Exercise Economics

What Obama, Media Won't Say: Storms Threaten Food Supply

by Marcia Merry Baker

May 27—Drastic food shortages and sky-high food prices are now in the making, from the combined results of the extreme weather on the continental farm belt, and the inaction by the Obama Administration. Relevant agencies—the Federal Emergency Management Agency (FEMA), the National Guard, the Coast Guard, the Army Corps of Engineers, local first-responders and volunteers—are doing what they can, but they lack authority and resources; plus, they are muzzled by the White House from getting out the truth. The U.S. Department of Agriculture (USDA) is outright lying about the storms' impact on crops, and continues to go through the motions on farm relief. The media is simply covering up.

Over half of this year's national rice crop might be wiped out by the Lower Mississippi Basin flooding. A big drop in the wheat harvest is coming from the High Plains states, hit by drought in the South, and cold and wet in the North. There are threats to corn and soybeans from the widespread storms and flooding. Livestock production costs are soaring for feed, storm protection, and going-to-market.

These dire prospects for food shortages can be ameliorated, even at this late time, if there is a radical policy shift for the Federal government to resume its responsibilities for the general welfare, namely for the food supply. Forcing that to happen, is one and the same

issue as the current mobilization to restore the Glass-Steagall Act, resume sound credit and production in the nation, and cancel bailouts, speculation, and chaos. Farmers and agriculture community leaders would rally to this shift, and determine the particulars of what must be done, given the storms and huge damage, for replanting, planting elsewhere, rebuilding herds, capping prices (at a parity price), banning speculator/index fund activity on the exchanges, etc.

The biggest disaster threat at present, is Obama remaining in the White House. All the while that the central U.S. states were hit with flooding and tornadoes—beginning with Joplin, Mo., May 22 and affecting Kansas, Oklahoma, and a vast arc of states, even bringing tornadoes along the Ohio Valley, and up to Vermont—Obama and family stuck with their suck-up-toroyalty tour of Europe.

Obama arranged two statements to the press on the tornado disasters, before meeting with the Queen on May 24. In Dublin, he had himself photographed while on the phone with the Mayor of Joplin; Obama said he would visit May 29—a gap longer than President G.W. Bush's wait of five days, to see New Orleans after Hurricane Katrina. In London, Obama said, "All we can do is let them [in Missouri] know that all of America cares deeply about them, and that we are going to do absolutely everything we can, to make sure that they re-

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Flooding of farms, wilderness, and towns along the Mississippi River on May 19, from the Mississippi side.

USDA/Lance Cheung

cover." Meantime, his budget cuts to FEMA, weather warning satellites, the Army Corps of Engineers, and other essentials, remain in effect.

LaRouche: An Indictment of Obama

On May 24, reviewing the Mississippi Basin flooding, and the wheat belt drought, Lyndon LaRouche said.

"The weather story is an indictment of the President of the United States. And what his reaction was, to what happened in the Missouri area, saying, 'Well, we won't do anything now. I'm not coming back, it's not that urgent. And yes, we'll look into it, but we're not committed to doing anything, until I investigate this matter, or have it investigated.'

"Here you have an immediate urgency in the state of Missouri, which is being wiped out, virtually. From Minnesota all the way down, that whole belt, the Mississippi belt, you have a *collapse—a wipeout of the food*. It means that the price of chicken is going to go soaring, to such a level that you may pay \$4 a pound for chicken, and a comparable increase in price for eggs....

"But there has been *no* reaction, by the general press, except for the [National] Weather Service, on this! There's no reaction to the fact that the reason we're not having forecasts to warn people to stay alive, is because

the President of the United States shut down a lot of the satellites!"

