

of due process. The court case on which this injunction was based has been resolved, and a new set of guidelines, addressing the issue of due process, is expected to appear very soon. Although the officials at the Kansas State FmHA told *EIR* that they do not keep centralized records, they estimate that approximately 250 foreclosure cases are pending there. Although this represents only 3.3% of the borrowers in the state, rapid action against these farmers could have a devastating effect on the psychology of the farm and financial community there, without any visible positive action on the part of the Reagan administration.

The Farm Credit Administration could also play a decisive role. Described by economist Irwin as functioning like the Federal Reserve for the cooperatives, and enjoying the same nominal independence from administration policy, the FCA could plausibly move to tighten up the loan approval procedures of its members, particularly if a large and spectacular bankruptcy had just occurred. With agricultural machinery being sold off for 25¢ on the dollar, top producing dairy cows bringing \$450 each at the slaughterhouse, and the land market in an accelerating plunge, high-risk loans are probably widespread. The commercial banks themselves could also be the targets of the regulators, and Federal Reserve chairman Paul Volcker has shown himself willing to take the executioner's role before.

However, the bankers are at this point the most politically organized of the groups, and therefore might be likely to resist attack. The least political risk might be run by the insurance companies, which hold \$12.5 billion in land-based debt, and could act to "protect their shareholders" by a sudden reduction in this exposure. There is, clearly, no lack of possible and effective means to destroy the rural credit system at this point. But why would anyone do that?

The common theme of most analyses of the farm sector in recent years has been the emergence of a two-tier structure in American agriculture, in which very large and relatively small farms are thriving, while the mid-sized independent producer experiences growing difficulty. The emergence of this two-tier system provides the best indication of the grim future intended by the financial powers manipulating the current crisis.

Billy Davis, Independent Democratic vice-presidential candidate and the running mate of Lyndon LaRouche, described it this way in a nationally televised address on Sept. 3: "When [Walter Mondale and the cartels] talk about 'family farmer,' they talk about a guy with a grub-hole and 10 or 12 acres of land who has a job in town. They're not talking about the independent American farmer, the guy from \$40,000 to \$100,000 gross income that's been the backbone of this country. They intend to remove him completely from the scene. If he does not willingly go into a contract situation, where he becomes 'vertically integrated' into these cartel corporations, then he will be wiped out."

USDA covers up the world grain crisis

by Marcia Merry

On Sept. 12, the U.S. Department of Agriculture (USDA) released its annual fall update on world crop production, a transparent cover-up of the global grain crisis.

Total world grain production this year, according to the USDA, will be 1.59 billion tons—called a "record" harvest. Not only does this figure overstate production in many regions; it conceals an enormous shortfall relative to world requirements, a gap which translates into mass starvation in Africa and other famine-struck regions.

A proper reading of the world grain situation also shows that the United States—hitherto the world's largest grain exporting region—is imposing upon itself such severe restrictions on grain output, while shipping huge quantities of grain to the Soviet Union, that the future of the American grain supply has become a national security question.

The figure of 1.59 billion tons of grain works out to less than 15 bushels of grain per capita—and less again, when you correct for the USDA's persistent overestimate of grain harvests. The 15 bushels is an increase over the world average of around 11 bushels per capita in the early 1960s, but a person requires a minimum of 24 bushels to receive a healthy diet, including the feedgrains that go into meat and milk production. Until about 1979, world grain output per capita was rising, reaching almost 18 bushels a person. But since then, world production per capita has fallen.

In Africa, domestic production plus food imports have fallen each year for over 10 years, until now malnutrition has overtaken 150 million people—one-third of the continent's population.

To provide even minimum food levels, the 1.59 billion tons of grain output needs to be doubled. The USDA's reported total of 785 million tons of world feedgrains should be tripled, at least. However, political networks connected to the world food cartels, in conjunction with the Soviets, have moved to reduce grain output, especially of feedgrains, over the last 10 years. The United States is the key target, since it accounts for 50% of the world's feedcorn output, and 60% of world soybean production—both top animal feeds.

U.S. output declines

The last two years of grain harvests in the United States have been a watershed in the reduction of world food supplies. In 1983, the Payment-In-Kind (PIK) program was enforced, inducing farmers to take a record one third of U.S.

grainlands out of production. When a 50-year record drought hit the nation, grain output plunged. The corn harvest fell 50% compared to 1982 levels. The soybean harvest fell 33% from 1982. Wheat output fell "only" 15%, because, fortunately, most was harvested before it could be damaged by the drought. In order to depress wheat output further in 1985, the USDA decided to continue the wheat PIK another year, through special acreage reduction cash premiums.

