



Agriculture giants Bayer, Monsanto merging could ruin American farmers

By John W. Boyd, Jr and Mike Weaver



Earlier this year, we planted our crops — soybeans, corn, and wheat — and began feeding our spring chickens. Farmers like us have been doing this for generations.

But next year, when we turn to our

spring tasks again, the entire farming economy will have shifted under our feet as a

result of a merger wave currently underway among the world's agricultural giants. They produce the chemicals and seeds our businesses need.

Make no mistake – farming families and communities across the nation will pay the price for these giant mergers, as profits and incomes continue to drop at alarming rates.

When they are done, the market will be dominated by two large and two smaller companies

— spelling disaster for American farmers and consumers who will see food costs go

up and innovation decline.

This series of multi-billion dollar agriculture mergers will have deeply worrisome effects in the United States. Monsanto is set to merge with Bayer in a \$66 billion deal, meanwhile Dow Chemical and DuPont Chemical are merging to create a \$130 billion company. ChemChina recently bought Syngenta for \$43 billion. The Department of Justice is in the midst of reviewing the first two mergers, and the Federal Trade Commission approved the third earlier this year.

These mega-mergers are happening with barely a murmur of concern from elected officials in Washington. The Senate Judiciary Committee held a single, brief hearing regarding the mergers last year before the presidential election, and only a few

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LAST CALL

ATTENTION OCM MEMBERS, DONORS AND SUPPORTERS

We will soon be transitioning to an electronic newsletter sent to our members by email. If you are now receiving the newsletter by mail, and want to continue to receive it by mail, please send the following form to us and we will continue to mail it to you.

If we don't receive this form, the OCM newsletter will be sent to you by email. If you already sent in this form, there is no need to do so again.

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Exploring the “My” in My Beef Checkoff



By **Vaughn Meyer**

In 1984, U.S. cattle producers voted to establish the Beef Checkoff Program as a means to promote their own

product, U.S. beef. From the very beginning the beef checkoff was touted as a producer self-help program financed by all producers through a dollar per head assessment on every animal sold.

From the very beginning cattle producers began questioning the underlying motive of their checkoff. It soon became apparent that importers, retailers and packers got the upper hand in drafting the Act and Order (the enabling legislation under which our checkoff operates) with the elimination of the words “U.S. beef” in favor of generic imported beef.

In contrast to our suspicions, the early beef checkoff years were great with millions of revenue collections when the dollar still had value and Matthew McConaughey gave us that industry recognition with “Beef. It’s What’s for Dinner.” In fact, revenues were so productive that in 1996 the packing industry wanted to get their foot further in the door with a proposed merger with the main checkoff contractor, the National Cattlemen’s Association (NCA). It appeared to be the perfect marriage to prevent duplication of programs, so as producers we stood by and watched the formation of the National Cattlemen’s Beef Association (NCBA).

The NCBA soon became the largest contractor or the “right arm” of the Cattlemen’s Beef Board (CBB). In the 2017 fiscal budget, NCBA was awarded authorization requests (ARs) totaling over \$42 million, or about 98% of CBB’s total budget. The im-

plementation fees for NCBA’s ARs are over \$13 million, or 40.6% of the total checkoff funds awarded to NCBA.

One of NCBA’s past contracts with CBB assisted in the development of the My Beef Checkoff website (mybeefcheckoff.com) which primarily provides producer information in addition to consumer nutrition information.

Underscoring its domain name gives cattlemen that warm and proud feeling of ownership of their checkoff. The word “My” gives reassurance to the Act and Order reference of a producer self-help program financed by producers.

But wait a minute! Didn’t the USDA claim the word “My” with the Judge Richard Cebull ruling in the 2005 U.S. District Court case, *Charter vs. USDA*? Didn’t our government claim checkoff ownership under the declaration of “government speech”? Didn’t this government speech ruling set precedence for later rulings that the checkoff is a mandatory tax?

