his house falls in when his integrity and assets are measured against the profit entry on his operating statement. There just isn't enough left to make a dent in his debts.

In case after case, depreciation transfers are completely used up in paying operating expenses or providing food, clothing and other bare esesntials for the farm family.

Rural bankers believe we have been building our economic future on a weak foundation. Our facade of prosperity has been achieved at the expense of the producers of agricultural raw materials.

We have not constructed true economic wealth at all, but a will-o'-the-wisp prosperity in which some segments of the economy have been fatened by feeding upon another. Since the land represents the beginning point of our country's wealth, such prosperity can only be temporary. It will eventually fall of its own weight.

In the absence of adequate profits in agriculture, essential to reduction of ever-increasing debt, the time approaches when banks will have to terminate credit availability to thousands of farmers in rural America. This will force liquidation of numerous farm units and subsequently the destruction of thousands of rural businesses that serve farmers.

One result will be the loss of a market for an important portion of our total output of goods and services. This indicates a cutback in industrial production and an increase in unemployment. Whatever gains can be made through the Administration's antipoverty program will be more than canceled out by the inability of the rural population to earn a living.

COST-PRICE SQUEEZE

And remember—some 30 per cent of the United States population lives in rural communities of 2,500 and under and on the farms surrounding them.

Because net farm income has declined while the income of other segments of the economy has soared to record levels, the farmer has been caught in a cost-price squeeze. The result has been a drop of more than three million in agricultural employment since 1949. This would seem to have been the source of a large percentage of the total unemployment today. It is now contributing more to the poverty of the nation than any other single factor.

OVERLOOKED OBVIOUS ANSWER

In the face of this, the prevailing economic philosophy calls for the elimination of 2½ million additional farmers. These would not just be the "little inefficient farmers." They would be a broad category of farmers—large and small alike.

We have apparently overlooked the most obvious answer to the unemployment problem. An expanded rural economy would slow down the out-migration of farmers. It would create an expanded rural labor force, both on the farm and in the rural communities.

Government figures show that the largest pocket of poverty in America today is in the rural areas.

The farmer is in a state of economic depression because he is not getting a fair price for his production. That is, farm raw material prices are not in balance with the prices of other segments of the economy.

The situation has occurred not because of any inexorable laws of economics, but because important political and business interests have served to gain from maintaining farm raw material prices at depressed levels.

Our profit-starved rural economy has been dependent on massive doses of credit every year since 1953. This credit will one day have to be repaid. When we do this we will deprive the market in some future years of the income necessary to consume our annual production at a profitable price level.

The farmer has been using credit to keep his head above water. His borrowing always is in anticipation of future profits, but the sad fact remains that repayment often is made from liquidation of assets accumulated in prior years.

There is a limit to the amount of credit that is available in the United States. Expanded credit cannot much longer serve as a substitute for adequate earnings in agriculture.

Ten thousand banks collapsed between 1931 and 1934 because of the neces-