Agriculture by Marcia Merry

USDA gives free food to the cartels

The new bailout scheme will mean millions for Daniel Amstutz's friends at Cargill, but nothing for the American farmer.

The U.S. Department of Agriculture has unveiled a fraudulent new "export enhancement" plan, which will sell up to one million tons of wheat to Algeria at bargain-basement prices, made possible by giveaways of government stocks to the grain cartels that will contract to ship the goods to Algeria. This deal is intended to be the first of many.

The program, billed in the USDA's public relations brochures as a $2 billion effort to subsidize farm exports, is in fact a subsidy of the cartels. Thanks to the effects of austerity measures at home and abroad, U.S. farm exports have fallen 13% since 1980; the USDA now expects total sales for 1985 to equal 137 million tons, compared to 143.6 million tons in 1980. Wheat sales are set to fall from 42.8 million tons in 1984 to 35.8 million tons this year.

On June 4, Agriculture Secretary John Block held a Washington, D.C. press conference to announce the details of the scheme, on the eve of his trip to Europe for food trade talks. He stressed that the deal with Algeria will combat the European nations' subsidies of their farmers' exports, and that this and future such deals will be "sending a message" to European and other food-exporting nations, that it is time to "reform" trade rules.

Block is visiting the Netherlands, Belgium, and France—countries whose exports are monopolized by the international grain cartels, just as those of the United States are—to the equal detriment of farmers on both sides of the Atlantic.

The Algerian wheat deal will undermine the Western alliance by pitting the United States against Europe on the trade question, as Moscow desires. Cargill, Inc. and the other food cartel companies, operating out of Switzerland, are deliberately promoting this strategy, as part of their perceived détente with the Kremlin.

Block's political controller, Daniel Amstutz—a 25-year Cargill executive, who has been Undersecretary for International Affairs and Commodity Programs in the Agriculture Department since 1983—defended the new export plan to Midwestern governors, at a National Governors' Association conference in Des Moines on May 30. Amstutz, too, stressed the trade war aspect, and kept mum on the giveaway. He said that the export program is "merely a stopgap approach" to retain markets for U.S. exports, and that eventually the slide in exports would bottom out. He said that while the administration generally favors free trade, the new U.S. decision to fight "fire with fire" would scare the Europeans and make them more willing to negotiate to end their export subsidies.

Under the new plan, the U.S. government offered Algeria up to one million tons of wheat this year—over a third of Algeria's annual wheat imports—at the price of about $117 a ton. This is under the price of $145 a ton which Cargill and other companies reportedly quote for U.S. wheat. If Algeria accepts, then Cargill and the other cartel companies will go through the motions of presenting bids to Amstutz on how much free Commodity Credit Corporation (CCC) wheat they will require to meet the contracted amounts for Algeria. The government is prepared to give them 175,000 tons, and the American farmer will gain nothing except the USDA's promise of markets in the future.

The recent precedent for this arrangement was the 1983 wheat flour sale to Egypt. In January 1983, Secretary of State George Shultz made a deal with Egypt for a huge sale of wheat flour at a discount price, to beat out France—a traditional supplier of grain to North Africa. Then the U.S. milling cartels received free CCC wheat stocks in the contracts that ensued, despite the 1983 disastrous drop in the harvest due to acreage set aside under the Payment-in-Kind (PIK) program and the record drought.

The CCC giveaway plan is predicated on the report that there are "bin busting" surpluses in U.S. grain stocks. This is a lie promoted by the USDA on behalf of the cartel interests. The true picture shows that brokers cannot obtain the grain needed from farm and general commercial supply lines, despite the fall in export demand. The grain just isn't there. The only stocks of grain left are held by the government CCC, and these are tied up by law. The new USDA swindle gets around that, in the name of promoting exports.

When the export plan was first announced in May, the immediate result was a fall in grain prices for the farmer, despite the lack of supplies, because of the prospect of the CCC stocks coming on the market for free. Even some of the deluded Midwestern state governors who supported the swindle in the name of helping food exports, have now been attacking the program. Sen. Tom Harkin (D-Iowa) said, "The grain traders and shippers will make money, but no farmer will get a nickel," because taking food stocks out of storage will "depress prices worldwide."