

FOOD CRISIS IS HERE

Obama Orders the World: Accept It

by Marcia Merry Baker

Oct. 8—The U.S. and world food supply reports, as of harvest time in the Northern Hemisphere, show a drastic shortfall of basic grains, a disaster unfolding in the livestock/meat sector, and terrible harm from the Obama Administration’s mandatory diversion of U.S. food into biofuels. “Not enough corn,” said an editorial in the Minneapolis *Star Tribune* Oct. 2, calling corn ethanol an “unconscionable waste,” under the circumstances. “World shortage of pork and bacon,” will occur in 2013 said the National Pig Association of the UK, in a late September statement about the shortage of livestock feed.

Nevertheless, on Oct. 4, the Administration issued an official statement in Rome, to the three top world food agencies, and to member nations of the Group of 20, that no intervention into the crisis dare be undertaken. Why not? Because, the “markets are functioning.” Translation from Wall Street lingo: Roll over and die.

The decree was issued through the U.S. Mission to the UN Agencies in Rome, which include the world’s three main food organizations: Food and Agriculture Organization (FAO), the World Food Program, and the International Fund for Agricultural Development. The U.S. currently chairs the G-20 Agricultural Market Information System Group (AMIS), set up by the G20 in 2011, along with a Rapid Response Forum, as contingencies for action in case of food shortages and price crises—exactly what is now in play.

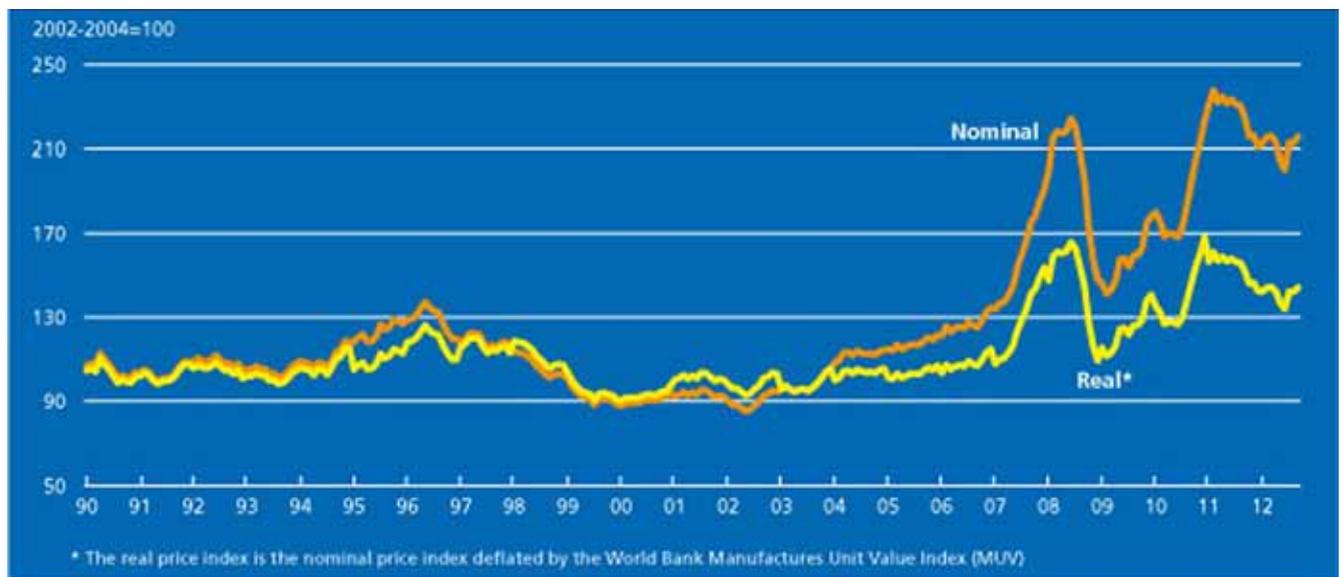
This Obama do-nothing stance constitutes a famine policy. To do nothing about worsening world food shortages, and the system which brought about today’s crises in agriculture, land and water, and runaway prices, guarantees hunger and starvation ahead, on a mass scale.

