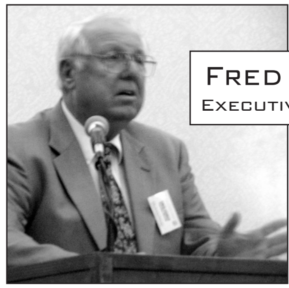
Looking back to find our way forward.



FRED STOKES
EXECUTIVE DIRECTOR

As we in OCM begin another year and contemplate our future activities, perhaps it is well to look back at why we came into being as an organization and what we originally set out to do.

I recently looked over some files that were generated in the early days of our existence. Among them was a manuscript of a rather lengthy talk that I was allowed to make to the Southern Agribusiness Council; an organization not entirely sympathetic to our point of view. It was interesting to see how the worrisome trends have continued over the past six plus years and how prophetic we were in analyzing the problems. Here is a portion of this talk:

Southern Agribusiness Council Forum
Hilton Hotel, Jackson, Mississippi
January 27, 2000
Thomas F. "Fred" Stokes

A couple of years back, we held a two-day meeting over next door at the Mississippi Farm Bureau. It was a meeting jointly hosted by Mississippi Farm Bureau and Mississippi Cattlemen's Association. We had about fifty people from perhaps a dozen states. Most of us stayed right here in this hotel, which was under a different name at the time.

At the meeting we talked about agricultural markets that were not working and about producers going broke while processors and retailers made record profits.

There were follow-on meetings in Omaha and in Kansas City, which ultimately resulted in the formation of The Organization for Competitive Markets. So this organization really began right here in Jackson and came into being with the help of Mississippi Farm Bureau and Mississippi Cattlemen's Association.

OCM was not conceived as some sort of protest movement but rather in the belief that there should be narrow focus on making markets function fairly, so that hardworking farmers and ranchers could be duly recompensed. It is fundamental that the lack of a profitable price causes farms to fail and has caused this farm crisis. The only real solution therefore, involves getting commodity prices to a profitable level.

OCM, although a small and young, non-profit organization has now attained recognition as a responsible and credible voice at the table when agricultural policy matters are discussed. I am proud to have been instrumental in the formation of the organization and to currently serve as its President.

The people at the center of this organization are some of the finest I have ever known. They believe as do I, that when you have the privilege of living in a country like ours, you should put something back. We are trying as best we can to do that.

It used to be said that the remedy for low prices was low prices. That is not true anymore. Concentration and the global marketplace have changed that. Now prices go down and ------- then go down even further. Giant transnational corporations comprise the New World Order and global economy. They use their market power to leverage the under privileged of the world against American producers to drive commodity prices lower and lower and lower; and to make vast fortunes for themselves in the process.

Concentration and vertical integration has destroyed functional markets. These days, prices are pegged in boardrooms by edict rather than being the product of marketplace dynamics. Aided and abetted by government policy, these bullies of global commerce exact undue fortunes with the "sell it or smell it" approach to prices discovery. Proud and independent farmers are brought to heel and rural communities are ravaged by this rapidly emerging "seamless vertical structure".

The poultry industry broke trail thirty years ago and now it seems that all farm commodities are queuing up to travel the same path.

It is ironic that we are helping the Russians establish competitive model

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From OCM's General Counsel

Michael Stumo

COOL TO BECOME REALITY, FREE TRADE IN TROUBLE

Congressman Collin Peterson (D-Minn) and USDA Secretary Mike Johanns are on different planets. Collin Peterson is not about to let World Trade Organization talks interfere with America crafting farm programs. Indeed he declared the Doha Round of talks "dead," according to the respected independent agricultural journalist, Alan Guebert, reporting from last month's national Farm Bureau convention.

Johanns talk at the very same convention focused upon trade, ignoring the destructive harm and the opposition in the country. USDA dispatches employees with misleading trade presentations across the United States talking of exports, and all those folks in other countries clamoring to buy our products. Never mind that we import more food every year, indeed more than we produce.

Collin Peterson also said country of origin labeling of meat will become a reality in 2008. Peterson has long supported that effort. Johanns, who has done all in his power to prevent consumers from knowing the source of their food, whines of the cost of the program and lack of benefit. If he was not so busy reading talking point memos from meat packers, he might see that country of origin labeling in seafood has been implemented with little cost and inconvenience.

