THE BEEF-CHECK-OFF - PACKER CONCENTRATION - EXPORTS / IMPORTS – AND NOW THE PROPOSED NEW GIPSA RULE.

Much controversy has arisen during recent years over such things as, the beef-check-off, packer concentration, exports / imports, and now the proposed new GIPSA rule. I must say, I support R-Calf and the stands they have taken on each of these issues. Monopoly is never a good thing. And that's what you get when industry concentration occurs.

Unfortunately, concentration has been in vogue for some time now. It is because of industry concentration that we have exported so much of our nation's industry to foreign countries in recent years. It's because of industry concentration that thousands and thousands of small businesses have left main street America during recent decades. It's because of industry concentration that we are losing so many of our family sized farms and ranches across this nation. Think about it, who now has the money that it takes to influence and control Congress? Who is it that controls our elections these days? If big money doesn't influence the outcome of elections, why is it that so much money is spent on getting certain people elected? Who is it that dictates what is going on overseas? All the money that is given away in the name of foreign aid - are such expenditures made for the purpose of expanding freedom around the world, or are such expenditures made for the purpose of protecting the investments of certain corporate interests?

The founders of this nation feared centralized power, not only in government, but in the private sector as well. That was why they provided government with the power to prevent monopoly. That is why the founders devised a system of government that was composed of several branches.

In the early 1900's, five packers, Armour, Swift, Cudahy, Wilson and Morris - accounted for 75% of all cattle slaughtered under federal inspection. In 1921, the Packers and Stockyards Act was passed. The result was phenomenal, by the mid 1930's there were small feed lots and packing plants in nearly every farming community across America. Competition was guaranteed and cattle producers of every size were realizing a decent return on their investments.

Things began to reverse themselves again however - by 1995, IBP, Con-Agra, Excel and National Beef were accounting for 83% of the U.S. steer and heifer slaughter and 90% of boxed beef production.

How has this effected livestock producers? Let's look at it. The size of the U.S. cattle herd is now the smallest in more than 50 years. Although news reports claim that U.S. agriculture maintains a global trade surplus, this certainly is not true for the largest sector of U.S. agriculture – the U.S. cattle industry. Over the last two decades, the U.S. enjoyed only one year when we sold more cattle and beef than was purchased. That was 14 years ago, in 1996. Since then, our nation's meatpackers and retailers have been purchasing far more cattle and beef from abroad than is being sold abroad. This drain on our economy has been considerable, averaging about $3 billion during each of the past five years. To put this in perspective, for each head of cattle we exported over the past three years, we imported more than two. Not only is this situation unsustainable, in terms that it has drained over $25 billion from our

U.S. economy over the past 10 years, the fact is, such imports have enabled retailers to leverage prices paid to U.S. ranchers below their cost of production.

It cannot be denied, just since 1980, over half a million ranching operations have been eliminated from America's landscape, representing a decline of 41 percent.

Beginning in 1996, the rate-of-loss of U.S. ranchers accelerated - and we have been losing about 12,000 ranching operations each year ever since. To put this in perspective, the U.S. is losing more ranching operations each year than there are in California, Arizona, Colorado, Idaho, Montana and North Dakota combined.

Recent reports indicate that as it stands today, beef retailers are receiving a 21% return on equity, beef packers are receiving a 17% return on equity, and cattle producers are receiving a minus .5% return on equity.

The next time someone tells you that cattle prices are up – indicating that producers are doing well – don't you believe it. If cattle prices have been so good – why is it that we have been seeing an almost steady decline in beef production across the board here in the U.S. since 1975. We are being lied to big time.

How many years has it been now since the beef-check-off was instigated? How much money have each of us put in over the years? And what good has it done? Are the people that are controlling all that money helping us stay in business – or are they helping to develop policy that is putting us out of business? I don't know about the rest of you, but every time I see an ad funded by beef- check-off dollars, it always seems the ad is directed towards me, and not towards the general public. The whole thing is wrong - and R-Calf is the only organization that seems to be doing anything about it. Thank heaven for R-Calf.