The Obama do-nothing statement—both in its monetarist terminology about “markets,” and its intent of depopulation—is completely in line with its source: the London-centered nexus of financial and commodity firms, and green, pseudo-charity operations, best called the neo-British empire. Under the ruse of “free markets,” globalization has been imposed, in which national sovereignty over such basics as food, has been forfeited to privatization and cartels, enforced by the World Trade Organization regime. Now the years-long process of deregulation and de-nationalization is at an end stage of rampant hyperinflation and depletion of commodities, food, and water. That is the point of the unlimited financial bailouts underway for select, private banking houses—JP Morgan, Royal Bank of Scotland, Barclays, Goldman Sachs—at the expense of peoples’ means of life. This is the terminal phase of the “markets” monetarist system.

What is required is to *change the system*, to commit to emergency and long term measures to support farming and food, and agro-industrial capacity and science at large.

Lyndon LaRouche, on his Oct. 5 “Friday Project”

FIGURE 1
FAO Food Price Index



LaRouchePAC international webcast, laid out the initiatives needed in the U.S. immediately: Re-institute the Glass-Steagall banking act; establish credit for essential projects, leading with the priority NAWAPA XXI (North American Water and Power Alliance). He said of the food crisis, “The rate of a great, crucial food shortage for the people of the United States will continue, if Obama remains in office” (see p. 23).

What ‘Markets’?

Figure 1 gives the UN FAO Index of World Food Prices, from 1990 to 2012, showing the wild price fluctuations in the last five years, as we entered the end-phase of the existing monetarist, world “markets” system. Such price volatility is an automatic disaster for farming, which requires as much reliability as possible in costs of production of inputs, and in expected prices for output.

What the Obama Administration nominally means, by saying that, “markets are functioning,” is simply that those who have enough money, will get food; others will not. Plus, the Administration is affirming its support for speculators making killer profits by trading in contracts for paper bushels and phantom food, driving up food and commodity prices for everyone else.

Another way to put it, as it is euphemistically stated by official economists for the U.S. Agriculture Department, and their British counterparts: Food “demand

will go down,” because higher prices will “ration short supplies.” And then, they assert, food production will “go up,” as farmers are “induced” by the high prices, to go out and produce more. This was always buncombe, but now, with the monetarist system itself collapsing, this kind of B.S. constitutes a death sentence for peoples and nations.

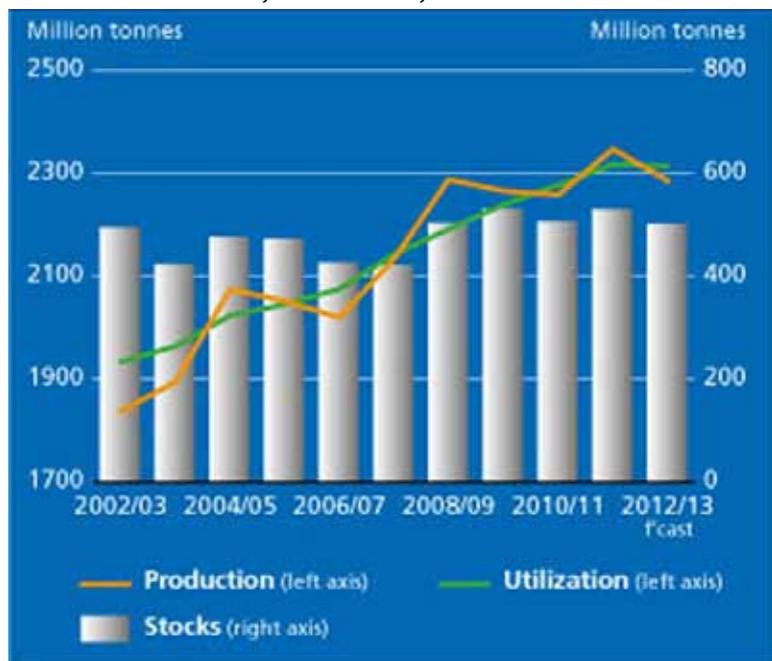
Family farmers are being knocked out of production altogether, especially in such capital-intensive sectors as dairying; and the food supply is shrinking fast. The public, already hit by rising prices, will face worse to come.

