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JANUARY 2007

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JANUARY 2007

Reclaiming the

Agricultural Marketplace

For Independent

Farmers, Ranchers and

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FRED STOKES
EXECUTIVE DIRECTOR

his is the year! Now is the time we must act. There is presently a fleeting opportunity in this new congress to pass legislation and fund existing programs that have been frustrated by the political minions of transnational agribusiness corporation for years. We must not squander it.

All the current trend lines point to a horrible wreck just over the horizon. Family agriculture is being systematically dismantled, rural communities are in shambles, we are rapidly becoming dependent on foreign sources for our basic foods, we have accumulated a \$6 trillion trade deficit since 1990, we have gutted our nation's manufacturing capacity and we have forfeited our national sovereignty to the WTO. Our government has busied itself with the interests of big corporate campaign contributors and neglected the people and our national interests; and I believe we are rapidly running out of time to fix the situation.

A major potion of the fix lies in bringing about open, transparent and competitive markets and adopting a foreign trade agenda that is fair and beneficial to our interests.

Competitive Marketplace:

This is the year that we deal with a new farm bill. A Competition Title must be included in this new farm bill. OCM initiated and pushed a Competition Title for the 2002 Bill but only Country of Origin Labeling (COOL) survived the assaults of big ag interests.

Sadly, this last vestige of the Competition Title nearly died at the hands of Representative Henry Bonilla from the 23rd Congressional District of Texas as he used his chairmanship of the House Agriculture Appropriations Subcommittee to de-fund implementation. Happily, he was defeated in his reelection bit and will be replaced by someone more sympathetic to allowing our producers to properly identify their products in the marketplace.

Funding was eventually restored to COOL for fish and seafood. That program has worked as advertised and serves to debunk the calamitous predictions of COOL opponents providing a pattern for full implementation. Hugh Warren, recently retired Executive of Catfish Farmers of America is on record as saying the COOL program for catfish has been effective, without hassle and cost effective.

The several attempts to restore funding for beef and other food items have failed. From the start, beef was the primary target for COOL opponents. Beef is where the big bucks are.

United States producers simply want to be able to identify their superior product in the marketplace, while processors and retailers are determined to continue selling the customer misperceptions and making undue profits in the process. With the chairmanship of both the Senate and House Agricultural Committees in new hands, our prospects for full implementation and funding for COOL are now much improved. OCM will work very closely with the staff and chairmen of the Senate and House Agricultural Committees to insure that the new farm bill contain provisions to deal with market concentration, labeling, captive supply, price reporting, production contracts and

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AGENDA (continued from page 1)

other aspects that have to do with a properly functioning marketplace for farmers, ranchers and other food producers.

Trade Reform:

We had a successful conference on Trade and Globalization in Colorado Springs this past November. Participants included agriculture, manufacturing, labor and environmentalists, all of whom are unhappy with current trade policy and ready to do something about it. The most significant outcome from the conference was a strong commitment to form a new, broad and powerful coalition and thereby generate the horsepower to address the maladies visited on us by globalization and current trade policies. That effort is now well underway. Pursuant to the mandate of the conferees, a planning group met in Charlotte December 15th to plan next moves. The group committed themselves to proceed with forming a new organization to administer the coalition. Several major manufacturers, major farm organizations, labor unions and other interests will comprise a potent new force that will be very difficult for political leaders to ignore. A number of prominent national political leaders have already made known their interest in working with the coalition.

OCM has called for a performance review of existing trade agreements, specifically to assess;

- 1. Whether goals and objectives for past trade agreements were defined prior to negotiations beginning;
- 2. Whether trade negotiators accomplished these defined goals and objec-
- 3. Whether the goals and objectives were consistent with the needs of the American public:
- 4. Whether fundamental economic, fiscal and monetary policies of prospective trading partners were considered and resolved prior to and during past negotiations, including policies involving:

currency valuation, taxation, subsidies, and regulatory regimes;

- 5. Whether the U.S. retained an ability to respond to changes in trading partners' economic, monetary, and fiscal policies which create trade imbalances;
- 6. Whether efficient and effective enforcement mechanisms exist in the agreements.

