



FROM THE PRESIDENT

Is OCM Irrelevant?

BY
MIKE CALLIGRATE

With much appreciation for the courageous leadership of our past president, Fred Stokes, I write my first message as OCM's president.

I recently asked Fred, "Is OCM irrelevant? How can there be competitive markets without competitors?"

In his important and must-read book, *Cornered*, author Barry C. Lynn describes how every major industry is controlled by a few companies – cartels, shared monopolies and outright monopolies. Always considered one of the greatest threats to any free society, wealth and power have never been more concentrated. Last week, a spokesman for the Romney campaign said that there are trillions of dollars sitting on the sidelines waiting to be invested - all that is needed is the "right business environment." Really? Does that mean more deregulation, lower taxes for those with billions, a government controlled by moneyed interests, severe austerity measures directed at the victims of our plutocratic past and even greater opportunities to exploit and extract our nation's resources?

Are we to accept the centrally planned economic system of a few modern-day lords, perched above us on their piles of money and power, orchestrating a phony political puppet show, followed by an election they win regardless of who's elected? Are a government and an economy that serves the people still possible? One with many buyers and sellers in a fair and competitive marketplace, with people acting as citizens instead of aggressive price-shopping consumers? Are we willing to fully invest our labor and money in rebuilding a prosperous nation with healthy communities capable

of supplying and feeding ourselves?

OCM was founded with the narrow mission of restoring fair, open and competitive markets, which our founders believed to be the foundation of a fair economic system. Markets have never been more concentrated or more unfair; the business cartels never more powerful. According to the law of physics, the more pressure we apply, the more resistance we will face. (Please read Alan Guebert's editorial in this issue.)

Today's modern-day global robber barons have bought our government. Their agencies are blind to corruption and conflict of interest. The robber barons define the curriculum and control research at our land grant universities. They have divided up the marketplace. They manipulate and fix prices; discriminate against certain sellers, while showing preference to their chosen few; extort cash with pay-to-play deals; and rob from sellers while giving kickbacks to buyers. They block market access with dishonest and exclusionary not-to-buy schemes, while making deceptive and false claims. When exposed, they deny and retaliate. There is no justice; they own our courts. They have worked upon our prejudices, pitting neighbor against neighbor. They have driven the good stewards of our land and livestock out of business in their pursuit of profit through vertical integration.

Sensing the growing awareness and fear among consumers, Big Ag and the industrial food cartel created the U.S. Farmers and Ranchers Alliance (USFRA), financed with producers' own commodity checkoff dollars and other corporate cash. In a clear case of identity theft, the USFRA slapped the face of the real family farmer and rancher on their marketing campaign. Their media minions disparage and slander anyone who opposes them. And, the revolving door bureaucrats and antitrust cops reiterate the script of former Secretary of Agriculture, Dan Glickman, who stated, when I asked why he didn't enforce the Packers and Stockyards Act of 1921: "It's different now; we need big corporations that can do business globally."

Bill Moyers recently interviewed Indian physicist, environmental activist, and author Vandana Shiva, who for many years has fought for a healthy, fair and honest food system in India, where 250,000 small farmers have committed suicide. She said, "The doors of opportunity are shutting." Like a plague, the American model of industrial agriculture is destroying India's small farms and its ability to feed itself. Moyers asked, "It's an uphill battle you are waging. How do you keep doing it?" Ms. Shiva shared a beautiful quotation from India: "Do not measure the fruit of your action; you have to measure your obligation of action. You have to find out what is the right thing to do. That is your duty. Whether you win or lose is not the issue."

By that measure, OCM remains crucial. In fact, it has never been more relevant.^{MC}

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Disclaimer
The opinions of the authors presented in our newsletter are their own and are not intended to imply the organizations position. OCM has membership with diverse viewpoints on all issues. OCM is committed to one and only one principal; competition.





