

by Joe Maxwell and Angela Huffman

 s 2019 draws to a close, OCM members and supporters should be proud of the successes we have gained togeth-

er through our hard work and dedication. Our 20th year has clearly been one of our most impactful yet. Here's why:

OCM's 20th Annual Food & Agriculture Conference

Competitive Markets

- We celebrated our 20th anniversary with a highly successful annual conference in Kansas City, MO. Speakers included Federal Trade Commissioner Rohit Chopra and Dr. Ricardo Salvador, director of the Food and Environment Program at the Union for Concerned Scientists.
- We welcomed twice as many participants as last year with a broader and more diverse group of food and agriculture leaders.
- Focusing on regulatory and statutory changes, antitrust and consumer protection litigation, and regenerative agriculture on the farm gave those attending our conference a wide spectrum of information on issues and solutions.

Progress on Antitrust Policy

• Following the Trump Administration's unlawful withdrawal of the GIPSA Farmer Fair Practices Rules which would protect livestock producers from corporate agribusiness abuses, we filed a lawsuit against USDA seeking to reinstate the protections. In September, the U.S. Court of Appeals for the Eighth Circuit heard oral arguments in our case, and we now await a decision from the court.

- We worked with Senator Booker and Representative Pocan to draft The Food and Agribusiness Merger Moratorium and Antitrust Review Act of 2018, which, if enacted, would establish an 18-month moratorium on mega-mergers and a commission to review concentration, mergers, and market power across the food and agriculture sectors.
- We launched a new series of policy briefs on consolidation and the American family farm on a state-by-state basis. Briefs are now available for Missouri, North Dakota, and Ohio.

Trade Policy Challenges and Successes

- To stop the flood of imported beef being labeled "Product of U.S.A." we filed a petition with USDA's Food Safety Inspection Service demanding that meat products bearing this label only be from the U.S. and not just packaged or processed here.
- A bailout is a poor substitute for a strategic agricultural trade policy, but when we discovered the Trump Administration's trade bailout funds would go to China's Smithfield Foods, we cried foul because the funds would go to a company owned by the very country we are in a trade war with instead of America's family farmers as was promised. This led to a cancelation of the contract.
- While we supported the re-negotiation

of NAFTA, after analyzing the new NAFTA we rang alarm bells when the new trade deal did not include Country of Origin Labeling, once again leaving U.S. farmers and ranchers in an unfair trading market. Additionally, we raised our grave concerns that the agreement would end our effort to restore a competitive market definition within U.S. antitrust policies.

• We fought Congressman Steve King's effort to strip states' rights when it comes to a the ability to regulate agriculture and food trade within a state. As of this date, the disastrous legislation is still in the House version of the Farm Bill but not expected to be included in the final bill.

Fighting to End Big Ag's Abuse of Checkoff Dollars

• We worked for meaningful checkoff program reform to be included in the Farm Bill to curb the rampant abuses

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by Pat Craycraft

It is hard to believe the year is almost over and it is time to renew memberships again. At the first of the year, we will be sending out member renewals for 2019. With all the great activities and work and OCM has done this year, we hope that you will continue to support OCM and encourage others to join our organization. In 2019 we will focus on increased individual memberships and working on growing and collaborating with organizations to increase our membership category as Associate Organization Members. We look forward to another great year for OCM. We need your support. *Happy Holidays*!

2018 Tax Deduction

As the year ends, we invite you to support OCM by making a year-end tax deductible donation. OCM is an approved nonprofit, charitable organization pursuant to IRC (501(c)(3). All donations are tax deductible. If you would like to support OCM with a donation, please send to: OCM, P. O Box 6486, Lincoln, NE 68506 by December 31, 2018 or go to OCM website, www.competitivemarkets.com. Thank you.^{PC}

Our New Campaign to Reform the Farm-to-Institution Market by Katherine Un

OCM helped launch a collective of university student advocates and various food and agriculture organizations to create the Real Meals Campaign. The Campaign launched this September 2018 and our goal is to expose and correct anti-competitive behaviors in the farm-to-institution market.

Three companies – Compass, Sodexo and Aramark – dominate distribution in the farm-to-institution food service management market.

Like in the highly-concentrated meat packing sector, which OCM has been fighting for the last 20 years, the "Big 3" food service management companies have essentially monopolized the market, unfairly shutting out local and regional suppliers. Suppliers like Tyson, JBS, Cargill and Smithfield pay secret kickbacks to gain preferential market access, and in turn, pass the increased cost down to family farmers and ranchers in lower prices for their livestock.

