

Food Rationing Confronts Breadbasket of the World

By [JOSH GERSTEIN](#), Staff Reporter of the Sun | April 21, 2008

[MOUNTAIN VIEW, CALIF.](#) — MANY PARTS OF [AMERICA](#), LONG CONSIDERED THE BREADBASKET OF THE WORLD, ARE NOW CONFRONTING unthinkable phenomenon: food rationing.



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Rice is stored at a National Food Authority warehouse at Manila, the Philippines, on April 17.

Major retailers in [New York](#), in areas of [New England](#), and on the West Coast are limping on flour, rice, and cooking oil as demand outstrips supply. There are also anecdotal reports that some consumers are hoarding grain stocks.

At a [Costco](#) Warehouse in [Mountain View, Calif.](#), yesterday, shoppers grew frustrated and uttered expletives as they searched in vain for the large sacks of rice they usually buy.

"Where's the rice?" an engineer from [Palo Alto](#), Calif., [Yajun Liu](#), said. "You should be looking for something like rice. This is ridiculous."

The bustling store in the heart of [Silicon Valley](#) usually sells four or five varieties of rice, largely of Asian immigrants, but only about half a pallet of Indian-grown Basmati rice stock. A 20-pound bag was selling for \$15.99.

"You can't eat this every day. It's too heavy," a health care executive from Palo Alto, [S](#)aid grumbled as his son loaded two sacks of the Basmati into a shopping cart. "We only buy one. I'm getting two in case a neighbor or a friend needs it," the elder man said.

The Patels seemed headed for disappointment, as most Costco members were being allowed to buy only one bag. Moments earlier, a clerk directed them back on the stack after taking them from another customer who tried to exceed the one-bag cap.

"Due to the limited availability of rice, we are limiting rice purchases based on your prior purchasing history," a sign above the dwindling supply said.

Shoppers said the limits had been in place for a few days, and that rice supplies had been spotty for a few weeks. A store manager referred questions to officials at Costco headquarters near [Seattle](#), who did not return calls or e-mail messages yesterday.

An employee at the Costco store in [Queens](#) said there were no restrictions on rice buying, but limits were being imposed on purchases of oil. Internet postings attributed some of the shortage at the retail level to bakery owners who flocked to warehouse stores when the price of flour and commercial suppliers doubled.

The curbs and shortages are being tracked with concern by survivalists who view the phenomenon as a harbinger of more serious trouble to come.

"It's sporadic. It's not every store, but it's becoming more commonplace," the editor of [SurvivalBlog.com](#), [James Rawles](#), said. "The number of people who have been getting from readers who have seen signs posted with limits has increased almost exponentially, I'd say in the last three to five weeks."

Spiking food prices have led to riots in recent weeks in [Haiti](#), [Indonesia](#), and several African nations. [India](#) recently banned export of all but quality rice, and [Vietnam](#) blocked the signing of a new contract for foreign rice sales.

"I'm surprised the Bush administration hasn't slapped export controls on wheat," Mr. Rawles said. "The Asian countries are here buying even more wheat."

Mr. Rawles said it is hard to know how much of the shortages are due to lagging supply and how much is caused by consumers hedging against price hikes or a total lack of product.

"There have been so many stories about worldwide shortages that it encourages people to stock up. What most people don't realize is that supply has changed, so inventories are very short," Mr. Rawles, a former Army intelligence officer, said. "Even if people increased their purchasing by 200 percent, shelves would be wiped out."

At the moment, large chain retailers seem more prone to shortages and limits than do smaller chains and mom-and-pop stores, perhaps because managers at the larger companies have less discretion to increase prices locally.

Mr. Rawles said the spot shortages seemed to be most frequent in the Northeast and all the way along the West Coast. He said he had heard of limits at Sam's Club warehouses, which are owned by [Wal-Mart Stores](#), but a spokesman for the company, [Kory Lundberg](#), said he was not aware of shortages or limits.

An anonymous high-tech professional writing on an investment Web site, [Seeking Alpha](#), said he recently bought 10 50-pound bags of rice and is concerned that when the news of rice shortage spreads, there will be panic buying and the shelves will be empty in no time. "I do not intend to speculate and I am not speculating on rice to make profit. I am just hoarding some for my own consumption," he wrote.

For now, rice is available at Asian markets in California, though consumers have fewer choices when buying the largest bags. "At our neighborhood market, rice is very expensive, more than \$30" for a 25-pound bag, a housewife from Mountain View, Theresa Esquerra, said. "I'm not going to pay \$30. My husband is not buying bread."