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Getting used to Life without Food

Wall Street, BP, bio-ethanol and the death of millions

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Theme: Poverty & Social Inequality

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My late grandfather, a man of sturdy Norwegian-American farm stock, who later became a newspaper editor and political activist during the First World War, used to say, 'A man can get used to pretty much anything with time, except dying…and even that with some practice.' Well, as fate has it, it seems we, the vast majority of the human race, are about to test that adage in regard to the availability of our daily bread itself.

Food is one of those funny things it's hard to live without. We all tend to take it for granted that our local supermarket will continue to offer whatever we wish, in abundance, at affordable prices or nearly so. Yet living without adequate food is the growing prospect facing hundreds of millions, if not billions, of us over the coming years.

In a sense it's a genuine paradox. Our planet has everything we need to produce nutritious natural food to feed the entire world population many times over. This is the case, despite the ravages of industrialized agriculture over the past half century or more.

Then, how can it be that our world faces, according to some predictions, the prospect of a decade or more of famine on a global scale? The answer lies in the forces and interest groups that have decided to artificially create a scarcity of nutritious food. The problem has several important dimensions.

Eliminating emergency reserves

The ability to manipulate the price of essential foods worldwide at will — almost irrespective of today's physical supply and demand for grains — is quite recent. It is also scarcely understood.

Up until the grain crisis of the mid-1970s there was no single "world price" for grain, the benchmark for the price of all foods and food products. Grain prices were determined locally in thousands of market places where buyer and seller met. The onset of economic globalization was to change that radically to the worse as the tiny percent of grains traded internationally were able to set the global price for the bulk of grains grown.

From the time of the earliest traces left by Sumerian civilization some two thousand years before Christ, in the region between the Tigris and Euphrates rivers in today's Iraq, almost every culture had the practice of storing a reserve stock of a grain harvest – right up to the most recent times. Wars, droughts and famines were the reason. When properly stored, grain can be safely stored over a period of about seven years, enabling reserve stocks in case of an emergency.

After the Second World War, Washington created a General Agreement on Tariffs and Trade (GATT) to serve as a wedge to push free trade among major industrial nations, especially the European Community. During initial negotiations, agriculture was deliberately kept off the table at the insistence of the Europeans, especially the French, who regarded political defense of Europe's Common Agriculture Policy (CAP) and European agriculture protections as non-negotiable.

Beginning in the 1980s with the political crusades of Margaret Thatcher and Ronald Reagan, the extremist free market views of Chicago's Milton Friedman became increasingly accepted by leading European power circles. Step-by-step the resistance to the Washington agriculture free trade agenda dissolved.

After more than seven years of intense horse-trading, lobbying and pressure, the European Union finally agreed in 1993 to the GATT Uruguay Round, requiring a major reduction of national agriculture protection. Central to the Uruguay Round deal was agreement on one major change: national grain reserves as a government responsibility were to be ended.

Under the new 1993 GATT agreement, formalized with the creation of a World Trade Organization to police the agreements with enforceable sanctions against violators, 'free trade' in agriculture products was for the first time an agreed priority of the world's major trading nations, a fateful decision to put it mildly.

Henceforth, grain reserves were to be managed by the 'free market,' by private companies, greatest among them the US Grain Cartel giants, the behemoths of American agribusiness. The grain companies argued that they would be able to fill any emergency gaps more efficiently and save governments the cost. That ill-advised decision would open the floodgates to unprecedented grain market shenanigans and manipulations.

ADM (Archer Daniels Midland), Continental Grain, Bunge and the primus inter pares, Cargill—the largest privately-held grain and agribusiness trading company in the world—emerged the great winners of the WTO process.

The outcome of the GATT agriculture talks was very much to the liking of the people at Cargill. That was no surprise to insiders. Former Cargill executive Dan Amstutz played the key role in drafting the agriculture trade section of the GATT Uruguay Round.[1] In 1985 D. Gale Johnson of the University of Chicago, a colleague of Milton Friedman, co-authored a seminal report for David Rockefeller's Trilateral Commission that was the blueprint for what they called "market-oriented" agricultural reform. It provided the framework for the US position in the coming GATT Uruguay Round negotiations. The Rockefeller group and its think tanks were the architects of 'agricultural reform,' as with so much in our post-1945 world.

