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the important issues

of the day. Our up-

in Omaha on Au-

gust 21st and 22nd

will certainly fit that

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the conference is the

corrupting corporate

influence on government, our courts and

and how this affects

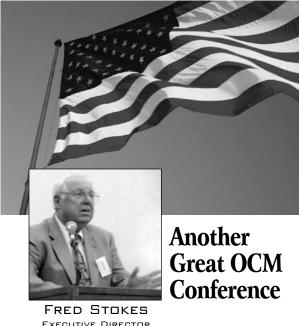
farmers, ranchers and

conference

institutions

coming

ORGANIZATION FOR COMPETITIVE MARKETS POST OFFICE BOX 6486 LINCOLN, NEBRASKA 68506 💻 www.competitivemarkets.com



EXECUTIVE DIRECTOR

We have just celebrated Independence Day with the usual exuberance and displays of national pride and patriotism. One hears a lot about patriotism these days; --- sometimes expressing the view that being against any government action is somehow unpatriotic. Mark Twain "patriotism is always supporting said: your country and supporting your government when it deserves it". I would contend that challenging flawed government policy and actions is true patriotism; --and that those misguided folks who put their narrow personal interests and money over the interests of their neighbor and their nation's future are the ones lacking in patriotism.

Over the ten years since its founding, OCM has developed a reputation for being a patriotic advocate for a fair marketplace and conducting hard-hitting conferour country at large. We have lined up an exceptional group of presenters to drive this message home.

other

Things begin at 2:00 PM on Thursday the 21st, with a special meeting to discuss the influence of massive speculation on the futures market. The futures market is potentially a valuable tool for farmers and ranchers to discover price and manage their risks. But, many feel (me included) that the futures have degenerated into something akin to a floating crap game. We are fortunate to have in attendance, Mike Masters, a distinguished financial consultant who has testified before several congressional committees on this subject. Mike takes the view that speculation by the large funds have distorted cash prices and threatened the usefulness of the futures market. Rick Keith of Producers Livestock Marketing Association will lead the discussions. We want to discuss the extent to which this market has become dysfunctional and how we might restore it once again as a useful tool.

Our main conference program begins on Friday the 22nd with a discussion on the recent farm bill by National Farmers Union President, Tom Buis. We made some progress in this farm bill but didn't get everything we wanted. Tom was deeply involved in the farm bill battle and will share some very interesting information. David Balton, a DC attorney, will discuss the implications of the JBS/Swift attempt to acquire Smithfield Beef and National Beef, further concentrating an already highly concentrated industry and

Please see STOKES on page 7



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# ocm



FROM OCM'S General Counsel

#### MICHAEL STUMD OCM'S OPPOSITION TO JBS MERGER GAINING TRACTION

We are on track to block or alter plans by JBS/Swift to become the new dominant beef packing firm in the U.S. On June 24, we won a crucial mini-victory. The Chairman of the Senate Antitrust Subcommittee, Herb Kohl, announced his opposition to the merger, sending a letter to the Department of Justice outlining his reasons. Without OCM, the acquisition would have a much easier time.

Just to recap, on March 4, 2008, JBS/ Swift announced its intention to buy National Beef and Smithfield Beef. These are the number three, four and five U.S. beef packing firms, respectively. Combined, the merged firm would eclipse Tyson and Cargill, the number one and two firms.

The result would mean three firms control the beef packing market. Three people, the head buyers from these companies, would set the national price. The added problem is Smithfield's Five Rivers Cattle Feeding Company, the nation's largest cattle producer, would be acquired by JBS. Smithfield sells its approximately two million cattle per year to other packers, because it owns no Great Plains packing plants, where its cattle are fed. Post-acquisition, the cattle become JBS' captive supply, taking 1.75 packing plant equivalents off the market for cattle buying purposes (one plant processes about 1.25 million cattle per year).

The basic case is this. The cattle market is only marginally competitive now. The acquisition will substantially lessen competition. The reasons are: (1) only three top tier buyers will remain; (2) the captive supply (Five Rivers) will enable market manipulation and price depression; and (3) cattle are perishable, needing to be sold within two weeks, which means feeders have little market power.

