

# Providing Russia's 'daily bread' is now an international emergency

by Marcia Merry Baker

On Oct. 8, U.S. Agriculture Secretary Dan Glickman announced that emergency U.S. food relief would be organized for Russia. At the time of the announcement, which followed a meeting on Oct. 8 in Washington, D.C. between Glickman and the Russian Ambassador to the United States, no more details of the timing and amount of aid were available. However, the initiative is urgent and of strategic importance. The next day, Russian Prime Minister Yevgeni Primakov officially appealed to the European Union for food assistance.

The provision of "daily bread" is now a matter of emergency measures in Russia—a nation of fewer than 147 million people, and the "plus 8" member of the Group of Seven so-called leading industrialized powers of the world.

On Oct. 6, in his first televised address to the nation, Prime Minister Primakov made food a central issue, outlining measures required to meet the national food crisis.

The food shortages and suffering in Russia, and elsewhere in the Commonwealth of Independent States, are the results of the combined impact of recent years of "free market" reforms (which were *rigged* all along, as part of Thatcher-Bush anti-development policies), the consequent decline by 50-75% in output potential of the Russian agriculture sector, and forced reliance on food imports and survival garden plots.

On top of this deteriorating, marginalized system of food supply, the international financial collapse hit Russia full force this year. On Aug. 17, the ruble was devalued, and imports screeched to a halt. Coincidentally, the 1998 weather patterns were a disaster for the crop season—first drought, then cold and damp during harvest time.

In particular, blight has devastated the Russian potato crop, in a situation where the Russians have come to subsist on potatoes. Russians have the highest per-capita potato consumption in the world, which, already in 1993, amounted to 131 kilograms per person that year. (During the Bush-Thatcher "shock therapy" period, annual per-capita potato consumption jumped 26% in Russia, from 104 kg a year in 1989, to the 1993 level.) Now, the potatoes aren't there.

The Russian grains harvest this year (of all types, including wheat, corn, rye, and buckwheat) is coming in only at some 60 million tons, which is far below last year's 88.5 million tons (when weather was perfect), and way below the 100 million tons a year, which was not unusual during the

1980s Soviet command economy. There are reportedly some 20 million tons of carryover grain stocks from last year, but it is not easy to mobilize this, when logistics, infrastructure, and hope are lacking.

What heightens the catastrophe, is the policy paralysis in the West. The welcomed U.S. relief announcement of Oct. 8, was slow in coming; and as of that date, aid from the European Union was still only rumored. In September, the International Committee of the Red Cross in Geneva issued a global appeal for emergency aid, saying that starvation is threatened. The Red Crescent is also calling for food and medical aid. On Oct. 6, the Rome-based UN Food and Agriculture Organization put out a special appeal.

However, hesitation on the part of leading nations is preventing an aid mobilization, just as hesitation is preventing new monetary arrangements for nation-serving economic aid of all kinds. Citizen leadership is urgently required.

In the United States especially, the fact that the means exist for food relief, is dramatically illustrated by the millions of bushels of wheat now piled on the ground in Washington state, because export markets have collapsed under the financial blow-out; U.S. farmers are getting next to nothing for their crop, and their grain has overflowed the storage facilities, and now sits on the ground, open to spoilage and rot. "There's a disconnect here somewhere," Sen. Byron Dorgan (D-N.D.) said in September, pointing to international hunger while U.S. farmers are told they are "overproducing."

## Every kopek for food

In recent years, the food supply for Moscow has become more than 65% import dependent. Since the Aug. 17 ruble devaluation, food price increases and shortages have intensified. Some figures were given on Oct. 3, in a front-page story in the daily *Moskovsky Komsomolets*: Flour had jumped 2.2 times in price, eggs 2.3 times, sugar 3 times, Russian cigarettes 3.3 times, and buckwheat 4.3 times.

The Oct. 6 *Moscow Times*, in "Food Threatens to Eat Up Every Kopek," reports how the costs of basics—butter, milk, eggs, macaroni, and oatmeal—are now three to five times more expensive in Moscow than before the August financial crisis.

