

Turn aid to Russia into strategic 'Food for Peace'

by Marcia Merry Baker

As of mid-November, both the United States and the European Union have announced aid packages for Russia, to provide food and humanitarian assistance, and also to ship relief supplies to Ukraine, and other parts of the former Soviet bloc now in urgent need. The U.S. and EU aid amounts to \$1 billion worth of food and supplies. Nations are also donating to the Red Cross, the Red Crescent Society; and on Nov. 11, the UN Food and Agriculture Organization in Rome issued a new international appeal. In addition, certain unilateral relief initiatives are occurring. Japan has sent shipments to peninsular Kamchatka on the Sea of Okhotsk. On Nov. 10, Canada's Foreign Minister Lloyd Axworthy met with his counterpart in Moscow, to discuss details of Canadian assistance to Arctic Russian communities.

However, even if these aid commitments are mounted on a much larger scale—which they need to be—as long as the *thinking* behind the aid campaign remains grounded in the prevailing myths about globalized “free markets” and free trade, then even worse calamity lies ahead, not only in Russia, but worldwide. This is simply because the era of the “free market”—which was a rigged market anyway for the benefit of supranational commodities cartels—is now disintegrating.

Prime Minister Yevgeni Primakov is expected to inspect conditions in the Far North soon. He already sent Minister for Emergencies Sergei Shoigu to the Far East, where people are sending telegrams directly to the UN, to Japan, and to President Clinton. The regional parliament in Kamchatka appealed to the UN on Oct. 30, asking for 120,000 tons of fuel oil and 30,000 tons of diesel fuel as humanitarian aid. The Pacific port city of Vladivostok is shutting down schools and other daily activities for days at a time, for lack of fuel.

What's happening in Russia, is the extreme expression of the worldwide breakdown in commodities production and trade of all kinds of essentials. While people are going hungry

in Russia, in the United States, unsold grain is piling on the ground in makeshift storage, for lack of buyers, and any decent price to the farmer. U.S. livestock producers are facing impossibly low prices: For example, hog farmers are looking at 18¢ a pound, the lowest prices in 30 years!

It is the *system* that has broken down. Millions of people need food, but nations and peoples don't have what the “markets” call “effective demand,” or, as said in Russia, “solvent demand.” Huge amounts of unsold food are backing up in the United States. And farmers are being forced to shut down. If this process continues, then the *means to produce future food supplies* is destroyed—in the United States, Argentina, Brazil, Australia, western Europe, and other centers of agricultural capacity. Already, in the United States, tractors and farm machinery are filling up factory lots, because of cancelled orders.

It is in the mutual interest of all nations now to take the approach embodied in the U.S. wartime and postwar legislative packages, known as “Food for Peace.” Ten years ago, Lyndon LaRouche founded a special “Food for Peace” branch of the international Schiller Institute for the purpose of intervening, to prevent just the disastrous breakdown we now face. The principle of “Food for Peace”: mobilize to meet emergency needs; and at the same time, build up the productive capacities of all nations to meet future needs. In LaRouche's strategic paper in last week's *EIR*, “Food, Not Money, Is the Crisis,” he reviews the basics of sound economic thinking involved.

The farmer needs to receive a fair, or *parity* price, which was mandated in the 1949 Agricultural Adjustment Act, to keep the food supply lines moving. And for meeting emergencies, aid should be mustered as needed. No one must go hungry. Lend-Lease and the War Mobilization Board did this during World War II. Then, in 1954, Public Law 480, the “Agriculture Trade and Development Act,” known as “Food

for Peace,” was enacted to carry the strategy forward. From this vantage point, world food needs and availabilities can be assayed, for the purpose of both meeting current emergencies, and at the same time, building up nations.

Russia: grain shortfall, regional needs

Russia’s national shortfall of grain that must be provided from outside help, is estimated to be 10-15 million metric tons, over the coming 6-12 months. This calculation comes from the fact that some 79.9 million tons are needed annually for consumption in the 1997-98 agricultural year, whereas the supply toward this, is only in the range of 43-45 million tons of 1998 harvest (about half of last year’s), plus 20 tons of carryover from the 1997 harvest. The total of 64 million tons is about 10 million tons short of minimum yearly consumption.

