

Clinton's quiet war with the food cartels

by Jeffrey Steinberg

It may be too early to call it an all-out war, but recent actions by the Clinton administration suggest that the White House is cracking down on some of the country's biggest food cartels—at precisely the moment that they are preparing to saddle the world with a major food shortage.

The most widely publicized of the actions is the Justice Department's grand jury probe of price fixing by the Archer Daniels Midland company and a half-dozen other food-processing giants. But in recent weeks, the U.S. Department of Agriculture (USDA) has announced that it is investigating the nation's largest meat-processing company, IBP (formerly Iowa Beef Processors) for preferential treatment of certain feed lot owners. Perhaps not coincidentally, the Mexican government announced its own investigation of IBP's dumping of beef on the Mexican market in order to drive the country's cattle producers into bankruptcy.

The IBP probe has significant political ramifications. Early in August, the *Wall Street Journal* revealed that IBP management was pressuring employees to turn out en masse for the Aug. 19 Iowa Republican Party straw poll to cast their votes for Texas Sen. Phil Gramm. IBP has drawn fire since the early 1980s, when the company was bought by Armand Hammer's Occidental Petroleum, and began slashing wages and benefits for its workers (down 40% in the last decade), while at the same time aggressively moving to consolidate a near-lock on Midwest cattle stocks. As the result of these practices, many IBP full-time employees are so poorly paid that they qualify for food stamps and even welfare benefits.

The irony of Armand Hammer, the late pro-Soviet billionaire, whose father was a founder of the Communist Party USA, running one of the nation's worst slave-labor shops, tells only part of the story. Since the Occidental takeover, IBP's board of directors has been padded with George Bush-aligned Republicans, including Wendy Lee Gramm, wife of

the senator, and Bush's chairman of the Commodity Futures Trading Commission (CFTC); and Alex Cortelis, the south Florida real estate magnate who was Bush's chief fundraiser in his 1988 and 1992 presidential campaigns, and who now heads the fundraising effort for Phil Gramm. Even after Occidental sold IBP several years ago, top Occidental executives retained control over the company. While workers' wages and benefits plummeted, the chairman of the corporation is now pulling down a \$4.8 million annual salary, and outside board member Wendy Gramm gets \$20,000 a year, plus \$900 for every board meeting she attends.

Courtesy of IBP's herding efforts, Gramm came in tied with Senate Majority Leader Bob Dole in the Iowa straw poll on Aug. 19. Reportedly, 60% of Gramm's votes were delivered by IBP; and the media has tried to portray the Iowa event as a sure sign that the Gramm campaign is back on track, after a disastrous start. In May, on the very day that Gramm was appearing at a rally of the Christian Coalition, endorsing their "Contract With the American Family," the *New Republic* released a story detailing Gramm's bankrolling of X-rated movies, including one that depicted former President Richard Nixon engaging in bestiality in the Oval Office. Gramm had delivered a eulogy at Nixon's funeral. A few days later, another story was released linking Gramm to the early release from jail of a major Texas drug trafficker.

More than politics

The Clinton administration's moves against IBP and ADM may, on the surface, look like little more than election-year politics. Not only is IBP part of the hard-core Bush-league Republican financial structure, but ADM chairman Dwayne Andreas is one of the biggest backers of GOP presidential front-runner Dole, and ADM has been a regular source of soft money to the Republican National Committee.

Dwayne Andreas is also a member of the international advisory board of the London-based Hollinger Corp., the media conglomerate that has been spearheading the propaganda assault against the Clinton presidency for the past two years. ADM has been pouring money into Hollinger's American subsidiary, American Publishing Company, and last December, ADM director Robert Strauss (a Texas Democrat and Bush's ambassador to Moscow), was placed on Hollinger's board of directors.

But sources close to the probes who were interviewed by *EIR* say that there is more to the Executive branch actions than pre-campaign maneuvers. They say that some senior administration officials and advisers are convinced that the cartels' power must be broken before any serious economic changes can be enacted. Coming at a time when the London-centered Club of the Isles apparatus is aggressively hoarding a wide range of strategic raw materials, including foodstocks, strategic metals, and petroleum products, in anticipation of a blowout of the global financial bubble, a move on the cartels could prove to be a timely hit on some of the President's strongest British enemies.

ADM in deep trouble

By far, the most serious move against the cartels is the Justice Department anti-trust office's moves against ADM and other multinational companies involved in producing lysine, an amino acid, and high-fructose corn syrup. Since the raids on ADM headquarters by federal prosecutors and FBI agents on June 27, there have been 28 separate civil lawsuits filed against the company. Most of the suits have been initiated by corporate stockholders and clients who charge that they have been robbed by the firm as the result of its price-fixing activities. Since the raid, prices of ADM shares have fallen by 11%.

The Sept. 4 issue of *Fortune* magazine features a firsthand account by ADM Vice President Mark Whitacre of the company's role in organizing a global lysine cartel. Since December 1992, when he first told FBI agents visiting the ADM headquarters about the price-fixing scheme, Whitacre has been secretly taping meetings between ADM executives, including Mark Andreas, the chairman's son and heir-apparent, and officials of rival firms, at which prices were fixed and production and marketing quotas set. ADM executives were frequently captured on tape, repeating the company mantra: "Competitors are our friends, customers are our enemies."

Among the ADM "family jewels" that has already been exposed as the result of the ongoing DOJ investigation, is chairman Dwayne Andreas's cozy relationship to senior officials at the FBI, who, over the past decade, placed the bureau at the disposal of ADM to go after several rival firms. According to Whitacre's *Fortune* account, in December 1992, in the midst of ADM's efforts to organize the illegal lysine cartel, Dwayne Andreas called in the FBI to launch a probe of the Japanese company Ajinomoto, claiming that the rival had planted a saboteur at the ADM lysine plant to infect



Dwayne Andreas, chief executive officer of Archer Daniels Midland. The power of the food and raw materials cartels must be broken, if any changes in U.S. economic policy are to be effected.

the ADM product with bacteria.

The Andreas ploy backfired badly. Faced with the prospect of being caught in a bribery and illegal price-fixing scheme, Whitacre confessed to the FBI and eventually agreed to be a mole inside the company hierarchy.

It was a strange twist of fate. Back in 1987, Dwayne Andreas had helped infiltrate two undercover FBI agents into the Chicago commodities exchange, where, for two years, while posing as ADM brokers, they amassed evidence against ADM's biggest rival in the soybean business, the Italian conglomerate Ferruzzi. Eventually, 18 soybean traders were indicted in a fraud scheme, and the Chicago Board of Trade, under heavy pressure from ADM and Cargill, ordered Ferruzzi to sell off its soybean inventories at a loss of more than \$100 million. Several years later, Ferruzzi went under altogether, and two top company executives allegedly committed suicide.

In another move that could prove to be an important hit against the Bush-league multinationals, the Securities and Exchange Commission (SEC) has initiated an action against the W.R. Grace Company. The company's recently deceased chairman, J. Peter Grace, had been a fixture in the Reagan-Bush era "secret parallel government." One of Grace's pet "charities," Americare, was a major source of non-lethal aid to the Nicaraguan Contras, and may have been even more directly involved in the secret war in Central America.

The SEC probe is reportedly centered on over \$24 million in bonuses and perks provided to J. Peter Grace during his tenure as chairman of the board. Some of that corporate largesse may have found its way into the Contra war chest.