

Drought damage to grain belt worsens; USDA calls relief to farms 'premature'

by Marcia Merry

As of April—the average planting time for the U.S. grain belt—reports and alarms have been pouring into Washington, D.C. for help to farms hit by the drought, and for help to consumers who are facing food shortages and high prices. Internationally, the unmet needs for emergency food are resulting in millions going hungry, and many thousands starving in Sudan, Indochina, and elsewhere. But so far, the U.S. Department of Agriculture is blocking any action to protect farm productivity and food output.

Instead, Agriculture Secretary Clayton Yeutter is making it his priority to cut farm support programs for the new five-year 1990 farm bill, now under discussion in Congress. Yeutter made a show of concern about grain supplies by scheduling a swing through drought-stricken Kansas the week of April 14, but the major thrust of his testimony to the Senate Agriculture Committee on April 19 was on reducing “trade distorting” support to farmers. He called for making farmers “flexible” and “competitive.” But the truth is that farmers around the world are in crisis—if not from adverse weather, then from the universal burden of unpayable debts and inflation in costs.

The USDA has taken a business-as-usual stance in the face of all this. On April 4, officials followed their annual routine, and announced a period for “public comments” on the U.S. crop acreage reduction that should take place for the 1990 growing season. A plan for the 1990 wheat crop will be announced by the USDA by no later than June 1—the month when this year’s winter wheat will begin to be harvested. According to the USDA press release, “If the 1989 ending stocks for wheat are estimated to be below one billion bushels (27.2 million metric tons), the ARP [acreage reduction program] may not exceed 20% for the 1990 wheat crop.”

The current projections show that the ending stocks—the amount of wheat reported on hand in May, just before the June harvest—may be down below 500 million bushels (13.7 million metric tons), way below even the USDA’s “safety” figure, which USDA officials well know. Instead of debating how much cropland to “set aside” from food output, the question should be how to get millions more acres back into food production.

Many private groups and individuals are demanding action because of predictable grain shortages. John Schnittker,

a private grain analyst, has called for a cessation of cropland set-aside this year, and a stay, until mid-year, of the Export Enhancement Program (EEP), under which huge amounts of grain are going to the Soviet Union, squeezing what remains for domestic use and for emergency needs in countries suffering from famine. Schnittker said, “The extreme reduction in grain stockpiles makes a short 1989 harvest a serious threat to world price stability.” He warned of price increases, pointing out that grain for livestock “would be severely reduced by another drought,” and prices would soar.

The Community Nutrition Institute, a consumer advocacy group, also has called for a freeze on the Export Subsidy Program. Rodney E. Leonard, the executive director of the group, wrote to Agriculture Secretary Yeutter on April 3, and repeated the request, made last fall after the drought. Leonard said, “Steps could have been taken to safeguard supplies,” before the situation reached the current crisis.

Leonard assembled figures on the shrinkage of harvests and the draw-down of U.S. wheat stocks that could result in a national wheat stockpile in May 1990 of merely 300 million bushels (8.2 million tons), the smallest amount since 1952. Leonard warned, “This is hardly adequate as a domestic reserve, and will leave the U.S. unable to intervene if famine conditions develop anywhere in the world. The [U.N.] Food and Agriculture Organization . . . a month ago said that world grain stocks will be drawn down again in 1989-90 for the third year in a row. In effect, FAO does not expect food grain production to increase significantly in any of the major food-producing areas outside the U.S.”

As if by magic, the USDA has “found” more grain stocks on hand than previously anticipated, in both its January and March stocks reports. The Agriculture Department reported 1.22 billion bushels of wheat on hand in its March 31 report, well above the average pre-report estimate of 1.18 billion bushels. As of March 1, the USDA reported corn stocks of 5.2 billion bushels, down from 7.6 billion the same time a year ago, but way above the average trade estimate of under 5 billion.

Plumping up the figures like this, the USDA is at the same time pledging more and more grain to the Soviet Union. The Soviets have bought up to 17 million metric tons of U.S. grain so far this trade year (October 1988 to December 1989),

which is 5 million tons over the 12 million-ton annual ceiling specified under the current Long Term Grain Agreement between Washington and Moscow. The USDA lifted the ceiling to 16 million tons in December, and then lifted it again to 20 million tons in March. It is expected that the USDA will pledge more grain to Moscow soon, and when U.S. and Soviet trade officials meet later in April for their twice yearly talks, the USDA will lift the grain export volume ceiling once again.

