Approved: March 9, 1993
Date

MINUTES OF THE SENATE COMMITTEE ON AGRICULTURE

The meeting was called to order by Chairperson David Corbin at 10:00 a.m. on February 23, 1993 in Room 313-S of the Capitol.

All members were present except: Quorum was present

Committee staff present: Raney Gilliland, Legislative Research Department
Jill Wolters, Revisor of Statutes
Lila McClaflin, Committee Secretary

Conferees appearing before the committee: Ivan Wyatt, Kansas Farmers Union
Dale Freeman, 1st National Bank, LeRoy
Dan Nagengast, Kansas Rural Center
Cale Treway, Independent Pork Producers
Shelly Treway, Independent Pork Producers
Dr. Terry Shister, Sierra Club
Alvin Bauman, Sabetha
Scott Conder, Erie
Mary Grosshart, Pleasanton
Roger Becker, Centralia
Jim Schumann, Netawaka
Raye Sprague, LaHarpe
Bob Nichols, LaCygne
Cynthia Abbott, Audubon Council
Dr. Lloyd Wilson, Centerville

Others attending: See attached list

The Chairman opened the hearing for the opponents of SB 336 - concerning agricultural corporations; relating to swine production facilities.

Ivan Wyatt , President, of the Kansas Farmers Union testified in opposition to SB 336. Their organization thinks it would be a drain on Kansas dollars and would be determental to rural Kansas and young Kansas farmers (Attachment 1).

Bill Freeman's submitted an outline of his remarks opposing corporate hog farming (Attachment 2).

Dan Nagengast opposed the bill. The rural center believes factory farms do not bring greater efficiency and do not create jobs, rather they replace jobs in other communities and they have no loyalty to communities (Attachment 3).

Cale Tredway asked that the committee not support the corporate farming law (Attachment 4).

Shelly Treway stated she is convinced that if hog corporations are allowed in Kansas it will be difficult for the independent hog producers to successfully compete with them (Attachment 5)

Dr. Terry Shistar testified if the corporate hog farming is allowed in Kansas they should be required to have an environmental and social assessment conducted by Kansas Department of Health and Environment (Attachment 6).

Alvin Bauman said he thought Congress had sold out to big corporations and they are ruining our nation (Attachment 7). Along with his testimony he included a petition against corporate farming signed by people in the Nemaha County area.

MINUTES OF THE SENATE COMMITTEE ON AGRICULTURE, Room 423-S Statehouse, at 10:00 a.m. on February 23, 1993.CONTINUATION SHEET

Scott Conder stated it corporate hog farms are allowed he is afraid it will put small producers like himself out of business (Attachment). 8

Mary Grosshart told of an instance in Linn county regarding corporate farming and a large corporation, resulting in a lawsuit against the Linn County Commissioners and Linn County Board of Zoning. She opposes the bill (Attachment 9)

Roger Becker testified against SB 336 and gave some figures supporting his testimony (Attachment 10).

Jim Schumann opposed corporate hog farming as it may jeopardize our most precious resource, which is our water supply (Attachment 11).

Raye Sprague expressed concern with our nation depending on a corporate food supply (Attachment 12)

Bob Nichols discussed the Linn County problem, and requested that corporate farming be kept out of Kansas (Attachment 13).

Cynthia Abbott urged a vote no on SB 336 (Attachment 14).

Lloyd Wilson suggested environment, jobs and community impact all be looked at closely before changing the laws regarding corporate farming and suggested tabling the issue for further study (Attachment 15).

At the request of the Chairman, Mr. Flinchbaugh, Professor and Extension State Leader, Agricultural Economics at Kansas State University, statement before the Kansas House Agriculture Committee on February 2, 1993, was distributed (Attachment 16), and also an article from The Topeka Capital-Journal, Sunday, February 21, 1993, business section regarding the turkey industry in Cherokee County (Attachment 17).

Written testimony was distributed from Rodney Wallace (Attachment 18); Randy Steeve (Attachment 19); Jack Whelan (Attachment 20); and H. Wayne Wigger (Attachment 21)

The next meeting is scheduled for February 24, 1993. The meeting adjourned at 11:11 a.m.

GUEST LIST

COMMITTEE: Senate Agriculture DATE: 2-23-93

NAME	ADDRESS	ORGANIZATION
Tim Stroda	Manhattan	KPPC
Warren Parker	Manhattan	Ks. Farm Bureau
David Barnes	Hiawatha	Farmer
Donald D. Barnes	Hiawatha	Farmer
Marvin E. Strube	Whiting	Farmer
Mike Stauffer	Holton	Farmer
Jim Schumann	Netawaka, Ks.	Farmer - Producer
[illegible]	Netawaka	Farmer Social Worker
Scott Conder	Erie, KS	Farmer
Delbert Conder	Erie, KS	Farmer KSGA
Sandy K Conder	Erie, KS	Farmer
Robin L Conder	Topeka, KS	
Max Sprague	LaHarpe KS	Farmer KSGA
Kaye Sprague	LaHarpe KS	Farmer KSGA
Cole [illegible]	Erie, Ks.	Farmer KSGA
Daniel W. Rempe	Corning, Ks	Farmer
John J Rempe	Corning Ks	Hog Farmer
Don [illegible]	Erie, Ks	Hog Farmer KSGA
Dennis [illegible]	RR2 Osawatomie Miami Co.	Bellview Pork KSGA
Thomas L [illegible]	[illegible] Ks.	Hog Farmer
John Hulsing	Baileyville	Farmer
LeRoy Bower	Pittsburg, Ks.	Ks NFO
Bill + Jean Freeman	LeRoy, Ks.	banker - farmer

GUEST LIST

COMMITTEE: Senate Agriculture

DATE: 2-23-93

NAME	ADDRESS	ORGANIZATION
HAROLD PITTS	Topeka	AARP-CCTF
Mike Jensen	Manhattan	KPTC
David Heiens	Abilene	Farmer - F.U.
Jack Staats	Junction City	KFU
Scott Phipps	Abilene, Ks. R4	Farmer - AAM
Bob Nichols	La Cygne Ks.	Retired
Mary Gorshart	Pleasanton Ks	Farm wife
George Wyatt	Lawrence	Intern
TONI WHEELER	TOPEKA	SEN. KARR'S STAFF
Hilda Thornton	Whiting, Ks	farmers wife
Kenneth Thornton	Whiting Ks	farmer
DAN DAGENHART	Auburn Ks	Kansas Rural Center
Cynthia Abbott	Mayetta, Ks.	Ks. Herd Council
Becky Watts	Emporia KS.	KFU
Raymond Gaul	Troy Kansas	farmer
Dorothy Gaul	Troy Kansas	Farmer wife
Sam Goodin	2095 16th Rd Clay Center, Ks	National Farmers org
Gary Watts	Emporia Ks	Farmers Union
Roger D. Bakker	corning Ks	Farmer
Ron G. Diehnes	Corning, Ks	Farmer
Ed Reznicek	Goff KS	Farmer
Terry Shistar	Lawrence, KS	Sierra Club
Lloyd R Wilson III DVM	Centerville, KS	Veterinarian

STATEMENT

OF

IVAN W. WYATT, PRESIDENT

KANSAS FARMERS UNION

BEFORE

THE SENATE COMMITTEE ON AGRICULTURE

ON

SENATE BILL 336

FEBRUARY 23, 1993

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE:

I AM IVAN WYATT, PRESIDENT OF THE KANSAS FARMERS UNION. I SERVE ON THE EXECUTIVE COMMITTEE OF THE KANSAS RURAL DEVELOPMENT COUNCIL. AT A RECENT MEETING OF THE COUNCIL, ONE OF THE MEMBERS RELATED TO A CONVERSATION WITH AN OFFICER OF ONE OF DENVER'S LARGE FINANCIAL INSTITUTIONS.

THE STATEMENT RELATED TO THE FACT THAT ONE-THIRD OF ALL THE MONEY THAT FLOWS INTO DENVER COMES FROM KANSAS. THAT TELLS ME THERE IS A LOT OF MONEY LEAVING KANSAS, BUT THAT MUCH MONEY IS NOT BEING CARRIED OUT OF KANSAS BY INDIVIDUALS TRAVELING TO DENVER.

NO DOUBT A GREAT PART OF THAT MONEY IS PROFITS GENERATED IN KANSAS, THAT ARE NOT RETAINED IN KANSAS, BUT RATHER ARE TRANSFERRED TO DENVER BY DENVER BASED CORPORATIONS. THIS IS MONEY THAT IS NOT SPENT WITH KANSAS MERCHANTS, BUSINESSES, OR USED FOR KANSAS COMMUNITY DEVELOPMENT.

Senate Ag. Co.
2-23-93
Attachment 1
1-1

THIS IS THE ISSUE AT STAKE HERE WITH SB-336. THIS IS NOT LEGISLATION TO GENERATE PROFITS THAT WILL STAY IN KANSAS. RATHER IT IS LEGISLATION TO OPEN THE STATE TO VERTICALLY-INTEGRATED, MARKET CONTROL OF A KANSAS RESOURCE, IN THIS CASE, THE KANSAS PORK INDUSTRY CONSISTING OF INDEPENDENT PRODUCERS DISPERSED ACROSS THE STATE.

SOME USE THE ARGUMENT THAT KANSAS PORK PRODUCTION HAS NOT INCREASED AS FAST AS IN OTHER STATES, BUT WE HAVE NOT LOST THE NUMBER OF PRODUCERS OTHER STATES HAVE.

SO WHY HAVE THIS LARGE NUMBER OF PRODUCERS NOT INCREASED IN SIZE LIKE IN OTHER STATES?

WHAT IF YOU WERE AN INDEPENDENT PORK PRODUCER AND YOU SAW NUMEROUS PEOPLE ON THE STATE PAYROLL, STATING, AS WITH AN AUTHORITY FROM ON HIGH, THAT THE CORPORATE TAKEOVER OF THE KANSAS PORK INDUSTRY "IS INEVITABLE"? OR WHAT IF YOU SAW THE KANSAS STATE BOARD OF AGRICULTURE AND THE KANSAS STATE UNIVERSITY DEPARTMENT OF ECONOMICS, AS CONTRIBUTORS IN A RECENT REPORT CIRCULATING IN GOVERNMENT CIRCLES, STATING THAT KANSAS IS "ANTI BUSINESS" BECAUSE KANSAS DID NOT MATCH OR EXCEED THE MULTI-MILLION TAX GIFT TO THE SEABOARD CORPORATION, SO THEY COULD COMPETE AGAINST THE INDEPENDENT TAXPAYING PORK PRODUCERS?

WOULD YOU THEN FEEL ENCOURAGED TO BORROW MONEY AND COLLATERALIZE YOUR FARM TO FACE SUCH ODDS? WOULD YOU BORROW MONEY WHEN THE TAX-TAKERS AND THEIR FRIENDS ARE CONSTANTLY ROAMING THE HALLS OF THE STATE'S CAPITAL, ASKING FOR SPECIAL FAVORS TO DRIVE THE INDEPENDENT OUT OF BUSINESS? THAT'S NOT OPEN COMPETITION, THAT'S NOT MARKET DRIVEN, IT'S NOT A LEVEL PLAYING FIELD. IT'S CORPORATE WELFARE. THOSE WHO NEED OR DESERVE IT THE LEAST, END UP TRANSFERRING THE PROFITS EITHER TO DENVER OR SOMEWHERE ELSE, POSSIBLY OUT OF THE UNITED STATES.

I REALIZE THIS BILL DOESN'T ADDRESS THE TAX GIVE-AWAY ISSUE. ANYONE WHO HAS SPENT ANY TIME IN THE HALLS OF THE KANSAS LEGISLATURE KNOW THAT IF THEY CAN'T GET THE WHOLE HOG WITH ONE SHOT, THEY SIMPLY KEEP COMING BACK TIME AFTER TIME, LIKE THEY HAVE THE PAST DECADE, UNTIL THE SPECIAL INTERESTS GETS IT ALL.

I WOULD POINT OUT THAT THE SECRETARY OF THE STATE BOARD OF AGRICULTURE CLAIMS THE BOARD ISN'T TAKING A POSITION ON THIS IMPORTANT ISSUE. IT WOULD SEEM THAT ON AN ISSUE OF THIS IMPORTANCE TO THE ECONOMY OF THE STATE, THE STATE BOARD OF AG WOULD TAKE A POSITION. YOU MEMBERS CAN'T DUCK THE ISSUE. YOU HAVE TO TAKE A POSITION. ALSO, THE GOVERNOR MAY HAVE TO TAKE A POSITION.

BUT WAIT A MINUTE. THE STATE BOARD WAS A PART OF A

STUDY THAT STATED KANSAS WAS ANTI-BUSINESS BECAUSE KANSAS TAXPAYER DOLLARS WERE NOT HANDED OVER TO THE SEABOARD CORPORATION.

SO, WITH THAT KIND OF OPPOSITION AND MOST CERTAINLY NO SUPPORT FOR THESE YOUNG INDEPENDENT PRODUCERS, THEY MUST BE A PRETTY HARDY GROUP. IF THERE WAS A LITTLE MORE ENCOURAGEMENT AND LESS DOOM AND GLOOM FROM STATE AGENCIES, THERE MIGHT BE A FUTURE YET FOR KANSAS AGRICULTURE AND THE RURAL COMMUNITIES.

IT SEEMS WE HAVE TOO MANY TAX SUPPORTED INDIVIDUALS AND AGENCIES THAT LACK IMAGINATION AND UNDERSTANDING OF THE STRENGTH AND VALUE OF INDEPENDENCE AMONG ITS' PEOPLE. WHY ELSE DO THEY THINK ONLY A CORPORATION CAN PROVIDE JOBS MOST NEAR MINIMUM WAGE. IT IS THE PRIVATE ENTREPRENEUR THAT HAS BUILT THIS COUNTRY AND THIS STATE, NOT BIG GOVERNMENT OR BIG CORPORATIONS WHO SUCK UP TAXPAYER DOLLARS.

THE KANSAS STATE BOARD OF AGRICULTURE SPENDS THOUSANDS OF DOLLARS ON STAFF TIME AND TRAVEL TO PROMOTE A JAR OF JELLY OR A BAG OF POPCORN IN NEW YORK. WE HEAR HOW WE HAVE TO ENCOURAGE VALUE-ADDED PRODUCTION. THAT IS EXACTLY WHAT THESE INDEPENDENT PRODUCERS ARE DOING ON THEIR FARMS.

WHERE ARE OUR TAXPAYER-PAID INDIVIDUALS AND AGENCIES WHEN THEY EITHER IGNORE OR TURN AGAINST THESE THOUSANDS OF INDEPENDENT PRODUCERS? SHOULD THE STATE OF KANSAS BE

INVOLVED IN DISCRIMINATING AGAINST THESE INDEPENDENT PRODUCERS.

LADIES AND GENTLEMEN OF THIS COMMITTEE, DID YOU REALIZE THAT UNLESS YOU BELONG TO AN ORGANIZATION SUPPORTING THE CORPORATE TAKE-OVER OF THE KANSAS PORK INDUSTRY, YOU HAVE TO PAY A HIGHER FEE TO ATTEND STATE FUNDED INFORMATIONAL SEMINARS? IS THAT THE ROLE THE STATE OF KANSAS SHOULD BE PLAYING? WHAT'S SO WRONG WITH THESE INDEPENDENT PRODUCERS? THESE FARMERS MUST FEEL LIKE A DEER AT HUNTING SEASON, WITH ALL THESE STATE AGENCIES' STAFFS AND EDUCATIONAL PEOPLE ROLLING OUT THE BIG CORPORATE GUNS, ARMED WITH TAXPAYER DOLLARS TO ELIMINATE THEM.

LADIES AND GENTLEMEN OF THIS COMMITTEE, IF YOU WANT TO BUILD A FUTURE FOR OUR YOUNG PEOPLE IN RURAL AREAS, YOU SHOULD VOTE AGAINST THIS BILL.

I WOULD ENCOURAGE THIS COMMITTEE TO AT LEAST GIVE THESE INDEPENDENT PRODUCERS AN EVEN BREAK. BETTER YET, LET'S INVEST A LITTLE ENCOURAGEMENT IN THEM. SURELY THEY ARE ENTITLED TO AS MUCH ENCOURAGEMENT AS A JAR OF JELLY OR A BAG OF POPCORN.

RECENTLY, WE HEARD FROM PEOPLE WHO WOULD NOT HAVE BEEN HERE IF SOMEONE HAD NOT PAID THEIR WAY.

TODAY, THESE PEOPLE ARE HERE AT THEIR OWN EXPENSE. THEY ARE NOT ASKING FOR A TAX HAND-OUT. THEY ARE NOT ASKING FOR SPECIAL PRIVILEGES FROM GOVERNMENT.

DON'T YOU FEEL A LITTLE BIT PROUD OF THESE YOUNG PEOPLE. THEY AREN'T SAYING THAT WE HAVE TO HAVE BIG CORPORATIONS OR BIG GOVERNMENT DO SOMETHING FOR US. THEY ARE SAYING THAT WE HAVE CONFIDENCE IN OURSELVES. TO PASS SB-336 TO ALLOW THESE "CORPORATE CLUSTER FARMS" TO GANG UP ON THEM WILL CERTAINLY CAUSE THEM AND THEIR FAMILIES TO MAKE GREATER SACRIFICES TO SURVIVE AGAINST THE TAX-TAKERS AND THEIR FRIENDS.

THANK YOU.

The (1st) National Bank of LeRoy

P.O. Box 128 (316) 964-2299
LeRoy, Kansas 66857

Bill L. Freeman
Owner
First National Bank
LeRoy, Kansas

Corporate Hog Testimony
Kansas Senate Committee
2-23-93

Brief Outline

A. Small rural bank
   1. Majority of loans, Ag. loans
   2. Future of small banks
   3. Way of life.
   4. Shifting of population

B. Positive economic impact?
   1. More jobs?
   2. Potential higher prices?

C. Big corporations
   1. Management
   2. Are they benefical?
   3. Who gains the most?

Senate Ag Co.
2-23-93
attachment 2

The Kansas Rural Center, Inc.

304 Pratt Street
Whiting, Kansas 66552

Phone: (913) 873-3431

Testimony for the Senate Agriculture Committee
Dan Nagengast, Executive Director
February 23, 1993

The Kansas Rural Center is a private, non-profit organization that promotes the long term health of the land and its people through education, research and advocacy. The Rural Center cultivates grassroots support for public policies that encourage family farming and stewardship of soil and water. The Center is committed to economically viable, environmentally sound, and socially sustainable rural culture.

We recommend that Kansas pass corporate farming restrictions similar to Nebraska's Initiative 300 that prohibit non-family farm corporations from purchasing cropland or livestock. **One only needs to look north a hundred miles to see how we can accommodate family farming and the globalization of agriculture. I noticed that not one of the proponents that testified yesterday mentioned Nebraska, where the hog industry is doing fine, and the toughest restrictions on corporate agriculture in the nation have benefited a family-based, not corporation-based, agriculture.**

The basic rationale for the Nebraska law is that, to the extent that agriculture builds on self-employment and local ownership, rural communities benefit as profits and decision-making are retained within the local community. Corporate farming is associated with industrial approaches to agriculture where decision-making is removed from the field and capital inputs are substituted for management and labor. Industrial or factory farming is often associated with reduced quality of work and community disintegration. **It was argued yesterday that corporations need rights just like people do. Some argued also that what is in conflict here is business versus emotion. What is really in conflict here is the replacement of many small businesses-family farms-with a few large corporations. What is good for "corporate agriculture" may be terrible for small businesses, mainstreet, rural churches, and indeed, voters. One must question any public policy that has as its impediments small business, wide-spread ownership of the means of production, mainstreet, churches and voters. Corporations do not go to church, they do not vote, and their profits do not necessarily stay in the state where they are harvested. The corporation that does the best at the bottom line is the one that externalizes or avoids the most**

Senate Ag Co.
2-23-93
Attachment 3

costs, costs that the rest of the state will need to eventually pick up as livelihoods are lost in one area, and replaced with low paying jobs in another. From that perspective, one of the "costs" of agriculture, is a decent livelihood for the people engaged in it.

> A wide collection of sociological studies reveal that as self-employment in agriculture is replaced by hired labor, the socioeconomic conditions within the community deteriorate. These impacts are: a decline in the rural population; greater income inequality; reduced standards of living; less community services; less democratic political participation; lower community social participation and integration; decreased retail trade; environmental pollution and energy depletion; and greater unemployment (Labao 1990).

The issue before us today is not about "progress" - it is about market power. You heard testimony yesterday, even from proponents, that small producers have access to the genetics and technology available to the big producers. You heard from the proponents that smaller producers can combine into marketing groups and have the same success in the market as the mega-producers. You also heard yesterday that Tyson is getting into hogs like they got into chickens, but it "probably" won't be a trend. I sincerely hope also, that the hog industry isn't broilerized. I hope when you heard that, alarm bells went off, because there will be no legal impediments to that happening if this legislation is enacted. The fact is, Kansas has a lot to gain by supporting small producers, and risks a lot by taking the corporate route. **The Kansas State Board of Agriculture has found that family farmers can be more efficient than large factory farms**:

> Better management of resources is very important to profitable hog operations. However, this doesn't have to be associated with size. Farrow-to-Finish operations with 100-200 litters per year had an almost 15% better cash flow than herds with over 200 litters. A comparison of high- and low-return hog producers in Iowa, which produces one quarter of the nation's hogs, shows that the average size of the top third is 112 sows per herd, only ten sows larger than the bottom third of the producers.This top third lowered their cost per hundredweight by 28%. These top operators had lower feed costs, lower labor costs, lower death losses,more pigs weaned per sow, and better feed conversion rates. **The key to this difference was not herd size but management** (KSBA, pg. 17, 44).

Hog prices and concentration are a different issue.

> A Clemson University study estimates that for every one percent increase in the four largest packers market share, hog prices drop by 2 cents per hundredweight. The Helming Group forecasts that by the turn of the

century,the top four firms will slaughter over 70% of the nation's hogs. Bruce Marion,economist at the University of Wisconsin-Madison, states that **as the number of hog buyers shrink, and their dominance increases in local procurement markets, the prices paid to hog producers eventually will decline** (Krebs, pg. 78).

Consumer protection and concentration are another issue.

Overcharges to consumers as a result of this market concentration is estimated to be between $26 to $29 billion in 1987. This cost is estimated to have more than doubled since then, states Willard Mueller, University of Wisconsin economist and former chief economist of the Federal Trade Commission. (Interfaith Rural Life Committee, pg. 5).

Concentration and job creation is yet another issue.

The Ark City plant in Kansas followed a familiar pattern within the meatpacking industry by closing down a plant only later to reopen with substantially lower wage rates. Rodeo Meats, a unionized subsidiary of John Morrell and Co. closed down the Ark City plant in 1982 because of its high labor costs. It reopened a few months later as Ark City Packing Co. offering only $5 an hour to its new labor force. This was in stark contrast to $11 paid by the defunct Rodeo Meats (Stanley, 1988).

The Ark City Plant is gone now. This points out another thing about corporate agriculture; any jobs created can be easily moved to greener pastures. Left behind are dislocated people, and scrambling communities. Sooner or later, people with their livelihoods cut out from underneath them show up in our swelling cities or at the legislative door, reflected in increased welfare rolls.

This bill is said to create a "level playing field" in the sense that factory farmers won't be given any tax advantages over family farmers. That may be true this legislative session. Will that be true next year, when there are even fewer families making their living from farming, and consequently fewer voices in opposition? Secondly, what about tax advantages given away by communities within Kansas as the hog industry moves around the state and towns vie to land a packing plant? Will they be giving the store away? Factory closings are in the news everyday. Municipalities, counties and even regions have no recourse when agriculture is put on wheels.

And that is what this is all about. We are deciding whether Kansas wants an agriculture rooted with thousands of small farmer-community members. This bill will concentrate the industry. It will snip those farmers off, one-by-one. It will move the industry elsewhere in the state. At the House hearings we heard bankers and utilities from one part of the state testifying they were waiting with open arms, while bankers from areas with farmers operating now testified how this would devastate their local economies. **My question is, once you have deracinated hog farming from family farmers in Kansas, how do you keep it from rolling right on out of Kansas?** Will we be looking at a hog industry that rolls right on out of the U.S.?

There are other choices. Nebraska, ten years ago, passed the nation's toughest restrictions on non-family farm corporations - Initiative 300. The Kansas corporate farm law, in comparison, is much weaker and exempts feedlots from almost all restrictions. Nebraska, under Initiative 300, continues to thrive as a national leader in cattle and hog production.

In Nebraska, family farms have retained a significantly greater portion of the livestock production. Under Initiative 300, **the largest feedlots**, those with greater than 32,000 head, **contribute only 7% of total fed cattle. In contrast, here in Kansas, the largest 14 feedlots market 1/3 of all fed cattle.** Cattle feeding is good business and **Nebraska spreads the economic benefits to over four times as many feeders as Kansas** (Agriculture Statistics Board, USDA).

