MIDWEST RAINS CONTINUE

World Corn and Soy Crop, U.S. National Economy at Risk

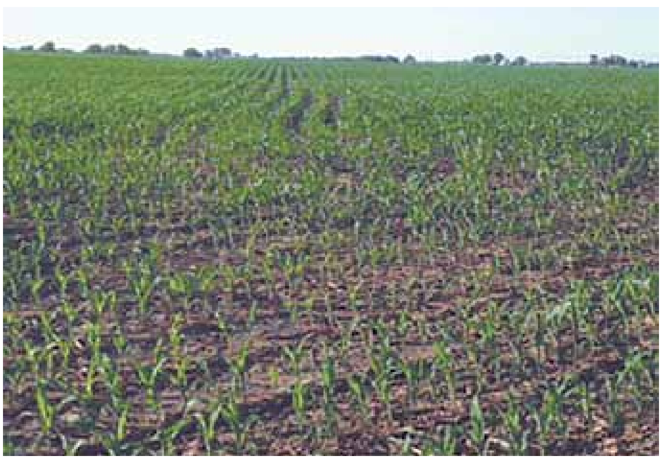
by Marcia Merry Baker

May 31—Farmers in large parts of the U.S. Midwest farm belt, whose planting and crop emergence have been held back by soggy fields, are now at a critical decision time. They and the nation face major consequences. For the world, the U.S. corn harvest accounts for over one third of the annual total, and U.S. soybeans over 25%. The crops are way, way behind schedule. But the implications are far broader than even a one-off bad crop year. There are simultaneous crises. The question is, what will citizens and leaders do, not only about the flooding and agriculture emergency, but about the national economy—industry, infrastructure, power, and international strategic relations.

The prolonged high-water in the Missouri-Mississippi River Basins is setting many records for high crests, continuous flooding and devastation. All the farm states from the Dakotas south to Louisiana are affected. As of Memorial Day, evacuations were underway in parts of Nebraska, Iowa, Missouri, Kansas, Arkansas and Oklahoma. This is the heart of the U.S. farm belt. Iowa and Illinois alone account for 25% of all U.S. soybean output. Navigation is extremely disrupted, affecting fertilizer and chemical shipments going north, and grain, south. On May 23, the U.S. Coast Guard announced that the Mississippi and Illinois Rivers were closed near St. Louis to "all vessel traffic due to extremely high water levels and fast-moving currents." This is the second time this year.

For these Midwest agriculture states, this disaster comes atop years of low income—below costs of production for family farms. They are being driven out of business, even though many have worked off the farm for income to make up for their agriculture losses. The chief cause is the continuing globalist monetarist policy which asserts the fake narrative that commodity prices to farmers are export-dependent, and there is nothing you or your nation can do about it. It's "the markets," as the World Trade Organization (WTO) asserts, whose founding slogan was "One World, One Market." In fact, low prices to the farmer are attributed to "overproduction." And, in recent years, the mega-retail transnationals—WalMart, Carrefour, Costco, are driving down prices even more, destroying farm communities.

