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**NOVEMBER/DECEMBER**
2006

***Reclaiming the Agricultural Marketplace For Independent Farmers, Ranchers and Rural Communities!***

WHAT'S
# INSIDE



# CONFERENCE update

FRED STOKES
EXECUTIVE DIRECTOR

Something exciting and important just happened in Colorado Springs. OCM and our co-organizers National Farmers Union and American Corn Growers Association showed the utility of working together on our mutual interests. We held a conference; "Free Trade and Globalization; American Opportunity or Risk to Economy and Security?" November 15 – 17 at the scenic and excellent Glen Eyrie Conference Center; and what a conference!

Tom Mullikin and his crew from Moore & Van Allen and our secretary, Pat Craycraft handled the many details that resulted in this conference being a class act.

Even though the lame duck session of congress denied us some of the participants we wanted, we had some fifty energized, prominent and astute participants and observers. There was enthusiasm, concert and harmony such as is rarely seen. Our high expectations were exceeded.

John Dittrich designed the conference to answer several questions. These were given to four breakout groups who returned stinging indictments of current globalization and trade policies.

*"Multinational corporate-controlled globalization is undermining the well being and prosperity of farmers and rural America, working families, domestic manufacturers, and the service industries depending upon them."*

*"Existing trade agreements have caused tremendous trade deficits, harmed future American innovation prospects, resulted in tens of thousands of manufacturing company closures, and eliminated millions of manufacturing jobs. They have also compromised national security and undermined national sovereignty."*

While conferees acknowledged that trade can be useful and mutually beneficial, they were in solid agreement that current trends must be reversed.

We had hoped that the conference would give credibility to our

Please see CONFERENCE on page 7

*Keith Mudd and Keith Dittrich, Group Leaders/ Breakout Sessions*

*Montana Governor Brian Schweitzer, Banquet and Keynote Speaker with Fred Stokes, OCM Executive Director.*

From OCM's General Counsel

**Michael Stumo**

## New Political Life for Competition Title in Farm Bill

OCM is ramping up efforts to pass a Competition Title in the next Farm Bill. Senator Tom Harkin (D. IA) will chair the Senate Ag Committee as a result of the November 7 elections. This gives us more hope because Harkin was the chief sponsor of the pro-competition effort in the 2002 Farm Bill process.

A bit of history is in order. The federal farm bill is usually in place for 5 years before it comes up for renewal. The farm bill is organized into topical "Titles" such as Rural Development, Conservation, etc. Never before has a Competition Title been a part of a farm bill.

In 2000, the Republicans held narrow control of the Senate. Senator Richard Lugar of Indiana chaired the Senate Ag Committee. Lugar allowed competition hearings, smiled graciously in response to requests for competition reform, and did nothing.

Senator James Jefford of Vermont then switched from Republican to Independent, handing Senate Control to the Democrats in late 2001. Harkin chaired the Senate Ag Committeee and developed a farm bill, though a different version from the Republican controlled House. The Competition Title did not pass the Senate Ag Committee because the Republicans and Blance Lincoln (D Ark) voted against it.

But the Packer Ownership Prohibition, which would have prevented packers from owning livestock, passed the full Senate, as an addition to the Senate's farm bill package. But a Conference Committee between the House and Senate was called to iron out differences in their respective bills. The House chairman at the time, Larry Combest (R TX) refused to allow the Packer Ownership Prohibition in the final bill. A big disappointment for OCM.

Now Senator Harkin has another chance. Colin Peterson (D Minn) will head the House Ag Committee. Peterson has been lukewarm on competition, but will be far more helpful than his immediate predecessor, Richard Goodlatte (R VA).

The Competition Title OCM is helping craft will include restrictions on captive supplies in livestock, country of origin labeling finalization, mandatory price reporting corrections, and overturning the 11th Circuit Court of Appeals decision in Pickett v. Tyson. Producers in all states should let their Senators and Representatives know that a new farm bill cannot be passed without a full blown Competition Title. There is no more important work for livestock agriculture.[MS]







(CONFERENCE
(continued from page 1)

contention that current trade policy was causing great harm to our citizens and our country, but the result was much more significant. **This conference has sparked a prairie fire of opposition to current policies and a resolve to bring about constructive change.**

There was strong support for immediate follow-on activities to bring about a coalition of the ubiquitous interests that have been harmed by present policies. At the suggestion of Keith Mudd, the conferees adopted the slogan; "Taking It Back". Based on my contacts and conversations since the conference, I anticipate the formation of a broad and powerful alliance with the will and resources to take "it" back.

