Agriculture by Robert L. Baker

Food cartel puts out 1990s plan

The three "options" given by the Agricultural Policy Working Group all spell trouble for farmers.

On June 28, the Agricultural Policy Working Group—the Washington, D.C.-based policy front for the giant world food cartel companies—released a special report, "Agricultural Policy for the 1990s." The 100-page document was written in doublespeak to tone down the blatant cartel agenda against farmers. "This study is intended as a resource for the next farm bill discussion," said William G. Lesher, a Washington consultant and spokesman for APWG, who also worked as a consulting partner with former Agriculture Secretary Richard Lyng.

When the Working Group's spokesman, J.B. Penn, was directly asked by this reporter, whether the three scenarios will drive more farmers off the land, Penn replied, "We didn't get into that." Penn said, "I don't think we would see any big swings in farm numbers, like before, but there would be some." Then, abruptly, the press conference was closed to more questions.

In order to understand this grain cartel study, it is necessary to know who makes up the Agricultural Policy Working Group, which was founded in 1986, as the USDA and other agencies were finally being taken over, lock, stock, and barrel, by the cartel interests. The AWPG includes Cargill, Inc., Central Soya Company, Inc. (Ferruzzi), Louis Dreyfus Corporation, IMC Fertilizer Group, Inc, Monsanto Company, Nabisco Brands Inc. All these top guns have a big stake in the food and grain business.

The first option would be the continued extension of the Food Security Act of 1985 (FSA) for another five years. The study projects declining shares of world markets and slowly declining farm incomes because of constraints on farmer decision-making. "Stock would build slowly and place increasing pressure on market prices," according to the study. "Total idled acreage would continue to be substantial, and farm income likely would decline slowly during much of the period."

The second option retains the basic structure of the current farm bill, but replaces crop-specific bases with a single farm base, giving farmers the option of planting various program or oilseed crops on their farm acreage base. The study projects expanded production and use, and somewhat greater market growth. "With this plan in place for five years," the study says, "the sector would be allocating resources somewhat more efficiently than under current policy—concentrating production more on the fastest-growing commodity markets. The result would be smaller carryover stocks, faster market growth and somewhat higher incomes."

Under the third "decoupled" policy option, income support would be continued at about the same historical level. Price-support loans are made on a recourse basis, annual land idling programs are eliminated, and the current Export Enhancement Program and grain reserve policies are continued. Farmers may plant any program or oilseed crop on their farm acreage base.

The study projects that under this option, the farm sector would experience an initial decline of prices and sales receipts, which would require larger government payments ing the early years. "Following about two years of adjustments, increased market growth would bring price recovery and higher incomes as well," the study says. "With this plan in place for five years, the sector would be much more competitive both in domestic and export markets. It would mean faster growth, lower stocks, much less land idled, greater production and, by the end of the period, stronger prices and higher incomes."

When asked which option he felt was best, Penn said he liked the decoupling option or option three. This makes sense from the grain cartel vantage point. According to the report, "In initial years . . . the large free stocks of grain and relatively low prices lead to shifts slightly away from grains to oilseeds." This increased soybean production would play heavily into the grain companies' hands as a valuable source of protein to wield political power in the increasing food crisis. Also, the lower prices, will bankrupt even more farmers.

In all three scenarios corn prices and the value of total food grains will be lower at the end of five years than they are today. All three scenarios show no relative increase in carryover stocks of feed grains and reduced carryover stocks of soybeans and soybean income. Even a comparison of total farm net cash income in the 1991-95 period shows a steady downhill slide each consecutive year for all three scenarios.

This report is a real deception operation. It is the old marketing trick of giving the customer three alternatives, each of which is equally bad. But then what would you expect from multinational grain cartels: a policy that would be good for the farmer?