

Nestlé's 'candy cartel' forced U.S. to deny milk powder to Mexico

U.S. Agriculture Secretary Clayton Yeutter bowed to pressure from the "candy lobby" in November and postponed shipping 10,000 metric tons of pre-contracted milk powder to Mexico in November and December this year, in order to divert it to use by the "chocolate cartel" to make sweet profits from selling candy in the United States this Christmas season.

Washington agriculture trade officials have given their assurance to the Mexican government food coordinating agency Conasupo that the United States will honor its prior commercial commitment to Mexico, and ship the 10,000 tons of milk powder by March. However, the original agreement was to deliver the powder to Mexico by Jan. 1. Neither Washington nor Conasupo officials have said how Mexico will manage to find other milk powder in the meantime.

This delay of the large milk powder shipment was a "trade secret" until Nov. 27, when Marcia Merry, *EIR's* agriculture editor, held a press conference in Mexico City to break the news. Merry represents the international Food for Peace organization, founded last year by U.S. economist Lyndon LaRouche and others in order to mobilize public policy for expanding national food self-sufficiency and emergency food relief to Africa and all crisis areas, before the food crisis leads to war.

The facts of the case are straightforward: The cartel "chocolate lobby" demanded priority over Mexico. Those demanding milk powder were the U.S. Chocolate Association, the U.S. Bakers' Association, and the U.S. Dairy Association, who need milk powder for routine food processing.

There are only 12 members of the U.S. Chocolate Association. The chief member is the international milk and chocolate cartel company Nestlé, the Swiss-based giant. Also in the association is the sugar and candy cartel company controlled in Europe, Jacobs-Suchard, Inc. The remaining members of the U.S. Chocolate Association are: Ghirardelli Chocolate Co.; Van Leer Chocolate Corp.; Merchaens, Guittard Chocolate Co.; Leaf, Inc.; Ambrosia Chocolate Co.; and the giant U.S. companies Mars and Hershey's.

There are absolutely no free stocks of non-fat dry milk powder in the United States at this time, and next to none in Canada, the European Community, and New Zealand. As of

October 1987, there was a milk powder reserve in the United States of 55 million pounds in private commercial channels, plus tens of millions of tons of powder in the federal government stocks—for children, the poor, and emergencies.

No reserves left

Today, there are only 44.6 million pounds of private stocks in the United States, all committed and even fought over, and there are no stocks at all of federal government milk powder and cheese for schools, the poor, and disaster relief.

Mexico, the largest importer of milk powder in the world, faces vicious competition and high prices. Three years ago, Mexico paid about 30¢ a pound for milk powder. Mexico usually made its purchases from the European Community. Because of world shortages of milk powder, Mexico was faced with paying 90¢ a pound as of spring 1989. Thus, in the spring of 1989, Mexico placed a large order for 20 million pounds of powder with the United States, at about 80-85¢ a pound. But by autumn, U.S. milk powder stocks were so tight that Nestlé, Carnation, and other giant companies offered \$2 a pound for milk powder and demanded that Agriculture Secretary Yeutter agree to make Mexico wait three months for milk.

Since there are no reserves of milk powder in the United States, trade officials are asking, "Where will the milk powder come from for Mexico in 1990?" Yeutter says that new production from the U.S. milk cow herd will meet the need. He argues that winter is usually when milk cows in the northern latitudes give more milk, because they have richer food from the fall harvest, and the Holstein breed prefers the cool temperatures.

But farm experts say that Yeutter looks and talks "like the Joker in the Batman movie." One dry milk manufacturer says: "Yeutter thinks you can push a button, or pull a teat, and milk will always come out. But he is sick. He used to be president of the Chicago Mercantile Exchange, the infamous Chicago Board of Trade. Yeutter knows only about speculation, and not production."

U.S. dairy farmers are being forced out of operation in

large numbers. New York State has lost 1,000 dairy farmers in the last two years. The U.S. dairy farmer is getting \$14 per 100 pounds of fluid, raw milk, but he needs \$16 per 100 pounds to stay in operation, and he needs \$24 per 100 pounds as a parity price (fair price to cover all operations costs, and new investment in modern technology) to stay in business in the future to provide urban consumers "milk security."

The United States is producing very little powdered milk now, because the farmers' raw, fluid milk is being processed (pasteurized) direct for the domestic consumer market. There is no "excess" milk for powder. There is also a cheese shortage inside the United States. In September, when schools opened, the Department of Agriculture announced it would no longer give free powdered milk to school lunch programs, nor cheese donations. So 13 million poor U.S. children will lose their nutrition from dairy products.

The U.S. Department of Agriculture has cut out all milk powder donations to the needy on Indian reservations, and to poor old people, and the "Women, Infants and Children" program. Millions of Americans are affected. In November and December, the local directors of state food assistance agencies appealed to the House of Representatives Subcommittee on Nutrition, chaired by Rep. Charles Hatch (D-Ga.).

Yeutter is not to be trusted

Marcia Merry told the Mexico City press corps on Nov. 27: "Will Mexico get its milk powder from the United States in 1990? I don't know. You can not trust a man like Clayton Yeutter. We formed the new policy group, Food for Peace, to force emergency measures in Washington and Mexico, and everywhere, to expand food output immediately."

Merry toured Mexican agriculture facilities at Chapingo and Guadalajara, Nov. 29-Dec. 2, and reported, "Mexico could again be self-sufficient in milk within only five years. This could be based only on implementing new, good management systems in the tropics zones, where 40% of Mexican milk now originates. In addition, there are other regions of Mexico that are perfect for dairy production. This is only a policy question. But now we are in a world food emergency."

Merry added: "I would like to see an announcement in the United States that this Christmas, we will give up the chocolate candy and send the scarce milk powder to points of need for children: to Mexico, to schools in the United States, to Africa, to Poland, and so forth."

"If Nestlé does not like this, too bad. Boycott them. It is time to break their food control. For a really merry Christmas this year, we need four farm emergency measures to build up herds and expand production in the New Year."

Merry called for: 1) parity-fair prices for all farmers of all food commodities; 2) national debt moratoria and debt moratoria for farmers; 3) anti-trust action against food cartels such as Nestlé; and 4) an end to the General Agreement on Trade and Tariffs "free trade" policy of forcing nations to be dependent on food imports.

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