



OCM's message to
cattle producers;
**Quit funding
YOUR OWN
DEMISE**

BY FRED
STOKES



OCM has embarked on an ambitious effort to do something about the current market crisis in the beef cattle business. A series of meetings is being planned for various parts of the country to make folks aware of the plight of cattle producers, our take on the cause of the market downturn and to solicit support for our effort to address the situation.

The contributing factors in this market crisis include the repeal of Country of Origin Labeling (COOL) and resultant doubling of imports, defeat of the GIPSA Rule, lack of competition and captive

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2016 – 18TH ANNUAL
**FOOD AND
AGRICULTURE
CONFERENCE**

OMAHA, NE - AUGUST 19–20

*"Preserving Independent Family Agriculture
through Competitive Markets"*



OCM Board of Directors - 2016

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supply in the meat packing industry and excessive retail margins.

OCM believes much of the blame for the situation can be laid at the feet of The National Cattlemen's Beef Association (NCBA). Aided and abetted by the \$50 million or so they receive each year from the mandated assessments on cattlemen through the Beef Checkoff, they have become a highly influential advocate for the interests of meat packers. So the first step in fixing the current market crisis needs to be ending this NCBA gravy train that enables them to work against the interests of those who are required to fund the program.

This is OCM's number one priority.

In 2010, the Cattlemen's Beef Board (CBB) ordered an audit of the handling of Beef Checkoff funds. The Clifton Gunderson Accounting Firm examined a small sample of financial transactions by the contractor (NCBA) and found more than \$200 K in improper expenditures. There was a big uproar. Both the president and executive officer of the CBB got the boot

for having the audacity to order an audit that embarrassed NCBA.

OCM formed a group known as the Beef Checkoff Reform Taskforce which was successful in getting the USDA Inspector General to conduct an audit. The audit began in February of 2011 and the investigation concluded in December of that year. The report of this

audit became a political football and took more than 15 months to write. During this protracted period the Inspector General Report Writers and USDA Agricultural Marketing Service (AMS) wrangled over the report (AMS is the agency responsible for overseeing all 20 of the commodity promotion programs which collectively generate more than \$500 million annually).

In February of 2012 a Pulitzer Prize winning reporter overheard a conversation at the NCBA/CBB convention in Nashville between someone in AMS and some officials in NCBA. The AMS guy said; "I have seen the draft report and there was some really bad stuff in it but not to worry, I fixed it."

In August of 2012, OCM obtained pro bono services of a very large law firm and filed suit against NCBA for their handling of the beef checkoff. The immediate and intense pressure from the Big Ag community caused the law firm to withdraw.

After the law firm withdrew from the case, HSUS offered to provide OCM legal help. We quickly accepted their help and are most grateful for it. They have been involved in our suit against USDA Inspector General for more than two years now and there is still a ways to go.

Fifteen months after the conclusion

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CONFERENCE (continued from page 1)

Highlights

This year's conference included many topics we are facing every day.

- A New Level of Vertical Integration: Costco Enters Poultry Production in Fremont., NE
- Other Community Initiatives to Halt Vertical Integration
- Emerging Consolidation Issues
- Concentration, Trade, and the Future of Family Farming
- Examining Trade Policy's Far Reaching Impacts on Competition, Anti-trust Enforcement, Domestic Laws, GNP, Manufacturing, Agriculture, and Sovereignty
- The Beef Checkoff: A Failed Program That Compels Cattlemen to Fund the Destruction of Their Business and Way of Life
- Contract Production - Merger Mania Continues in the Ag Input Sector

We want to thank all our guest speakers and Board members who made this year's Conference one of the best in providing information on current ag issues.



Some of the attendees at 2016 OCM Conference

The Helmuth Award recipients this year were:



THOMAS F. "FRED" STOKES

for envisioning and then founding the Organization for Competitive Markets. Thank you for your devoted leadership and tireless advocacy in the fight for competition and fairness in the marketplace. You have brought many different groups and committed people into this struggle, and you continue to be an outstanding spokesman for the cause. You are a true champion of family farm agriculture.