Status report from the grain belt

The reports on the extent of the drought damage in the grain belt foretell an even bigger crisis to come.

Winter wheat: The current damage in the winter wheat belt, centered in Kansas and Oklahoma, is on the scale of historic disaster. An estimated 25-30% of the Kansas wheat crop is lost due to drought, winterkill, and insects. Kansas accounts for 18% of the national total wheat crop, and close to 35% of the winter red wheat favored for making bread.

In mid-April, Kansas congressmen initiated measures in the House of Representatives to bring winter wheat under the provisions of the 1988 Drought Assistance Act, and to make the act applicable to 1989. On March 27, Kansas Gov. Mike Hayden asked Yeutter to visit the state to see the vast damage to the wheat fields, and to give Kansas wheatgrowers federal crop assistance.

The Oklahoma Wheat Growers Association reports that the wheat crop in the western part of the state is "gone." Louis Schupbach, the organization's president, said, "Rain won't help folks out there. . . . The problem could be particularly critical if the government carries through with elimination of disaster relief funds. This is what we've been hearing all year—no help will be forthcoming. Yet this year's drought damage is a continuing problem, not a new one, and it isn't as simple as it might appear to people who aren't involved with agriculture."

Corn: On April 19, Iowa Gov. Terry Branstad declared six counties drought emergency areas. One of them, Keokuk County, is the driest in the nation in relative terms of water needed to replenish the sub-soil moisture. This is the heart of the corn belt—where as of mid-April, plantings were behind schedule because of aridity. Meteorologist Peter Leavitt has estimated, "The drought could linger through the planting time and early part of the season." Leavitt estimated that it would take 10-12 inches of precipitation in Iowa to lift soil moisture levels above drought conditions.

Low plantings

Even if weather were perfect for the rest of this year, the decline in grain acreage planted in the United States, along with declines in grain harvests in other grain-exporting nations, mean huge food losses the world cannot afford.

According to the USDA's March 31 survey of farmers' planting intentions, this year there will be 9% less grain

acreage (wheat, rice, and the coarse grains) planted than in 1984. And there will be 14% less acreage planted for grains than in 1981, which was not one of the biggest planting years for many of the grain crops. According to the USDA March projections of grain area planted for 1989, the acreage may total 189 million acres. In contrast, in 1984, total grain area was 207 million acres; and in 1981, total grain area was 218 million acres.

To downplay the decline in grain planting area, the USDA and non-farm media report only that 1989 grain plantings are "up" over last year. However, 1988 was an especially low year for grain planting.

In 1988, the combination of the killer drought and an annual federal set-aside order of 27.5% for wheat and some other grains, produced the conditions for the drastic fall in harvests. For this current 1989 harvest year, the USDA has nevertheless mandated a 10% set-aside requirement (5% for oats). April 14 was the last day for farmers to decide whether to enroll in, or to drop out of, federal income support programs, under which these set-aside requirements are compulsory.

The USDA rationalization for maintaining the set-aside policy, is that the drought may lift, and that a grain "surplus" would result and "depress" prices to farmers. The latter argument is specious from the outset, since the cartel grain companies underpay farmers, no matter what the amount of grain is on the market. Executives from Cargill, Pillsbury, and other cartel companies run the agriculture and trade offices in Washington. There is also no basis for the USDA argument that good weather may miraculously return.

Testifying to a House subcommittee on agriculture in early April, USDA Assistant Secretary for Economics Ewen Wilson said, "We don't know there is going to be a widespread disaster." Wilson used platitudes, and said that the USDA "doesn't want to do anything precipitous."

Also testifying, USDA chief meteorologist Norton Strommen hedged to Congress on the weather forecast: "We have a mixed picture. . . . It's just a little premature to write the crop down to any specific level. We simply have to watch and wait for the development and the timing and distribution of rainfall in the next two months."

In a typical show of insolence to farmers, Agriculture Secretary Yeutter has only made some motions to reestablish the interagency task force on drought that was in effect last year.

Showing frustration at these USDA excuses for blocking action, some congressmen have begun plans for drought relief. House Agriculture subcommittee chairman Rep. Dan Glickman (D-Kan.) has presented a list of actions, including extending last year's Drought Assistance Act, and also bringing winter wheat farmers under the coverage. They were excluded last year, since their 1988 crop was planted in 1987, and their harvest was gathered in before the intensity of the drought took hold.