To be a "preferred supplier," kickbacks can run as high as 20% of sales. According to a report by Farm to Institution New England, "most food service management companies require their clients purchase 80 percent or more of their products through approved vendors." These kickback 'off invoice' deals can represent as much as 40 percent of the income for the "Big 3."

Punishment awaits anyone who speaks out about these secret deals. Brothers John and Jay Carciero, food service managers from the primary school sector, blew the whistle internally on Sodexo's secretive deals. "We were angry when we learned that So dexo, a multi-billion dollar company, was ripping off school lunch programs and other government food services. The millions of dollars of rebates should have gone back to the schools and other government clients. Sodexo betrayed the trust of the clients [...]." They were consequently fired.

The 'Big 3's anti-competitive behavior pays well. Compass Group brings in a global revenue of \$29 billion, Sodexo is \$14.6 billion, and Aramark at \$24.7 billion. For comparison, MacDonald's global revenues are of \$22.82 billion. Together the processor's and distributor's share of the food dollar can be more than 80 cents, leaving family farmers - those who invest the most, stand the most risk and work the hardest broke. National Farmers Union last reported farm share of the food dollar at 14 cents.

Bon Appetit, a Compass Group subsidiary serving Colorado College, was at one time a major customer of Mike Callicrate, and his company Ranch Foods Direct. Mike is a long-time OCM board member. Ten years ago, Callicrate and other local growers were instrumental in Colorado College's decision to hire Bon Appetit, replacing long-time food management company, Sodexo. Bon Appetit was believed to be a far better choice for supporting good food and local agriculture. Out the group of seven farmers that Mike worked with, only two are still in business. Orders from Callicrate are at or now near zero. Meanwhile, Bon Appetit continues to advertise sourcing from local farms, including those which are no longer in business. The Real Meals Campaign will work to amplify the voices of family farmers and ranchers like Mike Callicrate to expose abuses and work to open markets for family farmers and ranchers nationwide.

Senator Paul Muegge, another OCM board member, supported the efforts of Oklahoma University (OU) student group, Students Against a Factory-farming Economy (SAFE), to gain market access at OU in 2015. OU committed 20% its \$7 million annual food purchasing budget toward local, sustainable and just foods. The Real Meals Campaign will support the students at OU in their effort to ensure that OU and other universities nationwide are not simply paying lip service to our vision of fair, open and competitive markets, but that they are also held accountable to their promises.

Through tuition and meal plans, university students are in a unique position of power to affect change. Additionally, this critical issue should also be of high importance to parents and alumni. Evidence shows that students who eat at schools serviced by the 'Big 3' are served inferior food that is less healthy.

Raising the awareness of the broader public will drive change. Students will be leading the effort, with actions centered around their campuses and amplified by traditional media and social media. We will support those efforts. At the same time, we intend to build a nationwide family farmer collective that will expose more of Big Ag's abuses. Learn more at competitivemarkets. com/realmeals. ^{KU}

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FROM THE

President

by Don Stull

has steadfastly pursued economic justice for America's family farmers and ranchers, as our masthead proudly proclaims. OCM was founded to combat increasing threats to fair and open agricultural markets from American agribusiness, which has marched steadily toward concentration, vertical integration, contract growing, product branding, and further processing. In the process, agribusiness has exploited farmers, processing workers, and the communities that host its plants, all the while abusing animals and polluting air and water.

That American agriculture is dominated by a handful of vertically integrated and highly concentrated multinational corporations is hardly news to the readers of this publication. According the National Farmers Union, just four companies slaughter 85 percent of cattle, 74 percent of hogs, and 54 percent of chickens in the U.S. Of the Big Four, one–Smithfield–is Chinese-owned, and two–JBS and Marfrig–are Brazilian. In the last 40 years, more than 30 agricultural companies have consolidated into

As multinational conglomerates swallow the agricultural and food sectors, farmers see their share of the food dollar steadily shrink.

"Be Afraid of Economic 'Bigness.' Be Very Afraid,"

- Tim Wu, a Columbia University law professor specializing in antitrust

six giants through mergers and buyouts. These six companies now control 63 percent of the seed market and 75 percent of the agricultural chemical market. And it is getting worse. The Chinese National Chemical Corporation's purchase of the Swiss seeds and pesticide company Syngenta made ChemChina the world's largest supplier of pesticides and agrochemicals. Dow and DuPont recently merged, and Bayer and Monsanto are in the final stages of merger. When these mergers are completed, ChemChina-Syngenta, Dow-DuPont, and Bayer-Monsanto will control 80 percent of U.S. corn seed and 70 percent of global pesticide sales. As multinational conglomerates swallow the agricultural and food sectors, farmers see their share of the food dollar steadily shrink. U.S. corn and soybean growers no

