The U.S. acreage reduction policy means cartelization and famine

by Marcia Merry

In 1983, corn production alone fell over 50 percent because of the removal of over 20 million corn acres from production under the 1983 Payment-In-Kind (PIK) and other acreage reduction plans, and the effects of one of the hottest and driest summers on record. Yet, on Sept. 28, U.S. Secretary of Agriculture John Block announced his 1984 feedgrains program, which will make only those farmers who agree to idle 10 percent of their land eligible for much needed government financial assistance. While this acreage reduction program—a variation of the acreage set-aside programs of recent years—is designed to remove fewer acres than were kept out of production during the disastrous 1983 growing year, the 1984 reduction in feedgrains (including corn, grain sorghum, and soybeans) will escalate the process of making the world food supply a prime commodity for international speculation. Armand Hammer, who built his career on financial dealings with the Kremlin, started buying bankrupt meatpacking companies, several years ago, based on the recognition that meat "will be the oil of the 1980s."

American farmers require a package of emergency measures—debt moratoria, low-interest production credits, and no-foreclosure orders—to keep producing. But Block has insisted—in conjunction with the State Department—that only limited drought relief, in the form of reduced-interest loans, will be provided to selected farm states. Block told the *Washington Times* Oct. 3: "This year has seen big winners and big losers. . . . Next year is going to be pretty much the same as 1983. There will still be a number of failures; but remember, some are going out of business, more farmers are coming into business, particularly small, part-time farmers."

Food shortages ahead

Feedgrains are the key element in the meat supply cycle, in which poultry production has the shortest production cycle, red meat the next, and finally dairy herds, which take years to develop. The impact of the existing feedgrain shortfall is already evident. Despite the much publicized "surplus stocks" of corn and soybeans, corn feed prices have risen 30 percent in the last six months, and soybeans by 40 percent. Farmers have begun liquidating herds, including an estimated 15 percent of the breeding stock.

The immediate result is cheaper, plentiful meat in the supermarket, but when the full impact of the herd cutbacks begin to hit, by the spring and summer of 1984, there will be severe shortages and high prices. The Texas A & M University Agriculture Department predicts a 20 percent meat price increase—a conservative estimate.

In early August, when the feedgrain disaster was already plain to see, Block nevertheless announced the continuation of a wheat PIK program for 1984 to reduce wheat acreage and surplus production. Farmers who agree to take 30 percent of their base wheat acreage out of production will then be eligible for certain loan programs and grants of government wheat for 75 percent of what they would have grown on an additional amount of reduced acreage. The USDA justified continuing PIK because, in their view, the U.S. wheat output was not significantly affected by the drought, and not sufficiently reduced.

The income crisis U.S. farmers are facing may force large numbers of wheat farmers to sign up for the program. According to one national forecaster, 50 to 60 percent of all farmers are technically bankrupt. The USDA attempted to alter farm income statistics in their September report by adding into income categories such factors as a "non-money" income of $16 billion, the "imputed value" of home grown food for the family and animals (see *EIR*, Oct. 4).

The resulting cutback in wheat output for 1984 could be far worse than the disaster in corn production this year. In recent years, the United States on average has produced 15 percent of the world's wheat harvest. In addition to the planned PIK reductions, the current year's drought reduced soil moisture in the western winter wheat belt (where wheat is planted in the fall, and harvested by mid-summer), which also cut the crop.

As food production is cut, control of food processing and distribution is being taken by international conglomerates tied into the Swiss-based financial interests. The two largest beef processors in the United States are Cargill, Inc.—the Minneapolis world grain trade company, whose policy headquarters is now located in Switzerland, and Oxidental Oil's Armand Hammer. Cargill is also now the largest flour miller in the United States.

