

Approved February 24, 1988  
Date

MINUTES OF THE \_\_\_\_\_ COMMITTEE ON Select Committee on Corporate Farm Law

The meeting was called to order by Senator Allen at \_\_\_\_\_  
Chairperson

3:11 ~~am~~/p.m. on February 18, 1988 in room 123-S of the Capitol.

All members were present except: Senator Gannon (excused)

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

Conferees appearing before the committee: LeRoy Bower, Kansas NFO, Pittsburg  
Ed Petrowsky, American Agricultural Movement, farmer  
Lloyd Helwig, hog producer, Columbus, Kansas  
Ron Schneider, Kansas Rural Center  
Vaugh Woolf, Director, Sedgwick County Pork  
Producers  
Jim Swiercinsky, businessman, Belleville, Kansas  
Raebert Nelson, Chanute, Kansas  
Alan Sharp, hog producer, Buffalo, Kansas  
Darrell Montford, hog producer, Allen, Kansas  
Brent Larkins, President, Republic County Pork  
Producers, Republic, Kansas  
Byron DeFreese, hog producer, Princeton, Kansas  
Ivan Wyatt, Kansas Farmers Union  
Richard Schmitz, hog producer, Goff, Kansas  
Kenny Meyer, farmer, Baileyville  
Father John Stitz, Interfaith Rural Life Committee  
David Biesenthal, hog farmer, Wheaton, Kansas  
Barney Barnett, hog producer/auctioneer, Rural  
Topeka, Kansas  
Joe Kneib, in Agri Business, Girard, Kansas  
Frank Williams, Topeka, Kansas  
Representative Robin Leach  
Mark True, Greenwood  
DeWayne Jarred, hog producer, Elsmore, Kansas  
Emmett Koch, farmer, Centralia, Kansas  
Don Sailors, Erie, Kansas  
Senator Dan Thiessen

Senator Allen called the committee to order for the purpose of hearing opponents to change in the Kansas Corporate Farm Law.

The following were introduced and explained why they did not want the Corporate Farm Law changed to include the swine industry. Written testimony was given to the committee where indicated.

LeRoy Bower (attachment 1)

Ed Petrowsky (attachment 2)

In answer to committee questions Mr. Petrowsky answered that he had no proff of polluted ground around feedlots but he felt it should be checked and documented. He answered he would not favor changes in Corporate Farm Law even if corporations had no tax advantages.

Lloyd Helwig (attachment 3)

During committee questions, Mr. Helwig stated he was not familiar with the Swine Seminar organization nor did he know what percentage of hogs produced in Kansas were produced by small hog producers.

CONTINUATION SHEET

MINUTES OF THE \_\_\_\_\_ COMMITTEE ON Select Committee on Corporate Farm Law,  
room 123-S, Statehouse, at 3:11 ~~xx~~ p.m. on February 18, 1988

Ron Schneider (attachment 4)

Mr. Schneider answered to a committee question that, no, all family farms are not on the same playing field.

Vaughn Woolf (attachment 5)

In answer to a committee question, Mr. Woolf stated he had netted thirty-two cents per cwt in his swine operation.

Jim Swiercinsky (attachment 6)

During questions, Mr. Swiercinsky stated he felt some of Mr. O'Day's figures were not correct.

Raebern Nelson (attachment 7)

Mr. Nelson stated during committee discussion he wanted the small swine producer to be able to enlarge; he stated if there is profit in pigs the production will increase. He suggested there be a cooperative packing plant in the state; he stated that 1,000 pigs a week leave Kansas and that we should keep them in our state and possibly with a cooperative packing plant that could be accomplished. He stated hog production is down because of no market; thus price goes up when production is down and that is why price is up now.

Alan Sharp (attachment 8)

In answer to a committee question, Mr. Sharp stated he sold his hogs to a Mississippi market.

Darrell Monfort (attachment 9)

In answer to committee questions, Mr. Monfort stated there is no way a small producer can compete with a corporation and that not only did Kansas State need more funds for swine extension all agriculture needs more funds.

Brent Larkins (attachment 10)

Mr. Larkins stated that the Legislature, by considering Corporate Farm Law changes, is having a psychological affect on swine producers. Mr. Larkins stated that, with changes being discussed in the Legislature, that small swine producers are afraid to expand because they are afraid of the future. He stated if legislation is passed to make changes that swine producers will start selling out or quit raising pigs. He suggested the issue be put under the table and forgotten about. He stated small swine producers expand at a slow rate but with their slow expansion pork production in Kansas will increase. He stated he had expanded only at the misfortune of a neighbor who went broke.

In answer to a committee question, Mr. Larkins said he sold his pigs in Nebraska to the market with the best price at the rate of thirty pigs at a time.

Byron deFreese (attachment 11)

During committee discussion, Mr. deFreese stated hog production had gone down in his area because some had chosen to take other jobs which were available nearby and that water is in short supply enough so that hog production cannot be increased because of the lack of water.

Ivan Wyatt (attachment 12)

Richard Schmitz (attachment 13)

CONTINUATION SHEET

MINUTES OF THE \_\_\_\_\_ COMMITTEE ON Select Committee on Corporate Farm Law  
room 123-S, Statehouse, at 3:11 ~~xxx~~/p.m. on February 18, 1988.

Kenneth Meyer (attachment 14)

Father John Stitz (attachment 15)

David Biesenthal (attachment 16)

In answer to a committee question Mr. Biesenthal answered that he did not feel a Center of Excellence was needed at Kansas State; he just desires a fair market for his swine.

Barney Barnett (attachment 17)

Joe Kneib stated that if we have corporation swine production that wherever the corporation is located the feed dealers will have less business and the veterinaries will lose also. He stated there is no way that small producers can compete with a corporation. He encouraged the Legislature to study that playing field of corporation vs small producer when making a decision. He said without the support of small farmers that small towns will suffer. He encouraged the committee to keep the family farmer as their top priority when voting on the Corporate Farm Law issue.

Frank Williams (attachment 18) Mr. Williams stated that economic development comes best from the small family farmer.

Representative Robin Leach stated that Mr. O'Day in his report termed Kansas as a restrictive Corporate Farm Law state but that Legislative Research had termed Kansas a non-restrictive state. He feels if viewed as a non-restrictive state that some of Mr. O'Day's information would read differently. Representative Leach said if packing plants in Kansas were looked at with a 125 mile radius of producers that it makes a different picture than Mr. O'Day pictured. Using a 125 mile radius all counties in Kansas have a packing plant available. Representative Leach suggested the committee look at the total picture of corporate ownership and that a constitutional amendment be considered to be put on a ballot so the people of Kansas could vote on whether they want corporate farming, ownership, and for everything. He encouraged the committee to consider what changes are going to do for Kansas and to make a decision that is best for the state.

Mark True told the committee the small hog producers in our state are dedicated community leaders. He feels corporations will not help our communities. He encouraged the committee to not change the Corporate Farm Law.

DeWayne Jarred (attachment 19)

Emmett Koch (attachment 20)

Don Sailors expressed concern about the vote taken by the directors of the Kansas Pork Producers Council. He stated that some directors did not vote the desire of the ones they represented and that many producers did not agree with the vote of the directors. Mr. Sailors did not feel the 18 for and 17 against corporate farm law change represented the feeling of the majority of pork producers in the state.

The Chairman expressed concern over the split feeling of the Pork Producers Council and encouraged their working for reconciliation.

Senator Thiessen encouraged the committee to seriously consider the corporate questions. He stated that foreign corporations are most interested in investing in land, businesses, buildings or shopping centers in the United States so to keep all this in mind as the corporate questions are considered.

Representative Bruce Larkin gave copies of resolutions against expansion of the Corporate Farm Law in Kansas from the Marshall County Farm Bureau Association, Clay County County Commissioners, Big Lakes Regional Council Board of Directors, Marshall County Board of County Commissioners, Geary County

CONTINUATION SHEET

MINUTES OF THE \_\_\_\_\_ COMMITTEE ON Select Committee on Corporate Farm Law  
room 123-S, Statehouse, at 3:11 ~~am~~ p.m. on February 18, 19 88

Board of County Commissioners, Board of Nemaha County Commissioners, and the  
Marshall County Pork Producers (attachment 21) with the request they be  
filed with the committee minutes.

The Chairman adjourned the committee at 6:11 p.m.

GUEST LIST

COMMITTEE: Select Committee on Corporate Farm Law

DATE: February 18, 1988

NAME	ADDRESS	ORGANIZATION
Mally Jane	Eureka, KS,	
Ray Beth	Topeka	Rep. Holmes - Intern
Willynda Holmes	Plains	Rep. Holmes wife/leg. asst.
Armin Halle	Rt 1 Bremer	
Jean W. Wyatt	McPherson	Ks Farmers Union
Hyde Judy	Manhattan, KS	KS U
Donna Ann	Topeka KS	Kansas Farmer
Lepe Herman	Baileyville Ks	Farmer
Kenneth Meyer	Baileyville Ks	Farmer
Richard Schmitz	Baileyville Ks	Farmer
Kenneth Keegan	Baileyville KS	Nemaha Co Commissioner
Rick McKee	Topeka	K.L.A.
John Blythe	Manhattan	K.F.B
Chris Wilson	Topeka	KGFA
Staci Beavers	Topeka	KGFA
Archie Hught	Topeka	KSBOAG
John Stutz	K.C. Ks. Box 2329	Catholic Rural Life
Steve Suthard	Rt 1 Oraga	Grass & Grain
Lori Bredow	919 Manhattan	intern
Vernon Koch	112 Chestnut	Clyde
Rosemary Galt	Belleville, KS	
Del Knipe	Girard Ks.	Agri Business
Wilbert Pottinghaus	Baileyville Ks.	Farmer Union

GUEST LIST

COMMITTEE: Select Committee on Corporate Farm Law

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NAME	ADDRESS	ORGANIZATION
Raymond Matheson	Astell Ks	
Carl M. Spiller	Frankfort Ks	
Gene Wickman	Seneca, Ks	
William Sandmann	Frankfort Ks	
Richard J. Helms	Astell Kansas	
Jackson Schmitz	Astell Kansas	
Robert Lathhaus	Sumnerville Ks	
Lene M. Holthaus	Seneca, Ks	Former
LeRoy Bower <sup>R#5</sup> Box 529	Pittsburg, Ks, 66762	Kansas NFO
Nicholas Holthaus	Baileysville, Ks	
Kary Buss	Chanute, Ks	
Bryan Schul	Thayer, Ks	
Frederick Wilson	Chanute, Ks	
Jim Jurek	Humboldt	
Lloyd Helwig	Columbus	
K. J. Helwig	Columbus	
Bryan De Fries	Price Co	
John Sabeck	Seneca Ks	
Mick Stallbaum	Baileysville Ks	
Richard - Adkins	Baileysville, Ks	
Suzette Rothhaus	Baileysville, Ks	
Robert Rothhaus	Baileysville, Ks	
Marnie Feldhaus	Baileysville, Ks	

GUEST LIST

COMMITTEE: Select Committee on Corporate Farm Law

DATE: February 18, 1988

NAME	ADDRESS	ORGANIZATION
John Hulsing	Barleyville	Farmers Union
(Dawn) Struthman	Atoll, Kan	Farmer
Harry Schütz	Barleyville, KS	Farmer
David Sudbeck	Seneca	Farmer
Sam W. Harris	Walnut, Ks.	KS NFO
Harry Schooley	Salina, Ks	Pork producer
Leon Fay	Ft. Smith, Ks	Pork producer
Ed Thomas	James town Mo.	NFV
Ernest Koch	Centuria Ks	self
Nick F. Wilson	glasco, Ks	Kan. Center of Science
Mel Johnson	Topeka, KS	" " " "
L. H. de Thier	Puncheon Mo	Pig farm
C. L. Brown	Mungette, Ks	Farmer
L. Neil Morrissey	Ho, Ks.	Farmer
Jim Schultze	Coring, KS.	Farmers
Charles J. Brostman	Vermillion Ks	Vermillion
Wayne Rottmehaus	Seneca, Ks	Seneca
Marilyn Rottmehaus	Seneca, Ks	Farmer
Bill Miller	Manhattan	Kansas Farm Bureau
Paul E. Fleener	Manhattan	Kansas Farm Bureau
Ron Churchill	LAURENCE	KS. RURAL CENTER
Kenneth C. Sudbeck	Seneca	Farmer
Ellen Sudbeck	Seneca	Farmer wife

GUEST LIST

COMMITTEE: Select Committee on Corporate Farm Law

DATE: February 18, 1988

NAME	ADDRESS	ORGANIZATION
Richard C. Siess	Box 17 RR#2 Seneca KS	
John T. Haug	Box 29 Rt 1 Seneca KS	Farmer
<del>Don Schmidt</del>	Box 163 Rt 1 Seneca KS	
<del>Paul H. Harris</del>	Box 88 Hesperia (70 mi)	
Chris Walker	Rt 2 Mayetta	KANS NFO
Della Bisenthal	RR1 Wheaton	
John Rempel	Corning	
Robert Mars	Vermillion KS	
Don Dailors	Erie KS	
Alan Sharp	R1 Buffalo KS	
Doug Rempel	Corning KS	
Gerald Detweiler	Summerville KS	
Merlin Macke	Summerville KS	
MIKE BEAM	TOPEKA	Ks. LIVSTK. ASSN
Alice Devine	Topeka	
Mike Mathewson	Atxel	
Keith L. Kresna	RR1 Box 99 Glendale Kan	NFO
Brent A. Lankins	RR1 Box 29	Republic Co. Pork Producers
Jim Semincinsky	2012 N. Belknap KS	Lazy S Feeds
Bob Biglam	Rt 3 Topeka KS	Farmer
ROD BIGLAM	RT 4 MCGIDEN	PRES. JEFF CO PORK PROD
Raelene Nelson	R2 Chanute	Neosho Co Pork Producers group
Jerry Joat	Whiting KS	KRC





attachment 1

Statement to the Select Committee on the Corporate Farm Bill  
by LeRoy Bower, President Kansas NFO, February 18, 1988,

I am LeRoy Bower, President of the Kansas NFO. I live in Cherokee County Kansas near Pittsburg. I farm 700 acres plus, in Wheat, Milo, Soybeans, Corn and run 40 head of Beef cows.

At our recent Kansas NFO Board Meeting, we re-affirmed the Resolution that was passed by our 1987 Kansas NFO Convention and it states, Whereas: Corporate farming eliminates Kansas family farms, and the Local business community. Be it resolved: Kansas NFO stands opposed to any liberalization of Corporate farming laws in Kansas. The board in addition to this resolution will enlist support to a similar law that was passed in Nebraska "INITIATIVE POSITION 300" that allows only Family Farm Corporations to expand or enter farming in Nebraska.

The real question is, who's going to own the Land? Corporate take over of Agriculture will reduce this Nation to a two class system, The Rich and The Poor. We are constantly told by the Leaders of other Nations, We have the best system in the World. We are the envy of the World. So, I ask, Why change it?

We are not opposed to Family Farm Corporation where a large majority of the stockholders are labors, supervisors and managers and therefore share in the profit of the corporation and that incentive to produce. Where We, of the NFO, have the problem is the out of State stockholders, far removed from the management and operation of the farm-- more or less draining away the profits, thus no local generation of revenue for the business community.

I see the drive for a change in the law as being for economic development. About the only economic development you will have in this type of situation is the building or construction of the project. Since it is to be a labor efficientized, then as a whole, the benefits are thusly reduced. As with any location of the development--you will have communities fighting to get such a development. Without a doubt, a development can be an asset for the community. But what about the communities that lose because the markets for those products are no longer present. I say for hogs--It would be in the best interest of the citizens of Kansas, Businessmen of Kansas to have 40,000 farmers producing 1,000 to 3,000 head of hogs a year than it would be for 5 big AGRIA GIANTS producing million head each. Many Questions are unanswered here. What about Waste disposal? What about odor? What about employee relations?

If corporations sell you on an idea that they provide a good

attachment 1  
2-18-88

market for the feed grains in the area. Better find out what they determined as a good market? If its 5 or 10 cents a bushel, than its kind of like a needle in the hay stack. Markets are usually based from the Chicago Board of Trade. I live about 100 miles from the center of the heavy poultry operations in Northwest Arkansas and Southwest Missouri and about 35 miles from the National Farms feedlot at Parsons. Even with those markets the grain farmers are still having a tough time. What I have learned from the NFO's Bargaining is that Corporations do not compete with one another. They only compete for there market share. They usually have areas that they buy in and stay out of the areas of there competator.

Farmers are at the mercy of Corporate Amercia. It use to be that there were companies just in meat packing or just in grain handling or just in retailing and now, We have the AGRIGA GIANTS involved in the whole arena of seed production, grain farming, grain handling, Livestock feeding operations and the slaughter plants.

Family structured agriculture can compete with any corporate agriculture as long they compete on the same level table. Meaning all things being equal.

Have you asked yourselves, about the sociological issues that this brings about? I know, I don't have the answers. Most farmers are out there just to make a living and some money--not to get rich. They are out there to plow the ground, work the ground, plant the seed, harvest the crop, feed the cattle, tend to the livestock--its a way of life, Many have no other profession. Corporate Agriculture is organized for one thing and that is to make money.

I am convinced that we have to price our production at the farm on a cost of production plus a reasonable profit. The NFO has the programs, the structure and the procedures to do that. I am sensing that you, the committee, want to do something for agriculture. I am inviting the committee to sit down with some of our National NFO leaders and see how these programs may benefit the farmers in Kansas. I urge you the committee to be careful in making this decision. I know when the legislature back in the 50's wrote the egg law, it affected many people and probably set the stage for this time in history.                   THANKYOU

LeRoy Bower, President  
Kansas NFO  
R.R. # 5, Box 529  
Pittsburg, Ks. 66762  
316 643 5391

JOINT HOUSE & SENATE AG SUBCOMMITTEE HEARING

ON CORPORATE HOG FARMING IN KANSAS

February 18, 1988

Good afternoon ladies and gentlemen. My name is Ed Petrowsky. I operate a medium sized farm with my father and brother near Pratt, Kansas. I am here today representing both my feelings and those of the Kansas American Agriculture Movement concerning the corporate hog bill.