Consider the period from 1985-1991. **Nebraska lost 10.7% of its pork producers, increased its total production by 17.9%, and expanded hog slaughter by 9.1% Kansas, in comparison, lost 32.5% of its hog producers**, just below the national rate. Its hog inventory expanded slightly by 4.6%, while it lost nearly three-quarters of its slaughter capacity. Meanwhile, **North Carolina, the corporate hog model, with an estimated one-quarter of its hog production controlled by one individual, increased hog production by 83%, and increased the state's slaughter by 33%. But that did not help family farmers in North Carolina, as 51% of its producers went out of business** - well above the national average (Center for Rural Affairs, 1992).

How does raising livestock fit in with this wide-spread small business called family farming? **Raising livestock is the logical means for family farmers to diversify their operations. Livestock add on-farm value to crops as farmers can feed their grain and walk the crop off the farm. Livestock permit farmers to be more fully employed throughout the year.** The Nebraska example is again instructive. Nebraska is able to fully employ nine more farmers out of every 100, than Kansas. While the number of farmers exiting in Kansas actually increased from 1978-1987, Nebraska cut its farmer loss rate in half.

Farmers entering? **In Nebraska, more farmers are entering farming than leaving. In Kansas, only 7 new farmers enter for every 10 that leave.** This bill will speed that up. **On a purely business level, this promotes**

the opposite of economic development. An open door for **corporate agriculture would skim off the most profitable portion of diversified farms and donate it to investors living outside the state.** As that door opens, you will hear another one slam on young Kansans wishing to find a livelihood on the family farm.

In summary: Factory farms do not bring greater efficiency. Factory farms respond to market power and concentration, not mainstreet needs. Factory farms do not create jobs, they replace jobs in other communities and regions. Factory farms have no loyalty to place. The health of agriculture continues to reside in a broadly-owned, diversified system that benefits the entire public rather than a privileged few.

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Center for Rural Affairs, November 1992. Newsletter article by Marty Strange.

As an independent hog producer in the state of Kansas, I ask you to vote "no" on the corporate farming law. I realize you have heard from several experts on the economic advantages it would bring to the state, but what will it cost us in the long run?

Even though the cattle feeding industry in Kansas has been very beneficial, it has also cost us many smaller family-run feed lots. Not because they were unable to produce meat as cheap but because the packing plants would not pay the same price as for cattle from large feed yards. The same has happened in the poultry industry. If they're not producing for a big contractor they're not producing poultry. Should corporate hogs be allowed in Kansas, I feel they will soon take the same path. The hog feeding industry will likely be located in western Kansas where grain is plentiful. Again benefiting a few rural communities while the majority will suffer.

There has been a lot of controversy over the other states going pro-corporate, which some say will leave Kansas out in the cold should we not take the same path. Well, I was always taught that just because someone else jumped off a bridge doesn't mean I should do the same. I feel the other states will be sorry in the long run.

Again, I ask you to support the people of Kansas to help us rebuild the hog industry the way I know we can. Farmers are very tough individuals and have endured many different obsticles over the years, and with your support we will overcome this one.

Thank-you.

Cale Tredway
Erie, KS

Senate ag Co
2-23-
attachment 4

Shelly Treway

In addition to all the other reasons you are hearing today against hog corporations, I would like to express, as a mother, the importance of family farms.

I am the wife of an independent hog producer and I am strongly convinced that if hog corporations are allowed in Kansas, all the present independent hog producers will not be able to successfully compete with the corporations and will eventually have to take town jobs to support their families.

My husband is the son of a farmer and started farming on his own at the age of 14, and began raising hogs through FFA also at the age of 14. My husband does not farm and raise hogs for the money, as we all know farming isn't always profitable, it is in his blood, it's what he loves. Not many people are blessed with doing a job they thoroughly enjoy.

Our hogs are used as our monthly cash flow. Nowadays, regardless of one's profession, it takes both the husband and wife working to survive. I presently work for a law firm but it is my goal to some day be able to become a professional "domestic engineer".

My husband and I have three children, a daughter who is 9 and two sons, ages 7 and 1. I would like very much for our children to be able to continue with the hog business and farming, if that should be their desire, but I do not feel they will even have a choice if they are faced with the problems of having to compete with hog corporations on an unlevel playing field because the corporations will try to dominate the pork industry like they did the poultry industry. I have two uncles who live in Arkansas and they got into the poulty business early and, to make a long story short, the poultry business was not as profitable as the picture was painted to them and both uncles are now out of the business and both have moved off their farms and into town with town jobs.

Should my husband be forced to find some other kind of employment, there is no doubt in my mind we would be forced to move to a large City, and that is definitely not what we want for our children.

I am the typical "City girl" gone country. I was born in Tulsa, Oklahoma, and have lived in large cities, including Los Angeles, CA, and Joplin, MO, so I <u>know</u> from first-hand experience what the City life is all about and it is definitely not where I would want to raise <u>my</u> children. I did not know one thing about farming, much less raising hogs, until I met and married my husband. Living in a rural community has so many advantages, such as the friendly hello's, being able to trust your neighbors, being able to let your children play outside and not worry about someone abducting them, having the school classrooms small enough for the children to get the one-on-one teaching so many children need, and the lower crime rate. You can't get this in the City. Unless forced to, I would not trade the country life and the small community atmosphere for anything in this world.

Senate Ag Co
2-23.
Attachment 5

As children of a farmer/hog producer, our children are able to see their daddy when they get off the school bus; daddy is able to make it with Mom to those Parent/Teacher Conferences; daddy is able to take the baby to the doctor when Mom can't get off work; daddy is able to make it to that play that is so important to his daughter; in short, daddy can always be there. If daddy had an in-town job, he more than likely would not be able to be there for his children, giving them the "quality" time all children deserve and need. How many City kids can spend several hours each day side-by-side with their dad?

And our children enjoy working with the hogs. In fact, unless I can catch him first, our 7 year old gets off the school bus and heads straight to the farrowing house, school clothes and all! When it's time for working the pigs, it is a family affair - each one of us having our own job helping each other, with the baby doing all the supervising. But I am sure it won't be long before he's right in the middle helping too.

I guess what I am trying to say is that I don't believe there is anything more special than farm families. It's hard to put into words, but we are blessed with a lot.

Again, I am convinced that hog corporations will force all of our young farmers to seek other occupations. The Bible speaks of farming and families working together as a family. I urge you to please vote against hog coporations in Kansas and give us and our children of the future a chance.

Thank-you.

Shelly Tredway
Erie, KS

SIERRA CLUB
Kansas Chapter

Sierra Club Testimony on Pork Production Exemption
to Limited Liability Agricultural Corporations Statute

Dr. Terry Shistar, Sierra Club Volunteer
February 23, 1993
Senate Agriculture Committee
S.B. 336

Thank you, Mr. Chairman, for giving the 3,000 members of the Kansas Sierra Club an opportunity to voice their opposition to proposed changes in this statute.

The Kansas Sierra Club in no way opposes any decision by a family farm operation to do business as a limited liability agricultural corporation. If such a business chooses to incorporate itself that way for whatever benefits are conferred by that way of doing business, that's fine. What we do object to is creating another loophole in this law to permit corporate swine production facilities.

As I listened to the proponents of this measure, I was struck by how little consideration they gave to protecting Kansas' natural resource base. I didn't hear them talk about water resources, energy conservation, or controlling feedlot runoff. I didn't hear them talk about odor control, which when it comes to giant pig feedlots, is a major issue. Instead, I heard them say that giant pork production facilities are inevitable, and that the Kansas legislature shouldn't even try to stop it. I heard them invoke time and again the cliche that this bill is simply a matter of "leveling the playing field."

First off, you should reject the notion that the Kansas legislature doesn't have a vote on this issue. Don't let the proponents convince you that corporate hog production is inevitable. The bottom line is that this is just special interest legislation.

In the House committee, we heard a lot from the proponents about how "bigger is better." When economists, like K-State's Barry Flinchbaugh, talk about bigger being better, they admittedly ignore the social and environmental costs. Those costs are external to their equations, so they ignore them. Economists are uncomfortable in valuing the future, so they discount the costs that are absorbed by the next generation of farmers and consumers. What is the cost of a ton of topsoil eroded away by careless management practices? What is the cost of a fishkill caused by nitrate poisoning from feedlot runoff? These are not merely hypothetical questions. These are the exact sorts of questions you should be asking as you debate this bill.

I want to make it clear that the Sierra Club is aware that Kansas unfortunately has lost a segment of its pork producers, just as it has lost a

Senate Ag Co
2-23-93
attachment 6
6-1

segment of its family farmers. But those losses can't be regained by this proposal. Instead, this bill would virtually guarantee further losses in the number of family farmers, including those involved in pork production in Kansas.

Environmental Effects.

We ask you to extend a helping hand to protect rural economies, family farmers, fragile water supplies, and other natural resources which are threatened by corporate pork production facilities.

Liberal, Kansas' National Beef Packing plant is a classic example. There, according to a recent book by Al Krebs, one of four groundwater wells has been found to be contaminated, with the company facing potentially expensive cleanup operations.

Pork producers have similar problems. After National Farms built its facility in Nebraska which was supposed to raise 350,000 hogs each year, it had to face the issue of what to do with its waste. The company decided to install sprinkler irrigation systems, which would pump slurry over corn fields. The theory was that it would reduce waste-removal costs and lessen fertilizer costs.

No one really knows the full environmental costs of such a strategy, but National Farms neighbors knew—or smelled—a problem as the slurry was applied to fields. They filed suit asking the company to figure out some other way to dispose of the waste. The company argued that if it couldn't dispose of waste this way, it would be shut down. The court didn't order the business shut down, but it did order the company to pay one couple $125,000 for the loss of satisfaction in their home.

There have been other examples. In South Dakota, plans for a 20,000 head/year facility eight miles from the state capital were blocked by farmers who protested the feared water pollution, the damage to recreational fishing, and decreasing property values.

In Michigan, the fear of corporate hog farming because of odor, groundwater pollution, and other environmental issues has been a long-standing fight. A senior state environmental official called the question "the hottest environmental issue in the state."

Finally, as a similar measure was considered earlier this session in the House Ag committee, we heard a lot about North Carolina. You were told that North Carolina is the model for corporate pork production, and well it might be. But it is not a model which we should import into Kansas. The Sierra Club has received some material it requested from the North Carolina Department of Environment, Health, and Natural Resources. Our lobbyist spoke to the head of the division of environmental management who said that if we adopt the North Carolina model, we should go into it with our eyes open. It is not all roses.

North Carolina is struggling with issues of animal waste and water quality. That state is only now passing regulations on these issues. That presents a host of problems which Kansas should avoid at all costs.

The Sierra Club also received a consultant's report which is highly critical of the large volume swine production industry in that state. The consultant says that North Carolina's agricultural lobby "has been successful in maintaining environmental compliance standards at lower levels than any other public or private entity in the State of North Carolina."

The consultant notes that the public is "angry and frustrated" because North Carolina is targeted as a waste dumping ground, and the public is concerned about water quality and groundwater contamination.

There was recently a briefing to the House Energy and Natural Resources committee from the Department of Health and Environment. The feedlot permitting program is way behind. Industry only contributes $22,000 of the $400,000 which is needed to fund the program, and for feedlots of under 1,000 animals, only about 10 percent of them are permitted. To get caught up, KDHE estimates the program will need 17 full time employees within 5 years.

Ask yourself if we want to expose the state to another expansion of feedlots when we can't keep up with those we have?

I also received from North Carolina some newspaper clippings in which area farmers are complaining about the stench from corporate hog feedlots. County commissioners are considering moratoriums on hog feedlots because of the failure to control odor, and residents are complaining that the quality of life is being destroyed.

<u>Corporate farming is not sustainable.</u>

Corporate farming brings nothing to Kansas citizens except short-term employment, and there is no certainty that these jobs are the kind we try to create. There is no indication whatsoever that corporate farming is, in the long-term, sustainable.

I use the term sustainable agriculture to refer to systems in which agriculture is ecologically sound, economically viable, and socially just. Such a system is productive in both the short and long-terms while enhancing our environment, our food quality, and our health.

Corporate farming is like lots of other major businesses. They go where they can do the most for their stockholders, at the cheapest price. There is no way the legislature can require these company's to become good corporate citizens, or to support Main Street businesses.

Kansas people are the farmers in Kansas, not corporations with offices in glassed-in citadels. It is Kansas farmers who the legislature should be trying to help. Farmers are hurt by federal programs which oversubsidize corporate farms while at the same time, real farmers have been unable to achieve increases in minimum prices for many products. Farmers and consumers have little influence on commodity pricing policies or agribusiness boards such as the Kansas State Board of Agriculture.

<u>Diversification of farming is a better solution.</u>

Large farms are less flexible, have higher debt ratios, and rigid production patterns. The goal is minimum cost per unit produced, not what is best for the soil, the water, for the hired hands, or the communities near which they are located.

Corporate farms are less flexible. Farms that operate at a scale large enough to reach theoretical peak efficiency are able to operate efficiently only at that volume of production. They can produce efficiently only at one speed—full throttle. Any less vigorous pace reduces efficiency and profits, increases costs, and could increase losses.

Family farms, or smaller operations, have fewer long-term investments, fewer annual fixed costs, and more flexibility. They can cut back on production and operate profitably, even if at less than full efficiency. Because of this ability, they may weather economic storms better and compete longer than their corporatized, large-scale colleagues.

<u>The corporate farming approach.</u>

It used to be true, and probably still is, that hogs were the beginning farmer's best money-maker. While it is labor-intensive to take care of pregnant sows, there is always some income from it. There are plenty of farms which started with two dozen sows.

Recently, however, new technology to control disease and automate both feed and manure handling have made it possible to produce hogs on a much larger scale. Buildings which hold 500 sows are not uncommon, and farms with dozens of these buildings aren't unknown.

Corporate hog production envisions contractual arrangements in which a company contracts with a farmer for farrowing or finishing hogs. It also envisions arrangements in which these same companies are involved in all, or almost all, of every aspect of pork production.

Under a typical swine contract operation, the contractor supplies the hogs, feed, and management to a grower who supplies the labor and the facilities. Under the bill presented here today, however, the corporation would be able to own the land, and all that would be necessary is to employ hired hands. This bill is therefore a frontal assault on family-owned hog farms in Kansas.

In corporate farming, human capital is nothing less than another input, something which is expendable and replaceable. Farmers become nothing more than competing production units whose sole goal of efficiency is a system that rewards those who can use the political process to create bigger economic units. Bigger is not always better, a rule which is particularly true in farming, a rule which is particularly true in developing a sustainable model of agriculture.

Rather than encouraging a sense of community, corporate farming leads to the further breakdown of rural society. The values in rural life, once the backbone of our larger society, are lost. Farmers are turned into hourly workers, not much different than piece workers in a factory. Small farms contribute to this state's social mix far more. Small farm communities support businesses and retail trade. Small farm communities spend more money for household supplies and building equipment. Schools, churches, newspapers, parks, and civic organizations survive in towns with a broad-based family farm economy. There is no evidence that corporate agribusiness shares those values or makes the same sort of contributions.

Conclusion.

If you think this bill represents wise public policy, the least that should be required is an environmental and social assessment conducted by KDHE, and paid for by the applicant, before any corporate hog production facility is allowed in this state. Also, the written approval of the county commission should be required. There should be an opportunity for public comment and even public hearings at both the state and the county level. The legislation should spell out in detail exactly what factors should be looked at. At a minimum, these would be the quality of the jobs created, the supply of water and energy, odor control, wastewater management, manure supply and control, and measures for enforcing these regulations.

If we regulated location of these new pork production facilities, required them to account to their neighbors for reduced property values, regulated where they could be located and the size of the operation, imposed guidelines for labor and health benefits, strictly regulated waste water disposal and storage, and factored in the safety and health of area residents, I wonder if corporate pork production facilities would seem so attractive to the agribusiness interests who appeared before you yesterday? If Kansas is going to adopt this bill, we urge you to incorporate these limitations.

Some try to stir up trouble between environmental groups and farmers. But there is considerable common ground between Kansas' environmental groups and farmers, far more than there is between the environmental community and agribusiness. This issue is one in which the Sierra Club hopes the legislature reaches conclusions which support family farmers and the environment. Family farmers are generally better stewards of their land and water resources.

Thank you for considering the Sierra Club's views on this important issue.

NORM
NATIONAL ORGANIZATION FOR RAW MATERIALS

NORM
NATIONAL ORGANIZATION FOR RAW MATERIALS

ONE OF THE MAIN REASONS THAT CANADIAN AGRICULTURE IS HAVING PROBLEMS IS BECAUSE THE CANADIAN DOLLAR HAS LOST ITS BUYING POWER.

CANADIAN FARMERS ARE NOT GETTING THEIR FAIR SHARE OF THE MARKET.

C.I.B.C. ECONOMICS DEPT. TORONTO, PROVIDED US WITH THESE FIGURES;

THE BUYING POWER OF THE CANADIAN DOLLAR WAS 100¢ IN 1950

IN 1971 IT WAS .60¢ AND IN 1991 HAD SLIPPED TO 15¢

THIS MEANS THAT IN 1991 IT TOOK \$6.64 TO BUY WHAT TOOK \$1.- IN 1950

THE AVE. PRICE FOR SOYABEANS IN 1971 WAS \$2.96 P/Bu

" " " " " " 1991 " \$6.15 P/Bu.

THE AVE. PRICE FOR GRAIN CORN IN 1971 WAS \$1.15 P/Bu.

" " " " " " " 1991 " \$2.68 P/Bu.

IN 1971 DOLLARS THE PRICE FOR SOYS IS \$1.53 AND CORN \$.67 P/Bu.
FOR 1991 CROP

Senate Ag Co.
2-23
Attachment 7

U.S. CENSUS BUREAU

CHANGE IN KANSAS FARM RESIDENTS, BY COUNTY

COUNTY	1980	1990	LOSS	% LOSS
ALLEN	1,942	1,254	688	35.4%
ANDERSON	2,432	1,593	839	34.5%
ATCHISON	2,333	1,551	782	33.5%
BARBER	1,062	776	286	26.9%
BARTON	2,129	917	1,212	56.9%
BOURBON	2,130	1,298	832	39.1%
BROWN	2,524	1,742	782	31.0%
BUTLER	3,423	2,638	785	22.9%
CHASE	831	576	255	30.7%
CHAUTAUQUA	963	529	434	45.1%
CHEROKEE	2,199	1,396	803	36.5%
CHEYENNE	1,012	493	519	51.3%
CLARK	479	270	209	43.6%
CLAY	2,059	1,627	432	21.0%
CLOUD	1,573	862	711	45.2%
COFFEY	1,995	1,207	788	39.5%
COMANCHE	561	281	280	49.9%
COWLEY	3,068	1,868	1,200	39.1%
CRAWFORD	2,593	1,935	658	25.4%
DECATUR	1,138	806	332	29.2%
DICKINSON	3,171	1,593	1,578	49.8%
DONIPHAN	1,773	1,100	673	38.0%
DOUGLAS	2,244	1,716	528	23.5%
EDWARDS	756	310	446	59.0%
ELK	872	553	319	36.6%
ELLIS	1,618	847	771	47.7%
ELLSWORTH	1,194	778	416	34.8%
FINNEY	1,076	876	200	18.6%
FORD	1,720	822	898	52.2%
FRANKLIN	2,668	2,067	601	22.5%
GEARY	876	558	318	36.3%
GOVE	1,358	518	840	61.9%
GRAHAM	923	391	532	57.6%
GRANT	571	269	302	52.9%
GRAY	1,431	767	664	46.4%
GREELEY	362	140	222	61.3%
GREENWOOD	1,462	1,138	324	22.2%
HAMILTON	358	211	147	41.1%
HARPER	1,320	700	620	47.0%
HARVEY	2,571	1,739	832	32.4%
HASKELL	853	190	663	77.7%
HODGEMAN	811	339	472	58.2%
JACKSON	2,949	1,972	977	33.1%
JEFFERSON	2,604	1,985	619	23.8%
JEWELL	1,475	1,088	387	26.2%
JOHNSON	1,604	963	641	40.0%
KEARNY	570	479	91	16.0%
KINGMAN	2,343	1,186	1,157	49.4%
KIOWA	679	356	323	47.6%
LABETTE	2,837	1,772	1,065	37.5%
LANE	520	243	277	53.3%
LEAVENWORTH	2,632	2,182	450	17.1%
LINCOLN	1,306	629	677	51.8%
LINN	1,845	1,219	626	33.9%

LOGAN	521	341	180	4.5%
LYON	[illegible],578	2,022	556	21.6%
MARION	3,609	2,191	1,418	39.3%
MARSHALL	3,288	2,020	1,268	38.6%
MCPHERSON	3,141	2,398	743	23.7%
MEADE	860	306	554	64.4%
MIAMI	2,974	2,060	914	30.7%
MITCHELL	1,299	650	649	50.0%
MONTGOMERY	2,513	1,387	1,126	44.8%
MORRIS	1,635	969	666	40.7%
MORTON	177	157	20	11.3%
NEMAHA	3,505	2,717	788	22.5%
NEOSHO	2,261	1,296	965	42.7%
NESS	1,044	592	452	43.3%
NORTON	1,073	592	481	44.8%
OSAGE	2,523	1,915	608	24.1%
OSBORNE	1,089	660	429	39.4%
OTTAWA	1,225	613	612	50.0%
PAWNEE	1,129	668	461	40.8%
PHILLIPS	1,223	848	375	30.7%
POTTAWATOMI	2,312	1,464	848	36.7%
PRATT	1,278	553	725	56.7%
RAWLINS	1,490	924	566	38.0%
RENO	4,157	2,243	1,914	46.0%
REPUBLIC	2,199	1,500	699	31.8%
RICE	1,585	562	1,023	64.5%
RILEY	1,522	986	536	35.2%
ROOKS	830	641	189	22.8%
RUSH	916	477	439	47.9%
RUSSELL	877	430	447	51.0%
SALINE	1,751	708	1,043	59.6%
SCOTT	568	223	345	60.7%
SEDGWICK	4,305	2,734	1,571	36.5%
SEWARD	410	412	(2)	-0.5%
SHAWNEE	2,426	1,543	883	36.4%
SHERICAN	1,050	490	560	53.3%
SHERMAN	936	514	422	45.1%
SMITH	1,672	1,038	634	37.9%
STAFFORD	1,086	552	534	49.2%
STANTON	354	299	55	15.5%
STEVENS	690	331	359	52.0%
SUMNER	3,545	2,556	989	27.9%
THOMAS	1,089	792	297	27.3%
TREGO	1,170	598	572	48.9%
WABAUNSEE	1,775	1,199	576	32.5%
WALLACE	619	354	265	42.8%
WASHINGTON	3,067	1,699	1,368	44.6%
WICHITA	717	418	299	41.7%
WILSON	1,779	1,277	502	28.2%
WOODSON	1,108	698	410	37.0%
WYANDOTTE	153	151	2	1.3%
	172,901	108,083	64,818	37.5%

HC ORPORATION FARMING -- AGRICULATURE COMMITTEE, FEB. 5,1993

Thank you Mr. Chairman and members of the committee. I appreciate the time for me to make a few remarks.-- To make a point I need to go back for a time in history. If you will study the Federal Congressional records of the late 1930th. The late Carl Wilkens had presented a chart that showed if Raw Material was priced at 100% it produced a 1-1-7 record or $1.00 for raw material meant $1.00 for labor and $5.00 for National income. With these figures, with the late Great Sen. Arthur Capper's help the Stabiliazation Act was passed that agriculture prices could not go below 90% of parity nor over 110% of parity. Labor wages was controlled in conparison. This act took effort in 1942 and expiredin 1952 when Pres. Truman signed that the World War 11 was over. In this period a war was fought and from 1946 to 1952 we not only had a balanced Federal Budget but a surplus to pay off on the National debt. So read your Congressioal record, under parity the Greedy inporters didn't have a market for there slave labor inports and wanted Congress to do away with parity and lower inports. According to records the late Sen. Capper made this statement. Quate "the buying power of rural America is the motive force that keeps factory wheels turning. Take that away, and many an industrial center would become a ghost town." But the Greedy prevailed in Congress, parity was dropped, the control of wages and prices expired. Now a lot of history should be told here but to make this brief I shall just make a few points. In 1950 a dollar was worth a dollar, people werehappy, the jails wereN't full, yes it took 25 cents of the dollar to but food and 25 cents of that dollar to pay taxes, now, according to NORM, in 1989 it took approx, 18 cents of that dollar to buy food but 59 cents of that dollar to pay taxes and our Federal deficit growing every minute. Our jails are full, the family farms and small rural communities slowly dying, the population unrestful they know that's something is wrong. Now what has that got to due with Corporate Hog Farming? Everything. Record prove that in the 1942 to 1952 when the dollar was a dollar, we didn't have Corporate controll, there was prosperity and the population happy. Congress sold out to Big Corporations, they are ruining our Nation because Congress has not followed our constitution to provide all equal opportunity. No, we cannot correct Congress misstake, But the Kansas Legislature and Governor can keep Corporate farming out, help preserve the family farmers which in turn will help the rural communities of Kansas with a few extra buying power dollars. Lets love our NEIGHBOR as our selves. Alvin Bauman

Alvin Bauman

PETITION AGAINST CORPORATE FARMING

We, the undersigned, knowing that the family farmers and small rur communities are what made Kansas and all rural communities great. Fores that Corporation farming of any kind will destory the family farmers and rural communities. THEREFORE: Corporations, hog, cattle, dairying nor any kind of corporations in Agriculture should be outlawed. BE IT FURTHER RESOLVED: We asked the Kansas Legistator and the Governor of Kansas not to pass any authorization to permit Agriculture Corporations in Kansas.

