

Food cartel companies under fire for price-fixing scheme

by Jeffrey Steinberg

In an action that promises to have a dramatic impact on global food production, as well as on American politics, the Clinton administration has moved in against some of the world's biggest and most powerful grain cartels. On June 27, FBI agents served subpoenas and search warrants on top executives of Archer Daniels Midland, Cargill, Tate and Lyle, and CPC. A federal grand jury in Chicago is probing price fixing by the four agri-business giants. At this point, the probe appears to be particularly focused on ADM, an \$11-billion-a-year, Decatur, Illinois-based food-processing conglomerate that dominates the U.S. and world markets in such products as high-fructose corn syrup (HFCS), a basic ingredient in soft drinks and many other processed foods, as well as flour, grain alcohol (ethanol), lysine, and citric acid.

According to the *Wall Street Journal*, the current probe was instigated in 1992, when a senior official of ADM, Mark Whitacre, went to the Justice Department with evidence that the company was engaging in price fixing and other illegal practices. Whitacre, a biochemist, is currently the president of ADM's BioProducts Division. For the next three years, outfitted with FBI tape-recorders and hidden cameras, Whitacre gathered evidence of price fixing by ADM and the other firms now identified as targets of the probe.

When FBI agents raided the ADM headquarters on the evening of June 27, teams of agents also visited the homes of numerous top executives, playing the audio- and videotapes of the price-fixing sessions and soliciting their cooperation in the investigation. That kind of action, a rarity in an anti-trust case, suggests that there is high-level political support inside the Clinton administration for the monopoly-busting effort. The anti-trust unit at the Justice Department is headed by Anne Bingaman, the wife of Sen. Jeffrey Binga-

man (D-N.M.), a former New Mexico Attorney General and a Clinton political appointee.

The politics of grain

The grain business worldwide is dominated by a handful of giant cartels, led by Cargill and ADM, that exert nearly total control over world food production and distribution. Their awesome power has gone largely unchallenged for decades. Although almost exclusively U.S.-based, the grain cartels represent one of the most important power bases for the London-headquartered Club of the Isles, the coordinating agency for the European royal and princely households chaired by Britain's House of Windsor. It is through the political clout of the grain cartels that the Club has been able to exert tremendous political influence in Washington and in most state capitals across America.

The cartels' ability to control world food prices is one of the most powerful weapons in the hands of Prince Philip and his Club of the Isles cohorts in their drive to decrease world population. If food is the Club's most powerful weapon in its pursuit of radical malthusian population reduction, the grain cartels are at the very center of their military order of battle.

This hit on the grain cartels comes in the midst of what Lyndon LaRouche has characterized as a "war and a half" between the United States and the Club of the Isles apparatus; and while it is too early to say precisely how the anti-trust action fits into that overall battle, it is hard to imagine that the two monumental events are unrelated.

In fact, one of the targeted companies in the anti-trust probe, Tate and Lyle, is Britain's pre-eminent sugar cartel, which has dominated Britain's Caribbean affairs since the heyday of the slave trade in the last century. Tate and Lyle's

HFCS division, A.E. Staley Manufacturing Co. of Decatur, Illinois, is suspected of involvement in fixing the price of corn syrup. In recent years, ADM has bought a 7.9% stake in Tate and Lyle.

Dwayne Andreas's world

While most of the giant grain cartels, including Cargill, Bunge, André, Continental, and Louis Dreyfus, are privately owned, shadowy operations that wield their political power from behind the scenes, ADM is a different kettle of fish. ADM is the only grain cartel company to trade its stock publicly—over \$9 billion worth.

ADM Chairman Dwayne Andreas was a top official for Cargill for seven years, before going on to create the ADM empire. He is a major funder of both the Republican and Democratic parties, and is a high-visibility Washington wheeler-dealer who has been charged with, but never convicted of, bribing elected officials. An international intriguer as well, he was once described as former Soviet President Mikhail Gorbachov's "closest pal in the West."

Andreas, by his own admission, is also an intimate friend of the Anti-Defamation League of B'nai B'rith, a front for international organized crime that passes itself off as a civil rights lobby. When the ADL fell on financial hard times in the late 1970s, Andreas promptly bailed them out by setting up a real estate trust for the tax exempt group. On another occasion, he wrote the ADL a check for \$1 million. At congressional hearings several years ago, Andreas boasted that he learned "everything he knows" about politics and international affairs from Ben Epstein, the late head of the ADL's self-described "Minneapolis Mafia," who was League national director for nearly 30 years.

In January 1989, syndicated columnists Rowland Evans and Robert Novak implicated Andreas, along with ADL Honorary Vice Chairman Edgar Bronfman of Seagrams Liquor Co., in a scheme to funnel American grain at below-market prices to the Soviet Union, in exchange for shipping hundreds of thousands of Soviet Jews to Israel.

Andreas is unabashed about the tremendous power that ADM and the other food cartels exert over the world economy, all but boasting that they hold the U.S. government hostage.

In an interview published in the August 1995 issue of *Mother Jones* magazine, Andreas bragged to an astonished reporter: "There isn't one grain of anything in the world that is sold in a free market. Not one! The only place you see a free market is in the speeches of politicians. People who are not in the Midwest do not understand that this is a socialist country. . . . We're the biggest [food and agriculture] company in the world. How is the government going to run without people like us? We make 35% of the bread in this country; and that much of the margarine, and cooking oil, and all other things." He concluded, "Did somebody dream there is some way that the government doesn't need

us? What in the hell would they do with the farm program without us?"

Profiteering from starvation

In fact, to answer Andreas's question, the U.S. government, family farmers, and starving people all over the world would do quite well without the likes of ADM and the other grain cartels. The policies of the grain cartels have led to dramatic declines in world food production, skyrocketing costs to consumers (which never find their way down to the farmers who grow the grains and raise the livestock), and wild speculation on the commodities futures markets.

Writing in the July 17 issue of *New Federalist* newspaper, *EIR* Agriculture Editor Marcia Merry Baker catalogued this collapse in production and the speculative bubble that has gone along with it. Debunking the fraud that falling food production has been the result of natural disasters and bad weather, she laid the responsibility for the decrease in food production on "a small group of companies—the commodities wing of the international financial interests"—who "have made mega-profits dominating food processing and trade; and they are now anticipating spectacular gains from price hikes, futures, and derivative trading from food shortages" that they themselves are fostering.

Grain production worldwide, for example, in the fiscal year that ended June 30, was estimated at 1,744 million metric tons, and the projected figure for 1995-96 is 1,724 million tons. To meet the minimal food requirements of the current world population, Merry Baker estimates that the world production per annum should be well over 3,000 million tons—over 40% more than current outputs. Existing stocks of grain, which should be at minimum three months' worth, have fallen to 52 days' worth—a global food emergency by any standards.

As the result of the grain cartels' choke-hold over the processing and trading—i.e., the route from the farmer to the consumer—grain production has been kept artificially low. Not so for prices. In June alone, the price of wheat at the Chicago Futures Market jumped by 17% in just two weeks! And the futures price is up 42% from one year ago.

As a spinoff of these developments on the world grain markets, there are shortages of production and skyrocketing prices on the dairy product markets as well. In Russia, for example, the price of powdered milk has increased 400% in the past year, and there are shortages of butter and milk projected for the next year.

What is the cartel's proposed solution to this crisis? To begin trading on fluid milk futures on the New York or London exchanges.

The price-fixing probe of ADM, Cargill, and the others potentially hits at the heart of their food-war strategy. Whether the Clinton administration is fully aware of it or not, the action recently undertaken against these grain cartels is a shot heard 'round the world.