COMMODITIES

Coal policy furor starts resource policy debate

Secretary of the Interior Cecil Andrus's announcement on June 4 of a new federal coal leasing policy has provoked an unprecedented anti-environmentalist backlash on Capitol Hill. The hostile reaction to Andrus's offer of leases on 1.5 billion tons of coal on federally held land from 1980-82 is a continuation of the ruckus which erupted last month over Administration efforts to push through a Natural Resources Department; and of disgruntlement over the new Alaska lands bill.

Many nonfuel minerals producers and processors in the U.S., as well as commodity investors, are presently taking the attitude that the fight in Washington over coal policy will only affect them insofar as increased use of coal for energy production may affect energy costs. In the words of one New York area minerals firm executive, "this Administration is so bad we wouldn't go anywhere near those coal leases."

We warn though that the fight in Washington now breaking out over coal will have lasting effect on national resources as a whole, especially in terms of environmental legislation and valuation of capital investments in land development for industrial uses.

Who's opposing environmentalists

Andrus announced the new coal policy as part of a "public relations" effort to back up the Administration's intention, announced at the International Energy Agency conference two weeks ago, to decrease U.S. oil import dependency.

Sources on Capitol Hill, though, are decrying his offer to open more federal land to coal development as a phony. One subcommittee aide

AGRICULTURE

National Grain Board bill presses cartel plan

Knowledgable Washington sources assert that Rep. Jim Weaver's (D-Ore.) H.R. 4237 "hasn't got a chance" of getting through, "this year, at least." But there is a concerted "use the food weapon" push behind the bill to establish a "National Grain Board" as sole marketing agent for U.S. grain export, an institution which, in the words of its author, would jack up American grain prices in the same way the OPEC oil cartel has raised petroleum prices.

At the press conference Rep. Weaver held last month to present the bill, American Agriculture Movement (AAM) spokesman Bill Bitner announced that the AAM would form a "National Barrel-for-a-Bushel Committee" to rally support for the proposed grain board through offices to be set up in every major grain-producing state by early June.

A week ago, moreover, Senator George McGovern railroaded through the Senate a mandate to President Carter to create an international cartel with Canada, Australia and Argentina to control the production and trade of wheat worldwide. The mandate specifically directs the President to require that OPEC pay a higher price for American wheat because of the high price of oil.

Food Weapon Á La Kissinger

The McGovern resolution was a significant step in the campaign to use the "food weapon," á la Henry Kissinger, against OPEC. Now the move to set up a National Grain Board is meant to break down opposition to the cartel scheme and food weapon approach among farm producers, agribusinessmen and grain traders, and to prepare the infrastructure for the international cartel apparatus at the same time. As an aide to Rep. Weaver told *Executive Intelligence Review* this week, creation of the grain board will naturally reported that the Department of Interior will now have to spend a quarter billion dollars simply to process the leases over the next year with the required seven types of Environmental Impact Statements.

"A proper analysis" of federal coal leasing offers, the source underlined, "should look to what those lands *could* produce if we didn't have environmental obstructions." The 1.5 billion ton "cap" on the new leasing program is an arbitrary, drop-in-the-bucket figure when compared to the many tens of billions of tons in reserves known to exist under those federal lands.

Interior's policy is one of "control of low growth," he added. This is dramatically shown by the Alaska bill, passed last week, through which the Administration will clamp down on any further oil and gas leasing on tens of millions of acres.

The mood on Capitol Hill is shifting so fast in favor of coal production, the source concluded, that the Justice Department has just issued a Coal Leasing Amendment statement which accuses Interior of constraining coal production.

Although these attacks on Andrus and environmentalism are long overdue, if their only purpose is to feed the coal fad, then the policies they will produce will be just as disastrous as those presently in effect.

For example: for nonfuel minerals producers, the proposed massive push into coal will enormously increase the value of mineral-bearing land, encouraging pyramiding of land speculation. Under such conditions, the cost of investing in or maintaining capital equipment for mining development will rise with diminishing returns, a situation which will encourage cartelization of minerals production. Only the very large producers—such as the oil companies which are not only diversifying into coal, but are determined to get their hands on copper and other nonfuel minerals as well—will be in a position to foot the costs of maintaining such land-related investments.

Some "smart" investment houses, it should be noted, are acutely aware of the fast-moving effect which shifts in U.S. energy supplies can have on nonfuel minerals prices. This week, the commodities division of one leading New York investment house boasted that they were pushing the line that copper prices will reach an astronomical $1.60-1.80 per pound this year, as a result of the oil price crunch.

—*Renée Sigerson*

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lead to U.S. cooperation with the Canadian and Australian Wheat Boards.

Highest Possible Prices

H.R. 4237 would amend the U.S. Department of Agriculture's Commodity Credit Corporation charter to create a National Grain Board within that body to "provide the highest possible prices in foreign markets for American agricultural producers, to provide price and supply stability in domestic markets ..." among other things. Spokesmen for Rep. Weaver have proposed $4.00 as the bottom line for a bushel of wheat.

The board would have sole jurisdiction over all grain that is exported (unlike the Canadian Wheat Board, its jurisdiction would allegedly not extend to the domestic trade). Commercial grain traders would have to purchase grain from the board at a price not lower than the established target price (or, in the case of soybeans, a newly established floor.) Not only would it be illegal to sell abroad any grain at less than the target price, but it would be illegal to sell for export any grain that was to purchased from the grain board, or to sell already-owned grain without the board's approval of pricing and conditions.

Hearings on the bill were held starting June 5 at a joint session of the House Agriculture Committee's Subcommittee on Livestock and Grains and Subcommittee on Department Investigations, Oversight and Research. If the bill becomes law it would go into effect on Oct. 1.

While the bill has 32 sponsors, its announcement brought a flood of requests to testify against the proposal from amongst grain producers, traders and agribusinessmen generally. The USDA itself nominally opposes the bill. In part, this is the result of tenacious progrowth pressure from within the Department.

The USDA will justify its opposition on the principle of "noninterference" in the "free market"—the slogans by which administration forces hope to rope these same layers into a compromise formulation.

The American Soybean Association explicitly opposed the "food weapon" at the hearings, with a statement that a world food cartel would be immoral in its effort to hold the hungry hostage.

Spokesmen for the American Farm Bureau Federation emphasized their opposition to the proposal, insisting that it just plain won't work, and proposing that OPEC give more food aid to the Third World and the the U.S. promote capital intensive agricultural development, such as the promising poultry industry, in the developing sector.

—*Susan Cohen*