Cargill issues free trade edict, as cupboards go bare

by Marcia Merry Baker

As the 1996 northern latitude crop year proceeds with a much-damaged U.S. June winter wheat harvest (and no "miracle crops" anywhere else), the need for emergency measures to aid domestic food supplies, including in the United States, becomes clearer every day. U.S. grain stocks are now at their lowest since World War II. For 12 months, the European Union has taken repeated actions to protect grain for domestic use. Japan has augmented its rice reserve. Import-dependent nations are seeing scarce grain prices soar out of reach. On June 6, Bulgaria declared a national bread emergency, as the agriculture minister resigned.

Limited measures have been taken by the Clinton administration. On May 30, Agriculture Secretary Dan Glickman asked the White House for permission to release 48 million bushels of government-held grain reserves, to distribute as cattle feed relief to farmers hit by drought, high feed-grain costs, and low prices for their beef. Cattlemen are getting the same beef price now as in 1977, because of systematic underpayment by the meat cartel (IBP, Cargill, ConAgra, and National Beef) which controls 87% of U.S. beef slaughter. The irony is, that the only reason there are any government stockpiles on hand, is because they are "leftovers" from a past era of strategic food reserves policy. The new "Free Market Transition" seven-year national farm law specifically forbids government food reserves, in deference to the food cartel which preens itself as the "free market forces."

June 7 was the release date for a set of recommendations and a report from a USDA-commissioned Committee on Concentration in Agriculture (formed in February 1996), on how to deal with the unprecedented degree of monopoly control by a few large processing and trade firms in grains, oils, meat, dairy, sweeteners, flour, baked goods, fruits, and vegetables.

EIR, in several issues over the past year, has documented the percentages of control over different food commodities the prominent companies have, as well as their interconnections to mostly London-serving financial and political control networks. (See especially our *Special Report,* "The Sun Never Sets on the New British Empire," *EIR,* May 24, 1996.)

To protect their image, even farm state Republican congressmen are breaking ranks with Conservative Revolution anti-government dogma, and have called for national intervention to aid farmers and food. Sen. Larry Pressler (R-S.D.), challenged for his seat this fall by Rep. Tim Johnson (D), has come out for anti-trust action against the meat cartel companies that are underpaying cattlemen for beef. Senate Agriculture Committee Chairman Richard Lugar (R-Ind.) held hearings May 15 and June 5 on commodities speculation in the grain belt.

Cargill: 'No to national food sovereignty'

Lest the idea of emergency measures catch on, as food becomes more expensive, scarce, and tainted, commodities cartel top gun Daniel Amstutz fired off against any and all types of national food sovereignty initiatives, however small and meek.

On June 3, Amstutz, a former Cargill executive, and now President and CEO of the North American Export Grain Association, Inc. (NAEGA), gave the principal speech, after Secretary Glickman, at an Agriculture Department event on "U.S. Forum for the World Food Summit." The World Food Summit is being hosted by the UN in November, in Rome, arranged by the UN Food and Agriculture Organization (FAO), and intended as a heads-of-state gathering on world food shortages.

Amstutz, who spoke on "Trade and World Food Security." held forth on the theme that government action by either the United States, or any other nation, must be outlawed when it comes to food; instead, "private" interests, and the "markets" must have full freedom to operate in any way that they choose, in production and trade of food commodities—even for international food relief. "The World Food Summit will be held at a time when global supply balances are tight," he said. "It would be a mistake for the United States or other countries to view this as anything other than a temporary aberration. It would be a mistake to use the current situation as an excuse to mandate multilateral, intergovernmental stockpiling of food products. If incentives are permitted to exist, markets will provide the wherewithal, not only for the production of sufficient supplies to meet current demand, but also to finance the carrying of reserves by the private sector. And if any countries desire to secure reserves for aid-related purposes, the private sector can provide the service *today* for the organization and management of any reserve program that may be desired. NAEGA is ready to assist in this process. There is neither need nor reason for the involvement of governmental bureaucracies in such undertakings."

