The food weapon: The case of Brazil

Massive rigging of terms of trade in vital commodities is a principal means of looting Ibero-America's largest nation.

Past *EIR* studies have shown that Third World debtor-nations whose alleged insolvency is the alleged cause of the current international debt crisis, have in fact been paying a subsidy to the usurious private banking system of the north totaling hundreds of billions annually. Without the loot extracted by various means from these nations, the private banking systems of the north would have long ago proved bankrupt.

One of the principal weapons of the International Monetary Fund and the Swiss grain cartels in their looting of the developing nations is the food weapon: the threat to cut off imports of food which, in most cases, simply mean that these countries would starve should they fail to comply with Fund policies.

An *EIR* investigation into the case of Brazil exemplifies the use of this weapon by the IMF to subjugate a sovereign country—forcing it to pay exorbitant prices for food imports, while exporting vitally needed products, virtually for free. One large reason that the Brazilian government has repeatedly bowed down and begged before the IMF, rather than assume the role becoming to the continent's largest nation in providing debtors-cartel leadership, is the IMF's food weapon.

Brazil, according to United Nations statistics, is the second-largest wheat importer in the world. The country imports about twice as much wheat as it produces. As the *EIR* investigation of international trade shows, Brazil is being "ripped off," right and left, by the international grain and steel cartels.

For any commodity in international trade, U.N. data shows each nation's *terms of trade*, the exporter's valuation of the commodity when it leaves the exporting country, and the importer's valuation of that same commodity when it arrives.

Such statistics show that on a per-ton basis, Egypt in 1982 paid 50% to 55% more ($240) for a ton of wheat than it was valued by exporters in the United States, Canada, and Australia. Brazil paid 21% to 31% more ($202) for wheat than Canadian and French exporters valued it. That is no "average mark-up." Italy paid only 3% to 14% more for wheat than its price in the same exporting countries.

In short, terms of trade, a principal means, alongside usurious interest rates, for pyramiding the debts of the Third World, have been massively rigged against the debtor-nations.

For example, Canadian exports of wheat to Brazil left the country at $173 per metric ton, and arrived in Brazil at $226; exports to Egypt left at $152 and arrived at $236; exports to Italy left at $180 and arrived at only $206.

Australian exports to Egypt left at $161 and arrived at $247; French exports to Brazil left at $127 and arrived at $154; exports to Italy left at $199 and arrived at only $206.

U.S. exports to Egypt left at $161 and arrived at $241; exports to Italy left at $182 and arrived at only $196.

It is difficult to believe that these differences entirely stem from shipping and insurance costs, as claimed by U.N. spokesmen.

The IMF system also extracts a subsidy to the private oligarchical banking system from Brazil through massive under-pricing of its steel exports. Generally speaking, raw steel is raw steel. One may assume that Brazilian steel is of at least adequate quality given the rate at which American steel companies are gobbling up Brazilian raw steel. But Brazil obtains one of the lowest average prices in the world for its raw steel, as the table shows in U.S. dollars per ton:

U.K.	399
BRD	340
Japan	337
U.S.A.	255
Brazil	224
Zimbabwe	147

or almost half the price for steel received by Great Britain, a "post-industrial society."

It is not surprising to discover that when Brazilian finished sheet steel reaches its destinations in France, Denmark, Belgium, Switzerland, or the United States, it is valued 26% to 34% more than the price the Brazilians received for it; and when Brazilian finished structural steel arrives in the United States, the United Kingdom, or the Netherlands, it is valued 42% to 72% more than Brazilian sellers are receiving.

These grim figures show how Brazil and other developing (and developed!) countries have been looted, and how they have been compelled to surrender their national sovereignty to the international commodity cartels. But then, that is exactly what the International Monetary Fund is all about.