Add to this the further destabilization to U.S. farm-

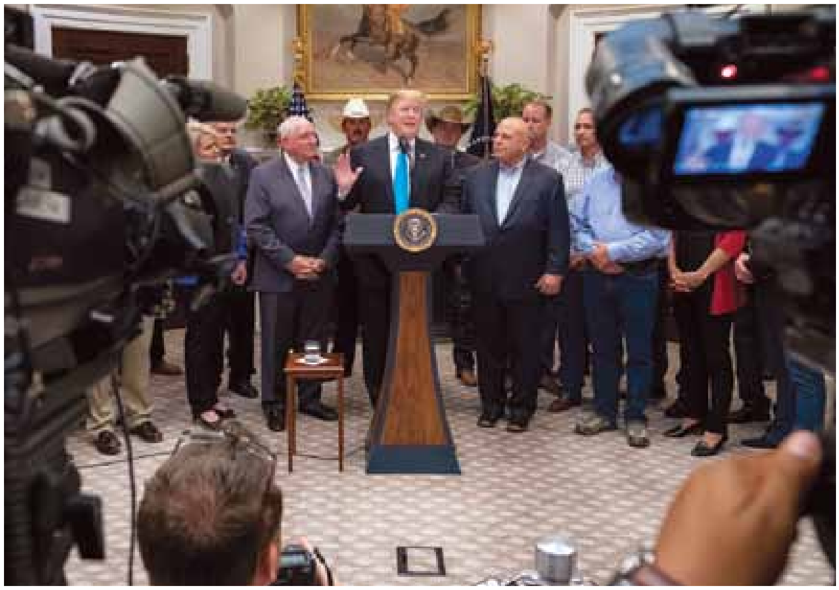


Robert L. Baker

Robert L. Baker

The same corn field in prime farm land in Keokuk County, Iowa, showing growth as of May 29, 2018 (left), and May 29, 2019. This crop may either have to be replanted, with a much lower per-acre yield, or will be a total loss.

ers over the last 15 months, from low prices and prospects connected to the trade conflict with China. President Donald Trump is rightly trying to correct the WTO-era legacy of bad trade patterns, but negotiations with China to date are stuck, because of avoidance of the required core policy shift: stop the transnational firms of Wall Street/City of London from imposing their WTO "global sourcing" practices of cheap production, commodity speculation and domination.



White House/Tia Dufour

President Trump delivers remarks supporting America's farmers and ranchers in the Roosevelt Room of the White House on May 23, 2019.

On May 22, President Trump announced aid to farmers, to be done to counter what the White House termed, China's "unjustified retaliation and trade disruption." The United States Department of Agriculture (USDA) will implement a $16 billion package of $14.5 billion in direct payments to producers—the "Market Mitigation Program," and $1.4 billion in funding for Federal commodity purchases of surplus product for use in schools and charity, and $100 million for expanding export prospects. Flanked by farmers and ranchers at a White House media event, Trump announced "We will ensure our farmers get the relief they need and very, very quickly."

A $19 billion aid package (for the Midwest flooding zone, California, Gulf areas and Puerto Rico) has been pending for weeks in the House, but they left town on May 24 for Memorial Day recess without so much as a vote on even straight disaster relief for the Midwest flooded regions—emergency measures, grants and credit for rebuilding, etc., even though the Senate had voted the previous day 85 to 8 in favor, and President Trump said he would sign it.

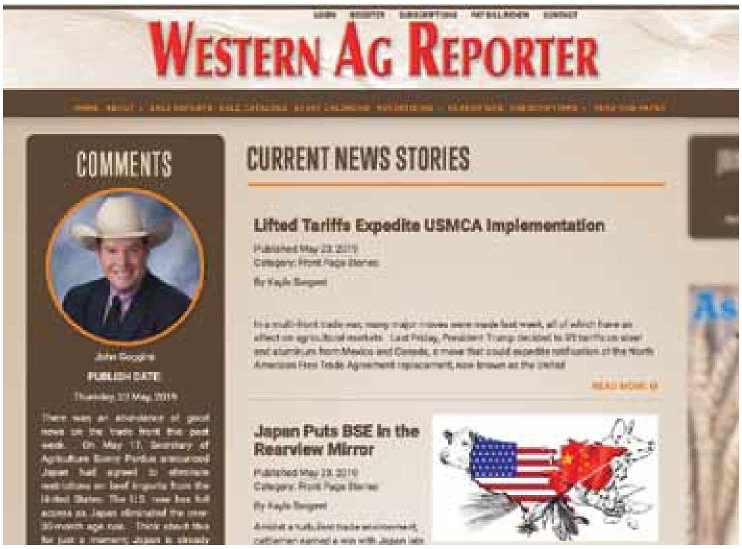
Then, on May 30 came still another source of uncertainty, this time affecting U.S.-Mexico trade. President Trump announced his intention to impose a series of new tariffs, "until the illegal immigration problem is remedied." He specified a 5% tariff on all imports from Mexico starting June 10, rising to 15% in August, 20% in September, and 25% in October, unless the Mexican government acts to stop illegal immigration across the border.

