

Food company giants expand their control

by William Engdahl

Early in 1981, oil multibillionaire and long-standing Soviet intelligence agent-of-influence, Armand Hammer, made a stark prediction. "Food will become for the decade of the 1980s, what oil was for the 1970s. Those who control its distribution will wield enormous power." As with most statements by the aging Hammer, this one reflects not any original genius of foresight, but rather, the policy decision of an international corporate elite and their friends in the Soviet leadership to create a global cartelization of world food supply and a simultaneous contraction of global food producing capacities.

Look at the present crisis, for example, of European Community agriculture production. Every major organization of farmers in Western Europe is walking down a suicidal path, pre-designed to set up European farmers for decimation and ruin as they are slammed against American farmers in an escalating trade war for shrinking markets. Why is this being done, so brazenly, by architects of U.S. agricultural export policy, as well as the European Community ministers? In mid-June, USDA Secretary John Block was in Brussels for meetings with EC Agriculture Commissioner Frans Andriessen (Dutch). Two days before he left for the meeting, Block announced the signing of the first contract in a new "dumping war" aimed at savagely competing for traditional European export markets in Northern Africa and elsewhere.

As Block and his Undersecretary, Cargill Grain's Daniel Amstutz, made clear in London last December, the aim of the policy is to force simultaneous elimination of *both* U.S. and EEC farm-price subsidies in a move toward what they term "free market agriculture." Privately they boast of forcing a "shakeout" in which only giant industrial mega-farming will survive. The process is part of a script, drafted in part by the Soviet-controlled International Institute for Applied Systems Analysis in Laxenburg, Austria, in concert with Swiss-based grain and food-cartel multinationals, wherein, world food production in the advanced sector will be sharply contracted in coming months, and control concentrated in a few hands, in order that a select handful of multinational companies such as the Swiss Nestle Corporation and Venetian Carlo de Benedetti's Olivetti, emerge as the virtual dictators of world food supply.

One of the best illustrations of this cartelization strategy is the recent move by Venetian financier Carlo de Benedetti

to expand his huge industrial empire out of typewriters and office machines into one of Europe's leading food groups, the Italian food processor, Industrie Buitoni Perugina S.p.a. The \$36 million deal gives de Benedetti's holding company, Cie. Industriali Riuniti, 62% control of the pasta giant, which operates factories in France, Britain, Brazil, and the United States, with combined sales last year of over \$600 million. De Benedetti is the favorite "front-man" of the old financial families of Venice which, through elaborate blind trusts, hidden ownerships, and control of world re-insurance and insurance funds, dominate international finance. Venetian families have exercised behind-the-scenes control of European grain and food supply since at least the 16th century. De Benedetti's empire, in addition to Olivetti, includes the Pirelli Tire firm, the GIM metallurgy group, insurance, real estate, and other industrial holdings.

Over the past three years, de Benedetti, with his Venetian financial backers, has emerged as Italy's leading industrial financier, eclipsing his rival, Fiat's Agnelli and Enrico Cuccia of Mediobanca, formerly the most powerful financial figure in Italy. Although he works hard at creating a flashy public image as a young, clean-cut, business *Wunderkind*, de Benedetti, protégé of Italian Finance Minister Bruno Visentini, came through the murky financial world of the murdered Roberto Calvi's Banco Ambrosiano into control of Olivetti.

The Buitoni acquisition by the de Benedetti group is paralleled by the concentration by the world's largest food producers and processing companies, the Swiss Nestle Alimentana SA and the Dutch-based Unilever. Nestle world food sales outrank every competitor's, Unilever included. In the past months, they have increased their stranglehold even more, taking advantage of the crisis in milk oversupply in Europe and the softness of U.S. dairy prices by buying control of the huge Carnation Company, of Los Angeles, California for \$3 billion. This came shortly after it acquired control of two of the largest U.S. coffee roasting firms, Hills Brothers and MJB. The same Nestle, through its German Nestle-Maggi GmbH, last month acquired Herta AG of Duesseldorf, one of Germany's largest wurst processors, together with L. Schweisfurth KG, a major producer of food machinery. The deal was arranged by Die Matuschka-Gruppe, of one of Europe's leading oligarchic families long-based in the wine and real-estate sector.