The *Moscow Times* gives statistics from Moscow's Insti-

tute of Socio-Economic Problems of the Population, from senior researcher Lilia Ovcharova. By her count, the price of essential goods have soared 500%. Muscovites who, at one time used to spend an average of about 60% of their wages on food, now spend it all on food. In 1992, Russians were spending 68.3% of their wages on food, 20.7% on consumer products, 9% on utilities, and 2% on taxes. Ovcharova estimates, "That year the cost of gas, water, electricity, and the telephone increased, and people were forced to spend [proportionally] less on food." She says, "But since Aug. 17 this year, food prices have shot up and Russians have been forced to spend all or almost all of their wages on sustenance."

Outside of Moscow, the food supply lines have broken down, especially for the Far North, to the point that instances of starvation, among widespread malnutrition, are occurring. Moscow and other centers have put rationing in place.

The extent of the crisis is implicit in remarks given by Prime Minister Primakov, and by First Vice Premier Vadim Gustov, at a meeting on Oct. 2 with regional leaders from throughout the Russian Federation. At the time of this conference, the harvest results showed that 7.5 million *fewer* hectares were combined this year compared to last; and 31 million fewer tons of grain have been milled. Significantly less mineral fertilizer was delivered to the agriculture sector and applied. Blighted potatoes were rotting in the ground.

### Emergency measures

Primakov said, "At present, the government is adopting a whole system of measures, a series of measures to prevent in these difficult conditions a worsening of food supplies to the population. One of these measures bears directly on the activities on the local level. A big role here is played by kitchen gardens. People with such land plots last year produced more than 80% of all potatoes and vegetables in the country, and about 35% of all meat and milk.

"In order to introduce order in the sale of the produce grown in orchards, kitchen gardens, and private land plots we must revive consumer cooperatives."

Vice Premier Gustov added, "We are taking feverish measures to ensure the delivery of goods to the Far North. I think we will solve this problem of shipping coal, [and] foodstuffs to the eight regions, via the Northern Sea Route. Already, executive orders have been signed to assist the depressed regions. We are talking about 1.170 million rubles. We also agreed with the Railroad Ministry recently, that agricultural produce will be carried at 50% of the usual cost."

Additional measures have been set by Vice Premier for Agriculture and Food Gennady Vasilyevich Kulik: Agriculture sector debts have been rescheduled for five years. National poultry production is to be promoted. A national grain buffer stock is to be created. And, lists of essential commodities for import are being drawn up. In late September, the U.S. Department of Agriculture deployed "fact-finding" missions to assess aid needs.

Russian meat and dairy herds have dropped in numbers by 75% over the 1990s, while foreign imports of chicken parts (known as "Bush legs" because the trend started during the George Bush administration) displaced domestic production.

At a Sept. 21 press conference, Kulik denounced the import dependence: "We can meet here thousands of times, talk, allocate money, but import chicken drumsticks from Holland and America." Instead, he called for actions to restore domestic production of all kinds. He said, "The way I see it, we have the possibility to quickly ensure the recovery of domestic poultry farming. I will have meetings with poultry factory farms.

"I am considering the following plan. We have seen a lot during the past years. When we speak about a growth of government regulation, when we speak about a greater role of the state in our reforms, I do not visualize this as any restoration of the command system, the way some media outlets portray this. This is the way I see it. For instance, a program of reviving national poultry farming is announced. There will be certain benefits or measures of support for domestic poultry breeders."

On soil fertility, Kulik said, "While in previous years we applied 1 kilogram of fertilizer per hectare, this year we applied 800 grams. Actually, we should be applying at least 80 kilograms and we have the capacity to produce that much."

For previews and  
information on  
LaRouche publications:

## Visit EIR's Internet Website!

- Highlights of current issues of EIR
- Pieces by Lyndon LaRouche
- Every week: transcript and audio of the latest **EIR Talks** radio interview.

<http://www.larouchepub.com>

e-mail: [larouche@larouchepub.com](mailto:larouche@larouchepub.com)

## 'Food separatism'

Around the nation, local leaders are resorting to all kinds of local actions, austerity, and food control. On Sept. 22, *Izvestia* reported that many governors have banned food deliveries outside their region's borders, triggering a dangerous trend toward "food separatism." Among the regions cited were Stavropol, Krasnodar, Khabarovsk, and Samara. Earlier, *Izvestia* reported that the Vologda administration had issued an order forbidding the export of staple goods and food products from the region. On Sept. 21, acting Finance Minister Mikhail Zadornov told reporters that more than 60 regions have adopted their own austerity programs.