Meantime, the damage toll mounts from the heavy rains, wind and flooding in the Missouri-Mississippi River basins, and it is predicted to continue well into June, exactly on the timetable forecast by the National Oceanographic and Atmospheric Administration (NOAA) in March. Given this advance warning, the lack of timely response, and need for infrastructure is glaring.

Leaders: 'Sit Down at the Table'

Therefore, before reporting more details of the flooding impact and these other aspects of the crisis—all but blacked out of the major media—it is worth stating right up front: the best thing that can happen is for the leaders of the world's major powers—President Trump, President Xi Jinping of China, President Vladimir Putin of Russia, and others—to meet, and commit to proceeding to the benefit of all concerned on economic relations. The content of their discussion, needs to be how to further the fullest development of the agriculture, industry, culture (education, the arts), science and technology, and a modern infrastructure platform in their respective nations, and others as well. The positive impact of such a policy is already being felt in those countries participating in China's historic Belt and Road Initiative process.

President Trump has stated over and again his desire for friendly, productive relations with Putin, Xi and other leaders. He recently mentioned his intention to meet them June 26-28 in Osaka, Japan at the Group of 20 Summit. Given that not only is the Mueller Report out and should be done with, and that the truth is coming out publicly that British intelligence is behind Russia-Gate and Trump-Gate, colluding with



corrupt Americans against Trump and the U.S. election system, the way is now cleared for him to move on such meetings.

We could be at the beginning of a new era of mutual benefit to the world. The banner for initiating the process is international collaboration on space exploration and development.

This strategic approach to ending the era of "free" trade damage, and lack of action on the economy at home, rings true among farm state leaders. For example, in Montana, this is what John Goggins, the publisher of the *Western Ag Reporter*, wrote in his lead editorial May 16, "United States and China Still Butting Heads":

> Well, here is what I think needs to happen. I know it may be a little unorthodox, but I feel President Trump and President Xi need to quit relying on their trade negotiators and sit down at a table and get this deal hammered out between themselves. President Trump needs to quit tweeting, and instead call President Xi right now and get a meeting set up. We don't need to wait until the end of June for this to happen. Time is of the essence.

The monthly newsletter of the Kansas Cattlemen's Association has carried the same message. In Robert L. Baker's regular column, Hey, America! Beef-Up! No. 32, in the May 2019 issue, "Disaster Response? Break with the Wall Street Loser System," he states:

> The way is open to move in the direction of the policy mandate that elected President Trump, toward economic betterment of the nation, ending the geopolitical warfare actions [and economic confrontations] . . . and instead move for high-level collaboration with China, Russia and other great powers, as Trump spoke of during his campaign. . .With this spirit of collaboration, concrete programs can be worked out, no matter how complicated.

End the WTO Era

Strategic collaboration among the major powers can finally put an end to the WTO era. It is worth re-stating the point: the anti-nation, anti-development principle embodied in the World Trade Organization (1995), the North American Free Trade Agreement (1994), the attempted Trans-Pacific Partnership (2016) and similar pacts, is that any one nation's support and development of its own agriculture, industry, technology, etc. is by definition, depriving a trading partner nation of an opportunity to sell goods and services into that nation. Translation: The transnational cartels of mega-companies—which do the trading—want to continue what they believe is their right to dominate and concentrate production wherever they choose. This is the old British free trade system in action. We fought a revolution to get rid of it, and created the American System.

Look at the awful logic of WTO conflict resolution motions filed between nations regarding food commodities. For example, the United States. government filed a WTO action against China, on the claim that if China aids its domestic corn growers—which it wants to do, to support a growing livestock sector—then this deprives the United States—meaning Cargill, Louis Dreyfus, and Bunge, from sourcing cheap corn from the U.S. corn belt, to sell to China.

