

‘Unavailability’ of Livestock Feed Signals: U.S. Food Shortages Are Here

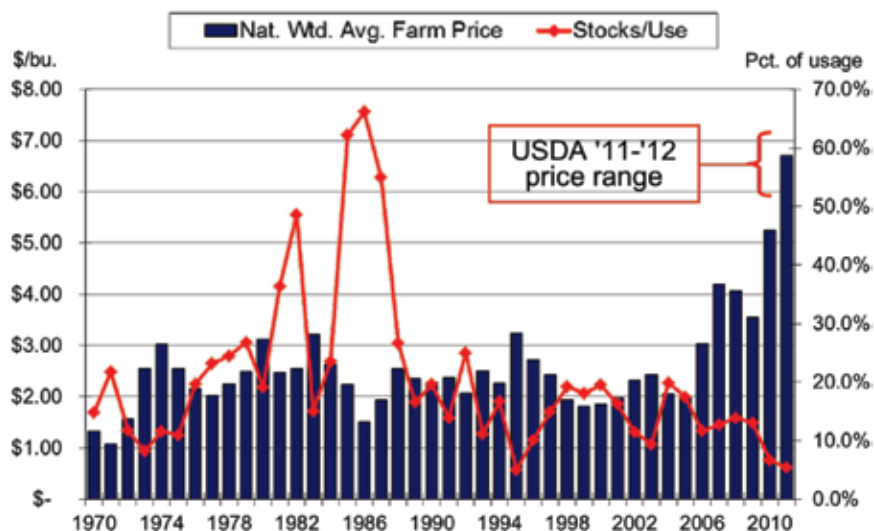
by Marcia Merry Baker

Sept. 19—Food shortages have now hit the United States, in addition to the crisis in the international supply chain, which is now consigning millions in Africa to hunger and starvation. U.S. production of wheat, corn, and rice in 2011, are all down from last year. Levels of grain stocks are plunging, and the prospects for next year are grim. This is now manifest in the corn-using livestock feed chain, which can no longer even line up sufficient, or affordable supplies for producers of beef, milk, poultry, and eggs. Thousands of farmers and ranchers are downsizing, quitting, or otherwise facing ruin, liquidating their beef cattle inventory, flocks, and milking herds.

Lyndon LaRouche warned about this contingency months ago. The time for action is now, in conjunction with imposing a shift in the United States to a Glass-Steagall credit system, and undertaking the needed emergency and long-term food and agriculture measures. Don’t do this, and you’d better give up eating.

This month, the combines started rolling in the Corn Belt states—Iowa, Illinois, Nebraska, Indiana, and Ohio—but even if the harvest goes perfectly, this year’s ending stocks—the volume of carryover of corn crop this year to next—will be at the minuscule level of 5% of usage. The U.S. Department of Agriculture gave a 5.3% stocks-to-use ratio as their official figure for corn carryover in their Sept. 12 monthly World Agriculture Supply and Demand Report (WASDE), but this low a ratio is just a construct, to cover for the fact that we are short of corn. As a nation, we will have on hand only 17 days supply. That is a

FIGURE 1
U.S. Corn Price & Stocks/Use Ratio 1970-2010



polite term for shortfall (Figure 1).

The immediate cause is the volume of corn going into ethanol, which took off under George W. Bush, and is now backed to the hilt by Barack Obama, as a screwball go-green policy. The share of U.S. corn production used for ethanol has this year exceeded that going for livestock feed! Ethanol will use at least 40% of corn output, and maybe up to 50% or more. Corn for animal feed is down to 37%. The share of corn for other non-ethanol usages is squeezed—exports, corn products (starch, sweetener, oil, corn meal, starches, corn flakes, etc.). Historically, 55% of the annual corn crop has gone to the animal feed chain, but no longer.

On Sept. 14, six representatives of the entire spectrum of feeders of livestock (hogs, cattle, milk cows, chickens, and turkeys) testified on the crisis to the House Agriculture Committee, Subcommittee on Livestock, Dairy and Poultry, on the “issue of feed

availability and its effect on the livestock, dairy, and poultry industries” (see below).

