*Back Home by Chris Hardie*

**Pandemic drives home economic lessons**

One lesson that has been driven home during the current global pandemic is how interdependent and global our economy is. That’s clearly evident with agriculture; the glut of dairy products caused by a steep decline in demand from the restaurant and food-industry sector has sent prices plummeting. Combine that with declining exports. The ripple starts to wash over other agriculture sectors.

Dairy farmers wanting to cull cows to decrease production are running into livestock markets unable to move as much product because regular cattle prices have decreased 25 percent. Hog prices have decreased as well. Slaughterhouses are closing because of the pandemic.

Crop prices have also declined, leaving virtually no sector of the ag industry untouched. The Food and Agricultural Policy Research Institute at the University of Missouri released a study that predicts crop and livestock prices could decrease 12 percent this year, translating into a $20 billion hit on farm income.

People still need to eat. But it’s how food products are packaged and where they move through the food supply chain that’s caused the problems.

A paragraph from the study summarizes the cause and the wide-sweeping impact.

“Supply-chain disruptions and sharp changes in consumer demand have been observed and have so far varied considerably by commodity or product,” it states. “The expansion of shelter-in-place orders has reduced food consumed away from home, and with it altered consumer demand among food products. In addition such restrictions on movement have sharply reduced gasoline usage, and along with it demand for ethanol. Distribution and processing have been a concern for livestock and dairy processing as well as fruit and vegetable producers, particularly those reliant on supplying restaurants and schools.”

The food industry would adapt to the current shift in food consumption given time. But at some point restaurants will reopen and consumer demand will move back to whatever our new normal may be. Dairy is hit particularly hard because we can’t tell cows to stop producing milk. I expect some roller coaster rides in the meat markets due to the longer-term nature of being able to grow an animal to slaughter weight.

A common observation or remark I hear about the pandemic is that our country would be better-situated if we were completely self-sufficient for our food as well as our goods and supplies. In other words, everything we eat and use should be made in America.

It sounds like a good idea, but that ship sailed decades ago. Our shift from manufacturing to a service economy crossed the “Rubicon” in the mid-1950s. That’s when the number of service jobs exceeded the number of manufacturing jobs — and the gap widened from there. The production of many goods shifted internationally when it became cheaper to produce there and ship here.

The United States is fortunate to provide most of its own food. But we import about 15 percent of our total food supply — including 32 percent of our fresh vegetables, 55 percent of our fresh fruit and 94 percent of our seafood, according to the U.S. Food and Drug Administration.

If we wanted to be a truly self-sufficient country, it would require every American to be willing to pay more for many products. We would need to be willing to go without many of the fresh fruits and vegetables we currently enjoy when they’re not in season here. Consider whether we would have the fortitude and discipline to change our lifestyles and stretch our budgets.

A review of the pandemic should take a close look at the vulnerability of key medicines and medical goods. Whether we make more in our country or whether we do a better job of stockpiling, we can certainly improve our critical medical supply chain.

The pandemic will certainly have a long impact on many sectors of our economy, including agriculture. Farmers are accustomed to rough rides but this one comes just when they were looking for a little bit of a break from a long economic downturn and trade uncertainties caused by the tariff war.

Small businesses also are hard-hit. The U.S. government says natural disasters cause 40 percent of small businesses to fail; one in four small businesses will close within a year after the event. With closure orders the pandemic event is ongoing, so I wouldn’t be surprised to see the closure rate even greater — even with billions of federal dollars of support.

It’s easier to navigate the storm when we see it coming, but this one came fast and furious. Not much more we can do but strap in tight, buy local when possible and ride it out.

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