Funny money for farmers

It may be insane, but if it's good for the food cartel, it's Department of Agriculture policy.

You probably thought the U.S. Department of Agriculture's PIK (Payment in Kind) program in 1983 was crazy. Farmers who idled land received title to commodities they didn't grow. Now you may think that the 1986 dairy herd buy-out program is crazy—where farmers eliminate their milk herds in exchange for payment for the milk they don't produce. Well, you ain't seen nothin' yet.

For the first time ever, the U.S. Department of Agriculture has started issuing "generic crop certificates" to farmers in payment for various crops they agree not to produce. The farmers, in desperate need of cash, can sell this "funny money" to get real money. The purchaser can then hold the certificates, or cash them in with the government for any of the government's "program crops"—wheat, corn, honey, cheese, whatever. In fact, there is a USDA "catalogue" of what is in stock.

Who benefits from this USDA innovation? Who ever benefits from any USDA program? The international food-cartel companies—Cargill, Continental, Bunge, Louis Dreyfus, André (Garnac), ADM, etc. This provides them, as the main purchasers of the funny money, with a mechanism to tighten their grip over the shrinking U.S. food supply.

The USDA does not represent the matter in this light, of course. In the words of one USDA spokesman: "The certificates are just 'a new currency.' "

Here's how the game works—as far as anyone can tell, including the wizards at the USDA. First, begin with the understanding that the federal government is broke (except when it comes to paying its own debt service). However, government policy under the new farm law, "The Food Security Act of 1985," is to drastically reduce food output. Therefore, early this year, farmers were asked to sign up to take large amounts of their cropland out of production, in exchange for large financial payments—payable in part in generic crop certificates. For example, corn growers who agree to take 50% or more of their land out of production are to receive 90% of the value of that unproduced crop (valued at the September 1 market price). In addition, they are to receive some of that payment in advance of harvest-time, in generic certificates. A similar procedure exists for other crops.

Depending on how much land the farmer removes from production, the value is noted differently on the certificates. They can range from, for example, $10 to $10,000 a certificate. They are filled out locally by the county office of the Agriculture Soil Conservation Service, which is overseen nationally by none other than USDA undersecretary in charge of international commodities and domestic cropland, Daniel Amstutz, the 25-year Cargill executive who established the company's Swiss office in 1954.

Thus does the fox guard the henhouse. The certificates—whose total value in circulation is not available at this time—are redeemable in crops from government-approved storage, loan, and "surplus" programs. But most farmers need cash. So they sell them.

At present, certificates are going for about 105% of their face value. Cargill and other cartel companies are soaking them up like sponges. The companies advertise in farm region newspapers, to acquire them directly from farmers.

Farmers are also selling their certificates at local feed or storage centers, for about 104% of face value. The certificates are then passed along, at a higher point or two, to the same cartel companies.

The certificates are not only issued to farmers who signed up for the cropland set-aside programs this year, but to farmers who signed up in the Conservation Reserve Program, mandated by the new farm law. Under this plan, the farmer agrees to take land out of food production for at least 10 years. As of Oct. 1, he will start receiving generic certificates.

There is also discussion taking place at the USDA on using the certificates to pay dairy farmers in the dairy-herd termination program.

Even without exact numbers, you can see how the USDA's brilliant "new currency" will have the result of depleting national food stocks, while at the same time preventing food production. The rationalization offered for this by Congress and the administration is that, less food will bring higher prices for the farmers—the miracle of the "free market." However, this leaves out the existence of the food cartels, for whom the generic certificates work to provide even more leverage over food supplies here and abroad.

Cargill, for example, can assemble millions of dollars worth of certificates from farmers who set aside all kinds of land—land for rice, cotton, wheat, corn—and then, at any time, in any location, the USDA will be obliged to redeem the certificates in whatever crop Cargill wants.