Another example: Canada filed a WTO action against the United States, claiming that if Country-Of-Origin Labels (COOL) were allowed to be put on meat for U.S. consumers, this would inhibit the ability of Canada and other "nations"—meaning the private cartel firms—to sell meat in the U.S. market. So COOL was banned in the United States in 2015, after it had been in effect for two years. Now most U.S. consumers who buy "grass fed" beef—currently popular—probably don't know that 85% of what they're eating is imported from Australia, South America or elsewhere, at big profits by the globalist trading houses, and with low prices paid to cattlemen in every country involved.

There are hundreds of examples of this. This situation has come about, not as the result of nation-to-nation deals, but as Wall Street/City of London related cartels bulling through anything they want, against the interest of all nations caught in their web, as a result of the WTO regime.

In every category, the U.S. food supply has been outsourced by the mega-firms, to the detriment of the farm sector in all trading countries concerned. One more example proves the point. Ninety percent of U.S. consumption of frozen broccoli is now imported from Mexico and Central America, arranged by the "Jolly" Green Giant and the other transnationals.


USDA

A flooded farm in 2019.

International Cooperation, Federal Planning

How might things be different were Presidents Trump and Xi to get together on agriculture trade? Take the prominent case of soybeans. China's national plan for raising nutrition levels, calls for more meat in the diet, and expanding the livestock sector. China can therefore use large amounts of soybeans for livestock feed. The United States has a big soybean output capacity and can supply China's needs.

What to do if this year's U.S. soybean harvest is a weather disaster? It can be worked out, nation to nation, with other partners.

Moreover, it is now time to confer on U.S. contingency plans for the future, as China succeeds in producing more of its own livestock feed, and the U.S. will benefit by supporting its farmers to diversify to other crops and trade patterns. This will be the opportunity to increase the number of young farmers, and family-scale operations, through parity-based pricing, and what has been traditionally called "production management," referring to encouraging or discouraging the agriculture commodities so as to benefit the national interest, not London/Wall Street cartel objectives.

Look at another commodity, pork. China is currently dealing with a swine fever outbreak, in which over a million hogs have been lost directly from the disease itself and from culling to prevent the spread of the disease. As a result, the Chinese pig breeding herd is down over 20% from last year. Pork imports can add greatly to fill their domestic supply shortage. The United States has a big pork production capacity and could help make up the deficit. The point should be clear, and it applies to all categories of trade, from industrial to services, even including communication electronics. The time is past due, to end the geo-economic conflict approach, the legacy of British geopolitics.

For the flooding disaster in the huge Missouri-Mississippi Basin, all possible emergency measures must be taken to restore and rebuild damaged and destroyed infrastructure, as well as full-scale domestic support to family-farm agriculture and other sectors, and international collaboration, that violate WTO rules! A full Federal mobilization is essential for whatever can be done in the short term in the farm counties for debris clearance, stopgap levee, roadway, and rail work; and financial support measures for farms, including a moratorium on any farm foreclosures, indemnities for lost crops and livestock, credit extension, and a return to parity pricing. At the earliest time, the reinstitution of the Glass-Steagall law, re-regulation of commodity speculation, and a national infrastructure bank are crucial, not just for agriculture, but for industrial rebuilding of the nation.

An obvious infrastructure priority is to build the additional dams and structures (levees, diversion channels, etc.) needed for the full management of the Upper Missouri-Mississippi River Basins.

Look at the example of the value of spillways. One marker of this year's massive volume of Midwest river

USACE

The Bonnet Carré Spillway diverting excess Mississippi River flow.

or not planting, taking into account multiple factors besides crop science, such as their crop insurance options; what the rigged "markets" will do; what their banks tell them, and what will happen to resolve the China trade conflict. The first payments from the USDA Market Mitigation Program, at so much a bushel or other production unit, is supposed to come July or August. And after that, in the fall, and next January, if "warranted" according to a May 23 White House statement. But this is a supplement to an underlying price, which may be very low. This was how the 2018 farm "Trump money" worked, as it is called.

runoff, is that the two huge diversion channels on standby on the Lower Mississippi—very seldom used—will now both be in operation as of the first week of June. On or around June 6, the Army Corps of Engineers plans to open the Morganza Spillway, marking only the third time they have done so in 46 years. The structure was opened in 1954, and used during the floods of 1973 (for 56 days) and 2011 (for 55 days). The water will spill into the Atchafalaya Basin.