These acquisitions mean that Nestle, one of the world's leading industrial corporations, now dominates every aspect of vital food distribution and processing, from Stauffer Foods, to coffee, and milk, to contact lenses. Through its major shareholders, André Bettencourt and his wife, owners of the French L'Oréal cosmetics and perfume multinational, the Nestle financial group is reliably reported to exercise enormous control over the French Socialist government of François Mitterrand.

Nestle, to give a picture of this largest Swiss corporation, also counts on its board of directors the top representatives of Crédit Suisse, the partner of the Bank of Boston in a known

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\$1.2 billion drug-money laundering scandal; Hans Robert Schwarzenbach of the large Winterthur Insurance group; Fritz Gerber of Switzerland's largest insurance company, Zurich Insurance, and a board member of the Club of Rome-linked International Association for the Study of Economics and Insurance in Geneva, the think-tank which influences French politicians such as Raymond Barre, among others. Nestle employs 146,000 in more than 300 factories in every region of the world. It is the flagship of Swiss banking and financial families.

'A lot of gut'

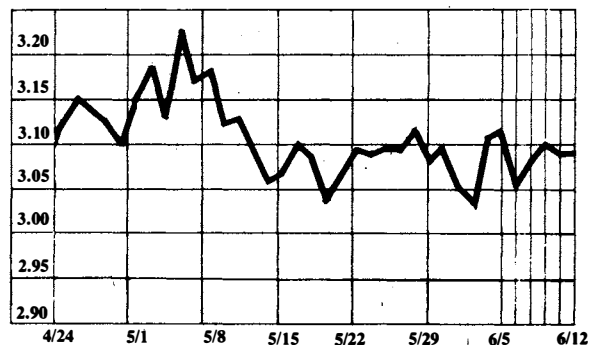
Unilever, the Anglo-Dutch group headed by Sir Kenneth Durham, has also been engaged in recent months in increasing its control over world food production, processing, and distribution—with 1984 sales of almost \$20 billion worldwide and pretax profits of more than \$1 billion. Unilever recently enlarged its global control by the nearly \$500 million purchase of the British Brooke Bond tea and beverage group. This gives Unilever enormous leverage over world food supply in addition to its previous control of Lever Brothers, T. J. Lipton, National Starch, various edible-fats companies, a total of 500 separate subsidiaries worldwide. Several weeks ago, Sir Kenneth announced that the company is now looking to invest up to £1 billion in another major U.S. food-group acquisition to add to its control over the U.S. food industry. Illustrative of his philosophy, Sir Kenneth recently commented, "Just think of the amount of gut there is out there for metabolizing food. It's huge!"

A knowledgeable insider in the Western European grain and food trading markets recently told this writer, "European Community price policies over the past decade have served the interest of the giant multinational grain and food cartels by forcing larger and larger economic concentration. In the process, EC policy in Brussels as well as U.S. Agriculture Department policy in Washington are run by these cartel companies. This is well-known." In the process, many of the most dedicated family farmers in Europe and the United States are being ground under as the price and export financing crisis of the world economy is aggravated.

Currency Rates

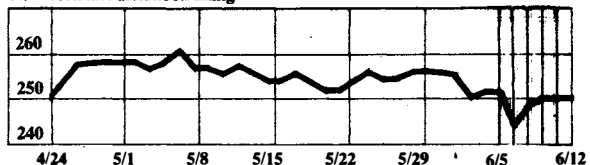
The dollar in deutschmarks

New York late afternoon fixing



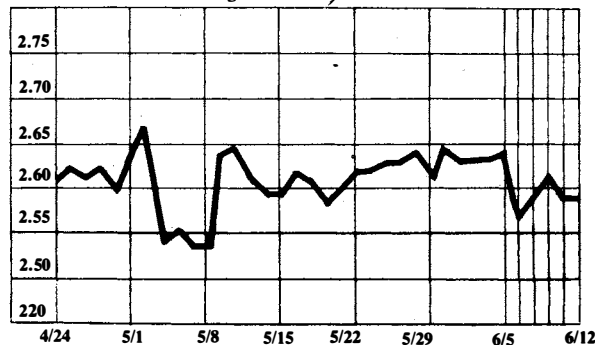
The dollar in yen

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing

