

A Return to Shortages *October 10, 2022*

A friend pointed out an article that revealed the world is suffering from a food shortage. Given the fact that the world population is over 8 billion people, one could see why a concern about food production is growing. Yet, a group known as the Club of Rome posited that such a shortage was just around the corner and that was back in the 1970s. Their current modus operandi is “rising inequality risks regional collapse and climate catastrophe.” John Maynard Keynes, a well-known economist of the 1930s said: in the long-term we are all dead. Maybe the growth in population is accelerating that trend.

Private industry is rushing to address the many causes of food shortages. Biotechnology is contributing to crop longevity and minimizing plant disease. Growing food vertically indoors rather than horizontally in fields is also gaining receptivity. When we observe obesity in the U.S., we aren’t necessarily convinced that there is or will be a food shortage. The technology of food production is scalable. Yet parallel advances in the technology, which is extending lifespans, suggests that the shortage problem could outstrip the science.

One perspective that hasn’t really received much attention is the prospect of a water shortage that can impact food production. One piece of good news is that hydroponics, or the production of plants in enclosed facilities uses only about 10% of the water needed for traditional farm grown plants. When you couple the manifestation of global warming with higher temperatures and increasingly intense fires around the world, efforts to expand the supply of water gain primacy. While politicians build expensive railroads from no place to nowhere, there are pending water shortages that will reduce food output dramatically. Those billions of dollars could be spent on building desalination plants just like power plants and produce water for the “billions.” For investors who have a long-term horizon, finding companies that benefit from these necessities should be able to capture outsized profits as the demand becomes international.

At the federal level, policy makers try to “help” the economy by putting people out of jobs to get inflation under control. At the state level, efforts at water conservation will have the same impact—put a lot of people out of work. Rather than such responses, the plan should be to increase the availability of water, starting with a national effort to produce and conserve clean water. Such a commitment in the 1950s to build a rational highway system converted the U.S. to a world power. Undertaking such a commitment today would be like such a commitment made back then. And maybe desalination isn’t the only solution. Could we build catch basins that would fill with fresh water in those areas of heavy rainfall such as the Pacific Northwest? Such efforts would require pipelines, but we know how to do that since the U.S. is covered with oil and gas pipelines. Maybe some of those channels could be converted to pumping water rather than fuels. Maybe even such basins in areas that are frequented by hurricanes. We know this approach works because many islands in the Caribbean have homes with large water storage cisterns under the home which fills during the rainy season.

Lakes and rivers across the world may be reflecting the impact of climate change as water levels shrink to record low levels. People that depend on water flow from these sources are about to get shocked when the water stops flowing. By then it may be too late. Like Mid-West cities that have recently experienced polluted water supply, crises lead to panic rather than logical plans to solve emergencies. The problem is that there is no broad consensus to deal with most problems. While climate change fills front pages of newspapers, there is hardly any mention of one crisis that is bubbling over. Without some recognition of the water shortage problem leading to several solutions, global growth will suffer as a result.