	NAME	ADDRESS
	Doris Baumann	209 S. 14th, Sabetha, Ks.
	Victor Hartter	1217 Meadowlark Lane, Sabetha Kansas
	Julius + Emma Waterman	Box 56 Bern Kansas
	Betty Frank	Box 144 Oneida, Ks.
	Terry L Alberding	113 E Maple Fairview KS
	Raymond Brand	Oneida Ks.
	Lynus E Knittel	Oneida Ks 66522
	Joe Farrell	Fairview Kansas
	Glenn Plamann	Hiawatha Kans.
	Emerson Self	Fairview Ks
	Edward Meyer	Fairview Kans
	John Meyer	Hamlin Kans
	[illegible] Dole	Hiawatha Kans
	Irvin D Durking	Fairview Ks
	Richard E. Bunger	[illegible] Ks
	James A Mock	Sabetha, Ks
	Donna Watt	Sabetha KS
	Leland Snyder	Sabetha Ks
	Nita Snyder	Sabetha Ks
	Robert Schumann	Sabetha Ks
	Doug D Renyer	Wetmore Ks
	Brenda Renyer	Wetmore, Ks
	Mr & Mrs G H Ketts	Sabetha Ks
2	Mr & Mrs Leo Burdick	Sabetha KS
2	Mr & Mrs Roger Dietz	Sabetha Ks.
	Lawrence Shump	Sabetha Ks.
	Wesley Duesing	Hiawatha KS
	Mr & Mrs Glenn E Wenger	Powhattan Ks
	Joe A Rohy	Sabetha Ks
	[illegible] Renyer	Sabetha KS.
	Leon W Lukert	Sabetha KS
	Jerry J. Cox	Sabetha KS
	Nancy A. Cox	Sabetha, Ks.
	Emil Spellmeier	Fairview, Kans.
	Don Sunderland	Fairview, KS
	Burton Robinson	Sabetha Ks.
	Rick L Lukert	" "

42

17-5

PETITION AGAINST CORPORATE FARMING

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NAME	ADDRESS
Carl W. Meyer Jr.	Sabetha, Kansas
Verlas Meyer	Sabetha, Ks.
Marvin Giez	Sabetha Kansas
[illegible]	Sabetha Ks.
Elmer J Buessing	Baileyville Kans.
Roberta Liez	Sabetha, Kansas
Duane Liez	Sabetha, Kansas
Eddie Smith	Sabetha Ks.
Gary Bruning	Wetmore, Ks.
Louis Weser	Wetmore Ks.
Lee Noe	Wetmore KS
Leonard Lasking	Vermillion KS
Urban Haug	Corning Ks
Raymond Rottin	Goff Ks
Lawrence Swart	Seneca Kans.
Henry Nessel	Goff KS
Virgil McClain	Goff Kan
George B Meyenmeier	Goff Kan
Leo Hasenkamp	Wetmore K
Melvin Swart	Goff, Ks.
Ed Hermesch	Wetmore Kas
Don Perry	Wetmore, Ks
Raymond Hawley	Goff
Willard Hill	Goff, Kans.
Steven Boyleman	Wetmore Ks.
Francis J. Henry	Goff Kans.
Timothy D. Henry	Goff, Ks. 66428
Elie Macy	Goff Kans
Ray Hollauer	Holton, Ks.
Dennis Niehues	Goff, Kansas
Edwin Niehues	Goff Kansas
Rosalita Niehues	Goff Ks.
Jane Niehues	Goff Ks.
Francis Sperfslage	Oneida Ks.
Mary Ann Sperfslage	Oneida, Ks.
Steven Sperfslage	Oneida KS.
Eugene Sperfslage	Oneida, Ks.

37 7-6

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NAME	ADDRESS
Don Speckplage	Oneida, Ks
Keith L. Kramer	Oneida, Ks
Elaine Kramer	Oneida, Ks
Daniel Baumann	Sabetha, KS
Gerald D. Harvey	Sabetha Ks
Brian L Lohman	Sabetha KS
[illegible]	Bern KS
[illegible] Boyce	Sabetha Kansas
Dave J Boyce	Sabetha, Kansas
Rick L McClain	Sabetha Kans.
Frank R Kaymann	Sabetha, Kans.
James E Painter	Sabetha Kans.
Galen Bauman	~~Sabetha~~ Sabetha Kans R4 Box 126
Karen L Bauman	Sabetha, KS. R#4 Box 126
[illegible]	Bern Kans Box 116
Douglas J Enneking	Bern, Ks
Lola Enneking	Bern, Ks. 66408
John Korber	Bern Ks 66408
Dean Korber	Bern Ks 66408
Rex Farwell	Seneca Ks 66538
Terry Farwell	Seneca, KS 66538
[illegible] Meier	Bern Ks.
Ray Gruffitt S	Seneca Ks
Bob Gruffitt	Bern Ks
Jim Gruffitt	Bern Kans.
John Haug	Seneca KS
Linda Haug	Seneca Ks
Paul Rilinger	Seneca Ks.
Karen Rilinger	Seneca, Ks.
Theresa Sudbeck	Seneca Ks
John J. Sudbeck	Seneca Ks.
Wayne Rottinghaus	Seneca, Ks.
Marilyn Rottinghaus	Seneca, Ks.
Beth Siess	Seneca Ks.
Richard C. Siess	Seneca Ks
Martin Haug	Seneca, Ks.

7-7

36

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NAME	ADDRESS
[illegible]	222 So 8th Sabetha
[illegible]	[illegible] Sabetha
Lois Rumbaugh	Rt 1 Morrill Ks.
Larry Snore	R.R. 1 Bern Ks.
Eleanor Hewitt	Rt 4, Bx 32, Sabetha, Ks 66534
[illegible] Hewitt	122 S. Washington, Sabetha Ks 66534
[illegible] L. Sawyer	322 S 16th Sabetha Ks 66534
Lester Martin	R 1 Box 5 Bern Ks
Joseph Rokey Jr	609 N 13 Sabetha
[illegible]	[illegible] Sabetha, KS
Gregory F. [illegible]	Box 5 Sabetha Ks.
Edward Lehman	Sabetha Ks
Don Montgomery	Sabetha, KS
Harold L. Emert	Sabetha, Kansas 66534
Dean F. Fankey	Sabetha Ks 66534
Eli Hartter	615 South 11 St Sabetha Kans
Rosemary Garber	623 Jefferson Sabetha Ks. 66534
Gary Plattner	Sabetha Kansas 66534
[illegible] Jr	Wetmore Kan 66550
Elwin Strahm	Sabetha Kans 66534
Richard [illegible]	720 S. Washington Sabetha Ks 66534
Carla Meyer	331 S 1st Sabetha, Ks 66534
Eileen Lehmann	306 S. 6th St Sabetha Ks 66534
Al Fuhrman	RR1 Box 51 Severance, Ks 66081
Junior Holthaus	Box 75D Axtell Ks 66403
Bernard Sunnenberg	Rt 1 Axtell, ks 66403
Eldon [illegible]	Sabetha, KS 66534
David A. Schuetz	Sabetha KS 66534
Jeff McCaskle	Fairview Ks. 66425
Scott [illegible]	Sabetha Ks 66534
Mr + Mrs George Strahm	Powhattan Ks 66527 9801
Harold W. Bauerle	Sabetha, Kans. 66534
Mary E. Bauerle	Sabetha Kansas 66534
Wilma Tyler	Sabetha Kansas 66534
George Hollister	Sabetha 66534

3/6 7-8

PETITION AGAINST CORPORATE FARMING

We, the undersigned, knowing that the family farmers and small rural communities are what made Kansas and all rural communities great. Foresee that Corporation farming of any kind will destory the family farmers and rural communities. THEREFORE: Corporations, hog, cattle, dairying nor any kind of corporations in Agriculture should be outlawed. BE IT FURTHER RESOLVED: We asked the Kansas Legistator and the Governor of Kansas not to pass any authorization to permit Agriculture Corporations in Kansas.

NAME	ADDRESS
Lynn Wichman	RT 2 Seneca, KS. 66538
Jody Kuckelman	Axtell Kansas 66403
Cletus Haverkamp	Seneca Ks
Van Valyhaus	Baileyville KS 66404
Randy Broxterman	Baileyville KS 66404
Daniel Wempe	Seneca Ks 66538
Thomas G. Smith	Summerfield KS 66541
[illegible]	AXTELL KS
Keith Allenbaugh	Hanover Ks
David [illegible]	Seneca, Ks.
Roger Henning	Bern, KS
Randy Lynch	Hanover Ks
Michael Barnes	Vermillion KS
William L. Haverkamp	Seneca Ks.
John Minihan	Blaine KS
Mark Minihan	Blaine, KS
James J. Henry	Seneca, Ks
Gary J. Henry	Seneca Kansas
Bruce Jones	Seneca
Alice Jones	Seneca
Bryan [illegible]	Bern, Kan
Doug Dorton	RT. 1 Box 77 BERN. Ks.
[illegible] Strahm	422 N 11th Sabetha Ks 66534
David Baumle	Rt 1 Box 104 Fairview, KS 66425
[illegible] Wilson	RR 2 Seneca, kansas
[illegible]	Seneca, Ks
Roger Hemesath	CORNING Ks
Gerald Ostertag	Seneca Ks
[illegible]	Sabetha Kans
Lyle Edelman	Sabetha Kansas
Kevin J. Henry	Centralia KANSAS

31 7-9

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NAME	ADDRESS
Wayne Winkler	Oneida Ks R.R. 1 Box 45
Betty Schaad	Oneida Ks RR#1 Box 6
Natty McFall	Sabetha, Ks
Nathan Edelman	Sabetha, Kan.
Matt McFall MATT McFALL	Bern, Ks
[illegible] Schrand	Oneida Ks.
Wm. C. Shockey	Oneida, Kans.
Curtis L. Gilmore	Oneida Ks.
[illegible]	Seneca Ks

9

7-10

I'm Scott Conder. I'm 18 years old and I'm from Neosho County in the southeast part of Kansas. I'm the Vice-President of the Neosho County Pork Producers and an in-tern member of the Board of Directors for the Kansas Swine Growers Assocation.

My father and I run a 30 sow farrow to finish operation and a custom combining business. We are planning to expand to 100 to 150 sows but until we find out whether or not this bill goes through, this won't be feasible. If it does you will see several smaller producers like myself going out of business because the corporation won't buy our hogs.

Even with our operation being small the hogs always help pay the bills during the year, and also provide the money for other things that need to be done.

The small family farmer will pay more attention to the environment and environmental issues around their area and the State than the corporation will, due to the fact that this is where we live and where we will stay. The corporation doesn't pay attention to these issues they're only here to make money.

The corporation is one large business that will spend its money back at corporate headquaters. The Family Farm is several small businesses that spend their money in local downtown stores, elevators, and etc.. Many other businesses depend on the family farm not just the farmer.

Thank you for your time.

Senate Ag Co
2-23
attachment 8

Senate ag committee

Senators:

My name is Mary Grosshart. My husband and I live on a farm north of Pleasanton, Kansas,. South of Kansas City on Highway 69. We have a very diverisfied operation. We raise cattle, no hogs, but used to in the past. Last year a large parcel of land in our county came up for sale. This land was privately owned, then sold several years ago to P & M Coal mining. They discontinued their mining operation and let it be known the land was going to be sold. We were renting a parcel of this land and had been for approximately 22 years. We submited a bid , but was told it was going to be sold as one parcel of about 26, 000 acres. We were only interested in about 110 acres.

Two gentleman requested a conditional use permit form our county for this land. They stated they were going to put a swine operation on part of this land, but had no printed plan. To make a long story short the county is zoned and the zoning committee refused the permit .

The name of the company was Midland Land and Cattle Co. The Swine operation was to be Sugar Creek Farms a Limited Liability Corporation which was a new name so they could meet the requirements and be a legal LLC, but this still wouldn't meet requirements because the Kansas Corporate Farm law states at least one of the general partners is a person residing on the farm and actively engaged in the labor or management of the farming operation. Remember this land belonged to P & M MINING CO. not a farming operation. They made many promises of revenue to our county, new jobs, grain sales, and many other things. When they were faced with the needs of meeting the rules and were asked to put all these things in writing, they then informed the county commissioners, no jobs for the local people, the grain would be shipped in , also they haven't paid county real estate taxes since they purchased the land.

Ten months after being denied a building permit to build a massive swine facility in Linn County, Sugar Creek Farms filed a lawsuit against the Linn County Commissioners and the Linn County Board of Zoning appeals. Two counts have been filed against Linn County, one of them for declaratory judgment stating that the county had no right to interfere in their plans to build a swine facility, plus damages and compensation; the other charge regards is for declaratory judgment for a incorrect interpretation of the law regarding zoning.

Is the corporate game played on a level field? Do they spend their profits where they make them? Do they genuinely want to protect the land and the water? Do they care as much as the local folks? Or do they always seem to have their hands outstretched for a special deal, lower taxes, more freedom to do what they do best, make money? Its plain to see that if we reinvent Kansas by relaxing corporate prohibition (and safeguards). We could be giving up a lot of family farms, employment, construction, bank deposits, assets, per capita income and ranking in education. Why take chances? Please vote no on SB 336

Senate Ag Co.
2-23
attachment 9

Roger Becker

What I want to show you is how a few cents can change the profit on a vertical intergrated operation.

For Example:

A slaughter plant which kills 6500 head of hogs per day will market approximately 341,250,000 pounds of pork in a year. A .25% of one cent will change their profit by $853,125. in a year at one plant.

6500 x 6 days = 39,000 x 50 weeks = 1,950,000 hogs x 175 average carcass weight = 341,250,000 pounds per year.

Now at the same time if they have say 20,000 sows of their own and farrow 2.2 times per year equal 44,000 farrowings times 9 pigs per litter equal 396,000 fat hogs per year. This equals approximately 20% of the hogs they need to slaughter.

When hogs are high and packer margins are low the packer can increase their sales base by offering to sell at below cost. Each $1.00 per hundred weight over operating cost, on the hog production side, would cover a .25% of one cent loss on the total meat production of the slaughter house.

When the price of hogs is low packer margins are usually high. They could lose two dollars per hundred on the hog production and cover the loss by .50% of one cent from the slaughter house.

Senate Ag Co.
2-23-93
attachment 10

I want to thank everyone involved here this morning for giving me the opportunity to express my feelings and to stand up for what I believe in.

The legislators will have to decide on what direction they want the farm economy of Kansas to go. We are going to have to look long and hard into the future and not make any short term solutions that may harm and disrupt the lives of the majority of the people in Kansas. We should use the past as a reminder of what can happen when corporations take over the family farms. Supply and demand is still the best marketing tool available today. We cannot turn these hog factories loose and then try to find the demand for the product. We, the family farms, can fluctuate as the demand calls for it to try and keep a balance between the two.

Everybody says you can't stand in the way of progress. Well, it's not progress if it's not going in the right direction. The word "progress", defined in Webster's Dictionary, means "moving forward gradually, advancing, improving". I think this is what the Kansas hog farmers are doing today. We are expanding gradually as demand calls for it. We have advanced in modernizing our facilities that handle the hogs and animal waste. We try to meet the requirements and guidelines set by the government. Protecting the people and the environment of Kansas means something to us, because we live right in the middle of it everday. We are helping our economy by keeping our business local, whether it's buying feed from our local feed stores, using our local veterinary, or borrowing money from our local banks. These are just a few examples of how the family farms generate the economy for Kansas. Moving forward in genetics is still another goal of the Kansas hog producer. We try to produce a product that we can be proud of to pass on to the consumer. Herd health is a major concern of the Kansas pork producer. We are constantly working for ways to eliminate costly and unsafe drugs that could affect the American people.

Jim Schumann
Senate Ag Co
2-23-93
attachment 11

I want the Pork Producer's Council, and everyone else that is supporting this Bill, to see that corporate farming is not necessary in Kansas. The family farm is what made this country the number one food producer in the world today. The Pork Producer's Council started with family hog farms and built the organization into a large and influential one. By supporting the Corporate Farm Bill, they are abandoning the people that made the changes, borrowed the money, and worked long, hard hours to put the best product ever on the market and meet the demands of the American people. The Pork Producer's Council is using this national organization for personal and unjustifiable reasons. If this Bill passes, the Pork Producer's Council will be controlled by the corporations, which will make it impossible to keep an upper hand on what is best for the consumer, the environment, and the people living in the direct vicinity of the facilities.

In closing, I am not against progress. Progress is inevitable to keep our economy and country growing. I'm in favor of packing plants in Kansas, which would be a big boost to the Kansas economy. But, we don't need corporate hog farming to control the product and markets and jeopardize our most precious resource, which is our water supply. We, the family farms, can supply the quality product that the consumer and retail markets can appreciate. We should work harder on promoting and exporting our farm products, instead of relying on subsidies. As Gene Shore stated during a recent television interview when asked about the process of appointment to the Ag Committee, "If it ain't broke, don't fix it". Well, we ain't broke (although we might need a bearing replaced now and then), but don't count us out. We, the hog producers, can meet the challenges of our agriculture problems.

TESTIMONY

OF

RAYE SPRAGUE

TO THE SENATE AG COMMITTEE

CONCERNING SB 336

(COROPRATE INVOLVEMENT IN HOG PRODUCTION)

GOOD MORNING TO ALL OF YOU. MY NAME IS RAYE SPRAGUE. MY HUSBAND, MYSELF, AND TWO DAUGHTERS OPERATE A 125 SOW FARROW TO FINISH OPERATION IN NORTHERN ALLEN COUNTY. WE DO BELONG TO A LOCAL PRODUCERS GROUP AND ALSO BELONG TO THE KANSAS SWINE GROWERS ASSOCIATION.

AS DIVERSIFIED CROP AND LIVESTOCK PRODUCERS WE ARE VERY AWARE OF THE CHANGES NOT ONLY IN THE SWINE INDUSTRY BUT ALL LIVESTOCK INDUSTRIES BOTH NATIONWIDE AND GLOBALLY. WE FEEL LIKE THESE CHANGES TOWARDS CONCENTRATED OPERATIONS CAN BE COMPETED AGAINST BY INDEPENDENT PRODUCERS THROUGH EDUCATION ON IMPROVED GENETICS AND POOLED MARKETING WITHOUT VERTICAL INTEGRATION.

FOR MANY PRODUCERS THEIR HOG OPERATIONS PROVIDE THE CASH FLOW THEY DEPEND ON TO ALLOW THEM TO REMAIN ON THE FARM AND A VIABLE ASSET TO THE RURAL COMMUNITY AND AGRICULTURE. WHAT YOU ARE SEEING HERE TODAY ARE YOUNG FARMERS THAT WILL REPRESENT THE PORK INDUSTRY IN KANSAS FOR MANY YEARS. WHAT YOU WILL BE DOING WITH THIS BILL IS SAYING " I DON'T BELIEVE IN YOU AND YOUR ABILITY." THESE YOUNG FARM FAMILIES SUPPORT LOCAL BUSINESSES LIKE BANKS, ELEVATORS, FEED MERCHANTS, AND RETAIL BUSINESS. WHEN YOU TAKE THEM OUT OF AGRICULTURE IT CREATES A VICIOUS CYCLE OF LOST BUSINESS AND LOST REVENUE FOR THE STATE.

WHY CAN'T WE INVEST THE SAME MONEY THAT AN INTEGRATED PACKER WOULD REQUIRE IN OUR OWN PEOPLE. THIS WAY PEOPLE WOULD STAY, BUSINESS WOULD STAY, REVENUE WOULD STAY, AND THE PORK INDUSTRY WOULD BLOSSOM FOLLOWED BY A PACKER THAT WOULD NOT HAVE TO BE VERTICALLY INTEGRATED.

QUITE FRANKLY I AM CONCERNED ABOUT THIS NATION AND ITS DEPENDENCE ON A CORPORATE FOOD SUPPLY. THE LEADERSHIP OF GROUPS LIKE THE KLA AND KPPC HAVE SOLD OUT THEIR MEMBERSHIP TO THIS BIG MONEY AND PRESTIGE OF POLITICS RATHER THAN USE THEIR IMAGINATIONS AND PUT FORTH A LITTLE EFFORT TO IMPLEMENT PLANS OF ACTION THAT WILL BE AN ASSET TO ALL OF KANSAS AND ALL PRODUCERS. THEY SAY THAT RURAL KANSAS IS A THING OF THE PAST OR SOON WILL BE. WITH JUST A LITTLE SUPPORT AND ENCOURAGEMENT FROM LEADERS SUCH AS YOURSELF AND THE INSTITUTIONS OF HIGHER LEARNING THIS STATE COULD VERY WELL BE A TREND SETTER THAT WOULD LEAD THE NATION TO DECENTRALIZE THE PRODUCTION AND PROCESSING OF LIVESTOCK THAT HAS BEEN ALLOWED TO CONCENTRATE TO AN ALARMING POSITION OF MONOPOLIZATION OVER THE LAST TWO FEDERAL ADMINISTRATIONS. THINGS LIKE POOLED MARKETING AND POOLED GENETICS ARE NOT NEW TO ANYONE IN THE PORK INDUSTRY BUT THEY ARE VIABLE TOOLS THAT CAN BE USED BY

Senate Ag Co
2-23
attachment 12
12-1

ANYONE. THE INDEPENDENT PRODUCERS HAVE LOTS OF IDEAS THAT ONLY NEED A LITTLE ENCOURAGING AND A LITTLE REFINING TO BECOME GREAT ALTERNATIVES TO VERTICALLY INTEGRATED PROCESSORS. WE CAN PUT KANSAS IN THE FOREFRONT OF HOG PRODUCTION BY UTILIZING THE MINDS AND WILLPOWER OF THE INDEPENDENT PRODUCER RATHER THAN CORPORATE MONEY THAT WILL BENEFIT ONLY A SELECT FEW COMMUNITIES IN A SELECT PART OF THE STATE.

BEYOND THIS THERE ARE NO GUARRANTEES THAT LOOSENING THESE RESTRICTIONS WOULD ATTRACT A PACKER ANYWAY. THE RECENT SO-CALLED "LOSS" OF SEABOARD'S PACKING PLANT WAS NOT DUE TO KANSAS RESTRICTIONS. I URGE YOU TO CONTACT SEABOARD OFFICIALS AND ASK AS OTHERS HAVE WHY THEY WENT TO GUYMON, OK. THEY WENT THERE BECAUSE OF AN EXISTING BUILDING AND ALL THE "GIVE AWAYS" THAT THEY OFFERED. IN TRUTH, SEABOARD PREFERS THAT KANSAS LAW STAY THE WAY IT IS BECAUSE IT KEEPS THEM FROM HAVING TO COMPETE WITH CONGLOMERATE MONOPOLY PACKERS LIKE IBP, CONAGRA, AND EXCELL. THIS INFORMATION IS AVAILABLE TO ANYONE THAT WANTS TO CALL. THE NAME OF THE SEABOARD OFFICIAL IS RICK HOFFMAN. ANYONE WISHING TO HAVE HIS NUMBER CAN CONTACT REPRESENTATIVE BRUCE LARKIN. THEN THERE ARE THE VERTICALLY INTEGRATED PACKERS LIKE TYSON WHO ARE ALSO WAITING IN THE WINGS TO GOBBLE UP THE BANKRUPT FACILITIES THEY HELP TO PUT OUT OF BUSINESS. WHERE THESE FEW COMPANIES CONTROL THE PRICING, QUALITY, AND SUPPLY THROUGH VERTICAL INTREGRATION SHOULD MAKE ANYONE WHO BUYS MEAT AT THE SUPERMARKET A LITTLE NERVOUS.

"RETURN TO THE JUNGLE"
"THE MEAT TRUST"
"FOOD GIANTS...."

I WON'T TAKE UP YOUR TIME GOING THROUGH ALL OF THESE BUT I WILL URGE YOU TO READ THEM AT SOME POINT. THERE IS A LOT OF INFORMATION IN THESE PUBLICATIONS AND ALL INFORMATION COMES FROM RELIABLE SOURCES. THEY BASICALLY TELL THE STORY OF CONCENTRATION IN THE FOOD INDUSTRY ON A FEDERAL LEVEL. I GIVE YOU THIS INFORMATION SO THAT WE MIGHT ENCOURAGE YOU TO HELP US IN MAKING A STATEMENT TO THE FEDERAL GOVERNMENT THAT WE ARE CONCERNED ABOUT THE MONOPOLISTIC POWER THESE CONGLOMERATE OPERATIONS ARE OBTAINING. THIS IS NOT COMPETITIVE MARKETING!!!

I WOULD LIKE TO LEAVE YOU WITH AN EXERPT FROM AN EDITORIAL PRINTED IN FEB. 10 ISSUE OF FARMTALK NEWSPAPER.

THANK YOU FOR YOUR TIME.