Well, despite government claims, cattlemen can rest assured there is currently no real governmental ownership of their My Beef Checkoff. On the other hand, cattlemen are not synonymous with “My” either. The results of a four-year-old Freedom of Information Act (FOIA) suit filed by the Organization for Competitive Markets (OCM) show the title of My Beef Checkoff really belongs to the NCBA. That’s right NCBA, like the Christmas Grinch, has stolen the cattlemen’s “My Beef Checkoff.”

In 2011, OCM filed the suit on behalf of cattlemen to disclose contractor checkoff abuses. In September 2016, the judge granted checkoff contractor NCBA an intervenor status in the lawsuit. In March 2017, the judge ordered NCBA to turn over records or show cause for redacted information. On March 31, 2017, NCBA and co-conspirator, USDA, released 175 pages of the 12,375 pages, thereby choosing secrecy rather than transparency. USDA

is claiming checkoff audit documents are confidential. USDA and NCBA are withholding over 98.5% of federal Beef Checkoff Program spending records from the cattle producers’ Beef Checkoff Program as established under the Beef Promotion Act and Order of 1984.

NCBA, the primary CBB contractor, is depriving cattlemen the right to gain access to how their tax dollars are spent. Among the reasons USDA is giving for its claim of confidentiality is that if the records are disclosed, other organizations could underbid NCBA for checkoff contracts, insinuating that NCBA is not giving producers the best bargain for their checkoff dollars.

NCBA’s anti-competition claim is as fictitious as their mythical firewall in that NCBA is the creator of all their Authorization Requests which are never disclosed to other organizations through a CBB bidding process. During my six years serving on the CBB I have never once seen CBB singlehandedly develop contractor projects and engage in a bidding format. In accordance with past judicial rulings which decipher the Beef Checkoff as government speech and tax, the omission of contractor competition within the Beef Promotion Act and Order questions the validity of its origin?

There was also the claim by NCBA that much of the redacted information from the records released was proprietary in nature. This is an absurd comment as all records are property of those who pay the support of the checkoff program.

In conclusion, the latest FOIA battle has confirmed producer claims that NCBA, our checkoff primary contractor and their packer, retailer and processor allies, have sabotaged the Beef Checkoff and possibly are holding in secrecy incriminating information relating to contractor abuses. Once more, USDA, our supposed checkoff guardian, has aided and abetted them in their crimes toward cattlemen and the Act and Order.

There is an urgent need for producers to join organizations with goals of returning fairness to the livestock and farming industry. Beef producers in addition to other

Please see **MEYER** on page 6

ocm

- 19TH ANNUAL -
FOOD AND AGRICULTURE

CONFERENCE AND MEMBERSHIP MEETING

Restoring Family Farm Agriculture: A Path Forward

CONFERENCE: AUGUST 11-12, 2017
MEMBERSHIP MEETING: AUGUST 13, 2017

JOIN US AND LEARN HOW YOU CAN TAKE ACTION TO STOP THE EXTINCTION OF AMERICA'S FAMILY FARMERS AND OUR TRADITIONAL AGRICULTURAL PRACTICES.

**Embassy Suites Hotel by Hilton
- KCI**

7640 NW Tiffany Springs Parkway,
Kansas City, MO 64153.

Reservations may be made under the group name Organization for Competitive Markets at a rate of \$119.00/per night. Book your room online or by calling (816) 891-7788.

In our first session, on Friday afternoon, **John Ikerd** will talk about globalized industrial agriculture's failing. We will continue with the problem of market concentration and its impacts on producers.

FRIDAY EVENING BANQUET

SPEAKER: Wes Jackson, President Emeritus of The Land Institute

In our second session, on Saturday morning, we will take a deep-

dive into the threat of recent and pending agribusiness mergers, concentration's economic impact on rural communities and main streets, and food fraud.

