

Agriculture by Suzanne Rose

Farm grain prices plummet

The latest USDA report is painting a rosy picture of the harvest, to cover up the cartel underpayment to farmers.

Even as the Oct. 10 USDA crop reports came in, forecasting a slight increase in yields over their September forecast, soybean prices plunged 30¢ to \$5.48 per bushel and corn remained at its two-month low of \$2.48 per bushel. Talk of emergency disaster assistance payments to the nation's grain and bean farmers, hit by low prices and bad weather, has ended with the conclusion of the fiscal year on Sept. 30. A slight increase in projected harvest figures (up 3% for corn and 6% for beans) has caused prices to plummet. Why?

The real explanation is the deliberate underpayment to farmers by the cartel of merchant commodities companies—Cargill, Continental, Archer Daniels Midland (ADM), Louis Dreyfus, ConAgra, Bunge, André/Garnac—which dominates purchasing, processing, and trade in staples.

The *Des Moines Register* reported that the reasons for the price plunge ranged from weak export demand due to the breakdown of the Soviet economy, to a USDA forecast of more than a billion bushels of unused corn stocks by next September, (hardly a vast supply by any standard). In short, the impression conveyed was glut.

However, the same week, the U.N. *Food and Agricultural Report* stated that world grain supplies were dangerously low. World grain stocks were at 17% of annual consumption, less than the minimum supply the Food and Agriculture Organization recommends. Floods in China and Bangladesh have worsened the food needs worldwide. In sub-Saharan Af-

rica, 25 million face starvation.

The USDA October forecast of 7.479 billion bushels of corn is up 3% from the forecast of 7.295 in September. October's forecast reflected a decline of 6% over last year, as a result of widespread weather damage in the corn states from heavy rains and flooding which delayed, and, in some cases prevented, spring planting, to drought damage during the growing season, to early frost damage in September. By August, 900 counties out of a U.S. total of 3,000 were declared eligible to apply for low interest loans under the Farmers Home Administration's disaster program.

Lawmakers also requested direct disaster assistance payments. The House Agriculture Committee drafted a bill authorizing such assistance. After passing the House in July, it went to the House Appropriations Committee where \$1.75 billion in assistance was reported out to the full committee—and stalled by threat of a presidential veto. Budget Director Richard Darman claimed that no emergency existed. There was an attempt at a deal before the end of the fiscal year with the administration reportedly offering \$1 billion in aid in return for \$2.8 billion in mop-up money for Desert Storm. The deal fell through, and Rep. Jamie Whitten (D-Miss.) chairman of the Appropriations Committee says the White House never got in touch with him to offer even the insufficient \$1 billion.

The October corn forecast was somewhat of a surprise. The USDA said the increase in yields expected

could be explained by higher yields outside of Iowa, the number-one state for both corn and soybean production. For example, it reported that the yields in Illinois, Michigan, and Nebraska would be up 5 points over last month. Do the higher yields mean that farmers will not be financially strapped? On the contrary, even though the yield or "supply" is slightly higher than anticipated, supplies worldwide are down, as are U.S. stocks. More important, "supply" is not, however, what drives the price: Rather, manipulated news, which appears to make the market "plunge," acts to cover up the low prices the grain cartels and food conglomerates pay farmers, while gaining an ever-tightening grip on supply to consumers. For instance, the wheat harvest is also forecast to be down 26% from last year, and soybeans, 3%. By August, grain prices had collapsed 9% from a year ago. With the October announcement, corn prices plunged further. Grain farmers are poised for record bankruptcies. Obviously, there is no glut.

Moreover, prior to this year, farmers could hold back their corn under the Farmer Owned Reserve Program (FOR) to await a higher price before releasing it on the market, or could be paid by the government to store it. Now, under the regulations of the 1990 Farm Bill, the farmer who stores his grain under the FOR must release it virtually at the whim of the cartels, which operate through the USDA to grab U.S. grain for their worldwide food weapon operations.

U.S. wheat is sold primarily to the cartels for bulk export (over 66%). The domestic market for milling is controlled by an ever-shrinking market of flour mills. The four largest, ADM, ConAgra, Cargill, and Pillsbury, control 60% of the milling market. The U.S.-based ConAgra is now the biggest miller in the world, and controls 30% of all U.S. milling capacity.