

Agriculture by Robert L. Baker

The drought is far from over

Many parts of the country are still on an emergency footing, as food stocks and cattle herds dwindle.

If you believe the media commentators and U.S. Department of Agriculture, the early June rainfall ended the drought, and you can relax about your food supply. But only do that if you don't like to eat.

The *Wall Street Journal* headline on June 1, "Food Inflation Worries Wane as Rains Across Farm Belt Reduce Drought Threat," is misleading. Food price inflation is here to stay until the U.S. government returns to a production-oriented food policy, as compared to the current policy reducing the amount of food produced.

According to current Bureau of Labor statistics, on an annualized basis the cost of all food has increased about 13% from January 1987 through March 1989. This same comparison since January 1984 shows a 29% annualized increase in food prices. As the consumer food prices continue to rise, government and media agricultural spokesmen are telling farmers that the reason market prices for farm commodities are below the cost of production, is because farmers are over-producing.

The percentage of income U.S. consumers are spending on food has actually gone down. In 1965 about 17% of personal income was spent on food; in 1988 this fell to 12.5%. However, there is an increasing disparity in purchasing ability between poorer and more wealthy households. For instance, in 1985, white households spent \$20.89 per person weekly on food, while black households spent \$12.24—a 71% disparity.

In the meantime, the share of the retail cost of the average food market basket that the farmer receives has fallen 19% since 1980, and for cereal-based products the farmer's share has fallen 36%. The farm value of food eaten at restaurants is only 16% of its cost, according to 1988 USDA data. Thus, if the price to the farmer were increased by 50%, restaurant prices should at most increase 4-5%, which is about the average restaurant price increase in each of the previous five years.

These relative cost reductions have been obtained at the expense of 500,000 liquidated U.S. farms since 1980, with more on the way. Therefore, as per capita world food stocks reach historic lows, the days of cheap food have come to an end, and prices will be determined in light of actual and anticipated shortages.

The 1988 drought in North America continues. The rains have only wet the surface of the ground. Huge areas have severe subsoil moisture deficiencies. In addition, the ripple effects of the persisting drought are seen in many other sectors, in the steep drop in cattle herds. Overall, the national cattle inventory is down to the level of 1961, which is approximately a 30% drop of about 40 million head since the 1975 high of 135 million head.

Most discussion of the drought has focused on crop prospects, somewhat ignoring how many cattle producers are struggling to stay in business in the midst of drought. Many ranchers, lacking hay and pasture, are forced to

send cattle to slaughter. Slaughter of cows is up 4% from last year, and weekly cow slaughter is 22% higher than a year ago.

In western North Dakota's Little Missouri National Grassland, ranchers are cutting their cattle stocks by as much as 50%, said Bill Barker, a North Dakota State University agronomist at the Streeter Experimental Station.

Recent rains turned southern Iowa green, and the corn crop is surviving so far, but farmer Teri Campbell says there is no subsoil moisture, and her town of Mount Ayr, Iowa, might run out of water by August.

The National Guard has hauled 300,000 gallons of drinking water to several southern Iowa towns, and new wells must be dug deep into the ground to find water.

"We're in a disaster area again this year," Campbell says.

On a world scale, the June 11 London *Sunday Times* warned that only a 61-day reserve of global food stocks exists (comparable to the early 1970s), and that adverse weather persists in many world crop regions. "Large areas of the United States, plus Canada, the Soviet Union, China, Argentina and Uruguay, have experienced some of the warmest and driest winters and springs on record."

The danger involved—according to the *Times* and agencies it cites such as the Washington-based World-Watch Institute—is not that more food is needed and people are going hungry, but that special measures are needed to deal with the resulting "political instability" and food riots that are now breaking out. These agencies blame the human species for "over-population."

However, the food crisis is in reality a result of years of government and related private sector policies that have promoted shortages and production decline.