

One of the distinguishing aspects of OCM is that over the years we have avoided being politically labeled. From time to time, the Packer Lack-

is pleased with the selections for key staff and agency heads.

We are especially pleased with J. Dudley Butler being confirmed to



## Putting Politics Aside and Making Hay

BY FRED STOKES, EXECUTIVE DIRECTOR

eys have referred to us as “liberals” (which is a pejorative time here in the Deep South). But, unlike many non-profits, we’re not generally seen as either Republican or Democrat in our leanings. While many of our directors and members are active in the major political parties, OCM has remained focused on its mission — competitive markets. I say all this because I want it clearly understood that what follows has nothing to do with partisan politics. I am not competent to say much about our national economic situation, but I do have some credentials and background regarding agricultural market issues — and I am elated at what I see these days!

Tom Vilsack, secretary of Agriculture, seems to have transformed USDA from a captive to the folks it was supposed to regulate, returning it to being the “The People’s Department.” OCM

head GIPSA, an agency of considerable importance to livestock producers. One can expect Butler to be a far cry from JoAnn Waterfield, who rather than enforcing the Packers and Stockyards Act of 1921, actively blocked enforcement and used deceptive record keeping to give the impression of vigorous enforcement.

Christine Varney, assistant attorney general for Antitrust, seems to be a Teddy Roosevelt resurrected in a skirt! She has announced a new day and a new standard for applying our body of antitrust law, especially Section 2 of the Sherman Act, which deals with single firm market share. For many years, OCM has decried the endless stream of rubber-stamped agribusiness mergers and the intense market concentration. We are very hopeful

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## Testifying For Animal ID

BY RICHARD OSWALD

I would like to thank USDA and NAIS for the opportunity to testify against animal ID at all the listening sessions held across the country.

I’d like to thank them, but I won’t.

In order to attend the listening session in Jefferson City on June 9th, I’ll have to leave home no later than four in the morning. Instead, I’ll drive down the night before and pay for a hotel room just so I can be rested for the meeting and for the drive back home that night.

I’ll drive nearly 600 miles in my farm pickup, spend almost 10 hours on the road and buy 40 gallons of fuel at about \$2.35 per gallon. I’ll eat 4 meals away from home. I and many others like me will pay our own way and lose work time on the farm, just so we can testify against mandatory animal ID.

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*Folks, this is our chance to fix things that we have struggled with for years.*





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that the Antitrust Division of the Department of Justice will now address the market power abuse that has systematically shortchanged farmers and ranchers.

Word is that the Federal Trade Commission also is poised to be aggressive in bringing competition to the marketplace. *These are all very positive signs!*

On August 7, OCM will hold its annual conference at the St. Louis Westin Hotel in St. Louis and will hold its membership business meeting on August 8. The conference, "Confronting the Threats to Market Competition", features a distinguished cast of presenters. David Domina, founding OCM member and lead Counsel for the plaintiffs in *Picket v. Tyson* will be our keynote speaker and Bert Foer, president of the American Antitrust Institute, will speak at the luncheon. Program presenters include Bill Hefernan, University of Missouri; Mary Hendrickson, University of Missouri; Robert Taylor, Auburn University; Peter Carstensen, University of Wisconsin; Kile Steigert, University of Wisconsin; Diana Moss, American Antitrust Institute and Gregory Gundlach, University of North Florida. J. Dudley Butler, Administrator of USDA GIPSA and Bart Chilton, Commissioner, Commodity Futures

Trading Commission have confirmed their attendance and will address the conference.

We have invited other prominent officials from USDA, DOJ, CFTC and FTC and are optimistic that they will attend. Check the OCM website ([www.competitivemarkets.com](http://www.competitivemarkets.com)) periodically for current information and the conference agenda.

This year, we have taken measures to encourage attendance. We will have a single \$50 fee to cover registration, the luncheon and banquet and a sightseeing tour of St. Louis for accompanying spouses. We have obtained a special room rate of \$109 for those who make reservations by July 16. Call today and reserve one of the OCM block of rooms (1-800-937-8461 or 314-552-5806). Please let us know if you plan to attend so that we can have a ballpark headcount for the luncheon and banquet.

