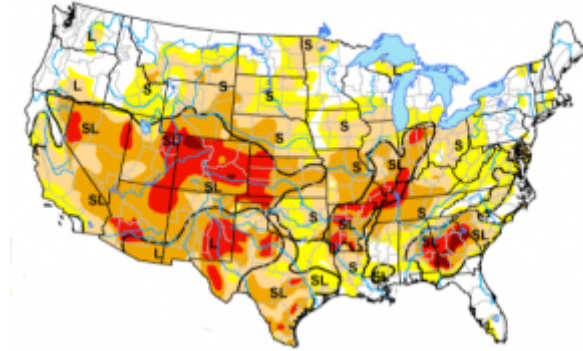


FAT AL GORE COLLUDES WITH BANKSTERS IN THE MIDWEST

There's an ominous storm brewing in flyover country



that may amount to little more than higher food and fuel prices, or may amount to something else.

First there's the drought. Last week's heat wave and the last month's dry weather hit [just as much of America's corn crop was set to pollinate](#). And if the corn doesn't pollinate, it never grows kernels. Even as I've been writing this post, USDA [sharply cut](#) forecasts for the corn harvest.

As a result, corn prices (soy prices too) [are rising](#) sharply. Which will, for better and worse, have repercussions on all the aspects of our super-processed life that relies on corn.

"The drought of 2012 will be one for the records," said Peter Meyer, the senior director for agricultural commodities at PIRA Energy Group in New York, who forecasts a drop in output to 11 billion bushels if the hot, dry spell lasts another three weeks. "Whether it's ethanol or livestock, no one is immune from this impending disaster. The ramifications will be widespread, affecting everything from your food to your gasoline."

And all that's before any follow-on effects, if

the drought continues. Even in Grand Rapids, we've had some unusual fires. Rivers that were experiencing historic floods last year are approaching record lows this year; traffic on the Mississippi has [already slowed](#).

Yet all that—even with our country's industrialized reliance on corn—might be no more concerning than other droughts, such [last year's drought](#) in Texas.

Meanwhile, banksters [keep stealing](#) farmers' money—first via MF Global and now with Peregrine.

The U.S. futures industry reeled as regulators accused Iowa-based PFGBest of misappropriating more than \$200 million in customer funds for more than two years, a new blow to trader trust just months after MF Global's collapse.

Centered in the heart of farm belt, the firm handled agricultural futures accounts for a number of clients who grow corn, soybeans and cotton.

"For the farmers who are directly affected it can be a very severe financial blow," said Dave Miller, director of research for the Iowa Farm Bureau.

[snip]

Doug McClelland, who runs Plains Commodities, a one-man brokerage in Lincoln, Nebraska, with about \$500,000 in accounts at PFGBest, said three of his farmer customers had already sworn off futures trading after first losing money to MF Global.

Initially, the customers said, "We'll give it one more shot," McClelland said. Traders and exchange officials have said the collapse of MF Global does not seem to cast a lasting chill over market activity. Now, says McClelland, they

feel that “somehow the public’s money is becoming a depository for a CEO.”

I’m sure the percentage of farmers affected by these two scandals is relatively small. But farmers are one of the groups for whom futures really do serve an important purpose, but trust is likely to crumble quickly after these two scandals.

Note, this article quotes Debbie Stabenow talking tough about fixing this problem; having Stabenow Chair the Ag Committee is far better than the alternative on a number of fronts, but getting tough with banksters—particularly in an election year—is not one of them.

Then there’s this. While the rest of the real estate market was in doldrums in the last few years, the Midwest has had a [farmland bubble](#) based in part on banksters’ need to invest somewhere but also on farmers’ revised assumptions about the profitability of farms based on the same crops being affected by the drought.

Part of what has economists and rural bankers on edge is that Midwest farm prices are climbing at rates last seen in the go-go 1970s, the period that set the stage for the farmland bust of the 1980s, when prices sank by half. The bust ignited a rural crisis that pushed many farmers out of business and hundreds of their banks to the brink of collapse.

“Land prices are too high. Things are getting out of whack” said Michael Swanson, an economist at banking giant Wells Fargo & Co. He figures that Midwest farmers have historically bought an acre of land for the value of corn it can produce over four years. Now, an acre of land easily fetches six years of crop production—at a time when crop prices are well above historical

averages.