One can hardly understate the degree to which Johanns has been wrong on every issue. Livestock competition, agricultural contract fairness, international trade, country of origin labeling, mad cow disease, mandatory animal identification, and the list goes on. The only consolation is that the USDA contribution, if any, to the next Farm Bill debate will be ignored.[MS]

TOO LITTLE CAPITALISM

by Michael Stumo

Capitalism is a sterling system where people can work hard and succeed. It is being tarnished and degraded by scandal, self-dealing, monopoly. Too few capitalists provides too little capitalism.

In the general economy, we saw the scandals of Enron and Worldcom in 2000. Today headlines are made by management buyouts to strip shareholders of their wealth so managers can grab the assets of the company. CEO's backdates stock option grants to guarantee profitable sales. They use an existing system, manipulate it, and are outraged when caught. "This is legitimate," they say. "Are you against capitalism?"

We are not against capitalism, but want to protect it. The system requires rules, and a balance of power, and elimination of self dealing, and much transparency.

In agriculture, packers have used existing rules to destroy the markets. Anyone can own livestock, including packers. Packers have property rights when they pay for the animals and title changes hands. But when packers own livestock production facilities, they engage in self dealing. They also sell their livestock to other packers, which is a form of price communication and collusion. Too much of a legal practice causes market destruction.

Contracts are legitimate and necessary for our economy. If you sell your livestock for delivery tomorrow, a contract is formed. If you sell your livestock with guarantees of continuing deliveries for one or three years, a contract is formed. But when long

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aside, the FAIR Act of 1996 can not be made to work without competitive markets. At this point, this farm program is a dismal failure. We should scrap it and start with a blank page.

> *"This program is getting more and more expensive with fewer and fewer satisfied customers, " – Sen. Bob Kerrey, D-Neb.*

That farmers are not getting a competitive price for what they sell, is evident enough to any objective eye:

> ***"There isn't one grain of anything in the world that is sold in a free market. Not one! The only place you see a free market is in the speeches of politicians. People who are not in the Midwest do not understand that this is a socialist country. Socialist, in that government and business are Pepsi-pushing full partners to globalize American agriculture, ------------- seemingly regardless of cost"***
> ***– Dwane Andreas, President of ADM***

Interesting that Mr. Andreas would be the one to point to the cabal of business and government. Government policy has indeed facilitated concentration and elimination of market competition.

During the twelve years of the Reagan-Bush presidencies there were 85,064 corporate mergers valued at $3.5 trillion. During the first seven years of the Clinton presidency, there have been 166,310 corporate mergers valued at $9.8 trillion.

Mergers that eliminate competition at home are justified under the pretext of gearing up to compete in global markets. We seem to still believe that bigger is inherently better and that if we make the large corporations rich enough, everyone else will get theirs. Sort of *"a rising tide lifts all boats" or "what's good for ConAgra is good for America" approach.* This rising tide however, has swamped boats and raised a few yachts. Trickle-down is alive and well and free trade is billed as a panacea. Pursuit of greed is the order of the day.

A fellow conservative Republican had something to say about this general matter a few years back:

> *"There are men who measure everything by the shop-till ------------. To men of a certain kind, trade and property are far more consequence than the great thoughts and lofty emotions, which alone make a nation mighty". – Teddy Roosevelt*

He went on to give a pretty good Sunday School lesson on the subject, saying basically that there is more to America than Wall Street and The Chicago Mercantile Exchange.

In discussions, I find little disagreement about where we are headed. The direction is pretty clear and the pace is rapid and accelerating. Farms are getting bigger and returns are getting smaller. Farmers are going broke or becoming indentured serfs on land that they pay a mortgage on; and their families are living at the subsistence level.

Farm families have an average income that is 15% below the national average **and a full 2/3 of that income comes from off-farm.**

Wives have to teach school so their husbands can farm.

The pork industry is 75% of the way toward being corporate controlled like poultry. Without legislation this year to deal with packer ownership of livestock, captive supply and disapproval of the Smithfield-Murphy Farms merger, private pork production is history in my view.

There is an Excel beef packing plant planned for Iowa that will have all its cattle supplied through contract. Taxpayer money and producer investment will go into a plant to be controlled by this Cargill subsidiary. Why are free men so willing to shackle themselves to the corporate plantation?

