



HONESTY,
PROSPERITY,
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Organization for Competitive Markets

INVITATION

Please join us for
OCM's 18th Annual Conference

"Preserving Independent
Family Agriculture
through Competitive Markets"

Organization for Competitive Markets
August 19-20, 2016
Doubletree Hilton, Omaha, NE

FOOD AND
AGRICULTURE
CONFERENCE
MEMBERSHIP MEETING

(See details and Registration form for more information
in this newsletter and register TODAY!)

*Some of this
years' speakers*

Roger Johnson

President of the National
Farmers Union

Michael Stumo

CEO of the Coalition for a
Prosperous America

Barry C. Lynn

Senior Fellow in the
New America's Foundation's
Economic Growth Program

C. Robert Taylor

Distinguished University
Professor, Auburn University

Diana L. Moss

President, American Antitrust
Institute

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DONATE ON PAGE 8.**

OFFICIAL NOTICE
ALL OCM VOTING MEMBERS

ANNUAL MEMBERSHIP MEETING

TO BE HELD
**SATURDAY,
AUGUST 20, 2016,
8:00 AM (CST)**

Doubletree Hilton Omaha Downtown
1616 Dodge Street, Omaha, NE

Membership meeting following the
18th Annual Food and Agriculture Conference
"Preserving Independent Family Agriculture
through Competitive Markets"

ocm

Organization for
Competitive Markets

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2016



ocm FOOD AND AGRICULTURE CONFERENCE & MEMBERSHIP MEETING

"Preserving Independent Family Agriculture through Competitive Markets"

AUGUST 19-20, 2016

Doubletree Hilton, Omaha, Nebraska

The Organization of Competitive Markets is holding its 18th Annual Conference, August 18-20, 2016, at the Doubletree Hilton Omaha, Nebraska. This year's program features lectures by three nationally recognized champions of family agriculture and competitive markets:

Roger Johnson, President of the National Farmers Union, will talk on "Concentration, Trade, and the Future of Family Farming."

Michael Stumo, CEO of the Coalition for a Prosperous America. His talk is entitled: "We are Winning the TPP Battle. How Do We Win the Trade Policy War?"

Barry C. Lynn, senior fellow in the New America Foundation's Economic Growth Program, will deliver the keynote at this year's banquet based on his important new book, Cornered: The New Monopoly Capitalism and the Economics of Destruction.

Panels will include legislative updates, beef checkoff, contract livestock production vs. market-based systems, Costco's proposed poultry plant in Fremont, Nebraska and other agriculture and producer issues.

This year's OCM conference brings a number of engaging persons to Omaha to discuss issues vital to the

future of family farms and ranches throughout the United States. More details to follow.

Please make your
room reservation
**(August 5 deadline
for special rate)**
and **send in your
registration form
today.**

If you have any questions, please call Pat/OCM, 402-327-8390 or email: ocmlincoln@msn.com.



Evaluating My Beef Checkoff Return on Investment

By Vaughn Meyer

Vaughn Meyer, South Dakota Angus breeder and Cattlemen's Beef Board member

acknowledged the passage of the Beef Promotion Act and Order that authorized a \$1 per head checkoff assessment (Beef Checkoff) for the promotion of our own product, beef. These were exciting times with great expectations for improving both beef demand and severely depressed cattle markets.

The passage of the Act and Order culminated many years of congressional debate and wrangling which began in 1972.

Many changes were made to the Act and Order leading up to 1985 but probably the most deceiving change was the striking of the letters "U.S." preceding the

In 1985 most cattlemen proudly

If labeling safe and wholesome U.S. beef products is good for 11% of the exports, perhaps the same would be beneficial for 89% of sales that occur in our domestic markets! Kind of falls under cowboy logic; one might as well feed the other 89% of the herd as they are just as important to our survival.

word "beef" when used in conjunction with "domestic beef promotion". The 1985 Act and Order and the 13 years of congressional debate were based off the 94th Congresses H.R. 7656 Public

Law 94-294 which states the purpose of the program is to, "maintain and expand domestic and foreign market uses for United States beef". We cattle producers were sold a U.S. beef promotion program only to realize packers and importers changed the terminology and gained control.

Our second lesson in marketing U.S. beef came about this past summer

when many of the same large corporate interests tricked congress into killing mandatory Country of Origin Labeling (COOL). However this second time around these anti US beef corporates were aided and abetted by several of our own producer organizations with packer affiliations.