For the record, we are appalled that Kansas Inc. appropriated \$49,000 + of taxpayer money to have a firm dig up positive facts regarding corporate hog farming but ask the taxpayer to do his own research on the negative aspects of a corporate dominated agriculture. Honestly, ladies and gentlemen, it is the taxpayer who is going to have to live with the results. Shouldn't both sides receive equal treatment?

I would like to dwell for a few moments on some of the problems of concentrated livestock production and corporate farming. Since I have lived beside a 30,000 head feedyard for over 20 years I feel qualified to discuss the more questionable aspects of this type operation. Of major import has been the use of IRB's and other tax incentives to support what has historically been a tax loss farming strategy (cattle feeding and hog feeding) for many. This has endowed the giant producers with a totally unfair advantage over the family farmer and has accelerated his demise. This one action was not inevitable but was based on pure greed for the almighty dollar by our economic planners in communities across the state.

Another concern as we see it is the potential for disease in areas of high livestock concentration. How many times in the last

*attachment 2*

2-18-88

decade has the poultry industry been devastated by disease? Look it up. It is well documented. Can we afford the risks of increasing the livestock concentration here in the state? Is it a luxury to support the well diversified family farm or is it a luxury to increase our dependence on antibiotics and other means of decreasing diseases necessary in a concentrated industry? While on the subject of disease, the problem of starlings and flies associated with centralized herds is very real. My father-in-law lives approximately one and one half miles from our local feedyard and is plagued by starlings. There are so many in his yard at night that one cannot enjoy the beauty of a clear starry sky unless wearing goggles and keeping the mouth shut. He has consulted various pest control agencies over the years with only limited success. Exterminators have told him not to use poison because of the almost impossible task of picking up thousands of birds and the additional health hazard their corpses would create.

One major and costly difficulty in any concentrated livestock industry is that of waste disposal. From the standpoint of soil and environmental conservation it would seem logical to spread the waste on the same number of acres as it takes to produce the feed to support that amount of livestock. My CPA and I can attest to the cost of spreading manure as my farm has been using it for several years. The feedyard gives the manure to the area farmers but the farmer is responsible for the expense of hauling and spreading. Besides trying to dig out from under a literal mountain of b.s. our feedyard is paying the hauler 50¢/ ton as an incentive for neighboring farmers to use more. This year my cost will range from \$1.00/ton for an irrigated circle about 3 miles from the

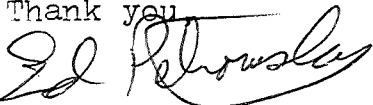
facility to \$1.75/ton for a circle 7 or 8 miles away. When applying 20 ton/acre the cost is between \$20 to \$30/acre. The price would be \$10/acre more without the feedlots 50¢/ton incentive. As you can see it would not be feasible to haul the manure more than 10 miles. This is a 3 to 4 year investment that many cannot afford to make.

Groundwater pollution caused by leaching nitrates and run-off into streams are serious longterm threats that once created are quite likely irreversible for the foreseeable future. The Kansas Fish and Game Commission has documented many fish kills due to run-off.

Of course odor does not constitute a health hazard but is extremely offensive to those living near large livestock operations. The stench certainly does nothing to promote good will within the community where the facility is located.

It may be time to retrace our questionable progress and return to a well diversified, family oriented agriculture that can provide a dependable supply of high quality food at a reasonable cost, support our local communities and ag related businesses, and leave an environment and economy our grandchildren will be proud to inherit. You owe it to unborn generations to thoroughly and honestly research these issues. Kansas AAM supports an amendment to the Kansas Constitution to prohibit corporate farming in the state.

Thank you



Ed Petrowsky

Family farmer and spokesman for Kansas AAM

R.R. #4, Box 84

Pratt, KS 67124

Testimony Against Opening the Kansas Corporate Farm Law

attachment  
3

Mr. Chairman and members of the committee, I am Lloyd Selwig and I am a pork producer from Cherokee County. I am in opposition to relaxing the law against hog corporations because of the control corporations can exert in markets where I must make my living. The March 1986 Farm Journal states that only 20 people in North Carolina control 80% of the hog production in that state. One single individual, Wendell Murphy, controls one fourth of the state's hog production. The article goes on to say that more hog farmers went out of business in the last eleven years than remain today.

North Carolina does not have a corporate farm law. According to the U.S. Bureau of Census, North Carolina lost 40% of their hog farmers between 1978 and 1982. That was more than any of the eight midwestern states, including Kansas, that have corporate farm laws. In that same southeastern region of United States the hog processor, Smithfield Foods, should by now have begun building a large 3,000 sow farrow-to-finish unit while making plans for still other operations.

This is just one example that refutes the claim made by Developmental International in its study that direct vertical integration in hog industry will not happen because it is too expensive. It is this movement towards packer integrating into production, greater dependence on contract feeding, and concentration of production among a few individuals that will damage my markets and my business. I do not want Kansas to follow the model of North Carolina where less than two dozen individuals control over 80% of the production.

I hear about Economic Development, but for every 7 farmers that go out of business there is one business on main street that will also close. In my part of the state, things are very depressed. The cities of Baxter, Columbus, Oswego, Galena, and Pittsburg are beginning to look like ghost towns. I don't believe corporate farming will improve the situation. We are making employment for ourselves and our families. The community would prosper more with 50 people farrowing 100 sows than with one corporation farrowing 5,000 sows.

Think of the investment the hog producers have here. It will be worthless if we are out of business. Are you going to do away with the taxes we pay on our facilities, or do you expect us to continue to pay them?

Relaxing corporate farm laws maybe what the whole country is doing, but I don't think bigger is always better. Corporations do not have the concern for local stores, schools, churches, and other community projects that the people have who were born and raised in these communities. Corporations didn't make America great—individuals did.

This concern for markets and my fellow Kansasans will not allow me to support any relaxation of our corporate farm law in Kansas.

Thank you.

attachment 3  
2-18-88

**THE KANSAS RURAL CENTER, INC.**

304 Pratt Street

WHITING, KANSAS 66552

Phone: (913) 873-8431

Testimony on Corporate Farm Law

The Kansas Rural Center is a private, non-profit organization which has provided research and public education on agricultural and natural resource policy issues for the past eight years. As an advocate for the family farm system of agriculture, we are vitally interested in economic development issues and strategies which attempt to improve the rural economy. After research on corporate farming which we will try to summarize before you today, we have concluded that opening up our corporate farm law will not bring about the type of economic development that is in the best interests of existing farmers, rural communities, and Kansas.

The best model for agricultural development in Kansas is to develop public policies that strengthen a broadly-owned base that encourages diversification in both grain and livestock production among individual farms. Sociological evidence recommends that the vitality of communities is best enhanced by maintaining a broad base of medium-sized farms. (See page 4.) As farm size grows, farm operators bypass local businesses to purchase directly from wholesalers. Main street businesses falter and eventually farmers lose services that they had come to expect. Profits leave local communities to distant corporate stockholders and headquarters. Quality of jobs decrease as we move away from a family farm system to a corporate structure that separates ownership, management and labor.

Kansas responded to the economic hardships and the farmer exodus during thirties by instituting the first corporate farm law in the nation. That law then, as is true today, can serve the general public good by protecting our traditional family farm system, against some of the unfair competitive advantages of large agricultural corporations. These advantages



permit corporations to undermine competition in the marketplace and the quality and reliability of our food source.

Even after the federal tax reform of 1986, our tax structure gives distinct advantages and incentives to corporate expansion. (See page 5.) Large operations can use bulk purchasing advantages over other producers. (See page 6.) Both of these advantages can work to squeeze out currently efficient producers who can not fully utilize these tax advantages. Local businesses and services suffer as they are displaced by wholesalers and regional trade centers. As the farm population leaves; soon the business community shrinks followed by cut backs in social, health, and educational services.

The largest advantage of agribusinesses is to use the market leverage of vertical integration to drive down farm prices. A USDA study shows that packers that own feedlots can depress local cash prices significantly. (See page 7.) IBP has recently indicated interest in raising their own slaughter cattle. (See Des Moines Register article, page 8.) The concentration of meatpackers in the United States significantly lowers livestock prices. (See page 9.) This large scale vertical integration and packer concentration eventually works to undermine the survival of existing farmers as prices are depressed.

Before relaxing our corporate farm law, Kansas should consider how other midwestern states have used their corporate farm laws to benefit their livestock industries and producers. Nebraska in 1982 passed one of the nation's toughest corporate farm laws. Nebraska is the only major hog producing state in the nation that has not had a decline in hog numbers this decade. (See page 10.) Eight states in the early eighties had major

corporate restrictions according to the USDA. (See map page 11.) Comparing those states with North Carolina, which does not have a corporate farm law, we find the states with corporate restrictions have maintained their hog production more among the medium-size producers while North Carolina has the greatest growth in the largest feedlots and the largest loss of hog producers. (See page 12.) Note also that Iowa, who produces one-fourth of the nation's hogs, relies proportionately more on the medium-sized producers than does Kansas. Obviously having a dominance of large feedlot production is not necessary to be a leader in hog production.

In summary, continuing a broad base of family farm entrepreneurs is the best economic development model for our communities and our state. At the very least Kansas must not relax our law to entice corporate hog production into Kansas. Instead we need to expand our agricultural corporate reporting requirements to be sure that existing corporations are in compliance with current law. The Iowa law can serve as a good model. Kansas should prohibit the vertical integration of large corporations in the livestock industry.

Finally, the corporate farm law should be dealt with in an comprehensive way rather than in a piecemeal approach that often pits one farm interest against another. Since our food system is important to every Kansan and this issue is difficult to resolve in the legislature, we recommend that this issue be brought before a public vote through a constitutional amendment.

Thank you for your attention.

## SOCIOLOGICAL IMPACTS OF LARGE FARMS ON BUSINESS AND RURAL COMMUNITIES

"Retention of medium-sized farms lead to greater community vitality than the growth of very large farms in the small grain and livestock areas of the western half of the United States." Emerging Technologies, Farm Size, Public Policy and Rural Communities: The Great Plains and the West, Cornelia Butler Fora and Jan Flora, KSU, 1985.

"The faster farm sizes increase, the faster the rates of poverty increase." ... "There is mounting evidence that current policies designed to promote agriculture, insofar as they lead to the expansion of existing operations and greater concentration, in actual practice, also promote the deterioration of rural community life ... Everyone who has done careful research on farm size, residency of agricultural land owners and social conditions in the rural community finds the same relationship: as farm size and absentee ownership increases, social conditions in the local community deteriorate." Sociologists E. G. Dolber-Smith and Dean MacCannell. Both worked on the Macrosocial Accounting Project -- Community Information Bank at the University of California at Davis which researched 85 diverse towns in the Central Valley region over an eight year period.

It is estimated that for every six or seven farmers that go out of business, one local business also goes under. Larry Swanson, a Nebraska demographer, studied 27 remote counties between 1950-1980 and estimated that every 10% loss in farm population resulted in 15% loss in retail businesses, school enrollment and labor supply.

"The economies of rural communities are generally centered around the agricultural sector. There can be little doubt that the vitality of these communities has been adversely affected by the growth in farm size and the corresponding decline in their numbers. One reason for this assertion is that declining farm numbers tend to erode the population base of rural counties. Another factor is that larger farmers are more apt to bypass local service facilities and implement dealerships, preferring instead to purchase supplies at larger, regional trade centers or to deal directly with wholesalers." (Kansas Business Review, Sexton and Cita, Summer 1982.)

"By every measure I could devise, the quality of life in Dinuba (small farm community) was superior to that of Arvin (large farm community) ... There is no doubt that the dominance of large-scale agribusiness was the cause of these vast and important differences between two the towns about 100 miles apart and engaging in the same kind of agricultural production." Dr. Walter Goldschmidt testifying before a Senate Judiciary subcommittee in 1979 on his 1944 California classical study on the sociological impact of farm size on rural communities.

"The managers of largescale corporation farms deal directly with the wholesalers or even the manufacturers of the products they need ... In an area where corporation farms dominate there is no place for the village farm supply dealer, the co-op grain elevator, the small banker. You simply cannot have corporation farms and small business enterprises cheek and jowl. On the other hand, where family farms thrive, small businesses flourish, too." 1967 FmHA study of 190,000 farm families using supervised credit.

WHEN IS A BUILDING NOT A BUILDING?

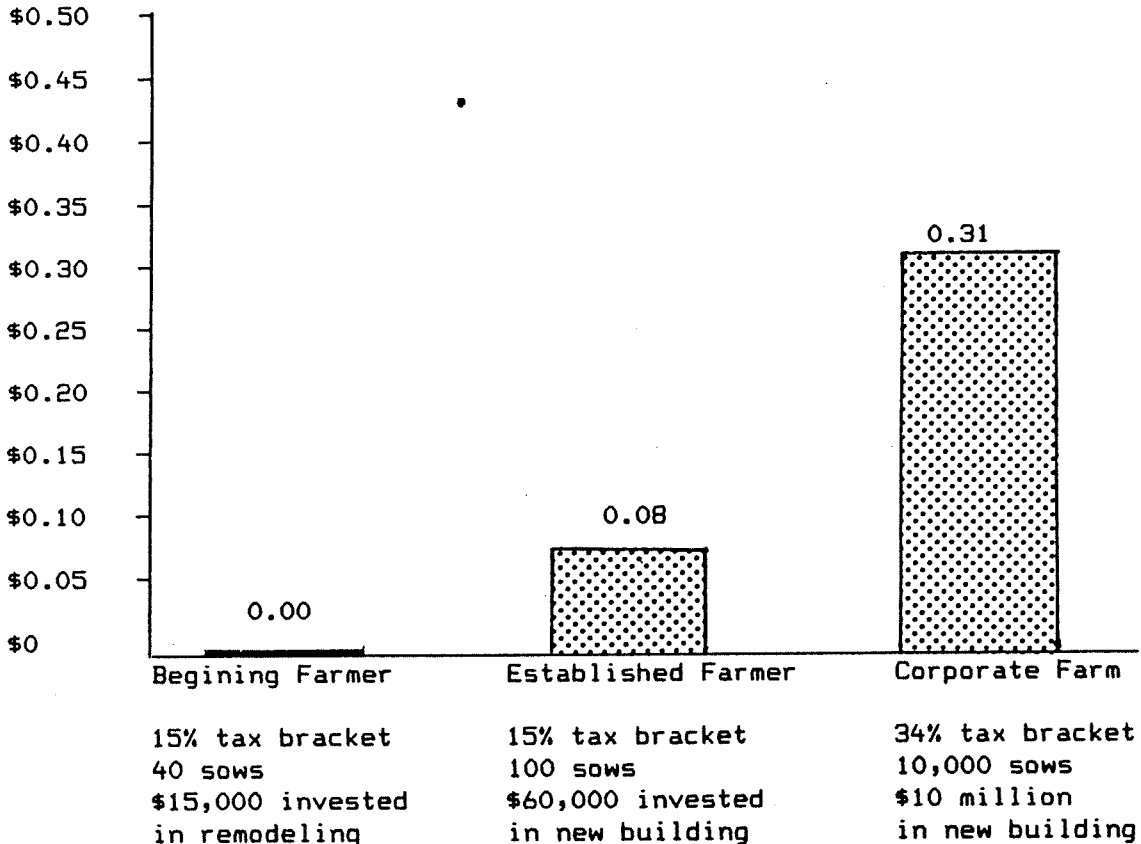
Livestock, dairy and poultry buildings are defined as equipment for tax purposes, qualifying them for unrealistically rapid depreciation. Current law allows for a seven year depreciation schedule; 15 years would be more realistic. Speeding up the writeoff is worth the interest value of having the tax savings in just seven years instead of 15.

The benefit is greater the higher the tax bracket and the more money invested in facilities (capital) to replace labor. Consequently, it gives an advantage to corporate operations over family farms (see below). It encourages more building and more production, which cause lower hog prices.

Most family farmers lose more in price than they gain in tax benefits. For example, National Farms' 300,000 hog operation proposed for South Dakota would lower hog prices by about 25 cents per cwt, three times more than the established farmer below gains from the tax break. The beginning farmer gets no tax benefit because his income is insufficient to use the writeoff in just seven years, yet he must suffer the lower price.

VALUE OF ACCELERATING DEPRECIATION ON HOG BUILDINGS

HOG PRICE INCREASE OF  
EQUAL VALUE TO TAX BREAK



Information provided by Center For Rural Affairs, Walthill, Nebraska, 1987.

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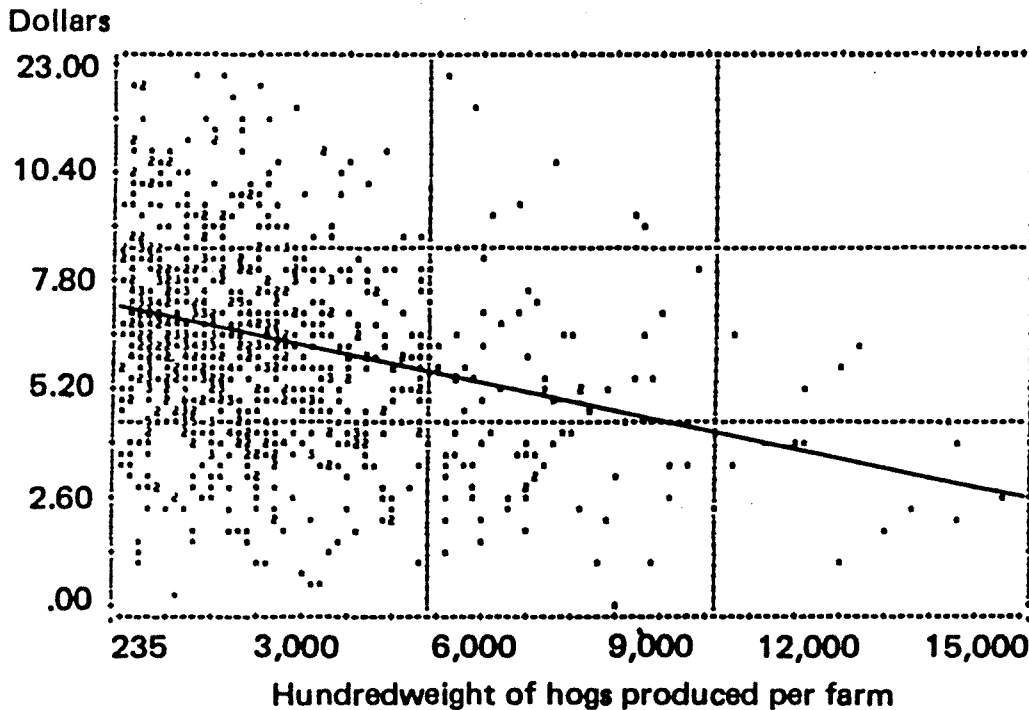
"There is a general view that sellers of large lots of cattle get some price advantage beyond that justified by cost difference."

