

Financial Group became the fifth of the Top Five banks to announce a loss for the fiscal year, wracking up \$4 billion in red ink. All five big banks had started the last fiscal year expecting to earn a profit. While the world's biggest banks have had plunging profits in past, this is the first time they've been hit with such flat-out losses.

Daiwa Research also estimated that the top 1,500 non-financial companies listed on the First Section of the Tokyo Stock Exchange, had an additional combined total of \$30 billion in losses on their shareholdings for the fiscal year. The non-financial companies as a whole were still in the black, but profits for the whole group were down 12% (from projections made only in early March) due to the drop in value of their stock holdings.

The fall of Tokyo's Nikkei stock average below the critical 8,000 level to 7,849 on March 31, when all books were closed for the fiscal year, caused banks, and the industrial companies with which they interlock, to take massive losses on their portfolios of each others' stocks. The Nikkei index has been sinking with no bottom in sight since the crash of the Wall Street dot.com bubble, compounded this year by the threat of war in Iraq and Korea, rising oil prices, collapsing exports, and flight capital.

"Foreign and institutional investors are worried that there may be another banking system crisis such as 1997-98," Nikkei warns. "If the depositor withdrawals that occurred in 1997 and 1998 take place now, banks will move to accumulate a greater amount of cash on hand and decrease lending. Companies and consumers will be starved for cash," and all efforts to break Japan from the grip of its deepening deflation will be out the window.

Shares of Japan's mega-banks continue to plummet, down by 10% since the end of March. The fall in bank shares is now "blowing back" to devastate the industrial companies associated with each bank, which hold the bank's shares. Mitsubishi group companies were particularly hard hit due to their large holdings of Mitsubishi Tokyo Bank stock, whose price fell 43% during the fiscal year. Mitsubishi Electric lost \$500 on its bank's stock alone; Mitsubishi Metals lost \$400 million, and Sanyo Electric lost \$1.2 billion—the same dollar amount as its industrial operating profits. That left Sanyo almost in the red for the year despite all its production output and sales.

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Iraq War Drastically Distorts World Food Aid

by Paul Gallagher

World media in late March and early April created the image of American and British invading military forces generously bringing food aid to Iraqi civilians urgently in need of it. But notably, some towns in southern Iraq reportedly told their British conquerors that they didn't need food, having weeks of food supplies already; they desperately needed back the water and electricity supplies the American and British bombing and shelling had shut off. The reality is more ominous, and must be seen on a world scale.

The huge food aid mobilization "for humanitarian assistance" to an imagined happy, liberated "post-war" Iraq, was not simply part of the "cakewalk war" fantasy of the chicken-hawks in Washington; it also has severely distorted food aid worldwide, at a time of grave food shortages elsewhere and declining world cereal grains production and reserves.

Iraq, prior to the U.S.-British invasion, was not suffering serious food shortages. It is true that 16 million of the country's 24 million people were regularly depending on food baskets, primarily grains, provided through the UN's oil-for-food program, and administered by the World Food Programme (WFP) for food, and the Food and Agriculture Organization (FAO) for agricultural inputs. But many Middle Eastern countries, oil producers and others, are net food importers. This, roughly \$300 million per year in food imports, was being paid for by the sale of Iraq's crude oil production; it was not in fact food aid, like that for African countries hit by drought, war, and debt; for Afghanistan and other Central Asian Republics; for North Korea, etc.; which have been the subject of urgent and emergency appeals by the World Food Programme in recent years.

War 'Prepositioning' Squeezed Global Aid

Those very appeals, since at least February of this year, have been significantly squeezed as the biggest food aid donors—the United States, Canada, and Australia in particular—"prepositioned" food aid in preparation for the Iraq invasion which would cut off the UN food-import programs in that unfortunate country. Warehouses and airplane hangars in Jordan, Kuwait, and Qatar were filled to their ceilings with millions of bags of milled and unmilled grain for whatever occupying authority to dispense.

