'This little piggy went to market . . .'

But meat supplies in America are way down, as Washington professes "surprise" at the shortage.

Both the rise in retail meat prices, and the rise in futures prices on the Chicago Mercantile Exchange, show how short national meat supplies are relative to needs. Hog and cattle slaughterings have been down, and prices are up. *EIR* has warned of this eventuality, in detail, in *Quarterly Economic Reports* for the last two years. The figures speak for themselves: Beef cattle numbers have declined for the past 17 years, while the national hog inventory is the same size as it was over 20 years ago.

In 1985, there were 36,293,000 meat animals for slaughter in the United States (steers, heifers, cows, bulls, stags, calves, hogs, sheep, and lambs). This is only a couple of million less than in 1968, 20 years ago, and far less than a few years in between, such as 1976, when there were 42,654,000 meat animals in the country.

While reporting this decline in meat animal numbers, recent U.S. Department of Agriculture commentary indicates "surprise" that there does not seem to be the "bounce back" they predicted. In its March 1987 report, the USDA shows the downturn in hog numbers, but forecasts that hog numbers in the top 10 producing states would increase. The USDA forecasts a 6% increase in breeding stock, and a 2% increase in animals for slaughter.

However, during April and May, hog slaughterings were running 7-9% lower than a year ago. The Chicago Mercantile Exchange jawboned its traders to keep holdings of pork bellies (frozen slabs of uncured bacon) down, in an attempt to prevent cornering of the market in the face of scarcity of supplies.

The *Wall Street Journal* reported on June 10: "Although the government reports have been notoriously unreliable, the lighter-than-expected slaughter caught meat traders, packers, and merchants off-guard, particularly in the case of pork bellies.

"'Somewhere there are some piggies that are on paper, or some place, that cost the industry a lot of money because they haven't come to slaughter,'" according to Raymond Daniel, with Wharton Econometrics Forecasting Associates Inc.

So far this year, the Consumer Price Index—however inaccurate in its composition and methodology—shows clearly that food and beverage prices are outpacing all other consumer bills in price increases. From January to April, food and beverage prices jumped 4.6%, while the Consumer Price Index as a whole rose 2.6%

A National Cattlemen's Association survey of 19 cities shows that prices of prime cuts of beef went up 12% in May, over March and April.

These price rises reflect both the shorter domestic supplies, and the drop in the buying power of the dollar to acquire meat overseas. Over the last year, beef prices would have risen earlier and steeper, but for the additional meat on the market from massive slaughtering of milk cows under the federal "Dairy Herd Termination" program. In 1986, 1.3 million milk cows were eliminated (a few were exported). From January 1987 through this summer, the remaining 200,000 milk cows, contracted for extermination, are being eliminated.

"Experts" are now predicting that the run up in prices to date, will spur cattle raisers to start to expand herds—providing more animals for slaughter 18 months to 2 years from now. Their so-called reasoning shows that they haven't even learned the lessons of the "missing piggies."

If farms are going under at the present rate of 1,100 a week, for a sustained period of time, the missing farmers will not be able to "bounce back" and re-start breeding herds. Even the herdsmen still in operation—many of whom work as contract "serfs" to the large vertically integrated meat commodity companies—cannot compensate for the disintegration of the family farm-based U.S. production system.

Cereals, milk, and fruit and vegetable producers will also not be bouncing back, once they are dispossessed, no matter whether a few are currently still in operation by leasing some land, or working for someone else.

Besides the rising meat prices in the store, the most dramatic evidence of the disintegration of U.S. agriculture will come in September, when schools open. There will be such shortages of fresh, fluid milk, that rationing may not be uncommon.

At present, the impact of the dairy herd termination program on many subsections of the country, such as the southeastern states, has been to create milk-deficit regions. Milk is being hauled by tank truck in long interstate runs, to fill these deficits. But when cows produce less over the hot summer months, and after more farmers stop operating, the deficits will be too great to fill even by such long and expensive cross-hauling.