



NATIONAL ORGANIZATION FOR RAW MATERIALS

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Re: Testimony of the National Organization for Raw Materials (NORM).

To: U.S. House of Representatives Agriculture Committee, “Listening Session” at Decatur, Illinois.

Date: 30 August 2017

Members of the Committee:

Agriculture has been disowned. Like any other orphan without an honest advocate, it finds few to encourage its healthy development, fewer still to grasp its real needs and apparently none, including this Committee, capable of even attempting right action in its behalf. This is, of course, not a new event. Institutional memory has been repeatedly wiped clean for nearly 70 years.

The people in this nation have been told we are past the “agricultural” phase of our economy, past the “industrial” phase, and have now moved into an “information” economy. Perhaps many believe such simplistic tripe. Blinded and led by the blind, the ditch in which we now find ourselves cannot be unexpected. It is, and has been, predicted and avoidable.

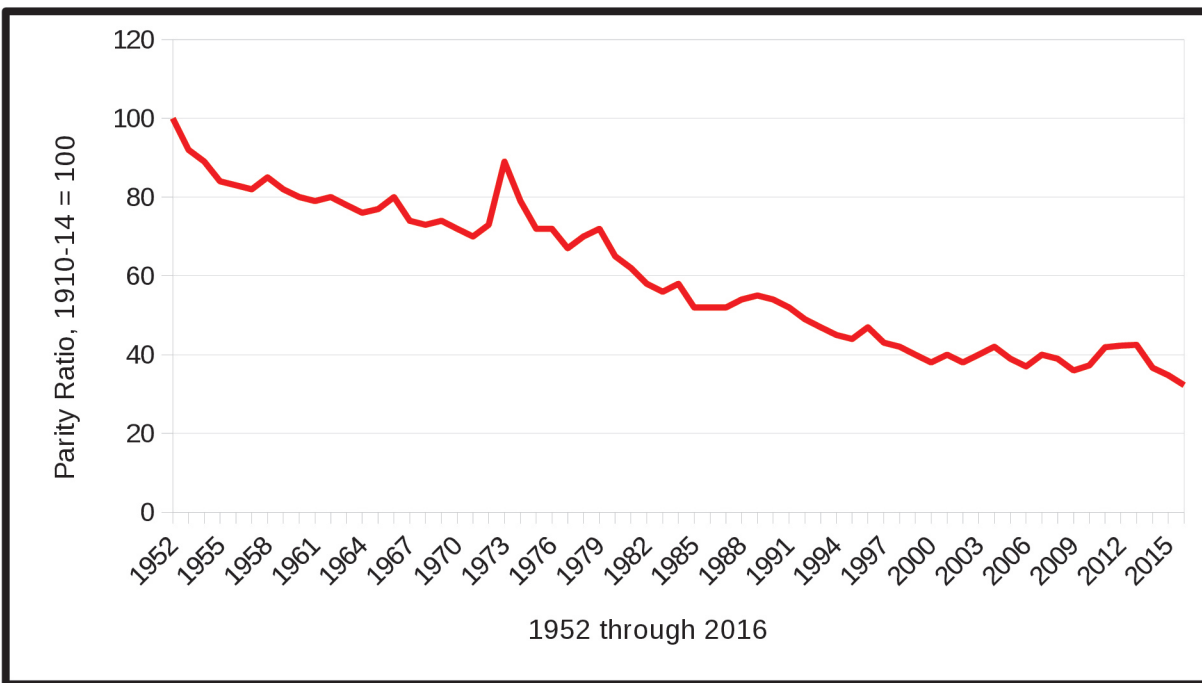
Listen. After all, this is a “listening session.” Supposedly this session will gauge the “needs” of agriculture so they might be met with an “update” to national ag legislation. In the past, these sessions have been used chiefly to assess the “stomach” of farmers and ranchers to take more doses of “medicine” serving the interests of industry and finance, not agriculture or people who need to eat.

If you have “ears to hear,” please have your aides retrieve the Congressional Record from the 77<sup>th</sup> Congress, 2<sup>d</sup> Session. Locate the testimony of Carl H. Wilken. Have them read to you what they find. If the words or concepts are unfamiliar, we will be more than pleased to assist. NORM has been studying and researching this economic analysis since 1936.

The agricultural policy approach presented to you through Wilken’s testimony was adopted by you and the rest of Congress early on in WWII. It was the policy that brought our nation’s economy back up to “par” in short order, after 12 years of ineffective “great depression” fixes. It also kept us from a post-war depression by being mandated to run for 2 calendar years following the end of that war. The 1948 election cycle forestalled major changes to that policy. Your 1949 legislative changes were slyly delayed through 1952. Since then we have all been witnesses to the greatest conscious, intentional and deliberate destruction of our nation’s prosperity ever concocted. It is long past time to stop that destruction, take our humbling lesson from history and begin again to direct our nation toward real, equitable, sustainable prosperity. No more borrowing our way or increasing the debt ceiling. Let us earn it honestly with regard for our neighbor’s well-being as our own.

Income inequality—at its greatest extent “since imperial plutocratic Rome,” according to Will Durant—is one of the side-effects of the failure to conduct proper ag policy. Others are the shocking destruction of our rural communities as well as the great stagnation and decline of our middle-class. These forces increase our poor and multiply the programs Congress scrambles to fund for treating those man-made social ills—violence, addiction, racism.

