

Hurricanes' destruction deepens US farm crisis

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In addition to the impact on the US economy from rising fuel prices, hurricanes Katrina and Rita have dealt a critical blow to American agriculture, which is already reeling from the worst drought in the midwestern states in nearly three decades.

The destruction of crops, livestock and farm equipment, as well as the devastation of New Orleans—the key port in the export of US agricultural goods to the world market and the import of fertilizers, chemicals and industrial commodities—threatens to throw thousands more farmers into bankruptcy, not only in the storm-struck areas, but throughout the US.

Even before Hurricane Rita hit western Louisiana and eastern Texas on September 24—wiping out several rural agricultural and fishing towns with the storm's 120-mph winds and the storm surge that followed—initial estimates put agricultural losses from Hurricane Katrina at more than \$3 billion. Dairy producers were among the hardest hit by the first hurricane, as power failures made milking and cold storage virtually impossible, forcing many farmers to dump their products. Poultry farmers lost millions of chickens and up to 100,000 head of cattle—70 percent of the herd—may have died in southeast Louisiana alone.

In addition, cotton was blown from plants, rice fields were destroyed and 20 percent of the sugar crop in Louisiana was wiped out, according to the American Farm Bureau Federation. In New Iberia, Louisiana, where salt water flooded the cane fields, killing the roots of the plants, local officials said it would take years for farmers to bounce back.

Also hard hit was the region's aquaculture, with shrimp trawlers and oyster boats tossed ashore, processing plants wiped out or left without power, and polluted waters being pumped to the sea, threatening the safety of future harvests. Some analysts predict the storm will end the once-dominant Gulf Coast shrimp industry, which has already seen the loss of half its fleet over the last decade due to rising fuel prices and lower-cost imports.

"Boats are at the bottom of the water, people are dead inside," said Dung Nguyen, one of many Vietnamese

immigrants who work the industry in Biloxi, Mississippi. He said many of his fellow shrimpers lost their lives when they stayed aboard their boats during the storm in a futile attempt to save their livelihoods.

The devastation in the Gulf States comes on the heels of a drought in the midwestern states of Illinois, Missouri and Wisconsin that has dried up wells, caused insect infestation, and damaged corn and soybean fields. A government report last month confirmed that the corn crop in Illinois, the second-biggest producer after Iowa, had suffered catastrophic damage, with production down 12 percent from last year's record harvest. Drying plants are unable to fight off weeds and pests, and there has not been enough water to activate the herbicides and pesticides that protect them.

In addition, the midwestern drought—the worst since 1988—has turned parts of the Mississippi River and its tributaries—the Missouri and Ohio Rivers—into virtual sandbars, causing towboats and barges to run aground and creating a bottleneck up and down the river. This crisis was exacerbated when Hurricane Katrina hit, temporarily shutting down the Port of New Orleans, and backing up hundreds of barges on the Mississippi, just as midwestern farmers began shipping this year's harvest.

At the mouth of the Mississippi lies the Port of Southern Louisiana, including the Port of New Orleans, the largest shipping facility in the United States by tonnage and the third busiest in the world. Although the Port of New Orleans officially reopened and some river traffic has resumed, the port has only a skeleton crew of skilled labor and other dockworkers and has sustained damage to equipment, cargo facilities and navigational markers.

Port authorities predict that the Port of New Orleans operating at 80 to 100 percent of its normal activity by March 2006—well after the agricultural shipping season, that lasts from September to November.

Continued disruption of the port would have a paralyzing effect, not only on agriculture, but the US economy as a whole, with worldwide implications. The Mississippi River is the central artery of a 15,000-mile river transportation

network that spans most of the US. The port city of New Orleans is the key exit point for soybean, corn and wheat shipments to China, Japan and the rest of the world market, shipping out roughly 65 percent of all US grain exports. It is also the key entrance point for imported crude oil (it is the main receiving terminal for supertankers from Saudi Arabia, for example), as well as chemicals, steel, coal and concrete needed for US agriculture and industry.

Farmers throughout the Midwest and southern states ship their produce on barges down the Mississippi River to New Orleans, where they are loaded onto ocean-going vessels. River transport has long been the cheapest way to move commodities, and there is no good shipping alternative, as the US does not have enough trucks or railcars to handle the long-distance shipping of such enormous quantities.

While the smaller corn harvest in the Midwest would tend to raise commodity prices, the bottleneck in the Mississippi is now producing an unexpected glut of grain, which will keep prices down. In addition, big agribusinesses, transport companies and processors are expected to pay even less for crops this year in order to make up for rising fuel prices and the costs of shipping delays. Farmers—who already only make 20 cents on every consumer dollar spent on food—face the triple threat of falling commodity prices, declining income from reduced harvests, and higher prices for fuel and petroleum-based chemicals.

The crisis of overproduction and collapsing farm prices over the last decades, along with the droughts in 1988 and in 1997, led to widespread farm foreclosures and the depopulation of rural areas. By the late 1990s, the number of family farmers fell below 1 million, for the first time in 200 years, further concentrating control of the world agricultural market in the grip of gigantic global companies such as Cargill and Archer Daniels Midland.

The current crisis facing US farmers will be deepened by these latest shocks, which occur as the Bush administration plans to implement \$3 billion in cuts to Agriculture Department programs, including price subsidies.

The pivotal role New Orleans plays in the US and world economy makes all the more criminal the systematic undermining of the city's infrastructure and flood protection system. In the end, the 25 years of budget-cutting and free-market mania that has driven the policies of both political parties has not only placed the safety of the American population in peril, but has severely destabilized economic life.

According to the Port of New Orleans, there are 60,000 people directly employed in maritime shipping in Louisiana, and 107,000 whose jobs depend on the industry. The evacuation of New Orleans, however, has meant that the vast majority of these and other workers are unavailable.

Hurricane Katrina has brought sections of the news media to the sudden realization that workers—not venture capitalists—are the basis of the economy. They are the ones who load and unload ships, and they need, at the very least, services such as housing, schools and hospitals in order to perform work vital to the economy. This has led to criticism of various public officials who initially argued for bulldozing much of New Orleans and drastically reducing its working class population.

As George Friedman, the founder of the geopolitical think-tank Stratfor, wrote in last week's *New York Review of Books*: "[I]n order to operate the facilities critical to the United States, you need a workforce to do it—and that workforce is gone. Unlike other disasters, that workforce cannot return to the region because they have no place to live. New Orleans is gone, and the metropolitan area surrounding New Orleans is either gone or so badly damaged that most of it will not be habitable for a long time.

"The displacement of population due to destruction, disease, and pollution is the crisis that New Orleans faces. It is also a national crisis, because the largest port in the United States cannot function without a city around it. The physical and business processes of the port cannot occur in a ghost town, and right now, except for the remaining refugees, that is what New Orleans is. It is not about the facilities, and it is not about the oil. It is about the loss of a city's population and the paralysis of the largest port in the United States."

Echoing these sentiments, Michael Olivier, Louisiana's secretary for economic development, told the *New York Times*, "Our greatest worry is that we need to get businesses back up and running and we need to get the work force back. And you need at least something for everyone, not only businesses but the worker bees as well."

The White House, however, seems virtually oblivious to the disaster's long-term effect on the economy, let alone the level of distress facing so many working people who have lost their homes, jobs and livelihoods. This was made plain earlier this week when the chairman of the White House Council of Economic Advisers told a bankers' conference in Washington that Rita and Katrina will have a "relatively modest" effect on the US economy.



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