

WAKE UP!! IT'S YER MATTER OF LOAF AND DEATH...

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PROFIT HUNGRY

AS INVESTORS' BOTTOM LINE HITS THOSE ON THE BREADLINE

If you're the type to buy food, rather than only get it from bins, you've probably noticed that food prices have been rising again. In fact, the international trading prices of major grains are 70% higher than they were this time last year, and in most cases near or above the levels during the price hikes of 2008.

Demonstrations have already taken place this year in Tunisia, Jordan, Algeria and India. Should the problems continue many more can be expected. But despite what the mainstream news tells us, food price hikes are not just because it rained too much or too little, or because we're eating too much, or that China has suddenly discovered how much it likes sugar and meat. These reasons are only part of the story. It's also due to speculation on food as a commodity in the financial markets.

Back in 2008, the price of food hit crisis levels. As the world toppled into the financial crash, people from Haiti to Cameroon, despairing that they could not feed themselves or their children, rioted in the streets and protested futilely to their governments.

Prices then fell again, equally suddenly. But it wasn't just the poor and hungry that let out a sigh of relief. So too did the rich and greedy who'd been making millions speculating on the price of food worldwide. Their unregulated system of speculative banking and derivatives trading - that had greatly contributed to the price increases - was left intact.

The food crisis of 2008, and what may be another in 2011, are the result of a uniquely 21st century cruelty. UN officials referred to the effects as, "a silent mass murder", and the desperation and violence appearing as, "the new face of hunger". So how is it that hedge funds and investment banks can have such an influence on the food that ends up on plates in Kenya, India or Bangladesh? The answer involves examining a series of changes that have taken place in the complex world of high finance.

Just as now, the sky-rocketing of food prices three years ago were blamed at the time largely on a combination of "real" economic factors - that is, those concerned with supply and demand. These included an increasing global appetite, bad harvests, and declines in agricultural productivity due to under-investment and agro-fuel production (although the imposition of structural adjustment programmes in the global South, forcing them to prioritise export rather than national food security, were also flagged up).

The problem with these explanations was that the sums didn't add up. At all. Analysts, NGOs and economists began studying the mechanisms of the market searching for answers, and it be-

came clear that it was 'the market' itself that played the lead in an entirely man-made crisis.

Soon even the Rolex-wearing free-marketeters had to admit that volatile food prices were partly resting on their shoulders. The IMF, for example, admitted that speculation causes food price hikes when it wrote vaguely that "pure financial factors, including the mood of the markets, can have short term effects on the price of oil and other commodities". The 'mood of the markets' in this case had put 120 million additional people into poverty in 2008 and around 100 million into chronic hunger. It's estimated that during 2011 the number of chronically hungry people in the world could top one billion.

The reason the finance industry is able to cause price hikes and hunger lies in the fact that they've stuck their ore into the food industry in the first place. Food has long been traded in 'futures' contracts, which do what they say on the tin. A buyer has a contractual arrangement with a producer to buy their wares for a fixed price at a fixed future date. This is designed to give those involved in the agriculture industry some stability.

Vegetable Stock Market

Until the late nineties, regulation was in place that only allowed food to be traded in this way by those directly involved in the industry. These regulations were weakened after aggressive lobbying by the finance industry - and this caused the commodity market to detach from the "real" economy. Now hedge funds, pension funds and derivatives traders could bet huge sums of money on food prices in the futures market with the possibility of achieving a huge profit. Food, a necessity of human life, was now fair game - and play the game they did, especially in the financial hothouses of the London, Chicago and New York exchanges.

To ensure the profit potential in these futures contracts, something needed to be done to separate them from real supply and demand factors (which could, naturally, lead certain commodities to drop in value, at the cost of investors). The answer of traders at the likes of Goldman Sachs is to "bundle" commodities into a "special index fund". In the case of Goldman Sachs, each fund has an average composition of 30% agricultural and 70% non-agricultural commodities, mostly oil. This diversifies risk to, supposedly, reduce them for investors.

In 2004, further exemptions from regulation were granted after a petition by some of the biggest hitters in US banking, Lehman Brothers, Morgan Stanley, Bear Stearns and JP Morgan, who had argued (laughably) that they were so well capitalised and sophisticated in risk management they couldn't fail. Following the ex-



YES THOSE FOOD COMMODITY TRADES PAID OFF BIGTIME! NOW, HAVE WE YET FIGURED OUT A WAY TO BET ON THE POPULATION NUMBERS OF THESE COUNTRIES AFTER THE FAMINES?

CRAP ARREST OF THE WEEK

For eating a bobby's breakfast...

What would you do if you were feeling peckish and were generally a bit of a daring buccaneer? Supermarket, deli or perhaps just hold up your local chippy?