SATURDAY LUNCHEON

SPEAKER: Lillian Salerno, Chair of Family Farm Action and former Deputy Undersecretary for Policy for Rural Development, USDA

The third session, on Satur-

day afternoon, will offer us a call to action. We will discuss current litigation and lawsuits, state and federal checkoff program reform, country of origin labeling, holding the market accountable, good food purchasing policy, and new state inspection systems that replace onerous and failed big packer USDA programs.





ON THE HILL

GIPSA RULES: The USDA's public comment period has ended and we want to thank all of you who made comments on the rules, but the fight is not over. As was reported in the last newsletter, the new administration extended the implementation process for an additional 180 days which will end on October 19, 2017 and we ask everyone to stay alert to this decade long fight. In the next two months, OCM will be developing a call to action pushing USDA to adopt the rules.

CHECKOFF REFORM: We are gaining support for meaningful checkoff reform. Senator Rand Paul has joined the fight as a co-sponsor of federal checkoff reform legislation, bringing

the count to 12 co-sponsors in the House and the Senate. A farmer fly-in is planned for July to ensure members of Congress know how important it is to America's farmers to stop the checkoff abuses. Please join the individuals and organizations representing over 250,000 farmers and support the Opportunities for Fairness in Farming (OFF) Act. S. 741 and H.R. 1753 and the Voluntary Checkoff Act S. 740 and H.R. 1752. Visit www.competitivemarkets.com/stopcheckoffabuse to voice your support.

BAYER-MONSANTO MERGER: In June, OCM along with other stakeholders hosted a Congressional Briefing to raise awareness of the harm this mega-merger will cause to America's family farmers and the rural communities where they live. Here is a quick background:

Background:

If the \$66 billion merger is approved, Monsanto+Bayer will be the world's largest agribusiness company. That means just one company will have its hands in many of the vegetables you eat, key ingredients in our processed foods, the canola oil you use in cooking, and the cotton you wear. For farmers, this merger will have dramatic consequences for the price and availability of the seeds they use.

The new company would control the seed market for about 70% of all the cotton grown in the US. Together, Monsanto+Bayer and just one other company will sell 77% of all the corn

seed grown in the US, and about 95% of all seed for corn, soybean, cotton, canola, and wheat will contain a Monsanto+Bayer gene that enables the extensive use of herbicides like Roundup on the fields. In addition, Monsanto+Bayer will be the world's largest vegetable seed business for vegetables such as broccoli, green beans, carrots, and onions.

Visit www.competitivemarkets.com/stopthemerger to get involved.

IN THE STATES:

The bad news continues in California: One of the most egregious state beef checkoff bills has advanced out of the State Senate Agriculture Committee. This bill would guarantee lobbying entities to receive a \$1.00 increase in the California Beef Checkoff tax. This and other state checkoff efforts by NCBA and its state affiliates must be stopped, or for the cattle producers our victories at the federal level will provide only limited relief from checkoff abuse as the states will be able to continue to funnel money to NCBA, but this time with state tax money. If you are from California, call your legislator; if you are not from California, then contact your California friends and alert them to the need to defeat AB 243. Remember IT DOES NOT REQUIRE California beef or even U.S. beef is marketed; it allows the tax money to market imported beef. Say no thank you Mr. JBS, Swift and Brazil!

SOME OF OUR CONFERENCE SPEAKERS (in alphabetical order):