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BOARD MEMBERS
AND STAFF

BOARD MEMBERS:

Mike Callicrate, President
St. Francis, KS - mike@nobull.net

John Hansen, Vice-President
john@nebraskafarmersunion.org
Lincoln, NE

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Washington, DC

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Richard Oswald
Langdon, Missouri

Randy Stevenson
Wheatland, WY

Fred Stokes, Past President
Porterville, MS

STAFF:

Pat Craycraft, Office Manager
Lincoln, NE • 402-817-4443
ocmlincoln@msn.com

PROJECT ASSISTANTS

Jessie McKenzie, MS
David Tomasin, MS
Jody Holland, Starkville, MS
Eric Lister, Brentwood, TN
Austin Vitale, Intern

LIES, DISTORTIONS AND LAWSUITS

COMMENTARY BY ALAN GUEBERT

Farm and Food File for the week beginning Sunday, Aug. 26, 2012

(Printed by permission)



Somewhere along the line it became acceptable to bend and break the record of public figures and firms without any consequence whatsoever. Shortly thereafter, distortion and deception replaced discussion and debate, and yelling and lying replaced compromise and progress.

And that's just in agriculture. In politics, it's even worse.

The latest farm and food fight centers on the legal battle that pits the U.S. Department of Agriculture's management of the beef checkoff against long-time checkoff critic Mike Callicrate, a Kansas rancher who owns the Colorado-based Ranch Food Direct.

But it's more than just the she-said, he-said check-off standoff.

That fight would end if USDA simply conducted a multi-year audit of the National Cattlemen's Beef Association's checkoff contracts. Past efforts to do just that, however, have been stiff-armed by NCBA's powerful Capitol Hill allies who claim any audit of NCBA's books is a waste of government time and money.

This political cover, well irrigated by NCBA and its meatpacker members, allows the tiny cattle group (less than four percent of all U.S. cattle producers belong) to have outsized power as a political organization and as a checkoff contractor. That two-hatted trick also carries financial benefits for NCBA.

According to NCBA's 2009 IRS Form 990 filings, the latest available, just \$3.3 million of its \$58.7 million in reported revenue came from membership dues. Most of the remainder came either directly or indirectly from the checkoff.

Threats to this rich river of revenue - and Callicrate's federal lawsuit is an enormous threat - are met with cowboy hellfire and ranch brimstone.

In the past, NCBA has called on its in-the-pocket politicians and checkoff-benefiting media to sing its praises and deflect checkoff queries. This time, however, it was handed a loaded gun by two tough critics, Fred Stokes, outgoing president of the Organization for Competitive Markets, and Callicrate, OCM's incoming president.

Stokes, a 77-year-old retired Army major, announced the federal lawsuit (that names Callicrate as its only plaintiff) Aug. 10 in a kick-off to OCM's annual meeting.

In explaining the lawsuit, Stokes noted OCM asked attorneys at the Humane Society of the United States to examine rafts of checkoff material OCM had received from USDA through the Freedom of Information Act to assess the merits of any possible suit. HSUS attorneys did so for free.

After that revelation, the sky fell on OCM, Stokes and Callicrate. Everyone with a wide-brimmed hat condemned the group and its leaders for taking any assistance from the Humane Society, a group mainline farm organizations reflexively loathe.

NCBA President J.D. Alexander fired first when, according to a NCBA press release later that day, he "expressed disgust ... that (OCM) has formed a partnership with the (HSUS) to destroy more than 25 years of market development and consumer demand building by the Beef Checkoff Program."

Alexander was wrong: OCM had not formed a "partnership" of any kind with HSUS. As Stokes explained, Humane Society attorneys, at OCM's request, read checkoff documents to offer their unpaid judgment on whether a suit was advisable.

The checkoff lawsuit, in fact, was written and filed, pro bono, by Daniel Owen and G. Gabriel Zorogastua of Polsenelli Shughart PC, a Kansas City, Mo., law firm known for its antitrust expertise.

Worse, Alexander's hyperbolic "destroy more than 25 years of market development and consumer demand building" is not just a personal opinion, it's fact-defying baloney.