Production Zones Hit: Rice

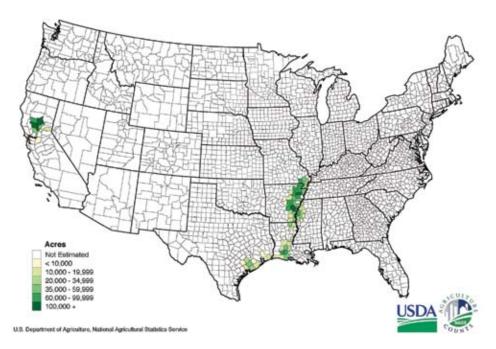
The North American plantings, growing conditions, and harvest picture are dire for wheat, rice, corn, and other crops, and for livestock for the current season. Plus, the productive base for agriculture is itself being destroyed for near-future farm output both in the Mississippi/Ohio flood states, and in the High Plains drought region, as storage facilities, barns, sheds, transportation links, and fields are damaged or ruined. The situation can be summarized, by a brief look at the production zones for key staple crops.

Begin with U.S. rice production (**Figure 1**), of which 75% is grown in the Lower Mississippi Basin. Arkansas alone accounts for half of all U.S. rice production, and the state has been hit by multiple weather disasters—the April tornadoes, the flooding of the White River and other Ozark run-off, the flooding of the Mississippi River, and then this week's tornado storms. Besides Arkansas, the other rice states are: Mississippi (16% of national rice output); Louisiana (13%) and Missouri (6%).

All of these rice-growing areas are suffering from floods and torrential rains. However, the USDA, in line with Obama's do-nothing policy, has put out no interim

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FIGURE 1
All Rice Planted Acres by County for Selected States, 2009



estimates of damage to crops and land. The May 12 *Rice Outlook* report by the USDA Economic Research Service simply ran a CYA statement: "The full impact on the 2011/12 rice crop of this year's record or near-record flooding of the lower Mississippi River is unknown at this time."

U.S. rice losses are an automatic hit for the world food supply, given that the United States has become, under cartel-rigged trade, the world's third-largest rice exporter.

Farm groups are resorting to issuing their own best estimates of the scale of losses and food shortages. On May 23, the American Farm Bureau Federation released the following statement from its national office:

AFBF Estimates 3.6 M Ag Acres Hit by Floods

Washington, D.C. May 23—After learning firsthand from state Farm Bureaus about recent flooding devastation in the southern United States, the American Farm Bureau Federation now estimates that nearly 3.6 million acres of farmland has been impacted by the natural disaster. On a Farm Bureau nationwide call late last week, states also reported an estimated 40% of this year's rice crop has been affected.

Arkansas topped the list with a million acres affected, including 300,000 acres of rice and 120,000 acres of wheat. Illinois was estimated to have 500,000 acres of farmland under water, with Mississippi and Missouri coming in at 600,000 and 570,000 acres, respectively. Tennessee reported 650,000 acres and Louisiana was pegged at 280,000 acres.

"There is no doubt about it, the effect of the flooding on farmers and ranchers is being felt deeply across the south," said AFBF Chief Economist Bob Young. "One is reminded of the '93 or '95 floods in terms of scale of affected area."

"But, said Young, it's critical that the government acts quickly to rebuild the levees and allow producers to make plans for the future.

"In many of these areas, agriculture is the major economic driver for the region," said Young. "While some may be able to get a crop in the ground this year, we need to also think about the long-term economic health of these farms and communities."

"Without the levees in place to protect homes and farms, however, it may be hard to make those investments," added Young.

Wheat: Southern Drought; Northern Cold, Wet

See **Figures 2 and 3**. In the southern Winter wheat zone of the High Plains (where the grain is sown in the Fall, and harvested now), harvesting is underway in Texas and Oklahoma, where intense drought has reduced yields, or even destroyed the crop. A large area of western Texas, which last year produced just over 103 million bushels, will be lucky to harvest 23 million this year (based on the U.S. Department of Agriculture yield estimate, which may be high). Many acres have been opened for cattle, or plowed under for insurance purposes.