We will be pursuing sponsors of the initiative in the congress and expect that a much brighter light will be brought to our trade deals. We simply have to stop the daily trade deficit of over \$2 billion and do something about the nearly \$6 trillion we have accumulated since 1990. We must do something about currency manipulation and illegal government subsidies that put U.S. producers against impossible competition. We must do something about our loss of food security, the hollowing out of agriculture and manufacturing, loss of national sovereignty and perils to national security brought about by a trade policy run amuck.

OCM has a Board of Directors that is exceptionally talented and devoted to our mission. John Dittrich in particular, was key to the tremendous success of the Colorado Springs Conference and OCM's Globalization Project.

Keith Mudd has provided inspired leadership. He has just the right people skills to keep us moving in the right direction, in harmony and concert.

Michael Stumo is back working hard for OCM and is a vital part of our farm bill and trade reform efforts. He is well along in building an impressive group of political allies at the state level.

Our Secretary, Pat Craycraft is that steady hand at the wheel that keeps us all out of trouble and makes things go smooth. Without her, things would be a

This is the OCM team that will work with our many new friends and allies to pursue our ambitious agenda for 2007. I am very optimistic that we are going to be a significant factor in making a better day for agriculture and our country. FS

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as well as broiler producers. The PSA enforcement loophole for poultry dealers should be closed.

6. Bargaining Rights for Contract Farmers: Loopholes should be closed in the Agricultural Fair Practices Act of 1967 (AFPA) and processors should be required to bargain in good faith with producer organizations. The AFPA was enacted to ensure that livestock and poultry producers could join associations and market their products collectively without fear of retribution by processors. These goals have not been attained due to loopholes in that Act. Retaliation by processors is commonplace in some sectors. Legislation should be enacted that promotes bargaining rights and prevents processor retalia-

* ASSURE ADEQUATE MARKET INFORMATION AND TRANSPAR-**ENCY FOR PRODUCERS AND** CONSUMERS

7. Livestock Mandatory Price Reporting: The Livestock Mandatory Price Reporting Act of 1999 (LMPRA) requires packers, processors, and importers to provide price, contracting, supply and demand information to USDA, which then uses the information to create price reports for livestock producers. Since its implementation, bureaucratic inertia has blocked effective enforcement of the LMPRA and prevented the Act from operating to benefit independent livestock producers. The Government Accountability Office, at the request of Senators Harkin (D-IA) and Grassley (R-IA), has reviewed USDA im plementation of the Act. In December 2005, the GAO issued a report documenting lengthy lag times for USDA corrections to missing or incorrect information from packers, and the failure of USDA to inform the public about violations of the Act revealed in USDA audits. The LMPRA was reauthorized in September 2006 without including

GAO recommendations to improve the Act. Congress should amend the Livestock Mandatory Price Reporting Act in 2007 by incorporating the GAO report recommendations as legislative directives to USDA in implementing the

8. Mandatory Country of Origin Labeling: Country of origin labeling (COOL) for beef, lamb, fresh fruits, fish and shellfish was passed as a provision of the 2002 Farm Bill. Mandatory COOL for the fish and shellfish commodities was implemented by USDA in April of 2005, but COOL implementation for all other commodities has been successfully stymied by the meatpackers and retailers. Country of origin labeling is a popular measure that allows consumers to determine where their food is produced and also enables U.S. producers to showcase their products for quality and safety. It also limits the ability of global food companies to source farm products from other countries and pass them off as U.S. in origin. Congress should reauthorize COOL to reiterate its benefits to producers and consumers and should provide funding to ensure that USDA undertakes immediate implementation of COOL. MS

POPULIST (continued from page 5)

avoid retiring in poverty. On economic issues the Clintonite Democrats and many Republicans work together to protect the rights of big corporations, ignore antitrust laws, and promote lobbyist written free trade agreements.

Montana Governor Brian Schweitzer is viewed by some as the future of the Democratic party. He is a populist who won in a conservative state in the American west. But Montana voters are populist, regardless of party. One wonders how they can tolerate pro-free trade Max Baucus. Schweitzer proposes solutions to energy and agricultural problems for the common person, truthfully and articulately pointing out the role of Wal-Mart and Exxon-Mobil in our country's problems. He brings

his border collie to work each day, and wears his jeans and bolo tie to the office.

Democratic and Republican populists agree on the need to promote antitrust, end political rule by the elites, and reign in free trade agreements. This is the true middle ground of America. We are patriotic, pro-family, pro-community, favor a strong but not insane America, and we work hard every day. Most of all, we want people to rule the world, not corporations.