OCM's work has resulted in Senate hearings, Congressional and Senate letters, Chairman Kohl's letter, and several state attorneys general opposing the merger.

We are raising money to fight harder. Please ask your producer friends to join and support OCM. Where would we be without OCM's work?<sup>MS</sup>



### HELP OCM FIGHT FOR FAIR TRADE. JOIN TODAY.

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### 2008 OCM ANNUAL CONFERENCE: CELEBRATING A DECADE OF CREATING CHANGE IN AMERICAN AGRICULTURE

Come celebrate 10 years of progress toward an honest and fair marketplace for our farmers and ranchers.

#### THURSDAY AUGUST 21, 2008

2 pm-5 pm Speculation in the Commodity Markets

#### Speakers: Rick Keith (Producers Livestock Association) Michael Masters (Masters Capita Management)

On SATURDAY AUGUST 23, 2008, OCM will hold a membership meeting to elect officers and discuss other business matters. Please plan to attend for an important conversation about new opportunities regarding membership.

For more information, visit www.competitivemarkets.com or contact Fred Stokes at 601-527-2459 tfredstokes@hughes.net or Michael Stumo at 413.854.2580 or stumo@competitivemarkets.com.

#### FRIDAY AUGUST 22, 2008

DoubleTree Hotel - 1616 Dodge Street - Downtown Omaha, Nebraska Make your reservation today, call: 402.346.7600 - Registration: \$75

We hope you'll join us for engaging discussions on the Farm Bill, seed concentration, packing industry mergers, and international trade.

Guest speakers include: Pat Choate (Ross Perot's 1996 running mate) Charlie Blum (former U.S. Trade Negotiator) Tom White (Nebraska state senator) Robert Cassidy (former U.S. Trade Negotiator) Tom Buis (President of National Farmers Union) Richard Oswald (farmer, writer, MO state legislature candidate) David Balto (former Federal Trade Commission attorney)

OCM - Organization for Competitive Markets

2008 Food and Agriculture Conference – 10th Anniversary CELEBRATING A DECADE OF CREATING CHANGE IN AMERICAN AGRICULTURE

> August 22, 2008 - 8:30 AM Doubletree Hotel - Omaha Downtown, 1616 Dodge Street - Omaha, NE

Hotel Reservations - 402-346-7600 (ASK for the Organization for Competitive Markets BLOCK for Special \$93+Rate)

REGISTRATION FORM

Name(s):		
Company		
Address:		Phone/Fax:
City/State/Zip:	Ema	il:
Number attending - Special Meeting/Futures Mar See Fred Stokes article - July Newsletter for details (Thursday, August 21, 2007 – 2:00 PM)	ket Discussion (No Charge)	SEND PAYMENT TO: OCM P. O. 6486, Lincoln
Number attending the Conference @ \$75 (Friday, August 22, 2007 - 7:30-8:30 REG)	\$	Nebraska, 68502
Number attending Lunch @ \$25 (Friday, August 22, 2007)	\$	OCM's Annual Business Meeting will be held on Saturday morning, August 23,
Number attending Dinner Banquet @ \$35 (Featuring Ranch Foods Direct - Ribeyes)	\$	2008 - Registration 8:00 – 8:30 AM MTG following
Membership Dues	\$	the Convention at the DoubleTree Hotel.
Donation		Double free flotei.
TOTAL DUE:	\$	
Check#Cash		
TOTAL PAID	\$	

DAVID KRUSE PRESIDENT, COMSTOCK INVESTMENTS Copyright 2008@ CommStock Investments, Inc., David Kruse

Beef Magazine editor and ethanol opponent, Troy Marshall, headlined a recent article, "Ethanol Apologists Grow More Shrill," saying, "My frequent rants about ethanol's impacts on the cattle industry have gotten me added to the list for mailings from ethanol-industry apologists. It's interesting that as the opposition to the ethanol giveaways become louder, the claims of the ethanol apologists become more shrill."