Michael Allan, a man of strange tastes, entered his local police station in Altrincham, Cheshire through a broken door. He went for a little wander before parking up in the kitchen and making a spot of breakfast. The 23-year-old was found at 4am on Saturday (5th) scoffing a bowl of porridge by a cop turning up to start his shift.

The Goldilocks aspirant had donned a police uniform and helmet he'd found kicking around but when confronted by the real deal, Allan merely calmly asked, 'Can you help me please, officer?' He was promptly handcuffed and thrown in a cell that was presumably not too dank, or not dank enough, too small but *just* right.

emptions, the banks released billions of dollars more for speculation.

The spinning plates were balanced precariously, and it was the 2007 sub-prime mortgage crash in the US which saw them come tumbling down. The influx of new speculators in the commodities market after the property crash drove up prices at an alarming rate. It was this price 'bubble' - the rate of food prices reaching an artificial high - that caused the scenes of hunger and panic. In 2008, Goldman Sachs earned \$1.5 billion of their bottom line from commodity speculation, about a third of their estimate net income.

Now history is repeating itself. Today the blame's being put on a bad harvests of wheat in Russia and other black sea countries - but again, it doesn't quite make sense. North America has a massive surplus, plenty to make up for the shortfall. Predicted dips in production, whether it materialises or not, is enough for speculators to spot an investment opportunity. When it looks like the price of wheat, sugar or whatever, might go up, people rush to invest in those futures contracts in the hope that its value will keep increasing and they'll be in the money.

The impact of the subsequent price rises on those already living on the poverty line doesn't come into it. Whilst the bankers wouldn't let their own kids starve to make a quick few million bucks for them and their investors (actually, maybe they would...?), in their warped and self-obsessed minds, people in the developing world don't really exist so its fine.

Speaking of warped and calculating minds,

CONTINUED OVER

INFORMATION FOR ACTION

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PARTY & PROTEST

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George Osborne is the only EU Chancellor digging his heels in about banking regulation - a subject on the EU agenda for this spring. Afraid that reform would cause a mass exodus of his banking buddies from the City of London, and under intense lobbying pressure from the City itself, it looks like Gideon (yes, that's real name from Eton days, not George - he changed it to sound more man-o-the people!) Osbourne's going to do his best to make sure the needs of the rich to get richer get met before the needs of millions of people to carry on living.

The topic also surfaced in talks between the G20 finance ministers in February in Paris, which resulted only in weak promises to "study" commodity price volatility and have a bit more of a chin-wag about it at the next meeting. Food speculation is a subject the political and economic elites are reluctant get their teeth into - aware that it's the murderous, bastard offspring of the capitalist system they are working so hard to protect. Yet another reason to hate bankers - the bread they earn from food speculation can literally take the bread out of the mouths of millions.

A LIBERAL DOSE

Traditionally going first in the conference season, it's going to be the Lib Dems turn to get it in the neck this week in Sheffield. Two marches are planned against the mini-me of the Condem alliance, firstly on Friday at 4.30pm at the town hall and then on Saturday, meeting at 11am at Devonshire Green.

Also planned is a mass walk-out from schools on the Friday, under the slogan, "Against a government of millionaires making thousands unemployed and starving the poor to pay for a crisis created by the institutions of the rich".

According to reports on Sheffield Indymedia known activists have been put under surveillance by an increasingly nervous police force.

* A map of targets has been produced: <http://maps.google.co.uk/maps/ms?hl=en&ie=UTF8&msa=0&msid=210342096990902117983.00049dfacda6c6e4d31fc&ll=53.379642%2C-1.480236&spn=0.024166%2C0.084543&z=14>

THE MOUND THAT ROARED

Brighton's latest community garden - nicknamed the Mound - successfully fought off a dodgy eviction on Monday. The squatted land, derelict for over ten years, has been occupied by ragged band that no-one is calling 'the diggers' (well not yet, give it time).

The managing agents, Hargreaves have tried by hook or by crook to get them off the land, first of all serving them papers under our old friend the Criminal Justice Act. When this failed, Monday saw an incursion by eight heavies.

One gardener told SchNEWS, "It all started at 9am when three guys in a white van showed up to 'clear the garden'. By eleven this had escalated to six bailiffs, a handful of workmen and seven cops. Some of the bailiffs climbed onto a flat bed truck in order to get over the garden walls, while others nipped around the back and began pulling the fence down. Around fifteen of us surrounded them and saw them off."

Meanwhile gardening continues with the construction of a raised beds and the beginnings of a wildlife observation pond. For more check out <http://brighton-mound.org.uk>

AWFUL REBELLION

Now SchNEWS has been hearing a fair bit about the whole 'Lawful Rebellion' thing now for a year or two, picking up where 9/11 truth left off. It's a heady mix of the Magna Carta, contract law and monarchical anarchism (Occasionally it makes some good points about the relationship between state and individual.) But to be honest we'd not realised quite how big it had got. On Monday 7th March, around 600 protesters attempted to 'arrest' a judge at Birkenhead County Court. They were there to support Roger Hayes, chairman of the British Constitution Group (BCG), who was in court for a bankruptcy hearing after not paying council tax.