The FAO Food Price Index, released Oct. 4, showed that world prices for dairy foods jumped 7% from just August to September. Pork prices shot up 6% for the same period.

Overall, the price rise for that one-month period, was 1.4% for the FAO’s index (of 55 products) devised from indices for five commodity groups—meat, dairy, cereals, oil and fat, and sugar. Today’s food prices are 44% higher than those 10 years ago, by the FAO statistical calculation (averaged 2002-04), and poised for take off.

Meantime, speculation is going wild on food commodities, on the Chicago Board of Trade (the CME group) and other exchanges, led by traders dealing in futures contracts, with no connection at all to producing, using, or handling the underlying physical product

FIGURE 2
Cereal Production, Utilization, and Stocks



involved—wheat, corn, soybeans, hogs bellies, and so on. Corn futures prices have doubled in the last three months, from the range of \$4 up to \$8 a bushel. Under the Obama Administration—backed by radical free traders on the Republican side—the trading frenzy and hyperinflation are considered exemplary of how “the markets are functioning.”

Drastic Shortages; Dairy Catastrophe

One reading on the status of shortages of world food, is that the 2012 grain harvests are way down in two of the biggest grain belts of the Northern Hemisphere—the corn belt of the U.S., and the wheat belt of Eurasia, in Russia, Ukraine, and Kazakhstan. The immediate cause is the effect of drought, plus extreme Summer heat and winds. Under globalization—and its dis-allowance of national food self-sufficiency, these two grain belts have come to be source regions for world exports, upon which, many import-dependent nations depend; so therefore, the impact of losses in the U.S. and Eurasian grain belts are automatically global.

The U.S. corn crop may come in at 273 million metric tons, 13% down from last year’s 313 mmt, and from the 2010 harvest of 316 mmt. The U.S. soybean harvest may come in at 71.69 mmt, 14% down from 83.17 mmt last year, and 21% down from 90.61 mmt in 2010.

In Russia, this year’s wheat harvest may be barely 39 million metric tons, way down from 56.23 mmt last year, and even below the 2010 wheat harvest of 41.5 mmt, because of which, Russian wheat exports had to be suspended. Wheat harvests in Ukraine and Kazakhstan are likewise way down.

On Oct. 4, the FAO posted its “Cereal Supply and Demand Brief,” giving updates on the situation for staple grains (wheat, corn, rice and others), in terms of production, stocks and utilization. **Figure 2** presents these three aspects for the last 10 years, clearly showing that as of 2012, we are producing less grain than we are consuming—meaning any stocks are being used up. In any case, the level of “stocks”—that is, carryover from one year to the next—has gone nowhere, relative to what is required for food security.

Specifically, the 2012 world harvest of grain (all kinds) is down over recent years. The FAO October report cut its estimated global cereals output forecast by 0.4%, down to 2.286 billion tons, from a prior estimate of 2.295 billion tons (in September). In effect, in recent years, total world grains output has leveled off, and now dropped, from the range of 2.2 billion tons, when double that is required right now, for a good diet for all the world’s people, and more to come.

The FAO’s understated introduction to its Oct. 4 report reported that, the “latest indications confirm a decline in world cereal production in 2012.... The decrease will result in a significant reduction in world inventories by the close of seasons in 2013 even with world demand sliding as a result of high prices....”

Livestock producers are slammed by the feed-grain scarcity and high prices, coming on top of parched pastures and lack of hay. In California, for example, the biggest dairy state in the United States, and a world center of milk production, a third of the state’s milking operations could go out of production by Winter. Since 2008, California has lost 300 dairies; as of January 2012, there are 1,668 remaining in the state, but hundreds of these are close to liquidating. They have already declared bankruptcy, but now are at the insolvency point, unable to get financing to continue. The Obama Administration is hands-off.

This means that the United States has a pending milk supply disaster. Consider that the current level of

U.S. output is already below consumption. The difference is being made up by the mega-cartels (Kraft, Dean, et al.) by reconstituting fake “dairy” products, from imported milk substances (fats, casein, milk powder, etc.)