Demands new free trade 'round' in 1999

Amstutz began his speech with the following demands for even more free trade for the food cartel interests than they now exert.

"The United States should insist that the next multilateral trade round does in fact begin in 1999, as stipulated in the Marrakech Declaration that signaled the conclusion of the Uruguay Round. . . .

"The United States should insist that some of the matters to be addressed in the next trade round include:

"• The continued rollback of all export subsidies and their eventual elimination. . . .

"• The elimination of State Trading Enterprises (also referred to as single desk export/import monopolies). . . .

"• The rollback and eventual elimination of high import tariffs instituted during the 'tariffication' process of the Uruguay Round.

"• Overall expansion of market access and the elimination of barriers created by unscientific/arbitrary sanitary and phytosanitary regulations. [By this, he means any safe food regulation that the cartels object to—ed.]

"• The eventual elimination of green boxes and boxes of all other colors that provide national exemption from trade liberalizing agreements.

"The United States should commit to a goal of eliminating all areas of government control and manipulation of prices that impede the production and economic flow of food products from the farm to the market."

Who is Amstutz to issue edicts? As they say, there is no such thing as an "ex"-Cargill official. Cargill, a private company based in Minnesota, is the world's largest grain trader. During his time with Cargill, Amstutz worked in the Cargill Tradax office in Europe, at the hub of commodities trade. From 1983-87, Amstutz was U.S. assistant secretary of agriculture, after which, he served as George Bush's U.S. representative to the General Agreement on Tariffs and Trade (GATT) Uruguary Round of world agriculture free trade talks. Now, Amstutz heads NAEGA, which represents Cargill, ADM, Continental, Louis Dreyfus, and the other major grain and oilseed exporters.

Corn belt razed by deregulation, speculation

The results of the kind of free market deregulation demanded by Cargill, and sanctioned in the new U.S. "Free Market Transition" farm law, are to be seen in wild speculation hitting the markets and the grain belt. Spring spikes in wheat prices on the Chicago Board of Trade, and Kansas City Board of Trade have prompted disciplinary investigations of abuses of "volatility." Corn speculation is even wilder, with July being a bulls-eye month.

It is an "open" rumor that the cartel grain-processing companies (Cargill, ADM, Tate & Lyle, and CPC, all of them under federal anti-trust investigation since 1995) will demand to take delivery on the July corn futures contracts they hold. They will thus suction up all the corn around, and will be positioned to hoard, speculate, and make a killing off stratospheric price rises. Over the past 24 months, vast amounts of private, "smart" money in the London circuits have flowed into all kinds of controlling positions in the world food chain, and in production lines of other strategic commodities (fuels, metals, minerals, gold, etc.).

The background is that the U.S. corn harvest period is September-November, and corn stocks are running down so low, relative to use, that as of mid-summer, the United States will be effectively *out of stock.*

Another part of the July picture is the potential for between $800 million and $1 billion in losses in Midwest farms, local elevators, and so forth, as a result of farmers' inability to meet delivery on corn contracts, due in July, called "hedge-to-arrive contracts" (HTAs); these are derivatives-type deals that farmers were snookered into. They are now hit by "suicide spreads" in prices, and they can neither produce the corn, nor pay up.

Lugar's Agriculture Committee held hearings on these new HTA contracts on May 15 and on June 5. The conclusion? "We are aggressively investigating," said John E. Tull, Jr., acting head of the Commodities Futures Trading Commission, the very agency whose past laissez-faire policies in the 1980s under chairman Wendy (Mrs. Phil) Gramm (now on the board of IBP cartel meat company) opened the way for HTA hijinks. Tull says HTAs may be illegal, and "participants may have committed fraud in the marketing" of HTA contracts. He advised HTA "participants" (farmers, elevators) "to try to resolve their differences among themselves," and he said that the CFTC will carefully monitor the coming expirations of grain futures contracts, especially the July corn contract.

Different advice comes from some of the Midwestern local press. The Lincoln, Nebraska *Star Journal* advised on May 29: "Assume the crash position, please, because a train wreck is coming in the July corn futures contract."