Tom Delay and friends cared only about money and power, doing favors for their rich corporate buddies. Clinton, James Carville, and Charles Rangel dislike the populists, working hard to pass free trade agreements written by their lobbyist friends. The elites are now seething at being discredited in the election. They are flinging political epithets in their death throes, calling us protectionists, anti-capitalist, and radicals. But indeed it is the elites who are radical.

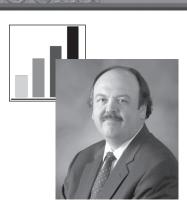
We have to support our populist friends in government, and oppose the elitists of both parties. The litmus tests are coming up this year. There will be votes on the competition title in the Farm Bill; strengthening antitrust laws; and opposing free trade agreements until the U.S. Trade Representative negotiates one what works for America It is up to us to keep our, and their, eye on the ball. $^{\mathrm{MS}}$



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DAVID KRUSE

PRESIDENT, COMSTOCK INVESTMENTS

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he structure of agriculture is transforming within my lifetime. Generations of farmers before me worked as individuals. Oh, they would have barn raisings and threshing bees for jobs that could not be done alone, but it was still the Jones or Clark or Johnson Family farms. They balanced their accounts at the end of the year with what they bought and sold as individuals. Cooperatives came about as a concept to provide competitive priced inputs or off take the production coming from individual farms. Cooperatives were given special dispensation in the Cooper-Valsted Act to better compete with commercial enterprises where there was otherwise little competition.

Cooperatives require membership and a commitment of business in order to participate. While there are exceptions, the cooperative system has not thrived, in fact, it has been in a recent state of decline that I believe will continue, as new more flexible business structures are adopted. In fact, some of the greatest failures in U.S. agriculture have been cooperatives. Farmers often want and demand goods and services that are not cost effective to provide, therefore weakening the financial performance of the cooperative entity. Not all decisions made by cooperatives are good business decisions as they have demands on them beyond market forces. Cooperatives are typically low equity enterprises and have limited ability to accept outside capital. As such, the cooperative

was not the chosen organizing business structure for most of the developing ethanol industry.

Midwest Grain Processors (MGP) was an exception, located in Lakota, Iowa, formed as a cooperative with a commitment of bushels of grain from members relative to shares purchased in the ethanol enterprise. Their reason for use of the cooperative structure was that it escapes most securities regulation and allows greater latitude over use of funds raised from members. Organizing as a Limited Liability Company (LLC) differs in that no commodity commitment is required but no funds can be spent until all the capital is raised from investors to fund the business plan proposed. Organizing cooperatives can spend dollars while they are raising more.

The Iowa Quality Beef Supply Cooperative (IQBSC) was able to raise a few million dollars to buy the beef packing plant in Tama, Iowa, then raise some more to refurbish it and then raise additional equity to operate the plant in stages. The drawback is that they never raised adequate capital only able to operate a few months, failing to complete their business plan. Had the IQBSC formed as an LLC, they would have had to have prepared a complete plan in a prospectus and secured complete funding before they could have spent the first dollar. If unable to do that, the company could not go forward, but would not have lost millions of producer dollars as occurred. Had they formed as an LLC, they would have been forced to fully capitalize before they began operations and would have been a stronger entity out of the starting gate. While providing an effective capital structure the LLC does not guarantee success but does increase the odds significantly for it over a cooperative structure.

The ethanol industry was the bellwether for testing organizing business structures. Participation in LLC's is not restricted to members committing commodities to operations as are cooperatives. This allows them to access a larger pool of investors and capital.

Midwest Grain Processors organized as a cooperative but almost immediately chafed at the limits in their ability to expand the company's capital base. A hybrid entity was formed where by the operating structure became an LLC owned by the cooperative and its members. Units of the LLC could be sold to outside investors essentially forming a "joint" venture within the LLC with the cooperative.

The independent family farm is going to be transformed into organized entities, capitalized by anywhere from a few individuals to up to 500 unitholders. Swine production complexes, dairy, beef, egg, turkey and even grain company's are being formed in cooperative enterprises that are not Cooperatives, but Limited Liability Companies. I believe that within a generation, the majority of net farm income will be coming through capital structured business enterprises. It would be impossible for the average grain farmer to build his own dairy or beef feedlot or sow complex but all of the derived benefits of such value added supply chain advancement can be achieved through owned shared Limited Liability Company structured enterprises.