Dr. Willard Mueller, Un. of Wisconsin and former Chief Economist, Federal Trade Commission

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Agribusinesses compete aggressively for business from the big operators to assure large volumes of business. Large producers gain economic power because their size may get them higher prices for products and lower prices for inputs. This gives large producers a competitive advantage over moderate sized family farmers who may be equally or more efficient producers.

### Cost per 100 pounds of commercial feeds fed, 1983



Source: Van Arsdall, Roy N., and Nelson, Kenneth, Economies of Size in Hog Production, USDA, December 1985.

DOES PACKER FEEDING CREATE THE POTENTIAL FOR UNFAIR PRICING?

"Whenever the market strengthens to a certain point, they quit buying our cattle and they kill cattle out of their own yards. Then they break the market." - A Colorado farmer describing the impact of packer feeding by Monfort (Omaha World Herald).

While an increase in fat cattle sales by independent feeders will reduce fat cattle prices, USDA researchers found that the price reduction was ten times greater when the additional cattle were fed by packers (Aspelin, Arnold and Gerald Engelman, 1966, Packer Feeding of Cattle; Its Volume and Significance, Packers and Stockyards Administration, USDA, Marketing Research Report # 776).

"By 1995, 30 percent of the nation's cattle will be slaughtered by the big packers in joint ventures with feedlots." Kevin McCullough, packer consultant, interview (Beef Today).

Bill Haw, President of hog industry giant National Farms, predicted recently that hog production would become controlled by packing companies (Lincoln Journal, 11/9/87).

LOW PRICES CORRESPOND WITH HIGH PACKER-FED SHIPMENTS

DIFFERENCE BETWEEN LOCAL PRICE AND SEVEN MARKET AVERAGE PRICE FOR CHOICE STEERS,  
PACKER-FED SHIPMENTS OF NEARBY PACKER  
1962.

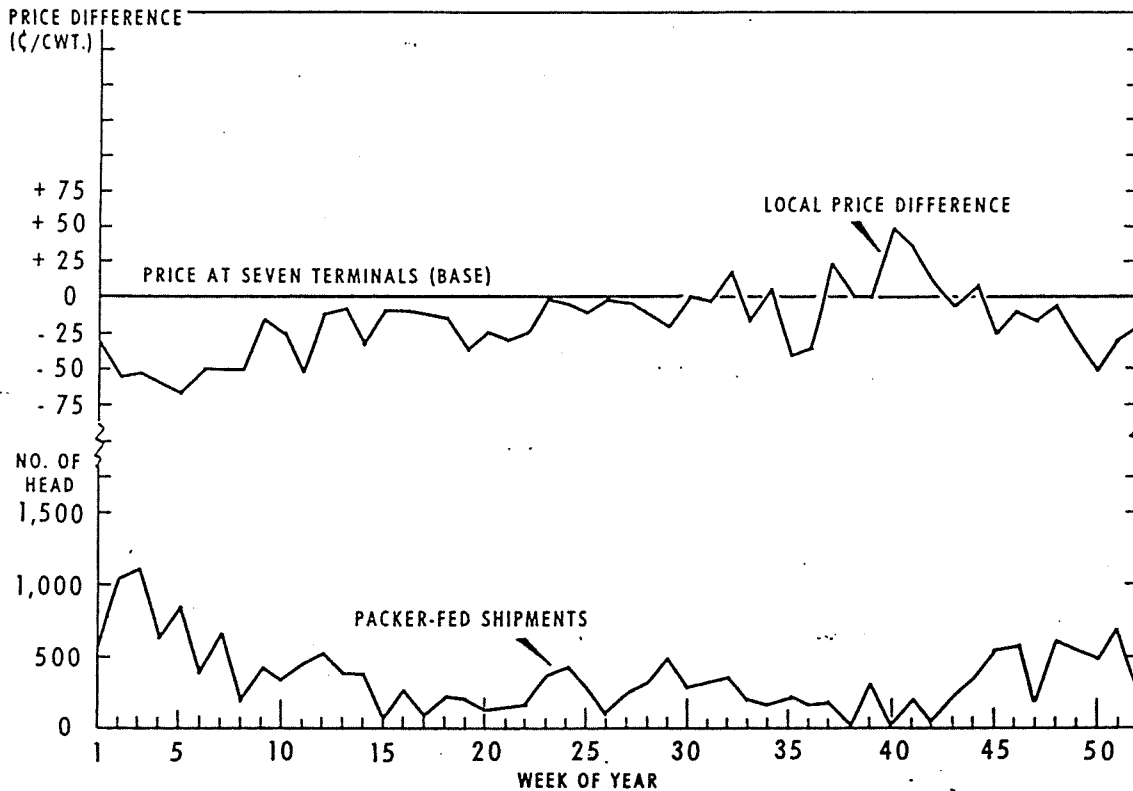


Figure 4

Source of Chart: Packer Feeding of Cattle; Its Volume and Significance, USDA

# IBP won't rule out raising own cattle

By DON MUHM

Register Farm Editor

An official of IBP Inc., the nation's largest meatpacker, said Friday his company is not ruling out raising its own cattle for slaughter, and if it does "it won't be in a modest way."

The speech by IBP Vice President George Spencer to the Iowa Cattlemen's Association was one of two focusing on three of the most serious issues being debated within the cattle industry: the trend toward giant feedlots, increased livestock feeding by meatpackers and the increasing use of contracts with packers to provide livestock for slaughter.

Nebraska feedlot owner Jim Roberts told the Des Moines convention that IBP, Excel and ConAgra, the nation's "Big 3" beef packers, are slaughtering an ever-increasing share of slaughter-ready beefs. The three companies killed 41 percent of all grain-fed beef cattle in 1985, Roberts said. Last year the total jumped to 68 percent.

## Out of the Market

Roberts said this trend and the use of "forward contracting" sales of market-ready cattle "tends to take these packers out of the market."

Roberts said the number of cattle being fed in giant feedlots has increased. Five of the largest feedlot cattle companies can feed 2.5 million head of beef animals a year.

"This may not be all bad, or negative when supplies are short. But we see a true test of this on down the road when numbers are greater. Then we might see some negative impact from what's happening," Roberts said.

Spencer said that IBP only recently started forward contract sales of slaughter-ready cattle, and that was "for the convenience of lenders and feeders." He said forward contracts represented only 1.2 percent of IBP's slaughter last year.

The IBP executive said, "We as a company don't want to be in competition with you in the auction barn ... [however] if we find forward pricing contracts and packer-feeding of cattle causes us concern over the availability of animals for slaughter at our plants and prevents us from getting the supply we need, we will seriously move in the direction of packer-feeding, and it won't be in a modest way."

Spencer then added that IBP would "move aggressively" in lining up con-

tract sales, too. "We have no plans and no desire now, but conditions may change."

He also answered charges of concentration in the meat packing industry, by saying, "These are not new plants being constructed and no additional facilities ... but existing plants some one else couldn't make work."

In another presentation, Texas A&M animal scientist Gary Smith scolded the cattlemen for losing the food war to chicken.

"The chicken people beat us to death with finger foods," Smith said. "Do you know if McDonald's had



JULIANNE HAYWOOD  
came up with Beef McNuggets instead of chicken it would have required the rounds and chucks of 1.7 million head of fed cattle?"

But on the other hand, Smith said the debut of fajitas "put \$2.75 more on the price of every beef animal marketed last year."

Julianne Haywood, 19, of Union was named 1988 Iowa Beef Queen at the convention from a field of 14 participants. She is a student at Iowa State University and the daughter of Charles and Betty Haywood.

Selected runners-up and designated Iowa Beef Princesses were Shelleen Lynch of Gladbrook and Cindy Ludwig of Carroll.

## Cattle herd drops 3%

The number of cattle has declined by 3 percent to 99 million head, the nation's smallest beef and dairy herd since 1961.

Both beef cow and dairy cow numbers dropped 2 percent. Cattle numbers have declined steadily from the record high of 132 million head in 1975.

The number of milk cows, 10.3 million head, is the smallest since 1872, according to the USDA.

Iowa numbers declined by 1 percent. Beef cow totals are 1.2 million head, up 2 percent, while the number of milk cows in the state dropped 3 percent to only 299,000 head.

The USDA said all cattle in Iowa now total 4.6 million head, down 1 percent.

## ECONOMIC POWER

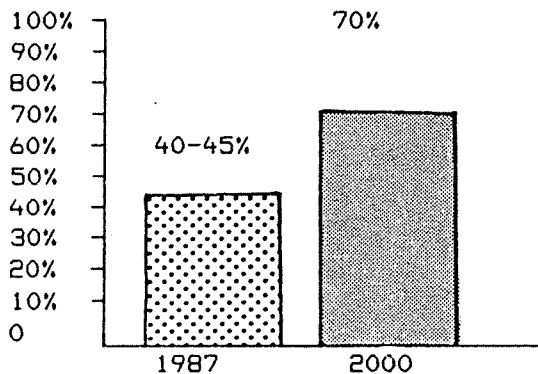
Free market theory assumes that there are many buyers and sellers, none with the ability to set prices, either acting independently or with others. But when there are only a few buyers or sellers, what happens to prices?

\* A one percent increase in the market share held by the four largest packers reduced hog prices by 2¢ per cwt. (1)

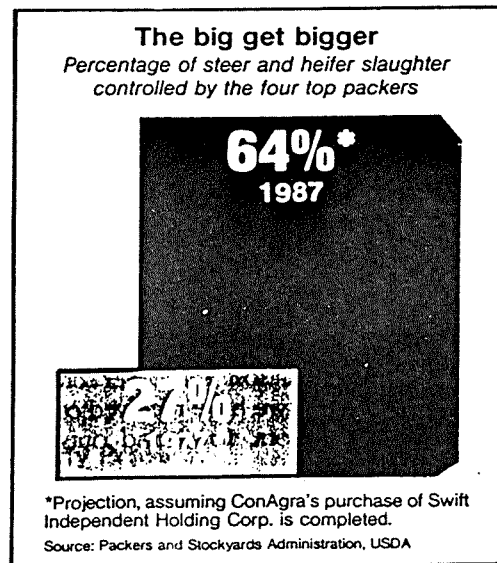
\* A 10% increase in market share by the four largest beef packers reduces fed cattle prices by about 10 cents per cwt. (2)

\* When IBP (Iowa Beef Processing, a market giant) is in a market region, fat cattle prices are reduced by 44 cents per cwt. (2)

BY 2000, 4 FIRMS WILL SLAUGHTER  
70% OF NATION'S HOGS



Source: The Helming Group, Agricultural Consultants, Farm Journal, Sept. 1987.



### Sources:

(1) "Monopsony Power in Commodity Procurement: The Case of Slaughter Hogs", Miller, Steve, and Harris, Hal, Clemson University

(2) "The Impact of Packer Buyer Concentration on Live Cattle Prices", Gwen Quail, Bruce Marion, Fred Geithman, and Jeffery Marquardt, University of Wisconsin, Madison, May 1986.



# STATISTICALLY SPEAKING

## Hog Inventory Trends

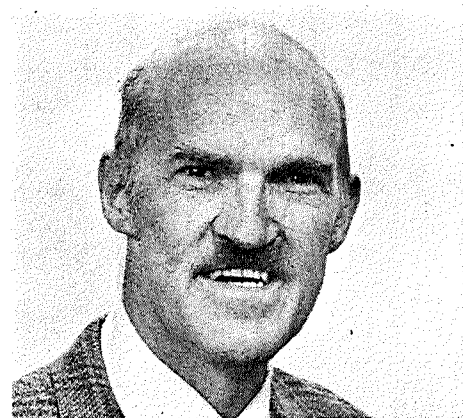
The chart below shows U.S. hog numbers as of December 1 for the past ten years. Hog numbers have declined 21 percent from the 64.5 million head that were on hand in the U.S. in December 1980 and 24 percent from the peak of 67.3 million head attained in December 1979. The outline map which accompanies this article shows how hog numbers have declined by state. Percentages for the ten quarterly states are circled because these, for the most part, are the leading hog states and inventory and farrowing infor-

mation is provided for those states on a quarterly basis.

Since December 1980, Kansas hog numbers have declined 24 percent, somewhat more than both the ten state and U.S. average, but not nearly as great as the percentage decline in the southeastern states where numbers have been cut by half or more. Nebraska was the only important producing state that showed no decline in numbers since December 1980. Only a few minor states showed increases.

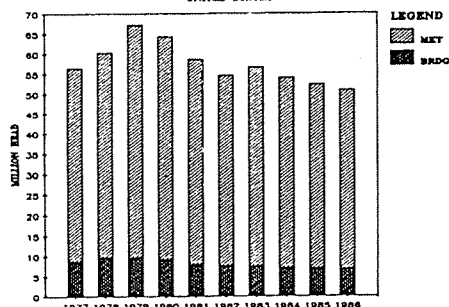
For the past year, with the hog-corn ratio reaching record levels, many have expected to see a significant turnaround in hog numbers. The June 1 Hog and Pig Report shows that turnaround is occurring, but rather unevenly. The ten major states covered in the June report show a 9 percent increase in inventories as compared with June 1, 1986. Of the ten states only Kansas and Indiana showed no change. Missouri was up 3 percent, Minnesota was up 6 percent, Georgia up 7 percent, Nebraska, Illinois and North Carolina up 8 percent, Iowa up 12 percent, and Ohio was up a whopping 26 percent. Overall inventory increases have been slower

than many expected and probably much more unevenly distributed geographically than might have been anticipated. It will be very interesting to watch hog and pig numbers over the next few months to see if the regional trends of the past six months will continue.

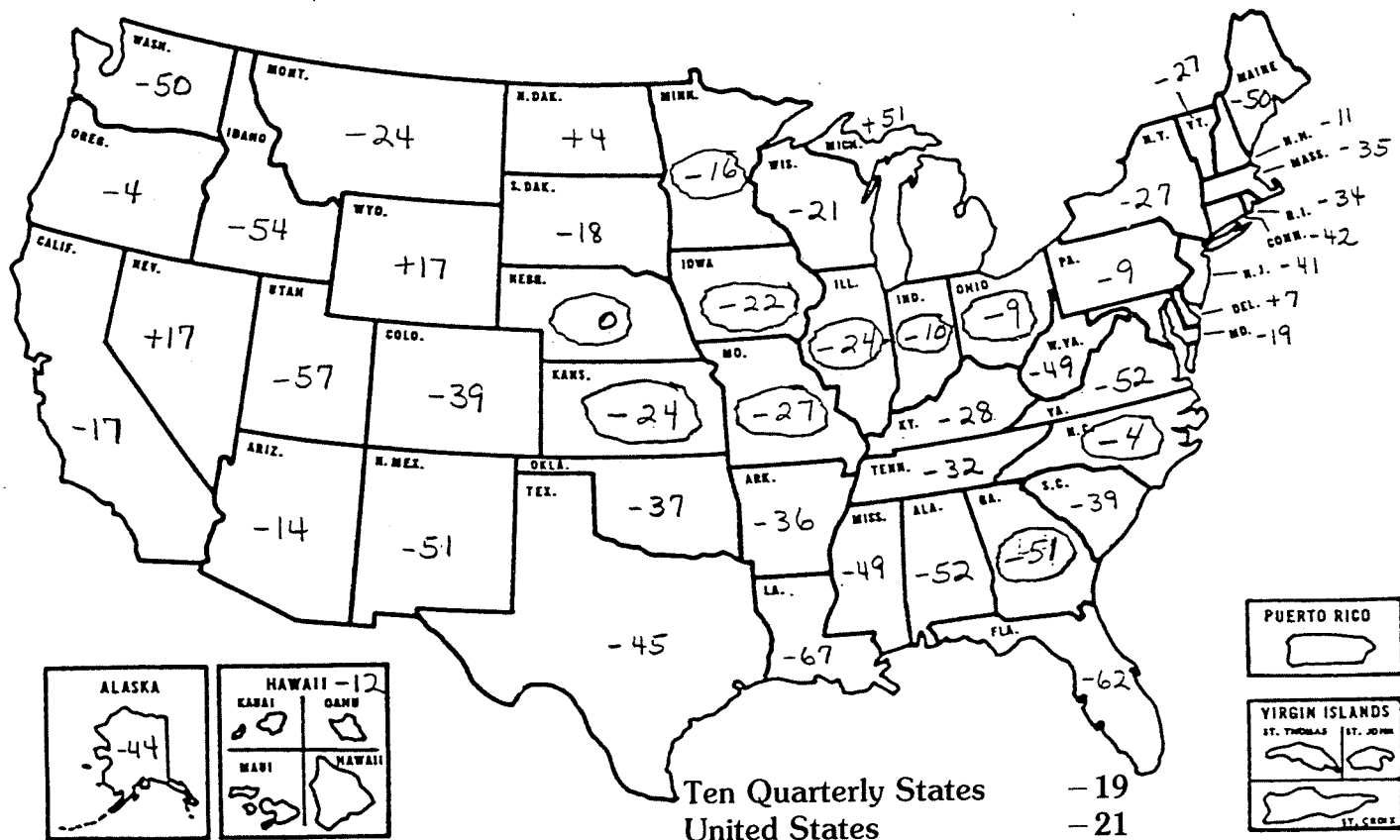


M.E. "Moe" Johnson is a State Statistician with the Kansas Board of Agriculture.

DECEMBER 1 ALL HOGS AND PIGS  
UNITED STATES



### Percent Change in Hog and Pig Inventories between Dec. 1, 1980 and Dec. 1, 1986



CORPORATE FARM LAW STATES VERSUS THE REST OF THE CONTINENTAL STATES

This issue paper compares eight states with major corporate restrictions with the remaining 40 continental states in terms of hog and cattle prices during the year of 1983 which is the last year USDA has the relevant information for comparison.

Kenneth Krause in the USDA publication identified eight states with major corporate farm law restrictions during the early eighties (Corporate Farming: Importance, Incentives, and State Restrictions, 1983). Those states are Iowa, Kansas, Minnesota, Missouri, North Dakota, Oklahoma, South Dakota and Wisconsin. Livestock data and prices were taken from USDA's Livestock and Meat Statistics, 1983.