RESPECTFULLY SUBMITTED

Raye Sprague

RAYE SPRAGUE.

The Meat Trust

A Western Organization of Resource Councils Factsheet

March 1990

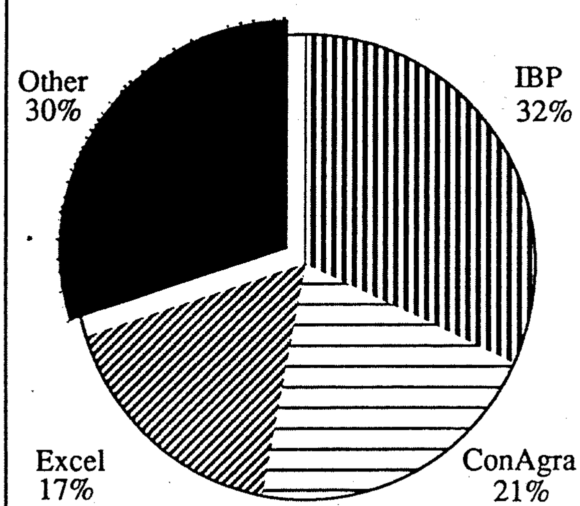
A New Meat Trust in the Making

"When a few large firms buy, slaughter and sell the meat products from most of the livestock produced by farmers, those few firms are in a position to control the price they pay for livestock, control the quality of meat produced, and control the price of meat products they sell . . .such firms are motivated to pay the lowest possible price for farmers' livestock, produce the minimum quality meat product the consumers will accept, and charge the highest possible price for the meat products they sell." (John Helmuth, Iowa State University)

Concentration is a measure of monopoly power in an industry which describes the share of production accounted for by the top firms (the combined market share of the top four firms is commonly used). In the meat industries, concentration is normally measured by percentage shares of livestock slaughter totals. Concentration in the cattle industry has increased rapidly in the past few years.

In 1982, the top four meatpackers slaughtered 45% of all U.S. fed cattle. **In 1988, three corporations — IBP, ConAgra, and Excel (Cargill) — accounted for 70% of the U.S. fed cattle slaughter. Given current expansion plans it is estimated that they will control 80% of the fed cattle slaughter in 1990.** The concentration of the Big Three surpasses that of the original beef trust in the early 1900s. Mergers and buyouts have gone unchecked by antitrust laws. In regional markets the Big Three can command upwards of 95% of the fed cattle supplies. Fewer buyers for livestock result in lower prices paid to livestock producers. In order to ensure a steady supply of cattle to their packing plants, the Big Three are forward contracting with commercial feedlots (buying fed cattle to be delivered at a specified future date) and putting cattle on feed themselves. This reduces the number of cattle which are sold on the open market, making price discovery difficult and giving the packers greater control over price setting.

Market shares: Beef 1988



(based on % of slaughter)

Source: Meat & Poultry, August, 1989

Three companies controlled 70% of all U.S. fed cattle slaughtering in 1988.

The Big Three are increasing their control over the entire food industry.

"I buy my feed from ConAgra, my mineral salt from Cargill, sell my calves to Continental Grain and buy meat in the supermarket from IBP" (Bill Gillin, Forsyth, Montana, rancher).

IBP, ConAgra and Cargill are also the top three pork processors; ConAgra is the largest lamb processor, second largest poultry processor, largest seafood processor and the largest flour miller; Cargill controls one-quarter of the world's grain trade and is the country's number one egg producer, number two soybean crusher and flour miller, and number three corn miller. Each of the firms is aggressively expanding production.

The monopoly control which these firms exercise has serious implications for producers, consumers, and their communities:

Increased concentration means reduced prices to ranchers for livestock.

* "When concentration crosses...50 to 60 percent, there is a statistically significant relationship between that and lower prices paid to producers" (John Connor, Purdue University, in the Des Moines Register, 7 November 1988). A University of Wisconsin study showed that cattle prices are 10 to 23 cents per hundredweight lower for every 10 percent increase in concentration in a given market. IBP's presence in a regional market costs producers 44 cents per hundredweight.

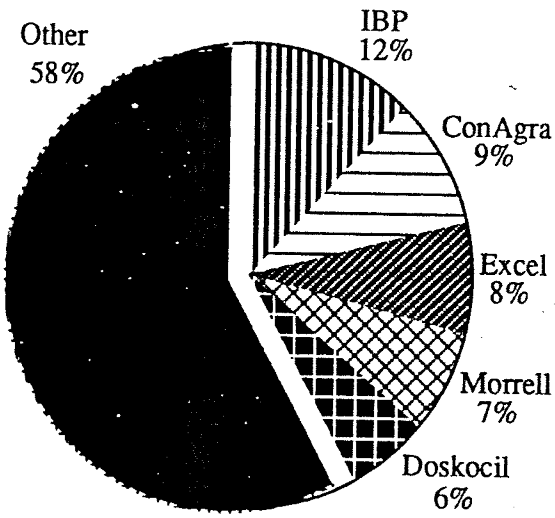
* The Big Three can influence prices by tying up cattle supplies through forward contracting, marketing arrangements and feeding their own cattle. Fewer cattle are left to be sold on the open market, making price discovery difficult for ranchers and farmer-feeders. If one, two or three of the big packers are off the market in a given day, prices are depressed due to the lower demand.

* The major packers are moving to replace the traditional method of determining cattle costs through average cash prices — in which prices are 'discovered' on the open market — with a 'grade-and-yield' system in which the packer charges the supplier based on the quality of individual carcasses (which is determined by the packer). This would allow the packers greater control over the setting of live cattle prices. As Northern Plains Resource Council rancher Gilles Stockton argues, "only the meat monopoly will know what the market price really is and producers will only be able to guess. This will allow the meat monopoly a lot of opportunity to manipulate the market."

* As concentration increases, producers and feeders are left with fewer buyers for their cattle. "As a rancher I want as many bidders in the audience as I can generate when I sell livestock. The more competition there is for livestock, the more price stability there will be and the less temptation for collusion" (Colorado Agriculture Commissioner Peter Decker, Denver Post, 15 January 1989).

* When cattle supplies increase in the next few years, the lower prices dictated by the larger cattle supply will be compounded by the power of a few meatpackers to 'pick-and-choose' from regional cattle markets. In many local markets, only one or two buyers are bidding for cattle, further limiting competition and influencing prices in the corporations' favor.

Market shares: Pork 1988



(based on % of slaughter)

Source: Denver Post, January 15, 1989

Just five companies controlled 42% of the U.S. hog slaughter in 1988. The share of the Big Three is expected to rise to 60-70% within four years.

Increased concentration means higher prices for consumers.

* Purdue University economist John Connor states that once the Big Three begin to advertise their own brands heavily, retail prices will rise well above what they would have been in a competitive market. Cargill (Excel) is starting to market brand-name beef. IBP and ConAgra are sure to follow.

* Greater control over the beef, pork, lamb and poultry industries by the same firms means that consumers will have little choice between companies at the meat counter. Beef processors don't need to be as concerned about holding down retail beef prices to compete with other meats and poultry when they are also pork, lamb and poultry producers.

* A House Committee on Small Business report in 1980 found that between 1965 and 1978 "the oligopoly of meatpackers had annually inflated the retail price of beef by an average of 25.1 cents, thereby accounting for 30% of all meat price increases during the period." Concentration has more than doubled since then.

Increased concentration has serious environmental and community impacts.

"We're being carved up, piece by piece. When decisions on this ranch are taken out of the ranch kitchen and put in corporate boardrooms, this rangeland suffers" (Gilles Stockton, rancher, Grassrange, Montana).

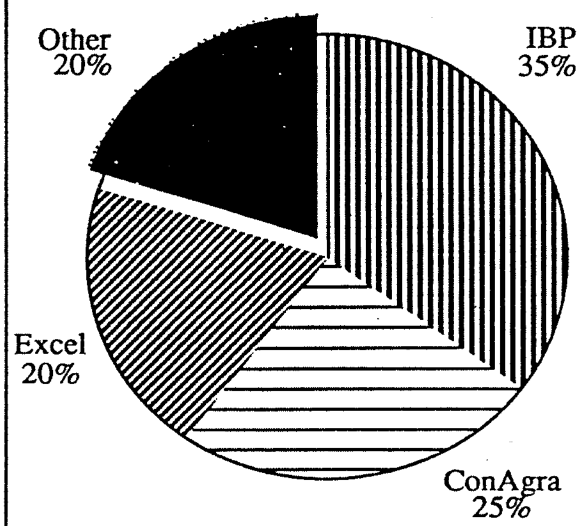
* Concentrated livestock production eliminates the possibility of integrating livestock and crop production and turns livestock manure from a natural fertilizer (replacing chemicals) into a huge waste disposal problem, contaminating water supplies and creating noxious odors. This further reduces options for family farmers seeking to make a living on the land.

* If current trends towards increased concentration of livestock feeding and meatpacking continue, the vast majority of livestock will be fed in a few large feedlots and slaughtered in a few large plants. In recent years Montana has lost 1,100 jobs as small beef and pork packers have been forced out of business. Iowa lost 9,000 meatpacking jobs in the 1980s. Between 1977 and 1986, Colorado lost 1,200 meatpacking jobs.

Why have concentration and vertical integration increased?

***Technological change.** IBP revolutionized the industry in the 1960's with the production of boxed beef on high-volume 'disassembly' lines. Meatpackers had traditionally sold meat to breakers, wholesalers and retailers in carcass form. By cutting a carcass into primal and subprimal cuts, the meatpacker was able to command more of the value added to the product. Boxed beef also reduced production and transportation costs, forcing competitors to follow suit and leaving many of them behind. IBP, ConAgra and Cargill are highly-capitalized firms able to invest millions into new plants and equipment.

Market shares: Beef 1990



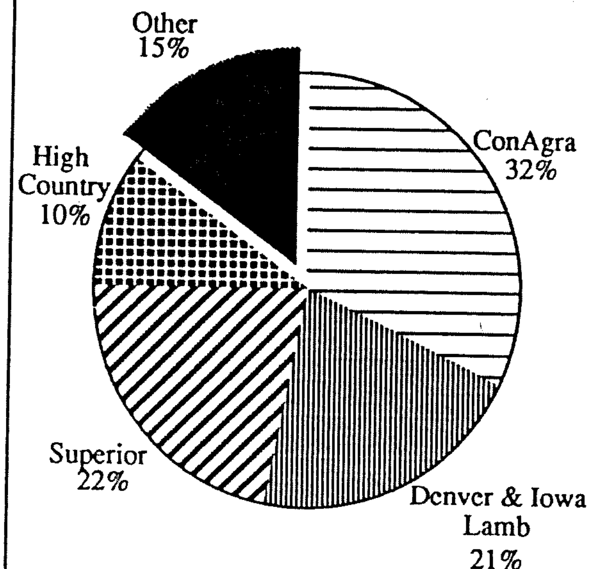
(based on projected % of slaughter)

Source: Estimate based on Beef Today, January, 1989, and Meat & Poultry, August 1989.

Four of every five fed cattle slaughtered in the U.S. in 1990 will be processed by the Big Three.

* **Low wages.** Meatpacking workers are among the most exploited in American industry. The Big Three have dramatically reduced workers' wages. Before the 1980's most meatpacking workers were covered by master contracts with the United Food and Commercial Workers (UFCW), which provided uniform wages and cost of living allowances throughout the industry. This decade has seen an all-out assault by meatpacking plants against their workers, who have been forced to absorb wage freezes and major cutbacks. In 1983, for example, Wilson Foods slashed wages by 40%, from $10.69/hour to $6.50/hour. At the John Morrell plant in Sioux Falls, South Dakota, the base wage rate has been cut to $8.00/hour, a $3.75 decline since 1982. Workers in IBP's Finney County, Kansas plant receive about $5.82/hour. Unskilled workers are being hired in greater numbers as the packers seek ways to reduce the skills required on the production line. Low wages combined with high accident rates have resulted in a high turnover of workers throughout the industry. All this in an industry with the highest accident rate of any in the U.S. Unsafe working conditions, low wages and increased profits all come together in the big packing plants.

Market Shares: Lamb 1990



(Based on percent of slaughter)

Source: WORC estimate based on data from the Packers and Stockyards Administration and the American Sheep Industry Association.

The top four companies control an estimated 85% of all U.S. lamb slaughter.

* **Weak enforcement of antitrust laws.** Antitrust laws — including the Sherman and Clayton Antitrust Acts and the Packers and Stockyards Act of 1921 — were designed to prevent a few large corporations from gaining control of meatpacking and other industries. Today, it can be argued that forward contracting, packer feeding and discriminatory pricing practices violate Sec. 202 of the Packers and Stockyards Act and Sec. 3 of the Clayton Act. Also, most mergers and acquisitions by the big packers violate the Sherman Act and Sec. 7 of the Clayton Act by reducing competition. Despite these developments, antitrust laws have been weakly enforced in recent decades. Mergers and buyouts which reduce competition have been allowed to proceed unchecked.

* **Federal 'cheap grain' policy.** Concentration in cattle feeding and beef packing has also been fueled by low grain prices. The cost of raising corn and other feed is about twice the market price set by the 1985 Farm Bill. It is no coincidence that Cargill and ConAgra combine grain trading and cattle feeding. By integrating feeding and processing, grain companies capture the profit from their competitive advantage in grain handling. They have the grain from elevator to market, whether it's sold as seed, flour, chicken, pork or steak.

It is clear that Congress will not take action to restore competition to the meat industry unless people make their voices heard. Congress needs to hear our discontent with the corporate takeover of the American food production system.

What you can do:

Join your state WORC group and get involved in our campaign to bust the meat trust. Join the fight to restore competition to the meat industry and revitalize our rural communities.

Western Organization of Resource Councils
412 Stapleton Building
Billings MT 59101
406-252-9672

Northern Plains Resource Council
419 Stapleton Building
Billings MT 59101
406-248-1154

Dakota Resource Council
RR 2 Box 19C
Dickinson ND 58601
701-227-1851

Powder River Basin Resource Council
Box 1178
Douglas WY 82633
307-358-5002

Dakota Rural Action
Box 549
Brookings SD 57006
506-697-5204

Western Colorado Congress
Box 472
Montrose CO 81402
303-249-1978

Contact WORC for other factsheets and reports in the series:

FACTSHEETS

Corporate Profiles: The Big Three
Monopoly Power in the Beef Industry
Monopoly Power in the Pork Industry
Monopoly Power in the Lamb Industry

REPORTS

The Original Beef Trust and the Consent Decree of 1920
Meatpacking, Labor and Communities
Antitrust Laws and Legislative Options

12-6

RETURN TO THE JUNGLE

THE IMPACT OF MEATPACKING CONCENTRATION ON CONSUMERS, WORKERS, AND COMMUNITIES

A Western Organization of Resource Councils Factsheet **March, 1992**

In 1906, Upton Sinclair published his expose of the meatpacking industry, *The Jungle*, and galvanized public opinion against the horrendously filthy and dangerous conditions that were the norm of the day. The nation demanded that something be done to curb the monopoly power of the "Big Five" meatpacking companies. Over the next twenty years, the market power of these meatpacking companies and their unsanitary and unsafe meatpacking plants were a continuing scandal, and a major driving force for laws protecting consumers, workers, and small businesses from the abuses of monopoly power.

For seventy years these laws ensured Americans a safe food supply and a free and competitive market. Today, consumers are once again threatened by a giant meatpacking monopoly because of lax enforcement of antitrust laws in the 1980's.

Monopoly overcharges by meatpacking companies may have cost consumers billions of dollars over the last ten years, and the cost could be much higher in the future. Monopolization of the meat industry has hidden costs as well — lower quality food for consumers, lower food safety standards causing increased illnesses, declining wages for workers in one of the most dangerous industries in America, environmental costs, and underpayments to family farmers and ranchers who raise livestock for slaughter and processing by meatpacking companies.

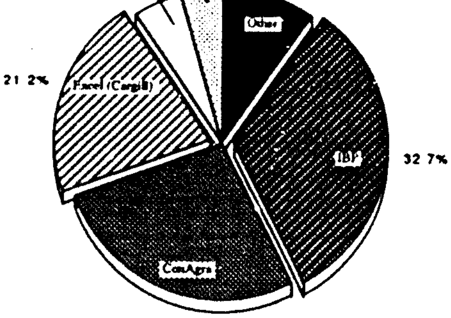
Cornering the Market

Meatpacking companies buy cattle, hogs, sheep, and poultry, slaughter the animals, and process carcasses into cuts of meat for delivery to supermarkets, restaurants, and meat wholesalers. Increased productivity and technological innovations in the industry have cut the cost of processing meat substantially in the last ten years. But the benefits of lower meatpacking costs were not shared with consumers, workers, or farmers by the large packing companies.

The market power of these companies — their potential to gain monopoly profits — is commonly measured by the *concentration* of the industry. In the meat industry, concentration is normally measured by shares of total U.S. cattle, hog, lamb, and poultry slaughter.

In 1988, three corporations—IBP, ConAgra, and Excel—accounted for 70% of the U.S. fed cattle slaughter. These three controlled an estimated 80% of the fed cattle slaughter in 1991. The market power of the "Big Three" far surpasses that of the original Beef Trust in the early 1900's. The lamb industry is as concentrated as the beef industry. Economists predict the pork industry will be as highly concentrated by 1995.

In 1991 Three Companies Controlled Over 80% of all the Beef in the U.S.



Source: Donaldson, Lufkin, and Jenrette, Inc.

It's Only Money

Lack of competition in the meatpacking industry gives packers monopoly power to charge consumers higher prices than if they operated in a competitive market. The total costs of monopoly power to consumers are hard to measure, but recent studies and estimates should give consumers pause:

* As retail beef prices rose in the 1980's, the producer's share of the consumer's dollar has fallen by ten percent. The difference between what ranchers received for their beef and what retailers charged for that same beef reached an all time high in 1991.
* Iowa State economist John Helmuth estimates that monopoly power may have cost consumers as much as **five billion dollars** over the last ten years in higher meat prices. Helmuth also says farmers and ranchers may have lost **eight billion dollars** in lower prices for livestock over the same period.

As serious as these costs are, consumers have yet to see the full potential of the meatpacking monopoly to raise meat prices. As with any monopoly, meatpackers are likely to use their power first to drive out and keep out competition. Ironically, this means that in the short run, meatpacking companies may use their market power to keep meat prices *low* and livestock prices *high*, in order to increase costs and decrease revenues for their competitors.

12-7

The food industry's power to overcharge consumers depends upon market power from high levels of concentration, or the power of advertising, or both. The major beefpackers are only beginning to market beef with their own brand names, such as ConAgra's "Healthy Choice™" lean ground beef, which costs an extra eighty cents or more per pound than unbranded lean ground beef. If packers succeed in marketing and advertising branded meat products, Purdue University economist John Connor has estimated it would add $300 million per year to meat prices.

Any further concentration in the meatpacking industry would mean even greater costs to consumers. "If we do get two companies controlling 80% of the market," says Dr. Connor, "we'll see packer profit rates similar to what we have now in the breakfast cereal industry—a 25 percent rate of return after taxes, instead of 16 percent." Those profits, of course, will come out of consumers' pockets.

"Three Mile Island" Chicken

Since the first meatpacking monopoly was broken up in the 1920's, federal law has guaranteed U.S. consumers the safest food supply in the world. But the changes in the meat industry are threatening the safety of the American food supply. Huge new livestock slaughtering and meat processing plants depend on moving more and more cattle, hog, and poultry carcasses through the "disassembly" lines in the plants at a faster and faster rate. These increasing line speeds result in more meat being contaminated during processing, and more damaged and diseased meat going through undetected. The problems of increased contamination are compounded by cutbacks in federal inspection.

> *"It's not fair to expect consumers to behave as if they're decontaminating Three Mile Island when all they want to do is cook their Sunday dinner."*
>
> -- Kenneth Blaylock, President of the meat inspectors' union.

A proposed "streamlined inspection system," or SIS, would take day to day inspection authority away from federal inspectors and give it to employees hired—and fired—by the packing plants they are supposed to police. SIS would reduce inspection for only the largest plants, regardless of their inspection record. Chicken has been inspected under a form of SIS since 1983. Federal food inspectors, consumer groups, and ranchers have united to block the expansion of SIS into beef and pork.

USDA established a demonstration program with four beef "pilot plants" using the SIS system in 1988, and these plants continue to operate under SIS inspection. Reduced inspection costs give these plants an unfair advantage in the market and allow meat which would not have passed traditional inspection to be sold with the USDA stamp of approval.

Under current SIS inspection procedures, 58 to 100 percent of all chickens leaving processing plants are contaminated with salmonella. Contaminated chicken is responsible for anywhere from ten percent to 50 percent of the two million cases of salmonella poisoning—two thousand of them fatal—in the United States each year. Salmonella and Listeria-caused illnesses, the leading meat safety problems, add nearly five billion dollars to U.S. health care costs each year.

Microbes, Your Food, and You

Infections caused by contaminated food have been known since ancient times. Today, as many as ten million Americans may experience food poisoning every year. Most of the cases are not serious, and are shrugged off as "upset stomach" or "the flu" after symptoms subside in two to five days. But tens of thousands of people are hospitalized and more than 2,000 people die from food-borne diseases every year. These diseases affect the very young and very old most severely, as well as people with immune systems depressed due to disease, cancer treatment, or organ transplants.

The most common food poisoning bacteria are Staphylococcus, Streptococcus, Salmonella, E. coli, Yersinia and Shigella. Two other types of bacteria, Clostridium perfringens and Listeria monocytogenes, were recently discovered to cause food poisoning. The symptoms of bacterial food poisoning are similar in most cases, and usually include diarrhea, nausea, and abdominal cramps. Many of these organisms also cause vomiting. The main difference between the different diseases is the intensity and duration of the symptoms.

Listeria has caused a great deal of concern recently because of its ability to grow at the temperatures normally found in most refrigerators. Listeria can cause miscarriages and stillbirths in pregnant women and meningitis in infants.

Meat and other food products usually become infected with bacteria due to improper handling in the factory, restaurant, and at home. To prevent infections in your home, do not allow raw meat or fluid from raw meat to come in contact with other food, always wash utensils before using them on other food, and always cook meat thoroughly, using a meat thermometer inserted in the thickest part of the meat, until the internal temperature of the meat reaches 170°F for beef and pork or 180°F for chicken.

Although chicken contamination has received the most publicity, increased line speeds have also jeopardized safety and compromised inspection in the other meat industries:

* Under SIS-C (C for Cattle), only three of every 1,000 beef carcasses would be checked for contamination (as opposed to 100% today).
* The percentage of unwholesome beef which got past inspectors increased from two percent under traditional inspection to 24 percent in pilot tests of the streamlined inspection system. Company inspectors approved meat products contaminated with manure, hair, hide, metal, chewing tobacco, and cactus thorns. USDA tags marking unsafe meat were removed and the meat sold despite its condition.
* USDA and company inspectors have been physically harassed or fired for condemning unsafe meat or calling attention to unsafe or unsanitary conditions.

Consumers count on the USDA label as a sign of the safety and quality of their food. With current meat processing methods and line speeds, USDA inspectors can't hope to keep up. In the case of chicken, USDA advises consumers to treat all chicken as if it were contaminated—to wear rubber gloves, and sterilize surfaces that contact raw chicken.

Meatpacking and Workers

Monopolization of the meatpacking industry has other costs which should concern consumers. Concentration in meatpacking has come at the expense of packinghouse workers. Since the industry began to consolidate, real wages (after adjustment for inflation) have been cut by 28 percent across the board, and as much as 50 percent in some plants. More than one packing plant was closed, sold to another packer, and reopened with wages cut thirty percent or more.

> *"There I was trying to make a living with my hands. And I'm losing the use of them on account of it."*
>
> –Willie Sue Johnson, 59 year old former packing plant employee.

At least one-third of all packinghouse workers suffer job-induced injuries each year, making meatpacking one of the most dangerous occupations, more dangerous than mining or construction. The injury rate for meatpacking is three times higher than the average for all manufacturing industries. In 1988, meatpacker employees missed 357 days of work for every 100 workers due to job related injuries. A General Accounting Office study from the same year found conditions in the meat processing industry approach those in nineteenth century sweatshops.

The Occupational Health and Safety Administration found that two out of three workers at IBP's Dakota City packing plant suffered trauma injuries over a three month period. Many of these injuries were repetitive strain injuries, of which *carpal tunnel syndrome* is most widely known. In carpal tunnel syndrome, the tissues in the wrist swell and pinch the nerves leading to the hands. If not diagnosed and treated early, the nerves are permanently damaged and the individual's hands are crippled for life. As many as 25,000 meatpacking employees may suffer from these disorders.

Meatpacking And Communities

Twenty eight percent of meatpacking jobs in the U.S. disappeared between 1972 and 1987. This decline in employment accompanied a mass movement of packing plants from urban to rural areas. Rural areas offer cheap land, water, and labor, as well as lax enforcement of regulations and millions of dollars in government "economic development" incentives.

The pool of local workers is usually quickly exhausted when a plant moves to a rural area. Turnover rates are very high, with an average of 80 percent of all meatpacking jobs changing hands each year. According to the *Wall Street Journal*, IBP, one the biggest meatpackers in the country, had to recruit employees from "the nation's most desperate pockets of unemployment." Even so, at one IBP plant in Iowa, annual employee turnover was nearly 100 percent.

