

U.S.S.R. and the grain cartels wield food weapon

by Christopher White

Grain sales to the Soviet Union have long been touted as an essential offset to the U.S. balance of payments deficit by proponents of the trade, including spokesmen for the grain companies such as Cargill of Minneapolis and Continental of New York. Sales this year have built up to a worldwide record of 43 million tons, of which the United States will provide about half. The total sold to the U.S.S.R. is estimated to be over 20% of all the grain that will be traded worldwide this year. The imputed expenditure of hard currency, about \$7 billion a year, is said to be a drain of resources the Soviets can ill afford.

The problem with this view is that no one seems able to account for how the Russians pay for their grain imports! Some assert that they pay in hard cash or gold. Others argue that American and other grains are bartered for goods of Russian origin such as timber, oil, or furs, which are then rebartered in Europe or Japan. Still others insist that the Russians do not pay at all, but instead Western grain-producing governments subsidize private company sales and shipments.

In Washington, the question whether, and how, the Russians pay is considered to be "privileged information." It's not exactly classified, but no one in the government will answer the question. If these transactions were normal business deals, then surely the answer to the question, "On what terms are they conducted?" would not be considered a matter of privilege.

It is certain that the United States does not receive any direct payment for the transactions. In the succession of grain sale agreements since Henry Kissinger ordered massive sales in the spring and summer of 1972, the U.S. government has agreed "to employ its good offices to facilitate and encourage such sales by private commercial sources." It is also certain that the U.S. taxpayer has significantly subsidized such sales "by private commercial sources." For example, credit is extended to the Russians with an interest rate as much as 3% lower than commercial rates. Favored terms are provided for

shipping and storage. Similar favored treatment is not given to other customers of the United States. Third World countries, for example, are expected to carry the full cost of credit, transportation, and storage.

The argument could thus be easily made that the policy of promoting grain exports on favored terms, that came in under the direction of Henry Kissinger and Michel Fribourg of Continental Grain in 1972, has provided a significant subsidy to the Russian military build-up from the U.S. taxpayer. That has certainly been the case. But the full truth is even worse.

Russia and the cartel

Russia is institutionally woven into the international political and financial complex which is called "the grain cartel." Because of their import of Western, especially American, grains, the Russians consider themselves to be a functioning part of an international food reserve system, swallowing up stocks for which there supposedly exists no market outside of the Warsaw Pact countries, because others, though hungry, are not considered creditworthy and cannot pay. And thus hundreds of millions of people are left to starve.

The Russian combination with the grain companies is certainly financial. Staff members for the Russian grain trading agency "Exportkhleb" have been trained in the offices of cartel members such as Continental. Russian raw-material supplies are indispensable for the worldwide barter system that the grain- and raw-materials companies have sought to establish since especially 1982. In that year Congress, under the terms of the Agricultural Export Expansion Act, empowered the Secretary of Agriculture to begin a process of such barter, exchanging U.S. food stuffs for raw materials deemed necessary for U.S. strategic stockpiles. This policy is closely identified with Michel Fribourg of Continental Grain, whose company is positioned to benefit from such transactions.

But the combination is not strictly financial; it is political. The Russian chauvinists and the international cartels share a common commitment to use food as a lever for genocide,

especially against the brown-, black-, and yellow-skinned inhabitants of the developing sector.

Less than one quarter of this year's estimated Russian import requirement could be used to feed starving populations in Africa. Instead, Russia is taking food from ostensible satellite nations such as Ethiopia—now faced with a famine affecting an estimated 7 million people immediately—in exchange for weapons. A similar situation prevails in Mozambique. And Moscow is backing the efforts of the André family cartel to use separatist movements to destabilize the granary of the Indian subcontinent, the Punjab. In 1982, while the United States provided military and political support to Britain's Malvinas adventure, in violation of the Monroe Doctrine, the Russians suspended grain purchases and acted to support the British blockade.

