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## European Finance

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# Gardini, De Benedetti form new food cartel

by Galliano Maria Speri

The power struggle now taking place in Italy among the "families" is the biggest in years, and is producing a new alliance that may replace the now-shattered financial power of the Vatican. The battle started when Mario Schimberni, manager of the Montedison chemical conglomerate, bought out almost 18% of Florence's powerful insurance company, La Fondiaria, thus breaking his gentlemen's agreement with Enrico Cuccia, the *éminence grise* of Italian finance.

But behind the Cuccia-Schimberni fight, Raul Gardini, president of the Ferruzzi food cartel, bought a controlling share of Montedison. The whole operation was run with the silent support of Carlo De Benedetti, president of the computer giant Olivetti and a close Henry Kissinger crony, who bought 5% of Montedison shares to resell them to Gardini. In exchange, he got a seat on the administrative board of Agricola, the finance company that manages the Ferruzzi group. Out of all this emerges the makings of a powerful food cartel.

Raul Gardini's career began in December 1979, when the private jet bringing home Serafino Ferruzzi, his father-in-law and owner of the Ferruzzi group, crashed near Ravenna, Italy. Ferruzzi, a dealer in the American grain market since World War II, had bought land in North Carolina and Louisiana, and in the 1960s began building silos along the Mississippi river. He also put together what became a 600,000 ton-capacity fleet to transport the grain he bought on the Chicago market. He was once rumored to have bought the whole Canadian barley crop and moved it around the world until selling to the Russians.

Besides U.S. land holdings, the Ferruzzi group owns huge tracts in Brazil, Argentina, Paraguay, and, of course, Italy—more than a million hectares. It possesses 15 ships, 300 boxcars, and 170 ferry boats, mainly on the Mississippi river. To support its American operations, the Ferruzzi group bought 50% of American Bank & Trust in New Orleans. The Ferruzzi group is the biggest sugar producer in Italy; through the control of Beghin Say, it is also the main producer in France; and if it succeeds in taking over the British company Berisford (Gardini already owns 23.75% of the shares), which controls British Sugar, the group will acquire a virtual monopoly in Europe and will become one of the biggest in the world, together with Azucar of Mexico.

Raul Gardini comes from the Byzantine-Venetian city of Ravenna, where the firm still has its main office. To give a flavor of his political background, he recently called for rebuilding *latifundia*—the Roman estates worked by serfs—as a way of overcoming the farm crisis. Gardini name his yacht "Moor of Venice," with a certain biographical nuance.

His Venetian background is important to understand his scheme to use grain not sold on the market to produce ethanol to be added to gasoline as a substitute for "non-ecological" chemicals. He is basically proposing to destroy millions of tons of grain, while a billion people in the world go hungry. It is no accident that it was a Venetian monk, Gianmaria Ortes, who in the 18th century first promulgated the "limits to growth" theories later plagiarized and popularized by Malthus.

The operation has already started in the U.S.A. with the Mississippi River Alcohol Authority (Missalco), a firm jointly owned by Gardini and Montedison that will start producing ethanol before the end of 1986. The fact that the collapse of oil prices made his proposal unworkable is offset by subsidies he expects to get from various governments. The European Community is about to grant a kind of parity to the ethanol produced by the grain fermentation, despite the opposition of competent industrialists.

### The Olivetti-Montedison axis

Now that he controls Montedison, Gardini has a powerful chemical firm to carry forward his ethanol project, and he can also use the supermarket chain Standa, owned by Montedison, to retail his products. In this respect, the pact between Gardini and Olivetti president Carlo De Benedetti is key. The latter bought up the Italian state's food interests, with the exception of SME group. The \$2 billion cartel includes the most important tomato (Cirio and De Rica), macaroni (Buitoni), biscuits and chocolate (Perugina), and olive-oil producers (Bertolli), as well as the supermarket chain GS.

At this point, Gardini and De Benedetti have become a food cartel that can produce, transport, process, and sell food, with a virtual monopoly in Italy and a growing influence in France and Great Britain. In France, Gardini controls the aforementioned Beghin Say and also has strong interests in the paper sector, while De Benedetti, through the Cir International financial company, is tightly linked to the powerful banker Pierre Moussa, the former director of Paribas bank, besides controlling Buitoni of France.

Gardini and De Benedetti are also in cahoots in the insurance field; both control several companies, and the fact that Montedison now has almost a controlling share in the Florentine firm, Fondiaria, opens up intriguing perspectives: Fondiaria controls 1.7% of the giant Generali di Venezia insurance company, the seat of the power of the Serenissima Repubblica of Venice. After centuries of silent and invisible financial power, is Venice about to come out in the open again?