

Food cartel set to make a killing off soaring prices

by Marcia Merry Baker

Normally, at the time of harvest, when the bins are filling, you expect that grain and other farm commodities prices would fall because of apparent abundance. Nothing of the kind is taking place now; and don't expect it to. Look, for example, at the winter wheat harvest. It is now all but finished in the northern hemisphere, yet wheat market prices are climbing. Meanwhile, the farmer is still being underpaid. Most all other agricultural commodities prices are also rising on the exchanges, and food prices are set to soar.

Harvests and food output worldwide are way below consumption levels needed; and the companies of the world food cartel intend to make a killing off this situation. Wall Street hotshots are telling clients to jump into food and other commodities to "get a piece of the action."

In July, economist Lyndon LaRouche commented that top financial circles, recognizing that the global financial breakup could hit as early as this fall, or next year, are moving, through "smart" investments, to buy up gold and controlling interests in food production, on the estimate that super-profits are coming down the line.

LaRouche said that Brazil and other governments should, under no circumstances, allow food cartels to buy out their food production nationally, because next year, there are going to be world food shortages, and zooming prices. In recent years, an estimated \$5 billion has been pulled out of the Brazilian agricultural sector, through price-gouging of farmers and independent processors by cartel companies.

Underproduction, and speculation

Worldwide, there is underproduction of every staple food commodity, including grains, meats, dairy, poultry, sugars, fats and oils, and produce, relative to per capita and national security needs. As of spring, the exchange prices of all these

food staples went up. On the Commodity Research Bureau's "key commodity" group indexes, grains, oilseeds, and livestock-meats are all posting rising prices. NatWest Securities' Dave Nelson, typical of the cheerleaders for commodities speculation, said in *Barron's* "Commodities Corner" on May 1, "We're seeing a concerted move in commodities prices that has a lot of structural similarities to the 1970s. We're so much at the beginning of bull market that the end isn't even in sight."

Wall Street wizards are concocting special new financial "products" for food commodities speculation, including custom-made commodity indexes, commodities-linked notes, and swaps. The American Stock Exchange has obtained regulatory approval for listing structured notes with returns linked to the behavior of J.P. Morgan and Co.'s index of 11 commodities. And there are moves to list new food items on the exchanges; for example, to create a fluid milk futures trade on the New York or London Coffee and Cocoa Exchange.

Tie to London-based finance

Apart from all this mania in the betting parlors, the financial circles that have bought into food processing and production directly are intending to gain mega-profits off world food shortages. The United States provides a sharp profile of how food supplies and processing are dominated by a few self-selected food trust companies—almost all connected to London-based financial circles. Any rise in food prices means automatic windfall profits for these cartel interests. A similar situation exists in many populous, food-producing countries, from Argentina to France.

Look at the United States food chain, from the seed stage to the cereal bowl.

Seeds. Among the seed companies that predominate in U.S. crops are Pioneer Hi-Bred International Inc., accounting for over 45% of corn plantings; DeKalb Genetics Corp., with 9% of corn plantings; Cargill Inc.; and the newcomer from London, ICI Seeds. In 1985, Imperial Chemical Industries PLC (ICI) bought Iowa-based Garst Seed Co.—a move into seed grains which several chemical conglomerates made in the 1980s. Now the parent company of ICI Seeds is a related London company, Zeneca Group PLC. Its focus is to profit during the shortages, with seed sales for corn, soybeans, grain sorghum, and alfalfa.

Grains. The few, dominant companies brokering and processing U.S. grains are legendary as world food cartels. Even the *Washington Post's* Dan Morgan wrote a book on the subject, *Merchants of Grain*, giving a history of the companies—Cargill, Inc., Continental, Louis Dreyfus, André, and Bunge. Cohort companies include Archer Daniels Midland (ADM), ConAgra, and the famous meat and livestock cartel firms.

Food processing and distribution. The preeminent companies are directly or indirectly British. Unilever, the Anglo-Dutch company which is the world's largest in terms of net income (\$2.912 billion for the last reported fiscal year), owns several brand-name companies, including Bird's Eye, Good Humor, Lipton, Ragu, and Boursin. Other famous cartel companies include Nestles, the Switzerland-based cartel, and Grand Metropolitan PLC.