Whether the Russians pay or not, their grain transactions over the last years have to be seen in this light, as Indian Prime Minister Indira Gandhi and Mexican President Luis Echeverría of Mexico charged in the aftermath of the grain agreements of 1972.

The coming 'food shock'

The pattern of activity that has characterized the international grain trade since 1972 was negotiated from 1968 onward. Since then, the circle with which Moscow negotiated in the West, typified by Orville Freeman, agriculture secretary under Kennedy and Johnson, and now chairman of the Advisory Committee of the Hubert H. Humphrey Institute in Minneapolis, the outfit which prepared Mondale's current election campaign, has had a perspective oriented toward a food crisis in the mid-1980s. In 1966, according to the report of genocide lobbyists William and Paul Paddock, Freeman instructed his staff at the Department of Agriculture to pull together figures which would show world food needs, and the capacity of the United States to meet those needs. He presented his findings to Congress:

The most serious consequence of all would come at that time, probably about 1984, when the total U.S. agricultural productive capacity would no longer be sufficient to meet the food needs of the aid recipient countries. This would lead to a breakdown of the world food economy with consequences that would range from catastrophic famine in many areas to an elemental struggle for the control of food resources. This pattern of massive food aid, by itself, would be a road to disaster.

Shortly afterward he told the House Agriculture Committee that "by 1985 there would be no way to meet the gap."

Now, precisely on schedule, we face a U.S. food shortage this year and famine globally. Ed Schuh, an old associate of Freeman and the grain companies, working out of the Minneapolis institute, predicted earlier this year that such a shortage could lead to emergency conditions in the United

States by October. Reports of crop yields and the state of the dairy and cattle-raising industries conform to Schuh's expectations. The looming crisis is the result of a deliberate effort pursued over decades.

It was Freeman's stooges, like Clarence Palmby and Ed Schuh, who helped negotiate the grain deal with the Russians back in 1972. At the same time Daniel Amstutz, then an employee with Cargill, now an assistant secretary in the Agriculture Department with responsibility for sales to the Russians, among others, estimated that by the 1980s the Russians would be importing over 40 million tons of grain a year. Just like Freeman's 1966 report, Amstutz's projections were viewed at the time as incredible. But in the 10-year period between 1970 and 1980, the dollar value of U.S. agricultural exports increased five-fold, from about \$7 billion per annum to over \$35 billion. The Russian share of that increased from next to nothing to nearly \$7 billion. It is no surprise that the predictions of Amstutz and Freeman are right, since it is they who have made American, and thus world, food policy, no matter which administration has been in power in Washington.

The Russian deal of 1972 contributed to the destruction of food production capabilities around the world, because the terms dictated accelerated the process of eliminating parity prices for the U.S. producer. U.S. grains were dumped on the world market at prices which wiped out capital investments outside the United States. The oil shock of 1973 and '74 completed the process as far as Third World non-oil-producers were concerned. In 1972-73, Freeman claims that 500 million people died of the direct and indirect consequences of hunger.

This year's sales to Russia are different. It is doubtful, after yet another year of the Freeman crowd's "Payment-in-Kind" program, whether the supplies will be there come Oct. 1 to fulfill all the export orders that have been booked. Equally, farmers after a third or even fourth year of less than break-even prices, and declining real estate values for their principal source of credit under current arrangements—their land—are on the edge of mass bankruptcy. A "food shock" has been prepared, like the oil shock of 1973. But, for a world ground down by more than 10 years of destruction of its capital infrastructure, the effects will be much worse.

The cartel, including the Russian part of that cartel, aims to use such a genocidal food shock to bring about a reordering of world politics. The "food weapon" in their hands is a weapon for the implementation of an oligarchic world system, a one-world government, backed by Russian military might, over the dead bodies of hundreds of millions. Those who delude themselves counting up the supposed "benefits" the United States derives from continuing the grain trade with the Russians on its present terms, had better go back to the drawing boards to figure out instead what is required to feed the world, and how the U.S. farm sector can be gotten back into shape to do what's required. The countdown in this branch of warfare is already on.