Nations take emergency action as food crisis grows

by Marcia Merry Baker

In the first weeks of January and closing days of 1995, government leaders in Russia, eastern Europe, Ibero-America, Africa, and Asia all announced special measures to try to deal with a growing shortage of food. Their moves all reflect the continuing impact of the International Monetary Fund (IMF) and its policy of food control and "free trade" on behalf of the world commodities cartels.

At the same time, the food cartel companies are making unprecedented moves—mergers, takeovers, political deals, and covert operations—to extend their domination over food even further. We have provided a "who's who" documentation of the cartel companies in a recent *Special Report* (*EIR,* Dec. 8, 1995, "Food Control As a Strategic Policy"), which we will update in the new year.

The food companies are all interlinked with the London-centered international financial and commodities interests, best called the "House of Windsor" networks. Prominent names include Cargill, Inc., Archer Daniels Midland/Töpfer, Continental, ConAgra, Louis Dreyfus, Bunge and Born, André, IBP, Unilever, Nestlé, Grand Metropolitan (Pillsbury), and a few more. Depending on the food commodity, these companies control from 10% to over 90% of world trade, and significant domestic supplies as well.

These political and financial interests now regard the worldwide breakdown in food systems as an opportunity for political control and gain, through hoarding, speculating, and destroying the food self-sufficiency of nations.

Food stocks at near-record low

Globally, stocks of all staples are at near-record low levels on standard, per days-of-use basis, even calculated on below-minimum nutrition levels of consumption. This holds for all grains, dairy foods, edible oils of all types, meats, and sweeteners.

Prices on the commodities exchanges reflect this in various ways. Prices of grains are rising. Over the past year, corn per bushel rose about 50%. This represents a gain to the cartels, as they continue to underpay farmers for their product, and also to stick them with farm-to-market transport and other costs. Nations that are import-dependent for grains, face impossible prices and financing terms.

The cartel companies monopolize not only grains, but the seeds for crops. For example, in 1995, Cargill's Seed Division acquired Vineyard Seeds—the name synonymous with white corn.

As for meats, the cartel processing companies—Cargill, IBP, ConAgra, Hormel/Smithfield, which control about 80% of U.S. meat processing—are underpaying U.S. farmer producers so flagrantly, and exporting U.S. meats to Asia by such bully-tactics, that they are making mega-profits and are targets for federal investigation.

Cargill, ADM/Töpfer, Tate and Lyle (the British sugar company that owns Illinois-based A.E. Staley), and CPC, are under federal grand jury investigation for international supply-control and price-rigging of corn-derived animal feed, citric acid, and corn sweetener syrup.

Will such prosecutorial initiatives go anywhere? That will depend on the public and constituency action in 1996. So far, Agriculture Secretary Dan Glickman, echoed by congressmen of both parties, is saying that the world food crisis is "good" for business. Apart from some rearguard demands for investigation of the meatpacker "concentration" and a few other issues, Washington is serving the interests of the London-based commodities crowd.

USDA does nothing

On Jan. 5, Glickman ruled out U.S. use of a grain export embargo to conserve grain for U.S. needs, saying, "We are not in any way in any kind of danger situation or any kind of serious shortage situation. We're pleased with what's happening in the markets. . . . For the first time in years we have strong prices—why should we want to do anything to disrupt that?"

Glickman confirmed that the U.S. Department of Agriculture (USDA) is considering releasing farmers from their 10-year Conservation Reserve land set-aside contract, for an "early out" permission that would free up more land for crop use.

For the U.S. livestock sector—where meat animal farm producers are hit by high feedgrain prices (and low meat prices) Glickman said that the USDA is "watching developments." He said, "We understand that the livestock sector is suffering, and we will do what we can in terms of exports and looking at other things as well."

The food cartel companies are making record profits off U.S. production in a food-short world. The money value of U.S. food product exports hit a record high of $54.1 billion in the fiscal year ending Sept. 30, 1995. The USDA projects U.S. food product exports to hit $58 billion this fiscal year.

More than half of the value of annual exports comes from the so-called HVCs (high value commodities) almost entirely controlled by the British-centered food cartel companies.

Emergency national actions

In this context, food-short nations are taking emergency measures. What stands out is the need for concerted action by groups of nations to deal with the collapse of the financial system, and to mobilize expanded agriculture production. That is not occurring.

We here review just the most recent situations:

- *Bulgaria.* The first week in January, the government forbade all exports of grain and oilseeds for all of 1996, and announced that the State-held reserve stocks of grain would be released to meet domestic needs. The intention is to provide a minimal supply of bread during the winter.

This crisis comes after the cabinet of Prime Minister Shan Videnov deregulated the Bulgarian food-producing sector, and volumes of flour and grain were sold abroad, through world cartel channels. A certain "Orion" brokerage outfit is considered to be the Bulgarian connection. On Jan. 9, opposition parties in the Bulgarian Parliament introduced a no-confidence vote in the government of Prime Minister Videnov, on grounds of neglect of the nation's interests, and violation of the Constitution by undermining of the food supply.

- *North Korea.* Severe food shortages now exist from a shortfall of grain availability of at least 1.2 million tons. Government officials have appealed for food relief. About half of the grain shortfall may be accounted for by the heavy 1995 summer floods—an occurrence not unexpected in this upper peninsula, where there are steep slopes. The water management infrastructure has not been built to protect agriculture. The other immediate cause of grain shortages is the collapse of food imports from Russia and China since 1991, leaving North Korea vulnerable.

A late December report from the U.N. World Food Program and Food and Agriculture Organization stressed: "Even under normal growing conditions, [North Korea] has serious problems in attaining the food production level necessary to guarantee the appropriate food supply to its population. . . . There may therefore be the need for government . . . to take certain medium- and long-term measures to improve domestic agriculture and food security."

- *Venezuela.* On Jan. 2, the prices for a market basket of 12 basic food items formerly maintained on price controls, rose from between 26% and 57%. These are the first official price hikes in the aftermath of the 43% currency devaluation decreed in November, under IMF dictates. The food price hikes had been anticipated for January, to the point that grocers used the Christmas holidays to retabulate prices on their goods, based on the new 290 bolivars/dollar, even though the inventory had been purchased at the previous 170/dollar rate. Food price hikes will lead to an immediate fall in consumption for poor Venezuelans.

Poland short of wheat

The particulars of bread supply in Poland, whose potential natural resources for food surpluses are famous, illustrate the breakdown in national food systems. At present, grain prices are rising because of shortages on the market. According to a report in the Warsaw daily *Gazeta Wyborcza* on Dec. 19, during just the fourth quarter of 1995, the price of wheat rose by almost one-third, up from 320-350 zlotys ($140) per ton to 420 zlotys in December. A year ago the price was 260 zlotys per ton. Flour and bread prices will be rising accordingly, and the cause is simply that wheat supply is smaller than demand.

There are now disputes over why this is occurring. What is indisputable, is that 1.5 million hectares of farmland has been set aside, out of crop production, in response to pressure from the European Union. The potential crop yield of this land area corresponds to the volume of grain imports now needed in Poland. As much as 30% of the land formerly in State farms, now lies fallow.

The direct beneficiaries are the grain cartel companies—in particular, ADM/Töpfer, which control trade.

The Polish Main Statistics Office (GUS) estimated before the harvest that the production of grain would be 20% higher than in 1994, that is 25.4 million metic tons, which would have been 3 million tons more than the average annual consumption in Poland. However, at the end of 1995, the supply of grain on the market turned out to be much smaller than expected. *Gazeta Wyborcza* commented that, in reality, no one knows what Poland's grain reserves are; and perhaps the GUS has made a mistake.