**HOG PRICES**

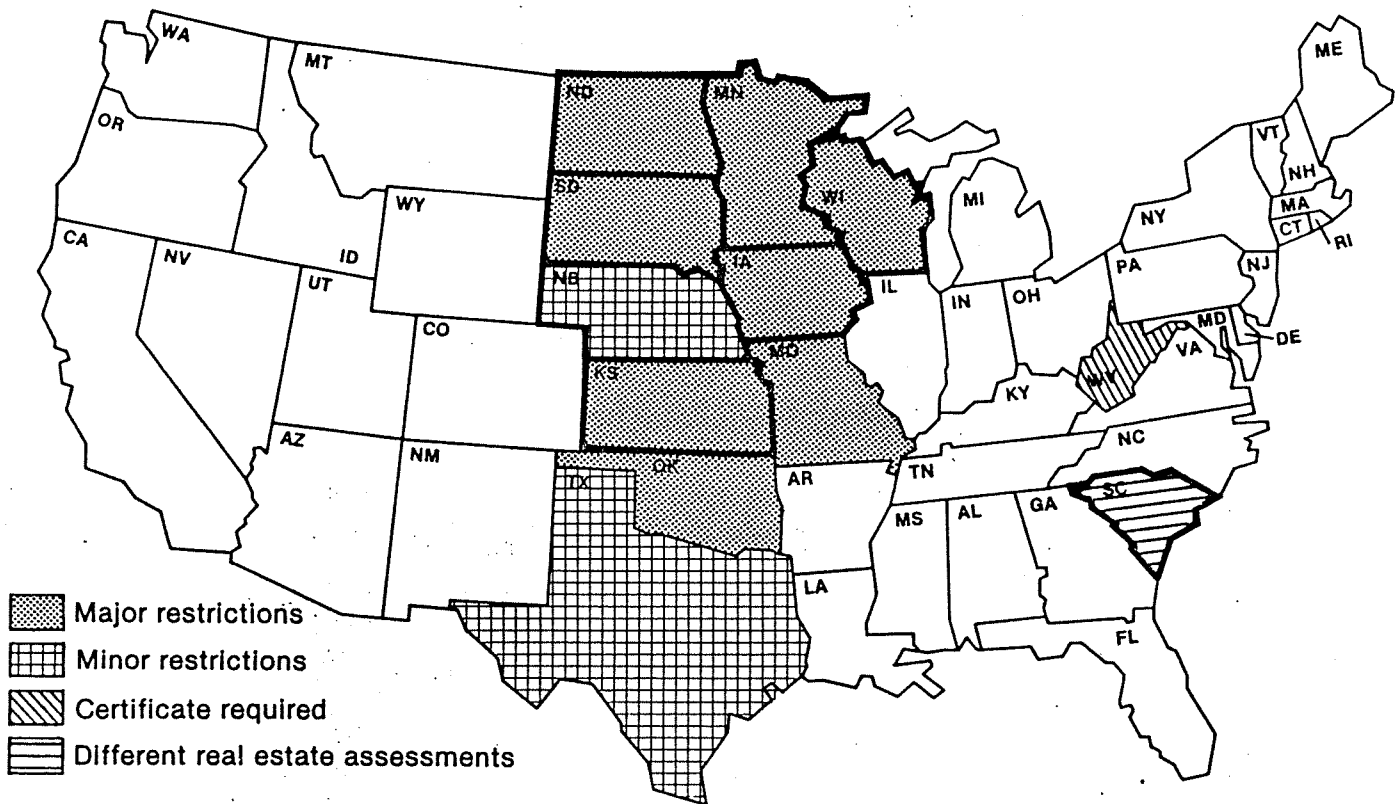
These eight states produce 50% of the nation's pork production. Together these eight states on a weighted basis (total value of production divided by total pork production) averaged \$0.04/cwt. higher than the rest of the nation (\$46.71 vs. \$46.67/cwt.).

**CATTLE PRICES**

These eight states produce 35% of the nation's fed cattle. Together these eight corporate farm law states on a similar weighted basis averaged \$0.96/cwt. than the remaining 40 states (\$55.30 vs. \$54.34/cwt.).

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**States with Corporate Farming Statutes, 1981**



Corporate Farming: Importance, Incentives, and State Restrictions, USDA, 1983.

## HOGS, FARMERS AND CORPORATE FARM LAWS

Corporate farm laws are useful to maintain hog production among small and medium-sized producers. Many midwestern states have corporate farm laws to protect the interests of family farmers from unfair competitive advantages of corporations. Comparisons can be made between North Carolina, a major hog producing state with no corporate farm law, and various midwestern states that do have a corporate farm law.

### Total Hogs and Pigs sold in 1982

State	Size of Farm - % number head sold				Growth in sales among largest feedlots, '78-'82, as part of total sales
	1-999	1000-1999	2000-4999	5000+	
Kansas	52.2	17.3	14.6	15.9	2.8%
Nebraska	52.2	18.3	10.6	18.9	8.4%
Iowa	52.3	25.4	15.0	7.3	3.2%
Missouri	65.3	19.0	10.4	5.3	1.2%
Oklahoma	60.6	15.0	10.7	13.7	--
North Carolina	22.4	14.6	22.8	40.2	15.9%

### Change in Number of Hog Farmers, 1978 - 1982

State	# Hog Farmers		% Decrease
	1978	1982	
Kansas	13,794	9,778	29.1%
Nebraska	23,000	16,000	30.4%
Iowa	60,065	49,021	18.4%
Missouri	35,000	27,000	22.8%
Oklahoma	9,000	6,500	27.7%
North Carolina	15,737	9,436	40.0%

Data taken from U. S. Department of Commerce, Bureau of Census.

Note: Kansas, Nebraska, Iowa, Missouri and Oklahoma all have corporate farm laws. North Carolina does not.

## CORPORATE FARM LAWS OF VARIOUS STATES

### KANSAS

Permits the following: family farm corporations with the majority of stockholders related; authorized farm corporations that were incorporated by Kansans with fewer than 16 individual stockholders 30% of whom have some involvement with labor or management; limited agricultural partnership with no more than ten partners with one of the general partners involved in labor or management; an assortment of trusts. Feedlot ownership is exempted from any corporate restrictions. Poultry and rabbits were exempted in the 1987 legislative session. However, the attorney general has rendered an opinion that corporations larger than authorized farm corporations owning a swine "feedlot" must sell for slaughter and not for breeding purposes. Civil penalties for violators are limited to \$50,000.

### NEBRASKA

Permits family farm corporations but prohibits other corporations from entering farming or ranching. The Nebraska law is also unique in that it pertains to both land and livestock ownership. There is no exemption for authorized farm corporations or feedlots. Existing corporate owned farms or feedlots are "grandfathered" in. Nebraska obtained its law through a public referendum process in 1982.

### IOWA

Permits family farm corporations as well as authorized farm corporations with less than 26 individual stockholders. The Iowa law is unique in that it prohibits meat processors with more than \$10 million annual sales from ownership, operation, or control of feedlots. Limited partnerships are allowed but must file annual reports. An 1987 admendment limits acreage ownership of authorized farm corporations and authorized trusts to 1,500 acres along with a three year divesture period for those in violation. Penalty for violation limited to \$50,000.

### NORTH DAKOTA

Along with Kansas, North Dakota was one of the first states to have a corporate farm law. Permits family farm corporations with less than 16 stockholders with restriction that 65% of the gross income must come from farming. Permits cooperative corporations that have 75% of the stockholders who are actual farmers or ranchers. There are no exemptions for feedlots or authorized corporations. The attorney general conducts a random compliance checkon 5% of the registered corporations.

attachment  
5

Feb. 18, 1988

My name is Vaughn Woolf, and I am a pork producer from Cheney, which is located in Sedgwick County.

As Select Committee members, you have heard testimony given by persons supporting a change in the corporate farm bill stating that small, efficient, pork producers can compete with large corporate farms. Speaking as a small producer, I can not compete. It is not that I am lazy, inefficient, uneducated or that I lack marketing skills which puts me at a handicap, but, it is my inability to compete while purchasing production inputs such as feed, breeding stock, and equipment. It is common knowledge that a single item is usually more expensive than a case of the very same item. This same fact is true when purchasing large quantities of hog feed ingredients over small quantities.

To illustrate this point, I will use two ingredients from a common feed ration and compare the prices paid for these ingredients by both a large producer who farrows 2000 sows per year and a small producer who farrows 100 sows annually.

Most hog feed rations can be broken down into three basic ingredients: 1) grain; normally corn or milo, 2) a protein source: usually soybean meal, and 3) premix; which is a term used to include all vitamins, minerals, salt, and medications. Many companies manufacture complete premixes which are sold as either bagged or bulk products.

To determine the amount of feed my two comparison farms will require, I will use information from the Doanes Agricultural Newsletter that I receive at my own operation.

2000 sow farm -----	100 sow farm -----
2000 sows	100 sows
x 17.5 pigs/sow	x 17.5 pigs/sow
-----	-----
35,000 pigs/yr.	1,750 pigs/yr.

Using an average feed conversion rate of 4:1 ( four pounds of feed to one pound of gain ), and feeding the pig to a market weight of 230 pounds, it will require 920 lbs. of feed per pig to reach market weight. These figures also include feed required to maintain the breeding herd.

35,000 pis/yr.	1,750 pigs/yr.
x 920 lbs.	x 920 lbs.
-----	-----
32,200,000 lbs./yr.	1,610,000 lbs./yr.
* 2000 lbs./ton	* 2000 lbs./ton
-----	-----
16,100 tons/yr.	805 tons/yr.

attachment 5

2-18-88

Doanes Newsletter also estimates a basic ration is composed of 80% grain; 16% protein; and 4% premix.

16,100 tons/yr.	805 tons/yr.
x 16%	x 16%
-----	-----
2,576 tons SBM/yr.	128.8 tons SBM/yr.
* 12 mo./yr.	* 12 mo./yr.
-----	-----
215 tons/mo.	10.7 tons/mo.

It is at this time that quantity purchasing becomes a large factor. The 100 sow producer will find that he is unable to compete with the large producer in both quantity purchased and the price paid. Since soybean meal is a perishable product, large quantities cannot be purchased in advance and stored on the farm. In this example, both farms will purchase soybean meal once each month. The small producer will attempt to find the lowest price for soybean meal in his local area since he is not large enough to by-pass a middle man and go straight to the manufacturer. Price in Garden Plain, Kansas at the CO-OP for Tuesday, February 16, was \$237.58/ton delivered. The large producer will call Cargill Inc. in Wichita and receive a bulk price of \$198.40/ton delivered with a 26 ton semi-truck load. This is a savings of \$39.18/ ton!

2,576 tons SBM/yr.	128.8 tons SBM/yr.
x \$198.40 /ton	x \$237.58 /ton
-----	-----
\$511,078.40/yr.	\$30,600.30/yr.
* 35,000 pigs/yr.	* 1750 pigs/yr.
-----	-----
\$14.60 SBM cost/pig/yr.	\$17.49 SBM cost/pig/yr.

The last figures given show a large producer advantage of \$2.89 per pig sold over a small producer. This money is pure profit gained through large quantity purchases.

The second input I will compare is the premix. Premix makes up about 4% of the ration.

16100 tons/yr.	805 tons/yr.
x 4%	x 4%
-----	-----
644 tons premix/yr.	32.2 tons premix/yr.
* 12 mo./yr.	* 12 mo./yr.
-----	-----
53.6 tons/mo.	2.68 tons/yr.

Once again we will make only one purchase per month and from the same company. The premix brand I use is Vigertone Ag Products, and it is their quantity discounts I will quote.

A producer who purchases 2.68 tons of premix per order receives a bulk discount of \$14.00 / ton. The producer that purchases over 20 tons per order will receive a bulk discount of \$96.00 / ton. This is an \$82.00 savings for each ton of premix purchased.

644 tons/yr.  
 x \$96 discount / ton  
 -----  
 \$61,824 savings  
 \* 35,000 pigs/yr.  
 -----  
 \$1.77 savings/pig

32.2 tons/yr.  
 x \$14 discount / ton  
 -----  
 \$450.80 savings  
 \* 1750 pigs/yr.  
 -----  
 \$0.26 savings/pig

The last figures show, once again, an advantage in bulk purchasing, this time in a savings of \$1.51 per pig for the large producer. Add this to the \$2.89 advantage in the bulk soybean meal purchase, and you come up with a \$4.40/pig advantage for the large producer.

Granted, this is a small and simple example, but it does point out two examples of non-artificial incentives for large producers over small producers. When all the production inputs have been considered, including operating funds, it is easy to see that the large producer has a distinct advantage over the small.

I thank the committee for the chance to voice my concerns and for your attention. If I can answer any questions, I can be reached by calling Vaughn Woolf in Cheney, 1-316-542-3737 during the day or at 1-3160542-0596 in the evenings.

*attachment  
6*

TESTIMONY TO THE SELECT AGRICULTURAL COMMITTEE

FEBRUARY 18, 1988

TOPEKA, KANSAS

by

JIM SWIERCINSKY, OWNER, LAZY S FEED STORE, SCANDIA, KS.

My name is Jim Swiercinsky. I reside in Belleville, Kansas, and own a feed store in Scandia, Kansas. I grew up on a dairy, beef, hog and crop production farm in Republic County. After graduating from Kansas State College with a B.S. degree in agriculture in 1960, I began dairying near Belleville, raised beef cattle, and had a farrow to finish hog operation. In 1968 personal problems dictated a move from the farm and I began working for the Kansas State Board of Agriculture as supervisor of market promotion and development programs. Later, I served as assistant director of the Marketing Division and had responsibility for export market development. After approximately five years, I entered the field of selling welding equipment for OXO Equipment Co., New Lenox, Ill., a business owned by my in-laws. This company, by the way, is one of the few remaining family-owned businesses in its field in the U.S.

In 1980 we decided to invest in my hometown area and purchased a feed and fertilizer business in Scandia. We probably could not have picked a worse time. By 1981 interest rates on our S.B.A. loan had soared to 22½%. The first P.I.K. program reduced our business sales 35%. Then, the ag crisis slashed our customer base even further. We found ourselves in a similar position to that of our farmer customers. We were forced to sell our 160-acre farm in an attempt to stay in business.

*attachment 6  
2-18-88*



In August 1986 we sold the fertilizer equipment and decided to retrench by concentrating on the feed business. It's paying off! We saw an 80% increase in feed tonnage in 1987 and 70% of this increase was from swine feed.

In profiling our customers we find that almost 50% of our customers are in the 35-and-under age bracket. We are seeing reactivation of recently closed facilities in many of these cases. We also are seeing interest from young people who were not in the hog business previously. We like this trend because young people are the vigor and life blood which keep small communities going. As in the '30's, hogs are once more "the mortgage lifter" and a positive cash-flow is critical in today's lending circles.

I am a Kent Feed dealer and proud of it. Kent Feeds, Muscatine, Iowa, is a family-owned and developed company which believes in selling through the dealer system. Except for a research farm near Muscatine, they do not own or feed livestock.

Contrast that philosophy with some of the corporations ranked among the 400 largest farms in the U.S. such as Con Agra #4, Cargill #5, Continental Grain #11. They don't think twice about competing with their farmer customers if it will enable them to make a profit and expand even further their vertical integration spread. We know that many petroleum companies have purchased chemical companies, feed, and seed companies, etc. In fact, it seems to be becoming an everyday occurrence that another conglomerate giant buys out a small company. After seeing the Beatrice commercial on TV last year I wonder just how many former small businesses they now own. I also am alarmed at the increasing number of foreign entities purchasing U.S. businesses and land, but I see very little difference in the large, vertically integrated corporations, foreign or domestic.

One of the key issues in the corporate hog farming discussion seems to be, "Will corporations displace farmers?" We think the answer is yes. In my opinion the 33% loss in hog producers in southwest Kansas and 40% decline in North Carolina

over only a 10 year period illustrates what will happen in Kansas if we change the law. Although we hear glowing reports about what is happening in North Carolina, I am suspicious when large numbers of farmers begin feeding hogs for corporations on contract. The corporate provides the feed and hogs; the farmer provides the facilities and labor. It is a matter of time until the farmer who does not contract with one of the corporations will find himself without a place to market his hogs. When this happens and the independent farmer leaves, you have left a monopoly and the farmers who are contract feeding are totally dependent on their corporate bosses. You have something akin to "the company store".

For us, who would be left to buy Kent feed? If the corporations have their own feed, in most cases they also will have their own accountants, lawyers, lenders, veterinarians, engineers, nutritionists, etc. With each 10% loss in farm population we can expect a 15% loss in retail sales, school enrollment and labor supply, according to Larry Swanson, a Nebraska demographer. We also can anticipate a decline in people who serve on school boards, library boards, tree boards, etc. because it is usually small business people and farmers who accept these positions, not ambitious young managers working their way up the corporate ladder.

Locally, we have seen a feedlot grow from 7,000 to 32,000 head on their way to a projected 50,000 head in two years. This has resulted in fewer small feedlots and helps explain why 70% of our business is hog feed. The feedlot buys almost all its supplies direct. This could be another contributing factor to the dramatic drop in retail businesses in our county since 1980.

History tells us that the ag dollar turns seven times in the local and state economy. However, when you are talking about vertically integrated corporations like those in the top 400 farms I have mentioned, their dollars go back, not to turn seven times but to acquire other food production entities and expand their profits, continually gaining a larger share.

The same climate that led to our losses in the fertilizer business in the early 80's also led to declining hog numbers. Now, as the sun is shining on this segment of agriculture let's not hastily open the doors further. This committee has an awesome responsibility because you have the future of farmers and small business people like myself in your hands. The task becomes less difficult if you listen to the people instead of the pressure groups.