The Federal Reserve issued a memo to farm bankers in late October warning that the market for cropland “may reflect overly optimistic long-term expectations” and that land values would fall if interest rates increase abruptly and farm profits shrink.

Land values are soaring again because prices for crops such as corn and soybeans are more than double what they were before mid-2006. That is thanks in large part to a surge in demand for food from China’s expanding middle class and the rapid emergence of a corn-to-ethanol industry, which now gobbles up 40% of the nation’s corn crop and supplies about 10% of the nation’s gasoline. The Department of Agriculture estimates that net farm income, a widely used measure of profitability, will jump 28% this year from 2010, to \$100.9 billion.

I, frankly, have no fucking clue how the drought and futures crisis will affect the bubble (which really continued until early this year). But you need crops to make farmland—particularly expensive farmland—pay off. And a lot of farmers aren’t going to have their expected crops this year.

As I said, all this may amount to no more than another big spike in food prices, with all the detrimental effects that will have on those struggling in this terrible economy.

But a lot of the states where this storm is brewing also happen to be the swing states where the Presidential election will be decided (to say nothing of the western drought-affected states like CO where this has manifested as massive wildfires). So it may well have repercussions beyond just the farmers who stand to lose their farms and the poor people who will struggle to pay for food.

AMERICA'S POWER COUPLE: SAMANTHA POWER FIGHTS ATROCITIES, CASS SUNSTEIN DEFENDS CHILD LABOR

These two things happened in the same week.

On Monday, Obama rolled out his Atrocities Prevention Board. While in reality, this appears [an excuse to sanction Israel's enemies](#), in theory at least, it's an [initiative to find alternative tools](#) to prevent the massacres of women and ... children.

Obama [put Samantha Power](#) in charge of this effort.

On Thursday, Obama's Labor Department withdrew rules [designed to prevent](#) kids under the age of 16 from being paid to perform dangerous farm jobs.

Obama's equivocations regarding imposing limits on businesses are [usually attributed](#) to Samantha Power's husband, Cass Sunstein.

It must take a lot of effort for this power couple, working so hard to help and hurt kids all in one week.

THE MAGICAL SCIENCE

OF BEANS

We already know the pink slime issue has been [engaged in a full court press](#) (even while the pink slime company itself [declared bankruptcy](#)). So it's not surprising to see even the [science press](#) parroting the talking points being pushed by the pink slime industry. Sure, it concedes that pink slime might be unappetizing, but it hews to countering the straw man argument that the ammonia—rather than the underlying conditions that require the ammonia—makes the pink slime unsafe.

If you've eaten a hamburger in the last 50 years, you've eaten pink slime. And if you've eaten breakfast cereals, cheeses, custard, mustard, macaroni salad, potato salad or a whole host of other products that Americans eat each and every day, there's a good chance that ammonia was added. That knowledge may not make our food very appetizing to the newly informed American consumer, but it doesn't make the food less safe.

The rest of the column, though, spins the pink slime industry as a rational response to the challenge of feeding an expanding population.

The patent, which was eventually granted to Armour and Company in 1962, is a rather unappetizing read for modern eyes, describing the “finely divided meat slurry” which is “mechanically separated by centrifugation.” But the problem that this patent was trying to solve was a serious and urgent one: how do we feed as many people as possible, as nutritiously as possible, while producing less waste?

Thanks to America's baby boom following World War II, one of the most daunting challenges of the 1950s and '60s was figuring out how to feed millions of new

mouths. Even the most optimistic futurist thinkers knew that America's rapidly growing population would require much more efficient methods of production if there was to be enough food to go around.

Note, it's Science Digest writer Matt Novak who calls this a daunting challenge, not the scientists and capitalists of the day. And he does so even while hinting at a very simple solution to this "daunting" challenge.

The realization that beef is a terribly inefficient way to provide Americans with protein was recognized even before the 1970s. The 1957 book "The Next Hundred Years," written by Harrison Brown, James Bonner and John Weir, includes a graph which lays out the different protein returns one can expect from raising beef or milk or soybeans. Spoiler alert: Beef is the least efficient.

Stop. End of article. You've solved your daunting problem!

Beans.

Now, frankly, I love beef—and love eating it when I can vouch for the conditions in which it was raised and slaughtered.