As of mid-September, there were "bread vans" cruising Vladivostok. Acting Mayor Vladimir Nedelin of Russia's Pacific port city of Vladivostok told Itar-TASS that destitute citizens there are being given coupons, which allow them to buy bread at fixed prices, from vans that drive around the city. Nedelin said there were "thousands" in need of this relief.

On Sept. 16, a local administrator said on the *Vremya* TV broadcast from Moscow, that "there is a real threat of famine" along the Volga River in southern Russia, where more than two-thirds of the summer crop has been destroyed by drought. Another local official told Agence France Presse that emergency food aid was being sent for 100,000 villagers around Pallasovka near the Kazakstan border. "People are not dying of hunger yet, but it is true that in six districts on the left bank of the Volga River the situation is extremely difficult. There is no more bread," the official said. The *Vremya* reporter described families as "close to starvation," and the children of the region as in terrible health.

In September, the Russian State Duma (lower House of Parliament) adopted an appeal to Russian President Boris Yeltsin to save the children of Russia from starvation. Reported in the Sept. 23 *Rossiyskaya Gazeta*, the official government paper, the call asked for executive authority to deploy emergency commissions to give aid to children in need, and help to families, including provision of proper food for children, and clothes, footwear, and medicines.

Russia's military also has a severe food supply crisis. On Sept. 26, Viktor Ilyukhin, the chairman of the State Duma security committee, stressed this at a round-table meeting dedicated to the problems of the Russian Armed Forces, the defense industry, and state security. Speaking to representatives from the General Staff, defense-related enterprises, and military scientists, Ilyukhin said that in 1997, budgetary allocations covered the provision of a three-meal daily diet for only 290 days a year, with the calorie content being decreased by 30%.

Moreover, acting Chief of Staff Col. Gen. Valery Manilov added that even this money is delayed for three to four months, and since 1995, no calculation taking inflation into account has been made.

# Leaders fail to act to stem financial crash

by Jeffrey Steinberg

World finance ministers and central bankers from 182 countries spent Oct. 6-8 in Washington, D.C., shuffling between the International Monetary Fund (IMF) and World Bank headquarters for their annual autumn meeting. Group of Seven ministers and bankers gathered as well, on Oct. 3-4. And, on Oct. 5, President Clinton personally addressed a meeting of the Group of 22, the group of advanced sector and developing sector nations first assembled under U.S. auspices last April 16 to tackle the growing international monetary and financial crisis.

After President Clinton failed to convince the other G-7 nations to coordinate an emergency conference later in October, along with developing sector governments, to devise a comprehensive plan for a "new global financial architecture," the President decided to use the occasion of the long-scheduled G-22 follow-up session, Oct. 5, to meet with the bankers and ministers of the 22 nations, to review the crisis, and assess the interim studies mandated in April.

The characteristic flaw of everything that President Clinton and Treasury Secretary Rubin attempted during the week of meetings, was their insistence on focussing all reform efforts around a "people-friendly" IMF. The idea that the IMF, whose track has been highlighted by economic devastation, social chaos, and toppling of governments could be reformed in such a fashion, is preposterous.

The most optimistic reports to come out of the G-22 five-hour closed-door session, suggested that most participants agreed that urgent action had to be taken to curb the destructive powers of hedge funds and other speculators, whose activities in the past 18 months brought economic ruin and social chaos to Asia and Russia, and whose next target is Brazil, a country whose economy and banking system are inextricably tied to the United States. Sources close to the U.S. administration reported that Treasury Secretary Robert Rubin is deeply worried about the looming Brazil crisis.

Following the G-22 session, the Malaysian Deputy Finance Minister told reporters back home that, in stark contrast to the September 1997 IMF-World Bank gathering in Hong Kong where Malaysian Prime Minister Dr. Mahathir bin Mohamad was ostracized for attacking speculators and for singling out George Soros for criticism, this year, Mahathir's words and actions (last month he imposed currency and capital controls to stem flight capital and speculation against the Malaysian currency, the ringgit) were praised by many participants.