I haven't noted anyone apologizing for ethanol. I sure haven't. I don't believe the ethanol industry has anything whatsoever to apologize about. I'm a cattleman with a substantial investment in the beef industry and I'm losing money just like everyone else feeding cattle is. I've been around long enough to know that while painful, it will work itself out. Consumers will pay more for meat but they were going to pay more for meat anyway. Ethanol is only an indirect small part of the reason why. Ethanol actually means consumers will pay less overall.

Energy costs far outweigh the impact from corn on food prices. Ethanol reduces energy costs far more than high corn prices raise food costs. The consumer is paying more for food but less for fuel because of ethanol. The net of the two is less cost than they would have otherwise without ethanol adding to U.S. refinery capacity and adding to aggregate fuel supply equal to oil imports from Nigeria.

Troy Marshall type NCBA spokesmen

like to bring up ethanol subsides. NCBA/ Marshall criticism of ethanol subsidies is grossly hypocritical. Their complaint really is that they aren't being subsidized anymore by cheap corn. The Farm program and farm subsidies sustained overproduction and burdensome stocks resulting in corn prices below the cost of production for feedlots. The cattlemen Troy Marshall fronts for, were indirectly subsidized by many farm bills with cheap feed. They grew the industry in the southern plains on those corn subsidies. They didn't complain about the subsidies then. America and the American consumer is better off with ethanol and ethanol subsidies than they would be in an economy without them. Ethanol eliminates most farm subsidies. A third of every bushel of corn utilized to produce ethanol comes back as distiller's grain, a valuable feedstock to our feedlots.

The beef industry will adjust to market priced unsubsidized corn. What they resist is change. I believe Troy Marshall opposed COOL, opposed private BSE testing, and ethanol, so he has been consistently wrong about a lot of things. COOL is coming. Failure to test animals for BSE has been the core reason for our failure to regain access to Asian beef markets. Ethanol lowers the net of consumer food/fuel costs. Were those statements shrill? I didn't mean them to be. I think what Marshall was interpreting as a shrill response was the ethanol industry's frustration and anger to all the misinformation and lies about ethanol and biofuel being told to U.S. consumers by ethanol opponents, big oil and big cattle. The ethanol industry isn't apologizing for anything because it hasn't got anything to apologize for.

I doubt Marshall will apologize for all the lies ethanol opponents have spread either. I don't think we are going to agree on this one. The country, U.S. agriculture, and the American consumer are much better off because the ethanol industry was subsidized. Those subsidies have been put to much better use benefiting the country and agriculture than the subsidies before given to sustain burdensome stocks of cheap feed for NCBA ethanol opponents.

If Marshall was really worried about beef producers, you'd think that he would tear into the JBS Swift acquisition. Big cattle interests favor integration, industry concentration and avoiding competitive cash cattle markets and whatever big cattle interests want, I expect to see Marshall fronting for them.

Yeah, maybe that is a little shrill, but he's had it coming for a long time. DK

David Kruse is president of CommStock Investments, Inc. author and producer of The CommStock Report, an ag commentary and market analysis available daily by radio and by subscription on DTN/FarmDayta and the Internet. CommStock Investments is a registered CTA, as well as an introducing brokerage. (Futures Trading involves risk. Past performance is not indicative of future performance.) CommStock Investments, Inc., 207 Main St., Royal, IA, 712-933-9400, www.thecommstockreport.com, E-mail to: csreport@ncn.net.



### Monsanto's Purchasing Spree Continues

Like many industries, buyouts aren't uncommon in the agricultural sector. But Monsanto's aggressive acquisition of seeds of all kinds – the most fundamental component of our food – is troubling given the company's sordid history and desire to control as much of our food and fiber as possible.

Between 1996 and 1998, Monsanto bought out or developed a relationship with the largest domestic and international seed companies in the world, including DeKalb Genetics, the number two corn seed company. Only a few major seed companies have survived these buyouts in the last decade.

Monsanto set its eyes on the fiber market around this time as well through a \$1.5 billion deal to purchase Delta and Pine Land, the nation's largest cotton seed company. The deal fell through in 1998 under anti-trust scrutiny only to resurface and escape regulatory hurdles in 2006, giving Monsanto control of 90 percent of the transgenic cotton seed market. (And did I mention that Delta and Pine Land came with about 30 of its own subsidiaries?)

