

Agriculture by Susan B. Cohen

The farmers denounce the embargo

They waited and waited for Carter to honor his promises, but finally the farmers got fed up.

On Friday, March 28, the American Farm Bureau Federation formally withdrew its support for the Carter Administration's embargo of more than 17 million tons of wheat and feed grains shipments to the Soviet Union. In repudiating the embargo, the Farm Bureau—representing more than three million farm families—charged that the grain trade cut-off was “ineffective and damaging both to American agriculture and to the nation's economy.”

The Bureau's reversal is powerful testimony both to the extremely serious economic conditions developing in the farm sector and to the growing popular rejection of the Carter Administration's economic policy. Bureau president Robert Delano pointed to the fact that Agriculture Secretary Bergland had promised the farmers that they would not incur losses as a result of the embargo. “We have waited for three months,” Delano said. “It is past the best time to act in keeping this promise.”

The embargo was summarily imposed on January 4. A reluctant farm population was herded into line behind the otherwise explicitly unconstitutional “food weapon” on the grounds that Soviet activity in Afghanistan constituted a “threat to national security.”

Now, three months later, the Carter Administration's promises of protection are shown to be as

hollow as its original campaign promises “never” to use the food weapon. Worse, the Administration is engaged in a systematic effort to lie and cover-up the actual situation now faced by producers.

Corn producers have gotten the brunt of it. Not only did they produce a record-breaking bumper crop of corn in 1979—fully 7.76 billion bushels—but of the upwards of 20 million tons of grain embargoed to the Soviet Union, fully 14 million tons was corn. Most of this grain is backed up on the farms and at the local elevators throughout the corn belt, parts of which—for instance, Minnesota, Iowa and North Dakota—have been saddled with transportation snarls. This has put tremendous pressure on prices at the local level. This is the hub of the Carter Administration's lie that prices have recovered to pre-embargo levels.

Under the tight credit conditions imposed since October, producers may be forced to sell at huge losses just to gather necessary cash for the next planting. The paid government land diversion program, a potential source of cash in the first quarter for producers, was canned by the Carter Administration for purposes of austerity. Further, since most of the corn producers did not participate in the 1979 set-aside program, they have not been eligible to take advantage of the govern-

ment's loan crop support program.

Lifting of these requirements, as is anticipated, however, is not taken seriously by producers: like the Administration's vaunted program to purchase stockpiled grain through the Commodity Credit Corporation (CCC), only a limited amount of grain will be absorbed. The Administration has advertised that it does not want to take possession of any corn, since it would have to hold it at government expense until the price level topped \$3.15 per bushel on the open market, and that would interfere unduly with the budget austerity program.

Most recently, according to the *Journal of Commerce*, several firms hit by the embargo, including a division of Englehard Minerals, have been observed trying to buy Argentine corn for sale to the Soviet Union. Meanwhile, one of the grain trading firms affected by the embargo, Goodpasture, Inc. of Houston, announced this week that it is closing its grain trading business as a result. The CCC, Goodpasture explained, was rolling over contracts calling for spring delivery until August or as late as October. Since the firms aren't paid until the grain is loaded for export to destinations other than the USSR, this creates a financial strain that is impossible for smaller companies to bear.

Even counting a net 3 million ton increase in corn exports for 1979-80, attributable to the fortuitous development of a drought in Argentina, American corn producers will be stuck with a 45 percent rise in stockpiles this year over last—a needless and costly burden on the agricultural sector and the American economy as a whole.