The process of eliminating government grain reserves in major producing countries took time, but with the passage of the 1996 Farm Bill, the US had virtually eliminated its grain reserves. The EU followed soon after. Today, among major agriculture producing countries, only China and India still hold to a strategic security policy of nationally held grain reserves.[2]

Wall Street smells blood

The elimination of national grain reserves in the USA and EU and other major OECD industrial countries set the stage for the next step in the process—elimination of agricultural commodity derivatives regulation, allowing unbridled unchecked speculative manipulations.

Under the Clinton Treasury (1999 – 2000) the deregulation of government controls over agriculture commodity speculation was formalized by the Commodity Futures Trading Commission (CFTC)—the government body charged with supervising derivatives trade in exchanges such as the Chicago Board of Trade or NYMEX— and in legislation drafted by Tim Geithner and Larry Summers at Treasury. As described below, it was no accident that Wall Street pushed Geithner, former President of the NY Federal Reserve, to become Obama's Treasury Secretary in 2008, amid the worst financial debacle in history. Something to do with having foxes guard henhouses.

When Henry Kissinger was Secretary of State in 1972-1973, acting in league with the Department of Agriculture and major US grain trading companies, he orchestrated an unprecedented 200% jump in the price of grain. The price hike was triggered at that time by the US signing a three-year contract with the Soviet Union that had just gone through a disastrous harvest failure.

The US-Soviet deal hit amid global drought and severely reduced harvests worldwide, hardly a prudent time to sell the entire US grain cupboard to an ostensible Cold War opponent. The sale took place amid a major world grain harvest shortfall leading to the explosive price rise. Critical voices in US press at the time appropriately dubbed it the Great Grain Robbery. Kissinger had even arranged for much of the cost of shipping US grain to the Soviets to be paid by US taxpayers. Cargill and company laughed all the way to the bank. [3]

Around the same time, the big American grain companies—Cargill, Continental Grain, ADM, Bunge—began what would be a twenty-year process of transforming world grain markets into venues for controlling essential human and animal nutrition by manipulating grain prices regardless of supply.

The twenty-year process of the US' gaining control of world grain markets and prices took a giant leap forward in the 1980s with the advent of financial commodity index trading and other derivatives.

The Summers-Geithner-Wall Street new version of the earlier grain robbery especially after 2006 would eventually pale anything Kissinger and friends had engineered in the 1970s.

In 1999, at the urging of major Wall Street banks such as Goldman Sachs, JP Morgan, Chase Manhattan and Citibank, the Clinton Administration drafted a statute that would fundamentally alter grain-trading history. It was called the Commodity Futures Modernization Act and was made law in 2000.

The two key architects of Clinton's new law were a former Goldman Sachs consultant and Clinton's Treasury Secretary Larry Summers, and his Assistant at Treasury Tim Geithner, friend of Wall Street and today Obama's Treasury Secretary. Secretary Summers was also a key player in preventing efforts to regulate financial derivatives in commodities and financial products.[4]

The Summers-Geithner recommendations were contained in a November 1999 Report to Congress from the President's Working Group on Financial Markets, the infamous "Plunge Protection Team." [5]

At the time, the Commodity Futures Trading Commission (CFTC) proposed also to deregulate trading in derivatives between major banks or financial institutions, including derivatives of grain and other agricultural commodities.[6]

The historic and unprecedented deregulation opened a massive hole in Government supervision of derivatives trading, a gaping hole that ultimately facilitated the derivatives games leading to the 2007 financial collapse. It also formed the deregulation free-for-all that is behind much of the recent explosion in grain prices.

Some years earlier in 1991 Goldman Sachs had rolled out its own commodity "index," which was to go on to become the global benchmark for derivatives trading of all commodities, including food and oil. The Goldman Sachs Commodity Index or GSCI was a new derivative that tracked the prices of some 24 commodities — from corn to hogs to coffee to wheat to precious metals and energy. From the point of view of Wall Street, the idea was brilliant. It let speculators gamble on the future price of an entire range of raw materials in one step, a kind of Wall Street version of a "one-step" gambling mall…

With the CFTC deregulation of commodity trading in 1999 Goldman Sachs was positioned to reap sweet financial rewards with its GSCI. Now bankers and hedge funds and other high-profile speculators were able to take huge positions or bets on the future grain price with no need to take delivery of actual wheat or corn at the end.