Folks, this is our chance to fix things that we have struggled with for years. We will have officials there who can help make the marketplace a fair game. With our program, we will make our case, but we need you to be there as part of a sizable audience that asks the right questions and makes the right comments. It is important that we demonstrate a high level of concern to be credible. Please do your part and join us in St. Louis on August 7.<sup>FS</sup>

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## IT'S NOT RIGHT VERSUS LEFT BY RANDY STEVENSON



There is a majority of people who tend to see the debate about livestock market reform as an ideologically based debate. They think that liberals want reform and conservatives want things to stay as they are. It is true that this perspective afflicts not only conservatives, but also liberals. This is not a right versus left debate.

**Free markets do not develop in a vacuum any more than free governments do. Anarchy leads to tyranny. The absence of antitrust enforcement leads to monopoly or oligopoly.**

The Organization for Competitive Markets (OCM), is a national organization dedicated to work toward making and keeping agriculture markets competitive. OCM is made up of a mix of people from various backgrounds who may disagree on anything else, but agree on the need for competitive markets. We have liberals and conservatives and while we are focused on our mission, we are compatible.

Livestock market reform has been supported by Wyoming's entire Congressional delegation for a number of years. Senator Enzi began working on captive supply issues at least ten years ago. Former members Senator Craig Thomas, now deceased, and Barbara Cubin, now retired, sponsored or co-sponsored market reform bills. Newer member Senator John Barrasso and Congresswoman Cynthia Lummis are also on board. These are all conservative Republicans without exception. However, there are many conservatives who take the opposite position on antitrust issues.

Since I call myself a conservative, I think I am well within my right to take the liberty to criticize those who call themselves conservative, but who do not support competitive market causes. My major complaint with most conservatives when it comes to economic issues is that they take a view that is not conservative, but libertarian. Libertarian economics is based on the philosophy of Ayn Rand, an atheistic anti-communist. Unfortunately, being against something doesn't make you right. Rand's key failure, shared by modern economic libertarians, many of whom call themselves conservative, is the utter failure to understand human nature.

Alexander Hamilton observed that, "A fondness for power is implanted, in most men, and it is natural to abuse

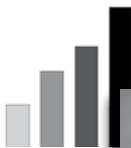
it, when acquired." The founders of our country, all of whom agreed with Hamilton on this point, structured the federal government with divisions of power in order to accommodate this human failing and to prevent the abuse of power they were certain would occur if the authority of individuals in government were not limited. Most conservatives recognize this necessity in terms of limiting the power of government, but somehow fail to realize that the same human frailty prevails in the private world as well. A person who leaves the world of government and takes a job in the private sector, takes his human nature with him. Abuse of power is not limited to government officials and employees. Reform minded leaders of the late 19th and early 20th centuries recognized that. That's why they instituted antitrust laws.

Antitrust laws did for private enterprise what the Constitution did for government. They limited the power of certain human beings who would be naturally inclined to abuse it when they acquired it.

There are two sources of inappropriate power in private enterprise, dishonesty and market power. The remedy for these two is the enforcement of honesty and competition. It is the appropriate role of government to do so. What the government does in these areas is generally referred to as "regulation." Senator Charles Grassley (R-IA) recently stated that he did not consider antitrust laws to be regulation. He said "I consider them being a referee in the free market system to make sure that there's competition, so we don't need government regulation." While Grassley's definition may not stand up to strict dictionary scrutiny, the fact is that there is a difference

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**DAVID KRUSE**

PRESIDENT, COMSTOCK INVESTMENTS

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Theodore Roosevelt holds a special place among Presidents to members of OCM. The man behind me on the escalator as I moved between terminals at O'Hare airport in Chicago, noted my hat with U.S.S. Theodore Roosevelt printed on the crown and called out to ask me if I had been on "The Big Stick." Theodore Roosevelt advised to speak softly and carry a big stick as diplomacy. The U.S.S. Theodore Roosevelt is the blunt end of that admonition.

