

## Agriculture by Marcia Merry

### World bread crisis worsens

*True, some wheat harvests are good—but bad economic policies are fouling up the works.*

**A**t the beginning of September, news photos went around the world showing the empty bread shelves in the stores of Moscow. This dramatically illustrates how, though the 1990 wheat crop was bountiful, the crisis-ridden Soviet economy cannot manage to put bread on the table of the people. The decrepit command-economy of the Communist past is disintegrating at the same time as the introduction of "free trade" measures is also fouling up the works.

On Sept. 8, a U.S. delegation led by Commerce Secretary Robert Mosbacher is set to go to Moscow to consult, including a top official from ADM (Archer Daniels Midland), the Illinois-based giant food cartel that has specialized in reaping profits off food control. The Mosbacher mission, with the likes of ADM on board, will only make matters worse.

It has been the policy of ADM, and the other mega-companies in the world food cartel to underpay farmers in the West, while then monopolizing almost all trade in grain, and deciding which nation will have enough to eat, and which nation will not. U.S. Department of Agriculture policy has been run by these companies—Cargill, ADM, Continental, Louis Dreyfus, Continental, Bunge, and the rest.

The current world wheat picture is an example of how good harvests can be ruined by rotten economic policies.

In terms of the harvest, 1990 gave good yields in some of the breadbasket areas of the Northern Hemisphere—especially in the Ukraine and Kansas wheat belts. U.S. total wheat

production this year may turn out to be over 72 million tons, up from 55 million tons last year, and less than 50 million tons in 1988.

The Soviet wheat crop promised to be as much as 110 million tons, up from 92 million tons in 1989, and 84 million the year before.

Overall, the U.N. Food and Agriculture Organization estimates that the 1990 wheat harvest will be 3.5% more than 1989. Total world wheat output may reach 588 million tons, up from 542.5 million in 1989, and 507.6 million in 1988.

However, one good year does not refill the bins after four years in a row when world cereals production each year has been *less* than annual consumption. Wheat stocks have gone from 105 million tons in 1987, down to 96 million tons expected, as of the end of this year.

In the United States, the wheat stocks got so low in the past two years, that the U.S. Department of Agriculture violated congressional intent, and dipped into the national Food Security Wheat Reserve, set up in 1981, for use in circumstances of dire need—not routine demand.

The reserve was depleted from a designated level of 147 million bushels of wheat (4 million metric tons), down to only 60 (1.6 million metric tons) million bushels of wheat. On Aug. 28, Agriculture Secretary Clayton Yeutter pompously announced, "The Food Security Wheat Reserve has been used when wheat stocks were low and it is prudent to replenish it with higher wheat stocks due to a

bumper wheat harvest."

All this rosy rhetoric from Yeutter has just been a coverup for the cartels' policy to underpay farmers. Their argument is that there is plenty of wheat around, and so under the supposed laws of supply and demand, wheat prices are depressed. At the end of August, a U.S. farmer got between \$2.54 and \$2.83 per bushel of wheat, when his parity price (fair price to cover all costs and investment for the future) is \$7.86 per bushel.

Because wheat prices are so artificially low, French wheat growers dumped tons of wheat on the streets in Paris in June, in protest.

Chaos is reigning in the Soviet Union over prices. Under prevailing dictates, farmers are supposed to provide a specified amount of the grain harvest to the state agencies for processing, but they are not doing this. The state pays farmers 20 rubles per ton. But the farmers get 100 rubles per ton if they sell directly to the Baltic states, or to Moldavia—areas where the political ferment for autonomy is high.

In Ukraine, farmers were supposed to provide 17.5 million tons of grain. But they provided 12 million tons.

On Sept. 5, Soviet party boss Mikhail Gorbachov denounced the farmers for withholding grain. There have not been bread shortages such as this for nearly 30 years. Gorbachov sent a telegram to regional leaders ordering them to comply with his demands. He stated, "Many state and collective farmers are unjustifiably curtailing sales to the state, violating contract discipline."

The same week, President Bush stated that he was dismayed over the lack of bread in the Soviet Union. However, it is only the policy of guaranteeing farmers' income and the means of production which will guarantee daily bread for a hungry world.