Looking closer at organizations that helped to deprive cattlemen of COOL, we find the United States Meat Export Federation (USMEF) joined the kill-COOL effort by urging Congress to repeal COOL. The USMEF did this after a U.S. appellate court rejected a multi-organizational lawsuit filed in 2013 alleging COOL was unconstitutional. Was USMEF, the second largest contractor of beef checkoff dollars and a recipient of federal matching funds, biting the hand that fed them? Phil Seng, USMEF CEO, may be having second thoughts after our 2015 beef exports declined to 11% of sales. Mr. Seng said, "We must continue to find innovative ways to differentiate U.S. products, win back market share and regain momentum for exports in 2016." A novel idea Mr. Seng! If labeling safe and wholesome U.S. beef products is good for 11%



Since 1985 we have lost over 400,000 beef producers and 25 million cows. Since June 2015 those of us remaining have needlessly lost \$533 per animal and have realized an unfathomable negative \$331 return on each dollar invested with our two top contractors!

of the exports, perhaps the same would be beneficial for 89% of sales that occur in our domestic markets! Kind of falls under cowboy logic; one might as well feed the other 89% of the herd as they are just as important to our survival.

The National Cattlemen's Beef Association (NCBA) is the Cattlemen's Beef Board's (CBB's) largest contractor and receives over 68% of CBB checkoff dollars, which make up over 82% of the NCBA's annual budget, joined the 2013 suit to kill COOL. This was not their first "Anti-U.S. Beef" venture as they maintain a "joined at the hip" alliance with the corporate packing industry. In other words, when it comes to marketing issues strike the word "cattlemen" out of their name! NCBA past president, Phillip Ellis, recently bragged on their success of killing COOL which effectively prohibits U.S. consumers from choosing safe and wholesome U.S. beef.

As cattlemen, our \$1 per head checkoff investment sounds very minute alongside all the other associated production expenses. However, that dollar when combined with others becomes nearly \$80 million dollars annually. So now that minuscule little dollar sounds more important, but compared to the 2015 market crash manipulated in part by our two largest checkoff contractors, that \$80 million is still very insignificant.

In the early summer of 2015 the actions of these "Anti-U.S. Beef" cronies were effective in scaring Congress into passing legislation to begin killing COOL. Congressional action immediately initiated the downward plunge of our beef markets. In addition to Con-

gress's newly created captive supply, the loss of COOL relegated all cattle and all beef as generic commodities. In addition USDA lifted the import restrictions on South American beef thereby raising expectations for more future captive supplies and dropping cattle markets by 30%. Just six months earlier the NCBA's own economist forecasted continued strong markets through 2018 but even he did not anticipate the captive supply factor of generic cattle and beef.

By the fall of 2015 with all the stop gates thrown wide open, it was an opportune time for packers, processors and retailers to steal record high producer profits to line their own pockets. Packer profits for the period since June of 2015 have risen to \$199 per head according to Sterling Marketing while producer feeder cattle declined nearly \$533 per head. Throughout this same period consumer beef demand remained high with over the counter prices at record levels indicating producer losses were not passed through the production chain into the shopping cart.

Just how large were these producer losses? Using Sterling Marketing and Beef USA figures the feeder industry lost \$4.7 billion, beef producers lost \$9.6 billion and the dairy and veal industry lost nearly \$1.8 billion for a grand total of \$16.1 billion.

To put these figures in perspective the market losses are about 200 times the value of our total checkoff revenue. The two major benefactors of our \$1.00 per head checkoff dollar used their checkoff bolstered clout to turn our U.S. cattle herd into a generic cattle

herd by repealing COOL. As a result our \$1.00 checkoff investment was effectively used to extract billions of dollars from U.S. cattlemen. However, the full amount of the \$80 million checkoff revenue cannot be attributed to contractor actions because one-half of all revenues are retained by state beef councils that invest in research, promotion, education and communications. Also, a portion of the revenues received by CBB is used effectively by the hard working staff of the CBB that promotes beef's image, educates consumers and producers and initiates research projects to improve our product.

To step back and assess the value of that single checkoff dollar let's review a 2014 CBB contracted Return on Investment (ROI) study conducted by Dr. Harry M. Kaiser of Cornell University. That study analyzed years 2006-2013 and found a return on investment of \$11.20 for every checkoff dollar invested. This was a very healthy ROI but one also has to remember that most of those years were associated with a domestic market that was responding very positively to the 2008 nationwide implementation of mandatory COOL.

