

## Russia's plan to rebuild farming shocks free traders

by Marcia Merry Baker

On Nov. 24, Sen. Richard Lugar (R-Ind.) held a press conference in Washington, D.C. to report back on his trip to Russia. Although he travelled for the purpose of inspecting nuclear weapons de-activation, Lugar is chairman of the Senate Agriculture Committee. He was asked about what lies ahead for food needs in Russia, given the Nov. 6 announcement of U.S. food aid to that country. At that point, as they would declaim in drama class, "The Senator expressed surprise."

Lugar said, "The discussion of food aid was surprisingly a mixed bag; by that I mean a great number of Russian officials were, frankly, cynical about the food aid situation, suggesting that it was an attempt by the United States to get rid of agricultural surpluses to boost farm prices; that the farm lobby had struck again, and as a result, it [food] was going to come over, and so they would deal with it as best they could. But that was a very different kind of reaction than I had anticipated."

In fact, Lugar's surprise typifies the policy incomprehension and paralysis in the United States, to the fact that the world commodities situation—production, trade, processing—is breaking down in parallel with the systemic financial breakdown, and certain governments are taking leadership initiatives on behalf of their own economic interests. Russia has announced an *agriculture-rebuilding program*, in connection with welcoming needed food aid.

A first-hand account of the situation in Russia was provided by Prof. Taras Muranivsky, the Moscow-based chairman of the Schiller Institute in Russia, to an *EIR* seminar in Washington, D.C. on Nov. 19 (see below).

If the United States, in addition to providing the food aid announced so far, follows through with assistance to Russia's rebuilding effort (technology, inputs, and so on), then both

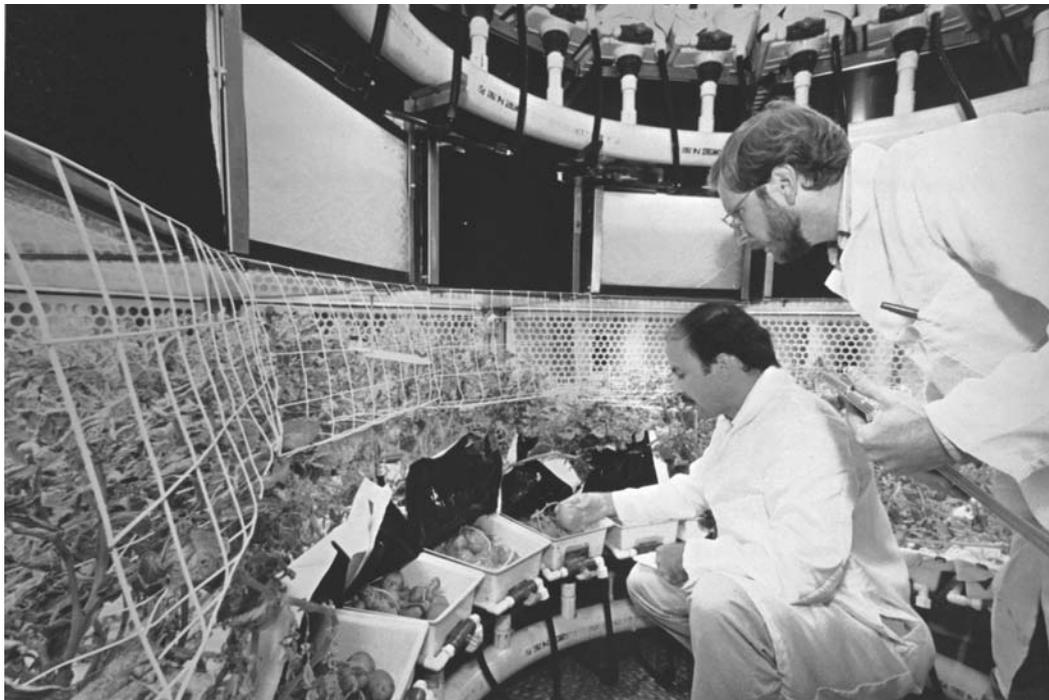
economies will gain, and a path for world mutual economic development will be set. This is in the tradition of the 1950s "Food for Peace" (Public Law 480) policy of food aid for the purpose of food and farm development, and world economic security.

