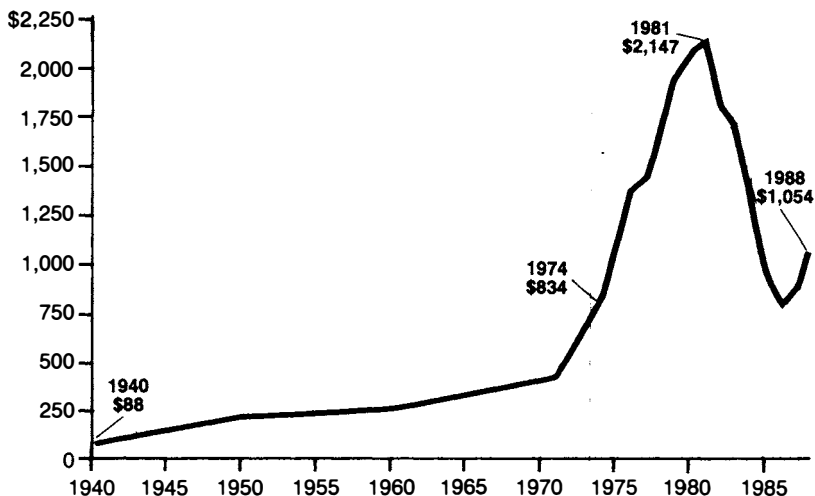


Sources: USDA, Iowa State University.

FIGURE 8

Iowa farm land values, 1940-88

(Current dollars per acre)



Source: *The Farm Debt Crisis of the 1980s*, by Neil Horl, Iowa State University Press, 1991.

● **Soyburgers:** This year, ADM/Töpfer began direct marketing of its fake meat burgers, called “Harvest Burgers.” You can buy this product through the mail, or in test-city supermarkets in Indianapolis and other parts of the Midwest; it is a dried product that you reconstitute with water into something that resembles ground meat but is actually vegetable matter, which ADM chemists call a “meat analog.” The price per pound of the hydrated, ready-to-cook ersatz food is still about \$2.00, which is more than the retail price for ground beef from the supermarket!

There are many other examples of cartel-sanctioned items that displace traditional wholesome products. There is a wave of “fake fat” items now appearing, from which to make fake cream, without even the vegetable fat present. Monsanto has had the patent on the first version of this substance, called “Simplese.”

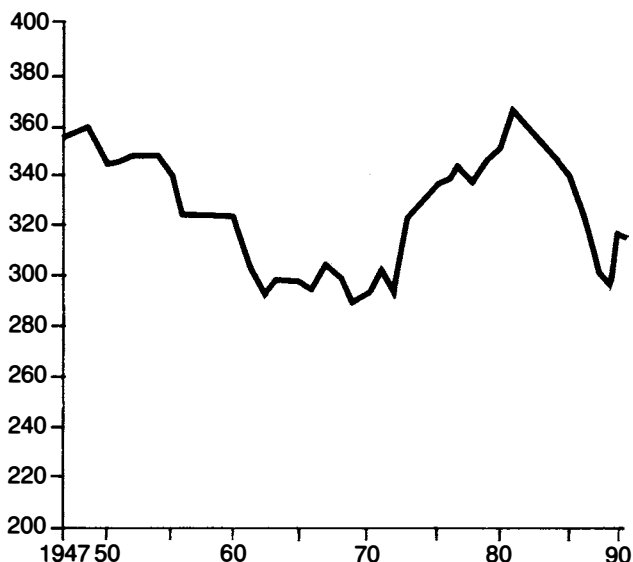
Figure 10 shows the proliferation of new food products on the supermarket shelves annually since the 1980s. Some 12,000

new products are expected to appear (foods, beverages, condiments, pet foods, etc.), offered to the public in one year alone! Cartel companies are offering dozens of new such products as “diet” dogfood, in order to make money from the “upper end” of the purchasing public, while millions of Americans—including many former family farm owners—on the lower end of the income scale, haven’t enough money to purchase basic foods they need just to keep from going hungry.

Why are Americans being so stupid?

Why have Americans let this happen to their farmers and their food supply, and regard the rest of the world to “be damned”? The cultural level of the American citizen is so low after years of television, Hollywood, and other cultural warfare operations, combined with the abandonment of an aggressive, positive approach to science and culture, that these days, you can lead most Americans by the nose to almost any stupid thing.