It's strategic. I believe this capital structure is going to unleash a whole new dynamic in U.S. agriculture where an individual farmer will concentrate his management on one specific enterprise but participate with more points of contact in the supply chain through investment in Limited Liability Partnerships. This allows him to take advantage of management and resources beyond his own benefiting from the diversification.

The ethanol industry opened everyone's eyes up to the potential dynamics of what can be accomplished through capitalized structure. 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. Mr. Kruse is also president of AgriVantage Crop Insurance and Brazil Iowa Farms, an investor owned farming operation in Bahia, Brazil.(Futures Trading involves risk. Past performance is not indicative of future performance.) For information on subscribing to the daily CommStock Report, contact: CommStock Investments, Inc., 207 Main St., Royal, IA, 712-933-9400, www.thecommstockreport.com, E-mail to: csreport@ncn.net.



MICHAEL STUMO

WHAT OCM EXPECTS IN A FARM BILL COMPETITION TITLE

Congress is now in session. Both new and used legislators are sworn in. The Good Guys (OCM members are the Good Guys, if you are wondering) are on the offensive. The Bad Guys (the packer lackies are the bad guys) are on the defensive. We have truth and justice on our side. They have M&M's – that's Money and Misinformation. Who will win the next few rounds? The betting in the office pools and the haysheds has begun.

Farm Bills have never addressed competition. But OCM wants competition in this one. Here are our goals.

* LIMIT PACKER CONTROL/MA-NIPULATION OF LIVESTOCK MARKETS

1. Captive Supply Reform Act: This legislation will bring secret, long-term contracts between packers and producers into the open and create a market for these contracts. The Captive Supply Reform Act will restore competition by making packers (and livestock producers) bid against each other to win contracts. Currently, formula contracts and marketing agreements are negotiated in secret, where packers have all the information and power. Formula contracts

and agreements depress prices and shut small and independent producers out of markets. The Captive Supply Reform Act would require these contracts to be traded in open, public markets to which all buyers and sellers have access.

2. Prohibition on Packer-Owned Livestock: Meat packers such as Tyson, Cargill, and Smithfield Foods use packer-owned livestock as a major tool for exerting unfair market power over farmers and ranchers. This practice fosters industrial livestock production and freezes independent farmers out of the markets. Packer-owned livestock has been proven to artificially lower farm gate prices to farmers and ranchers while consumer food prices continue to rise. By prohibiting direct ownership of livestock by major meatpackers, a packer ban addresses a significant percentage of the problem of captive supply which packers use to manipulate markets, and would help increase market access for America's independent producers who currently experience great restrictions in market access due in part to packer ownership of livestock.

* INCREASE FAIRNESS IN AGRI-CULTURAL CONTRACTS AND MARKETS

3. Fairness Standards for Agricultural Contracts: In order to address the worst abuses contained in processor-drafted contracts, legislation that provides a set of minimum standards for contract fairness is urgently needed. Such standards should include at a minimum the following:

(a) prohibition of the use of forced, mandatory arbitration clauses, which have been used by some packers or integrators to force growers to give up their access to the courts, even in the case of fraud, breach of contract, misrepresentation or other blatant contact abuses by the integrator or packer firm;

(b) clear disclosure of producer risks;(c) prohibition on confidentialityclauses;

(d) recapture of capital investment so that contracts that require a significant

capital investment by the producer cannot be capriciously canceled without compensation; and (e) a ban on unfair or deceptive trade practices, including "tournament" or "ranking system" payment.

4. Clarification of "Undue Preferences" in the Packers & Stockyards Act (PSA): Packers commonly make unjustified, preferential deals that provide unfair economic advantages to large-scale agriculture production over smaller family owned and sustainable farms. Courts have found current undue preference legal standards virtually impossible to enforce. Additional legislative language is needed in the PSA to strengthen the law and clarify that preferential pricing structures (those that provide different prices to different producers) are justified only for real differences in product value or actual and quantifiable differences in acquisition and transaction costs. Specifically, we are asking to:

(a) Make clear that farmers damaged by packer/processor unfair and deceptive practices need not prove "harm to competition" to receive a remedy.
(b) Make clear that "pro-competitive effects" or "legitimate business justifications" are not recognized packer defendant defenses, and not necessary for farmer-plaintiffs to prove the absence of, in a court case under the PSA.
(c) Require courts to award attorneys fees to successful producer plaintiffs under the PSA.

