

# Record U.S. Corn Losses Threatened; No Glass-Steagall=No Food

by Marcia Merry Baker

July 7—The United States is heading into a quarter-century corn crop disaster, on the scale of 1988, when the drought-stricken harvest fell more than 40% from the year earlier. The condition of the 2012 corn crop, under searing heat and drought, is dramatically worsening in 18 states, which produce 92% of the national output, or one-third of the planet’s corn production (Figure 1). Corn losses today are more devastating to

the food supply than in 1988, because at present, nearly 40% of the annual corn crop goes into ethanol; in 1988, it was under 5%.

Other crops and forage—hay, alfalfa, and pasture—are also withering. There is a wave of sell-off of cattle in the Midwest, because of the impossible expense of maintaining the herds as the costs of corn soar, and alternative rations likewise are costly and

FIGURE 1  
United States Corn

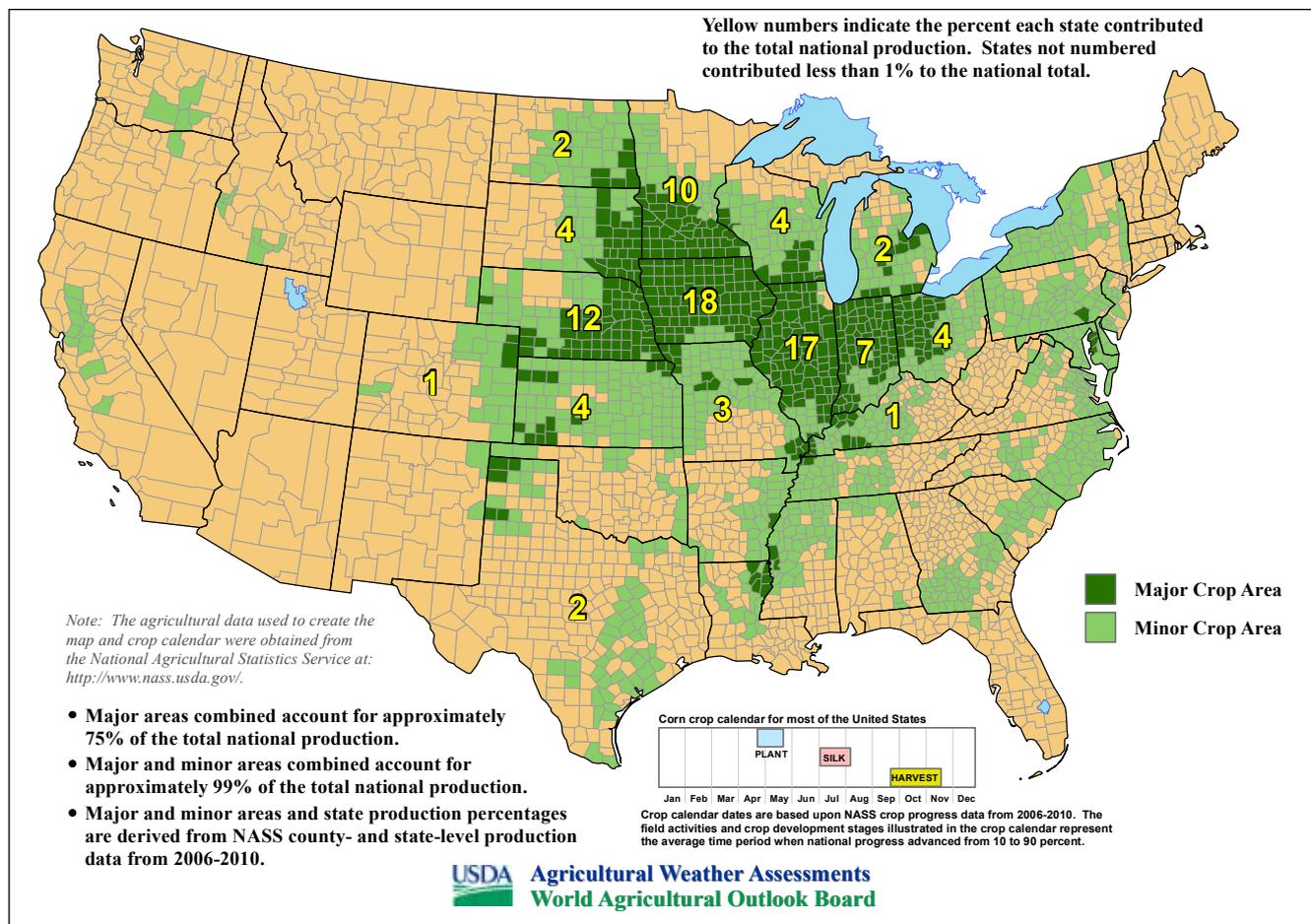
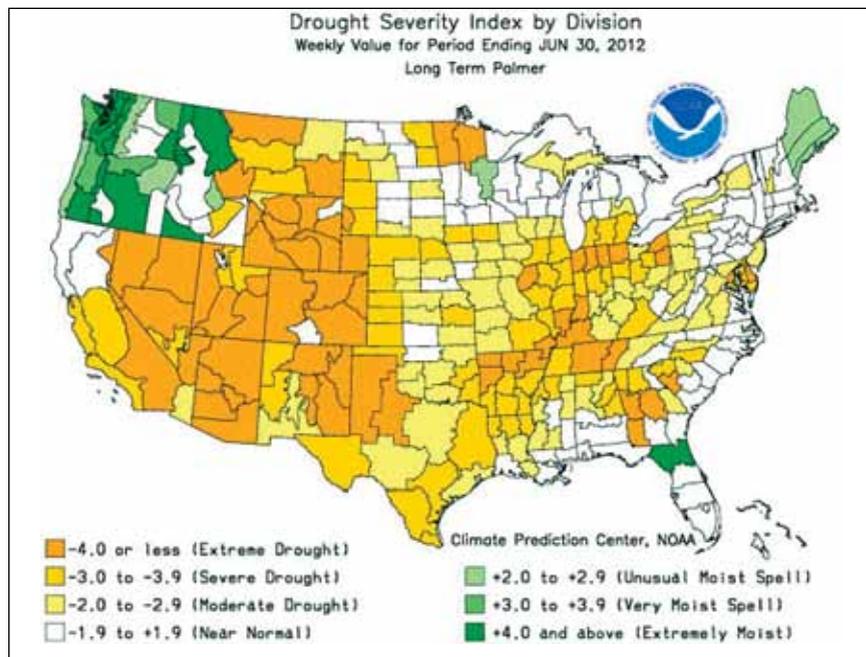