In the following 1998-99 agricultural year, more aid will be required, because grain carryover stocks will be gone; in addition, a consumption level of 86.6 million tons will be required. This makes it clear why there should be a world mobilization now, to assist Russia in building up its agriculture output capacity, which Moscow has announced plans for.

On recent occasions, Russian Agriculture Minister Viktor Semyonov has stressed the priorities of building up crop output through increased fertilizer application rates, and other means; and building back up livestock inventories (starting with poultry), which were devastated by floods of imports, as well as the disinvestment in infrastructure, under this decade’s free trade regime.

The most pressing needs in Russia are in the North, in the Far East and Siberia, and in the drought-stricken regions such as the Lower Volga.

On Nov. 6, Russian TV reported that 1,000 people from Chukotka, in the far north of Russia’s Far East, had been evacuated, and another 2,000 hoped to be moved. Chukotka authorities have asked for the evacuation of 4,500 people from Shmidt region, where there is no more fuel and people are “in danger of dying.” The population of the whole Far North, however, is 12 million.

So far this year, the city of Murmansk (population 500,000) has received only 80 tons of food assistance, as opposed to an average of 6,000 tons annually in 1991-94. Gov. Yuri Yevdokimov has appealed to neighboring Scandinavian countries for food aid.

The present crisis in Russia results from the combined effects of the 1990s “free market” shock therapy reforms, which gutted the agricultural and all basic economic sectors, compounded by bad crop weather in 1998, and the global financial breakdown. While forced into import-dependence for some 30% of its food supplies over 1991-98, suddenly as of Aug. 17 — when the ruble was devalued and other financial measures announced — Russia saw food imports stop, cold.

Semyonov and other Russian officials make clear that they welcome humanitarian aid, as well as fair trade and credit assistance, but they want no more of the “free market” prac-

tices of having foreign imports forced on them, undermining domestic production potential. For example, in recent years, 40% of U.S. exports of frozen chicken quarters went to Russia, while domestic Russian poultry fell by 46% from 1991 to 1997. Because the poultry imports started under the radical markets policies demanded by President George Bush, he became the namesake for the unwelcome chicken imports — “Bush legs.”

Food aid, no more ‘free’ trade

The Russian accusation hits the mark, when it comes to the rhetoric coming out of the trade associations of the major commodities cartels. They are demanding the return to pre-existing “free” trade, where they can ignore paying U.S. farmers a parity price, and also ignore displacing Russian farmers. From the American Meat Institute (IBP, ConAgra, etc.), to the American Soybean Association (ADM, Cargill, Tate & Lyle), to Tysons, Cargill, and the other poultry exporters, there is a clamor for U.S. aid to Russia, but on the cartel terms — namely, no parity prices to the farmers, and free marketing rights. Whereas this approach was wrong in the past, it is now simply untenable.

The Nov. 6 food aid agreement signed in Moscow provides for 3 million tons of U.S. grains and grain products to go to Russia (1.5 million tons each of U.S. donations, and U.S.-financed orders), along with 100,000 tons of various humanitarian provisions. President Clinton said on Nov. 4, that the forthcoming agreement would be just a start.

Nation-serving government-to-government trade and aid commitments are called for. All manner of the domestic and international free trade laws and statutes (the 1996 Freedom to Farm Act, the WTO, NAFTA) should be dumped. If the United States thus turns to the traditional Food for Peace approach now, this could be the strategic impetus for all nations to work toward a new economic order.

The food stocks exist that could supply needed volumes of humanitarian relief in Russia and other areas. It is critical to push for maximum output in the coming year’s production cycles.

- United States: The 1998 harvest, while devastated in Texas and Oklahoma, has come in well in other locations. Parts of the High Plains have record high yields. This holds for corn, wheat, soybeans, and other staples.

- Australia: The output forecast for the winter wheat crop for 1998 is in the range of 23.5 million tons, close to the 1993 record, and up from the previous year.

- Canada: The 1998 grain harvest, while not notable in size, is one of the earliest-harvested on record.

From these, and other factors, including the good harvest in western Europe (though eastern European harvests are very low almost everywhere), calculations can be made to channel food to Russia, and also ensure flows of aid to other hungry nations, including North Korea, Indonesia, locations in Africa, and Central America.