



Latest chapter in Beef checkoff saga; USDA OIG Relents



A letter dated November 4, 2013 from USDA Office of Inspector General contained some very welcome news, specifically: “... *your FOIA appeal is granted*”. For some time OCM’s legitimate request for material relating to a particular OIG audit had met with what could best be described as evasion and stalling. But, unlike previous correspondence from this agency, this letter was signed personally by the Inspector General, Phyllis K. Fong.

Background:

Back in July of 2010, an outside independent audit was ordered for the Beef Checkoff by the Cattlemen’s Beef Board (CBB). This was an audit of a very small sampling of transactions. However, it found gross and disturbing mishandling of funds by NCBA, contractor for the Beef Promotion Program, beef checkoff.

Late in 2010, in cooperation with other cattlemen’s organizations, OCM initiated an effort to address the situation. After considering litigation, the group (OCM Beef Checkoff

Reform Taskforce) also began an intensive effort to have an in-depth audit conducted by USDA OIG.

The USDA Inspector General was Phyllis Fong who had a reputation for integrity – a straight shooter. (In November 2008, she was elected as the first Chairperson of the Council of Inspectors General on Integrity and Efficiency.)

In February of 2011, an audit of Agricultural Marketing Service (AMS) oversight of the Beef Research and Promotion Program was commenced. Members of the Checkoff

Reform Taskforce met early on with the audit team, expressing their concerns and pledging their cooperation.

Throughout the course of the investigation, members of the taskforce furnished significant information to the investigation team leader (Don Pfeil). There was periodic contact and a warm but proper and ethical relationship developed.

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Merry Christmas and a
Happy New Year!*

OCM Board and Staff

Report chides animal ag policy

Government has made ‘appalling lack of progress’ since 2008, center says; animal groups see bias *Des Moines Register – October 23, 2013*

A new report blames U.S. leaders for failing to take stronger action to remedy what the group says are public health, environmental, animal welfare and rural community problems created by the industrial food animal production system.

A new analysis from the Johns Hopkins University Center for a Livable Future finds that the Obama administration and Congress have acted “regressively” in policy-making following the release in 2008 of a report from the Pew Commission on Industrial Farm Animal Production, the groups said Tuesday.

Tuesday’s analysis looks at what has been done since release of the Pew Commission report five years ago.

“There has been an appalling lack of progress,” said Robert S. Lawrence, director of the Johns Hopkins Center for a Livable Future. “The failure to act by the USDA and FDA, the lack of action or concern by the Congress, and continued intransigence of the animal agriculture industry have made all of our problems worse.”

But the National Pork Producers Council said groups like the Center for a Livable Future and the original Pew Commission are spreading misinformation because they oppose “modern livestock production.”

“Just as it was five years ago, the charges against animal agriculture made in the CLF report bear little resemblance to the truth. The report is wrong in every aspect,” said Randy Spronk, a pork producer from Edgerton, Minn., and president of the National Pork Producers Council.

The Center for a Livable Future initiated “Meatless Monday” and

has ties to New York Mayor Michael Bloomberg, the “poster boy for the food police,” in light of his efforts to ban large sodas from being sold at restaurants and other businesses in his city, the Pork Council said.

The Center for a Livable Future is part of the Johns Hopkins University Bloomberg School of Public Health, named for Bloomberg.

Bob Martin, executive director for the Pew Commission, said residents in states like Iowa should be the most concerned about problems identified in the report, given the concentration of hogs, cattle and other animals in the state.

Martin said “routine low-level use of antibiotics” is undertaken to compensate for overcrowding of livestock operations. That routine use is tied to antibiotic resistance in people, Martin said in an interview.

But Scott Hurd, an Iowa State University professor who participated in an Animal Agriculture Alliance news conference said, “Farmers are not overusing antibiotics.” Most of antibiotics used for animals are not used by medical doctors, he said. The Animal Agriculture Alliance is a nonprofit group made up of farmers, ranchers and processors, among other groups.