“Permit me to suggest that a more appropriate title of the hearing would be ‘Feed Unavailability,’” is how the representative of the National Chicken Council, Michael Welch, began his presentation to the hearing. All of the witnesses recounted horror stories of the present situation. Excerpts of their statements are given below, to document the scope of the worsening crisis, and the need to intervene now.

Areas of Action

There are three areas of action called for immediately.

First, stop corn-for-ethanol immediately. This will free up corn for other domestic and international feed and food usage, which is now being sucked into some 220 distilleries for ethanol, for blending into gasoline. All the details of this shift can be worked out, with the principle respected, that we will keep intact and operating the farming, shipping, and storage capacity diverted into serving ethanol, which otherwise are needed in the food sector at large. A farm floor price for corn can be mandated for the transition, on the principle of parity pricing for farmers’ commodities.

In contrast, the non-farm, non-food interests involved in ethanol distillation and distribution—hedge funds, equity funds, mega-cartel firms such as Cargill, ADM, Valero, Chevron, and others, can have their ethanol stake-holdings frozen and sorted out later.

Secondly, stop the food commodity speculation. Put price controls on food during the emergency, including on farm input commodities. Do what the Commodity Futures Trading Commission has outstandingly *not* done under the Dodd-Frank fake financial-reform bill: Bar gambling on the Chicago Board of Trade by non-food-user speculators. Limit their access and position holdings, and penalize them for any violations. At present 80% of the trading on the CBOT in corn and similar basics, is done by non-users of the commodity.

Thirdly, launch a food-production mobilization with short- and long-term actions. More area for planting can be made available, by freeing up all the land appropriate for cultivation in the 30 million acres currently in the Conservation Reserve Program; this must be done with no penalties placed on the enrolled farmers, whose land will then come back into production. This former CRP acreage will add greatly to the 320 million acres now being cropped nationally.

All other requirements for lifting short-term national production should be mustered, including credit, and availability of inputs—seeds, fertilizer, chemicals, and aid for transportation and power. To make up for some of the Winter wheat sowing that can’t be made this Fall in the Texas/Oklahoma/Kansas region, compensatory planting should be mustered wherever else possible.

Finally, reintroducing Glass-Steagall is the gateway for new conditions, under which credit can be advanced for the continental-scale North American Water and Power Alliance (NAWAPA), to create vast new agriculture potential in the Western states and Canadian Prairie Provinces. In addition, the unfinished, off-the-shelf, smaller regional projects—such as the Pick-Sloan, Missouri River Basin projects, for flood control, power, navigation, and agriculture—must be resumed and completed. Governors of the Missouri River Basin states have started meeting, to forge a new perspective on what the Army Corps of Engineers should be doing. Finish the 1940s Missouri River Basin Project!

Likewise, the 10,000-plus upper watershed dams and water management improvements undertaken after World War II by the USDA and local entities, but then neglected, must be put back on the urgent agenda for flood control and agriculture.

For Food Security, Remove Obama

At the Sept. 14 Congressional hearing, several witnesses gave specifics on how they had asked the Obama Administration, specifically Agriculture Secretary Tom Vilsack, for action on ways to restore stability and adequacy in the grain supply, but have been utterly ignored. For example, the National Pork Producers (NPPC) representative, Randy Spronk, from Minnesota, said:

“NPPC has asked USDA to address potential feed-grain shortages, requesting that non-environmentally sensitive farm acres enrolled in the Conservation Reserve Program be released early and without penalty, so that they may be planted to crops. Additionally, it asked the agency to consider allowing farmers to plant crops *after* they have received ‘prevented-planting’ insurance payments [for weather-ruined crops; after which short-season crops have so far been barred from being sown—ed.]. It also has requested that a contingency plan be developed should corn demand exceed supply. USDA has yet to take action to address the potential feed-grain crisis.”