FIGURE 9
Land area harvested, 1947-89
 (millions of acres)



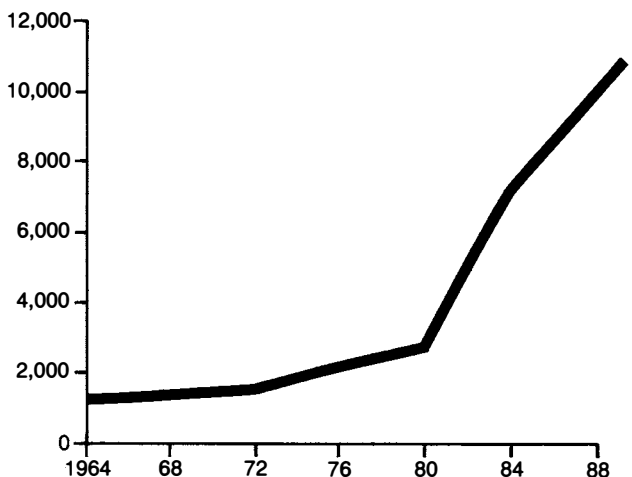
Source: EIR, USDA.

For example, over the 1980s, as the farm crisis worsened, thousands of farmers came to accept the propaganda line sponsored secretly by the food cartel, that they should accept what is called “sustainable agriculture” methods, a euphemism for *primitive*, labor-intensive farming. In 1989, a book came out from the National Resources Council (with federal government backing), endorsed by the U.S. Department of Agriculture, called *Alternative Agriculture*; the book was full of hocus-pocus about how the farmer can get by with a low income by forgoing the use of chemical fertilizers and pesticides, selling products directly to consumers along the roadside, and supplementing his income by turning his farmhouse into a bed and breakfast for tourists. The director of this study was later forced to resign in disgrace. But the “sustainable agriculture” movement continues.

The public has tolerated a pathetic Hollywood “star”/country and Western singer Willie Nelson being turned into a spokesman for the farmer. Nelson publicly advocates using drugs to ease your misfortunes. He advocates a “hemp-based”—marijuana cultivation—economy to solve the farm problem. Nelson is the head of “FarmAid”—the cynical entity that holds “country and rock” concerts to raise charity money for destitute farmers.

At the Labor Day protest rally in Washington, D.C. on Aug. 31, organized by the AFL-CIO, the National Association for the Advancement of Colored People, and 60 other groups, Willie Nelson was the lead speaker.

FIGURE 10
Number of new products in supermarkets is escalating, 1964-88



Source: *The National Grocer*, Vol. 5, Nov. 1990.

Canada: Crisis sweeps the prairies

On Oct. 9, seven thousand Canadian farmers demonstrated at the Manitoba Provincial Legislature to protest the financial disaster in the prairie provinces. The collapse of world wheat prices to \$2 per bushel brings the wheat price to its lowest level in two decades, while the costs to maintain a farm have increased. According to the Canadian Federation of Agriculture, farm income in 1991 will be 33% less than it was in 1989. The president of the federation, Ralph Jespersen, estimates that one-third of Canadian farmers are in financial straits. Speaking at the rally, one farmer told the assembled crowd: “Like an army whose retreat is cut off, we must win or die where we stand.”

Farmers and rural leaders have been beseeching the national government in Ottawa for emergency aid measures. According to most farmers, the minimum required is a federal aid package of Can \$1.3 billion that would go to Canada’s 250,000 farmers for the 1990 crop year, which ended 14 months ago. The entire wheat belt is in crisis. The Canadian Wheat Board—an agency set up for the stated purpose of protecting farmers from commodity price swings—is now itself insolvent. Over the last year, the board resorted to short-term borrowing on Wall Street—a recourse that cannot be continued.

However, on Oct. 10, Agricultural Minister William McKnight announced only a Can \$800 million package for farm relief, Can \$700 million of which would go to grain and oilseed farmers. This is fully Can \$600 million short of minimum assistance levels. The government’s argument is that federal debt servicing must come first. McKnight said, “The decision of the government is that this package must not jeopardize our ability to make continued progress on the

deficit," and that, therefore, the money for the aid package would be raised by raising taxes and further budget cuts. McKnight also announced that deals worth Can \$500 million in sales to eastern Europe were being finalized.