Since the 1987 start-up of the beef checkoff, the number of U.S. beef operations has fallen from 1.01 million to 742,000. American retail sales of beef per capita have plummeted from 78.7 lbs. to 60.8 lbs., and the U.S. cattle herd has fallen from 102.1 million head to 90.8 million.

There are reasons for this dismal performance, but "market development," "consumer demand" and \$1.5 billion of checkoff money would not be three of 'em.

Please see GUEBERT on page 7



CONVENTION HIGHLIGHTS ..

August 10, 2012

14th Annual OCM Food and Agriculture Conference, Kansas City, MO

“VOICES RISING FROM THE LAND” “Answering the Threats to Independent Family Agriculture”



**WELCOME, INTRODUCTIONS,
OPENING REMARKS**
Fred Stokes, OCM President



PANEL – SETBACKS AND DISAPPOINTMENTS

(From Left to Right) Fred Stokes, J. Dudley Butler,
Bob Taylor and Bill Bullard

J. DUDLEY BUTLER – GIPSA RULE

Butler has recently returned to the practice of law after spending almost three years as administrator of GPSA. He was appointed to this position by USDA Secretary Tom Vilsack.

BOB TAYLOR – FAILING OF THE REGULATORY AGENCIES

Taylor is the Alfa Eminent Scholar (Distinguished University Professor) in Agricultural Economics and Public Policy in the College of Ag at Auburn University.

BILL BULLARD – ABUSE OF CHECK-OFF FUNDS

Bullard is the Chief Executive Officer of R-CALF USA and the 2012 Helmuth Award recipient.

Please see CONVENTION on page 4



CONVENTION



DECEPTIVE FOOD MARKETING
Patty Lovera
 Patty Lovera is the Assistant Director of Food and Water Watch.



SOLUTIONS

Litigation ANNOUNCEMENT – Dan Owen, Attorney

LAWSUIT FILED AUGUST 10, 2012

Callicrate vs. USDA – Lawsuit claims that Beef Checkoff is paying for Lobbying.

Mike Callicrate is the named plaintiff in the lawsuit filed against the US Department of Agriculture’s Agricultural Marketing Service, Cattlemen’s Beef Board (CBB) and the CBB’s Beef Promotion Operating Committee. Callicrate is a cattle producer and the owner of a meat packing facility and retail market called Ranch Direct Foods in Colorado Springs, Colo. He was also elected at the membership meeting as president of OCM.

Specifically, the lawsuit alleges that the NCBA receives a large majority of checkoff funded projects. The lawsuit alleges that the CBB operating committee awards the contracts to NCBA while the CBB is controlled by NCBA. Callicrate alleges that NCBA is approving their own funding from the CBB for their own benefit and for the purpose of promoting an industrial model of beef production, processing and distribution – harming both producers and consumers.



HIGHLIGHTS ...



GETTING THE WORD OUT

Barry Lynn

Barry Lynn is an expert in the political and economic dangers posed by extreme concentration of economic power and industrial capacity. His groundbreaking work detailing how concentration can destabilize vital industrial systems has attracted the attention of officials and executives around the world. He has written several books, published in various magazines and is a regular commentator on television and radio.



BANQUET SPEAKER

Bill Heffernan

“The Looming Corporate Plantation”

Heffernan has focused on the social causes and consequences of changes in agriculture and the food system. He spent all but two years at the University of Missouri where he became professor and served as Chair of the Department of Rural Sociology and is now Professor Emeritus.



HELMUTH AWARD PRESENTATION

(From left to Right – Bill Bullard and Mike Callicrate)

OCM Presented BILL BULLARD, The John Helmuth Award for his unrelenting pursuit of competition and fairness in agricultural markets, for his advocacy of independent family farms and ranches, and for his tireless defense of our nation's food security.

Bill Bullard is the Chief Executive Officer of the Ranchers-Cattlemen Action Legal Fund, United Stockgrowers of America (R-CALF USA) and has held this position since 2001.