On May 10, the Bonnet Carré Spillway was opened in Louisiana. Since its first operation in 1937, this is only the 14th time it has been used, and the second time this year (February 27 was the previous date)—a record. The water is channeled into Lake Pontchartrain, and thence into the Gulf of Mexico. Both spillways divert water away from New Orleans, which nevertheless is still under threat from the huge runoff now underway.

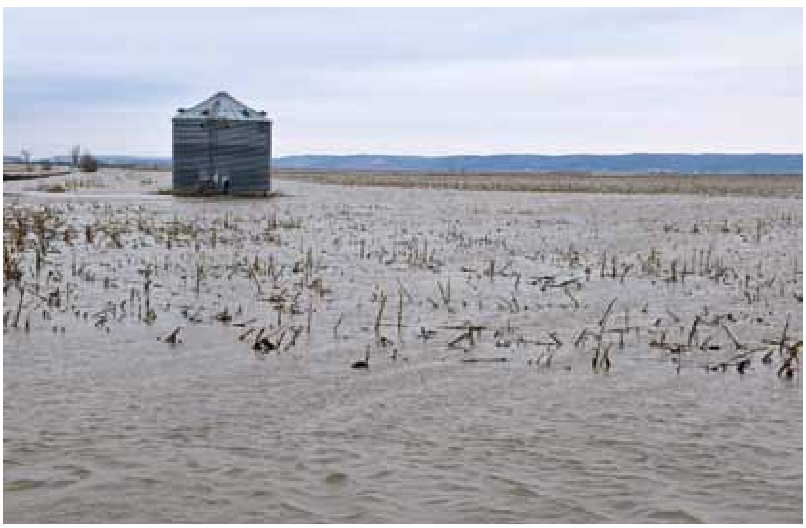
Leaders from many Missouri-Mississippi states have activated not only their own relief and logistics agencies—from the National Guard, to social services—but have also appealed to many federal agencies for help, including besides the Federal Emergency Management Agency and the Army Corps of Engineers, the Department of Agriculture, the Coast Guard, the Centers for Disease Control and Protection, and more.

Planting Is Late, Crops Are Slow

Farmers in the Midwest are now trying to make decisions on planting, re-planting,

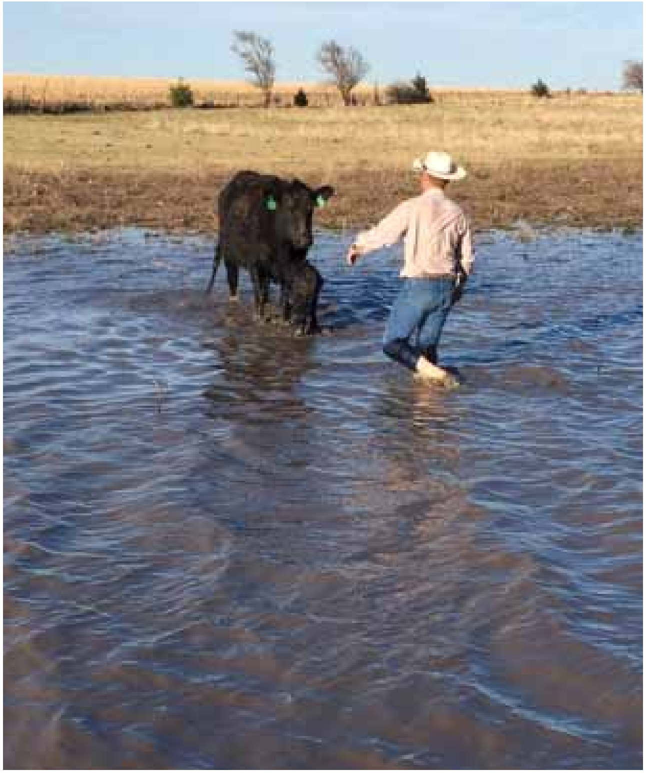
By the end of May, planting is very limited, and crop emergence very slow. According to the May 28 weekly *Crop Progress* report by the USDA, the five-year average of corn planting as of May 26 would be 90% planted, with crop emergence at 69%. But as of May 26, corn is only 58% planted, and emergence is only 32%. For soybeans, as of May 26, usually 66% is planted, and 35% emerged. But this year, as of May 26, only 29% is planted, and only 11% emerged.