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Small diversified farms are threatened with extinction in the United States unless the families that still cling to the way of life they symbolize are able to make a decent living.

receive only 29 percent of parity; dairy, pork, and beef producers receive 33, 40, and 26 percent respectively. (Parity is the price farmers would receive if farm prices kept pace with expenses, using 1910-1914 as the base period.) In 2016, the farmer's share of the American food dollar was 14.8 cents-a 15-year low (National Farmers Union News 2016:2). The U.S. government has turned a blind eye to the rise of the new agricultural trusts and the monopolistic practices they use to control our food and the farmers and ranchers who produce it.

Competitive agricultural markets are fast disappearing, and with them the welfare of farmers and rural communities. Small diversified farms are threatened with extinction in the United States unless the families that still cling to the way of life they symbolize are able to make a decent living. But the continued independence of family farmers and ranchers is not all that is threatened by the concentration of economic power within a few multinational corporations. So too is our very democracy. That is the premise of "Be Afraid of Economic 'Bigness.' Be Very Afraid," an article by Tim Wu, a Columbia University law professor specializing in antitrust, in the November 10, 2018, New York Times Opinion, https://www.nytimes.com/2018/11/10/ opinion/sunday/fascism-economy-monopoly.html. According to Wu: it is hard to avoid the conclusion that we are conducting a dangerous economic and political experiment: We have chosen to weaken the laws-the antitrust laws-that are meant to resist the concentration of economic power in the United States and around the world. From a political perspective, we have recklessly chosen to tolerate global monopolies and oligopolies in finance, media, airlines, telecommunications and elsewhere, to say nothing of the growing size and power of the major technology platforms. In doing so, we have cast aside the safeguards that were supposed to protect democracy against a dangerous marriage of private and public power. He warns of "a direct link between concentration and the distortion of democratic processes." These days it is hard to believe, but "Congress passed the Anti-Merger Act of 1950 to curb politically and economically dangerous concentrations. It empowered the Justice Department and Federal Trade Commission toblock or undo mergers when the effect was 'substantially to lessen competition or to tend to create a monopoly." The Anti-Merger Act has not been repealed; rather it has been "evaded, eroded and enfeebled by the corroding effect of decades of industry pressure and ideological drift, yielding hesitant enforcers and a hostile judiciary." As a result, we are subject to "concentrated economic power in ways that are dangerous to the polity."

OCM continues to challenge concentrated economic power in the agricultural sector on several fronts. Won't you join us in this righteous fight? *Portions of this letter are taken from my chapter "Chickenizing American Farmers," which appears in Jane Gibson and Sara Alexander's forthcoming book, In Defense of Farmers, to be published by the University of Nebraska Press in 2019. ^{DS}

STEPPING UP TO THE PLATE FOR YOUR COMMUNITY Ohio Beef Checkoff

Program Reform Campaign Update

by Angela Huffman

By early 2018, it had become apparent to OCM that some of the most egregious checkoff program abuses in the



DAVE HUTCHINS

country were occurring in Ohio within the state and federal beef checkoff programs. We had been contacted by OCM member Dave Hutchins of the Buckeye Quality Beef Association, who has been working for 12 years to restore transparency and accountability to the beef checkoff program

Please see STEPPING UP on page 6



STEPPING UP (continued from page 5)

in Ohio. The Ohio Beef Council is the federally recognized state agency authorized to administer, collect and expend both state and federal checkoff mandated assessments. The issue Dave raised was the apparent takeover of this state government agency by a political lobbying entity, the Ohio Cattlemen's Association. Dave supplied information and documents that he and Buckeye Quality Beef Association had collected during

12-vear its effort. information and documents clearly suggested an inappropriate relationship between the Ohio Beef Council and Ohio the Cattlemen's Association. Despite

Dave's initial information, OCM provided the research necessary to go forward with a campaign to expose the corruption. Together with Ohio Farmers Union, we published a briefing paper in February 2018 outlining a series of legal and fiduciary abuses. The evidence showed the state agency, the Ohio Beef Council, is funneling taxpayer checkoff dollars through payroll expenses, rental costs and more to fund the Ohio Cattlemen's Association, a lobbying entity. The staff of the state agency and the lob-

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bying We had thought it couldn't get are exactly the The any worse when we caught the same and the state agency promoting an Ohio lobbying entity was using the Cattlemen's Association fundstate agency's raiser for gubernatorial candidate email domain Mike DeWine's successful Novemto ber 2018 election. (think Goverpolitical businor-elect DeWine will use his new ness. Further, the state agenauthority to hold the state agency that helped get him elected raising politiaccountable for its illegal political cal funds and activity?)

his and Buckeye Quality Beef Association's best efforts, elected officials responsible for the programs refused to take action to stop the abuses.