Now Monsanto is on another purchasing spree. The company announced in July that it acquired Marmot, S.A., owner of Semillas Cristiani Burkard (SCB), the leading Central American seed corn company. SCB specializes in hybrid corn seed and also produces sorghum, soybeans, and pasture seed. Monsanto's control of seed in the region will rapidly expand where SBC already has a market presence: twelve countries throughout North, Central and South America and the Caribbean, including more than 900 dealers in Central America alone.

#### BY KRISTINA HUBBARD

This purchase came just days after it finalized its purchase of De Ruiter Seeds, a Netherlands-based company that supplies vegetable seeds to the greenhouse industry (the fastest growing sector in the vegetable industry, according to Monsanto). After \$860 million passes hands, De Ruiter's genetic resources and breeding programs will be added to the Monsanto Empire.

Although Monsanto is known mostly for its soybean, corn, and cotton seed technologies, the purchase of this vegetable seed company is not surprising. Monsanto's 2005 purchase of Seminis, the largest fruit and vegetable seed company, provided it instant control over more than 30 percent of the North American vegetable seed market; more than 20 percent of the world's tomato seed market; and more than 30 percent of the global hot pepper seed market. With Seminis and De Ruiter bolstering Monsanto's revenue, the company could see future vegetable sales in the upwards of \$750 million. That's 25 percent of the \$3 billion global market.

To be sure, a lot of fruit and vegetable research will be influenced under Monsanto's ownership. The effect of Monsanto's market power will extend to popular vegetable varieties and even reach backyard gardeners.

In addition to its prolific buy-outs, Monsanto maintains unprecedented control of crop seeds and genetics through partnerships with other leading biotech firms, such as a recent agreement with Germany-based BASF.

The two companies announced an exclusive agreement for a new fungicide seed treatment, part of a \$1.5 billion joint effort to develop high-yielding and condition-resistant crops.

The problem? Monsanto will have exclusive rights to commercialize the new fungicide in soybeans. The more exclusive licensing proliferates, the harder it is for farmers to access new technologies in local seed varieties at competitive prices.

OCI

Monsanto says these acquisitions and exclusive agreements will result in expanded seed options for farmers. We know better. These buy-outs have resulted in unprecedented concentration in the seed marketplace, resulting in less choice and higher seed prices for farmers. The only expansion we'll see is in Monsanto's bottom line.

#### 



## History of Seed Competition

#### BY MATTHEW DILLON

n last month's article I gave a brief sketch of seed systems in the US prior to the 20th century. This "debtor" period in plant genetics began to change in the late 1800s with the success of government

programs to collect, increase, improve and distribute seed. Two important factors in the early 1900s quickly altered our seed systems, particularly in the area of seed corn. The first was the rediscovery of Gregor Mendel's writings on genetic inheritance. A number of early geneticists, such as George Shull, inadvertently discovered what is today known as hybrid vigor while conducting Mendellian experiments on inbreeding and inheritance. This work directly influenced Henry A. Wallace, who began inbreeding and crossbreeding corn in 1913. Wallace's first hybrid, Copper Cross went commercial in 1923, selling for what was an astounding \$1/lb, and the seed industry was never the same.

Hybridization brought with it a mechanism for quickly placing desirable traits in a variety, as well as broke a commercial barrier by allowing companies control over their product. Seed would quickly go from being an internal input (produced on-farm) to an external input that they repurchased each year. In 1923 most farmers still produced their own corn seed. Competition was minimal as customers saw little product differentiation and saw little benefit from purchased seed over saved seed. The hybrid revolution changed that in a little over a decade, with an estimate 70% of Corn Belt farmers adapting hybrid corn by 1945. The corn sold itself, with increased innovation and competition resulting in varieties that were specifically adapted to diverse microclimates and needs.

Plant breeders and geneticists often term the 1950s as a classical golden age in plant breeding, with both university and private sector breeding efforts thriving. Hundreds of field seed companies arose to deliver region specific products to farmers, increasing farmer choice in hybrid field corn. One of the main reasons that innovation increased was that competing breeders used each other's material. When a company released a new successful hybrid other commercial breeders would purchase and plant that seed, and over several generations saved desired traits to move into their own materials.