Who Will Produce Pork in Kansas  
Raeborn Nelson Chanute, Kansas

The question of corporate hog farming in Kansas could be better stated as "who will produce pork in Kansas?" If we allow Corporate Hog Production in Kansas, it will undoubtedly result in the elimination of many of our state's pork producers from the industry. A good example is the state of North Carolina, which has no restrictions on corporate farming. From 1978 through 1982 North Carolina has lost 40% of its pork producers while its hog numbers have remained steady over the last ten years. Forty per cent of North Carolina's hog sales are made by 1% of its producers and one man controls 25% of its hog production. Is this what Kansas needs? I think not! Corporate hog farms have economic advantages over the individual producer which cannot be controlled by legislative safeguards. It is a known fact that corporate hog farms receive from \$2 to \$4 more per cwt. for their hogs than individual farmers because of their ability to deliver large numbers of hogs on a weekly basis. When we reach the point in the Hog Cycle when pork supplies are high and hog prices are low, the Corporation may be making a profit while the individual is producing at a loss. The individual producers lose their ability to control the supply of pork because the corporations are unwilling to cut production. The individual producer is eventually forced out of business. For every 7 farmers who go out of business, 1 store goes out of business on mainstreet. Yet, corporate hog farming has been promoted in the name of economic development. In the long run, allowing corporate hog farming in Kansas will result in a dramatic decrease in numbers of producers without an increase in hog production. Nebraska has a very strict corporate farm law and has shown no decrease in hog numbers since 1980. North Dakota has a restrictive corporate farm law and has increased its hog numbers. The facts show that corporate hog farming is not the answer to increased hog production in Kansas. Kansas hog producers can and will produce more hogs if the profit potential is great enough. One method of accomplishing this would be to establish a cooperative packing plant. This would let the producers share in the ownership and profits of the plant. Profits that would be spent in Kansas. Kansas could have its own brand of pork

with the "produced in Kansas" stamped right on the package. This is true economic development.

Just the debate of Corporate Hog Farming has hurt Kansas economically. Many hog producers, including myself, are considering building new hog facilities, but are reluctant to invest money in hog facilities if they are faced with competing with the corporate sow. These are buildings which could be built with materials purchased in Kansas.

Lets put the minds of our states hog producers at ease and keep the corporate sow out of Kansas.

*attachment 7*

2-18-88

FEBRUARY 18, 1988

KANSAS STATE HEARING FOR OPPONENTS OF  
CORPORATE FARM LAW EXPANSION

TESTIMONY FROM: ALAN SHARP - PRODUCER  
R. R. #1, Box 139  
Buffalo, KS 66717  
(316) 698-2997

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My name is Alan Sharp. I am a pork and grain producer living near Buffalo, Kansas. I operate a diversified farm, producing cash crops (wheat and soybeans) and feed grains for my hogs. I started farming in 1978. My start up consisted of a small grain operation and a 60 sow farrow-finish operation. As you know, cash grains have been a tough business to make a profit for starting farmers. Thanks to my hog operation's consistent cash flow, I have been able to survive the ups and downs, the inconsistencies of grain markets and still expand my farm.

I'm here today to express my concern over the idea of expanding Kansas' corporate farm law. My concern is for young farmers who have seen two consecutive years of profitable hog markets and who have recently ventured or are about to start farming. I have thoroughly read your \$49,000.00 corporate economic development study and I didn't find information concerning the economic impact on young farmers, only that if the corporate farm law isn't changed Kansas pork production will cease to

*attachment 8*

2-18-88

exist regardless of profitability. This assumption is inaccurate.

There have been statements made "high up" in our Kansas government that the swine industry will become a specialized, centralized industry, similar to the broiler industry. This, I hope is inaccurate. Our hog industry in Kansas can go the route of the broiler industry if we want it to. The proposals outlined in the study lay out a perfect course for the demise of young Kansas hog producers. There was mentioned in the hog study to pass an amendment to allow corporate intrusion on a controlled basis but the fact is, we can't control the federal tax code which already allows tax breaks on high incomes. Also, the study states our lone pork packer's concern over the decline in hog receipts, but they failed to mention that 40% of our production is already exported from Kansas to better paying markets.

The facts are clear. In states that have allowed corporate farm expansion, small independent producers have suffered. Arkansas started their huge poultry industry at the expense of hundreds of small producers willing to do contract feeding. Their investments were rewarded with lost contracts and no local markets. Why? Because corporations were allowed to vertically integrate and produce their own poultry.

Alan Sharp  
Buffalo, KS  
Page 3

I hope this committee and all Kansas legislators will look at the whole farm picture when considering such drastic changes in farm law. Remember, we need young farmers to enter the agriculture industry. They will operate our farms in the future. If you cut off this "opportunity" for young farmers to enter production agriculture, how are we going to attract them back to the farm?

Barrell  
Mort  
DVM  
attachment  
9

## Corporate Pork Production in Kansas

It is an honor to be here and provide my thoughts and comments on the corporate farm law as it pertains to pork production. I'm here because our local pork producers wanted area representation. In a January meeting we voted unanimously to oppose changes of legislation concerning corporate pork production. I was raised on a diversified farm north of Iola that my grandfather bought in 1909. We have always had hogs on the farm until I went to Kansas State in 1970. Dad, because of a reduced labor force, gave up hog production. I graduated in 1976 with a DVM degree and went to North Dakota to practice for 6 years. I returned in the spring of 1982 to the farm, to start our hog operation and take over the management of the cow herd. Today, I and my wife Kathy manage a 1300 acre diversified farm, which includes an 80 sow farrow to finish hog operation. We presently have 2 full time employees.

In addressing the corporate law for pork production, I would like to state that Kansas pork producers are not afraid of competition; but actually thrive on it. We, as individual producers, don't want to be counted out as underdogs often are at the Olympics by saying "They are competing but have no chance at a medal." We, in Kansas, like to believe that we can all have a medal. To us a medal is raising our family, paying our debts, and retiring in solvency, hoping to improve our community along the way.

Even without tax abatements, revenue bonds, and other incentives historically given to corporations, they have an advantage over individual producers because of the increased capital that they can utilize in purchasing grain, breeding stock, and equipment. Once in production, corporations may in the future return to the legislature asking for these very incentives. Many economic or environmental factors could cause a corporation, after capturing a substantial percentage of the pork production industry, to request these incentives as a condition of maintaining their production in Kansas. Opening the door to corporate farming is the first step, once opened it is very hard to close.

High technology is already here in pork production. Corporations and large producers starting new facilities can adapt the latest designs and management to their operations. Present producers must continue to pay for old facilities and adapt new technology as capital becomes available. They will utilize their ingenuity, time, and management skills to improve their efficiency. Management improvements must be adapted as quickly as research proves such changes are feasible. As a veterinarian, PPM (piss-poor management) is a constant problem on all operations no matter what the size or business structure. Hours in a day and dollars in the bank more often dictate management techniques than does a lack of technology. At these times a manager must use his or her ingenuity to keep his operation in the black. He must have technical assistance ready to advise and aid in designing any changes necessary economically to improve his operation. Technology and improved marketing must continue to be developed. However, a Center of Technology for Science should not be used as a "Carrot" in allowing corporate pork production in Kansas, but instead should be used to aid in further development of Kansas' agricultural economy.

attachment 9

2-18-88



Kansas has a good supply of feedstuffs and labor force to encourage growth of pork production as an industry. Proponents of corporate pork production state that they could improve the state's economy by providing jobs to those working in the direct production and the consequent services that follow; ie. slaughter plants, shipping, feed, etc., as well as providing a greater market for locally produced grains. Let's look at these ideas for a moment. First, jobs will be created whether we raise hogs in a corporate facility or on an individual farm. The difference is who gets the profit and where it is spent. Family farmers will spend their income at home while corporate profits have a better chance of leaving the areas of production as well as the state of Kansas. Until the last couple of years, pork producers were struggling to stay in business because of the depressed agricultural economy. Pork consumption, as well as all red meat, was declining. With the checkoff program and a slowly improving ag economy, pork production has become more profitable. These things will stimulate growth on existing farms and renew interest in starting new facilities in a slow and orderly fashion on a more widespread basis. Until profits returned to the industry, corporations were not interested in pork production. Was the loss of family farms in the last few years only to get production in line for corporate takeover?

Second, slaughter facilities tend to bring a "Catch-22" into the discussion. The industry indicates that if pork production is increased, the plants will locate to take advantage of the new supply. In 1983, I believe, a slaughter plant was considered for the Iola area, but was given up because there were not enough hogs in the 4-state area to supply it. However, without increased market availability to stimulate production, increases in pork production will be slowed. If the rate of growth of pork production equals the increased consumer demand for pork then a slaughter facility will follow at a future time when production requires it. To believe that corporate production will simplify the process is to underestimate the economic factors involved.

A group of Neosho County producers found and created a new market for SE Kansas when they encouraged Bryan Foods to set up buying stations in Parsons and Fredonia. They pay \$2.00 under the St. Joseph top market for a base and then visually grade plus or minus to within \$.50 of the St. Joseph top. Fifty to seventy-five percent of all the hogs are within \$1.00 of the top bid. These hogs are shipped 650 miles to a plant in West Point, Mississippi. In Parsons, they buy 400 to 550 head of hogs on a one day market per week and Fredonia buys 300 to 400 head in the same manner. Bryan Foods is not the only market in SE Kansas. Our own small market in Iola buys between 200 to 300 head per week averaging \$2.00 under the Kansas City market. Economic advantages are out there, you just have to look to find them. Individual producers can, through organizations, provide themselves with new markets.

On Monday of this week I heard a corporate pork producer state that his 17,000 sow unit employed 170 people with an annual payroll of about \$2,000,000. This computes to an average salary of \$11,764.70 annually with only 1 post high school educated employee. Let's assume that a \$10/head profit was averaged and \$5 was used for paying off the facilities. This would generate \$1.6 million profit in this operation

or \$9,411.76 per employee. In both my personal experience and professional, his figure of 100 sows per employee seems to be near a maximum that present management practices allow. If this is true, 170 individual producers could raise the same number of hogs at an annual income of \$20,000 to spend locally versus 170 employees at an \$11,764 salary to spend locally. I believe 170 individual producers, with the possibility of having employees themselves, will better stimulate the local economy.

Vertical integration of pork production should not be allowed. If producers own their own slaughter facility they will control the farm market whether it is in Kansas or another state. They could pay one price for their hogs and buy others at another. If their own production is equal to demand, no market will exist for independents. Independent producers would operate at the corporate whim. When demand is low and production high, the producer must work to reduce numbers and cut production costs. This is free enterprise at it's best. We holler and complain, but go on about our business and hope not to many friends and neighbors are lost in the process. It is essential that our markets remain unfettered by corporate loyalty.

As a veterinarian, I would not be in favor of changing the structure of the community I practiced and lived in. Corporations generally have their own consultants and veterinarians on staff. This would mean that my usefulness would be relegated to taking care of emergencies and not utilizing my training in disease control and management techniques. Also, my possible clientele would be reduced by the loss of individual producers. I would rather base my income on a large group than 1 or 2 large facilities. I would lose far less when someone retires or changes his operation to exclude livestock.

In summary, individual Kansas pork producers can and will increase pork production if consumer demand continues to develop and there is a profit to be made. They can create more economic stimulus to Kansas and their community because they will spend their money at home. Because they will have a larger income they will raise the standard of living. A slower and more orderly growth is economically sound. Kansas' economy will always be largely based in agriculture and we should continue to support research and education to improve the future of our state. Let's spread the wealth of increased pork production across the state. Legislation is needed only to improve the development of these goals. It should not hinder future changes, but it cannot be allowed to destroy existing entities.

Respectfully,  
  
Darrell R. Monfort DVM

attachment  
10

The Republic County Pork Producers are 93% opposed to changes in the law. The vast majority of the general community is also opposed to these changes.

One 15,000 sow unit will eliminate at least 200 producers and possibly more which will result in the loss of almost 30 businesses.

Brent Larkins, President  
Republic County Pork Producers

attachment 10  
2-18-88

DEKALB SWINE BREEDERS, INC.: THE HEART OF THE CORPORATE FARM LAW DEBATE

DeKalb Swine Breeders, Inc. is a wholly owned subsidiary of DeKalb AgResearch, Inc. based in Illinois. Its Kansas hog facilities lie in Seward and Meade counties near Plains producing an estimated 150,000 hogs per year with over 100,000 head slaughtered both in Kansas and Texas. The remaining quarter of their production is sold for breeding purposes. It is that breeding sales facet of their operation that causes them to be restricted from further expansion due to the Kansas corporate farm law.

DeKalb's entrance into hog production in the mid-seventies in southwest Kansas has led to the decline of other hog producers. A comparison between the pig crop numbers reported by Kansas Crop and Livestock Reporting Service shows that in the late 70's and through the 80's pig crop numbers in Seward and Meade counties have dramatically risen while hog production in the remaining 12 counties withered away. In 1984 the DeKalb hog farm is estimated to have cornered 93% of the pig crop in that two-county area and 68% of the whole southwest region of Kansas. DeKalb's presence has had a striking relationship with the dramatic decline of the rest of the southwest region's pork industry. The table below shows the changes in pig crop numbers mentioned above. (Figures were used from annual reports of the Kansas Crop and Livestock Reporting Service.)

Year	% Pig Crop of SW District in Seward and Meade where DeKalb is located	Total Pig Crop in the 14-county SW Dist.
1977	24%	232,000
1978	39%	200,000
1979	51%	222,000
1980	55%	232,000
1981	60%	263,600
1982	69%	229,300
1983	73%	239,100
1984	73%	220,300
1985	78%	234,600
1986	78%	231,000

From the above table you can conclude that the total hog numbers in the southwest district remained stable but producers in DeKalb's neighboring counties were squeezed out.

The entrance of DeKalb also has a price depressing effect on hogs. The general rule of the hog industry is that every 1% rise in hog production results in about a 2% decline in hog prices. Using that calculation DeKalb's estimated annual production of 100,000 slaughter hogs acts to lower the prices Kansas hog farmers receive by about \$2.98/cwt. or a total of \$20 million dollars in 1983. (Production and price data used from USDA's Livestock and Meat Statistics, 1983.)

**BACKGROUND AND  
EXECUTIVE SUMMARY  
OF  
A STRATEGIC LONG RANGE PLAN  
FOR  
PORK PRODUCERS IN THE 21ST CENTURY**

**BACKGROUND**

There have been previous long range plans initiated by the NPPC since 1979. The first was a three year plan in 1979, conducted by the American Society of Association Executives.

The second was a five year plan, developed in 1982, under the oversight of a special producer task force, with the assistance of a professional consultant.

During these last eight years there has been tremendous advancement in the pork industry in product improvement, organizational growth and adoption of new technology.

Having achieved most of the objectives established in the previous two planning processes, it is vital to look ahead into the 21st century and envision what kind of future we would like the pork industry to have, and to decide what producers and their association have to do to build that future.

**PROCEDURE**

~~In June of 1987, the National Pork Board and the National Pork Producers Council engaged Dr. Frank Edwards, Vice President, Louis Allen Associates Inc., Palo Alto, California, to perform a comprehensive study of the pork industry and consult in the development of a long range strategic plan for the pork industry.~~

Obtaining a comprehensive picture of an industry as large and complex as the pork industry is no easy task. Interviews were conducted with producers at all levels (ranging from producer leaders to producers with no involvement with any association), state staff, government leaders, consumer advocates and executives of allied industry, and many more.

## PROGRESS TO DATE

The first draft of the study has been presented to the Industry Operating Committee, the National Pork Board and NPPC Executive Committee and the NPPC Board of Directors.

A special invitation is extended to all pork producers to study the report, offer comments regarding the validity of the information and make specific suggestions regarding issues and solutions.

Please review the study from a long term perspective, looking to the year 2001 and envisioning the needs pork producers will have in creating the kind of pork industry they would like to see in their future.

## SITUATION ANALYSIS

Dr. Edwards conducted an intensive in-depth analysis of key players and elements in the pork industry and the strategies and agendas which will guide their activities into the 21st century. What these packers, retailers, consumers, feed, genetics and pharmaceutical companies, etc. do, will have an enormous impact on producers.

~~The research done by Dr. Frank Edwards and the staff provides us with a most complete information base from which to begin the planning process.~~ It positions the producer organization in the enviable role of understanding all segments that serve the pork industry - their motives, goals and vulnerable points.

Edwards has categorized the data into economic, structural and consumer factors, which a strategic plan must address.

## KEY ASSUMPTIONS

The Key Assumptions which follow are based on, and supported by, the information gathered in the Situation Analysis.

1. ~~Preserving the independence of the pork producer serves the long-term interest of all segments of the industry.~~
2. Pork producers will be willing and able to provide the answers and assurances about their product that the consumer requires.
3. ~~Economic self-reliance will characterize farmers who survive.~~
4. ~~Some segments of the industry will continue to be dominated by a small number of major corporations, but not the pork producer segment.~~
5. ~~The number of producers will continue to decline.~~
6. Professionally managed and technically advanced pork producing units will increase in size and number.
7. ~~Packers will not attempt vertical integration.~~
8. ~~Packers will pay a premium for consistent quality.~~
9. Use of chemicals will be more tightly controlled.
10. The days of marketing anonymous agricultural products are over.
11. Consumers have an enforceable right to know the nutritional effects of anything they ingest.
12. Production and price cycles will continue.

## KEY OBJECTIVE

The Situation Analysis, and the Key Assumptions which flow from it, allow conclusions to be drawn about the direction and future needs of the pork producer. Thus, a Key Objective (the end result the association would be committed to achieving in the future) can be developed. The Key Objective which follows is the focal point for all programs and drives the Key Strategies.

Key Objective:

- o ~~To maintain the autonomy of the pork producer, regardless of size of operation.~~
- o ~~To enhance the producer's image as the most informed and reliable source of information on the safety, nutritional benefits and consumer appeal of American pork whether fresh or processed.~~

This is to be accomplished by:

- educating producers in the most effective herd management and pork marketing techniques.
- ensuring enough feedback to improve individual performance.
- obtaining a financial incentive to excel.

The Association will work directly to remove all obstacles to increased consumption:

- both foreign and domestic.
- those based on ignorance and misinformation.
- those that are politically motivated.
- those that are economically motivated.



## KEY STRATEGIES

Key Strategies have been developed to implement the Key Objective and have been organized to follow the logical subdivisions for work, both on the farm and in the association:

### Management

- a. Planning: develop a master plan for association and basic tools for producers
- b. Organizing: use the association as a model
- c. Leading: involve broad base of producers in work of the association
- d. Controlling: producers develop written comprehensive plans, and select competent employees

### Marketing

- a. Market Research: develop reliable information on customers
- b. Advertising and Promotion: attract favorable attention to product
- c. Personal Contact: recognize producer as the #1 authority on pork
- d. Distribution: ensure highest quality standards throughout product's life

### Operations

- a. Education: provide expert advice, counsel and training to producers
- b. Information Systems: develop national "information center" on pork
- c. Legislation: coordinate national, state, local activities
- d. International Development: develop selective target export markets and coordinate industry activities

### Finance

- a. Economic Indicators: measure return on investment to producer
- b. Price Cycles: understand their implications
- c. Financial Planning Kit: provide prototype assistance to producers

In adopting the above strategies, producers will be taking steps to help create a future based on what they need.