FIGURE 2



scarce (Figure 2).

In the last three weeks, corn futures prices have jumped 38% on the Chicago Board of Trade.

The only reason there is not overnight appearance of soaring meat prices for the consumer, is that so many animals are going to slaughter at present. But expect new rounds of price shocks.

Links in the world food chain are threatened all along the line, as shown by the profile of U.S. corn utilization in recent years, which now is facing sudden shortage: 37% of corn goes to ethanol; 35% to livestock feed; 17% of exports; 10% to direct human-consumption products (oil, starch, flour and meal, etc.).

Overall, 48% of the national corn crop on July 2 was rated “good,” down from 56% the week before, which was down from 63% the week prior, and down from 72% rated “good” a month ago. Every Monday in the Summer crop season, the Department of Agriculture (USDA) does a summary crop-condition report, which, even accounting for its lies and jiggery-pokery, can’t cover up the glaring situation we now have. The furnace-like weather is scorching the fields.

What is required is a radical shift to a Glass-Steagall reorganization of banking to restore a nation-serving credit system, during which time, emergency measures can be initiated. These will involve compensatory planting in other hemispheres, through interna-

tional collaboration on the food supply; an immediate stoppage to corn-ethanol production; aid to livestock producers to retain and build back herds; price controls in the food chain; and floor/parity pricing for farmers. Plus, launching the North American Water and Power Alliance—[NAWAPA XXI](#)—post haste.

### Obama’s Evil Role

However, the Obama Administration policy—biofuels and ever-wilder speculation and hyperinflation, en route to mass famine—remains in place at present.

Particularly reprehensible, is the way that the Obama Agriculture Department plays down the reality. In its monthly crop report for May, the USDA said that there is no need to worry about the fact that—as they

had admitted—U.S. corn supplies on hand were running low, even in danger of running out by August, before the September harvest will begin. The USDA asserted there would be a large and early 2012 corn crop, *because there is a “statistical likelihood of return to trend”* of rising yields in the 2012 crop, after yields fell for two years, and a larger area would be planted. So the empty bins will now be refilled!

For example, in its April report, the USDA stated, “The quick start to corn planting this Spring and more intended acres across the South raise the potential for a substantial increase in new-crop corn use before the September 1 start of the new marketing year.” In its May report, the USDA even projected that corn yields will hit a record 166 bushels per acre. However, the current prospects are for barely 150 bu/acre, and we’ll be lucky to get that. Thousands of corn acres will be cut for silage: no corn crop at all.

