USDA: Famine is good for exports

Millions are starving, but James Donald and other loonies at the Agriculture Department see it as a golden opportunity.

The 63rd Annual U.S. Department of Agriculture Outlook conference, the week of Dec. 2 in Washington, D.C., presented some lunatic forecasts of what to expect for U.S. and foreign farming and food supplies in 1987. The chairman of the Agriculture Department's World Agriculture Outlook Board, James Donald, made a presentation in classic double-speak about the current "interim period of slowly growing global demand and slightly dampened production expansion."

Translated, Donald's point of view is that more starvation in the world will encourage more demand for U.S. exports. He advocated keeping U.S. food commodity prices low for several years to undercut the food output of farmers in allied food exporting nations, and at the same time to create more demand for food by making food scarce. Of course, he didn't use those crass expressions, but he did make those policy proposals.

According to the USDA, the rate of annual increase in world consumption of major crops has slowed to 1.4% a year, compared to 3% annual growth in the 1970s. What this reflects, is that millions of the world's people—in Africa, in Indonesia, in the Micronesian islands and elsewhere, are eating less, and starving.

However, Donald, and others at the USDA, see it differently. They say that if there is a slump in consumption, then there should be an organized reduction in food output, so that, relatively speaking, food exports will again be "in demand."

Carrying this same logic farther, Donald advocated continued federal farm programs that will nominally supplement farmers' income while the "interim period" of transition to tighter supplies takes place. He said, "The outlook for the next few years is for a continuation of large government payments."

The fraud in this perspective, besides the obvious immorality of reducing food supplies, is that the farm income programs are not preserving the independent farmer. They are making the decreasing supplies of food available to the international food cartel companies at dirt-cheap prices, at government expense.

According to the official figures released at the Outlook Conference meeting, a record $25.5 billion was spent in fiscal 1986 for farm program costs. The previous record was $19 billion in 1983, the year of the introduction of the loony PIK (Payment-in-Kind) program. Of this $25.5 billion, a reported $12 to $13 billion in direct cash subsidies were transferred to farmers—amounting to 25% of their estimated $44 billion in net farm cash income. In contrast, in the 1970s, such payments totaled 7% or less of net farm cash income.

However, since the new, 1985 farm bill, much of these subsidy payments are organized to the direct advantage of the cartel trading companies. For example, billions in government money goes to meet the costs of storing "surplus" crops and making loans to farmers with crops as collateral. But this occurs because of the low market prices for crops—set on a world "market" dominated by a handful of cartel companies. Additionally, U.S. food exports have collapsed by over 35% in volume, because of the orders given by the International Monetary Fund that debtor nations should not import food, only export food.

Any crops forfeited by farmers to government ownership, can be obtained by cartel companies, by use of the new "crop certificates"—the funny-money put in circulation this year by the USDA, in payment to farmers for various programs, for example, land set-aside and drought assistance. The cartel companies buy up the certificates from farmers, then redeem them for any commodity desired. Meantime, the company has paid no storage, interest, or other acquisition costs for the commodity they demand.

Therefore, the Department of Agriculture is misrepresenting the facts when they report that farmers are the beneficiaries of the billions of dollars spent on agriculture programs at present.

In one extreme case, rice production, a new "marketing loan" swindle was implemented in April, 1985. Under its provisions, rice farmers who put their crop up as collateral, and then sell it for a lower price per hundredweight than the valuation of the collateral, can have the government forgive the difference. Who does this benefit? The cartel trading companies—Cargill, Riceland Corp., and others—can buy rice at dirt-cheap rates, and then use it to undercut Thailand and other foreign producers, while U.S. farmers remain in the hole.

Because of the cartel-serving policies in Washington, food prices will soon escalate here at home. The USDA predicts a guaranteed increase of 2 to 4% in food costs for consumers in early 1987. They ought to know.