The price of grain was now run by the new casino masters of grain supplies — from Wall Street to London and beyond — who traded grain futures and options in Chicago, Minneapolis, Kansas City. No longer was future price a form of hedging limited to knowledgeable active participants in the grain industry, whether farmers or millers or large grain end-users – the individual traders who had relied on futures contracts for more than a century to insulate themselves from risks of harvest failure or disasters.

Grain had become a new speculative field for anyone willing to risk investors' capital, high stakes gamblers such as Goldman Sachs or Deutsche Bank or high-risk offshore hedge funds. Grain, like oil before it, had now been almost entirely decoupled from everyday supply and demand in the short term. The price could be manipulated for brief periods through rumor rather than fact. [7]

Unlike directly involved parties like millers or farmers or large restaurant chains, speculators neither produced nor took delivery of the corn or wheat they gambled with. They could hardly take delivery of 10 tons of hard red winter wheat and store it. Their game was a complex new form of arbitrage where the only rule was to buy low and sell high. Derivative instruments and US Government laissez faire regulatory negligence allowed the players' potential profits from the game to be leveraged often many-fold.

But there was another perverse twist: Goldman Sachs' GSCI was structured so that investors could only buy the contract. It was, as the industry calls it, "long only." No one could bet on a fall in grain prices with it. You only stood to profit from an ever-rising grain price and that happened as ever more innocent investors were suckered into high-risk commodity speculation creating a kind-of self-fulfilling prophesy.[8]

That long-only feature was done to encourage bank clients to leave their money with the bank or fund for the long term and let the bankers play with other people's money, with huge potential windfall profits to the bankers — while any losses fell to the clients.

The fatal flaw was that the GSCI structure did not allow "short selling" that would force prices down in times of grain surplus. Investors were lured into a system that required them to buy and keep buying once grain prices rose for whatever reason. Soon other banks, including Barclays, Deutsche Bank, Pimco, JP Morgan Chase, AIG, Bear Stearns, and Lehman Brothers, floated their own commodity index funds.[9] For the first time, high-risk commodity investing — including into grain and other agriculture products — became a financial product for the "little man" who knew little if anything about what he was getting into, just that his banker or fund adviser was urging him to invest in it. The banks as usual played with "other people's money" – at the expense of 'other people.'

In a detailed analysis of the grain price bubble of 2007-2008, Olivier de Schutter, a UN Special Rapporteur on the Right to Food, recently concluded that "a significant portion of the increases in price and volatility of essential food commodities can only be explained by the emergence of a speculative bubble." [10] The timing of that bubble was notable as it conveniently offset huge losses of those same mega-banks that were under water with their excesses in securitized home mortgages and other Wall Street casino madness. Schutter added,

In particular, there is a reason to believe that a significant role was played by the entry into markets for derivatives based on food commodities of large, powerful institutional investors such as hedge funds, pension funds and investment banks, all of which are generally unconcerned with agricultural market fundamentals. Such entry was made possible because of deregulation in important commodity derivatives markets beginning in 2000. [11]

Following the collapse of the dot.com stock bubble in 2000, as Wall Street and other major financial players began seeking alternatives, commodities and high-risk derivatives based on baskets of commodities became a major speculative investment theme for the first time.

Since 2000 the totality of dollars invested in various commodity index funds –Goldman Sachs' GSCI being the largest — has risen from some $13 billion in 2003 to a staggering $317 billion during the oil and grain speculation bubble in 2008. This was documented in a study by Lehman Brothers shortly before Treasury Secretary Henry Paulson made them a sacrificial lamb in order to bail out his Wall Street cronies.[12]

Since 2008 with some fluctuation, investor funds have continued to pour into various commodity funds, keeping food prices high and rising. From 2005 to 2008, the worldwide price of food rose 80 percent — and has kept rising. In the period from May 2010 through May 2011 the price of wheat rose again some 85%. "It's unprecedented how much investment capital we've seen in commodity markets," said Kendell Keith, president of the National Grain and Feed Association, in a recent interview. [13]

The Food and Agriculture Organization of the UN estimates that since 2004, world food prices on average have soared by an unprecedented 240%. The offering of food commodities as a speculative alternative by the large banks and hedge funds exploded in 2007 when the US sub-prime financial tsunami first hit. Since then, speculation in food commodities has only gathered more momentum as other investments in stocks and bonds became highly dangerous. One result has been a predictably rapid rise in starvation, hunger and malnutrition in poorer populations around the world.

