USDA's 75th Outlook Forum pushes globalism, even if it kills you

by Marcia Merry Baker and Suzanne Rose

The U.S. Department of Agriculture's 75th annual Outlook Forum took place on Feb. 22-23 in Arlington, Virginia, and this year featured a clash of outlooks between those committed to preserving and developing *national* agricultural output potential, and the current USDA policy of promoting more globalism and "free" markets, even if it kills farmers and communities.

Some 700 people, including USDA officials, farm organization and media representatives, and commodities speculators, attended 34 panels on agricultural questions. The keynote session was addressed by Agriculture Secretary Dan Glickman, USDA chief economist Keith Collins, and others, who made reference to the dire financial straits of U.S. farmers today, and of other nations and markets, but then reiterated that though billions of dollars of ad hoc Federal aid is going out to farmers right now, the United States is still committed to even *more* "free" trade on domestic and world markets.

China: a model of national interest agriculture

By contrast, the spokesman for developing national agriculture sectors, not "globalist" policies, was Min Yaoliang, director general of the Marketing and Information Department of China's Ministry of Agriculture. He spoke on a panel on Feb. 23 titled "Prospects for China: Importer or Competitor."

Instead of accepting the implied terms of the panel, Min reported on the steps taken to expand China's agriculture output since the 1978 reform began, so that the nation would be neither import- nor export-dependent, but instead, would achieve national food self-sufficiency. He described in some detail the measures taken to increase grain harvests by about 6.7% a year up through 1997.

In presenting this viewpoint, Min began by explicitly disagreeing with the opening speaker of the panel, Scott D. Rozelle, from the University of California at Davis, who presented a projection that China would inevitably find itself depending on imports for grain to the tune of 28 million tons a year by 2010. In making this assertion, Rozelle was not really analyzing the particulars of China, but rather, adhering to the underlying premises of the "markets," thinking that has dominated the World Trade Organization (WTO) and General Agreement on Tariffs and Trade (GATT) era, and which dominated the USDA event.

The creed of agriculture free traders since the Uruguay Round began in 1986, is summed up in the GATT motto: "One World—One Market." The one-world food supply argument—which is strictly propaganda to fool the public and farmers alike—is that households will obtain food more cheaply if it comes from a worldwide competitive market. Meantime, farmers are told that exports will be their pot of gold. These arguments have been malarkey all along.

In reality, a network of mega-companies, operating outside the realm of national interests, are functioning as commodities cartels, exerting almost total control—from development of genetic seed stock, through trading, processing, distribution, and delivery of food to the table—over many agriculture products. Of the 50 largest food commodity companies in the world today, the majority are interconnected to financial and political circles of the British-American-Commonwealth (BAC) grouping, and most of those are British.

Do you want the names of these companies? Agriculture Department staff are forbidden by USDA rules to identify companies, when reporting on trade, production, and so on.

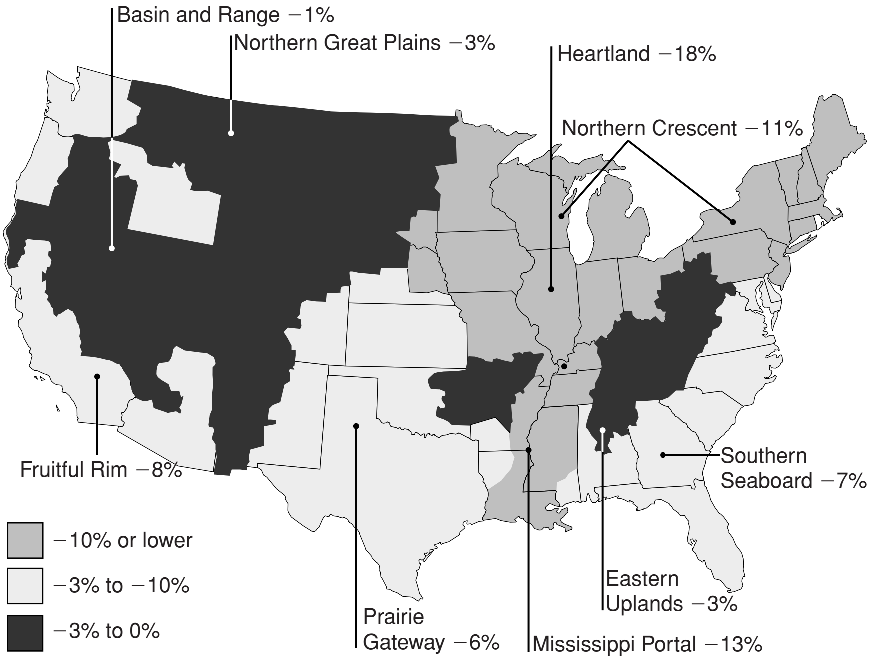
A special report prepared for the March 5-8 annual convention of the National Farmers Union, by monopoly specialist Dr. William Heffernan at the University of Missouri, documents how a small number of what he calls "clusters" of companies now dominate the food system. In his 20-page report, he identifies three major ones: Cargill/Monsanto, ConAgra, and Novartis/ADM. (*EIR* will cover more of this in April.)