Hayes attempted to prove that the enforced collection of council tax by government is unlawful because no contract has been agreed between the individual and the state. His argument is that he can represent himself as a third party in court and that "Roger Hayes" is a corporation and must be treated as one in the eyes of the law. This was apparently unsuccessful as he then "asked if [the judge] was serving under his oath of office" when Judge Michael Peake didn't answer this, Hayes "civily arrested" him.

The judge adjourned the case as he was bundled out of the room by court officials while supporters of Mr Hayes attempted to block the exits. Though the judge has so far escaped justice, members of BCG have said that they "know his name and where he works, we can get back to him later."

Six people (not including the judge) were arrested for assault police, breach of the peace and obstruct police.

Roger Hayes is an ex-member of UKIP and was a candidate for the Referendum Party, receiving 1,490 votes. Following on from these successful forays into politics he got involved with the BCG. The stated aim of the BCG is, amongst other things, to get at least 1,000,000 people to engage in 'lawful rebellion'. Although they succeeded in getting a few hundred to defend their leader, they've yet to achieve all out rebellion. Much of their rhetoric has a lot going for it - "end the bailout", "we the people need to take charge", attacks on the corporatisation of Britain, but it is tinged with at best confused, at worst sinister, mix of monarchism, nationalism and individualism.

In the words of their own declaration "We, the British People have a right to govern ourselves" good start, but apparently the problem is that "Her Majesty Queen Elizabeth II... no longer governs us in accordance with our laws and customs, as was the situation when she was elected by the people as our Sovereign and our Head of State"- makes perfect sense to us.

* For more on the weird and wonderful world of lawful rebellion, see www.lawfulrebellion.org.uk

DON'T MANSION THE WAR

Ok - it's been in all the papers but a big SchNEWS nice one to the 'Topple the Tyrants' group who've taken over a £10 million Mayfair mansion belonging to the Gaddafi family.

A spokesman for the group said "We didn't trust the British government to properly seize the Gaddafi regime's corrupt assets, so we took matters into our own hands. The British government only recently stopped actively helping to train the Libyan regime in "crowd control" techniques, through the Department for Business Innovation and Skills and a midlands based arms manufacturer, NMS Systems. As well as training the regime in repression, British corporations are also guilty of providing the same weapons that are now being used by Gaddafi against the Libyan people."

The mansion is managed by Gaddafi through a holding company registered in the British Virgin Islands. The spokesman for occupiers said "Gaddafi, Mubarak, the House of Saud and numerous other tyrants use front companies in British protectorates to avoid paying tax and above all to protect their anonymity. Britain actively assists tyrants, corporations and the super rich to rob their people blind. Our aim is to make sure that the assets stolen by Gaddafi are returned to the Libyan people and don't disappear into the pockets of governments or corporations. In the meantime we want to welcome refugees from the conflict in Libya and those fleeing tyranny and oppression across the world."

SHIP OFF, THE OLD BLOCKADE

Intrepid solidarity activists are to set sail for Gaza again. They'll be departing in May, the first anniversary of the attack by Israeli commandos on the Mavi Marmara that left nine people dead and over fifty injured (see SchNEWS 725).

The British contingent is being brought together by five campaign groups; Friends of Al Aqsa, the British Muslim Initiative, the Palestine Solidarity Campaign, Stop the War Coalition and the Palestinian Forum of Britain. 'Britain 2 Gaza' will be joining with similar initiatives from over 20 other countries to bring together the largest seaborne mission yet to attempt to break the siege on

...and finally...

Yes the corrupt financial system has virtually bankrupted the masses, but that's no problem for the tiny percentage who became super-rich at their expense. They've earned a jet-set life of sultanic luxury and swinging leisure.

And what with all the austerity measures and the economy struggling, action is desperately needed to boost Britain's precious industries. So bright sparks at the government-funded tourism agency VisitBritain think they have come up with a win-win solution.

They're spending £10m on a campaign trying to woo millionaires to these shores to take more "dreamlike, unreal fairytale" holidays. Some aristocratic pampering in a stately homes, perhaps smoking your own kippers, or taking your own steam train out for spin. The push is for selling the "refined, exclusive and sophisticated rather than the decadent and ostentatious" (quite where that line is drawn is obviously a little difficult for those of us slaving away on the minimum wage to say).

Apparently the really wealthy, "love understated wealth but revel in utter exclusivity and the feeling of total freedom money brings". Look out for the understated poor who revel in the feeling of total freedom that poverty brings...

Disclaimer

SchNEWS advises all readers, don't listen to the bankers when they say they've got to earn a crust. Honest.



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