McKnight, speaking for the government of Prime Minister Brian Mulroney, which enjoys a high place on the Anglo-American "free trade" totem pole, has attempted to focus farmers' rage against Americans and Europeans, which, he lies, are heavily supporting their farmers. In October, McKnight tried to divert blame from the Anglo-American cartel and financial interests, by denouncing a "stupid trade war" between the Americans and the Europeans which is collapsing grain prices. "The people in Europe would rather save seals in Canada and kill our farmers," he said. "The Europeans support their producers. The Americans support theirs. I'm confident the Canadians will support theirs." He said Canada might retaliate according to international trading rules, unless problems for Canadian farmers were eased by the end of the year.

Farmers on both sides of the Canadian-U.S. border have been hard hit since the U.S.-Canada Free Trade Agreement was signed two and a half years ago. The cartel companies, such as Cargill and Archer Daniels Midland, have been selectively buying up and selling off their grain-handling and storage facilities in order to reposition themselves to completely dominate the North American grain belt and use the output for power purposes.

Australia: Output potential being destroyed

Recent estimates by the Australian National Farmers Federation show that most farmers' incomes are expected to fall by 67% this year to Aus \$20,614. Wheat farmers are expected to earn only Aus \$3,875 in 1991. Those without an off-farm income have been plunged into disaster.

For a third of wheat growers, financing for this year's planting was all but impossible. June is the seeding time, and protest actions occurred almost daily. The government's response to date has been to encourage farmers to apply for welfare. In April, Minister John Kerin urged farmers to apply as hardship cases under the Social Security Act.

In the economy overall, the unemployment level is catastrophic with close to 1 million people out of work. The May monthly rise in unemployment was 9.9%, the highest on record. But these figures are known to be an understatement, and analysts predict that the official unemployment rate will soon top 12%. The rural areas are devastated. In one locality in the farm state of New South Wales, seven farmers committed suicide this year.

In this context, any adverse weather or other happenstance brings catastrophe. Drought in the farm belts of New South Wales and Queensland have wrought warlike devastation. Almost no rain fell in the autumn—March, April, May—in the main grain-growing regions, and thus, there was no subsoil moisture for seeding the winter wheat. Pre-

winter pasture growth was stunted, and graziers were forced to slaughter livestock, because they could not afford to hand-feed the animals.

Australia has long been lauded as the showpiece of the non-subsidized, low-cost agriculture that elite Anglo-American financial interests are demanding for all 100 member-nations of the General Agreement on Tariffs and Trade. However, now Australia stands as an example of why *not* to have free trade.

The Australian farm crisis is "the worst for a century," according to John Allwright, outgoing president of the National Farmers Federation. Speaking at the May NFF conference, he said the situation was worse than the 1982 drought, the Great Depression, and comparable only to crisis times in the 1890s. "You drive through country towns and all you see are service stations and small businesses closed." He scored government policies for causing record levels of business bankruptcies.

The immediate cause for crisis is the plunge in prices for wool, sheep, and wheat—the leading Australian export commodities. Wool prices are down 50% from last year; wheat prices have dropped 50% from earlier in the 1980s; sheep prices are so low that it doesn't pay to haul the animals to market.

The government's response has been to charge that there is a wool surplus, and to invoke the mythology of "supply and demand" to declare that farm prices will increase if there is a sheep kill-off. On Feb. 11, the Australian wool Reserve Price Scheme was suspended, after being in effect for 17 years and serving as the wool floor price. A flock reduction program was ordered by the Australian Wool Corp., the agency that has administered the Reserve Price Scheme. The plan calls for the sheep flock to be reduced by 20 million head, or about 12%, in 12 months.

Under the kill-off plan, graziers are to receive Aus \$1.80 per head, as the inducement to kill off the sheep. Since mutton prices dropped from Aus \$0.28 per kilogram in 1989-90 to Aus \$0.06 in 1990-91, producers cannot even afford to ship the animals to slaughterhouses. So far, 80% of the animals killed have been dumped into carcass pits on the ranch or elsewhere in the community. Financing for the kill-off is coming from the farmer-funded Wool Board's Market Support Fund, which collects compulsory levies from producers.

As of May, more than 840,000 of the 2.8 million sheep registered under the scheme have been certified killed. Continuation of the program will kill off farmers. Growers estimate that half of the wool producers in Australia will be bankrupted if the wool levy and low wool prices continue.

Meanwhile, the sheep-slaughtering capacity has been almost entirely taken over by the Anglo-American cartel companies. The U.S.-based ConAgra giant bought the slaughtering facilities of the Elders group, and the remaining slaughtering capacity, owned by Vesty's, is due for purchase by Cargill. This will give Cargill and ConAgra jointly 95% ownership of the Australian sheep slaughter.