

U.S. commits wheat to China's oppressors

by Marcia Merry

Immediately after the June 3 weekend of bloody repression in Beijing, the U.S. Department of Agriculture officials announced commitments for huge wheat sales to China. Hard hit by the 1988 drought, China has been in the market all along for large supplies of grain imports since last year's harvest disaster. At least 100 million Chinese are severely hit by hunger, and millions more are malnourished. The food production chain in China has been collapsing under repressive, primitive policies of recent years. However, the timing and arrangements of the June U.S. wheat sales to China are not humanitarian, but come exactly after the violent moves by the Li Peng government.

On June 5, the USDA said that China had booked 1.2 million metric tons of soft red winter wheat. This came in addition to an announcement of a 300,000 tons purchase the previous week. The USDA also announced that a 650,000 ton purchase recently made by an unidentified buyer, had actually gone to Beijing. The total sales add up to about \$2.2 billion worth of wheat. The new purchases of wheat by China amount to one-quarter as much as China bought from the United States during the previous 12 months.

The tunnel-vision specialists in the grain trade evinced "surprise" at these announcements. Typical of the stunned reaction is that of Dr. D. Gale Johnson, an economics professor at the University of Chicago, and an authority on world food trade. He said, "I'm amazed by this. It seems they must be counting on the possibility that there already has been, or will be, some disruption of grain shipments into the cities."

The first shipment of 1.85 million tons of U.S. wheat—for about \$265 million—is already on its way to China. According to the West German daily *Frankfurter Rundschau*, Agriculture Secretary Clayton Yeutter is quoted as declaring that U.S. grain deliveries to Red China will proceed without delay or interruption.

In other European coverage, the explanation is given that the U.S. is doing this according to its standing policy of not wanting to "lose market share" in China or elsewhere in the world. The *Frankfurter Allgemeine Zeitung* wrote June 7, "American food cartel firms have invested in China in the past years, in order to get the consumers there used to bakery goods and wheat products. Therefore, under no circumstances does Washington intend to lose this market for U.S. agricultural products."

In part, this is true. But the whole story is that the sales are just the latest example of the use of the Kissinger 1970s idea of "food as a weapon." Henry Kissinger went on television to justify the bloody repression by the Li Peng government, at the same time that Washington was scrambling to organize the grain deals to the Li Peng government.

The political motive

In order to hasten the deal, and to keep it silent, the Chinese did not even go through the usual trade route of requesting discounts under the U.S. Export Enhancement Program. Kissinger himself is on the board of Continental Grain, one of the top five or six companies (Continental, Cargill, Bunge, Louis Dreyfus, Garnac/André, ADM) that will be handling the shipments to China. These huge deals can be arranged almost overnight, according to the political wishes of the cartel of food companies.

Agriculture Secretary Yeutter is simply a functionary of this cartel. He, too, wants the political motivation of wheat sales to remain in the background, because there is an acute shortage of wheat in the U.S.—the world's biggest wheat exporter. Already, the USDA has quietly looted 1 million tons out of the 4 million tons of the national wheat "Security Reserve" mandated since 1981 to be maintained for the purpose of emergencies around the world. At home in the U.S., the USDA has all but discontinued the provision of wheat flour and other commodities through its food assistance program for institutions and the needy.

Yeutter has been arranging massive U.S. grain sales to the Soviet Union. As much as 24 million tons of grain—the largest amount in any single trade year—may be shipped by the U.S. to the U.S.S.R. this year. Last month's announcement by President Bush that 1.5 million tons of wheat would be offered to the Soviets at a discount under the EEP, brought storms of protest from U.S. consumer groups over the issue of grain shortages and high prices. Meantime, the nations of Mediterranean Africa, for example, Algeria, Tunisia, and Egypt, are suffering for want of grain imports. Food riots have broken out in all major cities of North Africa.

Since the Export Enhancement Program was enacted in the 1985 U.S. National Food Security Law—the five-year farm bill now up for replacement or renewal—the chief benefactors have been the Soviet Union and China. Washington has been using food to cultivate the Gorbachov and Deng governments—in the false name of democratization, but for the actual aim of trying to make pacts and deals. Now that China has exploded, the rotten policy of starving some parts of the world and promising scarce food to dictators, stands exposed.

As of summer 1988, of the 41.5 million metric tons of wheat that had passed through the Export Enhancement Program, fully 18.7 million tons, or 45%, went to the Soviet Union and China. The U.S.S.R. got 12.8 million tons of discount wheat, and 5.9 million tons went to China. Subsidies ranged from \$35 to \$46 a ton.