

Agriculture by Marcia Merry

Soviets demand record food imports

Drought and scarce food stocks in the United States mean millions of Americans could go hungry.

The Soviet Union is importing U.S. grain and other foodstuffs from the West at record rates. With the ongoing drought and poor crop and livestock conditions now prevailing in much of the farm state heartland, millions of Americans face malnourishment and hunger. In Third World nations dependent on grain imports from the United States, the lack of stocks means certain death for millions.

The Rome-based U.N. Food and Agriculture Organization reported last month that this year, there will be only 9.5 million tons of grain pledged to the world food relief program by the United States and other donor nations, due to the effects of drought in the North American grain belt and record Soviet rates of imports. The annual level of 10 million tons for food relief is considered a minimum, and for the past few years, a total of 12-13 million tons of grain has been pledged and distributed.

The conditions for the 1989 wheat harvest are very poor in Kansas the heart of the U.S. wheat belt. On March 27, Kansas Gov. Mike Hayden officially called for federal drought-relief action and invited the secretary of agriculture to visit Kansas to inspect the damage. Hayden said in his request letter, "The dry conditions and unusually volatile temperatures in Kansas have significantly injured this year's wheat crop." Kansas alone accounts for almost 20% of the annual U.S. wheat harvest, and a much higher percentage of high-quality bread wheat.

On March 29, the purchase by the Soviet Union of 450,000 metric tons of U.S. corn—completing a total of 1 million tons of corn purchased that

week alone, brought the total for the trade year to date (Oct. 1, 1988 to Sept. 30, 1989) to 15.2 million tons of corn and wheat. This is more than the entire 14.6 million tons of corn and wheat purchased by the Soviet Union during the previous 12-month trade year. And there are still six months left to go.

In addition, the Soviets have bought at least 1.133 million metric tons of soybean meal from the United States. It is to be presumed that more sales have been booked that are not yet announced officially.

U.S. trade officials project that the Soviet Union may buy over 35 million tons of grain this year from all sources, but the eventual total shopping list may add up to over 50 million tons.

Because of last year's devastating impact on corn, sorghum, spring wheat, and other small grains in the Northern Plains, the Soviet buying spree has cut deeply into scarce stocks that would otherwise go to domestic needs and to grain-dependent Third World nations.

The USDA's view of this was expressed during the 1988 drought months by Assistant Secretary for Economics Ewen Wilson, who said that stocks will be sufficient because there will be "rationing by price." In practice, this means that the USDA sanctions huge food price rises for consumers, cutting off Third World customers, and meeting every demand of the Soviet Union as if it were tribute to imperial Rome.

To make matters worse, the USDA is giving away scarce government-held grain stocks (Commodity Credit Corp.) for free to the grain cartel com-

panies (Cargill, Bunge, Continental, Louis Dreyfus, Garnac/André), for them in turn to offer the Soviets subsidies on their grain purchases. For example, a sale of 400,000 metric tons of wheat to Russia in March had a subsidy worth \$22.06 a ton. This is over \$8.8 million for just this one purchase.

Agriculture Secretary Clayton Yeutter has testified to Congress this winter that these subsidies—called the "Export Enhancement Program"—must continue, despite any budget considerations. When pressed by members of Congress on whether Yeutter planned for the USDA to maintain its domestic food assistance programs (to institutions, the needy, and so forth), he would make no such commitment.

Domestic distribution of CCC stocks to the needy have been cut almost to nothing. Very little wheat flour or cornmeal is being made available, and no milk powder. The stocks are gone.

For the general consumer, the price of a loaf of bread has gone up from about 99¢ a year ago to about \$1.05. January and February of this year marked the largest increases in food prices for any equivalent period in decades.

This is just the beginning. The prospects for crops and livestock in 1989 are grim, due to the lingering impact of the 1988 drought, and to poor weather prospects. What this means you can expect, in terms of wheat, for example, was described by Monty Johnson, general manager of the Southeast Nebraska Co-op in Beatrice, Nebraska: "First of all, you have to look at the price for the old crop and the price for new crop grain. And right now, the main inspiration in the market is the tightness in old-crop supplies combined with concerns about the new crop."