SENATOR MERTON "CAP" DIERKS

for a lifetime of unrelenting advocacy for the system of agriculture that supports independent family farmers, ranchers, and rural communities; for 20 years of distinguished service and leadership as a Nebraska State Senator; for endless pursuit of competition, transparency, and fairness in agricultural markets at the state and national levels; and for having the courage and vision to help create the Organization for Competitive Markets.

FROM THE PRESIDENT

Big Ag Abuse of Farmers



BY MIKE WEAVER

Many of our members are aware that we are currently in the process of exposing the abuse of beef farmers and ranchers by National Cattleman Beef Association (NCBA) using the checkoff funds that farmers are required to pay when selling their beef cattle. But the general public is not aware and we need to get that message out. Please tell your friends, especially beef farmers and ranchers, to check out our web site for information on this issue and what they can do to help.

Only a small percentage of the public is aware though of the abuse of farmers in the dairy, grain, poultry, and pork industries.

Poultry growers, in particular, have been suffering the abuses of the integrators (companies) for whom they grow chickens and turkeys for decades. And now the pork and beef, and to some extent the dairy and grain, companies that buy these commodities from the farmers and ranchers are attempting to impose the poultry model on these other areas of agricultural production.

Some of the worst examples of the abuses are in the poultry grower arena. I have been growing poultry for over 16 years now so I am very familiar with these abuses and have had some imposed upon me.

The companies typically move into economically depressed areas where farm-

ers are desperate to keep their kids on the farm but the revenue just isn't there to support them all. The companies misrepresent, if not flat out lie, about the amount of revenue a farmer can realize from a poultry operation in order to get them to put up their farm and home as collateral for a loan to build a poultry rearing facility. The construction of these barns or houses (as they are typically called) and the overall operation costs \$1 million dollars or more today.

Once the farmers have made this investment their choice is take what the poultry company gives you or lose your farm and home. Some choice huh? And the poultry companies abuse the leverage this creates over the farmers terribly. Virtually all of the large integrators impose these abuses upon their growers, some more than others.

Some examples are: they want a grower to make very expensive upgrades to his houses and tell him he won't get chickens anymore unless he agrees even though he already has hundreds of thousands of dollars invested

A grower speaks out about the abuses by the companies and they threaten to "cut him off" from receiving more chickens to silence him denying his First Amendment rights as an American.

They come out with a new contract that has serious additional financial ob-

ligations required of the grower and tell him if he does not sign it he will not get chickens anymore.

Dairy farmers are forced to sell into "coops" that are essentially companies that buy milk and the farmers must take what they give them for their milk.

Beef farmers and ranchers are increasingly being forced into contracts to sell their cattle with no guarantee of what they will be paid when the cattle are sold.

Grain farmers are being forced to commit their crops to buyers not knowing what they will be paid when sold.

And the list goes on and on.

Country of Origin Labeling (COOL) on beef and pork was eliminated by Congress at the behest of the companies even though 90% of the food buying public wanted labeling. Companies wanted it taken away so that they can buy beef and pork from other countries, who have very poor if any processing sanitation requirements, then co-mingle it with U.S. beef and pork allowing them to sell at much higher profit.

American consumers must take note!

Stand with our farmers and ranchers to stop the abuses. Demand country of origin labeling on all food products. Demand that the mega corporations who run agriculture in this country treat farmers and consumers fairly.^{MW}



JOHN HANSEN JOHN HELMUTH AWARD REMARKS ABOUT CAP DIERKS

In his John Helmuth Award presentation remarks to Merton L. Cap Dierks, John Hansen said "Cap Dierks is a remarkably talented public servant and leader on a wide range of rural issues because he did his homework, always bases his decisions and positions on a sound moral footing, and leads by example. The respect from his peers allowed him to move monumental legislation forward because they trusted his judgment, intentions, and morals.

"Cap Dierks did the right things for the right reasons in the right ways. And because of that, he was able to successfully sponsor milestone legislation paving the way for both ethanol and wind energy development that has brought thousands of new good paying jobs to rural Nebraska, millions of dollars of new tax base, and millions of dollars in new farm income. At a time of major crisis in 1998, he successfully sponsored legislation at the state level for mandatory price reporting for cattle and hogs that caused Congress to pass similar legislation still on the books today," Hansen said.