At the same time, WFP officials urgently warned that international food donations for North Korea—where 4-6 million people depend on them—essentially stopped. Those



Vast piles of “prepositioned” food aid in hangars in Jordan, Kuwait, and Qatar were part of the U.S.-British invasion preparations in February and March; food aid dropped sharply, at the same time, to other areas of the world faced with famine.

for Africa, where *40 million people* in 21 countries face food deprivation or even starvation by the April-July period, dropped sharply. In Ethiopia and Eritrea—the worst-affected among many deeply-suffering African nations—where 15 million people are facing famine this Spring, the food aid pipeline will be empty in less than two months, according to WFP coordinator for East Africa Holdbrook Arthur on March 13. Families getting the food have been cut from 15 kilograms to about 12.5 kg per month of cereals—less than a pound a day. Of the 1.6 million metric tons of food aid the WFP appealed for last Dec. 1 for Ethiopia and Eritrea, only 750,000 tons (45%) have been pledged, let alone actually delivered, through March. Both countries are in the fourth consecutive year of drought. For many of the other 19 African countries suffering severe food shortages, the pledged portion of the WFP aid appeals, as of the end of March, is still less—as little as 10% in the case of Mali, for example.

These 21 countries have half of all the people in the world in need of emergency food aid. Overall, the WFP went into December 2002 needing 5 million metric tons of urgent food aid for 2003, for 80 million people facing malnutrition to starvation without it. This represented about \$5 billion worth of donations. Donations had fallen from \$1.9 billion worth in 2001 to \$1.8 billion in 2002, as world production of grain itself fell for the second time in three years, reflecting economic depression conditions. Thus, a 33% year-to-year food aid increase was already urgently required in 2003—primarily be-

cause of the drastically deteriorating food shortages in Central, Eastern, and Southern Africa—before the Iraq invasion “prepositioning” began to drag the grain away.

Creating the Shortage

Then on March 28, ten days into the U.S.-British invasion, came the announcement by the WFP of a *\$1.3 billion food appeal for Iraq*, equal to more than half of the aid WFP had requested in December for all of 2003 for the entire world. It was described as “the largest food appeal in the history of humanitarian assistance.” This was more than four times as large as the pre-war UN oil-for-food import program. Its stated goal was nothing less than “to feed the entire Iraq population completely over six months”—a population it inflated from the actual 23-24 million, to 27.1 million—requiring nearly 500,000 metric tons of food per month.

In the ten days following this appeal, the WFP received pledges of \$275 million in food aid for Iraq—almost all of it from the United States and Australia—and only \$100 million in aid for the rest of the world combined—80% of that from Japan.

Thus the military “coalition” countries are apparently in the process of filling, at the cost of their taxpayers and of undernourished people in Asia and Africa in particular, an Iraqi need for emergency food aid, which need they are simultaneously creating by war, where it did not exist before.

The war is now running into the Spring harvest of wheat and barley, which starts in April and was anticipated to bring in 1.5-1.7 million metric tons of grain. On April 3, Laurent Thomas of the UN FAO’s Special Emergency Programmes Service raised the fear that this harvest may be lost, saying “the conflict could be devastating for Iraq’s rural economy.” The same goes for the Spring planting, beginning at about the same time and mainly in the northern half of the country, which is of vegetables, maize, and rice, supplying proteins and vitamins missing from the grain rations. The FAO immediately put out its own emergency appeal for \$83 million in aid, consisting of seed, fertilizer, pesticides, fuel, agricultural machinery and spare parts, irrigation, and water supply systems—obviously fearing that Iraq’s farmers may lose all these inputs to the fighting, and otherwise be unable to plant the Spring crop.

If a significant part of the harvest and/or the Spring crop is lost to the war, the depressing spectacle of the World Food Programme putting the entire Iraqi population completely on the dole for food, under military occupation, may be added to the bombing of electricity systems, the cut-off of vital water-supply systems in this desert country, and to the large-scale loss of life and limb among Iraqi soldiers and civilians, as among the achievements of this phase of the chicken-hawks’ “World War IV.” And with global grain production falling in the depression, millions of people will be threatened with death in countries which desperately need that emergency food aid.