- ◆ **John W. Boyd, Jr.**, President of the National Black Farmers Association
- ◆ **Dudley Butler**, Farm and Ranch Law Group, PLLC, former Administrator of the Grain Inspection, Packers and Stockyards Administration
- ◆ **Mike Callicrate**, OCM Director, owner/operator of Ranch Foods Direct
- ◆ **Webster Davis**, Chair of the Agriculture Committee for the Missouri Chapter of the NAACP
- ◆ **Mike Eby**, Chair of the National Dairy Producers Organization
- ◆ **Ben Ezzell**, Attorney, Enid, OK City Council
- ◆ **Greg Gunthorp**, 4th generation hog farmer, owner of Gunthorp Farms
- ◆ **Wenonah Hauter**, Executive Director of Food & Water Watch, Author of Foodopoly
- ◆ **Mary Hendrickson**, Ph.D., Assistant Professor Rural Sociology, University of Missouri
- ◆ **John Ikerd**, Professor Emeritus of Agricultural Economics at the University of Missouri
- ◆ **Wes Jackson**, President Emeritus of The Land Institute
- ◆ **Barry C. Lynn**, Director, Open Markets program, New America Foundation
- ◆ **Joe Maxwell**, OCM Executive Director
- ◆ **Stacy Mitchell**, Co-Director of the Institute for Local Self-Reliance
- ◆ **Dennis Olson**, Senior Research Associate, Food & Agricultural Policy at United Food & Commercial Workers International Union
- ◆ **Matt Penzer**, Adjunct Professor and litigation consultant on animal law issues
- ◆ **Lillian Salerno**, Chair of Family Farm Action and former Deputy Undersecretary for Policy for Rural Development, USDA
- ◆ **Anim Steel**, Founder of Real Food Generation
- ◆ **Mike Weaver**, OCM President, President of the Poultry Growers Association of the Virginias

MEMBERSHIP *Report*

July-August 2017

All voting members are invited to attend the Annual Membership Meeting, Saturday, August 13 in coordination with OCM's 19th Annual Food and Agriculture Conference at the Embassy Suites Hotel by Hilton, Kansas City, Missouri. At that meeting we will be electing new offi-

cers and reviewing the past year's activities. Register and reserve your room today.

We want to thank all our members for their support this year and for sharing our information to encourage others to support our organization. Remember, all donations to OCM are recognized by the IRS as a 501(c3) non-profit tax deduction.

You can mail your membership dues or

donations to OCM, P. O. Box 6486, Lincoln, NE 68506 or you can pay by debit or credit card online through our secure, on-line system, www.competitivemarkets.com.

Thank you for your continued support of OCM and all our efforts. For membership questions or assistance, please call Pat at 402-327-8390 or pcraycraft@competitivemarkets.com.

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members of Congress have sent letters to express their anxiety. Earlier this year, when the Senate held its confirmation hearing for Sonny Perdue to be Secretary of Agriculture, not a single senator raised the matter with him.

This month, the Senate is set to vote on whether to confirm the nominee to lead the Department of Justice's Antitrust Division, Makan Delrahim. At Delrahim's hearing, not a single senator asked a question about any of the two mega-mergers, which Delrahim will ultimately decide on.

While talk of the Bayer, Monsanto merger has been hushed in Washington, it is big news for farmers. Its impact on farmers and agricultural workers will have immense, adverse effects.

Make no mistake — farming families and communities across the nation will pay the price for these giant mergers, as profits and incomes continue to drop at alarming rates. Last year, net farm income dropped 15.6 percent, and it's projected to drop another 8.7 percent this year. Meanwhile, debt is increasing, and capital reserves are declining.

By next spring, America's farming communities will have endured years of intense fiscal stress. If these mergers go through, when farmers go to buy seeds or chemicals, they will have a very limited — and likely more expensive — set of options. For example, if merged Monsanto and Bayer would control 70 percent of all cotton seed sales in the United States. Monsanto-Bayer would own 69 percent of the patents for the genes that give row crops herbicide tol-

erance. It would be the world's largest vegetable seed company. The company would yield incredible power, and it would have a say in the price of almost every row crop seed sold in the United States. Moreover, Monsanto-Bayer and Dow-DuPont would dominate corn seed, producing 77 percent of that market, and canola seed, selling almost 100 percent of the major crop varieties.

For farmers like us, these are more than numbers and statistics. We are small scale producers who have to suffer through major economic setbacks to our businesses, yet these companies expect us to simply "suck it up" and deal with the consequences of their actions. We want to be able to provide for our children, pay our mortgages and continue farming.

Mergers like these put the squeeze on us.