Many of the workers in the meatpacking industry are recruited in Hispanic and Southeast Asian neighborhoods where poverty is rampant. These workers are especially vulnerable because they are not given safety instruction in their native languages. Many new workers travel hundreds of miles to small towns where no one speaks their language with literally nothing but the clothes on their back. They arrive with little or no money, needing a place to live, medical care, and other basic necessities. Rural communities usually lack the resources to cope with the added burden on schools, housing, hospitals, law enforcement, and social services.

Meatpacking and the Environment

Concentration in the meatpacking industry has had environmental costs. Confined poultry and hog raising facilities and huge cattle feedlots have turned animal wastes from an agricultural resource (fertilizer) into a hazardous waste disposal problem of monumental proportions. The Alabama chicken industry alone generates about three billion pounds of nitrate-laden manure, more than all the farmers in the state could possibly use as fertilizer.

Over the last thirty years the production of meat has become increasingly divorced from crop production. In 1962, over sixty percent of beef cattle were fattened by small farmer-feeders who raised less than one thousand head per year. They grew the grain they fed to their cattle and used the livestock manure to fertilize the grain.

Subsidies designed to keep farm prices low have contributed to the development of the meat monopoly. Federal agricultural policy has depressed grain prices to the point where it costs less to *buy* grain to feed livestock than to *grow* it, so the small farmer-feeder cannot compete. In recent years, major grain trading companies such as Cargill and Continental have become major cattle feeders. By 1989, over fifty percent of beef cattle were fattened in feedlots holding 16,000 or more cattle. Hog and chicken production have undergone similar changes.

Low prices and industry concentration have eliminated the possibility of integrating family farm crop and livestock feeding and other sustainable farm practices. Management decisions that were formerly made in the ranch kitchen are now made in corporate boardrooms. These decisions make it difficult for farmers and ranchers who want to preserve the land for the next generation to use environmentally sustainable practices. To survive, they must postpone adopting these practices until more profitable times arrive. The result is that the environment is as exploited as consumers and workers.

> *"If a system [of agriculture] doesn't return enough income for a farmer to stay in business, it isn't sustainable."*
>
> –William Lockeretz,
> Tufts University
> School of Nutrition

Meatpacking Concentration and You

Consumers who think about the consequences of their purchasing decisions should be concerned about these impacts of monopolization of the meatpacking industry.

An article in the magazine *Southern Exposure* concluded, "those of us who buy chicken in supermarkets and restaurants must hold the industry accountable for the sickening way it mistreats our communities, chicken farmers, poultry workers, and consumers." A U.S. Catholic Bishop's statement recently declared, "Consumer responsibility calls for a conversion to an attentive attitude about how their food consumption choices affect farmers, farm workers, the poor, and corporate policies and practices."

The large meatpacking companies can underpay family farmers and ranchers for their livestock, just as they can overcharge consumers for meat they buy. Consolidation of meatpacking and livestock feeding has accelerated the trend towards corporate factory farms and away from family farms and may lower the safety of America's food supply.

Ultimately, only public pressure will force adequate enforcement of the antitrust laws and break up the big meatpackers. A century ago, blatant abuse of power by the "Big Five" meatpackers led to the passage of the first antitrust laws. Today, a new "Meat Trust" needs a new generation of "trustbusters" to ensure fair competition in the marketplace and a safe and secure food supply.

What you can do

*Tell your Senators and Representatives to strengthen, not weaken, the nation's food inspection system.

*Ask your State Attorney General to support the Justice Department's current anti-trust investigation of the meat industry.

*Join your state WORC group and get involved in our campaign to bust the meat trust. Join the fight to restore competition to the meat industry, safe food to our dinner tables, and prosperity to rural communities. Ask us for more information about the meatpacking monopoly, or for ways to protect yourself from unfair meat prices and unsafe food while helping family farmers, workers, and the environment.

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303-249-1978

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For more information about the meat monopoly and what can be done about it, these publications and materials for further reading are available from WORC.

Farm to Market Review, Quarterly, 1 yr. subscription $20.00
Facing up to Monopoly: Antitrust Policy and the Meat Industry. June, 1990, 12 pgs., $5.00.
Where's the Meat: Tracking Changes in the Livestock Feeding and Packing Industry in the West. July 1991, 14 pgs., $5.00.
Corporate Profiles: The Big Three. (4 pgs., free)
The Meat Trust. (4 pgs., free)
Monopoly Power in the Beef Industry. (2 pgs., free)
Monopoly Power in the Pork Industry. (2 pgs., free)
Monopoly Power in the Lamb Industry. (2 pgs., free)

12-10

Food Giants Gobble Up Pork Packers

Acquisitions and mergers have created some odd liaisons in the pork industry.

By Cynthia Clanton
Associate Editor

What do Chiquita bananas, Hanes underwear, Jell-O pudding and Miller beer have in common?

They're all made by pork-processing companies.

Only a few pork packers are still independent. They've managed to stay that way by rolling with the punches and, generally, being smarter than ambitious takeover attorneys.

The rest are part – sometimes a tiny part – of huge conglomerates. While you might think they're

12-11

doom be shoved to the back burner by much-bigger operations, the truth is that many are blessed with all the high-powered marketing, financing and management their parent companies can offer. That special attention may make them stronger over the long haul.

We thought it would be interesting to dig into who owns what in the pork packing and processing industry. Here's what we found:

ConAgra Inc., the largest U.S. meat company, is home to the remnants of Swift Independent Packing Co. and Armour Foods. Monfort Inc. is owned by ConAgra, as are beef processor E.A. Miller Inc. and ham manufacturer Cook Family Foods Ltd. In fiscal 1991, ConAgra generated almost $20 billion in sales – 77% of that from prepared foods.

ConAgra didn't even own a red meat company 10 years ago. Last year it produced 700,000 fed cattle, 3.8 billion lb. of beef products and 1.8 billion lb. of pork products. ConAgra controls 40% of the U.S. lamb market, is the second largest poultry processor in the U.S., the country's largest flour miller and a major producer of farm-raised fish and seafood.

Since 1986, ConAgra has acquired RJR Nabisco, flour mills from International Multifoods, Pillsbury's grain merchandising business, the Australian company Elders' malt and wool business and half its beef business, and Golden Valley Microwave Foods, a supplier of potato products.

But the 1990 purchase of Beatrice topped them all. It made ConAgra the second biggest U.S. food company with control over brand names like Banquet, Hunt's, La Choy, Morton, Orville Redenbacher's, Peter Pan, Swiss Miss and Wesson. ConAgra is also in foodservice, serving hotels and restaurants as far afield as Moscow and Singapore.

What's more, ConAgra "dabbles" in commodity futures, fertilizers and herbicides, livestock feeds (Formax, Ponderosa), pet accessories (Sergeant's), home sewing supplies (Singer), truck leasing, financing and insurance. It employs 55,000 people in 25 countries.

From 1981 until a few weeks ago, **IBP Inc.** was owned by Occidental Petroleum Corp., one of the world's biggest energy suppliers. That changed in October, when Occidental dumped the remaining 51% of IBP on the market.

The company that was born Iowa Beef Packers in 1960 now owns 11 beef plants and six hog plants with 27,000 employees. IBP claims to control 32% of the U.S. fed-cattle market and 19% of the hog market and was the seventh largest food processor in the world in 1989.

Of IBP's $10.2 billion in sales in fiscal 1990, 65% came from boxed beef and 19% from pork. Export sales represented almost 10% of the total.

Excel Corp., which owns two pork and 10 beef slaughtering and processing plants, is part of Cargill. Because Cargill is privately owned, we don't know much about its financial depth, although $5.5 billion in sales were attributed to Excel's red meat businesses in 1990.

Excel recently added Emge Packing Co., as well as Walnut Grove Products and Farr Better Feeds, two regional feed manufacturers. Cargill has owned Nutrena Feeds since 1945 and operates more than 60 feed and pet food manufacturing facilities. It also custom-feeds cattle through Caprock Industries and has been in the poultry business for 25 years.

Most of Cargill's products are sold to food manufacturers, as wholesale products or through its foodservice division. Besides pork and beef (Excel and Del Pero Mondon brands), Cargill produces turkey, chicken, eggs, salt, coffee, flour, shrimp, corn syrup and starch, cocoa, vegetable oil, soy protein and peanuts.

The 125-year-old company also runs a brokerage house, an equipment leasing corporation and a research and analysis service. Cargill has more than 57,000 employees in 57 countries.

Buying Holly Farms last year launched Tyson Foods into beef and pork processing.

Buying Holly Farms last year made **Tyson Foods Inc.** the world's largest poultry producer and processor. Perhaps more importantly, Holly subsidiaries – Harker's, Henry House and Quik-to-Fix – launched Tyson into beef and pork processing.

Before Holly, Tyson was already one of the largest farrow-to-finish producers in the U.S. Now all its hogs go to Henry House for processing.

Last year, almost 70% of Tyson's $3.8 billion in sales were credited to value-added poultry products, 13% to red meat products and 2% to swine production. Almost all Tyson products are poultry-related, although prepared dinners, microwavable children's meals and tortillas are also on the list. Company executives say Tyson-branded pork and beef retail products are on their way.

12-12

Oscar Mayer is part of the largest U.S. food company, the second largest in the world.

Tyson sells poultry products in Mexico, Canada, the Far East, Japan, the Soviet Union and Romania. In the most recent annual report, company chairman Don Tyson promised beef and pork products will be next.

Several small, but well-known, meat companies have been thrown together to make **Sara Lee Corp.** the second largest seller of packaged meats: Jimmy Dean, Kahn's, Hillshire Farm, Bryan Foods, Rudy's Farm, Bil Mar Foods (Mr. Turkey), Seitz Foods and Hygrade.

But Sara Lee is more than bologna. While 58% of its $11.6 billion in 1990 sales came from food operations (bakery products and packaged meats, plus coffees, teas and packaged nuts sold in Europe and the PYA/Monarch foodservice business), the rest was thanks to consumer products such as Hanes and L'eggs hosiery, Hanes underwear, Champion sweatsuits and T-shirts, Isotoner gloves and Kiwi shoe polish.

Sara Lee has 100,000 employees in at least 30 countries.

Geo. A. Hormel & Co., a solid old-time meat packer that has changed with the times, has managed to stay independent for a solid century. Hormel's still growing, thanks in part to forays into the poultry and fish arenas.

Since 1983, Hormel has acquired Jennie-O Foods Inc. (a Midwestern turkey processor now gone national), Farm Fresh Catfish Company (farm-raised catfish) and Chicken by George (marinated chicken products).

Hormel also owns a Wisconsin firm that makes natural and artifical casings for sausages, international and foodservice divisions that sell SPAM luncheon meat and other products in the U.S., the Philipines, Japan and Europe, and a catalog subsidiary that markets specialty food and cooking items by mail order. Hormel registered $2.7 billion in sales in fiscal 1990 and has 8,300 employees.

When Philip Morris merged Kraft and General Foods in 1989, it created the largest food company in the U.S. and the second largest in the world. **Oscar Mayer Foods Corp.** is part of that division.

According to Philip Morris' 1990 annual report, about 51% of its $51.2 billion in total sales came from Kraft General Foods (including Minute Rice, Kraft, Maxwell House, Kool-Aid and Jell-O brands), 40% from its tobacco division (Marlboro, Benson & Hedges, Virginia Slims) and 8% from Miller Brewing Company (Miller, Milwaukee's Best, Sharp's). Revenues from Oscar Mayer (Oscar Mayer meats, Louis Rich turkey products, Louis Kemp seafoods and Claussen pickles) were $2.5 billion.

Philip Morris markets its products in Europe, Asia and Latin America. At least 35% of its sales are made outside the U.S.

John Morrell & Co. is part of Chiquita Brands International, a company with $4.3 billion in sales last year and 46,000 employees all over the world. Chiquita also owns the Dinner Bell and Kretschmar labels. Morrell products are sold in the U.S. under John Morrell and Mosey's banners, plus several regional names.

As you'd expect, Chiquita's biggest business is fresh and processed fruits and vegetables like bananas, melons, tomatoes and broccoli. It also ships refrigerated beef and pork into Japan, Taiwan, Korea, the Far East, Canada, Mexico, Poland, Yugoslavia and Switzerland.

Half of Chiquita's 1990 sales were credited to prepared foods, which included meat products, processed fruits and vegetables, and consumer-packaged foods sold in Latin America.

Smithfield Foods Inc. hasn't strayed far from its traditional strong suit: ham, bacon and other processed pork products. Acquiring a few hand-picked brands has bolstered Smithfield's position: Gwaltney, Patrick Cudahy, Esskay and Mash's.

Smithfield has limited its need for Midwestern hogs by hitching up with Carroll's Foods and other large Southeastern hog producers. In fiscal 1991, 8% of the hogs it bought came through Carroll's ($48 million worth, which saved Smithfield $7.4 million in raw materials costs, according to its annual report) and 29% through long-term contracts with independent producers. Only 10% of the hogs it used were bought in the Midwest.

Last April, the Smithfield-Carroll's partnership had 24,000 sows on 24 farms in Virginia and North Carolina. Since May, the partnership has owned the exclusive U.S. franchise for National Pig Development Company breeding stock (a U.K. company). ◇

12-13

KS corporate farm law change ignores existing resources

The corporate hog issue in Kansas is a little like Jason from the never-ending "Friday the 13th" horror movie series—just when you think he's dead, a sequel comes out and Jason's back with a brand new hockey mask.

Amid the infinite posturing, we've witnessed the same tired old cliches trotted out by both sides. We've heard terms like "global market," "free market," "level playing field," and "way of life" until we swear we'll scream if we have to hear them one more time. We've heard predictions of doom and paradise, of feast and famine.

No one is smart enough to guarantee the consequences of a change in the current law but some assumptions can be made.

If corporate swine production is allowed in Kansas, there will be several beneficiaries. Towns located near to cites of expansion will probably gain in jobs and tax base. Growers selected for contracts may find that they have a more stable and dependable source of income. Grain markets in the areas of production should be strengthened.

Those benefits, however, are narrow and severely limited to the areas where the production actually takes place.

Independent hog production, however, has the potential for a much more far-reaching impact. When swine production is broad-based with independent producers buying inputs from their local communities, the economic benefits are spread across the state and help to maintain the viability of the small towns which dot the Kansas countryside.

Local elevators, machinery dealers, banks, automobile dealerships, grocery stores, etc., all benefit from the diversified nature of family-based agriculture and the state itself has its taxable eggs in thousands of baskets rather than in a few.

The problem with this lofty scenario is that the undeniable trend toward corporate swine production and vertical integration jeopardizes the economic health of all independent producers. Even without all of the tax abatements and income tax credits a corporation may enjoy in states where corporate production is allowed, corporations still have at least three very important advantages.

First of all, they have the financial ability to expand in a down market. Second, they have sufficient numbers to command attention in the market place. And, third, the nature of corporate production lends itself to the increased uniformity of pork demanded by consumers.

These issues could be dealt with if producers had the support of state government and their own organizations. The most galling aspect of this entire corporate swine debate, however, is that everyone acknowledges the desirability of increased swine production in Kansas but no one seems willing to address how this can be accomplished with the facilities and resources and, most importantly, the knowledge, which are already in place on Kansas farms.

It is much easier to increase swine production with a stroke of a pen rather than trying to figure out ways to help independent producers become more competitive and profitable. It is, however, certainly possible to focus swine research on the problems, and the potential, of smaller family operations as well as helping producers produce a more uniform product. It is also feasible to investigate the possibilities of joint buying and joint marketing efforts which could reduce the cost of production and enhance the profits of small producers.

And if you've got to hand out tax breaks, why not give one to a packer willing to buy from small producers? For that matter, why not encourage production with an incentive for young, beginning producers?

Changing the Kansas corporate farming law will not guarantee that increased pork production comes to Kansas or that it will remain in Kansas. There will always be another state, another city, willing to sweeten the pot to attract a large corporation.

Kansas pork producers are rooted here. Their fate is cast with the communities in which they live. They are the ones who should be given the opportunity to increase Kansas pork production.—*Mark Parker*

12-14

When the corporations come calling, reach for your wallet, your remaining farmers and your state. All three are in jeopardy.

The promises exceed the performance. The control of your water and your air passes to them. And when everything is spoiled, they tend to take a hike. They are IN CHARGE from Day One.

The jobs they offer are not much to brag about. In Tyson's Arkansas a chicken-processing job, which is about as harsh as you can get, the take-home pay is about $4.30 per hour. The turnover is about 100 percent a year because of the conditions. You have a good chance of being disabled for life. Guess who has to take care of those people...THE STATE. NOT TYSON.

> During the tenure of Tyson in Arkansas, the REAL PAY WHEN ADJSTED for inflation DECLINED. But for Tyson, their bottom line INCREASED 14 TIMES. Do they share? No. THEY TAKE.

One of our group contacted a family that had been in Arkansas for 25 years. They said Tyson had contaminated all of the wells. They throw entrails, which they call CHICKEN GRAVY, on the ground and they don't have to do that. Someone fined them $11,000 and our informer said the employees took up a collection for the fine.

The contract growers, who are furnished chicks, feed, chemicals and transportation, GET ONLY ABOUT FOUR CENTS A POUND. They can't make payments but they can't get relief. They get threatened.

FARMLAND INDUSTRIES of Kansas City is now defending itself against a class action suit by inactive co-ops. They said "the fraud involved $17.6 million, called capital credits," which Farmland has refused to pay the co-ops.

IN LINN COUNTY, KANSAS...

MIDLAND LAND & CATTLE CO., a Leawood-based corporation, offered at first, a landfill which would have been the largest in Kansas by 2 1/2 times. When we objected they switched to a hog confinement system. They wanted 12,000 sows on a poorly-chosen 1/4 section of land, close to our state wildlife refuge, our county park and the new U.S. Fish & Wildlife wetlands refuge. They said, "we want to be good neighbors," and that, "if you don't want it, we won't do it."

Fortunately, we have zoning law protection. And by one vote, 2 to 1, Linn County narrowly escaped. We weren't to get jobs, after all. DeKalb was going to furnish the crew. The construction crew was going to come from Pennsylvania, and the grain was coming from outside the area. What did that leave us? The smell. The pollution of THREE MILLION POUNDS OF SOLID WASTE every week.

Because we turned them down, they are suing Linn County, and for damages yet. So much for good-neighbor policy.

After 20 years of Tyson, Arkansas is far behind Kansas in every meaningful category. Why risk it? Keep corporate farming out of Kansas.

Vote no on SB 336!

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Senate Ag Co
2-23-93
attachment 13

Farmland fraud suit grows

227 inactive co-ops now are plaintiffs.

By ROBERT BOCZKIEWICZ
Special to The Star

DENVER — A lawsuit alleging fraud by officials of Kansas City-based Farmland Industries Inc. has been expanded to include as plaintiffs at least 227 inactive co-ops in several Midwestern states.

U.S. District Judge Sherman Finesilver, in an order this month, designated the lawsuit a class action. The lawsuit was filed last summer in Denver by an inactive co-op in Colorado.

The lawsuit alleges Farmland officials defrauded inactive local co-ops, which were members of Farmland's co-op system, of millions of dollars between 1980 and 1992.

In court documents, the plaintiffs earlier had said the fraud involved \$17.6 million, called capital credits, which Farmland has refused to pay the co-ops. The current amended version of the lawsuit does not specify a value for the capital credits.

The money represents unpaid profits belonging to the co-ops, the lawsuit alleges. The credits are equity that Farmland has refused to redeem, according to the co-ops.

Farmland has denied allegations in the lawsuit.

Farmland, the nation's largest

See **FARMLAND, B-10,** Col. 2

Farmland fraud lawsuit is expanded

Continued from B-1

agricultural co-op, and 11 of its former and current top officials are defendants.

The lawsuit seeks triple damages plus unspecified punitive damages. It is scheduled for trial in July.

Facts in the case are sufficient to justify a trial of the lawsuit's claims, Finesilver said.

"These facts support plaintiff's claims under RICO and the securities act," he said, referring to the federal Racketeer Influenced, Corrupt Organizations Act.

Farmland had opposed designation of the lawsuit as a class action.

Farmland officials did not notify the inactive co-ops before the officials adopted a plan that allegedly reduced the value of what the co-ops claim Farmland owes them, Finesilver said.

The failure to disclose consideration of the plan, which was adopted in 1990, is an integral part of the lawsuit's allegation that the officials violated the securities and racketeering laws.

The judge rejected the contention of Farmland officials that the inactive co-ops were attempting to require Farmland to give preference for the disputed money to inactive co-ops.

"We find defendants' argument unpersuasive," Finesilver wrote. "Defendants put forth no evidence that Farmland has limited funds such that retirement of capital credits will prevent Farmland from devoting funds to growth or improving operations."

After the lawsuit was filed, a spokesman said Farmland had been too weak financially to pay the inactive co-ops. Farmland officials have said co-ops agreed, as a condition of membership, that Farmland's directors have sole discretion of when to pay co-ops what they are owed.

Farmland's net income in 1989, 1990 and 1991 totaled \$190 million, the plaintiffs say. Farmland used some of that to pay other obligations "higher up in priority," spokesman Syd Courson has said.

Earlier in the litigation, one of the plaintiff's attorneys said Farmland documents indicated there were 1,410 inactive co-ops. The current figure of 227 is based on later information.

Finesilver also allowed the plaintiffs to amend their lawsuit to include state law claims that Farmland officials breached their fiduciary duty to the inactive co-ops and that Farmland owed them restitution for allegedly being unjustly enriched by refusing to redeem the capital credits.

13-2

Kansas Audubon Council

February 23, 1993
Senate Agriculture Committee
Testimony on SB 336

Mr. Chairman, members of the committee, my name is Cynthia Abbott. I am the at-large delegate to the Kansas Audubon Council and I live in Mayetta, Kansas. I want to thank you for the opportunity to appear before you today to share comments on SB 336 on behalf of the Council.

Audubon members in Kansas are mostly non-farmers, although we do have a number of members who actively farm or ranch in the state. One of the bits of data that has been brought to light during testimony taken on similar legislation on the House side was that the entrance of corporate swine production facilities into the state would mean a net loss of jobs to the economy, most of those jobs lost by family farmers and rural communities.

The Audubon Council is interested in this issue because we care about the stewardship of natural resources, pollution prevention, sustainability of family farms, and we have concern about the decline of rural populations. We believe there is a need to protect and foster those aspects and qualities that are the core of the values associated with rural life and family farms in particular.

While it is difficult to precisely quantify, it is commonly held that these family farms, whose existence is threatened by this bill, are more attuned ecologically to their surroundings and engender a spirit of stewardship of the land and water resources. Family farms also have a real connection to and interdependence with other local businesses in their communities, compared to the profits that will likely be siphoned off to corporate headquarters to be dispersed to shareholders who for the most part care little about the societal impacts of their investments.

Your decision on SB 336 will of necessity take a myriad of issues into consideration. It clearly is not a simple matter of economics alone, but one of job creation vs. job loss; the examination of what kinds of jobs will be created and for whom; and when talking about large processing and packing facilities, one must ask at what cost to the communities who may have to provide or subsidize health care for workers who are not provided those benefits on the job.

The Audubon Council believes that Kansas is in the position of being able to look at the experience of other states and to select from among a variety of options. We believe it makes the most sense to select the option that is most beneficial to the state as a whole. We hope you will agree that an option that supports family farms and prevents the further shift in population from rural to urban is the best alternative. We urge you to vote no on SB 336.

Senate Ag Co
2-23-93
attachment 14

STATEMENT OF

LLOYD L. WILSON III, D.V.M.

A Citizen of Kansas

BEFORE THE

SENATE AGRICULTURE COMMITTEE

DAVID CORBIN, CHAIRMAN

February 23, 1993

Senate Ag. Co
2-23-93
attachment 15
15-1

February 23, 1993

Honorable Legislators and Fellow Kansans:

Before changing the laws regarding corporate farming in the state of Kansas, the Legislature should explore the hidden costs of this change. There are several fundamental aspects which should be considered, including, but not limited to, the following:

1. Environment:
   Large factory hog farms generate so much waste and odor that they have the same environmental and sanitation problems as large cities. They should be subject to the same regulations. The track record of these facilities in other states may be less than we can afford here.

2. Jobs:
   What assurances can be given that the jobs created at the expense of fifth or sixth generation family farmers will not be minimum wage jobs, some possibly filled by illegal aliens.

3. Community Impact:
   Downward economic pressure will hasten the demise of the independent family operation. Main street businesses like me, churches, and civic organizations which service the needs of these producers and communities will be adversely affected. Children on free or reduced lunch status, already at record levels in our rural schools, will increase in number creating additional expense for those of us that remain. Ultimately the stability of the culture and community of the state, those factors so essential to our defining characteristics, the things which distinguish us as Kansans, and not New Yorkers or Californians, will be lost.

All of us will pay dearly for these "hidden" costs, and not the CEO's of these vertically integrated giants who may some day have their corporate offices in Europe or Asia.