Hurd said it’s the safe, high-quality livestock production in states like Iowa that helps provide nutritious, low-cost food to Americans.

Five years ago, the Pew Commission made these recommendations:

- Ban the nontherapeutic use of antibiotics in food animal production to reduce the risk of antibiotic resistance to medically important antibiotics in humans.
- Define nontherapeutic use of

antibiotics as any use in food animals in the absence of microbial disease or documented microbial disease exposure.

- Treat industrial farm animal production as an industrial operation and implement a new system to deal with farm waste, especially liquid waste systems, and to require permitting of more operations.

- Phase out production practices such as gestation crates within a decade to improve animal well-being.

- Aggressively enforce the existing antitrust laws applicable to food animal production and where needed, pass additional laws to provide a level playing field for producers.

“If the last five years has shown us anything, it is that the public is more engaged than ever in the food system,” said John Carlin, former governor of Kansas and chairman of the Pew Commission. “The results of this analysis show that our policymakers are really not listening to their constituents.”

The Pew Commission included members from Iowa: Frederick Kirschenmann, distinguished fellow at the Leopold Center for Sustainable Agriculture at Iowa State University and president of Stone Barns, New York; and James Merchant, former dean of the University of Iowa College of Public Health.



Un-COOL

BY RICHARD OSWALD

Not too long ago, the world's pharmaceutical companies lobbied Congress to drop strict safety guidelines saying those placed an undue burden on America. It was unconstitutional they said, by driving up the cost of medicine. US consumers shouldn't care where medicine came from. It was none of their business actually, so long as they received adequate assurances of safety and effectiveness.

It was the most efficient way, they said, to keep prices low.

Pill imports soared. Prices did too. Then car manufacturers saw the value of anonymity and removed all signs of nationalism from their products. "Built Like a Rock" and "Quality Is Job One" slogans were dropped for being too descriptive. Union workers were laid off as un-American by promoting US jobs at the expense of corporate profits. Americans were discouraged from asking where their automobiles came from or who made them.

It was considered the most efficient way to supply America with cars.

Emboldened by their success, lobbyists then argued on behalf of international uniform manufacturers, that nationalism placed too large a burden on taxpayers. They were talking about costly American flags on the shoulders of policemen, firemen, soldiers, sailors, and Marines. If we give up our own identity, then why care about any identity? Plain vanilla uniforms poured across ocean borders. Pennies saved per shirt equaled millions in taxpayer savings, and the only flag evident on American uniforms became one on collar band labels, that said "Made in China".

News reports pointed to soaring Asian sweat shop hiring as proof our new One America, One World policy was the right thing to do.

It was all about reaching peak efficiency.

When it came time to replace weapons systems critical to our defense, lobbyists insisted that America could only be safe by purchasing those from the lowest bidder. It was unAmerican and unnecessary they said, for America to know where its bullets came from.

Full munitions efficiency could only be achieved overseas where labor was cheap and costs were low.

Then came food.

COOL, Country of Origin Labeling, had gotten in the way. There was too much information for consumers, and too much support for family farms. Knowing the truth about food was very inefficient...and for some, inconvenient.

It was time to un-COOL America.

With grocery stores or quick stops on almost every street corner, Americans were told they didn't really need US farmers and ranchers, because Americans could get their food from the store.

Financed by anonymous corporate sponsors, a great consumer movement sprang up to eliminate any mention of origin on food labels.

Thousands of unemployed workers, armed with bus tokens and meal tickets bankrolled by big business, were dispatched to Washington DC. Picket lines on Capitol Hill stretched from Senate to House and back again.

Protestors cries were in favor not simply of cheaper food, but the cheapest food of all.

They had been told it was the most efficient way to feed America.

News media were deluged with facts and figures revealing immense savings for families unburdened by meaningless information on sources of food.

Because they'd been lied to so often, America no longer believed in anything.

The movement took hold.