The food weapon

Armand Hammer, Cargill, and a network of directors of similar food trade companies—Nestlés, Bunge, Dreyfus, Andre, Continental, Phibro and others—have been working through government and private channels to put into effect the food scarcity scenario announced by Henry Kissinger in 1974 in Rome at the World Food Conference. At the time Kissinger, claiming regret for starving millions, said food should be treated as a "strategic issue" and food "reserves" should be created. He commissioned a secret State Department study on strategic food vulnerabilities of nations which has never been declassified.

The first step in controlling the flow of world food supply is to eliminate the U.S. potential to produce bounteous harvests, such as the recent years' average of 60 percent of all world soybeans, and 50 percent of all the world's corn. Secondly, these companies are implementing barter deals in strategic commodities, cutting out the opportunity for trade deals independent of their control. In September, Cargill concluded a 20,000-ton rice barter deal with Ecuador in exchange for barter rights on Ecuadorian output. A conference on "World Food Security, Scarcity, and Barter" will be held in February 1984 in Davos, Switzerland, hosted by the Management Association, a front group of directors of the interlocking food, insurance, and shipping companies.

USDA Secretary Block recently appointed Daniel Amstutz as Undersecretary for Commodities Trading. Amstutz was with Cargill for 25 years, with special functions concerning commodity manipulations in Cargill's Swiss office, Tradax.

Think tanks funded by these companies have been producing computer simulation scenarios on famine and the politics of scarcity. One such program is already in use at the Humphrey Institute of Public Affairs at the University of Minnesota, endowed with Cargill and other grain monopoly money. This scenario forecasts a world food shortage scenario beginning in 1984.

The computer simulated "game" says that the President will be forced to declare an emergency, and the United States "must now make some life-and-death choices between friends, adversaries, hungry street mobs, traditional paying customers, dehydrated infants, and military allies." The outcome, according to one of the designers, Lincoln P. Bloomfield, an M.I.T. professor who was on President Carter's National Security Council, is that "Washington is now ready to move on the international grain reserve negotiated in Rome in 1974."

These same companies and networks are funding a propaganda barrage on behalf of cutting back U.S. cropland because of the need to prevent erosion in the name of "conservation." Block, in his official report to Congress this September on the effects of the drought, praised his disastrous 1983 PIK program, saying "The massive sign-up [by farmers] means over 80 million acres were removed from production and put into conservation uses, representing the largest soil, water, and wildlife conservation effort ever undertaken by farmers in one year."

In announcing his plans Sept. 28 for feedgrain acreage reduction Block stressed, "I am referring to the 1984 program as an acreage conservation reserve, to give special emphasis to the administration's objective. We want to encourage farmers to place more erosive land into conservation uses while continuing to balance supply and demand during 1984. The current PIK program accomplishes this, and our goal in 1984 is to encourage a continuation of this very important conservation practice. . . . The point is, it is not always in the farmer's best interest to plant fencerow to fencerow."

'The future is nuts'

The malthusian Club of Rome held an international food conference in Budapest, ending Sept. 30, at which they predicted that within 20 years the United States will no longer "be the granary of the world." The U.S. representative at the conference, Ed Pasarini, complained that "the United States produces an incredible variety and quantity of food for 230 million Americans and another 200 million persons in the world. But at what price? At the price of an immense waste of energy and of erosion of land."

Pasarini concluded, "The grain fountains of Texas and Iowa are going to be dried up and everyone should begin to think about new agricultural products that will not provoke erosion, as has been going on. Rather, you should think in terms of getting food from the trees. The future is in the nuts and the oil one can extract from them."

The less radical version of this line has been promoted in Washington, D.C. and science and policy journals by the Conservation Foundation. In 1980 they held a conference on "U.S. Agriculture as a Strategic Reserve." Writing in the February 1983 *Scientific American*, on "The Future of American Agriculture," the Conservation Foundation stressed that "erosion is likely to increase as the nation responds to the demand for exports."

In fact, the areas of problem erosion are directly attributable not to exports, which are falling, but to farmers' lack of income, which makes it impossible to scientifically manage farmland, and to foreign flight capital ventures which buy up grazing land for quick-profit grain crops.