5. Closing Poultry Loopholes in the Packers & Stockyards Act (PSA):: USDA does not currently have the authority under the PSA to bring enforcement actions against poultry dealers. Poultry producers should have the same basic enforcement protection that is offered to livestock producers when packers and livestock dealers violate the PSA. We seek legislation to clarify that USDA has authority over PSA violations involving poultry dealers in their relations with all poultry growers, including those who raise pullets or breeder hens

Please see FARM BILL on page 7

a ocm

Bringing down the house

In Oklahoma, a tiny house is all that stands in the way of a mammoth monument to money and power.

BY CANDACE KREBS

On the surface, it's a classic eminent domain case. But when Oklahoma City attorney Harlan Hentges peers at the modest rent house near the Oklahoma State University campus, he sees a broader David and Goliath struggle, one that represents the decline of agricultural education and research as the politically powerful flout the original purpose of the land grant mission.

"It's a little house built right after the war with the heater set into the wood floor," he says, describing the inauspicious spot on Connell Street in Stillwater, north of the looming football stadium and a short walk from Ag Hall and the Wes Watkins Center for International Trade Development. "It's got two small bedrooms, an attached onecar garage and a brown picket fence."

The property is among 87 homes recently seized to make way for a gargan tuan athletic complex underwritten by Texas oil magnate T. Boone Pickens. All of the surrounding properties have already "sold" to make way for "Phase One" of the massive project, with the

land grab for phases two and three still to come.

The resulting high profile case represents the newest generation of governmental takings to fall under the law's microscope following the 2005 decision of the U. S. Supreme Court in Kelo v. New London. That decision appeared to broaden the scope of eminent domain authority.

While defending private property rights usually draws the support of traditional farm organizations, this new case is more complex. Hentges is using the case to question the legitimacy of Oklahoma's Board of Regents for Agricultural and Mechanical Colleges, whom he contends are unqualified to hold their posts.

In a move long-contemplated, Hentges is challenging a largely ignored constitutional requirement that the majority of Oklahoma State regents be bona-fide farmers. "I have known for some time that Oklahoma was ignoring this constitutional provision. An agricultural economics professor told me about it, and it is well known in Oklaho-

ma's agricultural community," he explains.

"According to the Oklahoma Constitution, there are to be eight regents appointed by the governor, five of whom are required to be farmers whose principle means of earning a

contractor, a lawyer, a banker and a veterinarian, but no farmer." That twist on the eminent domain countersuit is keeping the agricultural

establishment at arm's length. After all, mainstream agricultural groups are interwoven into the fabric of the political establishment. "The politically appointed regents — although they are clearly not farmers and therefore unqualified to be regents — are shielded by political connections, the good name of the land-grant university, its sacrosanct athletic program, and Pickens's historical nine-figure gift to the athletic program," Hentges observes.

living is farming," he continues. "Right

now, none of them are farmers. There

is the wife of former congressman Wes

Watkins, a pharmacist, a car dealer, a

real estate developer, a construction

Kevin and Joel McCloskey are the property owners who came to Hentges' law firm seeking to file a counterclaim against the university contesting eminent domain proceedings. Over the McCloskeys' objections, the court appointed appraisers to value the property. They valued it at \$84,000 – \$22,000 more than the university had offered before resorting to the use of eminent domain.

"We felt vindicated at that point, because it revealed that the regents were undervaluing the property and trying to force McCloskey and others to take less than their property was worth," Hentges says. Instead of agreeing to the value set by the three independent appraisers, however, the university is now demanding a jury trial to challenge that amount. Hentges believes this is part of a strategy to exhaust the McCloskeys' resources and force them to abandon the claim that the regents are unqualified to hold their positions.

"My client can't keep this up forever. The McCloskeys are essentially risking \$72,000 by continuing to fight, but they don't have much to gain. There is no big financial payoff in a case like this," Hentges says.

He believes that most agricultural

groups would like to see the governor adhere to the law by appointing more full-time farmers but concludes that these same groups retain just enough influence with the political establishment to let the issue slide.

"The average agricultural leader, lobbyist or whatever-they-are seem to be going along to get along and don't have the stomach for a real fight," he says.