So one has to ask, "If the checkoff ROI was positive during the high market-price years and Dr. Kaiser's research is taking credit for the market gains resulting from the implementation of mandatory COOL, what is the current ROI for the 2015-2016 markets after being pillaged by the kill-COOL actions of our two top checkoff contractors?"

To calculate an answer to the above

Please see MYERS on page 6



CONCORD HYMN

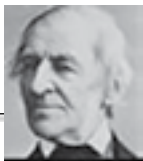
by Ralph Waldo Emerson

*By the rude bridge that arched the flood,
Their flag to April's breeze unfurled,
Here once the embattled farmers stood,
And fired the shot heard round the world.*

*The foe long since in silence slept;
Alike the conqueror silent sleeps;
And Time the ruined bridge has swept
Down the dark stream which seaward creeps.*

*On this green bank, by this soft stream,
We set to-day a votive stone;
That memory may their deed redeem,
When, like our sires, our sons are gone.*

*Spirit, that made those heroes dare
To die, and leave their children free,
Bid Time and Nature gently spare
The shaft we raise to them and thee.*



Ralph Waldo Emerson
1803-82

Ralph Waldo Emerson was a key early American philosopher, poet and writer, particularly known for his appreciation of individualism, self-reliance and intuition. He wrote this poem, which was sung as a hymn at a July 4, 1837 ceremony to mark the completion of the Concord Monument, to immortalize the resistance of American Minutemen to British forces on April 19, 1775. The poem's phrase "shot heard round the world" is now internationally famous for its description of the philosophical importance of the American revolution.



MEYER (continued from page 5)

question we find that within the CBB's 2015 Authorization Requests for contract work, these two top contractors were awarded \$47.1 million, or 96% of the total CBB budget. Taking into consideration the \$16.1 billion in equity losses suffered in 2015 which were aided and abetted through the litigation and lobbying efforts carried out by these largest checkoff contractors, we can calculate a 2015 return on investment of a minus \$342 per head! Giving credit for the Dr. Kaiser study (2006-2013) your 10 year ROI for each checkoff dollar invested would be a negative \$331!

Having served for 11 years on my South Dakota State Beef Council and almost 6 years as a director on the CBB, I have witnessed many positive outcomes from our consumer education efforts, including the recent reinforcement of beef's role in the Federal Dietary Guidelines. However, if we continue to allow these checkoff abuses by our two top CBB contractors and we continue to neglect the original Act and Order's intent to expand domestic and foreign market uses for "United States" beef, we are jeopardizing our ability to maintain the beneficial state and national consumer information programs.

Since 1985 we have lost over 400,000 beef producers and 25 million cows. Since June 2015 those of us remaining have needlessly lost \$533 per animal and have realized an unfathomable negative \$331 return on each dollar invested with our two top contractors! If producers and their beef checkoff are to survive, these statistics need to be reversed! It is time for responsible checkoff reform from our congressional leaders. It is time to direct our Secretary of Agriculture to initiate beef checkoff reform immediately!

That minuscule checkoff dollar translates into the cow/calf producer's largest production expense when CBB contractors are allowed to run roughshod and unchecked!

Vaughn Meyer
Reva, SD



REGISTRATION FORM

18th ANNUAL
FOOD AND AGRICULTURE
CONFERENCE
& MEMBERSHIP MEETING



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*"Preserving Independent Family Agriculture
through Competitive Markets"*

Friday, August 19, 2016

Doubletree Hilton Omaha Downtown, 1616 Dodge Street, Omaha, NE
Call in for Reservations - OCM Block (Rate \$99.00+) Elaina 402-636-4906 (M-F)

Or make your reservation on our website:
competitivemarkets.com - Deadline 8/5/16

NAME(S): _____

ADDRESS: _____

PHONE: _____

CITY/STATE/ZIP: _____

EMAIL: _____

REGISTRATION

REGISTRATION includes all day Conference on **Friday, August 19 beginning at 8:00 AM**

_____ Number attending OCM Conference @ \$50.00 = \$ _____

_____ Number attending 2016 LUNCH @ \$30.00 = \$ _____
(Friday, August 19, 12:00 Noon)

_____ Number attending 2016 BANQUET @ \$45.00 = \$ _____
(Friday, August 19 - 6:00 PM)

TOTAL Registration & Meals = \$ _____

_____ **Attending Membership Meeting, Saturday August 20 - 8:00 AM**

Make check payable to OCM, P. O. Box 6486, Lincoln, NE 68506



Organization for
Competitive Markets

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