The FAO calculates that food-deficit countries will be forced to spend fully 30% more on importing food — with a world value of a staggering $1.3 trillion. Three decades ago, that international market was tiny; today it is overwhelmingly dominated by a small handful of US agribusiness giants. Agribusiness, like military exports, is a core US strategic sector, long supported to extraordinary lengths by Washington. It is part of a larger and rather private agenda shaped decades ago under the aegis of the Rockefeller and Ford Foundations and their eugenics advocates. [14]

Importing food is today the rule rather than the exception as cheap, globalized agribusiness products, often under IMF pressure, are being forced onto populations across the developing world, including formerly self-sufficient food-producing societies now rendered dependant on imported food. This is done in the name of 'free trade' or what is often called 'market-oriented agriculture.' Left unsaid is that the so-called 'market' is colossally inefficient and unhealthy, literally and financially. Imported food dependency is artificially created by huge multinational conglomerates such as Tyson Foods, Smithfield, Cargill or Nestle, corporate giants whose last concern seems to be the health and well-being of those of us who must consume their industrial food products.

The cheap agribusiness imports often undercut the prices of locally grown crops, driving millions from their land into overcrowded cities in desperate search of jobs.

Today the price of wheat derivatives, or 'paper wheat,' controls the price of real wheat as speculators like Goldman Sachs, JP Morgan Chase, HSBC, Barclays or numerous offshore hedge funds — with little interest in grains other than as a profit source — now outnumber bona-fide agriculture industry hedgers four-to-one.

That is a complete reversal of the situation that dominated grain prices for the past hundred years or more. For some 75 years, the CFTC had imposed limits on how much of certain agricultural commodities — including wheat, cotton, soybeans, soybean meal, corn, and oats — can be traded by non-commercial players who are not part of the food industry. So-called 'commercial hedgers,' like farmers or food processors, previously could trade unlimited amounts in order to manage their risk. Not so with pure speculators.

Those limits were designed to prevent manipulation and distortion in what are relatively small markets. With the passage of the Summers-Geithner Commodity Modernization Act of 2000 and the infamous 'Enron Loophole' — allowing exemption from government regulation — the fast and loose trading in energy derivatives was rapidly expanded to include food commodities. The dam broke in 2006 when Deutsche Bank asked for and was granted CFTC permission to be exempt from all trading limits. The regulatory authorities assured them that there would be no penalties for exceeding the limits. Others followed, lemming like. [15]

For some two billion people in the world who spend more than half of their income on food, the effects have been horrifying. During the speculation-driven grain price explosion in 2008, more than a quarter billion people became what the UN terms "food insecure," or a total of one billion human beings, a new record. [16]

That need never have occurred had it not been for the diabolical consequences of the US Government deregulating grain speculation, with support from the US Congress over the past decade or more. By early 2008, upwards of 35% of all US arable land was being planted with corn to be burned as biofuel under the new Bush Administration incentives. In 2011 the total is more than 40%. Thus, the stage was set for the slightest minor market shock to detonate a massive speculative bubble in grain markets, as was then being done by the use of the same GSCI index games as are played with oil.

Agribusiness as a long-term strategy

The record rise in grain and food prices in recent years is not a mere Wall Street profit gimmick, although obscene profits are being made. Rather, it is apparently an integral part of a long-term strategy whose roots go back to the years just after World War Two when Nelson Rockefeller and his brothers tried to organize the global food chain along the same monopoly model they had used for world oil. Food would henceforth become just another commodity like oil or tin or silver whose scarcity and price could ultimately be controlled by a small group of powerful trading insiders.

At the same time the Rockefeller brothers were expanding their global business reach from oil to agriculture in the developing world through their technology-driven Green Revolution scheme after the war, they were also financing a little-noticed project at Harvard University. The project would form the infrastructure for their plan to globalize world food production under the central control of a handful of private corporations.