A small planning group will meet in Charlotte, NC, December 14th and 15th to plan "continuing the march". OCM will remain the prime mover and facilitator. In concert with our old and new friends, we will develop core principals, a coalition structure, a decision making mechanism and a plan of action. In keeping with the clear mandate from the Colorado Springs conference, we are aggressively moving ahead with plans for a new force that will have much to say about our future trade policies. While member organizations may not agree on all issues, they are in solid agreement on this matter; and are committed to working collectively, harmoniously and effectively. They are determined to bring about new policies that will stem present harm and bring benefit to our citizens and our country.

The recent elections have given us new hope that this mindless current trade agenda can be brought to a halt; that more sensible deals can be struck and enforced. While both political parties have been complicit in bringing about the present dire situation, there are now a significant number of new faces in congress. Many of these ran on a fair trade agenda; "fair traders" who have replaced "free traders (traitors?)".

There is clearly now a window of opportunity, but we must move promptly lest the Transnational Corporations regain control of the agenda. You should anticipate prompt and vigorous actions from OCM and our rapidly growing group of allies. We're going to "Take It Back"! Stay tuned.[FS]

TRADE (continued from page 3)

ludicrous. For one thing, there can be no "free trade" with dictatorial nations like China because so many of the labor and other costs are dictated by the central government, not by markets or free collective bargaining. For another thing, these trade agreements are full of monopolies such as long western-type patent grants which are the antithesis of "free trade."

Lastly, as Public Citizen's director of Global Trade Watch, Lori Wallach, demonstrates, holding up a giant compendium of NAFTA and WTO rules: "If there was 'free trade,' a couple of pages would do. This is about who write the rules. This is about corporate-managed trade."

For more information, see www.competitivemarkets.com.

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If you are interested in receiving information on any of these planned giving vehicles or have a question, please contact Michael Stumo by calling 860.379.6199 or email stumo@competitivemarkets.com.

## Smithfield's Acquisition of Premium Standard Farms

by Michael Stumo

Three days after Smithfield Foods announced its planned acquisition of Premium Standard Farms, Smithfield's CEO Joe Luter told Agriculture Online, on September 21, 2006:

*"[Midwestern people] have more tunnel vision than people on the West or East Coast. They don't accept change as much."*

What Midwesterners don't accept "as much" is multinational companies destroying competition in the hog industry. Smithfield has had a harder time getting politicians into their pocket. Senators Harkin and Grassley of Iowa, Tim Johnson and John Thune of South Dakota, Byron Dorgan and Kent Conrad of North Dakota, Richard Durbin of Illinois, and Mark Dayton of Minnesota have all been friends of competition.

In the Southeast U.S., Smithfield and Premium Standard are the only two major packers left. State and federal officials in Virginia and North Carolina, where the companies have plants, have never raised any concerns about hog competition loss. They are asleep, ignorant or compromised by campaign contributions. Those states do not challenge wrongful poultry company practices, and have never complained about a merger.

Luter also said, in the same article:

*"I can make a strong case that we are the best friend the Iowa hog farmer has."*

If Luter's "strong case" includes buying the Dakota Pork packing plant in Huron, South Dakota and closing it; buying the FDL packing plant in Dubuque, Iowa and closing it; and suing to overturn Iowa's corporate farming laws as Iowa hog producers leave the business... his case will not be strong. Ask producers in South Dakota and Missouri about packer competition there.

Smithfield is taking ownership and control of the hog industry. Hog farmers selling on the open market cannot get a price bid, but merely beg for a date of delivery. The price is dictated to them after they deliver. This is not capitalism, it is dictatorship by corporate bureaucrats.

OCM met with the U.S. Department of Justice Antitrust Division last October, convincing officials to delay the acquisition of Premium Standard Farms. OCM has worked to spur opposition of Midwestern and Southeaster state Attorneys General to the deal, but with mixed success.

How far have we come in the 10 years since 1996, in the 20 years since 1986? What will the overall packing sector look like in 2016, or in 2026? Without your efforts today, we will have no livestock market, and no competition. Farmers will own the land, and beg for a contract to take care of a big company's pigs, but with less and less compensation. Not everyone can work for the local golf course while they try to break even with their hog facilities.