I immediately recognized the man behind the question on the escalator, answering him that my wife and I were traveling to Norfolk, Virginia to board the aircraft carrier the next day. I explained that I was a member of the Theodore Roosevelt Association, which among other things, supports the crew of the ship, and that the captain of the Roosevelt had invited the Association members to join the family cruise. He told me that he too was a TRA member. I was being addressed by CARL ROVE!

I think that I'm more like T.R. when it comes to politics than is Rove. T.R. thought government had important roles to play and crossed swords with the do nothing small government conservative wing of the Republican Party. Roosevelt last ran as an independent for President, forming the Progressive Bull Moose party. He and Republican Taft lost. The Democrats won. History is repeating itself. Republicans can't win without the T.R. progressive moderates.

The U.S.S. Theodore Roosevelt recently completed an eight month tour of duty in the North Arabian Sea, providing close in air support to U.S. ground forces in Afghanistan and Pakistan. The ship's Captain, Ladd Wheeler, addressed the Theodore Roosevelt

Association banquet the night before the cruise, telling us they had reduced the response time from when a call for air support is made until delivered to 5 minutes. He assured us that more American personnel were coming home safely as a direct result of the Roosevelt and that a lot of Taliban were not.

When a carrier comes back from an extended tour of duty, the U.S. Navy hosts a family cruise where the crew can invite family members aboard for a day at sea to experience their life on board ship. Approximately 800 TRA members were invited to join the crew as part of their family. We met Seaman Nancy from Buffalo, New York. She was part of the catapult crew and had done two extended tours of duty on the U.S.S. Theodore Roosevelt and one on the U.S.S. Eisenhower. She told us that the ship's crew was about 3,000, including 800-1,000 women. With their full air wing aboard, Navy Seals and full contingent, the ship's population could exceed 5,000.

The Roosevelt had disembarked its air wing, unloaded its jet fuel and munitions and it had lightened the ship enough that it had risen 4 1/2 feet in the water. We boarded the ship at dawn and watched it cast off as the crew hosted breakfast in the hanger bay, which had been turned into a huge mess hall complete with bands and festivities for the children. They served food all day long. We were free to explore the ship. Crew members acting as guides took small groups throughout the vessel. I got to meet Seaman Capps from Indianola, Iowa in the air traffic control center. He expects to be a Chief soon. He explained how they track nearby aircraft and pointed out aircraft to us on the radar screen. He keeps the fighters 1 1/2 miles apart. I asked him about deploying Seal teams and he said that they tracked them but the teams don't squawk a signal. They come and go anonymously.

I got to meet LT. JRG Lovell on the Bridge. He was also from Indianola, Iowa, so Indianola is certainly doing its share, providing crew to the Roosevelt. He showed us how we were making 19 knots. He said the ship could cruise at over 30 knots and could pull skiers, although no one had tried it. Its top speed, cited as being "over 30 knots," was

being kept a secret. He said we would cruise out nearly 100 miles from Norfolk that day. We had a Coast Guard escort.

The highlight of the day was gathering with nearly 3000 people on the flight deck on bleachers as an F18 Super Hornet was recovered and then shot off the deck right in front of our eyes. Planes don't land on a carrier as much as they are literally captured from the air. We had been given a tour of both the flight arresting and catapult systems and it was amazing to see how smoothly they operated. I was surprised at how hot the fighter landed ... literally right on top of us. He had to stay hot because if he had missed the arresting cable, he had to keep going. I was not 20 yards behind a yellow caution tape and the fighter's wingtip as it wrenched to a stop. No hats can be worn for fear of getting sucked into the engines and the jet blast fumes set the mood.

The Hornet turned around, taxied to the catapult, not 40 yards away, hooked up, they raised the blast deflector and after a short equipment check, the catapult crew signaled to launch and he was shot off the deck, reaching 150 mph in two seconds. He banked away from the ship, landing from the stern and was shot off 8 times before breaking the sound barrier as he departed for the base at the Norfolk Naval Air Station.

The U.S.S. Theodore Roosevelt was commissioned in 1986, went back into drydock for a year in the late 90's. The T.R. has launched combat missions on every tour of duty so that the captain said that members of Congress track its location because it tells them where the next fight was going to be.

