

On Oligarchical Food Cartels, And the Threat of Famine

by Marcia Merry Baker

Aug. 22—This month's announcement of a more than 60% increase in year-on-year combined earnings by food gargantuan Cargill Inc. and its newly spun-off Mosaic Inc. fertilizer giant, is not just a case of killer-profiteering as usual, at a time when people are starving; it is a marker of the urgency with which we must change policy course. Along with the current decline in worldwide food output, wild speculation, and food price hyperinflation, there is a rampage underway of buyouts and consolidation of control of the world food chain by a select few commodities cartels—from farm inputs, to storage, processing, transport, distribution, and even land and water.

Cargill, the largest private corporation headquartered in the United States, operates in 66 countries, with a global workforce of 131,000. Cargill earned a record \$4.2 billion in FY 2011, a 63% jump from the previous year. This month, Cargill also announced the latest in its string of takeovers—the \$2.2 billion buy-up of the animal-feed firm Provimi in The Netherlands, which will add another 7,000 workers, based in 26 countries. Last year, Cargill acquired the entire grain-marketing system of the Australian Wheat Board, bringing to an end the vestige of institutional protection for Australian wheat-growers, and the citizens of that nation, which had been in effect since 1939.

The marauding activities of Cargill are not separate from the reality that famine now is spreading among 12 million people in the Horn of Africa, and impending in Haiti, among other places. Cartel operations are inherent to the intent of the “free”-trade era of globalization, better called the British empire. Over a billion of the world's people lack enough food, and the situation is worsening rapidly.

What Food Control Means

Two features stand out in the picture of domination over food supplies. Firstly, the motivating force is evil

itself, not some kind of “trend” toward bigness from greed or economies of scale. The control of the food—the means of existence—is the intent of the financial interests behind the past five decades of globalization, and the deregulation which furthered casino-economics. It is the oligarchical principle in action. The goal? Drastic reduction of the world's population.

Today's extensive food commodities control was furthered especially by the Uruguay Round of so-called agriculture “reform” of the GATT (UN General Agreement on Tariffs and Trade) in the 1980s, then NAFTA (North American Free Trade Agreement) and the WTO (World Trade Organization), and related deregulation in the 1990s, up through the current extreme forms of “world governance,” subverting what is left of the nation-state system.

Secondly, the continuation of this domination over food is reducing farm capacity potential, not just yearly harvests. It is furthering the degradation of the physical condition of the planet. There are soil and water crises on every continent, directly due to the obstruction of intended projects to upgrade the resource base—such as NAWAPA (North American Water and Power Alliance), which were thwarted, in service to the financial/commodity cartels. There are vast areas of aquifer depletion, salinization of soils, erosion, and flood damage. The possible biogeochemical effects of cartel control, and their for-profit abuse of biotechnology to alter plantlife—wrongfully patented—are a major threat factor.

In short, millions of people have been needlessly forced into primitive reliance on “the weather” for whether their crops will grow or not. Added to this vulnerability now, are the weather extremes associated with the shifts in cycles of the Solar System and galaxy. The prospect of more disasters to come from radical climate, tectonic, and other activity underscores that nation-states' credit policies for rebuilding must be restored.

The prospect for accomplishing this radical shift lies in the drive to reinstitute a Glass-Steagall regime, to restore credit policy for building productive capacity. This is the context for rolling back the cartelization process entirely. Slap on food price controls, to begin with. Ban speculation in food commodities outright. Use anti-trust procedures—still either on-the-books, or as precedent, to bust up the mega-corporations dominating agro-food activity.

Farming can thrive under these conditions, with the additional national-interest support of restoration of parity-pricing.

Without this shift, the situation is fast becoming impossible for farmers. In the United States, the average family farm has survived by bringing in 90% of its household income from off-farm, non-farm jobs, which now are disappearing. At the same time, farmers have had to “get big, or get out”—which, if you try to stay in farming, means big indebtedness and vulnerability to ruin. They are losing options for selling their output—cattle, milk, hogs, grains, soy, produce—due to the extreme concentration of agriculture processors.

Given this reality, President Obama’s new “Rural Development Council” is a mockery. It is part of the international “Agenda 21” drive for low-tech, low-carbon, peonage-agriculture, as a cover for famine and genocide. Created by Executive Order in June, the Rural Council mandate is for a few privileged programs in farm states, to aid cartel company operations—called public/private leveraging—while the farmer can go to Hell.