But I don't kid myself. At times when tight budgets have forced me to find more economical ways of eating, I did what billions on the planet do: choose plant-based proteins over the very extravagant (both in terms of real and environmental cost) beef. It doesn't take a science degree to understand this (though it does take the ability to read through meat industry propaganda).

Now, Science Digest may—in the interest of earning enough money to pay for their extravagant beef—be willing to spin in such

shameless fashion. But all the meat pills and pink slime and other invented technological fixes for a very simple problem have not been able to compete with the wonderful magical bean, either in health benefits or safety.

Next up? While [calling for](#) a Congressional investigation into the nefarious plot that exposed how gross pink slime is, IA Governor Terry Branstad also offered pink slime as a solution for obesity.

AMERICA, THE DYSTOPIAN REALITY SHOW: PINK SLIME EDITION

[The Daily Show](#)

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When *The Decline and Fall of the American Empire* is written, I hope the historian writing it is astute enough to notice that the same week our nation's highest court spent deciding whether the government could legally offer (badly conceived) health insurance reform, the business community was fighting to sustain a market for pink slime.

Pink slime arose as a typically American response to industrialization. After Jack in the Box killed a bunch of its customers by feeding them *E. coli*, rather than cleaning up the nation's industrial meat supply, the food industry instead decided to scrub meat parts with ammonia before mixing it back in with The Beef.

But guess what? If you [tell consumers what kind of slime you're actually feeding them](#), they'll

stop eating it.

Ammoniated beef has taken a real beating in the media over the past couple years, and now fast-food giants McDonald's, Taco Bell and Burger King are no longer using it. As veteran journalist Philip Brasher [reported over the holidays](#), the Iowa-based company that manufactures the beef product – at one time used in around 70 percent of American ground beef – has watched sales drop by 25 percent.

Beef Products Inc. uses an innovative process to turn fatty beef trimmings, which used to go mainly into pet food and other byproducts, into hamburger filler. Because the trimmings are at risk for E. coli or Salmonella contamination, the company adds a mixture of ammonia and water (ammonium hydroxide) to kill bacteria. BPI's process, [progressive food safety policies](#), and state-of-the-art system have received numerous food safety awards and the company has never been linked to a foodborne illness.

But when some consumers find out about the treated beef product – dubbed “pink slime” by a U.S. Department of Agriculture microbiologist – they don't like what they hear and food companies are taking notice.

In 2008, many American eaters were introduced to the product by Food, Inc, the Oscar-nominated documentary, which portrayed the technology as merely masking a symptom of a bigger problem: the industrial meat system. A year later, a [New York Times expose](#) questioned whether the ammonium hydroxide process was really delivering on its food safety promise, which is especially critical considering the product is widely used in the National

School Lunch Program.

After Krogers and McDonalds both decided they couldn't continue to sell consumers pink slime anymore, the pink slime company, BPI, shut down a bunch of pink slime factories.

Now a bunch of Governors and other industry-owned hacks have [taken to the airwaves](#) to defend pink slime.

Three governors, among them recent presidential candidate Rick Perry of Texas, two lieutenant governors, and the Under Secretary for Food Safety at the U.S. Department of Agriculture all went to bat for Beef Products Inc. in a press conference in South Sioux City, Nebraska Thursday to assure consumers that Lean Finely Textured Beef, now widely known as "pink slime," is safe and nutritious.

[snip]

"We need to stand together to clear up the misinformation that has been circulating in the media," said Iowa Governor Terry Branstad, who helped organize the event. "These accusations are totally unfounded... I am proud to say that for 20 years I and my family have been eating it."

Kansas Governor Sam Brownback called the national controversy over LFTB "an unmerited and unwarranted food scare" and said it would lead to higher lean ground beef prices and cause more people to buy higher fat ground meat.

"Dude, it's beef!" said Brownback. "It's good beef."

All these high profile people could embrace an effort to clean up our industrial food supply. Alternately, they could inform consumers [how much healthier they'd be](#) if they gave up red meat altogether and instead ate chicken

or—gasp!—broccoli.

But no. Instead, the very same week some of [these same Governors argued](#) that it was unduly coercive for the Federal Government to ask you to provide health care to the very poor even while providing money for that care, they're also trying to convince us that pink slime is the route to good health.

It's the little things, you know, that bring down great empires.