

Agriculture by Susan B. Cohen

A bonanza for the grain companies

The White House has just authorized the U.S.-based grain companies to sell grain to the U.S.S.R.—foreign grain.

President Jimmy Carter outraged U.S. farmers last week in giving the go-ahead to the U.S. multinational grain companies to resume grain sales to the Soviet Union—sales of foreign grain, that is. The rationale for this incredible move by the White House was the admission that the embargo imposed by Carter on U.S. grain sales to the Soviet Union last January has not stopped foreign grain companies from selling to the Soviets, so why shouldn't the giant U.S. companies get in on the action?

Companies such as Cargill and Continental Grain, which monopolize the U.S. grain export trade from inland terminals, to port elevators, to the ships, will now rake in the premium prices that have been going for grain shipped to the Soviet Union since the embargo—premiums of as much as 30 percent above U.S. "farm gate" prices.

The only one who will continue to be penalized is the American farmer.

The government program to buy up the embargoed grain from the grain companies at contract prices was "a big mess," in the words of one agricultural spokesman, which did not prevent the prices received by farmers from collapsing.

The government, in fact, delayed its program until after prices had begun to plunge, so that the grain companies' hides were saved but American farmers suffered a steep drop in their prices and in-

come. Wheat prices are currently 40 cents below the average \$3.88 per bushel "farm gate" price that prevailed before the embargo; and corn prices are off nearly 40 cents from the \$3.08 per bushel price of a year ago. The Agriculture Department announced last week that net farm income plunged 40 percent from year-earlier levels in the April-June quarter—when farmers traditionally make their major expenditures on fertilizer and capital inputs. Farmers are caught in the squeeze between falling prices and soaring production costs.

Six months into the embargo, and after considerable prodding from their farmer constituencies, Senators Robert Dole (R-Kan.) and George McGovern (D-S.D.) have introduced legislation to repeal the embargo. An aide to Sen. McGovern was quite candid about the insignificance of the bill, in fact. "The embargo will fall apart well before the bill gets passed," he stated.

Canadian wheat growers, who promised Carter that they would keep their grain sales to the Soviet Union under the "normal" or 3.8 million metric ton level during the 1979 marketing year, are now "chafing" under the agreement. Their marketing year ends July 31, and they are expected to "break ranks" at that point and seek sales contracts for between 5 and 6 million tons with the Soviet Union. Australia, another participant in the voluntary embargo pact, has

been selling grain to the Soviets above "normal" amounts.

The newspaper of the American Agricultural Movement reports that the embargo has resulted in a 30 percent increase in prices received by Argentine grain companies. Argentina's grain sales could reach 10 million tons this year; the country's total exports were only 14.8 million tons two years ago.

Last week's move by the White House allowing foreign grain sales by the U.S. grain companies is "not so big a deal as some people are making it out to be," according to McGovern's aide. "Take Continental, with its office in Paris and its huge international organization. It can sell anybody's grain to anybody."

The Minneapolis-based Cargill and New York- (formerly Paris) based Continental are part of the highly secretive five-company international grain cartel, whose origins extend back to the 16th and 17th century monopoly of grain and all commodity trade by Geneva, Antwerp, and Amsterdam banking interests. Today the five "privately-held" grain companies maintain a stranglehold on the storage, transportation, processing, and distribution of grain around the world.

According to McGovern's aide, the grain companies would have resumed sales of foreign grain to the Soviets anyway, now that their embargoed contracts have been bought up by the U.S. government. Other grain market watchers maintain that the grain multinationals never observed the embargo and have been selling grain to the Soviets—"destination unknown"—all along.