Pork producers have a proud heritage of professionalism and progress. It can be further enhanced by careful planning and commitment.

Key to the final development of the master plan is producer involvement and a strong commitment on the part of all to implement it.

## SUMMARY

Primary accomplishments to be achieved:

- o To maintain the independence and autonomy of the producer, regardless of size, through involvement and organization, and by providing the tools needed to compete effectively.
- o To provide a high quality product perceived by the consumer to be safe, wholesome and nutritious.
- o To enhance the value of pork through improved quality, marketing, technology and cooperative effort.
- o To develop a perceived personal relationship between the producer and the consumer as well as a better understanding of how pork is produced by portraying the pork producer as a professional.
- o To bring about a better balance between supply and demand.
- o To improve the efficiency of production through education and production technology.
- o To improve communication and cooperation between government agencies and legislators in the development of public policy on a national and state level.
- o To strengthen state associations in their role to serve the producer at the local level.
- o To develop greater foreign demand and increase world trade.
- o To enhance the image of pork world wide, to gain market share and to achieve the "most preferred status" for pork at home and in food service.

attachment 11

Mr. Chairman,

Ladies and Gentlemen of the committee.

My name is Byron deFreese. As a full-time hog producer in Franklin County, I want to go on record in opposition to weakening the corporate farming law. Our operation puts some \$200,000 a year into small local elevators and other businesses. This business from our operation and other medium-sized hog farms constitutes an important source of business and employment to small Kansas towns in this area already hit by hard times. Large scale corporate farming is a danger not only to us and our employees, but to these businesses, their employees and families. I don't know a single hog producer or farmer in our area who supports a change in the law allowing large scale corporate agriculture. None of the 50 plus producers who sell hogs at the Princeton hog barn are supporters of open corporate agriculture.

An especially odious part of this corporate change package is being marketed under the name "Concept of Excellence" which is,

attachment 11  
2-18-88

in reality, an increase of funding for the Animal Science and Industry Department at K.S.U. This "Concept of Excellence" is a transparent attempt of those who want to change the corporate law to sweeten their scheme and broaden support for their efforts by offering reward and benefit to A.S.I. (Animal Science and Industry). The lack of leadership, useable research and support for family farmers by A.S.I. is one reason for the decline in swine production in Kansas. Surely a bureaucracy such as A.S.I. which claims a "leading role" in animal agriculture and research in our state must share a portion of the blame for a decline in the numbers of hog producers equal to the amount of influence in an industry where they play such a special role. Being a leader means accepting responsibility.

A discouragingly large part of the "research" in animal science here in Kansas has been of little use to commercial hog production. If we take a peek behind the rosy image of "Concept of Excellence" we find the frightened corpse of a once great,

but now self-serving, system hunting for life-support. The notion that this "Concept of Excellence" is going to save family farms by providing technology is a fantasy disproven by their performance over the last twenty years. Ladies and Gentlemen of this committee, if you want to provide Kansas with excellence give us a world class educational system for our children and better roads. The taxpayers of Kansas have a right to value for their tax dollars and they don't get value by increased funding for those who claimed a leading role in an industry many now say is failing.

Not only has animal sciences support of the present commercial hog production been ineffective, but many of the practices tolerated and condoned over the years have damaged the business, the reputations and the access to state funded services by Kansas producers. In support of this statement, Mr. Chairman, I would like to direct your attention to a letter, marked Exhibit A, which is included with this testimony. In answering an inquiry from Canada regarding the possible purchase

of swine in the state of Kansas, the then extension swine specialist placed Craig Good, son of Dr. Don Good, head of the animal science department, number one on the list of university recommended swine producers. On Wall Street this is called insider trading. Is it acceptable behavior in the state of Kansas to use official positions of power and trust for the benefit of a small, closed group of insiders? This is not an issue of personalities but an issue of using public position and trust for personal advantage. It is a question of fairness, equality of access to state financed services and conflict of interest.

Give us access to markets, a good political climate and the support of an agricultural establishment with some new faces and ideas, Mr. Chairman, and I will show you an improved pork industry in Kansas.

The family farm isn't dead and won't die unless it is killed by political means. Dozens of family farms in our area

5.

of the state are looking to you for your support in providing us with the opportunity to continue our business by refusing to open the door to giant agriculture.

Thank you.



*Erwin Miller*

## Cooperative Extension Service

Extension Animal Sciences and Industry  
Weber Hall  
Manhattan, Kansas 66506  
913-532-6131

February 14, 1983

Erwin Miller  
Route 2  
Ft. Saskatchewan, Alberta  
T8L 2N8  
CANADA

Dear Erwin:

Thank you for your letter regarding swine herds in Kansas. We have a few breeders that should have something to offer. Although I've not been on all farms in Kansas, I can give you some suggestions.

I would say our purebred hogs in this state are about average compared to other herds nationally. Some of the herds that have a fairly good reputation in Kansas are as follows:

1. Craig Good  
Rt. 1  
Olsburg, KS 66520  
Ph. 913-468-3613

Craig is relatively new in the business. He has SPF Durocs and Yorkshires and does a good job with performance testing and has an excellent health program.

2. Sunflower Farm-Earl Wright  
2015 Sunnymeade Rd.  
Manhattan, KS 66502  
Ph. 913-539-3497

Earl has several purebred Chester Whites and a few Hampshire sows. This herd has been on performance testing particularly on the sow productivity area for many years. They also have very sound healthy hogs.

3. Fred Germann  
Rt. 1  
Dwight, KS 66849  
Ph. 913-238-4382

Fred has a lot of good Durocs and Yorkshire sows. He sells a lot of boars in the state and has a good reputation for good hogs.



Erwin Miller  
Page 2  
2-14-83

4. Grecian Farms-Stan Grecian  
Rt. 1  
Palco, KS 67657  
Ph. 913-737-5421

Stan raises Landrace and Duroc bloodlines. I was recently on his farm and was impressed by his pigs. He puts a lot of emphasis on feet and legs and does a real good job.

5. Sleichter Duroc Farm  
Jerry Sleichter  
Rt. 4  
Abilene, KS 66410  
Ph. 913-263-1898

Jerry has some real good Durocs and is on our Kansas On-Farm Test program that gives backfat, loin eye and growth data. He also has put some emphasis on sow productivity.

6. T and R Polands  
Solomon, KS 67840  
Ph. 913-655-3983

These two breeders have some of the best Poland China hogs in the country. They also raise Yorkshires.

These are some breeders that might have what you're looking for. I would strongly suggest you call and see what they have before you make the long trip down. Some of the names don't have a lot of pigs and might be sold out. If I can be of any help just let me know.

Sincerely,

*Dave*

David A. Nichols  
Extension Specialist, Swine  
Animal Sciences & Industry

DAN/ckt

STATEMENT

BEFORE

SPECIAL JOINT COMMITTEE ON CORPORATE FARM LAW

BY

IVAN W. WYATT, PRESIDENT

KANSAS FARMERS UNION

FEBRUARY 18, 1988

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE:

I AM IVAN WYATT, PRESIDENT OF THE KANSAS FARMERS UNION.

WHEN THIS DEBATE BEGAN ON CHANGING KANSAS' CORPORATE FARMING LAW, THE PURPOSE OF THE PROPOSED CHANGE WAS SUPPOSED TO HAVE BEEN AN EFFORT TO HELP THE ISOLATED PROBLEM OF DEKALB SWINE BREEDERS. THEN IT BECAME EVIDENT THE INTENT WAS MORE. PROPONENTS OF CHANGE WANTED TO ALLOW THE CORPORATE FEEDING OF HOGS PATTERNED AFTER THE CORPORATE FEEDING OF CATTLE. HOWEVER, THIS BECAME A WEAK ARGUMENT FOR CHANGING THE PRESENT LAW, SINCE KANSAS' CORPORATE FARMING LAW ALLOWS THE CORPORATE FEEDING OF LIVESTOCK INCLUDING HOGS.

IT IS NOW APPARENT THAT THE REAL THRUST OF THOSE WANTING TO CHANGE KANSAS' CORPORATE FARM LAW IS TO OPEN UP KANSAS PORK PRODUCTION TO EXPLOITATION BY CORPORATE VERTICAL-INTEGRATION AND CONTRACT PRODUCTION.

ONE MIGHT WONDER WHY THE PROMOTERS OF CHANGING KANSAS' CORPORATE FARMING LAW HAVE BEEN RELUCTANT TO BE OPEN AND ABOVE BOARD ABOUT THEIR INTENT. I WILL DEAL WITH THIS A LITTLE LATER.

HOWEVER, MR. O'DAY IN HIS STUDY MADE THE INTENT CLEAR. MR. O'DAY SAID THE POULTRY INDUSTRY'S CONTINUING ADVANTAGES WAS DIRECT CONTROL BY A SMALL NUMBER OF DECISION MAKERS. MR. O'DAY SAID, THE FUTURE FOR SMALL-SCALE PORK PRODUCERS MAY BE TIED TO CONTRACTING WITH CORPORATIONS MUCH THE SAME AS IN THE INTEGRATED BROILER INDUSTRY.

*attachment 12*

*2-18-88*

SINCE MANY OF THOSE CORPORATIONS WISHING TO INTEGRATE PORK PRODUCTION ARE THE SAME THAT INTEGRATED THE PRODUCTION OF BROILERS IN THE 50'S AND 60'S. SO WHAT IS THEIR PAST RECORD? HERE WE FIND THE REASON FOR THE PROPONENTS NOT BEING OPEN AND ABOVE BOARD IN THEIR INTENT.

PORK PRODUCTION TODAY IS AT APPROXIMATELY THE SAME STAGE AS BROILER PRODUCTION WAS BACK THEN.

INDIVIDUAL FARMERS ARE EXPANDING THE PRODUCTION OF PORK FROM A SIDELINE OPERATION OF THE FARM, TO A MAJOR PART OF THEIR OVER-ALL FARMING OPERATION. IT IS BECOMING LESS AND LESS AN IN AND OUT SITUATION. PORK PRODUCTION TO THESE FARMERS IS BECOMING A LONG TERM COMMITMENT.

THIS IS EVIDENCED IN FACT, DESPITE WHAT THE OPPONENTS SAY. KANSAS PORK PRODUCTION FIGURES REFLECT THAT GROWING LONG-TERM COMMITMENT AS PORK PRODUCTION IN KANSAS HAS NEARLY DOUBLED SINCE THE MID 50'S, WITH SHORT TERM ADJUSTMENTS BEING MADE TO ACCOMMODATE SUPPLY AND DEMAND.

IN THE LATE 50'S AND EARLY 60'S, THE PRODUCTION OF BROILERS BEGAN ITS EVOLUTIONARY CHANGE AS INDIVIDUAL FARMERS BEGAN TO MAKE IT A MAJOR PART OF THEIR FARMING OPERATION. THERE WERE THOUSANDS OF INDEPENDENT PRODUCERS OF BROILERS. THERE WERE HUNDREDS OF FIRMS SLAUGHTERING POULTRY. THERE WAS AN OPEN COMPETITIVE MARKET AVAILABLE TO THE PRODUCERS. PRICES WERE DISCOVERED AND ESTABLISHED IN THE MARKET PLACE.

THE GREAT AMERICAN PROMISE WAS WORKING. PRIVATE ENTERPRISE WAS ALIVE AND WELL. THE PRIVATE ENTREPRENEUR THROUGH AMBITION AND HARD WORK COULD PULL HIMSELF UP BY HIS BOOT STRAPS IN THE FREE MARKET. THIS WAS AMERICA AT ITS BEST.

BUT SOMETHING HAPPENED? THERE IS ANOTHER SIDE TO THE O'DAY STUDY.

I WOULD NOT EXPECT THE BASS BROTHERS OR THE DREYFUSES, OR THE CARGILLS TO LOOK AT THE OTHER SIDE, BUT I WOULD EXPECT THE PEOPLE IN KANSAS, SERVING KANSAS, TO LOOK AT BOTH SIDES AND THE RAMIFICATIONS OF THE CHANGES THEY PROPOSE.

THE STORY REVEALED IS "AN ECONOMIC STUDY OF STRUCTURE, PRACTICES AND PROBLEMS OF THE BROILER INDUSTRY," BY THE PACKERS AND STOCKYARDS ADMINISTRATION OF THE U.S. DEPARTMENT OF AGRICULTURE.

THE STUDY REVEALS WHY TODAY THERE IS ONLY A HANDFUL OF FIRMS CONTROLLING THE PRODUCTION AND PRICE OF BROILERS. WHY TODAY THERE IS NO OPEN MARKET FOR BROILERS.... WHY TODAY THERE IS NO PUBLIC PRICE DISCOVERY FOR BROILERS..... WHY TODAY ALL COMMERCIAL BROILER PRODUCTION IS PRODUCED BY CONTRACT GROWERS OF INTEGRATED BROILER FIRMS!

THE STUDY COVERED 33 BROILER FIRMS IN A THREE STATE AREA. AT THAT TIME THESE FIRMS ACCOUNTED FOR 30% OF THE BROILERS SLAUGHTERED UNDER FEDERAL INSPECTION IN THE UNITED STATES.

IN A 10 YEAR PERIOD, THE NUMBER OF BROILER FARMS DECLINED BY ONE-THIRD. IN A FOUR YEAR PERIOD, THE NUMBER OF FIRMS SLAUGHTERING BROILERS DECLINED BY NEARLY ONE-THIRD.

IN THE PACKERS AND STOCKYARD ADMINISTRATION INVESTIGATION, THE STUDY FOUND THAT IN A 5 YEAR PERIOD 64% OF THE ADDED INVESTMENT IN POULTRY RELATED FACILITIES BY FOUR LARGE DIVERSIFIED COMPANIES WAS MADE BY ACQUISITION.

FIRMS AUDITED IN THIS INVESTIGATION INCLUDED 20 DIVISIONS OF MAJOR MEAT PACKERS AND OTHER NATIONAL CONCERNS, 21 LOCALLY CONTROLLED FIRMS, AND TWO COOPERATIVES.

NATIONAL FEED COMPANIES WERE USUALLY FULLY INTEGRATED.

INTEGRATED FIRMS OBTAINED NO BIRDS FROM INDEPENDENT PRODUCERS WITHOUT CONTRACTS.

INVESTIGATORS FOUND THAT SOME CONTRACTORS CHARGED FEED TO

BROILER PRODUCERS AS "PUFFED" (INFLATED) PRICES. SUCH PAPER LOSSES THEY CONCLUDED, WORKED AGAINST THE GROWERS AS THEY BARGAIN FOR NEW CONTRACTS.

THEY FOUND THE PROBLEM WITH CONTRACTING WAS THE WEAK BARGAINING POSITION OF THE GROWER, AND NO MARKET FOR LIVE BIRDS AT THE GROWER LEVEL. THE GROWER NO LONGER HAD THE OPTION TO CHOOSE BETWEEN PRODUCTION FOR SALE IN AN OPEN MARKET OR PRODUCTION UNDER CONTRACT.

THE REAL ISSUE HERE TODAY IS FUTURE MARKET ACCESS TO THE INDEPENDENT PRODUCER.

IN THE EARLY 50'S, A FARMER IN THE STUDIED AREA COULD DIVERSIFY BY GROWING BROILERS FOR THE OPEN MARKET. TODAY THE OPEN MARKET PROVIDES THE KANSAS FARMER WITH THE OPPORTUNITY TO EXPAND OR DIVERSIFY THE FARROWING AND FEEDING OF HOGS. THAT OPTION IS NO LONGER AVAILABLE TO THE BROILER PRODUCER. WHY?

THE EMERGENCE OF THE INTEGRATED STRUCTURE OF THE BROILER INDUSTRY BROUGHT WITH IT THE DEMISE OF THE SMALLER INDEPENDENT FIRMS THAT PROCESSED BROILERS. THE TYPICAL FIRM TODAY IN THE BROILER INDUSTRY IS THE VERTICALLY INTEGRATED FIRM.

EARLY IN 1963, THE U.S. DEPARTMENT OF AGRICULTURE RECEIVED COMPLAINTS FROM BROILER PRODUCERS OF UNFAIR PRACTICES, SUCH AS PRICE FIXING, PRICE DISCRIMINATION, UNFAIR ECONOMIC PRESSURES, REPRISALS, BOYCOTTING AND FAILURE TO ACCOUNT ACCURATELY TO THE CONTRACT PRODUCERS.

AS A RESULT OF THE INVESTIGATION OF THESE COMPLAINTS, THE PACKERS AND STOCKYARDS ADMINISTRATION ISSUED A COMPLAINT AGAINST ARKANSAS VALLEY INDUSTRIES, RALSTON PURINA AND TYSON FOODS.

THESE ARE SOME OF THE SAME FIRMS WHO TODAY ARE BECOMING INVOLVED IN THE CORPORATE VERTICALLY INTEGRATED CONTRACT PRODUCTION OF PORK.

THE COMPLAINT ISSUED BY THE PACKERS AND STOCKYARDS

ADMINISTRATION ALLEGED THE RESPONDENTS (P-S DOCKET 3497) "ACTING IN COMBINATION AND INDIVIDUALLY DID BOYCOTT, BLACKLIST AND REFRAIN FROM ENTERING INTO, OR CONTINUING GROWER CONTRACTS OR AGREEMENTS WITH CERTAIN GROWERS, KNOWN OR SUSPECTED OF BEING ACTIVE MEMBERS OF AN ASSOCIATION ORGANIZED BY AND TO FURTHER THE MUTUAL INTEREST OF BROILER GROWERS".

THOSE GROWERS INVOLVED IN MARKETING CO-OPS WERE ALSO BLACKLISTED.

THE COMPLAINT CONCLUDED THAT THE PACKERS AND STOCKYARDS ADMINISTRATION, "HAS REASON TO BELIEVE THE ACT WAS VIOLATED."