OCM teamed up with Buckeye Quality Beef Association and Ohio Farmers Union to help expose and end the beef checkoff program abuses in Ohio. Starting with

tlemen's Association Political Action Committee, influencing both elections and legislation. We had thought it couldn't get any worse when we caught the state agency promoting an Ohio Cattlemen's Association fundraiser for gubernatorial candidate Mike DeWine's successful November 2018 election. (think Governor-elect DeWine will use his new authority to hold the state agency that helped get him elected accountable for its illegal political activity?)

Needless to say, the actions of the Ohio Beef Council and Ohio Cattlemen's Association are in violation of both state and federal law, and we made this case in our briefing paper. OCM and Ohio Farmers Union released our findings at a briefing at the Ohio Capitol which was attended by citizens, legislators and members of the press, generating state and national stories in publications including Ohio Country Journal, Cleveland Plain Dealer, Meatingplace, and Brownfield Ag News. We launched an online petition and Facebook group to raise grassroots support and encourage public pressure on checkoff officials and elected officials.

Following the briefing, OCM wrote a letter to current Ohio Governor Kasich asking him to separate the operations of the Ohio Cattlemen's Association and Ohio Beef Council as dictated by state and federal law. OCM assisted the Ohio Farmers Union in drafting a letter to the state auditor calling for a state audit of the Ohio Beef Council. In an attempt to spur legislative action, OCM assisted both Buckeye Quality Beef Association and Ohio Farmers Union in organizing meetings with key legislators to provide them with the legal research and the evidence of violations of both state and federal law. OCM, Ohio Farmers Union and Buckeye Quality Beef



2018 IN REVIEW (continued from page 1)

- of the \$800,000,000 in commodity checkoff programs. Our amendment was one of only a few allowed a vote on the Senate floor. Although it did not pass, the strong showing of bipartisan support, including sponsorship by Senators Lee, Booker, Paul, Hassan and Warren, left us ever more committed to continuing our efforts to bring justice to the checkoff programs.
- In our four-year long FOIA lawsuit, USDA was forced to explain to the court why it will not release government audit documents and financial records related to the Beef Checkoff Program. The case has begun its summary judgment phase with a court decision expected in early Spring 2019 as to whether the records must be released to the public.
- Because the beef checkoff is collected and administered at the state level, we took on the most egregious state abuses highlighting how in Ohio, the beef checkoff fund was underwriting the state's cattlemen's association, being used to push for political candidates and leaving thousands of dollars in

checkoff funds unaccounted for. Thus far we have been successful in gaining reforms on some of these issues.

New Campaign to Reform the Farm-to-Institution Market

- The three largest cafeteria operators in North America–Sodexo, Aramark, and Compass Group–purchase billions of dollars worth of food every year, most of which comes from big food corporations that lock family farmers and ranchers out of the market.
- OCM is a founding member of the Community Coalition for Real Meals and its Real Meals Campaign. With a broad group of partners, we are urging these foodservice giants to move their business models away from a system of exclusive relationships with big food corporations to deliver what students are demanding in the way of good food from local farmers and ranchers.

Together, we made this happen. Building on this momentum, our 21th anniversary year can prove to be even better. Will you join the fight? Please consider becoming a member or making a year-end donation to OCM today. Thank you for all you do. JM/AH STEPPING UP (continued from page 6)

Association also have petitioned USDA and the National Beef Board to disqualify Ohio Beef Council as the federally recognized Qualified State Beef Council for Ohio. Thus far, elected officials have continued to fail to hold the Ohio Beef Council and the Ohio Cattlemen's Association accountable for their abuses of public funds.

While we continue to engage with elected officials, public pressure has led to changes in the state of Ohio. All references and contact info for the Ohio Beef Council have been removed from the Ohio Cattlemen's Association Political Action Committee materials. The Ohio Cattlemen's Association also was forced to obtain its own email domain, rather than continuing to use that of the Ohio Beef Council. But much more needs to be accomplished. OCM will continue to pursue justice for Ohio's cattle producers. We will not stop until there is a clear separation of Ohio Cattlemen's Association and Ohio Beef Council, and we are continuing to push for the Ohio Beef Council to be disqualified as a federally recognized Qualified State Beef Council.

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Thank you.

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