For example, in the mid to late 1980s, farmers paid an average of \$8 for a 50-pound bag of soybean seed. Today, the cost is \$60 a bag — an astronomical price jump even after adjusting for inflation. Even worse, the farmers get for selling a bushel of the soybeans has only increased from about \$7 to \$9 over the same period. The planned merger between Monsanto and Bayer would be the final blow, and we don't know if farmers will be able to withstand it.

By any measure, Dow-DuPont and Monsanto-Bayer will be a monolithic force. They will use their power to further raise prices and increase their own profits.

Product prices are not our only concern — quality is, too. For decades, Bayer and Monsanto have pursued a single-minded re-

search and development program. Innovation in seeds, genes, chemicals and data are all integrated and focused on maintaining the profitability of Monsanto's herbicide line of business. If Bayer and Monsanto are folded together, all of Bayer's research and expertise into alternatives will be eliminated. Everyone, not just farmers, should be afraid of the blow to innovation and scientific research that a Bayer-Monsanto merger would bring.

The disconnect between Washington and agricultural communities has never felt so acute. Politicians say all the right things about supporting our work and our mission, but when our families' livelihoods are on the line, major corporate voices and their quest for profit and efficiency trump ours. Washington fiddles while our farms wither. ^{JB/MW}

MEYER, continued from page 3)

commodity producers need to immediately contact their Congressmen and Congresswomen and ask them to support the Opportunities for Fairness in Farming (OFF) Act, S. 741 and H.R. 1753, and the Voluntary Checkoff Act, S. 740 and H.R. 1752. These bills would bring much needed transparency and accountability to the federal government's commodity checkoff programs, as well as ensure no farmer or rancher is forced to pay fees into programs that do not promote their market segment.

It is time to instill leadership within the CBB as the Act and Order dictates, and return decency, fairness and ownership back to producers' MY BEEF CHECKOFF.^{VM}

REGISTRATION FORM

- 19TH ANNUAL -
FOOD AND AGRICULTURE



CONFERENCE AND MEMBERSHIP MEETING

Restoring Family Farm Agriculture: A Path Forward
AUGUST 11-13, 2017

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_____ **Number attending OCM Conference @ \$65.00** \$ _____
(Friday, August 11 from 1:00pm-5:00pm, and Saturday,
August 12 from 8:30am-5:00pm. Registration at the conference
starts Friday at 12:00pm.)

_____ **Number attending Reception and Banquet @ \$45.00** \$ _____
(Friday, August 11, Reception at 5:30pm, Banquet at 6:30pm)

_____ **Number attending Lunch @ \$25.00** \$ _____
(Saturday, August 12 at 12:00pm)

TOTAL Registration and Meals \$ _____

_____ **Number attending Membership Meeting, Sunday, August 13 - 8:00 AM**

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JULY-AUGUST 2017

Take Action

Demand Oversight of State Level Beef Checkoff Dollars

The Beef Checkoff Program charges farmers \$1 per head of cattle for collective beef advertising programs. Fees are mandatory, from the smallest local farmer to the biggest industrial operation, and government is using it to pick winners and losers and stifle competitive markets.

Often, the state and federal governments do not even know where your hard-earned money is going. For example, an employee of the Oklahoma Beef Council constructed a financial scheme

going back nearly ten years and costing the farmer-taxpayer of Oklahoma roughly \$2.6 million. However, nobody has investigated prior years, and no one except for the sole employee under investigation has been fired or held accountable.

Ask your State Auditor, Attorney General and Budget Committee to audit the federal beef checkoff dollars in your state. Under the federal Beef Checkoff Program, each state's beef council keeps up to 50 cents of the \$1 federally-mandated fee. In 2005, these dollars were declared government taxes rather than producer fees, yet unlike other federal funds handled by the states, they are neither audited nor appropriated. Demand your tax dollars be audited and appropriated.

Visit www.competitivemarkets.com/stopcheckoffabuse or email us at info@competitivemarkets.com for the resources you need to call for an audit of the federal beef checkoff dollars in your state.