In that context, the report below provides an update of the consolidation process, by food category, from the vantage point of intervening to shut it down. It’s a snapshot of world food control, provided as a know-your-enemy reference, during the battle to bury the collapsing monetarist, globalist system, and re-establish principles of credit and policies of production to serve nations and peoples. (For the last published update, see “World Food Crisis a Direct Product of the British Empire,” *EIR*, March 4, 2011.¹)

Grain Trade Domination

In the range of 220 million metric tons of grains are traded among nations annually—out of total world production in the range of 2,230 mmt, and some 80% of the

1. http://www.larouchepub.com/eiw/public/2011/eirv38n09-20110304/19-20_3809.pdf

international trade is dominated by only four firms: Cargill Inc., ADM (Archer Daniels Midland), Bunge, and Louis Dreyfus.

Likewise, within national boundaries, apart from China, India, and Russia, domestic grain purchase and marketing one also dominated by one or another of the cartel firms, and a very few others.

Grain processing too is dominated by the same firms. For example, ADM and Cargill are in the forefront of corn for oil, HFCS (high fructose corn sweetener), Vitamin C extraction, starches, and other products.

Of the 200 ethanol bio-refineries in the United States, over 25% of their volume of output is controlled by ADM, and a sizable share by Cargill. The latest ethanol acquisition by Cargill is its \$57 million purchase of the nearly completed ethanol distillery in Fort Dodge, Iowa, from Tate & Lyle, the U.K.-based sugar cartel firm.

In the U.S.—the world’s single largest corn grower—nearly 40% of corn production is going to ethanol, instead of the food chain. This is *the policy of Cargill, ADM, and London*.

Meat-Slaughtering Cartel

A very few mega-firms now dominate major shares of meat slaughtering, both internationally, and for the domestic food supply in many nations. For example, in the United States, only five mega-firms account for most meat packing: Tyson Foods Inc. (largest U.S. beef processor), Cargill, JBS, National Beef Packing, and Smithfield Foods (largest pork processor). JBS, headquartered in Brazil, was blocked in 2009 from its attempted takeover of National Beef.

On the world scale, the five largest companies processing meat products, by revenue for last year, are: Ovino del Suroeste SCL (head office in Spain, with \$39 billion in sales); Tyson Foods, Inc. (head office in Arkansas, U.S.A., with \$29 billion in sales); JBS S.A. (Brazil, with \$20 billion in sales), BRF—Brasil Foods S.A. (Brazil, with \$16 billion in sales); and Smithfield Foods, Inc. (Virginia, U.S.A., with \$12 billion in sales).

World Dairy Cartel

Even though milk is perishable, cartels have formed over the last 30 years, dominating large parts of both fluid and processed products (milk powder, cheese, butter, and oil), in international trade and chosen lucrative markets, such as within the Eurozone and in the United States.

The top five companies in the world are, ranked by sales volume in most recent year: Nestlé S.A. (Switzerland, \$117 billion) Groupe Danone (France, \$20 billion); Dean Foods Co. (Texas, U.S.A., \$12 billion); Koninklijke Friesland Campina N.V., The Netherlands, \$12 billion), Land O'Lakes, Inc. (\$12 billion, Minnesota, U.S.A.).

Closely ranked are also Fonterra (New Zealand, British Commonwealth), and the trans-Atlantic giant Lactalis (France), which recently acquired Parmalat in Italy. Kraft Foods exerts strong control in the U.S., and this month announced a corporate restructuring, to be implemented in 2012, to further its positions in both food, and also non-food, grocery lines.

Control of 'Value Chains'

The production and shipment of a whole range of fruits, vegetables, nuts, and specialty crops of all kinds, are increasingly organized by cartel-associated commodity networks into what in WTO-speak are called supply "value chains" for looting. This is epitomized by temperate crop vegetables and fruits (onions, peppers, etc.) going from Africa to Europe; the same from Central and South America to the United States, and so on. In 1990, Egypt exported 60,000 tons of onions; by 2005, it was up to 270,000 tons.

An interlock of agencies associated with the UN, the philanthrofascist networks of Bill Gates, George Soros, et al., the British Foreign Office, and the Obama Administration, is working to impose for-export schemes of these kinds of crops on very poor nations, referred to as public-private "production agriculture." In Haiti, Obama's Agency for International Development set up a mango-export scheme for Coca-Cola last Summer.

For more specialized crops—nuts, spices, pomegranates—the degree of cartel control is dramatic. Olam International, started in 1989, and now based in Singapore and London (14% owned by Temasek, the Singapore quasi-government holding company), is the world's largest "supply chain manager" for sesame seeds, cashews, and cocoa beans. It operates in 60 countries, for 20 products, with 13,000 employees. Olam recently bought the largest peanut processor in the world, Universal Blanchers LLC in the U.S.A., in its drive to dominate global peanut supplies.