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FIGURE 2
Winter Wheat Planted Acres by County for Selected States, 2010

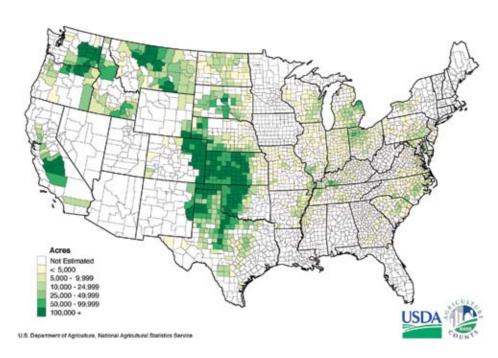
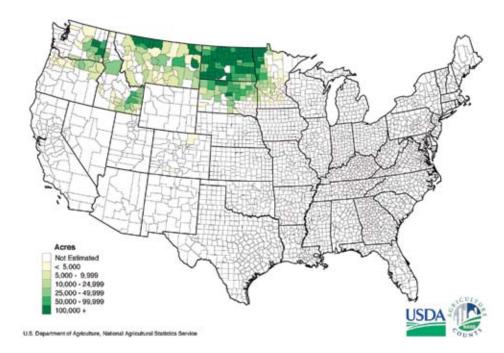


FIGURE 3
Other Spring Wheat Planted Acres by County for Selected States, 2010



In Kansas, where the harvest begins next month, the Kansas Association of Wheat Growers met last week, and compiled what they called a "mixed bag" estimate, at best, of reduced yields, widespread "abandonment" (farmers opting to file insurance claims for a failed crop). Otherwise, there are a few reports of good stands of wheat. Since then, this week's torrential storms and tornadoes hit.

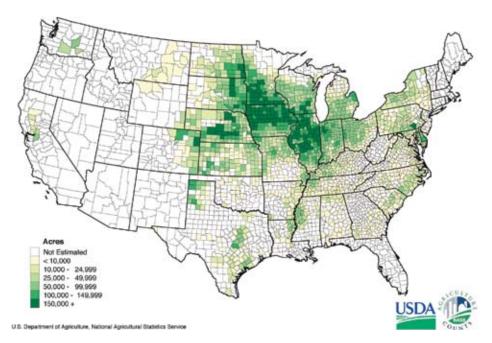
Wheat fields in the Mississippi Delta region have suffered huge damage from heavy rains and floods. In Arkansas, 22% of Winter wheat will likely be abandoned as too wet to harvest, on about 120,000 acres. Parts of the Georgia wheatlands have also been hit. Moreover, a yield-reducing fungus has spread in the wet conditions in the South. Known as stripe rust (Puccinia striiformis), it can reduce yields by 40% on vulnerable wheat varieties, if not caught and treated quickly.

Proceed to the far northern part of the continental wheat belt, where the grain is planted in the Spring, and the sowing has been delayed by prolonged wet and cold conditions, or even floods. Grain planting in Canada is only about 53% complete, compared with a customary 75% at this time. The Canadian Wheat Board issued a statement May 24 on the situation: "Farmers in southern Saskatchewan and Manitoba are struggling to get crop in the ground. Progress in these areas was pushed further back over the weekend by

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FIGURE 4

Corn for All Purposes Planted Acres by County for Selected States, 2010



moderate to heavy rain (15-65 mm) that brought seeding to a halt."

The North American wheat losses are amplified as a world crisis, by major losses in other wheat-production centers, such as France, which is hard hit by drought; there is also the global impact of last Summer's drought in the Eurasian wheat belt. Last week, the Ukrainian Parliament voted up a measure to continue wheat export restrictions.

A drastic wheat shortage is in the making. Earlier this year, the International Grains Council forecast a fall in world wheat output this year, to below 672 million metric tons, down from 682 mmt in 2010 and 2009, but now, the direction is going below 660 mmt or far lower.

