

2006). This process started around mid-September. At the same time, corn, sorghum and other livestock feed crops are ready for harvest. So there is a double whammy at the moment in the wheat-belt, from soaring prices for both fertilizer (made from natural gas) and diesel for planting machinery.

There is even a triple whammy, because corn is also ready for harvesting, so fuel is needed for combines. And a quadruple whammy, because fuel is needed to dry the crop. Kansas, as the number-three U.S. cattle state, needs its corn crop for cattle feed (it even has to “import” corn for feed from out of state). The best cropping practice is to harvest whenever the weather and crop are both good, and then ideally, dry the corn in storage by natural gas or propane—both now through the roof in price. To avoid the drying costs, farmers may leave the corn in the field to dry, and take a hit on damage and losses.

For all of these functions, costs are soaring. Fertilizer has more than doubled in price in a short time period. The price for anhydrous ammonia fertilizer has risen to \$450-475 a ton, up from \$200 a ton in 2003. Grain transport costs are now at record highs. Bids for guaranteed placement of rail cars for transport in Kansas, for October delivery, are running at a record \$544 on the BNSF Railway, and \$508 on the Union Pacific, which compares to the previous all-time high of \$350 in October 1997.

Barge shipping is the same. David Marshall, spokesman for AgriPride FS, Inc. in Nashville, Illinois—a farmer-owned co-op—reported in mid-September, “Barge shipping costs have exploded. Right now, barge freight has traded at a record high from the Ohio [River] to New Orleans.”

Casinos or Development: Mississippi After Katrina

by Mary Jane Freeman

A casino economy, or a “Super TVA,” to create an economy upon which Mississippians could finally leave the oppressive legacy of poverty behind and create a future for their children? This is the choice posed by Hurricane Katrina’s path of destruction. Disaster often presents opportunity. But will Mississippi’s and the nation’s leaders seize this moment to mobilize human, economic, and scientific resources for economic justice, or will they be small-minded, offering bandaids and casino chips when economic development is needed? The current condition of Mississippi’s economy starkly poses this life and death question.

In Katrina’s wake, nearly half a million Mississippians have sought aid or shelter. Well over 76,000 homes are damaged or destroyed, with the three worst hit counties—

Hancock, Harrison, and Jackson—not yet surveyed and included. One hospital, Hancock Medical Center in Bay St. Louis, was severely damaged, and tens of others are not yet fully functional. Nine of Mississippi’s 15 community and junior colleges had major or substantial damage, affecting thousands of students, while 70 of its K-12 districts have schools either totally obliterated or severely damaged. As of mid-September, over 64,000 people had filed for unemployment disaster relief. The state’s agricultural industry lies in waste. The Mississippi Tax Commission’s low-ball revenue loss estimate is \$213-272 million for September to December.

Gov. Haley Barbour, a former GOP national chairman who is close to President Bush, called the legislature into special session on Sept. 27, proposing 26 bills to provide short-term aid until Federal funds (he hopes) are secured, along with tax relief and other measures to aid Mississippians. But the “800-pound gorilla” on Barbour’s agenda, as a local paper wrote, is his bill to legalize land-based casinos. When casino gambling passed Mississippi’s legislature in 1990, casinos had to be built on water. Katrina left the casinos in shambles. The state’s addiction to this revenue stream, and Barbour’s adherence to a monetarist free enterprise ideology, fit with the Bush agenda.

Mississippi’s Congressional leaders have, so far, chosen only to seek relief aid, putting forward no vision for a future. To his credit, Sen. Trent Lott (R) at least insists that Federal Medicaid funds be made available, despite White House opposition. Rep. Gene Taylor (D) blasted former FEMA director Michael Brown’s self-serving “blame the local officials” testimony before a House select committee, retorting, “I’m a witness to what happened in Mississippi. You folks fell on your face. You get an F-minus in my book.” Both Rep. Charles Pickering (R) and Rep. Bennie Thompson (D), at separate hearings, raised objections to post-storm FEMA contracts for various projects going to non-Mississippi contractors.

Rail Loss a Key Bottleneck

Since the time of Representative Banks’s interview (following), *EIR* has compiled more data concerning the state’s ravaged agricultural sector. Agricultural production in 78 of Mississippi’s 82 counties sustained sufficient losses to warrant a disaster determination by the U.S. Department of Agriculture. The remaining four counties, as contiguous counties, also received USDA’s designation as disaster areas. Mississippi State University’s Department of Agricultural Economics issued its preliminary finding of an estimated loss for the state’s agriculture, aquaculture (oyster and shrimp), and forestry industries, at \$1.6 billion (see **Table 1**). This was based on a survey of what crops, cattle, timber, and so on were destroyed, versus those expected for market this Fall, and the physical areas impacted by Katrina. Table 1 shows that 85% of the loss derives from the poultry and timber industries.