R-CALF USA represents its members on issues concerning international trade and marketing and its purposes include representing its members' interests before Congress, agencies of the federal government, and in court.



Fred and Claudia Stokes – Announced celebrating their 55th Anniversary. Congratulations!



What Hasn't the HSUS Done Lately?

The U.S. didn't lose 91% of its pork producers, 82% of its dairy producers, 42% of its beef producers and 33% of its sheep producers overnight. It has happened by degrees since 1980, during my lifetime, and isn't going to be slowed down, stopped, or even partially "fixed" in less than a year. **BY BEN GOTSCHALL**



Nebraska rancher
Ben Gotschall

In a recent column entitled "Waiting for the HSUS," Daily Yonder co-editor Bill Bishop issued a not-so-subtle challenge to the Humane Society of the United States (HSUS) to prove to him, and apparently to everyone else, that HSUS is working proactively to benefit independent farmers and ranchers.

Clearly, Mr. Bishop is not satisfied with the progress, or (as he sees it) the lack thereof, in the market creation aspect of the HSUS's new approach of working with ag groups and producers.

As I see it, the question should not be whether or not Mr. Bishop is satisfied with the HSUS's efforts at this point, but whether or not farmers and ranchers are satisfied, namely those who have been directly working with HSUS. After all, they're the ones with the most at stake in all this, aside from organizations like the Nebraska Farmers Union that support them.

Those producers and organizations are the ones under the intense scrutiny, and in some cases under the direct attack, from other producers, ag groups, armchair quarterbacks and backseat drivers waiting in the wings to pounce when they smell blood.

From what I can see, as someone intimately involved in the issue, those producers, at least in Nebraska, are extremely satisfied with HSUS's involvement.

Just last week, not long after Bishop's column was posted, the Nebraska Agriculture Advisory Council to the HSUS released a video discussing their outlook and goals. The Ag Council published the video on YouTube, the HSUS website, Facebook and the Nebraska Farmers Union website.

Seems pretty public to me. Seems like a group of committed individuals who believe enough in what they do for a living to step up and say something about it—again, in a public forum.

But, to be fair to Mr. Bishop, those producers aren't HSUS representatives. His question yet remains: what has the HSUS, as an organization, done to help folks like those featured in the Ag Council video?

Maybe a more instructive question to ask would be: what hasn't the HSUS done in the past 10 months?

They haven't threatened to kick the asses of perceived opponents out of the state of Nebraska. That was what Nebraska's Governor Dave Heineman has done, on more than one occasion.

They haven't siphoned \$100,000 from the state's coffers into a front group established to directly attack its perceived opponents. That was Nebraska Attorney General Jon Bruning and his sweetheart gift to We Support Agriculture.

They haven't introduced ag-gag legislation to specifically target those who might (God forbid) observe and report practices currently taking place on operations that violate the animal-treatment standards established on those same operations. That was Nebraska State Sen. Tyson Larson, with LB 915, a bill eerily similar to one passed in Iowa in February 2012, which is an obvious paraphrase of bills proposed in Missouri, Utah, Indiana, Minnesota and Illinois. I wonder who wrote them (or should I say it)?

HSUS hasn't unleashed a ballot initiative in the state of Nebraska to regulate agricultural practices through legislation, in keeping with its agreement with Nebraska Farmers Union.

Please see GOTSCHALL on page 7



A "flow-well" from my family's ranch in the Sandhills of Holt County, NE. The water perpetually flows from the pipe tapped directly into the Ogallala Aquifer. Clean, cold water, without a pump, using no energy.



GOTSCHALL (continued from page 6)

HSUS hasn't put one single independent livestock producer out of business—not in the last ten months, not in the last ten years, not ever.

In short, the HSUS hasn't fought nearly every effort of independent family farmers and ranchers and our allies to ensure our agriculture system doesn't slip further into the same highly-concentrated, anti-competitive, transparency-blocking pattern of predatory behavior that has been eliminating livestock operations for decades. I wish I could say the same for some of the other organizations and corporations that purport to collectively "support" agriculture.