LATER A FEDERAL COURT WAS TO ISSUE A CEASE AND DESIST ORDER AGAINST THOSE FIRMS. THOSE FIRMS APPEALED THE COURT RULING.

AFTER SOME 7 YEARS OF LITIGATION, THOSE FIRMS WERE FOUND GUILTY.

HOWEVER, AFTER 7 YEARS OF CONTINUED BOYCOTTING AND BLACKLISTING, THE INDEPENDENT PRODUCERS HAD BEEN EITHER DRIVEN OUT OF PRODUCTION OR INTO BANKRUPTCY, AND HAD LOST THEIR FARM.

TODAY, IN OTHER STATES, CONTRACT PORK PRODUCERS ARE LOSING THEIR FARMS.

IT WAS STATED EARLIER IN THIS COMMITTEE THAT CORPORATIONS SHOULD NOT BE RESTRICTED. IT WAS STATED THAT BIG CORPORATIONS SHOULD BE ALLOWED TO DO WHAT THEY DO BEST. THAT'S THE AMERICAN WAY!

HOWEVER, IN THE COURSE OF THE PACKERS AND STOCKYARDS ADMINISTRATION INVESTIGATIONS, SEVERAL THINGS WERE DISCOVERED:

1. FARMERS WHO WERE IN A POSITION TO FINANCE THEIR OWN BROILER GROWING OPERATIONS FOUND THERE WAS NO LONGER A LIVE MARKET AVAILABLE.

2. GROWERS EXPRESSED CONCERN ABOUT THEIR ABILITY TO SWITCH FIRMS. GROWERS WERE RELUCTANT TO NEGOTIATE FREELY AND OPENLY WITH OTHER FIRMS, BECAUSE IF THEIR CONTRACTOR FOUND OUT AND DISAPPROVED,

HE MIGHT CUT THEM OFF.

3. GROWERS FELT RELUCTANT TO COMPLAIN ABOUT WHAT THEY CONSIDERED TO BE UNFAIR OR OFFENSIVE TRADE PRACTICES CARRIED ON BY THEIR CONTRACTOR BECAUSE HE MIGHT BE LABELLED A "PROBLEM PRODUCER".

4. GROWERS COMPLAINED EVEN IN PERIODS OF OVER-PRODUCTION INTEGRATORS CONTINUALLY ENCOURAGED OTHER FARMERS IN THE AREA TO BUILD NEW FACILITIES AND TO ENTER INTO CONTRACT PRODUCTION.

5. SOME GROWERS WERE NOT PERMITTED TO READ OR EXAMINE CONTRACTS BEFORE SIGNING, AND WERE NOT ALLOWED TO RETAIN A COPY OF THE CONTRACT.

6. OTHER GROWERS STATED THERE WAS "PUFFING", OR THE MARKING UP OF PRICES FOR FEED AND OTHER COSTS INVOLVED IN THE PRODUCTION OF BROILERS, TO REDUCE GROWER PRESSURE FOR HIGHER CONTRACTS.

7. GROWERS STATED THAT ONE CONTRACTOR FORCED THEM TO GROW ONE FLOCK OF BROILERS AT ONE-HALF THE PAYMENT CALLED FOR IN THE CONTRACT. OTHERWISE, THE FIRM WOULD NOT RENEW THEIR CONTRACT IF THEY REFUSED.

8. MANY GROWERS WERE FEARFUL THEY WOULD LOSE THEIR CONTRACTS IF THEIR INTEGRATORS FOUND OUT THEY HAD TALKED TO THE P.& S. INVESTIGATORS.

9. GROWERS WITH ONE LARGE FIRM SAID THEY HAD TO CHANGE EQUIPMENT THEY ALREADY OWNED AND CONSIDERED ADEQUATE AND REPLACE IT WITH EQUIPMENT FROM THE INTEGRATORS, AT "PUFFED" PRICES.

10. GROWERS FOR ONE INTEGRATED COMPANY COMPLAINED THEY WERE FORCED TO BUY SUPPLIES FOR OTHER FARM ENTERPRISES FROM THE CONTRACTORS, IF THEY WANTED TO CONTINUE TO GROW BROILERS FOR THE FIRM.

THIS IS A PARTIAL LIST OF THE COMPLAINTS ABOUT WHAT THOSE CORPORATE FIRMS APPARENTLY THOUGHT WAS THE "AMERICAN WAY" TO DO AS THEY WISHED.

6  
IS THE SO-CALLED "CORPORATE EFFICIENCY" A MYTH?

IF THESE CORPORATIONS WERE SO EFFICIENT, WHY WERE THEY CHARGED AND FOUND GUILTY OF "UNFAIR TRADE PRACTICES"?

JUST BECAUSE SOMEONE SAYS THE FARMER-FEEDER IS INEFFICIENT DOESN'T MAKE IT SO.

ONCE A FEW CORPORATIONS CONTROL THE MARKET WITH NO COMPETITION, WHERE IS THE MEASURE OF EFFICIENCY?

TO REPEAT; MR. O'DAY IN HIS STUDY CONCLUDED, "THE POULTRY INDUSTRY'S CONTINUING ADVANTAGE WAS DIRECT CONTROL BY A SMALL NUMBER OF DECISION MAKERS." MR O'DAY SAID, "THE FUTURE FOR SMALL-SCALE PORK PRODUCERS MAY BE TIED TO CONTRACTING WITH CORPORATIONS MUCH THE SAME AS IN THE INTEGRATED BROILER INDUSTRY."

WOULD MR. O'DAY HAVE MADE THE SAME RECOMMENDATION IF HE HAD READ THE "ECONOMIC STUDY OF STRUCTURE, PRACTICES, AND PROBLEMS OF THE BROILER INDUSTRY"?

IS THIS THE FUTURE HE WOULD ADVOCATE FOR THE FUTURE OF KANSAS PORK PRODUCERS?

IS THIS THE FUTURE THE ADVOCATES OF CHANGING KANSAS' CORPORATE FARM LAW WANT FOR KANSAS PORK PRODUCERS?

AS WE HAVE SEEN ONE COMMUNITY PITTED AGAINST ANOTHER IN INDUSTRIAL DEVELOPMENT, WE ARE SEEING THE PROPONENTS OF CHANGING KANSAS' CORPORATE FARMING LAW ATTEMPTING TO PIT ONE STATE AGAINST ANOTHER. THEY TELL US WE HAVE TO GRAB THIS OPPORTUNITY BEFORE SOME OTHER STATE DOES. IT SOUNDS LIKE A CON JOB TO ME.

THERE IS A DIFFERENCE BETWEEN ECONOMIC DEVELOPMENT, AND ECONOMIC EXPLOITATION.

HOW MUCH GOOD WILL WE HAVE DONE FOR KANSAS IF WE ALLOW THE DREYFUSES, THE CARGILLS, THE CONTINENTALS, OR BASS BROTHERS TO EXPLOIT KANSAS HOG FARMERS OVER THE NEXT 10 YEARS SO THEY CAN CARRY THE PROFITS OFF TO MINNEAPOLIS, TEXAS OR FRANCE.



IT MAKES MUCH MORE SENSE IF WE ARE TRULY CONCERNED ABOUT THE WELL BEING OF THE STATE, ITS FARMERS AND ITS CITIZENS, FOR THE STATE TO USE SOME OF ITS ECONOMIC DEVELOPMENT RESOURCES TO POOL THE EFFORTS AND RESOURCES ON A REGIONAL BASIS, TO ENHANCE, MAINTAIN AND GUARANTEE MARKET ACCESS FOR ITS INDEPENDENT PRODUCERS OF PORK.

THIS ATTEMPT MAKES MORE SENSE, THAN SIMPLY LETTING "CORPORATE GEORGE" OR "PIERRE" DO IT THEIR WAY, FOR THEIR BENEFIT INSTEAD OF THE WELL BEING OF KANSAS AND ITS PORK PRODUCERS.

# # #

*"One area I always liked to visit (in the 1940's and 50's) was Northwest Arkansas, where many Ozark farmers were going into broiler growing. I thought they were the most interesting, imaginative and, on the whole, the best educated farmers I met. Sometimes they would invite me to stay for dinner and served good fried chicken, as well as stimulating conversation.*

*"But a change has occurred in recent years. Those families are no longer the same. Many of them have left. Those remaining ordinarily don't invite you to dinner because the wife has gone to work in town, sometimes in a broiler processing plant. The husband can no longer make the living by himself. He has been reduced to working for wages."*

Victor Ray

August 2, 1968

Preface, *The Corporate Invasion of American Agriculture*

17 February 1988

Mr. Chairman and Members of Committee:

My name is Richard Schmitz a farmer and livestock producer from Nemaha County.

I have a comparison which I believe will give you some insight into the difference between a large 15,000 sow operation and a family size operation of 100 sows.

15,000 sow Setup:

Large building more than likely built by out of area, or out of state contractor and labor.

Labor required to run this operation approximately 150 people, paid minimum wages, leaving very little chance for tax liabilities, either personal, real estate or income tax.

Large farms will tend to pay less taxes per dollar invested, or gained through profits then will private producers. These profits will be sent back to share holders and never do any good to local communities.

Now for the 100 Sow family operation using 2-3 family members:

First it will take 150 operations this size to equal one setup of 15000 sows. With family operation all monies will stay in the community and regenerate 7 times helping to keep schools open, businesses operating, also generating personal property taxes, sales tax, as well as support equipment and machinery needed to run this type of operation.

Large corporation will tend to purchase their equipment from factory direct outlets leaving no economical advantages to any area.

Thank you for your time.

*attachment 13*

2-18-88

17 February 1988

Mr. Chairman & Members of Committee:

I'm Kenneth Meyer a Pork Producer and Farmer from Nemaha County, Kansas. A few of my reasons for making a presentation in opposition to corporate hog farming in Kansas:

- (1) If hogs get below cost of production, which they will at some point in time. Corporations will have resources to fall back on, where the family farmer can't possibly be able to compete with corporations.
- (2) Some say that we need a more stable supply of hogs. I think our supply is sufficient we're finally making a profit. Why would we want to increase, and produce too many and receive less. We've been down that road.
- (3) If people in Western Kansas want to raise hogs, the opportunity is sure there. Buy gilts and boars and let nature take its course.
- (4) When I got out of the service in 1957, every farmer fed a few cattle. We had no trouble getting rid of a few cattle at St. Joe, Missouri, try and feed a few at home now and see how long it takes to get rid of a load of cattle, 3 weeks to a month. I know I've been down that road. I think the hog situation will be the same way. Fella's lets don't get in this situation. We've finally got a decent thing going. lets don't spoil it.

In closing I want to thank you for your time and if the time comes when you make a decision I hope you make it in the best interests of the family farmer.

Thank You.

*attachment 14*

*2-18-88*

RESOLUTION 88-2

WHEREAS, Corporate Hog Farming is being considered in the State Legislature. and

WHEREAS, we feel that there will be little economic value for Nemaha County with such legislation and

WHEREAS, there is overwhelming opposition by hog producers residing within Nemaha County,

THEREFORE, be it resolved, on this 9th day of February, 1988 that the Nemaha County Commissioners, by a unanimous decision, do hereby go on record as opposing any legislation which will lessen the restrictions on corporate farming in the State of Kansas.

BE IT FURTHER RESOLVED, that if any change in current statutes should be considered, we insist that such legislation should be structured so as to protect the small family farms of Kansas by:

1. Assuring that small and medium sized family farms have the same legal, tax, and market advantages as are given to large corporate farms.
2. Prohibiting large national packing plants from owning feed lots and large national grain companies from owning farm land.
3. Taking significant steps to protect the family farm base in Kansas which in turn would benefit consumers and small businesses in Kansas.
4. Considering that if changes are to be made, that possibly all non family farm corporations be prohibited in the State of Kansas.

Board of Nemaha County Commissioners

H. F. Niehues  
H.F. Niehues, Chairman

Jim Brownlee  
Jim Brownlee, Member

ATTEST:

Anita Heiman  
Anita Heiman  
Nemaha County Clerk

Kenneth Keegan  
Kenneth Keegan Member

Eugene P. W. Ottiline  
Richard Strathman  
Leon F. D. Kamp  
Paul H. Winder  
Eugene Dalgh  
Dilbert Koelzer  
Gilbert Heiman  
Melvin Haug  
William A. Rose  
Alan Heiny  
Lore Koch  
Byron Lear  
Raymond Kerber  
Leonard Baumgartner  
Kenneth Hammes  
Jim Moss  
Paul Klinger  
Robert J. Nideker  
Pat Dod  
Baker Hammes  
Leo R. Hammes  
Jacky J. Benz  
Thomas H. Fuld  
Robert Kottigbaum  
William Kuehlman  
Paul Weyer

Rich Allen  
Wupe Rottenghaus  
John T. Haug  
John Suelbeck  
Kenneth Suelbeck  
Gene Holthaus  
 Cyril Skiving  
Alan Kramer  
Bob Kramer  
Harry Schmitz  
Gertys Rottenghaus  
Richard Schmitz  
James Schuttigane  
Leo Hansen  
Nicholas Holthaus  
Russell Havenham  
Alvin Rottenghaus  
Frank J. Kohake  
Wayne Schmitz  
Ambrose Schmitz  
Steve Vonderkamp  
Wayne Reikusa  
Ray Schmitz  
Mike Schmitz  
Tom Mehuer  
Daniel B. Peterson  
Maurice Feldman

Paul Skoch  
Mark Skoch  
Ernest Kukawa  
Kenneth Meyer  
Walter Rottenghaus  
Cuan Muetting



Should Kansas expand the Corporate Farm Law to include hogs?

name	Address	Yes	No
Cornelius Holstrom Jr.	Atell, Kansas		X
Kenneth Meyer	Barleyville Ks		X
Paul & W. Winkler	Hoff, Ka.		X
Glen J. Hasenkamp	Barleyville Ks.		X
Jim Schuttegan	Corning Ks		X
Larry Swalbeck	Essex Kan.		X
Sam Jones	Seneca Ks		X
Arthur Jones	Seneca Ks		X
Paul Kellogg	Seneca		X
Richard Stenlage	Seneca		X
William Keener			X
Elmer King	Sateta		X
William W. Waring	Seneca		X
Robert Stenlage	Andover		X
Emmett Stenlage	Centerville		X
Ernest King	Centerville		X
Richard J. Schuf	Barleyville Ks		X
Douglas Meyer	Atell		X
John T. Meyer	"		X
James Meyer	"		X
Wayne Nichols	Hoff, Ka.		
Talley and Talley			NO
Roger & Gertrude	Corning Ks - 66241		
Cliff & Esmeralda			
James Dobbin	Hoff		
Robert Korte			
James Schuttegan	Corning, Ks		
Ray Fisher	Corning, Ks		
John King			
John Westman			
Clarence Meyer	"		



Should Kansas expand the Corporate Farm Law to include hogs?

name	Address	Yes	No
Marvin Hays	Seneca		✓
Howard Baumgartner	Bern		✓
Alan Kremer	Goff		✓
John Judick	Seneca		✓
Albert A. Patten	Seneca		✓
Arline J. Hoffmeyer	Seneca		✓
Fredrick W. Peters	Baileysville		✓
James Hallbauer	Seneca		✓
Robert D. Griffith	Bern		✓
Re Griffith	Seneca		✓
James Griffith	Bern		✓
Ray Riling	Seneca		✓
William Kuckelmu	Baileysville		✓
August Alberding Jr	Baileysville		✓
Edmer W. Rickards	Seneca		✓
Edon Sudbeck	Seneca		✓
Garrett Sudbeck	Bern KS		✓
Ignatius Sudbeck			✓
Stanley Schmidt			✓
Bernett Sudbeck			✓
Richard C. Sias			✓
Tom Hatton	Centralia		✓
James V. Vetter	Baileysville		✓
Ernie Feldkamp	Centralia		✓
David J. Korschbaum	Seneca KS		✓
Elmer Polchhaus	Centralia, KS		✓
Doug P. D.	Centralia KS		✓
Doug Baker	Centralia, KS		✓
Bernett W. Sias	" "		✓
Cyril C. Feldkamp	Seneca KS		✓

Should Kansas expand the Corporate Farm Law to include hogs?

name	Address	Yes	No
Dean Becker	506 N. 4 <sup>th</sup> Seneca, Ks. 66538		✓
Gene Wickman	RR#2 Box 10 Seneca, Ks 66538		✓
Tom Rottgauer	RR 2 Seneca, Ks 66538		✓
Linda Haug	Rt 1 Seneca, Ks 66538		✓
Marilyn K. Boding	114 N 10 <sup>th</sup> Seneca, Ks 66538		✓
Regis Schmitz	Barbyville, Ks 66404		✓
Ly J. Messel	SoFF, Rm 66424		✓
Kenneth Hammer	Barbyville Ks 66404		✓
Robert Rungler	Seneca, Ks 66538		✓
Delbert R. Rungler	Barbyville, Ks. 66404		✓
Ed Brosterman	Barbyville, Ks. 66404		✓
Gene Lehman	Barbyville Ks 66404		✓
Shirley Burdick	Rt 1 Centralia, Ks 66415		✓
Leroy Holtzhaus	Seneca Kans 66538		✓
Richard D. Johnson	Rt 1 Box 8 Atwell Kansas 66403		✓
Jerald M. Kermesch	Rt 1 Wetmore Kansas 66550		✓
Werner E. Haverkamp	Seneca, Kansas		✓
William J. Haverkamp	Seneca, Kansas		✓
Robert J. Haverkamp	Bern Ks		✓
Alan J. Haverkamp	Bern Ks.		✓
John T. Haug	Seneca Ks.		✓
Boysie Leen	Bern Kan		✓
John Leen	Bern Ks		✓
Alan Stillbauer	Seneca Ks		✓
Wayne A. Haverkamp	Seneca Ks		✓
Martin Nechus	Stiff Ks		✓
Golda Miller	Bern K		✓
Gene Rottgauer	Centralia, Ks		✓
Engel Oeljen	Barbyville Ks		✓

KANSAS ECUMENICAL MINISTRIES  
INTERFAITH RURAL LIFE COMMITTEE

attachment  
15  
Father Stutz

The Interfaith Rural Life Committee of Kansas Ecumenical Ministries encourages the members of the faith communities of Kansas to join in the public policy discussion of the Kansas Corporate Farm Law.

RESOLUTION

The Interfaith Rural Life Committee affirms that the Kansas Corporate Farm Law should, at a minimum, remain unchanged, or be strengthened to prevent further vertical integration of livestock production.