You as producers need to call the Attorney General in your state, and demand that they oppose the acquisition.MS

TO ALL OUR MEMBERS AND FRIENDS WITH WARMEST WISHES THIS HOLIDAY SEASON ...

*Merry Christmas and Happy New Year!*

OCM BOARD OF DIRECTORS AND STAFF





Common Dreams NEWS CENTER
Breaking News & Views for the Progressive Community
www.commondreams.org

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# 'This Is about Corporate-Managed Trade'

by Ralph Nader

After moving the formerly progressive state of Michigan along the road to corporate serfdom, former Governor John Engler moved seamlessly to the much higher paying position as President of the National Association of Manufacturers (NAM) in Washington, D.C.

The internal tensions of large trade associations are rarely the subject of reporters' attentions. For if they were, they would discover an ongoing conflict between Mr. Engler with his giant multinational corporate brethren and some mostly domestic manufacturers upset with his all out support of corporate globalization policies-NAFTA and WTO style.

Nowadays, Engler and his Big Boys are not happy with executives at Nucor corporation-one of the largest steel producers in the United States with facilities in 14 states. The feeling is mutual. Along with a growing number of stateside manufacturers, Nucor would like Mr. Engler to recognize some of the adverse realities which flow from the deindustrialization of American due to unfair global trade practices and models.

On a general plane, NAM keeps pushing the White House and Congress for trade agreements and policies that have taken the United States from its status as the world's leading creditor (they owed us) in 1980 to by far the world's leading debtor (we owe them trillions of dollars). For over 27 straight years, our country has chalked up rapidly rising trade deficits. This year the trade deficit alone will exceed $800 billion. This year, countries like China and Japan will loan us money (buying U.S. treasury bonds) to finance these deficits, thus postponing the day of reckoning.

Nucor's concerns were reflected recently by a remarkable new coalition of grassroots organizations representing farmers, workers and manufacturers which met the week of November 15, 2006 in Colorado Springs, Colorado.

Their statement of purpose declares: "Multinational corporate-controlled globalization is undermining the well being and prosperity of farmers and rural America, working families, domestic manufacturers, and the service industries depending upon them.

"Existing trade agreements have caused tremendous trade deficits, harmed future American innovation prospects, resulted in tens of thousands of manufacturing company closures, and eliminated millions of manufacturing jobs. They have also compromised national security and undermined national sovereignty. "We are committed to developing a New Global Trade and Investment Agenda that serves the people who make and grow things in all countries. The agenda must include and improve labor and environmental standards, food security, and national security. It must realign corporate and trade objectives to serve the nation's public and private interests."

The declaration was signed by the Organization for Competitive Markets (OCM), the National Farmers Union, the California Farmers Union, the National Catholic Rural Life Conference and the American Corn Growers Association, among others.

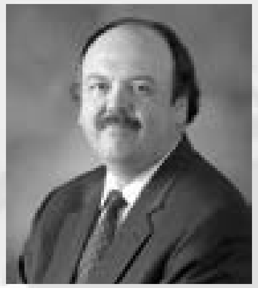
Fred Stokes, the executive director of OCM, army veteran and defender of family agriculture, was a sparkplug for this conference and is planning a much larger gathering in Washington, D.C. next March.

The Breakout sessions were framed by specific questions. Has the globalization model provided equal opportunity for all participants in the economic system? Has it increased or decreased risk in the food system? Has it increased or decreased national security risks? Has it weakened or enhanced national sovereignty and Democracy?

This focus should attract a substantial number of the American people and broaden the ways of evaluating these trade agreements, as if people matter first, not as if the NAM's dominant powers over government are to continue making the rules.

The use of the phrase "free trade" to describe NAFTA and WTO is

Please see TRADE on page 7



**DAVID KRUSE**
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The CME and CBOT announced an $8 billion merger of the two futures trade exchanges. While both exchanges provide futures markets for commodities, only 2% of MERC trade volume and 18% of CBOT trading is commodities. The big exchange volume is in stock indexes, bonds, interest rates and currencies. The two exchanges rarely compete with one another directly. By that I mean that the MERC doesn't trade corn and the CBOT doesn't trade cattle. To suggest that there is competition in exchange traded directions markets is over-stating the fact.

Exchanges are careful to divide each turf with the express desire to avoid competition. Nevertheless, the trend is toward global alignment and integration to where the equivalent of a single universal trading exchange would appear to be the end result - a single, for profit global monopoly of exchange traded futures contracts.