Don't take that to mean that HSUS couldn't do more. In fact, much more needs to be done.

Our family farmers and ranchers are just as endangered now as they've ever been, and any efforts to "save" them are going to have to be well organized, well funded and purposeful—descriptors often attributed to the HSUS by its opponents, as if the same couldn't be said of those same opponents.

Identifying, developing and expanding new markets is a huge undertaking, and the to-do list grows by the day.

Let's keep in mind that the HSUS agreement with Nebraska Farmers Union happened less than a year ago, and much of that time has been spent defending said agreement from attackers, detractors and naysayers—a fair share of which came from the ranks of their own members.

The U.S. didn't lose 91% of its pork producers, 82% of its dairy producers, 42% of its beef producers and 33% of its sheep producers overnight. It has happened by degrees since 1980, during my lifetime, and isn't going to be slowed down, stopped, or even partially "fixed" in less than a year.

We must start somewhere, and this is still only the beginning.

Case in point: earlier this month, directly after the OCM meeting Mr. Bishop sat through dissatisfied, I met HSUS executive director Wayne Pacelle for the first time along with members of the Nebraska Ag Council. I presented a progress report to the group on what I had been doing for the past four months as Coordinator for the Ag Council.

It was an educational experience—not really for those of us at the table well versed in raising livestock as a business—but mostly for Mr. Pacelle. He asked many questions: about the landscape of processing facilities, about the economic challenges of drought and feed shortage, about the hurdles placed in the path of direct producer-to-consumer connections.

Mr. Pacelle listened (I'll repeat: listened) to our concerns, ambitions, drought stories, and jokes about vegans enjoying a steak dinner. I know I for one, and I think Mr. Pacelle also, came away from that meeting with a renewed sense of purpose and an understanding of the road ahead.

To respond to Mr. Bishop's challenge, I offer this:

The real nuts and bolts business of market development isn't sexy. It isn't the stuff you see in front-page, above-the-fold newspaper headlines. You don't hear CEOs and senators singing its praises. It's the day-to-day, often frustrating, sometimes boring, but always important work that is essential to rebuilding a sustainable system from the ground up.

It takes a collaborative effort. It requires a lot of listening to a lot of different voices. The more voices represented in our efforts, the more widespread those benefits will be. I invite Mr. Bishop, and any other interested parties, to join not only in the discussion, but also in the action.

BG

Ben Gotschall is a fourth-generation rancher from Nebraska. In addition to raising beef and dairy cattle and marketing meat and cheese, he is the Energy Director for Bold Nebraska and the Coordinating Consultant for the Nebraska Agriculture Advisory Council to the Humane Society of the United States. He is also the president of District 5 and Lancaster County Nebraska Farmers Union.

Reprinted from the DailyYonder.com

GUEBERT (continued from page 2)

Additionally, as the American cattle sector continues a decades-long trend of losing an estimated 1,000 producers per month, the nation continues to outsource its beef. In the first six months of 2012, U.S. beef imports are up 21 percent, and U.S. cattle imports are 22 percent over 2011.

And here's another hard fact: HSUS, Callicrate and Stokes did nothing to bring about this atrocious record of checkoff failure.

So why is NCBA, a group that 94 percent of all cattlemen voluntarily choose not to join, making them the bogeyman for beef's woe?

Because we sit silently as distortion and deception replace discussion and debate, and yelling and lying replaces compromise and progress. Don't worry; the lying and the yelling won't kill democratic institutions.

The silence, however, might.^{TG}

MISSION STATEMENT

The mission
of the
Organization for
Competitive Markets is
to work for transparent, fair,
and truly competitive
agricultural and
food markets.



See us online! competitivemarkets.com



**Organization for
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Tel: (402) 817-4443
P.O. Box 6486
Lincoln, NE 68506

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