Hentges would like to enlist the support of a maverick agricultural organization with a history of funding important litigation and a willingness to challenge the establishment. R-CALF USA is one of the few organizations farmers and ranchers can count on to "tell it like it is," he says. R-CALF currently lacks a state affiliate or much of a unified presence in Oklahoma, and he sees this case as a potential rallying point to unify R-CALF supporters in Oklahoma.

"R-CALF could be very important to the future of the case," he says. Agriculture in general has far more to gain than a small property owner, he emphasizes.

"Unfortunately, matters of principle are for people who can afford it," he adds. "When T. Boone and the State of Oklahoma are financing the other side, principles can cost quite a bit."

Meanwhile, the next step in the court proceedings is a hearing scheduled in mid-January to decide whether the presiding judge will be disqualified. Hentges asked for the removal because in a Sept. 15 order, District Judge Donald Worthington stated that the board of regents "is a constitutional board" and "may acquire by condemnation" the McCloskey's property.

"The judge has inappropriately and prematurely made his decision before he has heard any evidence," Hentges insists. "There is no way to have a fair trial before a judge who has already made up his mind."

If he can get the judge dismissed, Hentges hopes that success will lead

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to more support for what could be a pivotal case regarding mismanagement of the land-grant system.

Another attorney, Russell Green, has filed a similar challenge to the regents' constitutional authority in a case involving another homeowner, Peggy Salas, whose home was seized by the university several years ago to make way for a parking lot. Judge Worthington ruled against Salas in that case on the grounds that she had not raised the issue soon enough in the proceeding.

"I hope the court does realize this does raise a fundamental constitutional question," Green told the media.

The state's governor or attorney general could act at any time to insure that qualified regents are appointed, Hentges says. "I hold out some hope that they will fix this. It could happen," he says.

Hentges often hears the argument that the constitutional clause requiring that the governor appoint regents whose primary income is from farming is now out-dated. As a case in point, the general decline in agricultural profitability means full-time farmers are increasingly rare. USDA's own figures show that fully 85 percent of all farm income nationally is attributable to off-farm sources.

Hentges says the law is the law, and it should be obeyed, not ignored.

"I think it's a good law," he insists. "There's a reason that farm profitability has declined, and there's a reason that few farmers are left. If the leaders of land grant universities decided that they needed to do better job serving the people they are supposed to serve, the research would be different, the information put out by Extension would be different and the teaching in the classroom would be different. It would be helpful to the farmers instead of a few multinational grain companies, multinational meatpackers and multinational chemical companies. I think it would bring much-needed improvement."CK

WHAT THE HECK IS A POPULIST?

The ideological shape of the House of Representatives and the Senate changed profoundly this month as swearing ceremonies were held. What did the election mean for us?

Conservative pundits argued that the November elections were a victory for conservatism, because the Democrat victors were not liberal. This odd conclusion begs the question of whether more Democrat victories would be bigger victory for conservatism.

Liberal pundits argued that the November elections were a victory for liberalism. This claim is also wrong. The Clinton Democrats did not win.

The November elections were a victory for Populism. Incoming Senators Sherrod Brown of Ohio, John Tester of Montana, Republicanturned-Democrat Jim Webb of Virginia, and many Democratic House freshman ran on populist issues. They championed the working/middle class against the rule of the elites.

But what the heck is populism? The dictionary says populism is "a political philosophy supporting the rights and power of the people in their struggle against the privileged elite." Populist writer Molly Ivins, who is now fighting for her life against cancer, says "we tend to focus less on social issues and more on who's getting' screwed and who's doin' the screwin." Populist don't like big government, but they dislike corporate elites more. They are viewed as socially conservative, giving rise to the Conservative pundit claim of victory, but the truth is social issues barely register on their radar.

Clintonite Democrats and modern Republicans fight about gay marriage, abortion, and English as the primary language. But regular folks are trying to sell their crops and livestock, get and keep a job, pay their bills, and

Please see POPULIST on page 7

LAND GRANT LORE

Oklahoma State University is one of nearly 70 land grant universities created by the Morrill Act in 1862 to teach agriculture and provide a practical education to the working classes. Iowa was the first state to accept the act, making Iowa State University the first designated as a land-grant university. The first land-grant university newly created under the Morrill Act of 1862 was Kansas State University, established on February 16, 1863. The oldest land-grant university is Rutgers University, which was founded in 1766. The pioneer land-grant university is Michigan State University, founded in 1855, after which all land-grant universities were ostensibly modeled.

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