Investigate the cartels

Soon after the USDA conference, a bipartisan group of 23 U.S. Senators sent an appeal to President Clinton, seeking an anti-trust investigation of market domination by a few multinationals in meat-packing, flour-milling, and oilseed-

FIGURE 1

Percentage change in projected average net cash farm income, 1998–99



Source: Economic Research Service, USDA.

Declining farm income in 1998-99 is projected for all parts of the country, as shown in this map presented at the USDA Outlook Forum. The regional divisions, done by the USDA Economic Research Service, are based on aggregating counties of similiar commodity specialty and resource base. Dairy farms, for example, comprise 17% of total farm types in the "Northern Crescent." The "Heartland" region has 25% of all U.S. cropland. And, the "Mississippi Portal" has a significant proportion of U.S. cotton and rice production.

crushing. The Senators, headed by Byron Dorgan (D-N.D.) and Chuck Hagel (R-Neb.), asked Clinton to assign the Justice Department, the Federal Trade Commission, the USDA, and the National Economic Council to pursue this, especially in the case of the current acquisition by Cargill, Inc. of Continental Grain's operations.

It is these commodities cartel companies, such as Cargill and Continental—which have been singled out by the Senators—whose interests were represented by the intense push for even more WTO "free" (i.e., rigged) trade presented at the USDA Outlook Forum.

Now that the global financial system itself is disintegrating (currencies devaluing, debts becoming unpayable, futures and derivatives investments blowing out), and the rigged patterns of "free" trade and markets are collapsing, it is even more blatant how commodities cartels routinely make profits by bilking farmers and the public alike. Internationally, whole nations are cheated by cartel-rigged terms of trade.

Look at the U.S. meat supply, for example. Five packer companies control 83% of all beef slaughtered: Iowa Beef Processors (IBP), ConAgra, Excel/Cargill, Farmland National Beef, and Packerland Packing Co. IBP, the world's biggest meat-packing company, posted fourth-quarter profits for 1998 four times higher than for fourth-quarter 1997. At the same time, independent family livestock producers were getting record low prices. Hog farmers got less than 10¢ a pound for their animals this winter, while the public still paid $5 a pound for pork. The situation is similar for other commodities, from cereals to butter.

In recognition of this situation, the USDA held a conference on Feb. 25-26 in Washington, D.C. on "Consolidation in the Meat Sector." However, despite the publicity, no shift at all in the policy commitment to free-trade rights for cartel companies can be seen so far. The case of the current "banana wars" between the United States and Europe makes the point.

The United States itself does not even produce bananas, but the world's biggest cartel banana and produce company, Chiquita, is technically headquartered in the United States. Its private-interest imperial demand to free-marketing rights in Europe, along with Dole Corp., are being ramrodded by the USDA and other U.S. government agencies, as if it were somehow in the public interest, instead of a private monopoly claim.

U.S. farms in crisis

The crisis condition of U.S. farms was acknowledged by Agriculture Secretary Glickman during the opening of the Outlook Forum, and reported on by USDA economic staff members. But, next to no connection was made between the farm economy crisis and the role of the cartel companies, or the collapsing state of the global financial system.

Glickman said that the "USDA's Economic Research Service will release its baseline projections for the next 10 years. And they don't look very good. That's not to say that these forecasts are etched in stone. The truth is, they're not even traced in sand. Markets do have a way of unexpectedly turning around. There's still a high degree of uncertainty about the future, particularly anything longer than two or three years out."

USDA chief economist Keith Collins, at the opening session entitled "Outlook for the Farm Economy," said, "Agriculture is a cyclical industry, and it will not stay deep in the red forever."