The sister carrier George H.W. Bush was also in port, moored next to the Roosevelt. Captain Wheeler said the Roosevelt was rustier than the George H.W. Bush, but the George H.W. Bush "hadn't done anything." OCM members might see some larger irony in that. This family cruise was the last day at sea for the Roosevelt as it was again going into drydock for a complete refitting and would be relaunched in 2012.

My wife and I very much thank Capt. Ladd Wheeler, the crew of the Theodore Roosevelt and the U.S. Navy for the astounding experience of joining them for a day at sea and display of naval air power. Theodore Roosevelt would be very proud of the naval legacy he left behind. As a member of TRA, I'm very proud to support his ship and crew.<sup>DK</sup>

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OSWALD (continued from page 1)

I'd like to thank USDA, whose employees were paid not only their usual salaries to hold the listening session, but per diem and travel expenses, to say nothing of the employees of the corporate proponents of animal ID who are probably reimbursed at least as well, who probably ate a Kansas City strip for dinner last night because they were on the company tab. I wish I could feel gratitude simply for being included, but what I really feel is that regardless of the outcome, I have been robbed.

I was robbed of time with my family, of work, of miles on my farm truck which will wear out way too soon as it is, and of all the money I'll spend just to get there and back when I would rather not have spent it (at least not like that) at all.

The whole time farmers and ranchers are working to do our job we are subjected to a propaganda campaign with the outrageous message that the same folks who give us salmonella infected

food and 10,000 head livestock confinements are more efficient than family farms of a smaller size. We give CAFOs hundreds of thousands of dollars worth of tax credits and EQIP grants to help them deal with floods of manure created purely by their own excess. We allow big packers and processors to be self inspected because government inspection is too cumbersome to cope with. We watch as millions of pounds of contaminated beef are recalled even though most is already consumed before the results of testing, or numbers of sickened consumers, are known. We accept imports of food that we know are contaminated with antibiotics and illegal, even poison, additives, all in the name of "free trade", and we rely on watch dog groups to keep us advised of the facts about that because our government says that un-enforced 'guidelines' and 'treaties' are enough.

When big retailers book huge profits from meat grown at a loss on American farms there are no hearings or listening sessions about the reasons for such a disparity between the price farmers receive versus that which consumers pay. We act as though hiding livestock inventories in unreportable places across foreign borders or behind contractual agreements is a right of big business and has no impact on markets.

When disease originates outside the US and comes here, we are told that we must reveal in the most exacting of ways what livestock we have and where they are daily even though ours are not the livestock causing the concerns in the first place. An imported or CAFO raised animal wouldn't be subject to individual animal ID like ours, because it'd come from farms so large that they'd have just one number for thousands of head, or maybe no number at all.

We are told we mustn't do anything to harm efficiencies of scale--or profits.

Yet, when small farmers and ranchers can no longer sustain their families through honest labor, there are no coast to coast listening sessions to inquire why profits disappeared even though there are more, hungry world consumers than ever before.

We already know the answer even without government 'fact finding'.

After months, even years of hearing first that animal ID would be good for markets, then that it was needed to protect against terrorism, next that it would control food contamination, and now that we need it to prevent disease, I am exhausted by unending propaganda and unlimited excuse.

We independent farmers and ranchers have told our government repeatedly that this is bad. When a country like the United States can leak via the internet the locations of more than 260 of its nuclear assets, it can never hope to keep the location and numbers of RFIDed farm animals across this broad nation a secret from big agribusiness, some of which is based in foreign lands. Especially when those records are stored by an agency equipped with too many revolving doors connecting the two.

I'd like to thank USDA, but what they propose won't make livestock healthy, it won't create more competition in the marketplace, it won't keep America safer, and it won't improve my profits. I'd like to thank USDA, but what their plan offers to do is increase my costs, wrap me in red tape, and make it impossible for me to earn a living producing food while it grants control of that production to corporate giants.

So I'll save my thanks for when they go back to being government for the people, and finally restore my right to do honorable work for a free nation.<sup>RO</sup>

When big retailers book huge profits from meat grown at a loss on American farms there are no hearings or listening sessions about the reasons for such a disparity between the price farmers receive versus that which consumers pay.