Its creators gave it the name ‘agribusiness,’ in order to differentiate it from traditional farmer-based agriculture — the cultivation of crops for human sustenance and nutrition. The push to place world national governments’ emergency grain reserves into private hands was merely a logical expansion of the original Rockefeller agribusiness strategy, as was their highly mis-represented “Green Revolution” which at day’s end merely promoted a huge sale of US agriculture products from John Deere tractors (using large volumes of Standard Oil Rockefeller products) to US chemical fertilizers made by other companies in the Rockefeller orbit—forcing a trend to large scale farming and forcing millions off the land into cities where they former a cheap labor pool for large multinationals. The highly-touted harvest yields turned out to be actual losses after several harvests. [17]

Agribusiness and the Green Revolution went hand-in-glove. They were part of a grandiose strategy which included Rockefeller Foundation financing of research for development of genetic alteration of plants a few years later.

John H. Davis had been Assistant Agriculture Secretary under President Dwight Eisenhower in the early 1950s. He left Washington in 1955 and went to the Harvard Graduate School of Business, an unusual place for an agriculture expert in those days. Davis had a clear strategy. In 1956 he wrote an article in the Harvard Business Review in which he declared, “the only way to solve the so-called farm problem once and for all, and avoid cumbersome government programs, is to progress from agriculture to agribusiness.” He knew precisely what he had in mind, though few observers had a clue back then.[18]

Davis, together with another Harvard Business School professor, Ray Goldberg, formed a Harvard team with Russian-born economist Wassily Leontief, who was then mapping the entire US economy, in a project funded by the Rockefeller Foundation. During the war, the US Government had hired Leontief to develop a method of dynamic analysis of the total economy that he referred to as ‘input-output’ analysis. Leontief worked for the US Labor Department as well as for the Office of Strategic Services (OSS), the predecessor to the CIA.[19]

In 1948 Leontief got a major four-year $100,000 grant from the Rockefeller Foundation to set up the Harvard ‘Economic Research Project on the Structure of the American Economy.’ A year later the US Air Force joined the Harvard project, a curious engagement for one of the prime US military branches. The transistor and electronic computers had just been developed along with methods of linear programming that would allow the processing of vast amounts of statistical data on the economy. Soon the Ford Foundation joined in to fund the Harvard project.[20]

The Harvard project and its agribusiness component were part of a major attempt to revolutionize US and later, global food production. It was to take four decades before it dominated the food industry. Professor Goldberg later referred to the agribusiness revolution and the development of genetically-modified agribusiness as ‘changing our global economy and society more dramatically than any other single event in the history of mankind.’ [21] He just might have been right as we are now likely about to witness over the coming decade.

As Ray Goldberg boasted years later, the core idea driving their agribusiness project was the re-introduction of ‘vertical integration’ into US food production. By the 1970s most Americans had forgotten that bitter battles had been fought before World War I and during the 1920’s to pass laws in Congress to prohibit vertical integration by giant conglomerates, and to break up trusts such as Standard Oil, in order to prevent them from monopolizing whole sectors of vital industries.

It wasn’t until the David Rockefeller-backed Presidency of Jimmy Carter in the late 1970’s that US multinational business was able to begin the rollback of decades of carefully constructed US Government regulations of health, food safety and consumer protection laws, and open the doors to a new wave of vertical integration of agriculture. The vertical integration process was sold to unaware citizens under the banner of ‘economic efficiency’ and ‘economy of scale.’ [22]

A return to vertical integration and the accompanying agribusiness were introduced amid a publicity campaign in mainstream media and from industry claiming that government had encroached far too much into the daily lives of its citizens and had to be cut back to give ordinary Americans ‘freedom.’ The war cry of the campaigners was ‘deregulation.’ Of course, de-regulation by government merely opened the door to private control – another form of regulation — by the largest and most powerful corporate groups in any given industry. That was certainly the case for agriculture — the big four grain cartel companies dominated world grain markets from the 1970s to today. They worked hand-in-glove with big Wall Street derivative players such as Goldman Sachs and JP Morgan Chase and Citigroup.

By the latter part of 2007, trading in food derivatives was fully deregulated by Washington, and US government grain reserves gone. The way was clear for dramatic food price rises.

The speculative machine that had been put into place by Wall Street and its banker friends was creating the potential for significant, long-term food inflation. But the inflation needed a major ‘venting’ to get the ball really rolling. That was to come from George W. Bush.