Another case is that of Roll Global LLC, ranked the largest beverage firm (non-alcoholic) in the world,

with \$2 billion in sales last year, much of it from brands such as Fiji Water, and premium juices. The privately held Roll Global, headquartered in California, was put together over barely 15 years, by a scheme of big-buck investments—under conditions of deregulation and globalization—led by Stewart and LyndaRae Resnick, who are money specialists, not agriculturalists. The Roll Global division Paramount Farms now grows and processes more pistachios than any other firm in the world, and alone accounts for over 65% of all pistachios in the United States. Roll Global is the world's largest producer of pomegranates (Pom Wonderful label). In 2008, Roll Global accounted for 99% of the market share of pomegranates imported by South Korea, and expects to continue to be near-sole supplier if the Korea-U.S. Free Trade Agreement goes into effect, which would end the current 30% import tariff on such U.S. produce imports.

Agro-Chemicals Cartels

Only a few mega-cartel firms control the production and distribution of all the kinds of chemicals critical to modern agriculture, from fertilizers and pesticides, to de-icers for the roadways. For example, for years Cargill alone has dominated salt, owning salt mines worldwide, marketing the Diamond Salt brand for the table, and bulk salt for myriad other uses.

Ranked by sales revenue for the most recent year, the top five agri-chemical companies are: E.I. du Pont de Nemours and Co. (Delaware, U.S.A., \$33 billion); Cuming, Smith & Co., Ltd. (Perth, Australia, \$32 billion); Syngenta AG (Basel, Switzerland, \$12 billion); Yara International ASA (Oslo, Norway, \$11 billion); and Agrium Inc. (Calgary, Canada, \$11 billion).

Control of Seeds, the Means to Life

Through wrongful patenting of seeds and biotech procedures for genetic modification of seedstocks—especially corn and soybeans—a small group of agro-pharma-chemical companies has come to exert extreme control over crop genetics, the means to life. Most prominently, these companies are Monsanto, DuPont, BayerCropScience, Syngenta, and BASF. Cargill commonly operates in partnership with Monsanto, DuPont with Pioneer Hi-Bred. Other joint ventures and marketing deals abound. Through a mesh of licensing and fee agreements, the cartels determine what seedstocks exist, and what research is conducted

for basic crops in much of the food chain the world over.

Instead of research programs in the interests of serving nations and the common need for food, and for scientific advance, genetics research into plant and animal life has been delimited in its goals and direction by these cartels, for money, control, and now mass depopulation.

For example, for decades, no adequate work has been undertaken to develop and disseminate wheat strains resistant to serious rusts. Now, strain UG99 (a very destructive wheat stem disease identified in Uganda in 1999) has spread in East Africa, across the Arabian Peninsula, into Iran, and waits on the doorstep of the Indian Subcontinent. Dr. Norman Borlaug, the father of the Green Revolution, saved the day in the 1950s, when a similar wheat rust, in one year, wiped out 40% of the crop in parts of North America; he developed a wheat strain resistant to that particular disease. But his call to continue work to develop successor strains was thwarted by the onset of privatization of research under control of the cartels.

This kind of privatization and patenting of seeds was literally against the law of the United States, up through the mid-20th Century. By statute, court decision, common practice and culture, the granting of patents for lifeforms, in particular, food, was forbidden. All this changed with the onset of the free-trade movement in the 1970s, when a series of new laws and court decisions wrongfully overrode principle, and granted patents for “intellectual property rights” to so-called biological discoveries, undertaken and/or bought up by Monsanto and a number of other agri-biotech firms.

In this contrived environment, Monsanto then grew to world-scale, by patenting a trait in corn and soybean seeds that would resist the effects of the herbicide glyphosate, which on application to the field, it would kill the weeds only, not the crop. Monsanto’s brand name glyphosate herbicide was “Roundup.” Monsanto-trait seeds, resistant to glyphosate, were brand-named “Roundup Ready.” At present, Monsanto- and Cargill-licensed traits of all kinds, are used in 80% of all the

corn and soybeans in the United States. Monsanto deploys agents to check farmers’ fields for the presence of traits in their crops. If the farmer hasn’t paid for them, he is ruined with legal actions.

There are significant questions now posed by extensive and prolonged use of differing chemicals, crop types, and practices, in terms of effects on soil bacteria and composition, and surrounding weed and croplife.

But the Monsanto Roundup Ready patents—wrongly awarded to begin with—are due to expire. Monsanto’s Roundup Ready soybean patent ends in 2014. There is a kind of war-of-the-worlds underway among the cartels on what happens next.

This only underscores that it is our task—the task of mankind—to end the cartels’ evil control over the means to our daily bread.

Finish Off the Speculators Now: Cap Food Prices!



The approaching food crisis demands that the U.S. government heed the warnings of Lyndon LaRouche and follow in the steps of Franklin Roosevelt. Shut out the speculators and fix food prices now.

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