STEVENSON (continued  
from page 3)

between antitrust legislation and other kinds of governmental regulations. Antitrust laws are the economic equivalent of the divisions of powers written into the Constitution. Both are a reflection of structures necessitated by human nature.

The primary author of the Constitution, James Madison, explained the division of power in the Constitution in Federalist 51, "This policy of supplying, by opposite and rival interests, the defect of better motives, might be traced through the whole system of human affairs, private as well as public. We see it particularly displayed in all the subordinate distributions of power, where the constant aim is to divide and arrange the several offices in such a manner as that each may be a check on the other." Note that he observed this division of power "through the whole system of human affairs, private as well as public." Antitrust laws enshrined this approach into our legal system so that, like Constitutional limits on political power, economic power would also be limited. The same human fondness for power necessitates both; else, we would lose our freedom and our free market.

An athletic contest can illustrate the elements necessary for a free market. There are three essentials, a balance of power, appropriate rules, and consistent enforcement of the rules. These three elements exist in most professional sports. The National Football League demonstrates it well. A system of parity makes sure that the championship team gets the last pick in the draft. There is a balance of power maintained by rule, and it works well.

In a football game there are appropriate rules. All of the rules are laid out

to assure competitiveness. No player may deliberately injure a player from the other team in order to gain a competitive advantage. If he does, he is severely penalized.

The rules must also be properly enforced. The effect of the failure to enforce consistently is that it affects the outcome of the game. Referees are not supposed to do that. They are supposed to impartial arbiters. In socialism, the government picks winners and losers. Under antitrust law, properly enforced, power is limited so that all enter the market on an equal footing, just like in a stock exchange. There is no market power exerted by any participant.

A study contracted by GIPSA and released in early 2007 indicates that there is a problem of market access in the livestock market. Market access is the right to participate in bids and offers. It provides no guarantee of price. The study also says that some producers take a discount on their sale price in order to gain market access. That is a clear exercise of market power on the part of meatpackers. It has no place in a free market. When someone has to pay just for the right to participate, the market isn't free.

But packers aren't the only big players that affect cattle producers. Not many years ago it became a practice of giant retailers to insist on long-term fixed price contracts with packers. Possessing even more market power than the packers, these retailers could insist and the packers would have to comply. The problem with long-term fixed price contracts in a commodity like beef is that it disrupts the supply/demand signals from the consumer to the producer. It has the same effect as the Nixon era government price controls did. Price controls, whether imposed by the government or a powerful player in

the market, have two significant detrimental effects. One, there is no "trickle down." Trickle down is a feature unique to a free and competitive market. When there is no trickle down, you can be assured that the market is broken. Two, in response to disrupted supply/demand signals the underlying commodity cycle will no longer operate. Most producers are familiar with commodity cycles. When a commodity cycle disappears, it is an indication of a broken market.

Free markets do not develop in a vacuum any more than free governments do. Anarchy leads to tyranny. The absence of antitrust enforcement leads to monopoly or oligopoly. Either the government or the private sector can damage market integrity. Conservatives tend to recognize one while liberals tend to recognize the other. The market requires limitations in both areas, and a clear understanding of the role of each. The government must be the impartial referee. No competitive game has ever been self-refereed.<sup>RS</sup>

## ***MARK YOUR CALENDARS!***

**Organization for  
Competitive Markets**

**ANNUAL CONVENTION  
August 7, 2009**

**MEMBERSHIP MEETING  
August 8, 2009**

**St. Louis, Missouri  
See registration form on page 7**





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(Friday, August 7, 2009)

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OCM's Annual Business Meeting will be held on  
Saturday morning, August 8, 2009 - Registration 8:00 – 8:30 AM MTG  
following the Convention at the Westin St. Louis Hotel.

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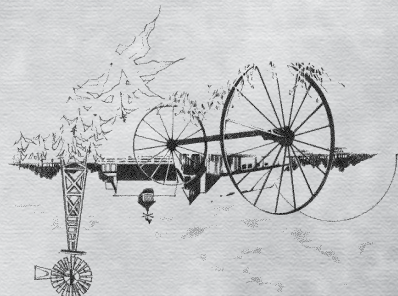
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