Moreover, the historic visit of China's President Jiang Zemin to Russia in November, with his pledge of a joint commitment to science and economic development, portends great things for Russian agriculture, given the wonderful build-up of China's agriculture in recent years (see *International*).

The United States can either take part in this process, or count itself out, ignoring its own traditional "Food for Peace" policies, and suffer the consequences.

Russian officials have repeatedly stated that they do not want a continuation of the 1991-97 period of undermining of their domestic agriculture output potential, as was done under the Bush-Thatcher-initiated shock-therapy market "reforms." Russian annual grain harvests declined, as inputs fell each year. Livestock inventories fell by 30-45% from 1991 to 1997. Russian consumption of meat declined drastically. At the same time, Russia's meat supply became 40% dependent on foreign imports. People turned to small-plot potato-growing for subsistence. To express revulsion at the entire policy, Russians call the imported U.S. frozen chicken quarters "Bush legs," after George Bush.

Thus, the nation's agriculture was made vulnerable to such an event as occurred this year when drought, then heavy rains, devastated the 1998 grain crop. Only 43 million metric tons (clean weight) have been harvested this fall, compared to 88 million in 1997, and a yearly average of 100 million under the 1980s Soviet command economy period, despite all



*Here a potato crop is grown hydroponically in a controlled environment cell, including producing “underground” tubers in drawers, without any “ground,” in the Biomass Production Chamber at the Kennedy Space Center, Florida, in 1993. Such techniques could dramatically increase production.*

its problems.

No wonder Lugar received a “face-full” in Russia, when talk got around to food and farming! On Nov. 24, he recounted the criticisms he heard, “anecdotally” as he said. “The worst part of it, however, was that I did not find ‘hallelujahs’ in the Russian press, or people who understood that people in the United States were compassionate and were thoughtful and were hoping to help out,” Lugar said.

He said, “I mention these reactions not as a systematic review, but to say that before we proceed much further, I believe, with augmenting the program that USDA has announced, I would hope that Ambassador Collins, our people on the scene day-by-day out in the countryside, get a better fix on what Russian attitudes might be, and constructively what we ought to do.”

### **Russia’s re-building program**

On Oct. 6, Russian Prime Minister Yevgeni Primakov, in his first televised press conference on taking office, stressed the national priority of restoring Russia’s agriculture capacity.

On Oct. 29, Russian Agriculture Minister Viktor Semyonov gave a press briefing in Moscow on the scope of emergency food needs, acceptable terms of food and agricultural assistance, and plans to revive Russia’s farm sector.

**Grains:** Semyonov stressed increasing fertilizer application. He stated, “Last year we used 1.3 million tons of fertilizers. But this year this figure is less than 1 million tons, while agriculture needs 16 million tons. . . . We plan to increase the amount of fertilizers used for the future crop by four or

five times.”

**Livestock:** Semyonov stressed building up animal numbers, and boosting domestic meat output. “The crisis demonstrated to the whole of society the importance for a country to have a highly developed agriculture to ensure the country’s food security. . . . The sectors that are capable of rapidly producing meat, I mean poultry farming and hog raising, should be given credits to expand production and thus increase food supplies in the country. If we fulfill this program, we will be able, according to our calculations, to offer the market 250-300,000 tons of domestically produced meat and thus supplant imports,” he said.

In addition to these basic measures, the November trip of China’s President Jiang Zemin to the Science City in Novosibirsk, raises the horizon of high-technology agriculture for even the “Far North,” or Arctic regions of Russia, many of whose 12 million inhabitants are suffering mightily right now from lack of logistical provisions and supplies of food, fuel, and medicines.

Russia-China collaboration could further develop “protected agriculture.” The research done for food production in space has direct applications for “protected agriculture” in harsh conditions here on Earth. Similarly, “greenhouse” experiments with dwarf wheat were conducted on the Russian Mir space station between August 1996 and January 1997 (see *EIR*, Oct. 16).

China already leads the world in area under cultivation with a kind of protected agriculture called “plasticulture”—the use of plastic film on the ground to enhance moisture and temperature conditions for plants.

## U.S. economic emergency measures

Thus, Moscow has made its intentions on its national food security measures very clear, in tonnage terms. Therefore, the fact of Lugar being “surprised” on his trip to Russia, shows that, as the slang goes, “it’s his problem.”