Listen. Our national economy begins with agriculture. Always has, always will. If our agriculture is not prosperous, our national economy will eventually fail. Our agriculture has not been prosperous for 65 years. Our national economy has tracked it step by step, ever faster and more precariously. It took the Soviet economy 7 decades to fail from the same precise cause. No amount of Federal Reserve “balance sheet” manipulations, stock market “fireworks,” “free trade” deals or military adventures can avoid the effects of that cause without surrendering our Constitutional form as a democratic republic.



According to USDA, the farmers and ranchers of the U.S., in January 2017, were paid 31¢ for every dollar’s worth of production delivered into our supply chain. That was the lowest number ever reported—reporting began in September 1937. According to our calculations, the lowest point reported during the “Great Depression” was 1932 when 52¢ per dollar of production caused such social upheaval that you (Congress) declared an emergency. You also handed off to the President the authority to say when it was over. Every president from FDR through Trump (to date) has declined to end that emergency.

So here we are, with agriculture in worse shape than 1932, and apparently your committee has no recollection of what policy turned it around, how it worked or why. It is the missing element needed to return prosperity to our national economy. You could have it working that way today. Will you?

Now for the crucial question. How do we pay for it? It doesn’t even matter what “it” is. If people can’t pay their bills, the nation can’t pay its bills. We can only pay by earning enough to cover our costs. To grow, we must earn a little more than that, save (forgo consumption), and invest our savings. It is not a question of money. The question is how to *earn* money into our economic operation so that it can circulate and avoid, as well as eventually pay off, debt. By borrowing money into circulation, as today, our earnings are, and always will be insufficient to cover our operational costs.

Compare the “crop insurance” approach for agriculture with the Affordable Care Act approach to health care. Republicans apparently believe that ACA must be repealed, yet accept the “crop insurance” approach for agriculture. Nor do Democrats appear able to discern the similarity of these policy failures. Neither of these policies deal with the needs of the people. Both of them deal with the interests of insurance and banking to the detriment of people needing health care and a prosperous economy.

Pharmaceutical companies and hospitals are doing well because they have prices set according to government schedules. Those prices push the cost of health insurance out of reach of a great many of our people, thus the ACA attempts to “help relieve” the insurance costs instead of dealing with the delivery of health care. Those price schedules are out of balance with incomes. Subsidizing insurance companies is not a solution to either the health care or health insurance problems.

Agriculture has a price problem as well. Today’s gross agricultural income is a speculative venture at best. Although our consciences may be salved with the deceptions of “free markets” and “supply and demand,” the truth would quickly become painfully obvious if lawyers, doctors and civil servants were to have their pay rates placed on the “big board” for instant-to-instant speculation. If we were truly dedicated to the mythology of today’s “free markets,” perhaps even elected seats would have their salaries speculated. Or perhaps your annual salary should reflect current ag parity, putting it at \$58,580 instead of \$174,000. Are you telling ag to look for due process and equity through the Chicago Board of Trade?

What is “appropriate pay” for food, feed and fiber from the view of national economic health? There is a word for it: **parity**. USDA calculates and publishes parity prices every month, according to statutory requirement. Do you know what they are or, more importantly, what they mean?

From 1942 through 1952, an eleven year period, full parity agricultural policy provided for fighting and winning a war, reconversion to a peace-time economy, the economic reincorporation of returning war veterans, avoiding a post-war recession and giving us a post-war “boom.” Yes, there were dislocations. Yes, they worked themselves through, given that agriculture provided the earnings (to pay our borrowings) to keep our economy upright and steady. The “cost” of this policy was actually a *net revenue* to the U.S. Treasury over that period of about \$13 million. Given a National Income during those years of around \$200 billion (average) per year, our economy was balanced to better than 0.0006% accuracy, while delivering growth and prosperity at *no net cost to government*. “Crop insurance” cannot ever provide such a remarkable achievement due to its predetermined outcome for protecting insurers, lenders and banks, putting those costs on farmers and ranchers, the very underpinnings of our economy.

We get what we pay for. By taking the profit, prosperity and wealth out of agriculture over the last 65 years, our food, feed and fiber production has been forced to rely on technological tricks from bigger trucks, tractors and farms to genetic manipulation of seed, nursery and animal stocks. Health impacts of these genetic unknowns are becoming clearer, if you have the courage to honestly investigate. Winks, nods and the revolving door between government administration and corporate self-interests cannot be accepted as public service, even of the meanest type.

This committee, along with your counterpart in the Senate, holds the key. The banking committees of both Houses hold the reins, for this policy effectively deals with nothing less than regulating the value of our money. Take up your Constitutional charge that “Congress shall have power to...coin money and regulate the value thereof, and of foreign coin, and fix the standard of weights and measures.” (Const. Art. I, § 8, cl. 5) Regulate the value of our money so that every economic segment is guaranteed a 100¢ dollar. No more 31¢ dollar for ag and a \$31 dollar for speculators or tycoons.

If you don’t know how, perhaps you are not yet qualified to occupy your seat. We will be pleased to discuss the issues with you at your convenience and to our mutual edification.

Please get real and get busy, as there are precious few remaining to be strengthened. As we noted at the outset, agriculture has been disowned. Fatherless, we rely upon the LORD for justice. We would welcome you joining us toward reestablishing equity for agriculture and the nation.

Respectfully submitted:  
NORM Policy Committee

Delegations from Illinois, Michigan, Colorado, Wisconsin, North Dakota, Louisiana, Texas, California, North Carolina, New York, Vermont and Kansas affirming.