All of the top 18 corn-producing states, which account for 92% of all U.S. corn produced, are below their five-year averages for planting and emergence. Same



Public Domain/Jason Johnson

This Percival, Iowa farm is still under water on March 28, 2019, ten days after the Missouri River inundated the area.



Thomas Holthaus

A Kansas farmer rescuing a mother cow and her newborn calf from May flooding.

thing with the top 18 soybean states, which account for 95% of the U.S. soybean crop. Farmers who cannot plant corn, had until May 31 to file an insurance claim, called a "prevented planting" filing insurance claim with the Federal Crop Insurance Corporation, a wholly owned government corporation managed by the Risk Management Agency of the USDA that administers the Federal crop insurance program, will get a payment from Federal Crop Insurance, if they have such a policy. They can either leave their fields fallow or sow a different, shorter-season crop, which they have to decide on, based on credit, input costs, weather and soil conditions, etc. Meantime, more rain is projected in the Plains states, and in the Western and Northern corn belt, in particular, well into June. Nebraska had snow on May 21!

The Consequences

The implications are huge. The May 20 issue of *Successful Farming* magazine discusses the possibility of a dramatic plunge in corn area, quoting University of Illinois economist Scott Irwin: "I think the starting point right now is a 5-million-acre reduction in corn acres." Given that these are high-yield acres, it is a significant (6%) drop from the over 80 million acres usually planted nationwide annually in recent years. Today, the United States has the largest percent of *unplanted* corn acreage in its history.

To give a concrete idea of the "math" the farmer is judging, *Successful Farming* provides this estimate of how an Illinois corn grower can get more revenue from crop insurance, under a "prevented planting" claim than from actually growing a crop that people or livestock can eat:

> Insurance payments of $331 an acre for corn and $252 an acre for soybeans. By comparison, revenue [from sale to the market] could be $153 an acre for corn and $219 an acre for soybeans due lower yields and the cost, such as fertilizer, seed, and equipment, to grow a crop.

It is not known how much or how little the farmer might get under the newly announced China-trade Market Facilitation Program payments, administered by the USDA Farm Service Agency, which is supposed to provide direct payments to eligible producers of soybeans, sorghum, corn, wheat, cotton, dairy, hogs, shelled almonds, and fresh sweet cherries. The per-unit rate will be worked out on a county-by-county basis, and the volume for which the farmer is eligible is to depend on their 2019 "market" planting decisions. Some soybean growers are rushing as fast as they can to seed as much as they can. The terrible impact of this situation, coming on top of four years of low crop prices, is seen throughout the farm states.

It's no surprise that farm machinery sales are down. The leading U.S. equipment manufacturer, John Deere, announced May 17 that it now projects that growers will buy nearly $464 million *less* of Deere's big farm equipment this year, than originally expected. Details were reported May 17 by the *Quad City Times*, in Moline, Deere's headquarters. Deere's investor liaison Josh Jepsen is quoted as saying that the company plans on scaling back production 20% at its major plants. Shipments have been down, mostly of large equipment, such as tractors and combines, so production will be lowered to levels below retail sales. While Jepsen did not specify which manufacturing centers will be affected, Deere's large farm equipment is produced at its facilities in Waterloo, Iowa and Moline, Illinois.

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