Senator Lugar, along with a contingent of others in Congress — mostly Republicans, though not all — are still talking in terms of “free markets” and other features of a world trade and financial system which *no longer exist*. Trade volumes have plunged, and farming and trade financing have collapsed in chain-reaction fashion as nations’ currencies and other monetary and financial values have been engulfed in crisis.

Across the United States, millions of bushels of grain are piling up outdoors, or in makeshift storage, because the silos are full of *last year’s* unsold grain! Some 40% of the 1997 U.S. wheat crop is unsold. U.S. farmers face ruinously low prices for their grain crops, livestock, and other commodities. The farm states all are posting huge drops in farm income, that threaten to wipe out the entire economies and whole communities in the Dakotas, and across the Great Plains. Not just commodities, but even tractors and farm machinery are piling up unsold (see p. 9).

When Congress recessed before the elections, they passed a \$6.9 billion aid package for U.S. farmers, as a stop gap, until, as many Congressmen said, “markets” return in the future. But without a new international *system* of currency pegging, capital controls, and so on, there will be no rebound of dead “markets.”

Look at the trade in “Bush-legs,” for example. After Aug. 17, when Moscow devalued the ruble and announced other financial measures, imports of Bush-legs and all other foods into Russia all but stopped. The freighters of frozen chickens were literally halted on the high seas. Fully 40% of all U.S. chicken-quarter exports had been going to Russia in recent years — from Tysons and other cartel companies. Now, Moscow says, there will be no *status quo ante*, when it comes to food import-dependence. So, what will be the U.S. reaction?

In early November, LaRouche stressed that the U.S. must return to the traditional Food for Peace approach, in his paper “Food, Not Money, Is the Crisis” (*EIR*, Nov. 13). This means parity-based pricing for domestic farmers, and those of our trading partners as well. Currency pegging, capital controls, and mutual-interest trade and economic development. Nothing else; nothing less.

The calls for emergency measures are increasing in the United States. On Nov. 17, the Rev. Robert J. Carlson, Roman Catholic Bishop of South Dakota (Sioux Falls), released a call for a criminal investigation of low farm commodity prices. “I am asking for an investigation by proper authorities (within the state, the Department of Criminal Investigation, and because of interstate commerce and other factors, the U.S. Justice Department) to determine if anything criminal is at the bottom of this predicament,” he said.

## Primakov government must be supported

*Taras Muranivsky, president of the Schiller Institute for Science and Culture in Russia, made these comments by telephone to the EIR Food For Peace Seminar in Washington, on Nov. 19, 1998.*

Let’s ask the question: Is the Russian population heading for famine and destitution? I say no. And not only me. [Yevgeni] Primakov, the new Prime Minister, said the same. And the new government has begun to do some very serious things, to prevent such an awful situation in Russia.

From the very beginning, I’d like to say that this government must be supported by all forces all over the world that can help and want to help Russia. You know that the current crisis is not the crisis of 1998. The Russian crisis began in 1991. Successive Russian governments have been following the prescriptions of the IMF [International Monetary Fund] for free trade, financial liberalization, opening of markets, and, basically, to make Russia into a raw materials producer, rather than an agro-industrial country.

So, the West is responsible for the crisis in Russia. The foreign and the internal reformers pursued the objective, to destroy the Russian machine-building industries, to annihilate the textiles industry, and other branches of the manufacturing industries; to ruin farming and the food industries and others.

The result was that, overall, production fell to 30% of what it had been in 1991. Worse than that, 40% of the population was [pushed] below the poverty line. Domestic production was coming to a stop. Domestic credit was effectively unavailable. Only foreign credits could be obtained. And the Russian government was issuing its debt to foreign creditors at ever-higher interest rates, with ever-shorter maturities. When these financial pyramids could not be paid, the process of collapse that has been going on in the world in the last several years saw its first major sovereign default, in effect.

There was really nothing the creditors could do about it. They don’t have their money now. They are not going to get it. They have knocked the legs out from under the roulette table that has been going on internationally.

I must draw your attention to LaRouche’s point of view. He is right, in what he has written in one of his very latest memorandums [“Food, Not Money, Is the Crisis,” *EIR*, Nov. 13, 1998]. We need to help Russia through Food for Peace. But we must have in mind that we do not simply need help.