Not all contracts are bad of course; but when there is a business contract between two parties and one is in a power position and the other is in a weak position, guess who is going to get had in the process. A sustained period of below cost of production prices has created a desperate situation for producers. Contracts become their only hope. It is like being swept away by a raging river and having to reach out for anything that might save you. These contracts are often viewed as that frail root jutting from the riverbank by which they may be able to pull themselves to safety. The prophetic ring of Bill Bishop's, "farmers won't farm, they'll just fulfill contracts" haunts me.

There is perhaps a legitimate role for the government to manage supply and to provide some sort of safety net. However, these sorts of things are a poor substitute for a marketplace that dispenses fair recompense. Farmers don't want these bailouts which are perceived to be welfare; they just want to be fairly compensated for their risk and hard work.

Cheryl Tevis, writing in Successful Farming recently pinned an excellent article entitled, "Turn of the century pivotal moment for future of agriculture". With regard to the movement toward consolidation and vertical structures, she said;

> *"Critics maintain that nothing can alter market forces. But these trends are not simply driven by efficiency or dictated by consumers. They're not ordained by God's invisible hand in the market. They're the deliberate outcome of marketplace power and well-placed campaign contributions".*

The *"well-placed campaign contributions"* comment is probably more profound than we would like to admit. In recent years big campaign contributors have easier access to our political leaders than constituents and seem to be writing the agenda.

……………………………………..

We persist in our work to counter the ills of market concentration, vertical integration and flawed government policy. Nevertheless, family agriculture and rural communities continue their decay. The gap between farm price and retail price continues to widen. Mergers continue unabated. Globalization and trade policy accelerate the hollowing out of our capacity to produce and manufacture (create wealth), assail our middle class structure, encumber our country with massive foreign debt and compromise our national security.

But take heart! We currently have much-improved prospects for a new farm bill that addresses many of the market issues. We will have a lot to say about the upcoming farm bill and will work closely with the Agriculture Committees in both the Senate and the House of Representatives. We expect to see funding for implementation of Country of Origin Labeling and a competition title in the new farm bill.

OCM is leading the charge to form a new and broad coalition of agriculture, manufacturing, labor, the service sector, environmental and consumer groups and a host of other initiates that have been afflicted by globalization and a flawed trade policy. We have chartered "Coalition for a Prosperous America", and put together an initial leadership team of folks with proven ability and commitment to the task ahead. (More details later.) We are very confident that this new coalition will have the ability to bring about reform and policy that benefits our people and our country.

OCM has reached a new and higher level in pursuit of its mission. We have found new friends who share our vision for a better America and understand the value of working in concert and harmony. We have never sought to be a large membership organization but rather have focused on ideas and commitment. That approach has served us well and we are increasing our presence and influence. But we must continue to have a solid membership base. I ask you to consider the important work we are doing and lend your name and support to this worthy organization. If your membership has lapsed, please renew it; and then encourage a friend to join us. Please help us as we try to make the most of this window of opportunity.[FS]

USDA announces results of nationwide Beef Checkoff Survey

By Drovers news source (Friday, January 26, 2007)

Today, the U.S. Department of Agriculture announced the results of the Beef Checkoff Survey, which was conducted recently among beef, dairy, and veal producers nationwide.

From Oct. 4 through Nov. 21, 2006, the Gallup Organization, with oversight by USDA, interviewed 8,002 beef, dairy and veal producers across the nation to measure their attitudes regarding the Beef Checkoff Program. This program assesses $1-per-head on all cattle sold in the United States and $1-per-head equivalent on imported cattle, beef and beef products, to invest in programs aimed at increasing demand for beef and improving profit opportunities for cattle producers and importers who pay into the program. USDA oversees the program, which is administered by the Cattlemen's Beef Promotion and Research Board (Cattlemen's Beef Board).

The survey was conducted in response to a settlement agreement between Cattlemen's Beef Board and the Livestock Marketing Association as a result of a May 2005 U.S. Supreme Court decision, which ruled the Beef Promotion and Research Act constitutional. Checkoff dollars funded the survey and the dissemination of its results. Representatives of the USDA, Cattlemen's Beef Board, the Livestock Marketing Association, and the Federation of State Beef Councils worked together to develop the survey questions. Some highlights of the survey results are:

Seventy-two percent of those surveyed either strongly approved or somewhat approved of the Beef Checkoff Program. In a question on changes or improvements to the program, some respondents noted that they would like to see more advertising and more information about how checkoff funds are spent.

