

## Agriculture by Robert Baker

### The crop reports no one believes

*The USDA forecast has so little credibility, that even food cartel companies are calling for an end to land set-aside.*

**T**he next U.S. Department of Agriculture crop forecast report is due for release on Oct. 12. It is expected to be another whopper of a lie like the Sept. 12 forecast, that minimized the crop losses from the drought, and once again, stated reassurances that despite low stocks, there would be plenty of food.

On Sept. 12, Assistant Secretary of Agriculture for Economics Ewen Wilson stated that the USDA expects domestic food prices to rise only another 1%, for an annualized total of 5-6% food price inflation.

By Sept. 30, the USDA is required to release its plans for land set-aside for the 1989 crop season, and based on its overstatements of harvests and food stock levels this year, USDA officials are still talking in terms of requiring land set-asides of 10-12.5%, depending on the crop.

However, as of mid-September, despite all the USDA reassurances about grain sufficiencies, a chorus has grown louder to eliminate any land set-aside at all. No one really believes the USDA statistics.

Over the summer, various consumer lobbyist groups called for the elimination of USDA restrictions on food output. By the fall, the big guns in the brewers associations, and even the food cartel companies joined the call. Miller Brewing Company, the maker of Miller High Life—promoted as “brewed the American way”—let it be known that U.S. barley supplies are so short, Miller High Life may have to be brewed from imported French barley, because it will be cheaper.

Over the year to date, grain prices

overall have gone up between 30 and 60%, although there is a suspicious “lull” in price rises right now, while the negotiations are being completed between the United States and the Soviet Union on the next Long-Term Grain Agreement.

Malting barley, for example, (grown primarily in the Dakotas and Minnesota) has gone up from \$2.00 a bushel last year, to over \$4.50 a bushel this year. The drought cut the tri-state crop by at least 80%, to 35 million bushels. The brewers want a zero land set-aside next spring.

Continental, one of the top international grain cartels, has also let it be known that the company wants a zero land set-aside next year, in order to continue to have a grain supply. It is an open secret in Western capital cities that the grain cartel companies want to make the political and economic guarantees to the Soviets of a continuing grain supply.

Under the present conditions of the drought devastation and low stocks in North America, this is impossible, no matter what the USDA says.

On Sept. 12, the USDA reported that grain overall would be down by 31%—the same overall decline they projected in their Aug. 11 report. The amount of production of corn is forecast at 4.46 billion bushels. This is down 37% below 1987 crop.

Soybean production is projected to be down 23% from 1987 and wheat production is projected to be down 14% at 1.47 billion and 1.81 billion bushels respectively.

The serious impact these forecasts have politically, as the drought coincides with a still shaky farm financial

picture during an election year, can encourage creative forecasting. For instance, the USDA compares this year's production to last year's, so as to minimize the rate of decline.

Why not compare it to a previous year, when we have had higher production than 1987? After all, a food shortage can be caused by not planting as well as by a drought.

Compared to the 1985 crop, we have a 50% reduction in corn production. Compared to 1985 soybean production, this year's crop is down by 30%. Wheat production in 1988 is down 35% from 1981 wheat production.

What is that story about how figures don't lie, but liars can figure? The percentage of loss takes on its real relevance, depending upon what the loss is compared to.

What is the reliability of USDA crop production forecasts? Based on their own 10-year record, the September forecast has been too high 40-60% of the time. The USDA plays down the real impact this summer's drought will have on the food buying dollar of an increasing number of citizens in poverty.

First-hand reports from actual harvests taking place in Iowa, which produces about 23% of the nation's corn and soybeans, indicate that corn yields are 15-25 bushels per acre, a 70-90% reduction of normal expected yields. Moreover, much of this corn has aflatoxins (carcinogenic bacteria caused by the poor growing conditions), which causes health problems in the reproductive systems of livestock.

Where soybeans are being harvested, farmers are getting yields of 15-20 bushels per acre, which is 44-55% below what is expected. Also, due to poor quality, soybean producers are being docked 30 to 50 cents per bushel when they sell to the grain company.