These Obama flim-flam practices are in line with the dead British imperial system of globalism, commodity cartels, and the ruse of “market forces” governing economies. This refers to the prevailing system, under which farmers are to acquiesce to the “markets” through “risk management” practices—the euphemism for hedging by cleverly forward-selling your output, and buying inputs, because you are not allowed a floor or parity price for your output, nor reli-

able conditions of production (steady prices and access to fuel, chemicals, transportation, storage, etc.). The “markets” will set prices through the exchanges.

The new five-year farm bill making its way through Congress, is described by its sponsors as a “risk management”-focussed law, heavily reliant on Federal subsidies to the private financial cartels for crop insurance, and otherwise, on trust in the “markets.”

The world-scale food catastrophe now underway in the devastation in the U.S. Corn and Cattle Belt, calls the question of forcing the re-instatement of Glass-Steagall, to break with this insane approach, and instead, act to protect the food supply, by formulating agriculture policy from the standpoint of meeting present and future needs, by building up the platform of agro-industrial production, abundant water and fertile land area, and family farmers.

### ‘Cornhusker State’ Declares Disaster

Nebraska—whose nickname is the “Cornhusker State”—was declared to be in a state of emergency July 2 by Gov. Dave Heineman, because of drought and heat. As the third-ranking producer, Nebraska accounts for 12% of the entire U.S. corn crop. (Figure 1 shows the percentage of national production by each of the Corn Belt states.)

Not just row crops, but pastures and rangeland are parched, and fodder is scarce. This is especially significant, because Nebraska has the most acreage under irrigation, outside of California.

“This declaration is important for continued efforts of state officials to ensure the safety of Nebraskans,” Heineman said in a press release. “This action is necessary as dry conditions are presenting an imminent threat to the ability of local governments to respond to drought conditions.”

He has ordered state agencies to undertake various measures, e.g., the Nebraska Department of Roads started making hay in the road ditches July 5, in multiple counties, in order to provide more fodder. The dec-



Lynn Woolf

*One corn-grower wrote to Congress in support of Glass-Steagall: “...[W]e are right now on the brink of a chain-reaction financial blow-out, which will cause chaos and mass suffering through economic breakdown in supply chains of food, fuel, medications, water, power, and other bare necessities....” Shown: drought-stressed corn, Kansas, July 2011.*

laration allows for flexible deployment of the Nebraska National Guard and Nebraska Emergency Management Agency.

Corn in Iowa—nicknamed, the “Tall Corn State”—was rated over 60% good as of July 2, but farmers and state officials are wary of the low rainfall and scorching temperatures. First in the nation for corn, the state accounts for nearly 20% of total U.S. production. On July 2, it was 104°F in Keokuk, on the Mississippi River. Iowa Secretary of Agriculture Bill Northey said July 2 (to *Cedar Rapids Gazette*, July 3): “Iowa continues to receive periodic rains, but many areas remain short of moisture. The hot, dry weather is a concern as we enter the critical pollination time for the corn crop, so hopefully the heat will break and the state’s crop will get some more needed rainfall.”

In other farm states, governors have issued county-by-county farming emergency declarations, for example, in Arkansas and fire-ravaged Colorado.

Much of the drought/heat stress on the corn crop cannot be made up for, even even if rains and cool temperatures now miraculously resume. For example, look at the situation in Indiana—the fifth-biggest

corn-producer state, whose crop was rated only 18% in good condition July 2. “A break in the drought and heat for the remainder of the season would certainly minimize further deterioration of the corn crop but would not result in recovery to anywhere close to normal yields,” is the evaluation of Bob Nielsen, a corn specialist at Purdue University (a national agriculture center), in remarks on July 5 to Reuters.

Indiana lies in a larger band of severe drought over the central states of Missouri, Illinois, Indiana, Kentucky, and northwestern Tennessee (see Figure 2).

In Missouri, a damage report on crops was commissioned the first week in July by Gov. Jay Nixon, which will be preparatory to his declaration of a disaster area, which would trigger Federal aid. Missouri, the second-biggest forage-producing state in the United States is burning up. The temperature in St. Louis hit 107°F on June 28.

### **Critical Pollination Phase**

Over 25% of the national corn crop had entered its pollination phase by July, well ahead of the five-year average, because the mild Winter allowed farmers to plant corn early (see Figure 1). This is a critical phase. The problem with hot, dry, windy conditions during the pollination period (about 10 days long), is that the process can be partial, or fail. If the pollen (from the tassel atop the stalk) fails to unite with the silk—the hairs on the ear, one for each potential kernel—then the result is short ears, poorly filled out.