It's not as if some mom and pop concern can open a corn trading pit in a vacant building off LaSalle Street. The MERC and CBOT are rivals, not competitors who already enjoy a monopoly over what they do. The CBOT actually clears its contracts at the Chicago MERC to cut costs. The CME also provides the technology to the New York MERC for electronic trading. From a market function perspective, nothing should change from a MERC/CBOT merger that their customers would notice.

The WSJ noted, "The Justice Department is going to want to look over any overlap in products and services, and whether the deal will avert potential competition especially in electronic-trading platforms," said Steven Sunshine, a former antitrust enforcer now with Cadwalader, Wickersham & Taft. "I don't see any major hang-ups given strong global competition. A U.S.
official agreed, because the two exchanges specialize in different types of futures and don't overlap."

"Exchange officials said there will still be plenty of competition - the large volume of derivative trades done privately or over the counter. We're not expecting any significant regulatory obstacles. We're in an increasingly competitive environment. The market is globalizing. The OTC market is much larger. He maintained that greater efficiencies and cost-cutting would benefit customers." The exchange claims the merger will produce $125 million in cost savings. How much of any of that gets passed on to customers is, in part, a function of competition, for which there is none.

Ag ReSource President, Dan Basse says, "Big trading customers of the two exchanges are worried that the combined firm won't have an incentive to lower trading fees because it wouldn't have significant competition. There's no natural predator out there for the combined Board of Trade and Mercantile Exchange. Therefore, in terms of fees for all of us, I'm not sure they're going down."

OCM is concerned that there is weak ag futures market oversight now. "The CBOT and CME can make or break agricultural markets, having real effects on real people," said OCM President, Keith Mudd. "But they are controlled by large agribusinesses and traders, not

Please see KRUSE on page 5





# Apoplectic Free Traders

BY MICHAEL STUMO

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*Definition: Apoplectic (adjective)*

1. *Sudden impairment of neurological function, especially that resulting from a cerebral hemorrhage; a stroke.*
2. *A sudden effusion of blood into an organ or tissue.*
3. *Extremely angry; furious: "members of Congress who otherwise become apoplectic about wasteful government ."*

---

The free traders are apoplectic. Their snake oil sales are down dramatically this year. November 7 voters did not buy it. The "snake oil" is one-sided, unsupportable assertions that free trade is good for you and everyone else, even when it is not.

Voters elected Sherrod Brown, John Tester and Jim Webb to the Senate, as well as many House members critical of free trade. Vietnam and Peru free trade agreements wer e rejected by Congress after the election, embarrassing Bush before his visit to Vietnam.

U.S. Treasury Secretary Henry Paulson is demonstrably apoplectic. He whined to a British Industry Association in late November about growing U.S. protectionism in the face of all the supposed benefits of free trade.

OCM's efforts towards trade deals that actually benefit the United States are in high gear. An OCM sponsored conference in Colorado Springs in November caused possibly unprecedented agreement among food, ag, domestic manufacturing and labor representatives for a new trade agenda.

U.S. Trade Representative negotiators, time after time, negotiate trade deals resulting in 90% increased imports, possibly 10% increased exports, and tremendous outsourcing. In any other business, these negotiators would be fired. Our trade deficit balloons out of control, we lose 40,000 domestic manufacturers in 6 years, and our traditional agricultural trade surplus nearly vanishes.

The U.S. spends money on research and development, only to see the actual manufacturing move to other countries. We spend big money on education, only to find graduates unemployed in previously high-income, high-employment sectors.

The current trade deals are written by the Global Elite, and for the Global Elite. The inequality of benefits is breathtaking. Cargill wins, and virtually everyone else loses. U.S. oil companies make record profits, and have invested nothing in the United States, but rather in third world dictatorships.

OCM is now in talks with state and national manufacturing associations, information technology organizations, labor, and other food and agriculture organizations to create a new trade agenda that helps American agriculture and the general economy.

This is an important historical moment promising big change in trade. You can help by supporting OCM, and by keeping the pressure on your Senator and Representative. We cannot let elected representatives forget why we sent them there.[MS]

KRUSE (continued from page 4

producers. The regulatory oversight of the futures markets is weak in comparison to stock market oversight. If this merger goes through, the combined CME Group will further overwhelm and control the futures markets, and the CFTC will be even less effective to protect market integrity."

The statement made by the MERC/CBOT merger is that if oligopolies are good, monopolies must be even better.[DK]