

Agriculture by George Elder

The 'underground' grain trade

The embargo didn't affect grain flows to the Soviets at all—and everybody but the public and the farmer had to have known it.

Now that revelations are coming out daily on how U.S. foreign policy has been conducted by a gang of lawless "security" specialists, utilizing illegal bank accounts, gun and dope dealing, and phony front-companies, it is worth bringing to public attention how lawless the world food trade is.

Recently, I had occasion to conduct a private interview with a Danish grain trader, who regarded me as just another "hick" American farmer to whom he could safely "spill the beans." Among the things he described was the way in which grain never stopped flowing from the United States to the Soviet Union after President Carter declared his famous grain embargo, just as the guns never stopped flowing to Iran when Carter declared his famous arms embargo.

Here's how it worked.

Some of the grain shipped from the United States proceeded to Hamburg, West Germany. In Hamburg the grain was off-loaded on barges, which continued up the Elbe River to East Germany on their way to the Soviet Union. Other grain stayed right on the original carriers, but the papers were changed in Europe, and the grain then went to Russia.

The Danish grain trader was quite open about this: "The papers were changed right on board the ship during transit." I told him that hardly any American knew anything about such dealings, which surprised him. "The practice was so widespread that this was common information among people engaged in the grain trade. In fact," he said, "in Denmark it was common knowledge. Everybody knew about it and how they were getting around it

[the embargo]. The companies that did it made an awful lot of money. Not only did we know about it in Denmark; Denmark was used as one of the transshipment points."

The principal grain companies involved in this lawless trade are the famous-name cartel bunch: Cargill, Continental, Bunge, etc.

The most well known transshipment point is Rotterdam, where papers can be altered so that origin and destination information can be listed in a way to foil any restrictions operative anywhere in the world. There and in other ports, front companies exist for this purpose alone. Little one-room offices, with a desk and some blank papers, serve as "trading companies" routing huge-volume grain shipments past all legal barriers.

To summarize, this means that it is an "open secret" that food, the world's "most strategic" commodity, is brazenly traded by the cartel companies free to simply ignore any orders to the contrary issued by the White House or Congress.

Consider who knew inside the Carter administration: 1) all the big food exporters, not only those involved, but all those looking-on—Cargill, Continental, Bunge, Louis-Dreyfus, André/Garnac, ADM, etc.; 2) shipping company managements, seamen, and port officials; 3) the U.S. Department of Agriculture Foreign Agriculture Service; and, 4) any inquiring American on tour, like myself.

So, where were the CIA, the FBI, and others who are supposed to know these things? Admittedly, the food cartel owns the U.S. Department of

Agriculture, so, no problem there. But do you think that American intelligence didn't know?

As most farmers know, the 1979 grain embargo was used as the pretext to smash grain prices. It was said that the United States had to cut off sales to the Russian market for political/humanitarian reasons. The farmer accepted the ensuing lower prices. He was taken. This action didn't just bankrupt a lot of farmers in the United States and abroad; it ruined the world grain market.

The Carter's grain embargo and Volcker's interest rates became the one-two punch that started the destruction of agriculture worldwide. These two events are pivot points in history and have served as the linchpin for destructive agricultural policies. In the final analysis, the grain embargo was a hoax that helped only the grain companies and the Soviet Union.

Look at the general results. The public was told the embargo meant reduced grain demand. Not true: The grain was still being delivered. The USDA even produced a study at the end of 1986 stating that grain exports were not affected by the embargo.

Lower grain demand was used to justify the bottom falling out of world grain prices. Lower grain demand was used to justify the myth that there were rising surpluses of grain. This myth, in turn, "justified" implementing farm programs to lower farm production. Lowered farm production "justifies" allowing thousands of farmers to go bankrupt.

It's worth understanding how these grain traders think. When the Danish source had finished telling me how the grain embargo had been broken, he said: "This just shows that no country can make laws that interfere with free trade. The international companies will find a way to get around it."