Would rejecting the legislation interfere with normal capitalistic evolution? Perhaps. But just maybe securing such a basic essential way of life as an independent family operated farm and our special Kansas brand of rural culture is worth more than saving a penny or two per pound on pork at the supermarket.

Historical/Political Perspective:

The corporate farming change, as viewed by my clientelle in Linn, Anderson, Bourbon, Miami and Allen Counties in southeast Kansas, is a continuation of the classic struggle of the little guy vs. the Plantation Aristocracy.
Historically, the cause of the small Kansas farmer was borne first by the Republican Party in its effort to overcome the slaveholding interests championed by the Democrats. A Homestead Act, proposed and debated by Republicans, was vetoed by Democratic President Buchanan in June of 1860. Buchanan and his party had a rich legacy of habitually passing over to the hands of speculators and monopolists, millions of acres of government-held territory for their personal profit. The Republican Party was the first nationally organized body to move the Homestead Act substantially forward. Horace Greeley's works include the following, "Slavery cannot well exist where small freeholds prevail. If the territories are to be occupied in quarter-sections, they will be occupied by working farmers and not speculators and great planters."

The Homestead Act finally became law January 1, 1863, along with the emancipation of slaves, with President Lincoln's approval. This act gave title of 26 million acres of public lands to the common man. 160 acres went to any tenant holding and improving the land for 5 years. Veterans of the Civil War could count their service time towards the obligation. Many such veterans settled Kansas in the early years, and some of their descendents remain to this day.

Is the legacy left by these early Republicans being sold out by their modern Kansas counterparts to the current version of the Plantation Aristocracy and their sycophants? The politically well-connected, amply financed, tax-exempt monopolistic giant vs. the small independent Kansas farmer. This is a well orchestrated attempt by a handful of large corporate entities to gain control of the national agricultural means of production.

Republicans should remember their heritage. Our children need the same chance our folks had, and should not have to face a future as sharecroppers, plantation wage-slaves, or be removed altogether.

Please table this matter for further study.

Respectfully,

Lloyd L Wilson III DVM

Lloyd L. Wilson III, DVM
Centerville, Kansas 66014 913-898-4202

Statement Before the Kansas Legislature, House Agriculture Committee

February 2, 1993

Thank you, Mr. Chairman, members of the committee, I am Barry L. Flinchbaugh, Professor and Extension State Leader, Agricultural Economics at Kansas State University. Accompanying me today are Dr. Ted Schroeder, a member of our Research and Teaching staff who has done considerable research on the structure of the livestock industry, Dr. Michael Langemeier, an Extension specialist in farm management as it pertains to livestock production and Brenda Moore, one of our students who is doing an honors project on corporate hog farming. I will make an opening statement on the economic consequences of corporate hog farming and Drs. Schroeder and Langemeier will assist me in responding to your questions. Brenda is here observing as a learning experience.

First, let me make it perfectly clear that we are here at your invitation to address the economics of the issue, no more or no less. We are not here to support or oppose the status quo or to support or oppose any particular bill or constitutional amendment. The issue of allowing non-family farm corporations to own and operate swine production facilities or to contract with hog producers in Kansas is not just an economic issue. It is a social, legal and political issue. The social consequences are outside the professional domain of agricultural economists and can be addressed by sociologists. Likewise, so are legal questions which we will leave to the legal profession. The political consequences are also outside our domain and we will gladly leave those to you, our elected officials who are elected to make such tough decisions.

As I proceed, the economics of the issue will become very clear, but I

Senate Ag Co
2-23-93
Attachment 16
16-1

would remind you that economists do not make public policy because frankly they are not equipped to do so. If you don't agree with anything else we have to say, I suspect you will agree with that.

The state of Kansas represents 2.7% of the hog production in the United States. Bluntly put, in the national and international pork producing industry, what we do here is of little significance. We cannot determine the structure of this industry and what the Kansas Legislature does on this issue will have very little national influence. Those who wish to influence the structure of a national industry should talk to their Congressman (woman), Senators Dole and Kassebaum and Secretary Espy. If the state of Kansas elects to buck the national trends and attempts to pursue the status quo or revert back to a 50s style agriculture, we will lose market share. Our choice is whether or not to participate in a national industry that continues to increase integration between producer and processor through contracting and corporate ownership. Approximately 1/3 of U.S. agricultural commodities are marketed under contract integration and an additional 7% under ownership integration. If current trends continue and we would argue it is inevitable that they will, 2/3 of agricultural commodities will be produced and marketed under either contract or ownership integration by 2010. At least 3/4 of this integration will be contractual. Why do we say it is inevitable? First, our economic system is technology driven. Public policy never succeeds in reversing technology, it simply slows it down or decreases the pain of adjusting to it. This process is accelerated by the advent of the biotechnological-information age, the need for risk-assessed management and marketing and consumption patterns (fast food and microwaveable products) that require quality control, uniformity and orderly marketing.

The number of hog producers declined 40% in Kansas since 1983. The average size of Kansas hog operations increased 48% from 293 head marketed per operation in 1983 to 435 head in 1992. Comparable national figures are 46% decline in number of hog producers and a 91% increase in average size from 191 head to 365 head marketed annually. In 1991, the 1,100 largest hog operations in the U. S. (greater than 10,000 head) marketed 25% of all the hogs marketed. The percent marketed under contract increased from 12% in 1988 to 16% in 1991. From 1990 to 1991, of producers marketing more than 1,000 head annually, contractor hog production grew 20.7% while non-contract producers increased marketings 7.3%.

The Kansas share of U. S. hogs marketed declined 13% or 270,000 head since 1983. In North Carolina, where economics dictates structure rather than politics, market share increased 103% or approximately four million head since 1983. Comparable Nebraska figures are an 18% increase in market share or 1.4 million head. A case in point to back our contention that this issue is more than just economics.

The Kansas hog industry does not enjoy the immense benefits of a major packer and it will not under current law and structure. Any major packer will demand the opportunity to contract with hog producers, if not own hogs and hog production facilities. They will locate in the states that allow them to do so for reasons of quality control, uniformity, orderly marketing and cost containment which results in higher profit margins. What will a major packer bring to Kansas: (1) a larger market share, (2) a strengthened basis, (3) price premiums for local producers based on volume and/or quality, (4) more demand for feed grains and (5) jobs.

Finally, what is the bottom line? High cost producers in this highly competitive narrow margin industry aren't going to survive. Economies of scale in pork production and marketing are significant. If corporate hog farming is allowed in Kansas (ownership and/or contract), producers with low competitive per unit costs will find their bottom line increasing because a resident major packer will provide price premiums and the basis will strengthen.

If the status quo is maintained, Kansas producers will be less competitive and will face lower relative market prices. Even the low per unit producers will be at a competitive disadvantage to hog producers in those states where economics dictates structure.

It is our professional judgement that contracting will help preserve the family farm rather than destroy it. Contracting does change the decision-making prerogatives of the family farm enterprise, but it also allows it to take advantage of economies of scale in production and marketing such as capital acquisition and risk reduction. Thereby, affording family-based enterprises the opportunity to access other forms of business organization.

What is occurring in southeast Kansas in turkey production is a case in point. Those turkey production units under contract with a giant agribusiness conglomerate are affording the owner operator a net income from $15,000 to $25,000 per half-time unit of labor and management. Not too shabby by net income averages in Kansas for other crop and livestock enterprises. On the other hand, such results have been unobtainable to date in broiler production in Kansas.

The economics are clear. The sociology and politics are subjective. Attached to this testimony is a series of charts and data for your information. We would be pleased to respond to your questions. Thank you.

Table 1. Number of Hog Operations, Marketings, Marketings per Operation and Total Value of Hogs Produced in Kansas, 1980–1992.

Year	Number of Operations	Hogs Marketed (1000 head)	Marketings per Operation (head)	Inventory Value of Hogs December 1 (1000 Dollars)
1980	14000	3300	236	$123,500
1981	13000	3069	236	$111,510
1982	11200	2754	246	$141,115
1983	9400	2758	293	$88,275
1984	8400	2612	311	$110,400
1985	8300	2636	318	$99,560
1986	7000	2470	353	$121,410
1987	6900	2289	332	$102,225
1988	6500	2493	384	$93,000
1989	6800	2598	382	$109,475
1990	6000	2467	411	$121,500
1991	5600	2469	441	$92,950
1992	5700	2485*	436*	$95,040

*KSU Projection
Source: USDA

Table 2. Annual Hog Marketings, Selected States and U.S., 1970–1992.

Year	Kansas	North Carolina	Nebraska	Iowa	U.S.
	-----	-----	- (1000 head) -	----	-------
1970	2721	2703	4972	20029	87049
1971	3375	3183	5952	22624	98636
1972	3293	2727	5203	20242	90486
1973	3084	2448	4766	18299	82329
1974	3186	2645	5263	18987	85933
1975	2442	2333	4411	16871	73627
1976	2617	2750	4576	18331	75747
1977	3077	2500	5007	20279	80939
1978	2974	2950	4949	19822	81271
1979	3305	3383	6282	21759	92499
1980	3300	3872	6602	23409	100651
1981	3069	3634	6143	23324	95986
1982	2754	3068	6017	23349	86972
1983	2758	3530	6026	22651	89168
1984	2612	3622	5903	22286	87344
1985	2636	3746	5629	22814	86731
1986	2470	3790	6073	21350	82895
1987	2289	4152	6348	20953	84249
1988	2493	4532	6656	22505	90476
1989	2598	5204	7048	22539	92553
1990	2467	5044	6917	21994	89373
1991	2469	5717	7313	22802	92293
1992*	2484	7454	7401	23678	92648

*KSU Projections
Source: USDA

Table 3. Shares of U.S. Hog Marketings for Selected States, 1970–1992.

Year	Kansas	North Carolina	Nebraska	Iowa
1970	3.1%	3.1%	5.7%	23.0%
1971	3.4%	3.2%	6.0%	22.9%
1972	3.6%	3.0%	5.8%	22.4%
1973	3.7%	3.0%	5.8%	22.2%
1974	3.7%	3.1%	6.1%	22.1%
1975	3.3%	3.2%	6.0%	22.9%
1976	3.5%	3.6%	6.0%	24.2%
1977	3.8%	3.1%	6.2%	25.1%
1978	3.7%	3.6%	6.1%	24.4%
1979	3.6%	3.7%	6.8%	23.5%
1980	3.3%	3.8%	6.6%	23.3%
1981	3.2%	3.8%	6.4%	24.3%
1982	3.2%	3.5%	6.9%	26.8%
1983	3.1%	4.0%	6.8%	25.4%
1984	3.0%	4.1%	6.8%	25.5%
1985	3.0%	4.3%	6.5%	26.3%
1986	3.0%	4.6%	7.3%	25.8%
1987	2.7%	4.9%	7.5%	24.9%
1988	2.8%	5.0%	7.4%	24.9%
1989	2.8%	5.6%	7.6%	24.4%
1990	2.8%	5.6%	7.7%	24.6%
1991	2.7%	6.2%	7.9%	24.7%
1992*	2.7%	8.0%	8.0%	25.6%

*KSU Projections
Source: USDA

Table 4. Number of Hog Operations and Percentage of Inventory by Size, Selected States 1982, 1987, and 1992.

		Operation Inventory*							
		1-99 head		100-499 head		500+ head		1000+ head	
State	Year	Operations	Inventory	Operations	Inventory	Operations	Inventory	Operations	Inventory
		----------			- (%) -				
Kansas	1982	67.0	12.6	26.8	37.1	6.2	50.3	N.A.	N.A.
	1987	59.1	8.9	33.3	35.4	7.6	55.7	N.A.	N.A.
	1992	57.0	8.5	33.0	28.0	6.5	18.0	3.5	45.5
North Carolina	1982	92.7	15.9	4.6	13.5	2.7	70.6	N.A.	N.A.
	1987	86.6	7.6	7.0	9.4	6.4	83.0	N.A.	N.A.
	1992	80.0	2.0	7.3	3.5	3.4	4.5	9.3	90.0
Nebraska	1982	46.9	8.7	43.7	46.3	9.4	45.0	N.A.	N.A.
	1987	42.3	6.3	44.6	37.7	13.1	56.0	N.A.	N.A.
	1992	37.0	4.5	44.5	30.0	12.0	24.0	6.5	41.5
Iowa	1982	32.6	4.7	50.1	44.6	17.3	50.7	N.A.	N.A.
	1987	29.5	3.8	49.8	37.5	21.0	58.7	N.A.	N.A.
	1992	23.0	2.5	47.0	26.5	20.0	30.0	10.0	41.0
U.S.	1982	76.1	12.7	18.8	39.3	5.1	48.0	N.A.	N.A.
	1987	70.1	8.8	22.3	34.3	7.6	56.9	N.A.	N.A.
	1992	62.0	5.5	26.0	25.5	7.3	22.0	4.7	47.0

*In 1992 a larger size class of producers with inventory of 1000 plus head was added and the 500+ head category became 500 to 999 head.
Source: USDA

Table 5. Size Distribution of Hog Contractors, U.S., 1991

Hogs Contracted Annually (head)	Percent of Contractors	Percent of Contract Production
Below 50,000 head	97.5%	49.5%
50,000+ head	2.5%	50.5%

Source: Rhodes and Grimes, University of Missouri

Table 6. Average Market Hog Prices for Kansas, North Carolina, Nebraska, Missouri, and Iowa, 1970–1991.

Year	Kansas	North Carolina	Nebraska	Iowa	Missouri
	-----	-- -----	($/cwt) ---	-----	- -----
1970	22.30	22.40	22.30	22.60	23.20
1971	17.70	17.20	17.10	17.50	17.40
1972	25.20	24.50	24.80	25.30	25.00
1973	39.10	37.90	38.50	38.60	38.10
1974	34.40	35.00	33.70	34.10	34.30
1975	45.00	46.40	47.10	46.20	46.60
1976	44.10	44.50	42.40	43.00	44.20
1977	40.00	39.10	39.40	39.60	39.70
1978	47.00	46.70	47.10	47.00	46.80
1979	41.90	42.30	41.90	41.60	40.90
1980	36.90	37.60	38.10	38.00	37.40
1981	42.80	44.00	43.70	43.80	43.20
1982	51.50	52.70	52.60	51.90	52.50
1983	46.10	46.30	46.90	46.70	46.70
1984	46.50	45.60	47.40	46.80	47.40
1985	43.00	44.70	44.00	44.20	43.90
1986	47.80	49.80	50.10	49.50	49.20
1987	50.10	51.30	51.60	51.90	50.70
1988	41.50	42.20	42.50	43.20	42.00
1989	41.20	42.20	43.10	43.20	42.10
1990	50.50	51.80	54.80	54.70	53.80
1991	47.30	47.20	49.40	50.50	47.90

Source: USDA

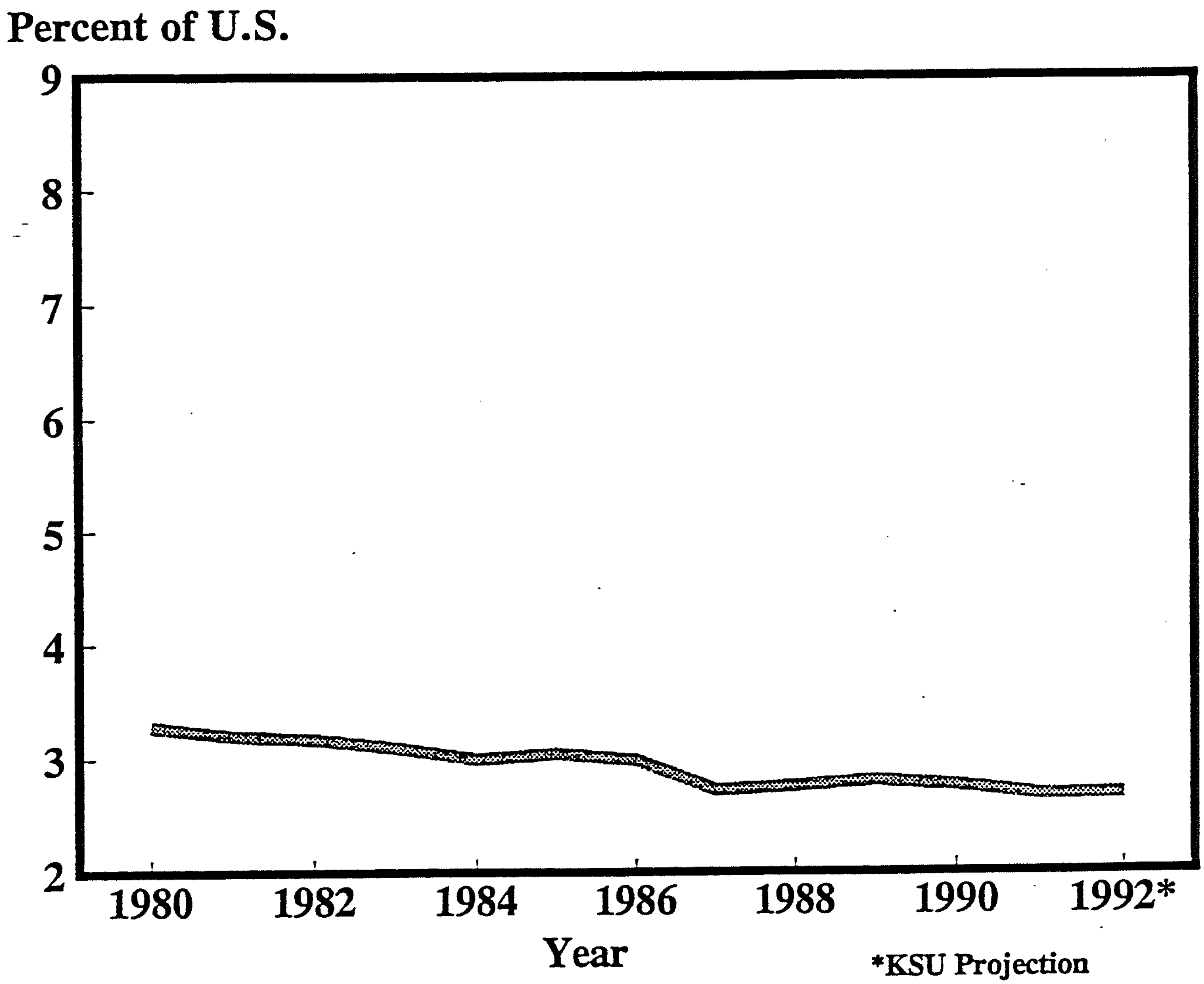


Figure 1. Share of Hogs Marketed in Kansas, 1980-1992.

Source: USDA

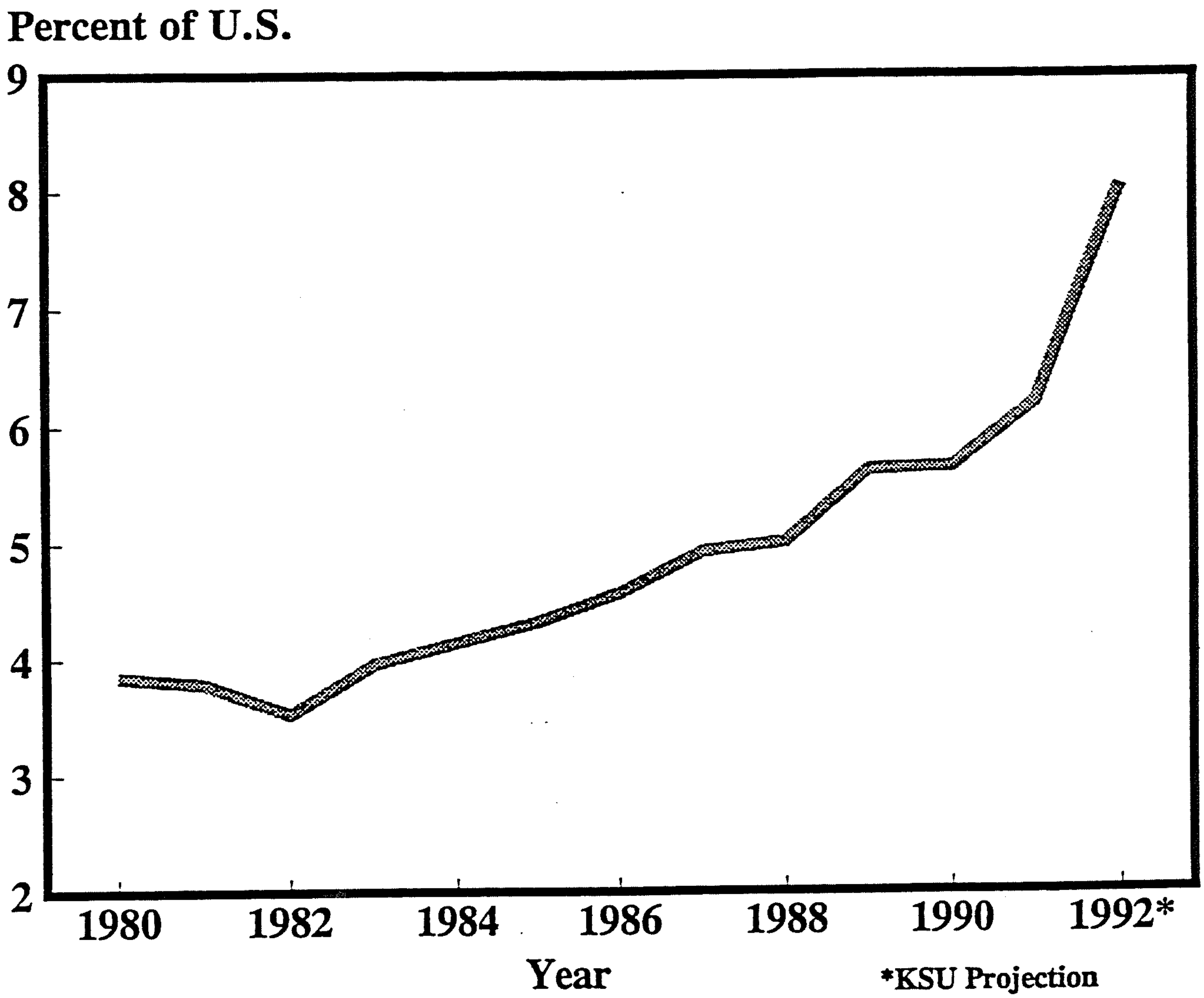


Figure 2. Share of Hogs Marketed in North Carolina, 1980-1992.

Source: USDA

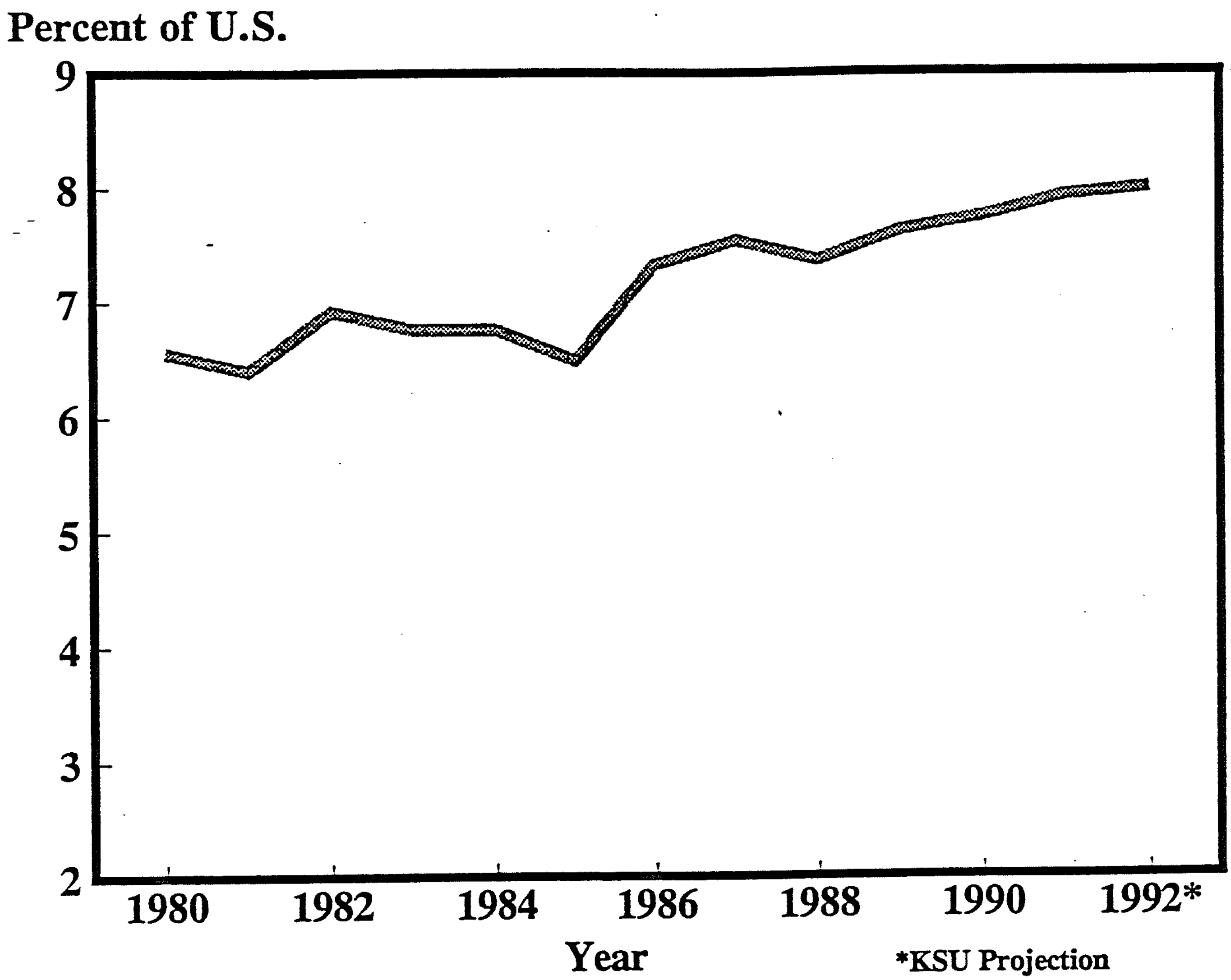


Figure 3. Share of Hogs Marketed in Nebraska, 1980-1992.