Sixty-six percent of those surveyed would strongly approve or somewhat approve of the Cattlemen's Beef Board contracting directly "with any entity, including businesses, university researchers, advertising and marketing agencies, and other consultants." Less than 25 percent would disapprove of this move. Currently, the Beef Promotion and Research Act requires that the Cattlemen's Beef Board contract only with "established national nonprofit industry-governed organizations … to implement programs of promotion, research, consumer information and industry information."

Eighty-two percent of those surveyed would strongly approve or somewhat approve of "voting periodically on the continuation of the Beef Checkoff Program."

Ninety-two percent of those surveyed would strongly agree or somewhat agree that "if it were possible, all or at least some portion of the Beef Checkoff dollars should be used to promote only U.S. born and raised beef." Currently, the program promotes beef, in general, and importers also pay into the program at $1-per-head on live animal imports and a $1-per-head equivalent on beef products. Even if promoting only U.S. born and raised beef meant canceling the checkoff assessment on imported beef and beef products, 75.4 percent of the survey respondents still strongly or somewhat agree that a portion of the checkoff dollars should be used to promote only U.S. beef. Currently, about $8 million or 10 percent of the total assessments collected comes from imports.

On Jan. 26, 2007, at 11 a.m. Eastern Time, USDA will host a teleconference call for agricultural media, along with representatives from the Gallup Organization, Cattlemen's Beef Board, Livestock Marketing Association, and the Federation of State Beef Councils, to answer media questions about the survey. Any media representatives interested in participating may call 888-810-8163, passcode: 2940111.

The results of the survey will be discussed in more detail during each of the respective group's 2007 annual meetings. For more information about the date and time the report will be discussed during these annual meetings, contact the Cattlemen's Beef Board at 1-800-388-2333, Livestock Marketing Association at 1-800-821-2048, or the Federation of State Beef Councils (National Cattlemen's Beef Association) at 303-694-0305. The final report (PDF file) is available on USDA's Web site.

Source: USDA - drovers.com

STOKES (continued from page 1)

for their markets at the same time we are in the process of destroying competition in markets here at home.

John Helmuth, a founding member of OCM and a fine economist that many of you know, passed away shortly after this past Thanksgiving. He spent a couple of years in the Ukraine helping establish commodity markets. John lectured us with a single fundamental premise:

> **"When fewer and fewer individuals make more and more of the economic decisions, whether those individuals are in government or big business, the result is anti-competitive, inefficient and harmful to the society as a whole. But when more and more individuals make more and more of the economic decisions, the result is more competitive and more beneficial to society as a whole"**

This essential idea was presented another way in a recent New Yorker Magazine article. Economics writer John Cassidy wrote:

> **"By allowing millions of decision-makers to respond individually to freely determined prices, it allocated resources — labor, capital, and human ingenuity — in a manner that can't be mimicked by a central plan, however brilliant the central planner."**

We should have learned something from the collapse of the Soviet Union with its collective farms. Centralized planning does not work; a system of free and competitive markets does!

Competitive markets are the missing essential aspect in *"freedom to farm"*. The "counter cyclical mumbo-jumbo"

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OCM IS ON TRACK IN FARM BILL COMPETITION PUSH

by Michael Stumo

A recent study showed companies that spent money on lobbying were more profitable than companies that did not. ADM's former, and now imprisoned, CEO Duane Andreas said, in 1985:

> "There isn't one grain of anything in the world this is sold in a free market. Not one! The only place you see a free market is in the speeches of politicians. People who are not in the Midwest do not understand that this is a socialist country."

Oddly, we need government to make private competition work. Farmers, ranchers and feeders did not choose their careers because they enjoyed political activity, and most abhor it. But independent agriculture cannot survive the next 10 to 20 years without your increased political engagement.

OCM needs your increased support, with donations, memberships and calls to elected leaders for the next few months. This year's Farm Bill presents the best opportunity for us to include a comprehensive Competition Title. Our efforts with meager resources have been successfully on track so far.

Senator Tom Harkin (D IA), chair of the Senate Ag Committee, is likely to introduce a multi-issue Competition Title in February with bipartisan support. The upcoming bill is believed to strengthen the Packers & Stockyards Act in the livestock and poultry sectors, and increase USDA's enforcement requirements.