London Famine Operatives

Across the board, there has never been such a unison appeal for Federal action, in the face of the grains and meat supply crises, as at present in the United States, in the calls from 8 state governors, more than 200 Congressmen, and dozens of livestock producers and food processors, to suspend the mandatory annual requirement of corn-ethanol, by the Renewable Fuels Standards (RFS). Obama has rebuffed them all. Moreover, he is courting the “ethanol vote” in the swing state of Iowa, and he is calling for a new, bio-based economy, to divert still more farm capacity and food products into non-foods—paint, ink, glue, fabric, etc.

Against this, there are daily editorials in the farm belt on the food crisis from biofuels at a time of crop losses. One of them, an Aug. 19 piece in the *St. Louis Post-Dispatch*, in Missouri, the home state of the National Cornrowers Association, was reprinted far and wide. It stated: “[EPA Administrator Lisa] Jackson should waive or reduce next year’s mandate” for how much biofuels must be produced. “That’s not a tough decision. . . .

“Meanwhile, millions of people will die for lack of food, many of them in the drought-plagued nations of the Sahel, or sub-Saharan Africa, where yet another food crisis is underway. . . .”

The Minneapolis *Star Tribune* editorial of Oct. 2, “A Crop Shortage Should Provoke Policy Changes,” began by noting that Autumn is nice, but this year, “just one problem. Not enough corn. Not enough standing in fields to be harvested. Not enough stashed in bins from previous harvests. Not nearly enough. . . .”

“We have said many times that brewing ethanol fuel from perfectly good corn is an unconscionable waste. It’s time to eliminate the Federal Renewable Fuel Standard that in effect diverts a huge amount of grain into gasoline tanks. . . .”

Likewise, internationally, the Rome UN food agencies, and others, are calling for a waiving, or partial suspension of the use of food crops for biofuels. For example, even OxFam—part of the British Foreign Office policy networks, issued a strong appeal. On Sept. 17, OxFam issued a report, titled, “The Hunger Grains,” saying that, “It’s time to scrap EU biofuel mandates.”

The report states, “If the land used to produce biofuels for the EU in 2008 had been used to produce wheat and maize instead, it could have fed 127 million people for the entire year. It is completely unacceptable that we are burning food in our petrol tanks while poor families go hungry.”

The European Commission announced Sept. 17 that it will lower and cap its requirement at 5% of its transport fuels to come from biofuels from food crops. (It left in place its destructive commitment for an additional 5% of transport fuels to come from inedible biomass—which takes up capacity of farmers, water, and land.)

At the current rate, the volume of the world’s output of key food crops going for biofuels over the next eight years, would include: 14% of the world’s corn; 16% of its vegetable oils (soy, palm, rapeseed, canola); and 34% of its sugar cane, according to the Organization for Economic Cooperation and Development (OECD).

Thus, Barack Obama, by backing this killer biofuels policy against so much explicit opposition, is serving as the world champion for the long-intended British imperial policy to de-energize, de-nationalize, and de-populate the planet. Why do American government officials go along so willingly? One reason: Many of them are operatives of the British food control networks, inserted in key positions in the Obama Administration. Two examples make the point.

In Rome, David J. Lane, Obama’s newly appointed ambassador to the UN Agencies in Rome (since July 2012), is a good man for the dirty job of enforcing hunger. He worked for the Bill & Melinda Gates Foundation from 2001 to 2007. Bill Gates’ specialty is philanthropo-fascism—talking of health, agriculture, and education, while enforcing nation-destroying policies, and depopulation. In 2011, Lane worked in the White House as Assistant to the President, and Counselor to the Chief of Staff. He has worked for the London networks of pseudo-charities, such as Bono’s ONE, which police against changing the system, while howling about the plight of the poor.

In Washington, D.C., Dr. Rajiv Shah, director of the UN Agency for International Development, is another functionary from the Gates/British imperial networks. Shah was groomed at the Gates Foundation for eight years; he was appointed by Obama in 2009 as science advisor to the Agriculture Department; then, a few months later, moved over to head USAID.

marciabaker@larouchepub.com