TABLE 1

Katrina's Impact on Mississippi Agriculture

Crop	Total Estimated Loss (millions \$)
Forestry	\$1,280.00
Poultry	\$94.05
Beef & Forage	\$72.14
Aquaculture	\$72
Cotton	\$34.31
Dairy	\$21.08
Horticultural Crops	\$18.00
Rice	\$11.68
Soybeans	\$5.95
Corn	\$2.16
Grain Sorghum	\$0.07
Total Losses	\$1,611.44

Note: In most cases, damage estimates are for a range of value. This table presents the mid-point of damage estimates for individual items. Damage estimates include value of lost production, value of damaged or destroyed facilities/equipment, increased production costs, and lost potential income.

Sources: "Agricultural Economic and Policy Perspectives," September 2005, Mississippi State University's Department of Agricultural Economics, www.agecon.msstate.edu/farmpolicy; Gulf Oyster Industry Council; *EIR*.

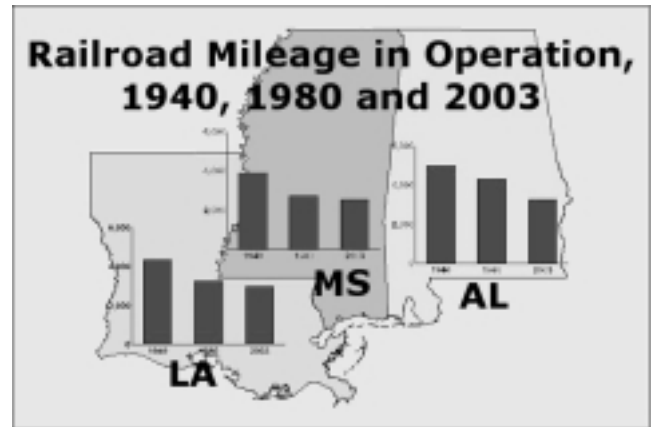
Many dairy farms, due to loss of electricity, had either to dump milk, sell off their cows, or, in some cases, shut down operations. Continuing fuel shortages and transportation bottlenecks have severely hindered these farms.

As of 2003, poultry and aquaculture, together, accounted for 50% of the state's agricultural revenue. The agriculture sector generates 7% of the state's GDP. Nationally, its poultry "boilers" industry accounted for 9.4% of United States receipts, and its aquaculture generated 31.3% of United States receipts.

Katrina's ravaging of the timber industry is a paradigm for what is lacking and what should be on the rebuilding agenda. "We have 60 million tons of wood on the ground . . . and we will consider ourselves lucky if we can salvage 10% of that harvest," a Mississippi forestry spokesman told *EIR*. To compare, Hurricane Ivan in Alabama last year left 20 million tons of wood on the ground, and they "salvaged 5 million tons. If we could salvage 20% [this time] we'd be very fortunate. They got 25% and they estimated they got 10% of what it was worth." But to salvage it, the spokesman pointed out, you must have "a lot of log trucks and extensive use of the railroads."

Loss of railroads is the limiting factor as to whether the timber industry will survive. The forestry spokesman said, "Of course, the railroads have been torn up over the last 10-20 years, they were abandoned." All that is left are some major north-south lines and east-west lines. "All the small railroads went out of business over the last 50 years. That has really hurt the timber industry. . . . In any natural disaster, whether it is an ice storm or hurricane, the critical missing

FIGURE 1

Mississippi Has Lost 35% of Its Track Miles Since 1940

link is hauling the wood out of the affected area, because every wood-process plant in the affected area is going to be overcome with wood. So to salvage it, you've got to move it. With the limited rail access, that is a real problem."

Mississippi has lost 35% of its rail track miles since 1940 (see **Figure 1**). It is ironic that while the Mississippi Congressional delegation has, under the direction of Barbour and Sen. Thad Cochran (R), opted for working behind the scenes hoping to pull favors from what is now a fast-disintegrating web of GOP cronyism, it was Sen. Trent Lott who, before Katrina hit, had proposed a far-reaching and forward-thinking rail development bill. Even though the bill, S. 1516, deals with Amtrak and passenger rail, its impact on freight rail is obvious.

Katrina's devastation in Mississippi needs to be met with vision for trade and development. Its ports must be rebuilt and expanded, its rail network re-established, and its agricultural sectors revived with state-of-the-art technologies. Unleashing a "Super TVA" for Mississippi and the nation, will go a long way to eradicating entrenched poverty—officially, at nearly 19% across the state, before Katrina hit—there and elsewhere.

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