Source: USDA

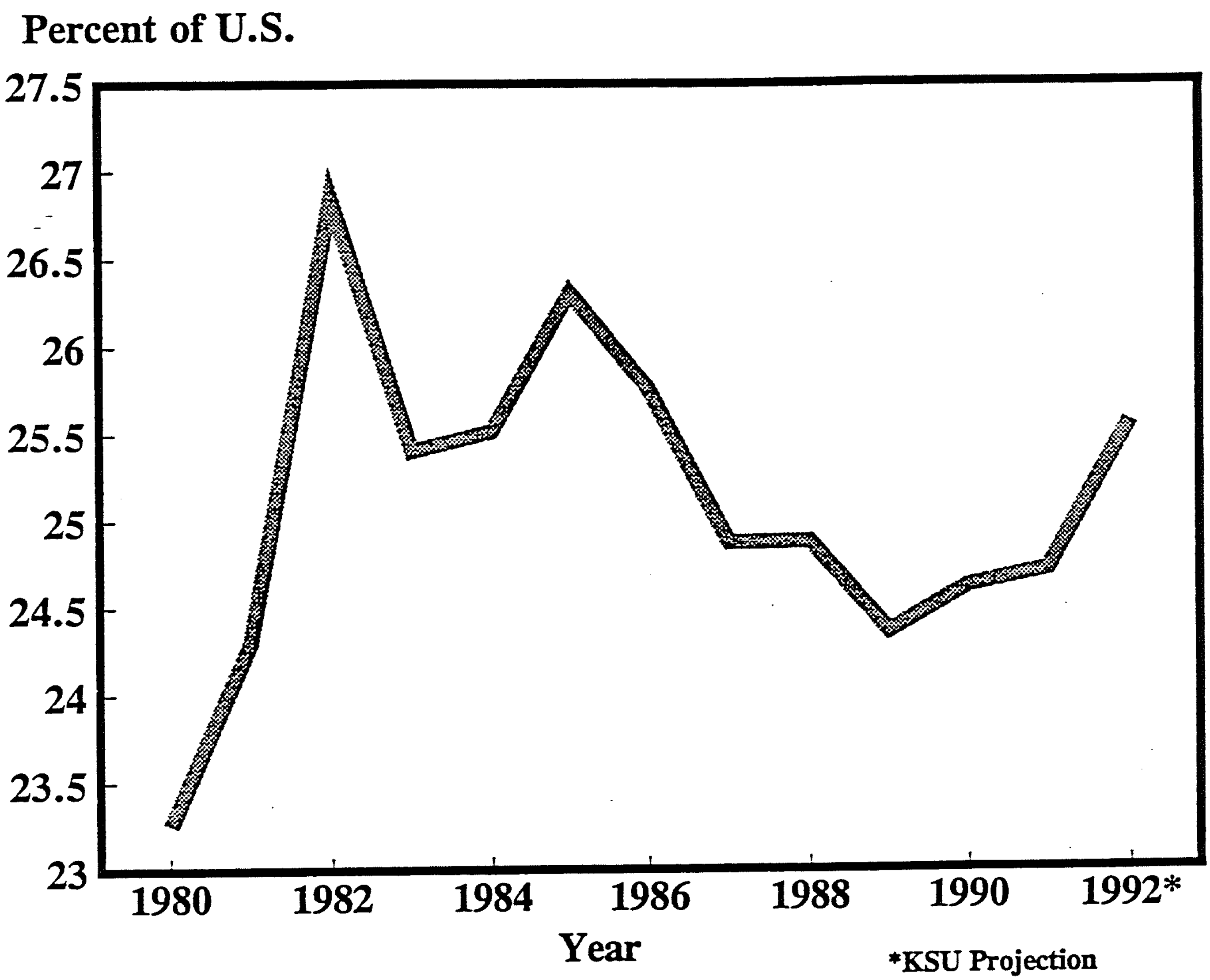


Figure 4. Share of Hogs Marketed in Iowa, 1980-1992.

Source: USDA

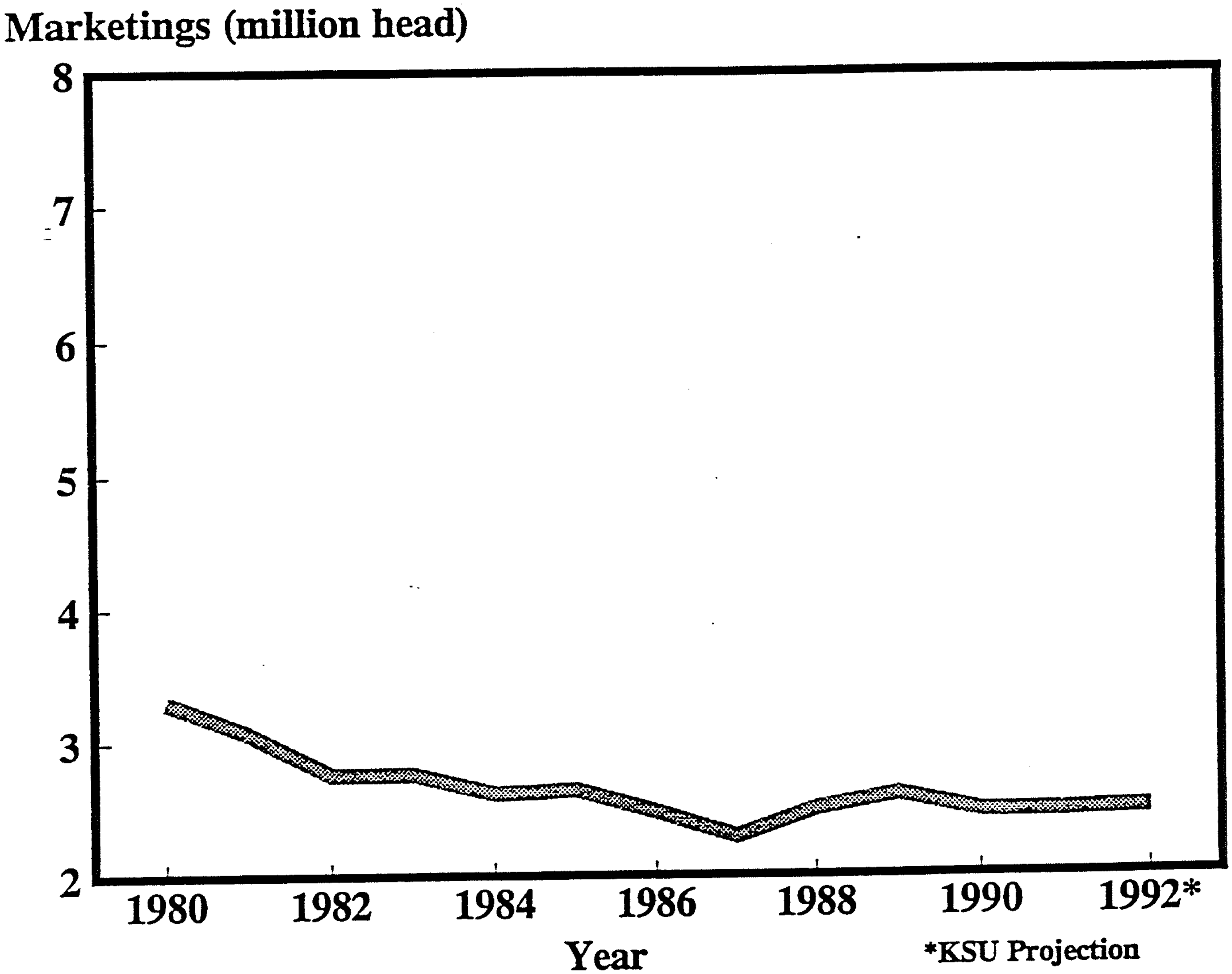


Figure 5. Number of Hogs Marketed in Kansas, 1980-1992.

Source: USDA

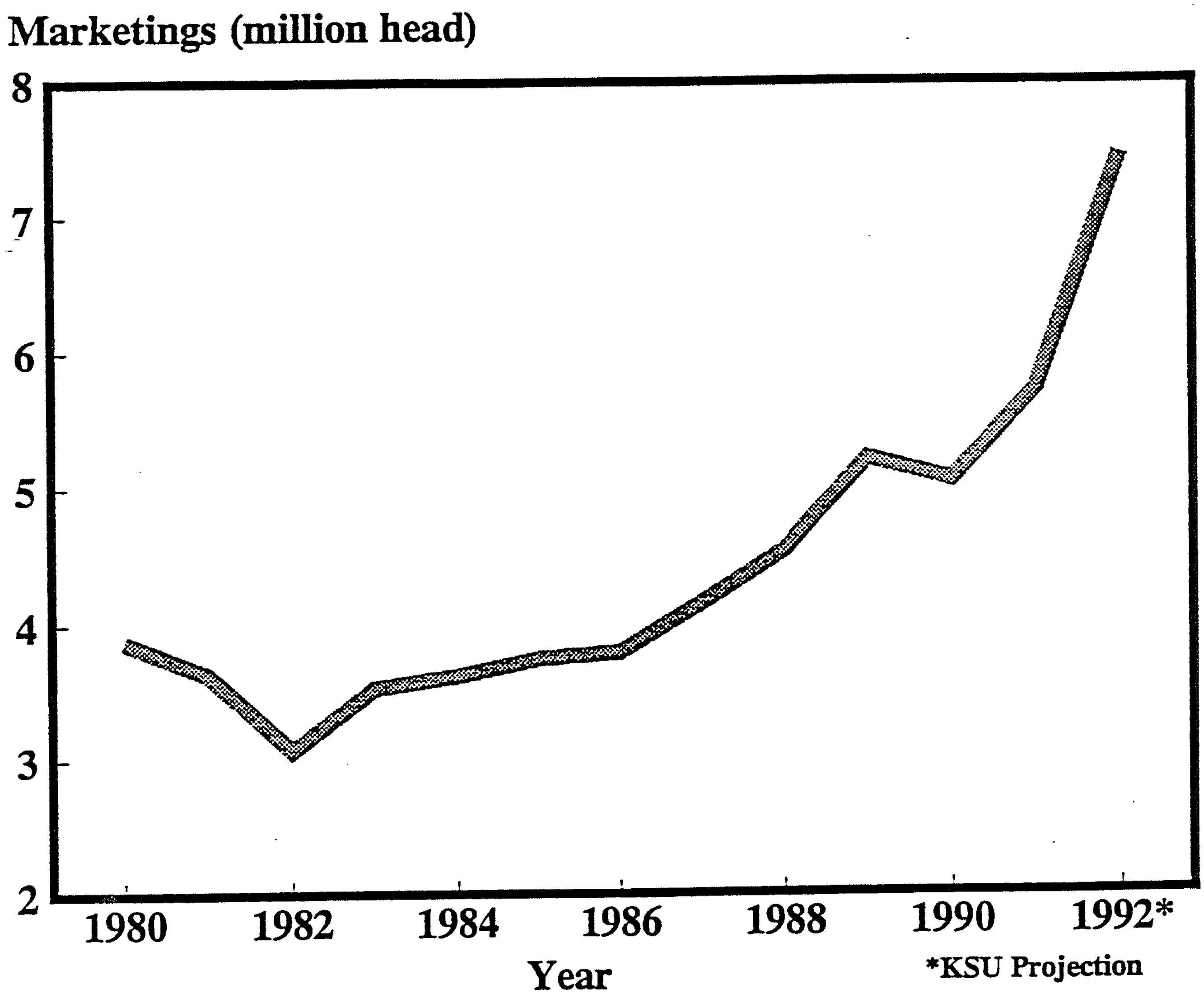


Figure 6. Number of Hogs Marketed in North Carolina, 1980-1992.

Source: USDA

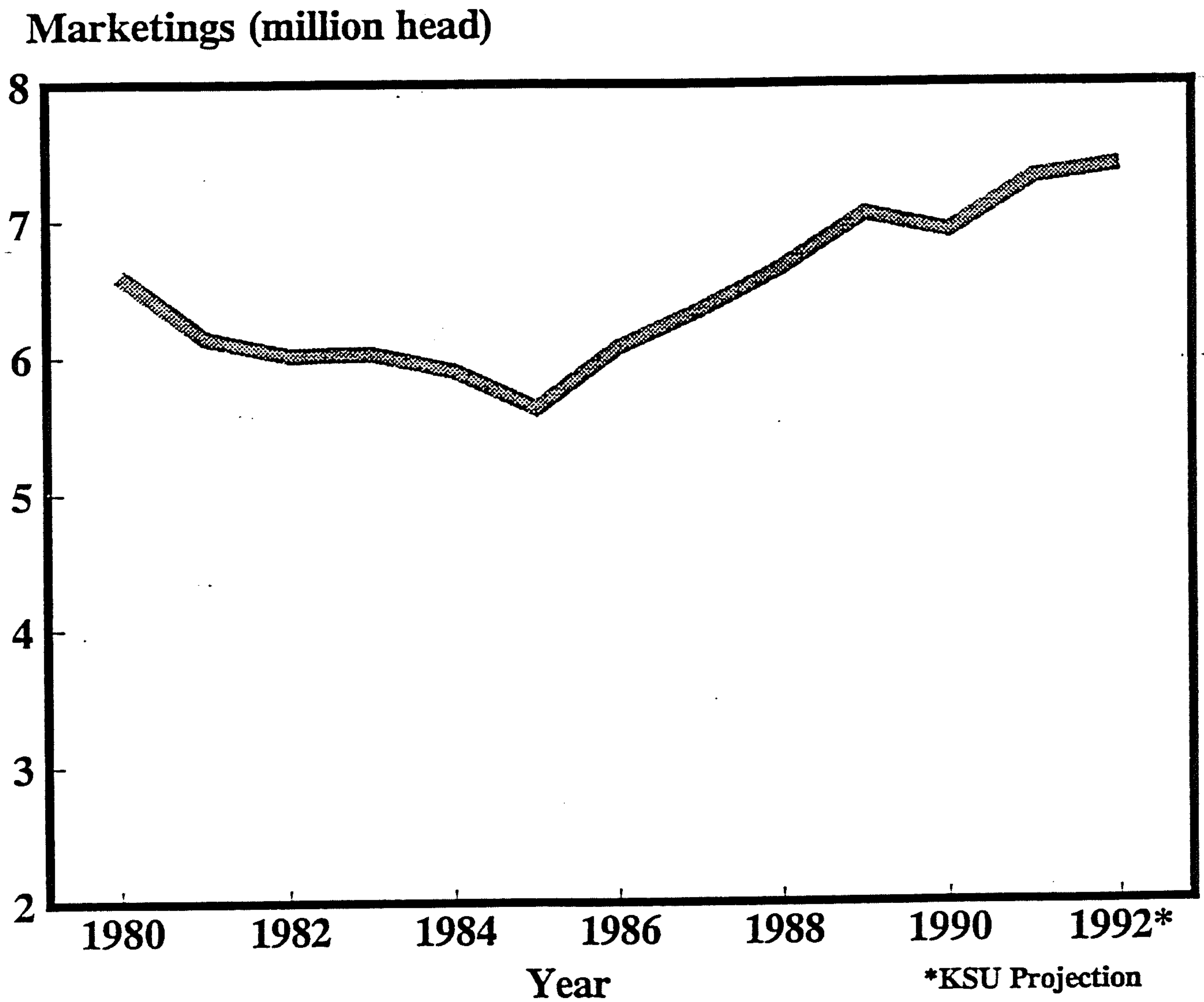


Figure 7. Number of Hogs Marketed in Nebraska, 1980-1992.

Source: USDA

16-17

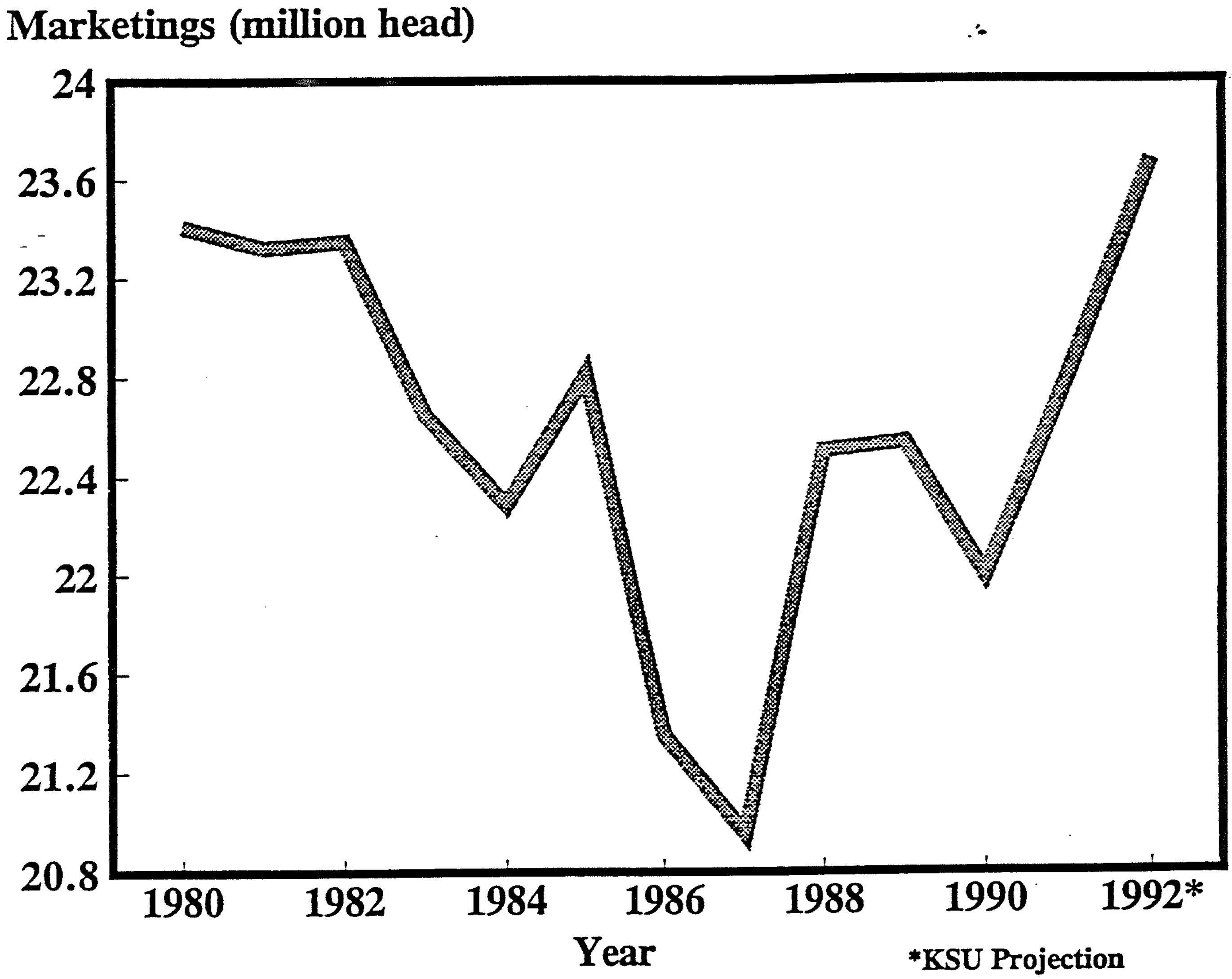


Figure 8. Number of Hogs Marketed in Iowa, 1980-1992.

Source: USDA

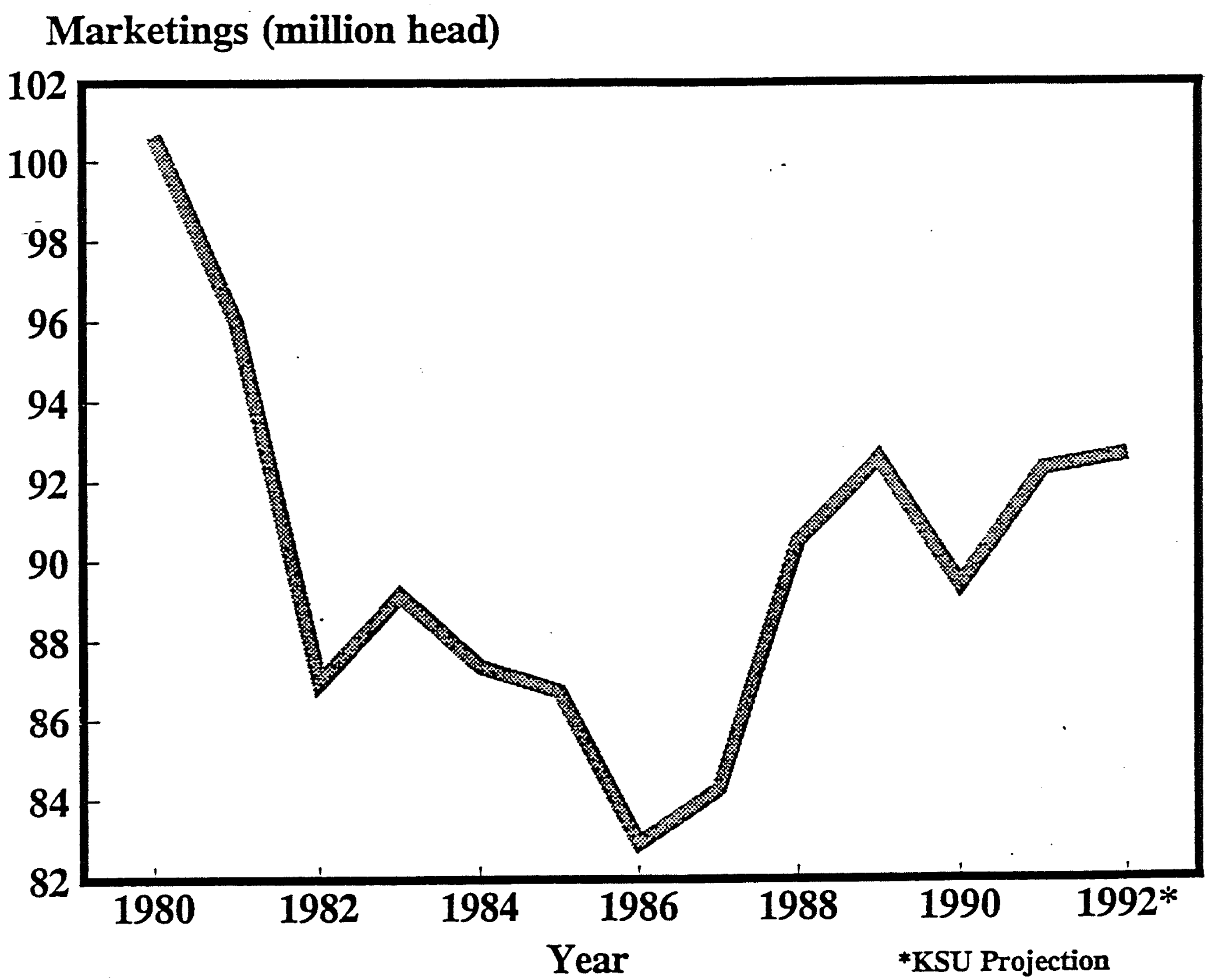


Figure 9. Number of Hogs Marketed in the U.S., 1980-1992.