"Even when people disagreed with Cap Dierks they knew he was genuinely doing his very best to serve and protect your best interests at all times. Cap Dierks founded the Organization for Competitive Markets because he knows that in order for family farm and ranch agriculture to prosper, agricultural markets must function as they should to provide fairness and opportunity in the marketplace. Cap Dierks eyes are always on the horizon while his feet are firmly planted in the soil," Hansen concluded. "OCM and rural America own Cap a debt of gratitude for his service."^{JH}

Is the Harvest Moon Setting on Family Farming?



Posted on 9/18/16 by Mike Callicrate | Roadcrusher at English Wikipedia

*"When will the new moon be over, So
that we may sell grain, and the Sab-
bath, that we may open the wheat
market, to make the bushel smaller and
the shekel bigger, And to cheat with
dishonest scales."* - Amos 8:5

A new kind of merchant, far more powerful, pillages and plunders in today's world. As harvest progresses across farm and ranch country, the markets have never been more unfair or abusive. What the farmer and rancher receives for their toil has never been so little compared to what the consumer pays.

This fall many more farmers and ranchers, the stewards of our precious lands, will go out of business due to the lack of fair markets for what they produce.

of the USDA OIG investigation, a scant 17-page report of the audit was released. It was a whitewash! It essentially said that NCBA did nothing wrong. OCM immediately filed a FOIA request for material that formed the basis for the report. At the same time R-CALF wrote a strong letter challenging the report. This report was promptly withdrawn and re-issued more than a year later; without the language exonerating NCBA.

However, USDA OIG FOIA folks continued their stall on releasing material to OCM; prompting a suite to compel them to release the material. There existed more than 3000 pages of drafts for the 17 page audit report and a great deal of other related material.

It was HSUS who provided us this legal representation over these several years; otherwise, there would be no ongoing litigation and this whole matter would be a dead issue. We were lucky enough to draw what we believe to be a competent and honest judge.

We have had several hearings and we feel good about things. We have now been informed that there are 9300 pages of raw financial information regarding

expenditure of checkoff funds. This information has been deemed relevant to our FOIA request. Of course, this caused considerable alarm to NCBA who now claims they have just learned of our suit which has been going on for more than two years. They have now filed to intervene in the suit. Their aim is obviously to try to obstruct our receiving this information.

The judge allowed NCBA to intervene in the suit but has severely restricted their ability to challenge release of financial data on how the checkoff funds were expended. If we get the many pages of financial data, we are confident that there will be strong evidence of NCBA's abuse of the checkoff program and their working against the interests of checkoff payers.

It is my strong opinion that this cattle market crash was contrived! We had a couple of years of profits and were able to trade pickups and fix our fence. Beef was relatively high at retail but was being bought regularly by consumers. Everyone in the system was doing Okay.

The Packer/Retailer combined had temporarily lost control of things! So they implemented their well laid-out plan. First, making sure the Packers and Stockyards Act of 1921 (Producer

Protection Act) is not put back together through rulemaking; then repeal COOL for beef and pork; next, work through NCBA and their planted agents in USDA and relax rules on importing from foot and mouth disease infected regions; next double imports while keeping retail margins high so volume doesn't increase and allow the market to self-correct.

So how can we fix things? There surely is no silver bullet. One thing is crystal clear though; ~~~ we cannot continue giving NCBA \$50 million each year to use to frustrate every reform we undertake. So taking the beef checkoff contract away from NCBA is the first order of business.

Then we need to get cauliflower ears from phoning our representatives and senators and letting them know our positions on things. It is also critically important that we tell the world that NCBA and the other phony farm organizations do not speak for us or our interests.

We now have two choices; ***do nothing and go down the tubes and let Brazil become our residual beef supplier; or come together and try to fix things.***^{FS}



“... It is also critically important that we tell the world that NCBA and the other phony farm organizations do not speak for us or our interests.”

The foundation of the Organization for Competitive Markets is to reclaim competitive markets in agriculture for farmers, ranchers and rural communities. True competition reduces the need for economic regulation. Our mission, and our duty, is to define and advocate the proper role of government in the agricultural economy as a regulator and enforcer of rules necessary for markets that are fair, honest, accessible and competitive for all citizens.

Please visit our website at **competitivemarkets.com**





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***All donations to OCM are recognized by the
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