USDA's big 1987 acreage cuts

Under pressure from the cartels and radical "farm Democrats," the administration asked farmers to idle 35% of their land.

In a pre-election ploy, the U.S. Department of Agriculture (USDA) announced the Reagan administration's latest package of crop set-aside incentives, adding up to the biggest acreage reduction program since the infamous "PIK" (Payment-in-Kind) set-aside of 1983.

Ten days before election day, Secretary of Agriculture Richard Lyng announced that farmers will be invited to idle 35% of their corn acreage, and similar amounts of other animal feedgrain land, in the 1987 crop year.

This could result in idling as much as 22 million acres out of the total U.S. corn acreage base of 75 million acres. Another 8 million acres of other feed grains—sorghum, oats, and barley—could be taken out of production.

In 1983, a drought hit the grainbelt, on top of the 30-plus percent PIK acreage set-aside, so that U.S. corn output fell by half in one year. This amounted to a 25% reduction in corn output worldwide.

U.S. soybean output fell 60% in 1983, cutting world soybean output by 20%. Corn and soybeans are the leading livestock feeds.

Despite this huge drop in output, feedgrain stocks have built up since then because of the multi-million ton drop in the world grain trade, and because of the drastic fall in the numbers of U.S. meat animals. U.S. beef and hog inventories are at their lowest in 20 years, and numbers are falling.

All the while, the cartel companies (Cargill, Continental, Bunge, Louis Dreyfus, André/Garnac, and the rest) are paying grain and other food commodity prices way below the farmers' cost of production, no matter where they are being produced around the world.

Farmers will be induced to participate in the new USDA acreage reduction programs in order to get any kind of commodity price support at all. Those idling 35% of their base cropland will receive $2.00 from the government for each bushel of corn they do not produce. This is to be paid, half in cash, and half in the new USDA funny money, called "commodity certificates."

However, even with this expected cash flow, many farmers will not be in a position to service their debt, and certainly not in a position to make overdue capital improvements on their farms. Thousands will be forced out of operation altogether, idling still more of the U.S. cropland base, on which so much of the world's livestock depends.

The sign-up period for the new set-aside program is from Nov. 17, 1986 to March 30, 1987. USDA officials estimate that almost 40 million acres may be taken out of production—over 13% of the national cropland cultivation base. The cost of the program may exceed $2 billion.

The USDA announced the plans in deference to the policy desires of the international grain cartel companies, that seek to dominate domestic and international grain output, storage, and trade, as Western economies shrink and food declines. A second pressure, to which President Reagan and other officials are responding, comes from the radical "farm Democrats," who want mandatory crop reduction—on a scale of at least 35% in 1987.

Sen. Tom Harkin (D-Iowa) has a bill calling for such measures, titled the "National Save the Family Farm" bill. Before the Nov. 4 elections, the mandatory crop reduction policy was promoted by a campaign called "Hope for the Heartland."

In January, it is expected that new federal farm policy measures will be introduced and fought over, partly because of the obvious high costs of the USDA's set-aside program. According to Michael Hall, lobbyist for the National Corn Growers Association, "The 35% acreage reduction program for feedgrains is going to mean an extremely large amount of acreage set aside at a very high price. . . . The new program will merely serve as a sharp catalyst for a renewed debate over different farm policies."

The current pile-up of corn and other grains in the Midwestern grainbelt states is simply the passing phase of the drastic fall in U.S. grain exports, and also, the decline in U.S. livestock consumption. These stocks are in no way real "surplus"—despite the portrayal in this way by the media, government, and grain cartel sources. Millions of tons of the grain, having nowhere to go, are rotting in makeshift storage, prey to pests and vermin.

USDA officials are vague on the impact of the land set-aside program. One official said on Oct. 27, the day of the announcement: "We had to do something to just keep stocks at the current levels and prevent any more build up. . . . We'll have to see further acreage reductions for the next several years, but hopefully they won't have to be as big."