The Killer Punch—BP, Bioethanol and Genocide

In 2007, just as the US real estate crisis was causing the first tsunami shock waves through Wall Street, the Bush Administration made a major public relations push to convince the world that the US had turned into a “better steward of the environment.” Too many fell for the hype.

The center of the Bush program, announced in his January 2007 State of the Union Address, was something called ’20 in 10’—cutting US gasoline use 20% by 2010. The official reason given to the public was to “reduce dependency on imported oil,” as well as cutting unwanted “greenhouse gas” emissions. That wasn’t the case, of course, but it made good PR. Repeat it often enough and maybe most people will believe it. Maybe they won’t realize that their taxpayer subsidies are being used to grow ethanol corn instead of feed corn and are also driving the price of their daily bread through the roof.

The heart of the Bush plan was a huge taxpayer-subsidized expansion of the use of bio-ethanol for transport fuel. President Bush’s first plan required production of 35 billion gallons (about 133 billion liters) of ethanol a year by 2017. Congress had already mandated, via the Energy Policy Act of 2005, that corn ethanol for fuel must rise from 4 billion gallons in 2006 to 7.5 billion gallons in 2012.

To make certain it would happen, farmers and big agribusiness giants like ADM were given generous taxpayer subsidies to grow corn for fuel instead of for food. David Rockefeller’s corporate farms were one of the largest recipients of US Government agriculture subsidies. Currently ethanol producers in the US get a subsidy of 51 cents per gallon of ethanol. The subsidy is paid to the blender, usually an oil company, that blends it with gasoline for sale. In the 2011 harvest year, an estimated 40% of all corn acreage in the United States is expected to be grown for biofuel.

As a result of these generous US Government subsidies to produce bio-ethanol fuels, and the new legislative mandate, the US refinery industry has been investing big time in building special new ethanol distilleries, similar to oil refineries, except they produce ethanol fuel. The number currently under construction exceeds the total number of oil refineries built in the US over the past 25 years. When finished in the next 2-3 years, the demand for corn and other grain to make ethanol for car fuel will double from present levels.

Not wanting to be left behind, the EU bureaucrats in Brussels — no doubt generously encouraged by the likes of BP, Cargill, ADM and the major biofuel lobby — came up with its own scheme for “10 in 20” or a mandate that 10% of all road fuel in the EU by 2020 be from biofuel. Shockingly, they did so despite the existence of a report by the same EU Commission on the damaging impact of such a massive turn to subsidized biofuels. The London Times reported,

A study by the Commission on the land use implications of sourcing only 5.6 per cent of Europe’s transport fuel from biofuels concluded that any significant rise beyond 5.6 per cent would ‘rapidly’ increase carbon emissions and ‘erode the environmental sustainability of biofuels’… Like most political diktats, the figure of 10 per cent was plucked out of the air and no one at the Commission had a clue, when the policy was adopted, how the fuel industry was to meet the one in ten mandate without a huge rise in biofuel planting in the tropics. [23]

In short, the use of farmland worldwide for bio-ethanol and other biofuels—burning the food product rather than using it for human or animal feed—is being treated in Washington, the EU, Brazil and other major centers as a major new growth industry. The impact on human beings, however, is quite the opposite. It is rapidly becoming a death industry, death of millions of innocent human beings unable to afford adequate nourishment for themselves or their families.

The United States today is far and away the world's largest producer of ethanol biofuel for transportation fuel. In 2010 the US produced 13 billion gallons (US) or 50 billion liters of ethanol biofuel, amounting to near 60% of the world's total. The EU added some 6% to the global total as number three behind Brazil in a macabre contest to see which country can destroy the most food by burning toxic biofuels. [24]

The most alarming aspect of the entire biofuel scam is the fact that three full years after the grain price explosion of 2008 was demonstrated to be directly tied to the biofuels removal of millions of acres of US farmland — from corn for feed to corn for fuel — no action has been taken either in the US Congress or in the EU or anywhere else to reverse that insane policy. The stunning inaction seems testimony to the political power of the biofuels lobby. Who are they? Not surprisingly, they are the same agri and oil giants behind US and EU food and energy policy. Major players include BP, Shell, ExxonMobil, Chevron, ADM, Cargill and the like. It is a powerful lobby and sees a goose that can literally lay multiple golden eggs in the form of mandated biofuels requirements of the EU and USA and elsewhere.

