

Agriculture by Marcia Merry

Forty million hungry in Russia

The U.S. "Food for Progress" program feeds the banks and the grain cartel, not the hungry.

In late February, Elmira Pogorelova of the Russian Ministry of Public Health warned, in an interview with the journal *Argumenti i Fakty*, that approximately 40 million Russians are suffering hunger and malnutrition from a government-sanctioned "minimum diet," and that if there is no change, then millions could die within the next 2-3 years.

It has now been two years since the initiation of the U.S. Food for Progress program, originally identified as the vehicle for assuring needed food supplies to Russia and other new republics during the difficult transition from communism to independence. But instead of aid and succor, U.S. agricultural policies have visited usury and impoverishment on the former Soviet peoples.

Pogorelova reports that the present Russian government's promotion of the so-called "minimum diet," in the context of pre-existing malnutrition and bad medical supplies, amounts to a "hunger diet" for 40 million people. Proteins and vitamins are largely eliminated from that diet, and the elderly and children are the most threatened.

Pogorelova warned that rising food prices will expose millions of Russians to death by starvation within the next 2-3 years. The minimum income, set officially at 4,500 rubles, will not support a healthy person. Her charges were corroborated by an independent study of medical doctors published in Moscow recently, which forecast that "by the year 2000, Russia will be turned into a sick society with

a small layer of people that can be considered really healthy."

Under the Food for Progress perspective, one rotten policy followed another, which fattened western banks and deprived western farmers and Russian people alike.

Look at grain shipments: In January 1991, the United States instituted a program giving select U.S. and foreign banks federal loan guarantees to finance sales of U.S. grain to Russia and other new republics. Since that time, up to \$5.75 billion in credit for grain purchases by former Soviet republics has been authorized, with the U.S. loan guarantees pledged to a cartel of banks monopolizing the financing of Russian purchases. Under these arrangements, 10-20 million tons of U.S. grain each year were exported to Russia, handled under sweetheart contracts by the grain cartel companies, including Cargill, Continental, Bunge, and Louis-Dreyfus.

In the meantime, no agriculture infrastructure aid for the former Soviet sphere was forthcoming. Therefore, economic decline accelerated in Russia and other nations, as International Monetary Fund austerity demands were imposed, and farm output and food processing and distribution deteriorated. At the same time, the means to pay for imports dried up.

As of November 1992, Russia began defaulting on its payments to the banks financing its grain imports. Now the United States is preparing to pay six banks that have petitioned the U.S. Department of Agriculture to get portions of \$49.2 million in U.S.-guar-

teed loans that have gone into default.

As of year-end 1992, the U.S. Department of Agriculture suspended issuing more credit to Russia, pending resolution of the situation. On Feb. 1, the USDA proceeded to release \$130 million in credit guarantees to Ukraine to purchase food, and announced that Food for Progress would donate 200,000 metric tons of corn for the Ukraine government to sell on the private market. Traditionally, this is the means used by the U.S. Department of State and the USDA to undercut local farmers.

Who gains from this mode of so-called "aid"? Both the grain cartel companies who monopolize all export contracts, and the cartel of banks who finance the trade. Noteworthy among them is the Rabo Bank, based in the Netherlands. Rabo stands to make millions from U.S. grain aid. Rabo is also getting millions from federal loan guarantees on farmers inside the United States, who are being forced into default and foreclosure.

One of the consequences of the lack of adequate grain supplies and farm infrastructure in the former Soviet regions is the mass kill-off of livestock and obliteration of domestic meat supplies. The World Bank praised this as realistic, and called for reducing Russia's animal herd by half.

The U.S. Federal Reserve is all in favor of profiteering from undercutting the Russian food supply. The Kansas City Federal Reserve, in an article in fourth quarter 1992 *Economic Review* titled "Agriculture in the Former Soviet Union: The Long Road Ahead," forecast that "In the next few years, demand for imported grain will drop due to a major prospective adjustment in the livestock industry. Consumers in the former Soviet Union consume First World quantities of meat on Third World incomes. That cannot continue."