

"Global starvation imminent as US faces crop failure" - comment by Jan Lundberg

Contributed by Marc Davis
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Editor's commentary: The above headline and first sentences of a recent report from CommodityOnline.com grab one's attention: "The world faces 'mass starvation' following North America's next major crop failure. And it could even happen before year's end."

World leaders and the corporate media don't appreciate the role of petroleum in food production and distribution. On top of that typical error in the report, several other contradictions make for a jaw-dropping reading experience. Such as, meet the meat-caused grain strain by growing more grain. How? more fertilizer.

One would think it's easier for top authorities to warn of petroleum dependency than to predict famine based on climate change and farming-sector failures from the financial meltdown that began last autumn. No.

An indication of how petroleum is separated from agriculture in the minds of top commodity analysts, such as Don Coxe of the Coxe Commodity Strategy Fund: "the next food crisis -- when it comes -- will be a bigger shock than \$150 oil." [June 2009, from story below] Coxe was General Counsel for the Canadian Federation of Agriculture, but one has to wonder what he ever learned about petroleum. His interview is the basis of the featured story below.

The article is still an eye-opener for many who have ignored ecology: "In recent years, North America has been blessed with ideal weather conditions for crop cultivation, leading to bumper harvests, Coxe says. But he believes that climate change will soon lead to a trend towards shorter dry cycles, beginning maybe as early as this fall, which will exacerbate a supply-demand squeeze. 'We've been incredibly lucky with the weather up to this point... In fact, the major inflation of the 1970s was driven more by food than by oil.'"

But Coxe shows he is no Lester Brown: "Sadly, this scenario could have been avoided had successive North America's governments not weakened the farming industry with too much political interference, he suggests." -- as if the solution is to continue to try to produce more and more food for more and more people, when resource constraints intensify. Don't expect a reporter or editor to look into this big picture, for what profit is there for the media corporations' main constituency of fellow corporations?

The report below does broach the topic of overpopulation -- "the onset of a global population explosion in emerging economies" -- but not in North America. To give some more credit, Don Coxe is acknowledging the high demand on grain from meat consumption. Yet, he wants to "ramp-up crop production. Especially crops like corn and soybeans, which are the best forms of livestock feed for producing animal protein." How? Though a "long-overdue doubling of fertilizer applications."

Coxe does stand out from his class that never points out that large-scale agriculture is unsustainable from the standpoint of losing top soil. He mentioned "a greater societal emphasis on preserving and nurturing the world's arable land." Regardless, Coxe's expertise is lauded for one reason: money talks -- he is credited with managing the best-performing mutual fund in the U.S., Harris Investment Management, as recently as 2005. That's not a job that requires you pay attention to dwindling aquifers, for example. - JL

Global starvation imminent as US faces crop failure

June 19, 2009

By Marc Davis

The world faces "mass starvation" following North America's next major crop failure. And it could even happen before year's end. So says Chicago-based Don Coxe, who is one of the world's leading experts on agricultural commodities, so much so that Canada's renowned BMO Financial Group named the fund after him.

Climate change will cause shorter crop growing seasons and the world's under-developed farming sector is ill-prepared to make up for the shortfall, Coxe says. He has been following the farming industry for many years and benefits from more than 35 years of institutional investment experience in Canada and the U.S. This includes managing the best-performing mutual fund in the U.S., Harris Investment Management, as recently as 2005.

In particular, an imminent crop failure in North America will have particularly dire consequences for major overseas markets that are highly reliant on U.S. crop imports, Coxe cautions. Sadly, this scenario could have been avoided had successive North America's governments not weakened the farming industry with too much political interference, he suggests.

"We've got a situation where there has been no incentive to allocate significant new capital to agriculture or to develop new technologies to dramatically expand crop output. We've got complacency," he told BNW News Wire. "So for those reasons I believe the next food crisis -- when it comes -- will be a bigger shock than \$150 oil."

As the key strategist for the Coxe Commodity Strategy Fund (TSX: COX.UN), he has an astute understanding of the mounting challenges that the farming industry has contended with in recent years. Prior to entering the investment business, he served as General Manager for the Ontario Federation of Agriculture and General Counsel for the Canadian Federation of Agriculture.

He notes that farmers, not just in North America, but the world over are still reeling from the global economic meltdown and have consequently curtailed their output. Thus, the inauspicious prospect of a drop in global food production this year -- the first annual dip in living memory -- means that farmers will not be able to keep pace with current grain demand.

"And when we have the first serious crop failure, which will happen, we will then have a full-blown food crisis, which we will not be able to get out of because we will still be struggling to catch up (as a result of diminished crop yields)," he says.

Furthermore, the prospect of a near-term global food crisis has been exacerbated by a surge in demand for high-quality protein (meat) in emerging super-economies such as China and India, Coxe says. This means that burgeoning global demand for crop staples is already beginning to outstrip supply.

"During this decade, the annual increase in hectares of global cultivated farmland has been roughly 1.5 per cent, at a time global demand for grains and soybeans has been growing at double that rate," he says. "We will be dealing with mass starvation with the first serious crop failure. It could happen as early as this fall if for instance we have a killing freeze in Iowa in August."

In recent years, North America has been blessed with ideal weather conditions for crop cultivation, leading to bumper harvests, Coxe says. But he believes that climate change will soon lead to a trend towards shorter dry cycles, beginning maybe as early as this fall, which will exacerbate a supply-demand squeeze.

"We've been incredibly lucky with the weather up to this point. But if you cut the growing cycle by four weeks, that will dramatically reduce yields," he warns. "People assume that the good times will last forever. There's a sense that food has always been readily available and that it will always be there."

Yet, we only need to look as far a back as the mid 1970s to an era when food staples suddenly became far less plentiful due to poor crop yields resulting from adverse weather, he says.

"There were major food surpluses going into that era. Yet, they were gone so fast," he adds. "In fact, the major inflation of the 1970s was driven more by food than by oil."

If society is to avoid a far worse situation than the food crisis of the 1970s, especially with the onset of a global population explosion in emerging economies, then the world has to dramatically ramp-up crop production. Especially crops like corn and soybeans, which are the best forms of livestock feed for producing animal protein, he adds.

Hence, the world can no longer settle for anything less than optimal crop yields, which requires exponential growth in fertilizer applications, he says. Yet, the under-application of such crucial nutrients, particularly indispensable potash-based fertilizers, has been a pronounced problem for decades in the world's most populous nations such as China, India and Malaysia.

Without the long-overdue doubling of fertilizer applications, as well as a greater societal emphasis on preserving and nurturing the world's arable land, the next global food shortage promises to be both pronounced and prolonged. And that could topple governments and destabilize the world's political order, Coxe further warns.

An ominous omen of humanity's first great challenge of the new millennium came just last year. This was when a short-lived spike in the price of food staples led to widespread hunger and ensuing political unrest in some emerging economies, including food riots.

(Marc Davis is Managing Editor, BNW Business News Wire)

Original article:
commodityonline.com

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Further reading:

What about petrochemical pesticides' sustainability? For the health aspect, see "Debating How Much Weed Killer Is Safe in Your Water Glass" (part of the New York Times' Toxic Waters series), by Charles Duhigg, August 22, 2009:

nytimes.com

"Catastrophic Fall in 2009 Global Food Production" by Eric deCarbonnel, 18 February 2009:

culturechange.org

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