Corporations called themselves things like "farms" or "co-ops". Multi-national meat packers infiltrated the countryside and what were

once real producer groups with false advertising and bogus claims. Words like 'real' or 'honest' or 'healthy' meant nothing to consumers who had been convinced that efficient food meant cheap food through Big Food.

But all they had actually done efficiently was to destroy the integrity of food.

Family Farms were replaced by huge multinational businesses very effective at slicing and dicing world food supplies into a mishmash of mush. Thanks to miraculous chemical flavors and coloring, the thing we now called food resembled whatever consumers were told they asked for without ever really being anything at all.

Wealthy and the elite enjoyed real cuts of farm grown meat. Everyone else ate textured slime molded to look like chops or steaks, chicken or seafood. It was hailed as the latest, most efficient method of food manufacturing to date. All of it was referred to with the value laden term "nuggets".

That's because they came from the gold mine of Big Food.

As politicians debated, fake political action groups masquerading as consumer or producer groups advertised endlessly in favor of removing all signs of nationalism. "We are one" was the national cry.

It became popular to haul the Stars and Stripes down off flagpoles on courthouse lawns and school yards, replacing Old Glory with a plain white flag of surrender.

When the last remaining patriots objected, they were told it would be good for America.

And very efficient. ^{RO}



AN ARTICLE FROM THE PAST

THE FARMERS' UNION

SALINA, KANSAS, THURSDAY, NOVEMBER 6, 1913

OFFICIAL ORGAN OF THE FARMERS' EDUCATIONAL AND CO-OPERATIVE UNION OF KANSAS

HIGH PRICES OF BEEF.

The high price of meat can not be charged up to the packers at this time but if the packers had, 10 or 15 years ago, paid the stockmen a price that they could afford to raise and feed cattle for, the packers have always made the price, they would have continued raising cattle and the big slump in the number of cattle in the country wouldn't have taken place.

Thousands and thousands of stock raisers and mixed farmers quit raising cattle because the packers made the price so low that cattle were selling on the market for less than cost of production.

Were the packers to blame for putting the price of beef as low as they did or were they justified in doing it? I take it that they were justified in doing it.

The packers were not engaged in raising stock cattle or in producing beef; they knew nothing about the cost of growing cattle or producing beef, and consequently the price they paid for beef cattle was to a great extent controlled by what so called expert cattle feeders said beef could be produced for.

Who were the expert cattle feeders that influenced the packers in making the price of beef?

A few windy cattle feeders who like to be known as successful cattle feeders and cattle raisers, that were whenever they sold a bunch of cattle, even though they sold at an actual loss, or at most broke even, giving interviews to press reporters of the big money they made when they sold a bunch of cattle on the Chicago, Kansas City, or some other market center. It is very regrettable a thing that we still have such foolish stock men on the market most every day.

Another class of men who had more influence over the packers in making low prices of beef were the expert cattle feeders at the Agricultural colleges and experiment stations, who were sending out bulletins and writing in the Agricultural papers the results of their beef producing operations. No matter how low the price paid by the packers was, the experts at the colleges and experiment stations could produce it at a profit.

The packers took it for granted that these would-like-to-be-called successful cattle feeders and demonstration experts at the agricultural colleges and experiment stations were doing what they said they were doing, and they regulated prices accordingly; and today the high price of beef, if it is too high, should be directly charged to the would-like-to-be-known as successful cattle feeders and agricultural college and experiment station beef producers that were producing beef so cheaply.

When I say agricultural college and experiment station expert beef producers, I wish it understood that I do not mean to cast any reflection on our Kansas Agricultural college because it has never made any startling innovations in the cost of producing beef. In fact its bulletins, given out, showing the cost of producing beef are about on a par with what any good feeder could produce it at under similar condition, but few, if any, feeders however, are in shape to feed cattle as is the agricultural college, and consequently the college should show better results and this point should have been taken into consideration by the packers.

STOKES (continued from page 2)

In a telephone conversation between me and Mr. Pfeil in December of 2011, he stated that the investigating team had finished their work and that things were in the hands of the report writers. He expected that the final report would be made public in March of 2012.

