

Agriculture by Marcia Merry

Soviet grain deal a 'con' job

There is nothing in the newest grain subsidy plan to make certain that the Soviets will even take advantage of it.

On Aug. 1, Agriculture Secretary Richard Lyng stammered before reporters when he announced the new "export enhancement" scheme to use government-owned grain to subsidize food-exporting companies and the Soviet Union at the expense of scarce U.S. tax dollars. He was feeling the pressure from U.S. allies—Argentina, Australia, France, and others—who are also grain exporters. He may also have stammered because the program is a con job on U.S. farmers.

Supposedly, the government subsidy idea is to gain and keep the Soviet and other world markets for U.S. products. But the program is really part of a package of self-interest policies pushed by cartel company spokesmen in Washington—Sen. Bob Dole (R-Kan.), Orville Freeman, head of the cartel lobby group, the Agriculture Council of America, and others. These companies are realigning the trade of all Western food-exporting nations toward Soviet needs, and playing off Western allies against each other in trade wars.

Lyng defensively announced that the new plan is a limited offer, to apply only to possible Soviet purchases of 4 million tons of wheat (out of a total annual world wheat trade of 100 million tons), available to them for sale from the U.S. during this trade year, under the standing 1983 five-year long-term grain agreement (LTA). However, Lyng knows that the boosters of the scheme, for example Dole, view this program as merely a first step to unlimited government-subsidized food sales to the Soviets, including guaranteed profits for the trade

companies (Cargill, Continental, Garnac/André, Binge, Louis Dreyfus, W. R. Grace, Occidental, etc.)

The mechanics of the program show how the farmer and taxpayer are bilked—with no guarantee of any improvement in U.S. exports. The details of the new deal for the Soviets are essentially the same as the recent "export enhancement" swindles offered since spring 1985, when the program first started in the U.S. First, the State Department or someone like Undersecretary of Agriculture Daniel Amstutz (a 25-year Cargill executive) dangles an offer of low-price grain to the Soviet Union. Then, if there is agreement, the private international food cartels move in to sign contracts with the U.S.S.R. Next, the cartel companies go to the USDA, and get significant amounts of *free grain* from Commodity Credit Corp. (CCC) stocks, so that the grain trade companies have their own profits assured when they provide cheap grain under their Soviet contracts.

The farmer gets nothing out of this. His grain went into the CCC program because of the low price he would otherwise get on the market. The cartels also gain the benefit of the government paying the storage and other brokerage costs to handle the grain until the cartels want it.

There is nothing in the grain giveaway plan to make certain that the Soviets will even take advantage of it. Under the 1983 LTA pact, the Soviets may buy up to 9 million tons of grain annually (or more, by agreement), to include 4 million tons of wheat, and 4 million tons of corn. This current trade

year, the Soviets have bought hardly any U.S. wheat, saying the price was too high. However, despite the new program, the Soviets may, in any case, buy from Western Europe, Canada, Australia, or Argentina.

Lyng's announcement was preceded by votes taken in July in the Senate and House to extend the export enhancement program—motivated at its inception to cover only Third World nations—to the Soviet Union. In opposition, a five-man delegation came to Washington from Australia the week of July 28. Australian Prime Minister Hawkes phoned George Shultz to intercede to stop the new U.S. grain subsidy offer.

President Reagan, along with Richard Lyng, was inclined all along to refuse to offer the U.S.S.R. the subsidized grain. There were cabinet level disputes. Reagan has not understood the economics of the U.S. farm sector crisis, but he can see that subsidizing Soviet food will give them more leeway to put resources into their military-industrial buildup.

Since Lyng's announcement, Reagan has stressed the limited character of the U.S. subsidy offer. The European Community has initiated plans for greater subsidies on wheat sales and the Argentinians fear collapse of their wheat sector entirely. However, knowing this would happen, Bob Dole said, "We've got to demonstrate to the rest of the world, our willingness to compete, and this is a first step in the right direction."

It was Dole who steered through the last \$8.5 billion U.S. allocation to the International Monetary Fund—the monetary instrument of the commodities cartels and international family trust interests. Collaborating closely on the Democratic side is Orville Freeman, former agriculture secretary in the 1960s.