Source: USDA

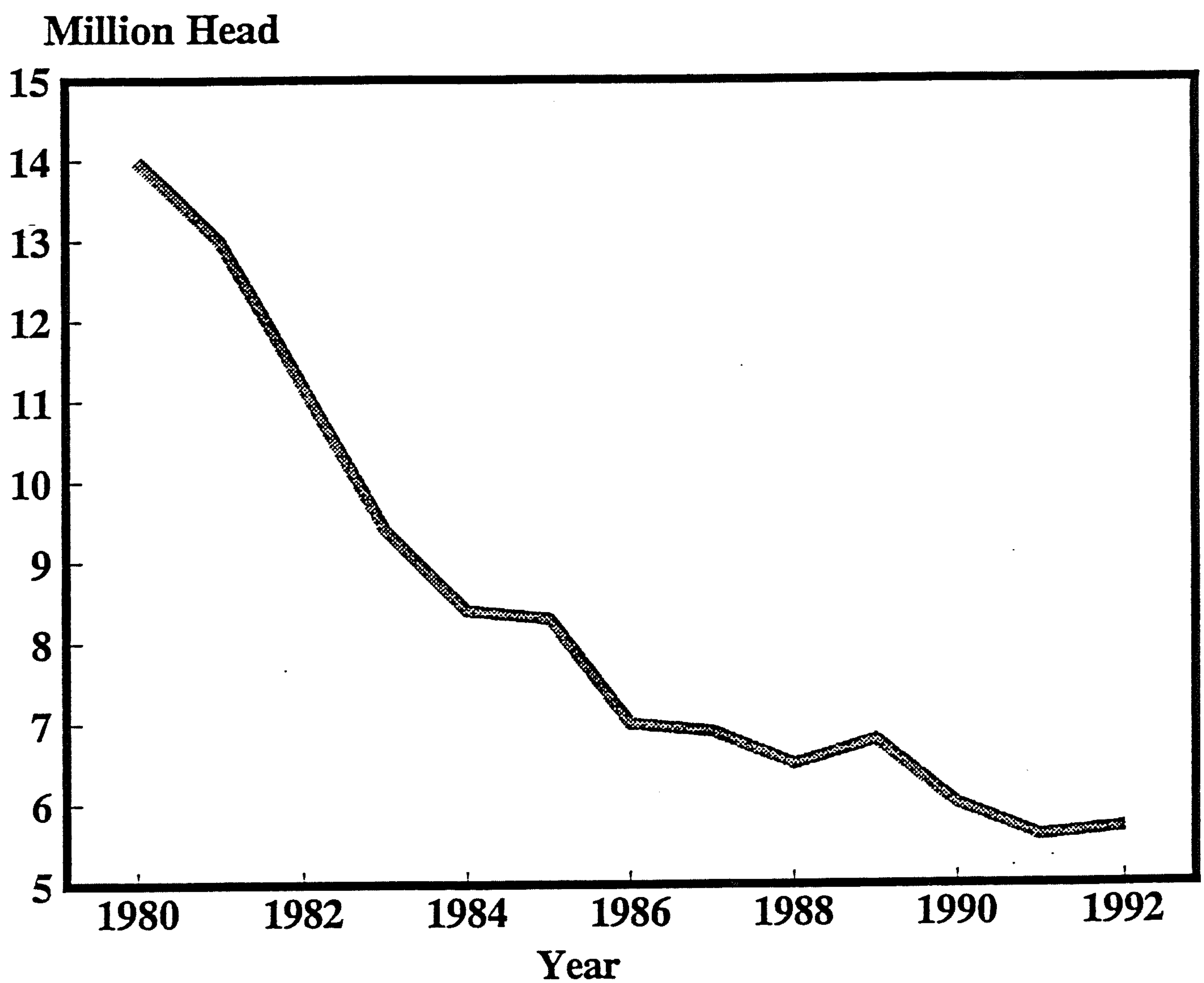


Figure 10. Total Number of Hog Operations in Kansas, 1980-1992.

Source: USDA

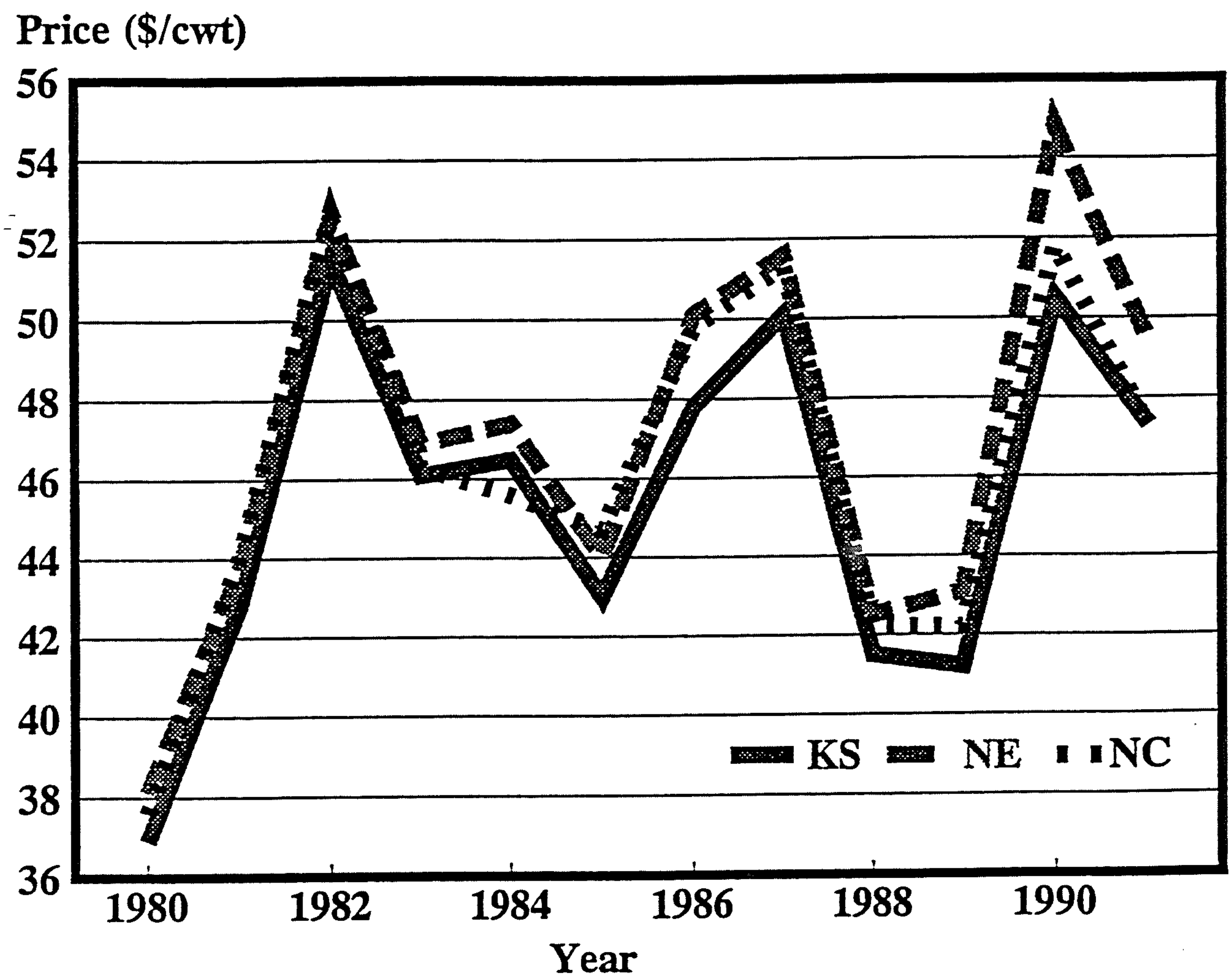


Figure 11. Average Hog Price for Kansas, Nebraska, and North Carolina, 1980-1992.

Source: USDA

BUSINESS

SUNDAY

SECTION C

Big birds bring big business

By JIM SUBER
The Capital-Journal

Turkeys let professional accountant Laura Atkinson come home to the farm to nurture her wee daughters and work alongside her husband, Rick. She is happy and grateful.

Atkinson is a member of the fast-growing group of commercial turkey growers in Cherokee County contracted with Butterball, a division of ConAgra. Most of Butterball's services — birds and feed and experts — come from nearby Carthage, Mo.

Fourteen turkey farms in the county are turning out annually more than a million toms weighing 30 to 35 pounds, with eight more in the construction or financing stage. Most of these birds are destined for the ConAgra processing plants to be used in turkey meats other than the traditional Thanksgiving bird-in-the-bag.

The poultry industry is enjoying growth in southeast Kansas. There are now 14 turkey farms in Cherokee County, producing more than a million toms.

Some may call it factory farming and turn up their noses, but to Atkinson, the value of the turkey enterprise to her young family's wellness far exceeds the modest income that allows her to work at home. As for noses, the odors aren't bad, thanks to modern litter and handling techniques.

According to some information from a national turkey growers' group passed on by the Atkinsons, turkey consumption per person in the United States rose to 18 pounds a year by 1990 from just two pounds in 1930.

The arrangements, according to several growers, plus an influential former skeptic, seem to be working well for all concerned. Turkey raising in Kansas on such a scale and under the controversial integrated structure crossed the state line several years ago, but in the last year or two it has really grown.

The vertically integrated poultry industry has long been a two-edged sword in the minds of agriculturists and social scientists. Vertical integration means a company controls a product from beginning to end. It also can mean lots of efficient production of a product inexpensive for consumers. Recall please, the rise of chicken in the American dietary systems.

Within the contract farming concept is some room to negotiate some terms and work toward fairness, but the bottom line is that on-farm producers must give up some control and responsibility.

Garry Lacen, like most of the growers in the Cherokee group, has yet to see his 40th birthday, but he has been around the block working off-farm jobs from Oklahoma to California. He is glad to be able to stay put with his young family on their home turf. "It has drawbacks," Lacen said. "We don't have any say on the birds, the feed or the prices. You lose a lot of control but gain a lot of security."

Butterball owns the birds, brings them 11,000 at a time, a day old, in trays in a truck the size of a bread van. While the birds grow for 18 weeks they eat pelletized feed processed and delivered by the company, which also has field men monitoring flock health and progress.

When the birds are ready for slaughter, it requires nine semi-trailers to move them.

The growers pay for the four-barn complexes, which costs up to $325,000, typically financed for 10 years either through the Small Business Administration or the U.S. Department of Agriculture's Farmers Home Administration. ConAgra kicks in 18 percent of the cost of the buildings. Growers are able to turn out about 70,000 finished birds a year from each four-building unit.

"Our main job is to keep things running and clean," Rick Atkinson said. It is nearly all automated, except for the litter exchange. Even curtains go up and down when a thermostat says to.

Keeping turkeys at certain stages of growth at certain comfort levels is vital to efficient growth. Automatic foggers help cool and maintain a proper humidity. All the farms must pass muster from the Kansas Department of Health and Environment regarding the disposal of dead birds and manure. The newest farms are composting the wastes. The safe compost is then used as fertilizer.

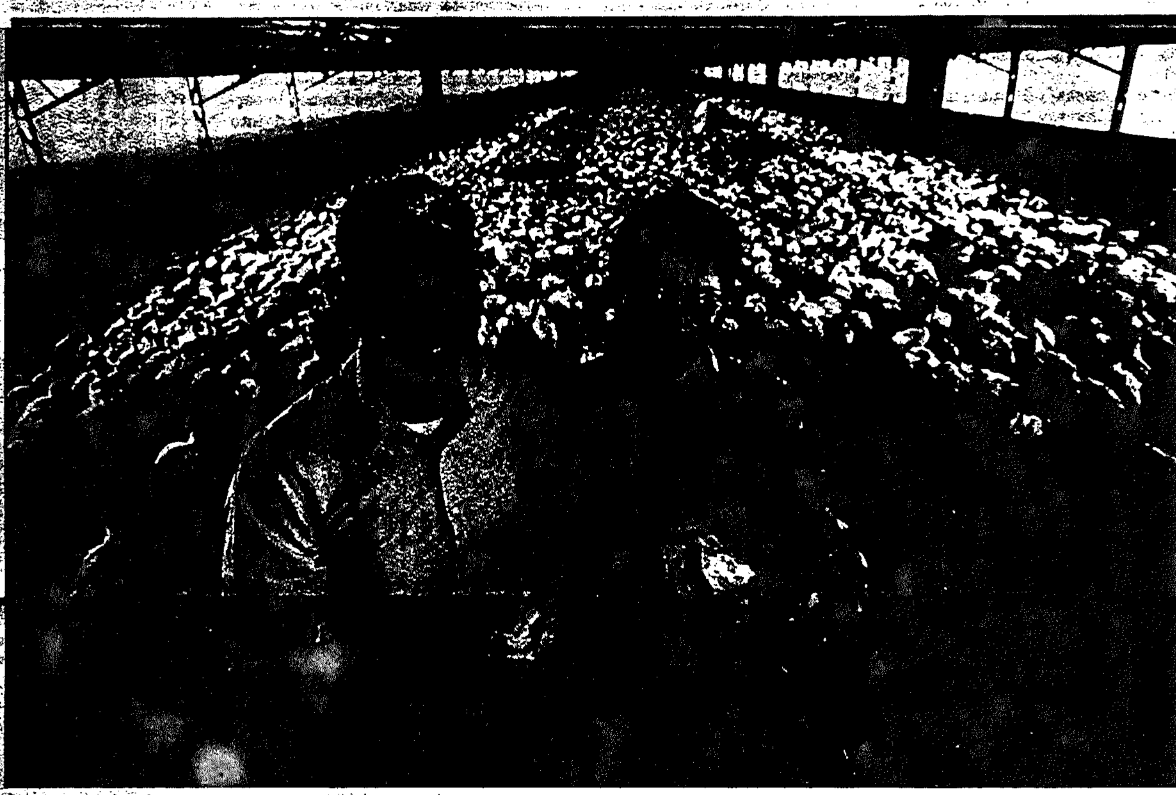
Even though the farms are keeping young people at home and adding much to the local economies, the idea of company-run farms, contract farming, vertical integration or company-dominated towns is anathema to many Kansans.

But for Laura Atkinson, being on salary in an office miles from home away from her small daughters, Charla, 5, and Hannah, 2, from early morning to late evening most days wasn't a happy way to live.

Her training and intelligence are now at work on the farm and in the new Southeast Kansas Poultry Association's activities, which are designed to protect the growers and to educate outsiders.

She has a business degree in accounting

TURKEYS
CONTINUED ON NEXT PAGE



—Chris Ochsner/The Capital-Journal

Rick and Laura Atkinson of Cherokee are taking advantage of the increase in Americans' turkey consumption by sending young toms to market.

The rollover effect of raising turkeys

By JIM SUBER
The Capital-Journal

Soon Extension agricultural agent Ted Wary's Cherokee County will have 21 or 22 turkey farms, each turning out at least 70,000, 35-pound birds a year.

Wary put his pencil to work and came up with the following. The birds would consume 51,600 tons of feed, including 41,700 tons of corn, milo and wheat and 9,900 tons of soybean meal. The acreage required to grow such feed amounts is [illegible] for the grain and [illegible] for the soybeans.

As grower Garry Lacen points out now, the specific grain from Cherokee County might not go directly to the Butterball feed mills for pelletizing, but that which does makes a hole in the market for the county to help fill. When the turkey farms come on line they will use the equivalent of five times the county's corn crop, 1.2 times the milo or wheat crops and one-fourth of the soybean crop.

The industry consumes large amounts of energy. When 21 farms are up — there are 14 now — they will use a combined 300,000 gallons of propane, one million kilowatt hours of electricity and 25 million gallons of water (much of it pre-treated).

The total cost of utilities will be $230,000 annually, Wary calculated. The energy would be the amount required to operate 87 average farms in the county or enough to satisfy the needs of one-fourth of Columbus, the county seat.

The agent figured the growers would spend $3.5 million into the community, including building payments, interest, taxes and family living expenses. That is the equivalent to $450 for every family in the county.

Senate Ag
2-23
attachment 17
17-1

Turkeys

Continued from preceding page

from Pittsburg State. She had a salaried professional job in Galena. She feels strongly that children need and deserve to have their mothers, and she thinks society is beginning to show the ill effects of the lack of parental influence on children. In those terms she feels blessed, now, and credits the turkey business for making it possible.

"We're not rich but we are able to make a living," Laura Atkinson said. She teases that the turkeys live in better housing than the family, which occupies a mobile home. But home it is and a pretty place it is a half-mile north of Oklahoma.

The company guarantees $1.17 a bird. Sometimes there is more. The barn payments run from $3,000 to $4,000 a month, or as high as $48,000 a year. The growers also pay utilities — thousands a year for propane and electricity — and for part of the litter, which is softwood specially shaved and treated with antiseptic.

Cherokee County Extension agriculture agent Ted Wary had watched agriculture many years, and just over the borders in Missouri and Arkansas were fertile grounds for debate on the structure of production and effects on communities and environment.

He said he was "one of the key skeptics," having seen or heard about "big businesses coming in to places and offering farmers the moon and giving them nothing and producers ending up on the short end of the stick.

"I was very skeptical," Wary said. Economic data are still being compiled in order to compare turkey raising under the prevailing contracts to traditional grain and livestock endeavors. Meanwhile, Wary has watched and listened and studied.

The growers tell him they are happy. Many say they have never had it so good. The farms meet the environmental requirements, Wary added. The financing looks good in that all the growers, he thinks, are ahead in their payments.

"From the standpoint of an outsider looking in," Wary said, "it looks like the people from the turkey plant, the financiers, the Board of Health, the producers, are all going at in a sound business-like and environmental way." Bottom line, Wary thinks that so far it looks like a good deal for the home teams.

Lacen and his friend Rick Atkinson, who has two brothers also in the business, think their agreements with ConAgra are "one of the strongest contracts in the industry."

Said Lacen: "A lot of chicken growers get only a flock to flock contract."

Atkinson's father, Marion, helps his sons. Rick and Laura Atkinson also have an 80-cow herd, which is in keeping with Kansas farm tradition.

The young group has already been battle-tested in politics. A while back the Property Valuation Department wanted to tax the buildings and their equipment as commercial. The association worked hard to appeal the enterprise as being agricultural, which lowered the potential tax bill.

Still, the property taxes on the Atkinson enterprise are right at $3,400.

Another controversy arose when a Baxter Springs group protested the licensure of a grower near that town. The growers went to bat for him, brought in testimony for hearings and the result was a state permit and a contract.

One thrust of the growers' association is to reduce fear of the unknowns by non-growers, both city and country. This May 13 the association's second field tour will be dedicated to showing and explaining the operations to neighbors.

They will see an immense physical plant. The smallest barn, the brood house so to speak, is 300 feet long and 40 feet wide. It is outfitted with 20 round cages that descend from the ceiling to protect the chicks when very young. It has 40 propane stoves and numerous automatic waterers and feeders.

Three flocks of different age groups are often on the farms at the same time, for populations of more than 30,000. The younger the birds, the warmer they are kept, with the first few weeks being a toasty 95 degrees.

The intermediate stage building is 630 feet long, while two finishing barns are each 480 feet long.

The larger buildings are needed to accommodate the birds as they grow larger, averaging one-fourth pound a day or more for the 125 days on the farm.

The barns are built solidly on concrete foundations with steel trusses with specifications approved by ConAgra. Their estimated life is 20 years, but the internal equipment is expected to wear out a few years sooner.

Laura and Rick Atkinson said that ConAgra is talking about building a feed mill in Cherokee County to service the group. It expanded into Cherokee, they said, because the territory was within servicing distance of Carthage and because Cherokee was relatively disease free in terms of turkey ailments. Theoretically, a new feed mill in Cherokee would allow expansion further into Kansas, because the feed delivery is the main constraint, the growers said.

A Butterball grow-out manager at Carthage, Bruce Crumpacker, said all information was supposed to come from Butterball headquarters near Chicago, but he did say, "We're pleased with the operations over there, that's all I can say."

Butterball may expand

The Capital-Journal

Tom Howe, president of Butterball, said the feed mill at the Carthage, Mo., complex was operating at capacity, and the company was looking at several sites in both Kansas and Missouri to expand.

Howe praised the business climate of Kansas and the level of cooperation the firm had encountered. He said Butterball had worked closely with the Kansas Department of Health and Environment "to make sure we are complying with each regulation."

Howe said each turkey farm throughout the system would have a new composting system by Jan. 9, 1994. Most already do. It is used for fertilizer or sold once ConAgra, the parent agribusiness company, has assured itself the compost is sterile.

One of ConAgra's major principles, Howe said, is "sustainable development," whereby part of the operating strategy is to reduce waste, save energy, preserve water quality and the like.

Asked why the turkeys in southeast Kansas are toms and not hens, Howe answered that most of the bagged hen turkeys for traditional holiday roasting were grown in facilities on both coasts. The Carthage-based operation supplies turkey meat that is boned out and used in various processed forms.

17-2

February 4, 1994

To Whom It May Concern:

Being a manager for a local business, I am concerned about the recent push to allow corporations to start hog production in Kansas. I feel most of my customers who raise hogs will not be able to compete on a level playing field. And, without business of these customers it will be harder for me to stay in business.

Even though I work for a corporation, it is hard enough to compete with other corporations that are vertically integrated. From the information that I am getting it is vertically integrated corporations that want to start hog production in Kansas. This will put a great stress on our local farmers and would eventually hit my business.

I would ask this committee not to allow this to happen to our great state.

Sincerely,

Rodney A. Wallace

Rodney A. Wallace
204 East 4th
Erie, Kansas 66733

Senate Ag Co
2-23
attachment 18

EXCHANGE STATE BANK

ST. PAUL, KANSAS 66771

Member FDIC

BOX 188

316-449-2225

Senate Agriculture Committee

February 23, 1993

Re: H.B. 2069

Members of the Senate Agriculture Committee:

We, at Exchange State Bank, would like to express our opposition to the Corporate Hog Farming Bill HB-2069. As a small rural bank in southeast Kansas we are involved in agricultural lending and do business with many small family farmers. Needless to say some of those farm customers are involved in hog production, and it is distressing to us that our state legislature is considering legislation that may in fact threaten their very existance. We have all seen what corporate farming has done to the poultry business throughout the country. It has virtually eliminated the individual producer unless they are interested in contracting directly with corporate interests who now control poultry industry and the market structure.

We can visualize the very same thing happening to the swine industry in the State of Kansas if corporate hog farming is to become a reality.

We recognize the temptation being promoted by the corporate interests. The promised job creation and tax receipts is certainly tempting, however, we would be willing to bet that most of the large corporate interests will be searching for tax abatements and other quirks as consideration for locating in specific areas. We would also note the majority of the job creation will be minimum wage jobs and we already have enough of those in southeast Kansas.

We would also remind you that most of our small family farmers in Kansas have lived here all their lives and have paid property taxes and income tax in the state throughout their adult lives.

We've already displaced too many of our small family farmers in the state of Kansas, we think eventually to the detriment of the state. We ask that you consider the impact of your actions on individuals and their families who have made a significant contribution to the state of Kansas their entire life by making Kansas one of the most productive and progressive agricultural states in the nation.

We trust in your ability to do what is right.

Respectfully yours,

Randy Steeves

Randy Steeves
President

Senate Ag Co
2-23-93
attachment 19

ate Committee on Agriculture

Re: Corporate Swine Production

Members of the Committee:

My name is Jack Whelan. I am a farmer/pork producer from St. Paul Kansas. I appreciate the opportunity to submit written testimony to this committee.

Swine production has been a consistent part of my farming business since it was established in 1957. I attribute my success in farming largely to this pork production. My operation consists of a 150 sow, farrow-to-finish process.

I am opposed to corporate swine production. I am sure testimony has been presented on the many negative aspects of this issue. I will not address facts and figures, but rather how I see it would affect my community and myself.

I cannot compete with large scale corporations in my business. Although I am an efficient producer, corporations have advantages that are not available to me. Large volume purchase of feed, supplies and equipment combined with higher market prices give them a significant edge. This only serves to encourage more building and more production, which decreases market demand and prices. Within a short period of time, my market will be limited to the rock bottom prices I can get at the local stock yards.

I purchase thousands of dollars worth of feed from a nearby feed store every month. I buy equipment and supplies locally. My profits support local businesses. I bank and shop within the community. If my business suffers financially, rural Southeast Kansas suffers financially.

As undoubtedly all medium sized family farmers have, I have contributed socially to rural Kansas. I have a wife and three children. Two of whom have chosen to remain in this community, to work, raise their children and contribute both socially and economically to rural Kansas. My son is employed in an agriculture associated business.

The financial stability of rural communities is centered around agriculture. If the income of some 5,700 Kansas hog farmers is devastated by large corporations, rural Kansas will suffer. It is estimated that for every 6 or 7 farmers who go out of business, one local business closes. If large corporations move into pork production, it may appear to benefit some communities, but it certainly will be at the expense of many others.

I respectfully ask you to hold hearings on HCR 5005 that would protect the interests of family farmers, and to kill HB 2069 in this committee.

Senate Ag Co
2-23-93
attachment 20

PRODUCERS COOPERATIVE ASSOCIATION
P.O. BOX 323
GIRARD, KANSAS 66743
316-724-8241

Established in 1948

February 3, 1993

Committee on Agriculture
Topeka, Kansas

Gentlement:

We are concerned about corporate hog farms where such farms would eliminate or seriously affect the profits of current hog operations in this area. We provide many services to these operations. Not only do we sell them feed but also fuel, tires, and many other supplies.

These producers are a significant part of our business. The loss of a large segement of our customer base would affect the profitability of our organization.

Our company is economically important to this community. We employee from 45 to 50 people. These people require support and create additional employment in the community through services which they and their families require. Also, many of our customers come to town to do business with us and while they are here do business with other business firms in town.

We are a full service farm supply company which manufactures feed, soymeal and soyoil, merchandises grain, sells fertilizer, fuels, tires, oil, and other farm supplies, and provides other related services for our producer members.

Yours truly,

H. Wayne Wigger

H. Wayne Wigger
General Manager

Senate Ag Co
2-23-93
attachment 21