During the ensuing period of more than a year there were rampant rumors and anxious speculation within the NCBA and among other groups as to what the audit report might reveal.

Finally, a scant seventeen page report was released in April of 2013. In essence it stated that all was well, effectively absolving NCBA of any wrongdoing. Cattlemen were shocked and incensed! They had viewed the findings of the former audit ordered by the CBB as but the tip of the iceberg and expected that a full-blown audit would disclose gross misappropriation.

Charges of a whitewash and cover up were immediate. There were suspicions that AMS, which has had a long history of particularly cozy relations with NCBA, would attempt to downplay any wrongdoing by NCBA. Such suspicions were fueled by a report from a respected reporter who overheard a conversation at the February 2012 NCBA/CBB meeting in Nashville in which an AMS representative told NCBA officials that the draft USDA OIG audit included some "bad stuff" but that he had "fixed it."

After the final audit report was released, OCM promptly filed a request under the Freedom of Information Act (FOIA) for an extensive list of records pertaining to the audit report. The OIG FOIA office responded by releasing 101 heavily redacted pages of printed documents and denied release of the 3,120 pages of report drafts and 125 pages of related emails under a claim of exemption. In a rather lengthy letter, OCM challenged this claim. Almost immediately the "final" audit report was withdrawn.

The OIG FOIA office then continued to stonewall, explaining that the audit was now in a "renewed active work status" and therefore the requested material was not releasable. OCM has continued its pursuit of the requested material. A new "final" audit report is expected to be completed and released by the end of December. Since the Inspector General has granted our appeal, the OIG FOIA office would have twenty days to turn over the requested documents.

However, they continue to insist on giving us the tens of thousands of pages of material in printed form. We suspect this is because it would be much more difficult for us to analyze the printed material as opposed to having it in digital form. Nevertheless, we are determined to find out what went on during the sixteen month period in which thousands of pages of drafts were generated as the basis for a seventeen page report.

In a more complete and comprehensive audit of the AMS supervision of all of the 18 commodity promotion programs, dated March 2012, there were two significant findings:

1. AMS was derelict in its supervisory duties, effectively providing no meaningful oversight.

2. The 18 programs collectively brought in revenues of more than \$500 million in 2009.

(There is evidence that most if not all of these promotion programs are less than effective in promoting the interests of agricultural producers who are compelled to pay for the programs. There is strong belief among many producers that these large funds are actually being used to promote the corporate-controlled industrial model of agriculture, and thus the demise of independent family farming and ranching.)

So let me summarize:

1. The USDA OIG audit of the beef checkoff commenced in Feb-

ruary, 2011 as a result of producer pressure after the troubling findings of the independent audit ordered by CBB in 2010.

2. The OIG investigators completed their work in December of 2011.

3. While the final report was expected to be released in March of 2012, it was delayed until April of 2013.

4. The final report was a mere seventeen pages and reflected no significant wrongdoing, but did disclose (perhaps unintentionally) that more than 80% of NCBA's total revenue came from the beef checkoff.

5. After finding in a former audit that all 18 checkoff programs, including beef, were devoid of proper AMS supervision and oversight, this abbreviated report suggested that even in the absence of oversight, all was well.

6. The FOIA request for the thousands of pages of drafts and other materials which were the basis for this seventeen page report met with evasion, stonewalling, stalling and deceitful claims of exemptions.

7. Inspector General Fong has now personally signed a letter granting our appeal of the former decision that withheld the requested information.

8. After the report is again finalized, the OIG FOIA office will have twenty days to handover the requested documents.

I believe that investigating team leader, Mr. Don Pfeil delivered on his promise to "follow the money" and that his investigation discovered gross misconduct and improper accounting. I am also convinced that NCBA is guilty of wrongdoing and that the initial OIG Audit Report was an utter whitewash.

OCM intends to continue its all-out effort to bring daylight to this matter. ^{FS}

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