Grand Metropolitan PLC, the London-based food and liquor cartel company, owns in the United States: Pillsbury's; Green Giant; Haagen-Dasz; the wine and spirits companies Jack Daniel's, Wild Turkey, and Christian Brothers; and Burger King. Pillsbury alone expects annual sales in 1997 of at least \$1 billion. This makes it the third-largest division in volume, and second-largest in profitability for Grand Metropolitan, through which it now dominates the "daily bread" of the United States.

Pillsbury owns Country Hearth, the only national bread line besides Wonder Bread. Pillsbury owns 49 other bread brands, and is a leading national supplier of bread concentrates to commercial bakers of all types—from small shops, to supermarkets and restaurants. In 1994, Pillsbury acquired Martha White retail baking mixes, and became number two after General Mills's Betty Crocker in national sales.

A similar pattern of ownership and cartel monopoly exists in poultry, beef, pork, and lamb supplies, and in sweeteners, and oils. In fact, increasing British investments in the U.S. food system are a major reason why Britain has now displaced Japan as the leading foreign holder of investments in the United States. The Commerce Department figures for 1994, released in June, show that British holdings were \$102.4 billion, compared with \$99.2 billion for the Japanese (holdings defined as ownership of 10% or more of a company).

Therefore, as food commodities shortages worsen, the

cartel stranglehold on food supplies, and the British control, tightens. On this basis, they are counting on guaranteed mega-profit flows into the failing global financial system.

Countermoves

Given that perspective, the recent emergency grains initiatives in the European Union (EU), and the Clinton administration's June anti-trust move on ADM, Cargill, CPC, and the British sugar cartel Tate & Lyle (A.E. Staley subdivision), for price fixing of corn-derived products, have the potential to disrupt the cartel's profit designs.

In late June, the EU Commission proposed to the council of agriculture ministers of member nations that reserve grain stocks be opened up, and grain exports stopped. This is because of low grain supplies and high prices. This proposal occurred in the middle of the European wheat harvest. EU grain stocks are just above 6 million tons, the lowest level since 1983. So far, the EU Commission has proposed only to cut the annual wheat acreage set aside from 12% to 10% of base acreage. But the agriculture ministers will make final decisions.

At the same time, the EU pledged to deliver over a half-million tons of grain to five republics of the former Soviet Union. The EU will supply Armenia, Georgia, Azerbaijan, Tajikistan, and Kyrgyzstan with 656,000 tons of grain by the end of the year.

In Russia, the grain harvest is expected to be the lowest in 20 years, according to Agriculture Minister Aleksandr Zaveryukha on July 24. He expected it to come in at 75-78 million tons, down 4-8% from last year's already-low 81.3 million tons, and insufficient for Russia's minimum needs. There is no margin with which to supply the Central Asian republics.

In this context, grain prices soared on the commodities exchanges, but they continued to fall for farmers. In mid-July, wheat prices at the Chicago Exchange went up to 460.5¢ per bushel, up from 400¢ two weeks earlier, marking a 10-year high. Feed grains (corn, grain sorghum) prices are likewise rising on the exchanges, but not for farmers. In mid-July, corn prices on the Chicago exchange went up 10%, hitting a level one-third higher than a year ago. During July, grain prices to farmers in Germany dropped 8%.

The Clinton administration's current anti-trust investigation of the corn processors and sugar cartel strikes at the heart of strategic British financial and political interests in North America and worldwide. The specific practices under investigation are how these cartel companies carve up territories and set prices for high fructose corn sweeteners (displacing cane and beet sugars in the United States), lysine (a corn-derived amino acid additive to livestock feeds), and other products. Politically, the companies are interconnected with the Conrad Black propaganda and intelligence empire of the Hollinger Corp., whose board members include Margaret Thatcher, Henry Kissinger, ADM President Dwayne Andreas, and others committed to the subservience of America to Britain.