Sen. Charles Grassley (R IA) has introduced bills prohibiting packer ownership of livestock and mandatory arbitration clauses in livestock contracts. Senators Craig Thomas (R WY) and Max Baucus (D MT) have filed bills to move mandatory country-of-origin labeling implementation up from September 2008 to September 2007. A bill requiring packers to buy at least 25% of their livestock on the open market is needed, and likely to be filed by the time this newsletter reaches your mailbox.

Congressman Collin Peterson (D MN), chair of the House Ag Committee, remains open to considering competition issues, but is ambivalent. Voters in Peterson's district need to become more engaged with his office. Congressman Leonard Boswell (D IA) chairs the Subcommittee on Livestock, Dairy and Horticulture within the House Ag Committee, and is most likely to spearhead a pro-competition drive in the House. Support from Iowa voters engaging directly with Boswell's office will strengthen his resolve.

The dairy sector may be suffering worst of all. Dairy prices today are the same as in 1981, but with higher energy and feed costs. Dairy farmers in New England are facing catastrophe, and farmers in the Midwest and West are not doing much better. Dairy processors like Dean Foods control the market, and impose anti-competitive contract terms on producers that would not be possible in competitive market. Processors are politically active and powerful, while the farmers have yet to find a unified voice. The dairy sector is highly regulated, and increased political activity is necessary for dairy farmers.

State level competition efforts are increasing also. State senator Cap Dierks of Nebraska has introduced comprehensive legislation to correct market failure. State senators Jack Kibbie and Eugene Fraise in Iowa have filed bills to increase Iowa's spot market livestock purchases to 25% of the state's total. State legislators in Maine, Vermont, Massachusetts and Connecticut have submitted legislation to increase dairy farmer revenue.

You really need to consider working with OCM to educate legislators and your local media. Include OCM dues and donations in your annual business plans, and include time for issue-based or political meetings each month, and each week when legislation is hot. We now know the price of failing to engage. That price is high.MS

CAPITALISM (continued from page 2)

term contracts enable packers to gain control of the market, and eliminate the integrity of the cash market, the price setting mechanism of markets is destroyed. Packers know the value of meat from their many internal sales, but farmers and ranchers can only wait for USDA reports of thin and potentially manipulated markets to set value. If the prices are lower than supply and demand would otherwise set, the packers are only too happy to take advantage.

This is a snapshot of the hog market of 2006. Of all the sales reported under the livestock mandatory price reporting system, 25% were packer owned (with 5% including packers selling to other packers), 58% were contracted, 7% were unreported, and about 8% were open market sales. The Iowa/Southern Minnesota market report sets the price in the country, so only about, let's say, 5% of open market hogs are sold in that region. Consider also that most open market hogs are not sold with negotiation, but with producers begging for a delivery date, and not knowing the price until after they deliver. Therefore, we may have about THREE PERCENT of the hogs in this country setting the price for most other hogs.

This is why we need vigilance to protect capitalism. Shareholders and other investors have been diligent over the past seven decades in protecting their rights through securities laws that are under attack by corporate management. They are not taken in by smiling managerial staff trying to fleece them.

Farmers and ranchers need more vigilance to prevent otherwise legitimate contract, property rights and market systems from being used to fleece them. That is why we need a Competition Title in the Farm Bill to eliminate the risks of packer ownership, too many long term contracts, and unfair contract provisions slanted in favor of meat packers.MS

STUDIES CONSIDER COMMUNITY EFFECTS OF FAMILY-SIZED VERSUS INDUSTRIALIZED FARMING OPERATIONS

By Daryll E. Ray
Director of University of Tennessee's Agricultural Policy Analysis Center (APAC) - January 26, 2007

The goal of saving the family farm has been used by advocates as well as critics of farm commodity policy. Advocates argue that family-sized farms will be adversely affected if farm commodity policies are severely reduced or eliminated. The assumption, often unstated, of those who argue for policies to support family-size farming operations is that communities with a large number of mid-range family farms are more vibrant than comparable communities dominated by a small number of large industrialized farming operations.

Critics, on the other hand, argue that the number of farms has dropped dramatically since the inception of farm commodity programs in the 1930s. They note that the percentage of farmers currently in the US is less than two percent and farm programs have done little to stem the tide. Some even argue that farm programs have helped finance the consolidation of farms and the trend towards larger sized operations.