Regional press are covering instances of farmers in dozens of counties in the band of severe drought, who are writing off their corn, and chopping it for silage. For example, this is happening in corn counties of northwestern Tennessee, in the lower Tennessee River Valley. A farmer in Williamson County described his 800 acres to MSN.com on July 3: “The corn, which was silking last week, was in the brunt of the heat and probably won’t pollinate.”

### **Glass-Steagall, NAWAPA XXI**

The drought map in Figure 2 indicates what is required: to bring water to the parched Southwest of the continent, through the NAWAPA XXI. Had it been undertaken when first backed in Congress in the 1960s, under the Kennedy Administration, we would not be seeing today’s food crisis and vast destruction of land and crops. The harsh weather patterns themselves

would have been ameliorated through large-scale biospheric transformations, involving man-improved dynamics of evaporation, biota, and transpiration. Even when adverse conditions did occur, because of cycles in the solar and galactic context, the built-up redundancy of crop regions would protect the food production potential.

The principle involved in this was discussed explicitly in the 1988 drought year, by Lyndon LaRouche, in a December speech in Chicago, to keynote the second international conference there of the newly formed Food for Peace effort of the Schiller Institute. His presentation was titled, “Give Us This Day, Our Daily Bread.” He said: “The question is, who is going to answer that prayer? Who is going to be the hand of Providence to ensure that entire nations are not biologically swept from the map in the coming years...?”

“We live in an earthly biosphere. The biosphere is organized in a certain way. I happen to know a great deal about that. I’ve spent a great part of my life on that particular question. The biosphere depends upon higher states of organization, and it depends upon an increase in the amount of energy organized in a suitable form available per square hectare and per unit weight of biomass.” He underscored that “when you turn the clock backward,” by simply depleting the resource base, and obstructing improvements, as the environmentalists demand, you create droughts and disasters. They are not “natural.”

The immediate intervention required is Glass-Steagall. Separating useful commercial banking, from speculative “investment” banking is essential, and it opens the way for credit and priority national-interest projects. Glass-Steagall is now before Congress in the H.R. 1489 “Prudent Banking Act,” which has 70 cosponsors, counting originator Rep. Marcy Kaptur (D-Ohio).

Part of the principle involved, is to shut down the commodities speculation at the casino exchange at the CME Group’s Chicago Board of Trade, and similar betting shops. The CBOT no longer—if it ever did—represents a place to “set the price” or lock in future supplies for agro-commodities. It is betting gone wild. For corn, for example, the day after the Fourth of July, when speculation on the CBOT resumed, the futures price jumped 5% in one day. It went up 34 cents to \$7.085 a bushel. (At one point, it hit the 40 cents per day gain trading limit.)

Unless betting controls, food price controls, and floor prices to stabilize conditions for farm producers are enacted, food supply catastrophe is guaranteed.

### Farmers Speak Up

Individual farm leaders have stepped forward on the policy fight, and on reporting the stakes in the crop disaster. For example, the National Farmers Union, issued its support for reinstating Glass-Steagall, at its annual March convention, for the third year in a row.

Its policy document states, “We are concerned about recent trends in bank regulation that have accelerated the loss of independent community banks and have decreased the banks’ desire to service agriculture credit needs. It has also reduced community reinvestment. We support: 1) Passage of a banking reform bill which mirrors the Glass-Steagall Act. . . .”

The president of the Indiana Farmers Union, James Benham, a corn-grower in one of the hardest hit states on the continent, issued his own letter to Congress, demanding it enact H.R. 1489/Glass-Steagall: “I farm in Ripley County. As a person engaged in essential physi-

cal production, my concern is that we are right now on the brink of a chain-reaction financial blow-out, which will cause chaos and mass suffering through economic breakdown in supply chains of food, fuel, medications, water, power, and other bare necessities. We have no food reserves—look at the corn shortage—and we cannot absorb a shock of any kind.”

The president of the Missouri Farm Bureau, Blake Hurst, wrote to Congress for help. His letter included details on Missouri, as of July 2:

“Topsoil moisture declined to its lowest point this year at 71% very short, 26% short and 3% adequate.

“Corn condition rated poor to very poor increased 22 points to 48% while soybeans rated poor to very poor increased 14 points to 49%.

“Pasture conditions continue to decline to 38% very poor, 38% poor, 20% fair and 4% good. The south-central district was 100% poor to very poor.

“Supply of hay and other roughages declined to 18% very short, 36% short, 44% adequate and 2% surplus. . . .”

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