This January the Institute for European Environment Policy (IEEP), an independent body, issued a report on the role of bioenergy in EU governments' "renewable energy action plans." Recent proclamations by the German government that renewables will replace nuclear electric generation by 2020, and similar pledges by other EU governments, all rely on a fantastic delusion that the electriic power being generated by large nuclear plants can come from biodiesel. The January IEEP study notes that:

More than half of the renewable energy which EU Member States expect to consume annually by 2020 will consist of bioenergy, e.g. biomass, bioliquids and biofuels. This is revealed in a first evaluation of the proposed scale of deployment of bioenergy by the EU Member States in the period to 2020 as forecast in their National Renewable Energy Action Plans (NREAPs)…A significant increase in absolute consumption of bioenergy is anticipated. In the 23 plans examined, bioenergy will thus remain the main contributor to the renewable energy sector. Overall, the bioenergy contribution to final energy consumption is expected to more than double, from 5.4% in 2005 to almost 12% (124Mtoe) in 2020. Bioenergy will have a quasi-dominant role in the renewable portion of the EU heating and cooling sector, and is foreseen to contribute more than 80% to the sectoral target. In the electricity sector the bioenergy share will be relatively low but in the transport sector it is expected to reach nearly 90% of total renewable energy by the year 2020. [25]

The IEEP conducted an analysis of required land acreage needed for the cultivation of such a huge increase of biofuels by 2020. They estimated, after all factors are properly calculated, that an additional "4.1 to 6.9 million hectares" in the European Union will be needed for biofuel, acreage more than three times the entire state of Kansas.

Further, belying the EU myth that biofuels give a reduction of CO2 (even were CO2 a problem — which is highly contested among serious scientists), the IEEP calculates that the enormous rise in biofuel use will lead to more CO2 emissions from vehicles, equivalent to adding as many as 26 million additional vehicles on European roads. [26]

Biofuels are highly undesirable for countless reasons, as many serious environmental organizations have begun to realize. The corn ethanol industry has grown, largely due to powerful corn and oil lobbies. High demand will likely increase corn ethanol and gas prices as corn ethanol is mixed with gasoline.

Ethanol energy gets poor fuel-economy with standard engines. And most importantly, it simply is not possible to produce the amount of corn required to make the fuel a viable alternative to oil or a serious supplier of energy. [27]

New Global Dustbowls?

What biofuels and their pushers—from BP to agribusiness, combined with the mad decisions of governments from Washington to Berlin to Paris and beyond – have accomplished is the elimination of grain security reserves worldwide. This has been vigorously mixed with a cocktail of deregulated free commodity derivatives trading to create the ingredients for the worst potential food crisis in human history.

The testing of that hypothesis may unfortunately already be underway at the hands of forces far beyond the ability of man to control. At the recent annual meeting of the Solar Physics Division of the American Astronomical Society, scientists from the National Solar Observatory (NSO) and the Air Force Research Laboratory (AFRL) presented results of studies of recent solar flare activity, by far the greatest factor influencing climate change on Earth. Flares occur in periodic cycles such as 11-year, 22-year and longer ones. The solar studies indicate that the Earth is now at the beginning of what might be a decade or longer period of greatly reduced solar activity.

Reduced solar sunspot activity means a less active sun. As Dutch physicist Gijs B. Graafland puts it, "It will affect severely the evaporation of ocean water and by that the amount of rain. This results in lower water for agriculture and therefore in less growth and more severe blowing away of dry fertile top soil layers which gives a decade of high food prices." [28]

Translated to us, that could mean climate catastrophes, harvest failures, droughts and dust storms — such as those that swept the US Midwest during the Great Depression of the 1930s — in fertile regions across the planet, not just once but over a span of years. If the solar physicists as well as earlier Russian astrophysicist, Habibullo Abdussamatov, the head of space research at St. Petersburg's Pulkovo Astronomical Observatory in Russia who predicted similar onset of a new "Little Ice Age" [29] beginning 2014, are right, we may soon face a food crisis on a scale our planet never in history has faced. [30]

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notes:

[1] F. William Engdahl, Seeds of Destruction: The Hidden Agenda of Genetic Manipulation, www.GlobalResearch.ca, Montreal, 2007, pp. 216-219.

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