In dealing with this type of discussion, it is important to understand that there are at least two different issues at stake and it is necessary to separate them from one another. They need to be dealt with one at a time.

The first issue is determine whether or not the communities surrounding family-sized farming operations are more vibrant than comparable communities dominated by a small number of large industrialized farms.

The second question is whether or not farm policies, particularly commodity policies, are supportive of family-sized farming operations. Who are the beneficiaries of a given set of farm policies (e.g. family-farming operations, industrialized farming operations, integrated livestock producers, agribusiness in general)?

If the answer to the first question is that the style and scope of farming operations makes no difference on the quality of life in rural communities, then the appeal to preserving family-sized farms loses some of its legitimacy.

In 2000, Ohio State University rural sociologist Linda Lobao prepared a report for the State of South Dakota, Office of the Attorney General examining "Industrialized farming and its relationship to community well-being." That report may be found on the internet at http://www.agribusinessaccountability.org/pdfs/270_Industrialized%20Farming.pdf

In that report Lobao examined "thirty-eight studies examining the consequences of industrialized farming" operations on their communities. These studies were conducted between the 1930s and 1999. This report was updated in 2006 by Curtis Stofferahn, rural sociology professor at the University of North Dakota, increasing the number of studies to fifty-six. Stofferahn's update is available at http://www.und.nodak.edu/org/ndrural/Lobao%20&%20Stofferahn.pdf

Family farms are those operations where the "farm household owns and controls the majority of farm production factors, land, labor, capital, technology, and management." Elsewhere, Lobao and her colleague Katherine Meyer have described these operations as ones in which "farming is a household livelihood strategy." Industrialized farms are those where these conditions are not met and are often characterized by the utilization of production contracts so that there is "a division of labor among owners, managers, and labor with different groups of people assigned to different positions in the production process."

Of the fifty-six studies examined by Lobao and Stofferahn, thirty-two found that industrialized farming, including large scale concentrated animal feeding operations (CAFO), was associated with detrimental effect and fourteen found some detrimental effects.

After looking at a wide range of studies, Lobao and Stofferahn conclude that communities where industrialized farming operations predominate show "lower relative incomes for certain segments of the community, [that is] greater income inequality." In addition, these communities were characterized by "higher unemployment rates" and lower job growth rates than in communities where family-sized farming operations predominate.

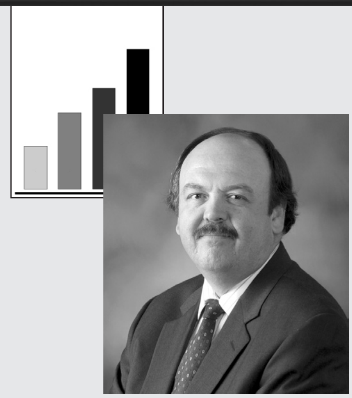
Moving from economic indicators to social indicators, the Lobao and Stofferahn studies conclude that communities where industrialized farming operations predominate experience greater social disruption: increased crime rates, "greater childbearing among teenagers, increased stress and social-psychological problems." In areas with swine CAFOs the social disruption included "high poverty and minority populations, deterioration of relationships between hog farmers and neighbors and more stressful, less neighborly relations."

The social life associated with large scale industrialized farming operations included less involvement of the population in civic life. An additional concern related to local governance was lower general involvement of a wide range of community members as "outside agribusiness interests increase control over local decision-making." There were also fewer churches, poorer quality public services, and decreased local retail trade in industrial farming communities.

In communities where swine CAFOs are numerous, the studies reported reduced enjoyment of property, increased health problems, and lower real estate values. Likewise many of these communities experienced environmental problems: depletion of water, air quality problems, and the increased risk of nutrient overloads in soils.

While not all of these problems occur in every community with industrialized farming, these studies provide evidence that communities in which farming is pursued a household livelihood strategy are more vibrant than those where industrialized farming operations predominate. Lobao concludes, "From a social science standpoint, the farming system in place today has been created from both market forces and government policy and programs. It is thus logical that government can also be an instrument in transforming this system toward greater public accountability."DR

DARYLL E. RAY is the Director of UT's Agricultural Policy Analysis Center (APAC). dray@utk.edu His column is written with the research and assistance of Harwood D. Schaffer, Research Associate with APAC.



