

## Agriculture by Marcia Merry

### Cartels cry for protection!

*Now that the U.S.S.R. is no longer around to honor bills, the cartel companies are in a pickle.*

After the breakup of the Soviet Union, one of the first supplicants to Congress in September was Dwayne Andreas, chief executive of the food giant Archer Daniels Midland (ADM), who came begging for help to get funding to continue the lucrative U.S.-subsidized trade arrangements that ADM and fellow cartel companies have had with Moscow up until now.

While talking free trade, ADM and other cartel companies such as Cargill, Continental, Bunge, Louis Dreyfus, Garnac/André, and Central Soya/Ferruzzi, have had a global protection scam for years wherein they received government handouts under the Export Enhancement Program.

The cartels felt secure in this racket, but as Robert Burns warned poetically, "The best laid plans of mice and men. . . ." The racket is in trouble.

Though President Bush finally got around to authorizing more U.S. credit guarantees for U.S. food exports to the former Soviet bloc nations, no lending agencies want to get involved. Moreover, the Europeans are making their own arrangements. European Community President Ruud Lubbers even told Bush Sept. 25 that the joint meeting Bush wanted on food shipments would be postponed.

So, the cartel companies are screaming at Congress to help, and the House Agriculture Committee scheduled special hearings to oblige. On Sept. 24, testimony was given on agricultural conditions in the Soviet Union. But on Sept. 26, a separate hearing was called on the state of the U.S. export programs, where the rep-

resentatives of the mega-trading companies demanded attention.

In recent years, ADM and its cohorts have dominated all shipments of the millions of tons of grain and other foodstuffs shipped each year to the Soviet Union. The Export Enhancement Program (EEP), enacted in 1985, gave the companies *free*, government-owned commodities (corn, wheat, soybeans), with which they could then offer sweetheart discount deals to Moscow. The same companies also shipped to other nations politically preferred by the U.S. State Department, and raked in taxpayer-guaranteed profits through the EEP.

Over the 1980s, the Soviet Union came to be the fourth largest customer for U.S. agriculture exports—all handled by the cartel. The U.S.S.R. accounted each year for between 15.5 and 26.5% of world wheat and feed-grains traded. But as of August, all the cozy cartel deals were up in the air. No banks, no companies, and no new countries have been stepping forward to accept the government backing for credit for the cartel companies to ship food. Because who is going to pay?

In recent weeks, barter deals have been arranged to ship food from place to place in Europe and throughout the former Soviet bloc. For example, a big swap was arranged for Polish potatoes to go to Russia in exchange for natural gas.

Reports to date show that the cartel companies, which had laid plans to dominate trade as usual, are left out of the action. Even prior to the August upheaval in Moscow, the cartel crowd

was lobbying for government protection because, over the past two years, Moscow was increasingly unable to honor bills.

In June, the Government Accounting Office issued a special report prepared for the Senate Agriculture Committee expressing worry over the worsening "Soviet creditworthiness." A front group for Cargill presented a special, self-serving trade financing plan to Congress in July.

Now, Cargill and friends are just plain demanding help. House Agriculture Committee chairman Rep. Kika de la Garza (D-Tex.) rationalized the cartel special pleading in a Sept. 18 press release to announce the hearing on export trade. "There will be testimony concerning the current state of the U.S.'s export competitiveness. Witnesses on Sept. 26 will include representatives of agricultural commodity associations utilizing USDA export programs and officials of major agribusiness firms doing business in the emerging democracies."

Farmers and former farmers everywhere, who have been systematically underpaid for years by the food cartel companies, have reason for a good laugh at this turn of events. Reflecting this mood, Juan Pedraza, editor of the Midwestern farm journal *Agweek*, commented in his editorial Sept. 9, "Secretary of State James Baker has doubts about the ability of the Soviet Union to repay Uncle Sam for money loaned to buy American grain.

"But U.S. commodity groups are still prodding Washington to shove more credit at the Soviets. Run that by me again. . . . There is no more Soviet Union, but we're still going to give a government that doesn't exist anymore credit to buy our grain? . . . So who'll sign the checks? Who's going to set aside some gold or crude to pay Uncle Sam?"