Under the PIK program of 1983, U.S. stocks—the grain in storage either on farms, in government or commercial elevators, or elsewhere in the pipeline—were vastly depleted in one season, because farmers were given payments in the form of entitlements to stored grain. The government did not even have enough to meet its contracted obligations. Since spring 1983, scandal followed scandal over the USDA's overstatement of soybean and corn stocks. National hog and cattle inventories began shrinking as feed costs climbed.

Nevertheless, the food-cartel policy for 1984 was to further reduce U.S. grain production, in order to "prevent re-

FIGURE 3
States producing over 50% of national corn and wheat output

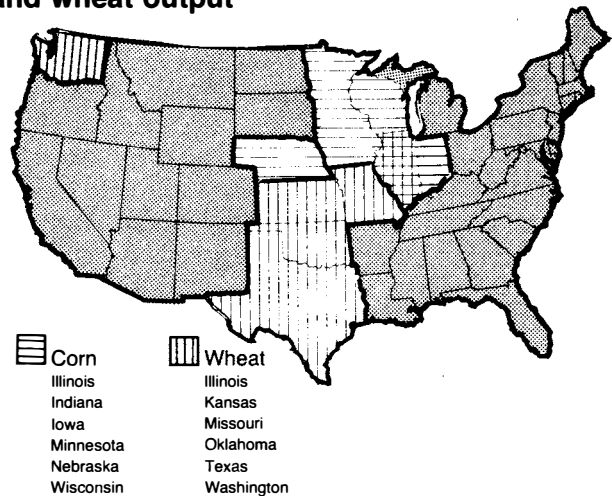
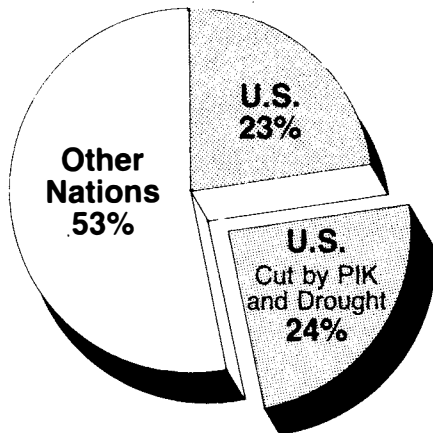
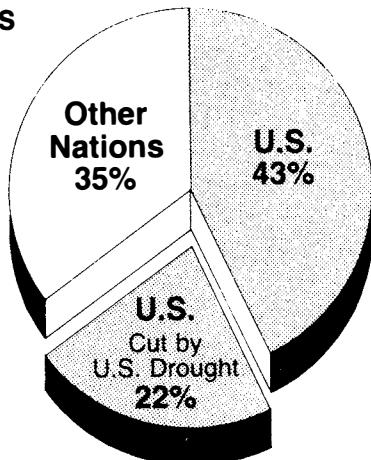


FIGURE 2
Drastic fall in U.S. animal feedgrain production, 1983

CORN
WORLD
PRODUCTION



SOYBEANS
WORLD
PRODUCTION



curing surpluses." This was implemented by preventing needed emergency measures for low-interest crop production loans, and preventing stays on farm foreclosures. The total grain crop this year is reported to be about 307.8 million tons, as compared with the 205.8 million ton disaster in 1983. But the media and the USDA are using the words, "big" and "record" to confuse the public, and to justify continued low prices to the farmer. For example, you will read about the 1984 estimated corn harvest being "big," because it is 81% larger than last year's disaster level of 4.17 billion bushels—the lowest since the 1960s! The USDA has overstated 1984 wheat production, in order to justify cash premiums and early sign-up for 1986 wheat reduction programs. The other crops are reported in the same fashion.

During this same period of decline in U.S. grain output, Soviet purchases from the United States soared. A Hoover Institute study estimates that the U.S.S.R. has 92 million tons of grain or the food equivalent in strategic civil defense stockpiles. Since the Long Term Agreement (LTA) covering grain sales between the United States and the Soviet Union was signed last summer, the Soviets have received 23 million tons of U.S. grain, over half of their total imports this year. The Soviets are importing from the West close to a quarter of all world grain traded. The price they pay—if they do pay at all, which is a secret closely kept by the cartel trading companies—is below the farmers' cost of production.

For the second LTA trade year, beginning in October, the Soviets have already pre-booked their limit of corn—8 million tons. On Sept. 11, President Reagan unilaterally lifted the ceiling on annual U.S. grain exports to the Soviets during the LTA year from 12 million tons to 22 million tons. Now the Soviets are permitted to import the grain that the United States does not have.