This sharing of material was an essential component in continuing to improve the overall base platform of corn genetics. US plant variety protection laws allowed companies to have proprietary control over their product and prevented others from simply reselling a pirated variety under a different name, but did not prevent breeders from saving seed for research purposes. This quickly changed when the Supreme Court upheld decisions allowing the use of utility patents as an intellectual property protection tool in plants. This decision by the courts prevented competing breeders from working with genetic material that had been granted a utility patent. In corn this meant that a breeder could

know longer save seed and derive traits and new breeding lines from a competitors material. This was good news to the seed business, and the courts decision resulted in a free-for-all of acquisitions and mergers that has continued to this day. It has also prevented farmers from brown bagging seed to adapt it to their own conditions (important especially in beans, wheat, and canola).

A free market depends on some form of compensation and protection for an individuals or company's investment. But there are forms of protection that can throw a wrench in the gears of innovation. A charting of concentration in the seed industry follows along parallel lines with the development and increased application of utility patents. This is an unavoidable and clear fact, and one that should be analyzed in great detail so that we as a country might reconsider the applications of patents in our agricultural seed systems. The evidence of the last 50 years shows that innovation and competition thrived during the more open system of plant variety protection law, and that companies such as Monsanto entered into the seed market only when utility patent laws came into play. As we move forward in our seed concentration project we will work with coalition partners to get a better understanding of how patents and the loss of brown bag provisions for farmers and researchers has also hindered competition and choice in the seed industry.<sup>MD</sup>



STOKES (continued from page 1)

making this Brazilian company king of the mountain.

Pat Choate, economist and former Vice Presidential running mate with Ross Perot, will have some intriguing words for us on the perils of globalization and will discuss his new book. This book, "Dangerous Business: The Risks of Globalization for America" lays bare the treat our trade policy and globalization poses to our national interests.

Nebraska Senator Tom White will be our luncheon speaker and share with us his views concerning the hijacking of our government by corporate interests. Robert Cassidy, will discuss his misgivings concerning trade with China. Mr. Cassidy was the former U. S. Assistant Trade Negotiator for Asia and was the principal negotiator for the landmark market access agreement that led to China's accession to the World Trade Organization (WTO). He now has some misgivings about our trade policy, especially as it concerns China.

Michael Stumo will lead a discussion of a new OCM project concerning concentration and unfair trade practices in the crop seed and genetics industry and how they are limiting farmers' access to, and choice of, modern varieties at competitive prices. Participating in the discussion will be Kristina Hubbard and Matthew Dillon who will staff the project. Richard Oswald, OCM Board Member, writer and Missouri farmer will discuss the impact of this year's weather on agriculture in the mid-West.

The banquet that evening will feature Charles Blum of the DC based International Advisory Services who will deliver our keynote address. Charlie will talk

on the diverging interest of business and our nation and the threat posed the overpowering influence of transnational business. The banquet meal will feature some very special steaks from Mike Callicrate's Ranch Foods Direct. We will be entertained by music by the Stumo Family.

All in all, this conference is shaping up to be the best ever. We always hope that attendees will not just find the conference and meetings interesting but will be inspired to act in ways that make things better. While America is still the preeminent economic and military power on earth, that position is clearly threatened by current trends. I am one of those maligned citizens that believe that America is in a state of decline. Call me Chicken Little, but I see a dark cloud over family agriculture, our country and the future for our kids and grandkids. However, I believe that we are a resourceful and resilient people and that we can redeem ourselves. We are blessed to live in a land where we can participate in the decision making. It is past time to come out of our complacency and collective push to redirect the course we are currently on.

Join us in Omaha at the Double Tree Inn on August 21st and 22nd and learn how you can play a constructive role in making a better future for our country our posterity.FS



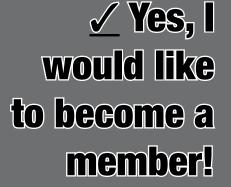
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