David Kruse

President, ComStock Investments

When George W. announced the goal of producing 35 billion gallons of ethanol by 2017, I thought Iowa Senator Chuck Grassley was going to fall off his seat, he looked so excited. To produce 35 billion gallons of ethanol within a decade, it's "pedal to the metal" for the ethanol industry. The Des Moines Register wrote, "A 35 billion gallon mandate would displace 15 percent of projected annual gasoline use in 2017. The President is going beyond vague plans in the indeterminate future, and he's sticking to one of those business school propositions, which is that nothing gets done without a deadline." (Couldn't help but contrast that with how the President has fought deadlines in Iraq.)

The President's 35 billion gallon biofuel's production target is not all ethanol. It includes all biofuel, and not all corn based ethanol. The price of corn will dictate the corn based ethanol production. Government incentives and subsidies will dictate when cellulosic ethanol becomes viable and competitive.

The President's aggressive biofuel's objective will turn ethanol opponents more desperate. Oil industry lobbyists will be joined by the NCBA and NPPC to dilute the fuel mix with less ethanol. The guys running around wearing 25 by 25 buttons (25 billion gallons by 2025) need to get with the President's program. I think I'll have some 35 X 17 buttons made.

Biofuel is national defense. Biofuel shifts the flow of dollars going to the Middle East...to the Midwest. There are no terrorists in Iowa. That's George W.'s message. It's about the only thing he can talk about that the Democrats agree on.

This President is bullish on biofuel. We have to see to it that the next President is too. Ms. Clinton has supposedly undergone a biofuel conversion. I'm distrustful of such support for political convenience. John McCain needs to get beaten in the Iowa Primary. While his anti-ethanol rhetoric has moderated, I don't believe he's changed his mind. He's wrong and stubborn and we've already seen that flaw in a President. There are good biofuel Presidential candidates in both parties. Eventually, we'll choose one. The anti-ethanol, bogus, negative net energy study produced by Berkley U of California Engineer, Tad Patzek says, "The nation will never produce the amount of fuel Bush wants because of technology issues, land availability and other obstacles."

Maybe so, but Tad has been proven wrong before. Technologies that have been invested in ethanol are providing positive net energy gains and new technology investments is expected to produce significant additional efficiencies. If we come up with 30 billion gallons of biofuel in 2017 instead of 35, we haven't reached too far. We can't accomplish anything by doing nothing and goals should be set high.

For being an oilman, the petroleum industry is not going to like George W's energy policy. What industry would like losing 20% of their market even if it's in the U.S National Security interest? Ethanol opponents argue that the market should be allowed to make these choices. That's their standard complaint. It doesn't work that way in the real world. The assumption that markets are free and open is bogus. The oil industry controls market access, so that despite benefits of renewable fuel and the U.S. intent to develop home grown fuel independence, they decide what fuel is consumed.

Ethanol can be cheaper, benefiting consumers, and oil interests won't allow the product access to the market. The petroleum industry owns oil overseas, the ships that transport it, the refineries that process it, the pipelines that distribute it and the retail pumps that dispense it, so that they will sell their product, foreign petroleum, denying market access to biofuel regardless of the market. Biofuel would never get a fair shake in a market controlled by big oil.

The government's Renewable Fuels Standard incentives and subsidies to mandate and promote renewable energy are the most Theodore Roosevelt-like thing, George W. has done in his entire term in office and the only legacy he's got going for him.

The corn market is functioning. The market's job at present is to provide corn farmers the financial incentive to expand 2007 corn production to replace the lack of carryover and fill growing ethanol demand.

It's the March 31st planting intentions report that will make or break a lot of markets ahead. Farmers have to triple the largest previous shift in corn acreage ever accomplished so it stands to reason that the urgency of the needed production requires some exceptional effort from the market. Lower corn prices now will solve absolutely nothing. Were the corn market to break now, it could jeopardize the shift to corn potentially creating an even more explosive market situation later. The more successful the corn market is in buying acres, the more soybean acreage will be reduced. So it's all intertwined.

Until the corn demand base stops growing the need to expand production grows annually. The President confirmed that the ethanol demand base for corn will grow indefinitely until the corn or ethanol market stops it. No enduser has quit using corn yet.DK

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