Corn: Delayed Planting, Ruined Fields

See **Figure 4.** In the "river states" of the Ohio Basin (Ohio, Indiana, Illinois, Kentucky, and Tennessee) and the Lower Mississippi (Missouri, Arkansas, Mississippi, Louisiana), hundreds of counties have seen their corn and soybean crops delayed, damaged, or ruined.

The one piece of deceptively "good" news is that in the center of the corn belt, in Illinois and Iowa—the latter being the single largest corn state in the nation, accounting for 19% of the annual crop)—farmers report

that their corn has been planted or replanted in time, and today looks good. But this can neither compensate for losses in the other states, nor is it sane to just wait and see whether the next three months bring perfect weather for Iowa and Illinois corn, and call that a national food security policy. In particular, under the Obama Royal-Green Regime, 40% of Iowa corn is now going to ethanol, not food! Iowa is also the largest pork and shell-egg producer state in the nation. Bacon and eggs will be a luxury of the past very soon.

In Ohio, which ranks between being the fifth and eighth biggest corn-producing state, has been so soaked, that only 11% of the fields were planted as of May 22, com-

pared with over 80% in a decent year. Some farmers may try to switch to soybeans, which have a shorter growing season. Others are lining up insurance claims, for "prevented planting."

This situation is playing out in many other corn counties, outside the central corn belt (Nebraska, Iowa, Illinois), making for a guaranteed fall in national production. In turn, this is an international disaster, given that U.S. output represents 40% of total annual world corn production.

Lies and Chiseling

The latest monthly USDA crop forecast, released May 12 in the midst of the severe storm and flood damage (WASDE, World Agriculture Supply and Demand Estimates) was a travesty for understating the impact of the flooding, droughts, hail, and other hits on U.S. crops. All the grain production figures were overstated. The USDA lied. Even the low-lifes in the financial media are ridiculing the May 12 report, as presenting harvest estimates that are obviously way too high. An Australian news service, farmonline.com.au, ran quotations from various USDA critics, such as a commodity analyst for Commonwealth Bank, who said, "The USDA's estimate of US winter wheat production

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appears too high, as do its forecasts for Canadian and Black Sea wheat production next season..."

Meanwhile, the so-called President of the United States is AWOL, concentrating on burnishing his image by appearances with the Queen, and on cutting budgets. Among these spending cuts are supports vital to weather monitoring and forewarning (a 30% cut in funding of the National Weather Service), disaster response, and emergency aid to farming to protect and assure the food supply.

For more than a year, the Obama White House has waged war against the nation's leading Earth-observation and -exploration capabilities in space, including its potential collabo-

ration with other spacefaring nations. Now, the Obama Administration has crippled some observation satellites already in space, and pushed off and cancelled others.

By cuts in NASA's and the National Oceanic and Atmospheric Administration's (NOAA) budget in FY2011, and again for FY2012, three satellite arrays



USDA/Lance Cheung

A cornfield along the Yazoo River in Mississippi, May 16.

crucial for monitoring Sun, solar wind, and earth-quake-precursor activity have been lost in the recent period: GOES 11 as of Feb. 28, when its data stopped being collected; DESDynI, which did not get launched; and the French-American Demeter, shut off in December 2010 after actually detecting precursor activ-

ity to the Haiti earthquake of February 2010.

The White House Office of Management and Budget (OMB), in its FY2012 budget message, told NASA to indefinitely "defer" the Climate Absolute Radiance and Refractivity Observatory (CLARREO) constellation of four satellites. It was designed for extremely precise data collection on solar radiation's interaction with the Earth.

Beyond this, the Joint Polar Satellite System (JPSS) funding was cut out of the FY 2012 budget entirely, with "very serious consequences to our ability to do severe storm warning, long-term weather forecasting, search and rescue, and good weather forecasts" for the polar regions, according to testimony of the Administrator of NOAA.

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FEMA/Marilee Caliendo

East of the levee, the road is washed out in Lake County, Tennessee.

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