This view was contradicted by the extent and depth of the farm crisis, even as reported by Collins's own Economic Research Service staff. In brief, overall net farm income is projected by the USDA to drop $3-4 billion this year alone, after steep drops in the last two years. The staff report said, "Net cash farm income averaged almost $60 billion during 1997-98. It is expected to fall below $57 billion in 1999, and decline further to less than $53 billion in 2000, and remain in the low- to mid-$50s for the 2000-2003 period."

The USDA projects that commodity prices for wheat will average $2.70 a bushel, the lowest season-average in the past eight years. For corn, the average price could be $1.95 per bushel, the lowest in more than a decade. Soybeans could sink to $5.20 a bushel, the lowest since 1987.

The impact on certain states is already devastating. Iowa, for example, expects to lose one-third of its farmers in the next two years.

These are just a few indicators of the severity of the U.S. farm crisis, which points to the fact that overall, there is a general breakdown process throughout the U.S. economy, and only economic intervention along the traditional American System lines of parity pricing, debt rescheduling or deferral, low-interest production and capital-improvement credits, infrastructure building, and so on, can correct this. This approach is now in circulation in *Road to Recovery,* a book by Lyndon LaRouche published by his Presidential campaign committee, LaRouche's Committee for a New Bretton Woods.

Likewise, mass farm protest actions around the world show the intense demand for similar nation-serving intervention in other countries. On March 6, some 50,000 farmers and supporters demonstrated in Spain. On Feb. 20, 50,000 European farmers demonstrated at EU headquarters in Brussels, against the European Union free market-based "Agenda 2000." Similar protests are taking place in Argentina.

Contract farming, derivatives, and feudalism

What is the USDA Outlook Forum perspective on this upheaval? The message of the many panels and speakers was: Farmers must adjust to a radically different system—one with farming under contract, using derivatives, risk management, and insurance, and allowing mega-companies sweeping rights to patent seeds, to control inputs, and to control marketing and processing. This is to be so, domestically and internationally.

The second plenary session at the beginning of the conference on Feb. 22 was entitled "Marketing Issues and Strategies for the New Millennium," moderated by reporters. The message was, "contract" farming for all commodities is the wave of the future. A farmer is to sign a deal with a cartel company for inputs, crops, or livestock, on the cartel's terms. Or else.

Do you think you need protection? Another USDA conference panel offered "Agriculture Risk Management Tools for the Future." Here, an advocate of derivatives and speculation, Joe Dial, a former commissioner on the Commodity Futures Trading Commission and now a consultant for Global Derivatives Market Development, gave a wild-eyed pep talk on "Farmers and Derivatives—A Successful Combination in the 21st Century."

He praised what he called "The 'Elecular' Revolution of the 21st Century." By this he meant that farmers should use "electronic commerce" to contract themselves to some cartel company, such as Monsanto, DuPont/Pioneer, or Optimum, for use of their controlled seed/molecular science, whose product will then go into the food chain by contract with one of the cartel processing and marketing companies.

Glickman spoke of "the new, contract-oriented farm economy," demurring only that there were threats to the farmer from "lopsided contractual terms." He admitted, "The large interests gradually seize the bulk of the revenue and the management control, and the worry is, as Prof. Neil Harl of Iowa State University recently put it, that American farming could end up being reduced to nothing more than a generation of tractor drivers."

This neo-feudal system for farmers was glowingly presented in a panel on Feb. 23, which addressed the prospects for Brazil replacing the U.S. Midwest as the center for cartel world soybean production. On a Feb. 23 panel titled "Competition from Latin America," Dr. Michael Cordonnier, president of Soybean & Corn Adviser, Inc., used maps and statistics to describe the rapid pace of bringing Amazonian scrub land, the Cerrado, under the plough for soybeans, to the point, he predicted, where Brazil will soon be the world's "principal" source of soybeans, and the United States will be the "residual" supplier. Although Cordonnier did not identify the companies and financial interests involved, he noted that they are the same worldwide.

Cordonnier described the "one world" view of commodities this way: "Today, it is not uncommon to see a rapid pace of export of soybeans and soy products out of Brazil immediately after harvest, and then to later have imports of soybeans into Brazil to supply its domestic needs. This globalization is also evident in the United States when poultry producers in the Southeastern U.S. find it advantageous to import cheaper Brazilian soybeans than more expensive soybeans from the Midwest.

"This free flow of agricultural commodities has been aided by the fact that many companies involved in this commerce have operations in both North and South America. With continued consolidation in the agricultural sector, this integration of global markets is certain to accelerate in the future."