

Agriculture by Marcia Merry

Reagan budget speaks 'from the grave'

It hurts producers and consumers of food, but it is helping the food-cartel giants.

When President Reagan released his budget for fiscal 1990 on Jan. 9, it was received in Washington, D.C. as "DOA"—dead on arrival. By the end of this month, newly inaugurated President Bush is expected to release his budget for fiscal 1990. So, the Reagan budget will be almost immediately outlived. However, in many areas—most prominently agriculture—the proposals in the Reagan budget reflect clearly the thinking "behind the scenes" in Washington. Or, you could say, "from the grave."

If the Reagan budget, or whatever variation of it is forthcoming from George Bush, is implemented, our nation can watch the farm crisis very shortly turn into a deadly food crisis.

Overall, Reagan proposed that the agriculture budget, covering all budget items from farm programs to total USDA staff (including thousands of dirty tricks operatives assigned to foreign missions and domestic duties under an "agriculture" cover), be cut from the present \$52.1 billion in fiscal 1989 to \$42.4 billion for 1990.

The Reagan budget is very clear about whom it hurts and whom it helps. Targeted for cuts are people who eat food and people who produce food. Singled out for favor are the food cartel companies and their pet projects to make food scarce, such as acreage set-aside and groundwater protection. These entities and projects all received funding *increases*.

Look at the proposals point by point. First the cuts.

The Reagan budget proposes a \$626 million cut in the school lunch program and school milk program,

which it is asserted, would be achieved by reducing aid to "non-needy" children. In reality, the most conservative survey estimates that there are 15 million children going hungry in the United States. The total number of Americans officially at the poverty level is around 25 million people who cannot afford a decent diet. During the 1980s, 15 million people have come to be reliant on some form of regular food relief—including school lunch programs for the children, which are now to be cut back.

The Reagan budget proposes \$5 billion in cuts from the Farmers Home Administration farm loan program. This almost guarantees mass bankruptcy proceedings against most of the 83,000 farmer borrowers of the FmHA—the USDA "lender of last resort" for a present total of 232,000 farmers. Those 83,000 received letters from the FmHA last November notifying them that they were delinquent in their loan payments, and must cooperate in loan "restructuring."

The Reagan budget proposes cutting at least \$1.1 billion, or about 5%, from the government crop programs that support farm income. He made the recommendation that the USDA should implement these cuts in such a way as to avoid the appearance of reducing the prices of farm commodities, which are already at only half of parity, that is, at half the cost of producing those commodities.

All these proposed budget cuts add up to a program of cutting farmers and cutting the food supply.

Now consider who gains.

The Reagan budget proposes that

there should be a budget increase from \$770 million to \$1 billion in the Export Enhancement Program, which is a straight giveaway to the food cartel companies (Cargill, Bunge, Continental, Archer Daniels Midland, Louis Dreyfus, et al.), and a subsidy to their chosen political partner, the Soviet Union, which is the principal beneficiary of the Export Enhancement Program.

The EEP was established by the 1985 "National Food Security Law," while Daniel Amstutz, a former top Cargill executive, was undersecretary of agriculture for international commodities trade. Each budget year since, EEP money has been increased.

The way the EEP swindle works is that government-held stocks of grain (the Commodity Credit Corp.) are given *for free* to the grain cartel companies, so they can offer low prices to preferred customers, such as the Soviet Union and China, and still maintain their profits without having to pay farmers higher prices. Both Richard Lyng, the outgoing agriculture secretary, and Clayton Yeutter, the Bush nominee for the job, are outspoken in favor of expanding the EEP. (Yeutter says it must be done in order to "compete" with the European Community.)

In reality, farmers are being forced out of operation in Western Europe, and EC food output capacity is being jeopardized, at the same crisis rate as in the United States. Says Yeutter, farmers and food-producing nations must compete in the world market on the basis of free trade and no subsidies, i.e., under cartel-determined conditions.

On releasing his budget, hapless Reagan said, "Now that the farm sector is on the rebound, it is time to begin reducing the wasteful farm subsidies that have been so costly to the taxpayer this decade." Goodbye, farmer.