The Interfaith Rural Life Committee views with alarm and pain the agricultural crisis of the 1980's and the stress it has placed upon family owned and operated farms. It is both appropriate and necessary for Kansas to consider policy that will enhance economic development opportunities for farm families and to revitalize rural Kansas.

Therefore, the Interfaith Rural Life Committee encourages discussion of public policy that:

- 1) Sustains and creates farming opportunities for young, beginning and fore-closed-upon farmers. Policy must be examined to determine whether or not it provides legal, market or tax incentives that favor large agribusiness corporations and absentee ownership of farm land over the rights and accessibility of farm families to economic opportunities. Policies should not discourage and displace farm family owned and operated enterprises.
- 2) Promotes stewardship of the environment and the finite natural resources of God's creation. Concentration of livestock production raises questions about safe waste disposal, access to and use of water, and environmental contamination. These are issues which will affect the quality of life and economic opportunities available to future generations of Kansans.
- 3) Promotes the viability and vitality of community life across Kansas. Locally owned and widely dispersed businesses and farms have been, and continue to be, the foundation of Kansas rural communities. Livestock production concentrated in one area or county often means the loss of production and economic vitality that normally occurs in numerous counties across the State. Kansas communities will be enhanced by economic

attachment 15

2-18-88

development that assists local governments and businesses with ideas to create good paying jobs in locally controlled enterprises that keep their profits and purchasing power within the community.

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The Interfaith Rural Life Committee is a program of nineteen religious bodies in Kansas addressing the difficulties in agriculture during the 1980's. Its statement of purpose is:

The purpose of the Interfaith Rural Life Committee is to empower the people of Kansas to work toward wholeness of community and personhood that values vital rural communities. Within this purpose, the Committee will work to assure:

- a) a stewardship of creation that embodies God's intention for air, land, and water;
- b) a system of justice that will assure sustainable agriculture; and
- c) a continuation of the Biblical and American traditions of individual family land ownership and operation.

#### Members of the Interfaith Rural Life Committee

American Baptist  
Catholic Diocese of Wichita  
Catholic Diocese of Salina  
Catholic Diocese of Dodge City  
Archdiocese of Kansas City Ks.  
Christian Church of Kansas  
Episcopal Diocese of Kansas  
Church of the Brethren  
Episcopal Diocese of Western Kansas  
Evangelical Luthern Church  
Lutheran Church, Missouri Synod  
Mennonite Church General Conference  
Presbyterian Church USA  
United Church of Christ  
United Methodist Church, Kansas East  
United Methodist Church, Kansas West  
The Jewish Community

Chairman: Mr. Loren Janzen, farmer from Scott City.

Name: David Biesenthal Address: RR1 Wheaton, Kansas 66551  
Representing: Self and Family as an individual.

attachment  
16

I. Economic Development

- A. Last year corporate hogs were a way to:
  - 1. Support the failing agriculture economy in Kansas.
  - 2. Reduce the large grain supply in Kansas.
- B. This year corporate hogs are seen as an industry saver.
  - 1. Low hog numbers mean a profit not the death of the industry.
  - 2. Error in recording hog numbers because of false information.

II. Risks corporate hogs represent.

- A. Personal in order to meet contract obligations.
  - 1. Financial debt due to rapid expansion.
  - 2. Loss of independence.
  - 3. Loss of heritage.
- B. Environmental do to large concentration of hogs in a small area.
  - 1. pit smells
  - 2. disposal of manure
  - 3. spread of diseases especially pseudorabies

III. Present operation

Farrow to finish on 80 acres.  
Dirt gestation lots plus small older sheds for farrowing.  
Modern confinement building used for finishing, around 500 market/year.  
Breeding herd of 25 sows and 2 boars.  
Feed used in the operation is 90% purchased from area farmers.  
Equipment used older machinery purchased farm auctions.  
Income sufficient enough to support 3 people and remain debt-free.

IV. Suggestions to protect the individual who chooses not to contract.

- A. A guaranteed buying station within a reasonable distance of the present concentration of hogs.
- B. If vertical integration is ever allowed that packers must accept all hogs produced by an individual and pay a fair market price for such hogs; this price should be based on an national average.

attachment 16

2-18-88

2017

Testimony  
CORPORATE HOG FARMING BILL  
Con

I appreciate the privilege of being able to speak before this committee today as an opponent to corporate hog farming.

Good afternoon. My name is Barney Barnett. Although I work a forty-hour a week job in town, I'm also an auctioneer and I own and operate a small sow/pig operation in southeast Jefferson county. I'm here today with my wife and family to give you an idea of our beliefs and those of many of our friends, relatives, and neighbors. In our hearts we are first and foremost farmers. The very nature of farming is independence. We do not want to work for someone else.

I'm not able to give you lots of statistics and money figures, but I can speak from my convictions as an active farmer and as a farm auctioneer. All we want are fair market prices with a free access to various markets -- not just to a few farrow-to-finish facilities and to one centrally located packing plant, all corporately owned. I've been told, however, that the "small family farmer" is ignorant and misguided by unfounded fears. Perhaps we have a right to be fearful. There should be fear in the hearts of everyone here when it's being said that the "common man" is too ignorant to support the economy of his community, his state, and his country. What will be next? Will we be too ignorant to raise our own children, only to have corporate teachers take them away from us?

Even though the law has yet to be passed, I have already been approached by a well-known feed company which, along with a large swine breeding outfit, is willing to percentage out my operation. So isn't it obvious that their ultimate goal is to take over the small farms? What's worse is the fact that they feel they have the right to come in here already and begin. Everyone must understand the "ripple effect" this will cause in the entire farming community. I, for example, would no longer be buying my feed from the local feed stores or co-ops -- and I spent \$5,700 in this area alone last year. Then there would be the local sale barns which would lose my business -- again another \$5,000 to \$7,000. These outfits would most likely have a hired veterinarian -- there goes my dealing with the local vet. Large corporations want to deal with other large businesses for their grain, livestock, and other general needs. They just won't patronize the small businesses.

attachment 17  
2-18-88

Of course I'd like to see my operation get bigger, but a 23% offer is not the way. And what happens if they pull the plug out in a few years? My once privately owned business is lost forever. I started from scratch and I usually have one foot in the loan department, but I have my own plans. And they include my family's owning the operation in the future, not other businesses with their hands in the till. And what about farmers like my father-in-law? He's seventy years old and has a fixed income, but with the hogs he can manage. He doesn't want to get bigger and he doesn't want to get mixed up with a lot of farm management people who demand quotas, percentages, and tons of paper work. He just simply and fairly wants to supplement his income his way.

Let me conclude by saying this. The small farmer doesn't want to fight, but he will for a way of life he is convinced is a healthy way not only for his family but for the future of the state and the country as a whole. Most of us fought for our country. Now we're asking for and we need our country to fight for us. You know... right here on the second floor, west wing, there's a mural showing a young Kansas farmer with his wife and children and livestock, standing in front of their farm home, barn and fields. You tell me -- if this corporate hog bill is passed, will that mural be redone? Will it show large corporate metal buildings, fields of concrete, and men and women heading to their homes in the city?

Again, I thank you for letting me speak out.

*F. D. Williams*

6024 Sw. 25th 272-5392  
Topeka, Ks 66614

attachment  
18

February 18th, 1988

Senator Jim Allen  
Chairman Ag. Committee  
and Ag. Committee  
Kansas State Capitol  
Topeka, Kansas 66612

Re: Legislative interference  
with proposed Legislation  
Circumventing Agricultural  
authority, earlier granted.

Dear Senator and Committee Members:

In time past I have appeared before you, offering to assist you  
in knowing how Agricultural and Kansas issues might best be served.

Kansas Law Chapter 58 Law 1855, remains clearly set-out and  
unamendable and unrepealable to date.

Attorney General Opinion No. 86- 176 leaves no measure of  
doubt that the lawful board is and remains the Kansas Territorial  
Agricultural Society Board and none other.

That any decisions for change ly strickly with the Society Board.

It is time for you to offer to cooperate by not pretending to  
lend favor to the Clandestine Board and to make other offers of  
and to the lawful Board operating in good faith and none other.

Corperate Hog operations by any bill of yours would be usurption  
of the rightful authority and could only lead to Kansas and Kansans  
disfavor with you and higher costs to consumers in the future.

Our Nation needs your attention now and it is time for you to  
get busy and act and react to that which is true and proper.

Respectfully Submitted,

*Franklin Dee Williams*  
Franklin Dee Williams  
CITIZEN

cc: Kansas Territorial Agricultural Society Board  
Kansas Am. Ag.  
Others

attachment 18

2-18-88



attachment  
19

Senator Allen, other distinguished members of the committee, my name is DeWayne Jarred. I am a farmer and small pork producer from Elsmore, Kansas. For those of you who do not know where that is, it is in the southeastern part of the state.

I am here before you today to state my feelings against easing or removing the corporate hog farm restrictions. Swine production on family farms throughout Kansas are almost a way of life. Many farmers would not be here today if it were not for swine production. Farrow to finish or just feeder pig to finish was a fairly certain way for most farmers to increase the price of their grain. It is also a very good way for a young person just starting out to keep up a good cash flow. To most financiers today, cash flow on the farm is top priority. Few young people today who want to farm are born with a silver spoon in their mouth. Swine production is the quickest way on the farm for money turn over. You cannot do it with cattle, with only one calf crop per year, whereas with swine production you can get multiple litters per year from the same mother. It also is beneficial when these litters can be sold within approximately one hundred and twenty days from weaning.

I like to be independent. I like to be my own boss, set my own hours of work, and my own leisure time to spend with my family. I feel strongly that if corporate laws are relaxed, the base of our family farms will erode to such an extent that low prices for the consumer will soon be a thing of the past. When the time comes that only a few control our commodities, the majority of the remaining population will suffer with higher food prices because of their ability to control production numbers and price fixation.

I have many questions that bother me about this issue. I don't want to get into a long winded account of each, so I'll try to be as brief as possible.

attachment 19  
2-18-88

The number of animals a corporation like this want to bring into Kansas, or any other state for that matter, is mind boggling. Disease problems is a factor to consider on operations of this size. Another big problem will be waste control. Animal rights activists will also have a lot of complaints on units so large that total confinement is a necessity. Such tight confinement will undoubtedly bring on diseases which only drugs will cure, and we as producers know what these activist and the consumer think about more drugs in their food.

Another area of question is why in Kansas. It is my understanding that the corporation owners are from Texas. If this is such a good deal for the economy of the area to be built in, why take such a good deal from your own community. South Dakota turned them down for some reason. It is my feeling that the people and the legislators of South Dakota had a deep concern and commitment to the residents of that state, mainly the family farmer. Some states have allowed corporate farming and I feel that they are just now beginning to see their mistakes. There is not much difference between corporate farming and corporate hog production.

The promise of economical growth, more jobs, packing plants moving to our state all sound great for the many jobless people of our state. My concern on this is where are the guarantees that this will all happen. Packing plants don't have to move to the hogs. With all the trucks on the road and the large number of animals that will be sold at one time, any packer would pay a premium for these quantities, which in turn would reduce the hauling charge a great deal.

Who is to say these corporations will still be here, if you allow them into the state, five or ten years down the road. Look at the poultry industry for example. Tyson feeds have a lot of poultry houses under contract from individual farmers. The farmers must use their land and probably build the facilities for a contract to grow chickens or turkeys. The length of these contracts probably very substantially. Prices have

been good, but just recently things have changed. Now, according to TV news coverage, poultry prices will be the lowest in years. With over-production and low prices I wonder how many of these farmers will get a contract renewal for their building and how many will be dropped.

The major problem of competing in feed buying, feed conversion, speed of growth and marketing advantage all will effect me as a small producer. My facilities are not large, not fancy, but most important is that what I have right now is paid for. We as Kansas Pork Producers and members of KPPC have been making voluntary checkoffs on all hogs we market. We have been using our hard earned money to increase our market through advertising and other means. Now in come the big corporations, in to reap the benefits of our labors and contributions. Sure the corporations will probably say that they will also make the checkoff, but who is to say that at the end of the year or whenever they feel like it they will ask for a return on their checkoff. It can be done, and I feel strongly that it will be done.

If the corporate hog farm law is changed or relaxed, what if anything will we, the native Kansas producers, get in return. There is the subject of a "Center of Excellence" that has been brought up repeatedly. A lot of questions on this subject need to be answered, such as, funding, for how long, will there be enough funds to set it up the way it should be, etc. This center would be great but I believe that I would have a lot of difficulty convincing my banker to make a loan with the possibility of low hog prices due to the increase of numbers in the state and myself telling him not to worry because I have a "Center of Excellence" to fall back on.

I have gone on long enough about my concerns. I hope that they have not fallen on deaf ears. My life is in farming and hog production. Please give this matter as much time and carefull thought which it greatly deserves, because not only my welfare is on the line, but that of many other people just like me in the great state of Kansas. Thank you very much.

DeWayne Jarred Elsmore, Kansas

To the Committee Members of the Select Committee on Corporate Farm Law:

My name is Emmett Hosh and I am from Wrencha County. I come before you to oppose any further changes that will loosen the Corporate Farm Law. There are many issues which could and probably will be brought before you today to make no further changes in this law. I will briefly limit mine to four. They are: 1.) Marketing; 2.) Feeding Contracts; 3.) Level Playing Field; 4.) The Hog Industry.

1.) Marketing. We have been hearing for the past several weeks from the Kansas Dept. of Agriculture and the O'Day Study, corporate hogs will bring more hogs to the state which will bring more packers, which will raise the price of hogs as much as \$2.00 per hundred. If that would be the case why can I no longer finish cattle and receive up to a \$2.00 better price instead of \$2.00 less? I'll tell you why I think not. It's because the cattle buyers no longer have to come to the small feeders to fill their kill orders. They hit the big yards on Monday, Tuesday, and Wednesday; and if they need a few more, they may come to the farm at the end of the week with less money. I feel I can feed cattle at the same cost of gain or less as the big feeder, but I cannot market with the big boys. Why will hogs be any different when the packers get all the hogs the corporation have ready in a given week .....

2.) Feeding Contracts. If feeding hogs on contract ends up like the chicken industry, small producers are going to be in a hurt. Have you seen an egg or broiler price quote listed anywhere lately? I know an egg producer in N.E. Kansas who has several thousand hens and is having a more difficult time each year getting an egg contract because he is no longer big enough to command a reasonable price to stay in business. How many hogs will we have to contract to be recognized by the big packers if we lose our local markets?

3.) Level Playing Field. There has been much talk about keeping the big corporations on a level playing field with the family operators. I've heard about how the State would not allow tax incentives or tax breaks on income and property tax, and so on. But I'd like to mention a couple of State and other programs that could be of advantage to large operations that won't help the family producer. They are Job Training and Partnership Act--monies which could amount to up to \$2,000 per new employee; Kansas Industrial Training Program for New and Expanding Industries--dollars, which could amount to several thousand dollars; and Kansas Small Cities Community Development Block Grants--economic development set-aside monies which are available at low interest to new and expanding businesses;

the Rural Experiment Assistance Program; and low interest rates guaranteed Small Business Administration loans. I am not saying that these aren't good programs because they are all so much needed in the state for economic development, but it is anyone's guess as to how many other programs such as these are available to large corporations but that are not available to the family producer who may even double his operation and not employ outside help. As I see it, keeping a level playing field will almost be impossible. There are just too many programs to try and stop them all for one industry and not another.

(4.) The Hog Industry. Here again we have heard from the Kansas Dept. of Agriculture, the O'Day Study and others that corporations would be good for the hog industry down the road. What do they mean when they say Hog Industry-- number of hogs or number of hog producers? If by this we mean the number of hogs produced in the state versus the number of hog farmers in the state, corporations would probably help to meet that end. Here again I would like to make reference to the cattle industry. Kansas has a large cattle feeding and slaughter industry in the state but the number of farmer-feeders is becoming almost extinct. So who are we really concerned about--the rural people of the state of Kansas or how many hogs we can produce in the state of Kansas by some out-of-state conglomerate?

In summary, the family size hog producer will be at a disadvantage in marketing because corporate hogs will be bought first; feeding contracts will eventually force the small contractor out. There will never be a level playing field with all the subsidies and grants available to the corporation. I firmly believe that if there are any changes to be made in the corporate farm law in the state of Kansas, it should be on the side of more restrictions instead of less restrictions if we are concerned about a quality of life in rural Kansas.

Thank you.

Marshall County Farm Bureau Association  
1019 BROADWAY  
Marysville, Kansas 66508

Rep. Bruce Larkin  
Room No. 273-W  
Capitol Building  
Topeka, KS 66601

Dear Rep. Larkin:

On February 15, 1988 the Marshall County Farm Bureau Board of Directors adopted the following resolution:

Resolved: That the Marshall County Farm Bureau Board of Directors opposes expansion of current law to enhance corporate hog production in the state of Kansas.

Being of the rural farm community, we felt the need to express our concern on this important issue.

Very truly yours,



H. Michael Gee  
President

HMG:ks

February 16, 1988

*attachment 21*  
*2-18-88*

MEMBERS OF BOARD

Dist. 1, Marvin Siebold, Clay Center

Dist. 2, Charles Wernette, Clay Center

Dist. 3, Vernon Wendelken, Wakefield

OFFICE OF COUNTY COMMISSIONERS

CLAY COUNTY

CLAY CENTER, KANSAS

February 16, 1988

Clay County Clerk  
P.O. Box 98  
Clay Center, Kansas 67432

Representative Bruce Larkin  
State Capitol Building  
Topeka, Ks. 66612

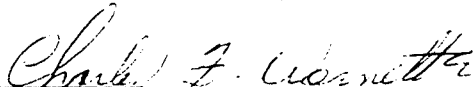
Dear Representative Larkin;

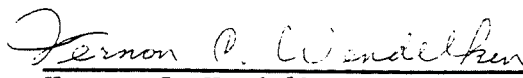
We are enclosing a copy of our resolution passed opposing any legislation that might be introduced concerning the encouragement of corporate hog farming in Kansas.

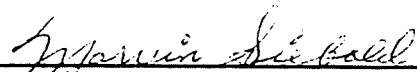
We wish to go on record as opposing such action.

Sincerely,

Board of County Commissioners

  
\_\_\_\_\_  
Charles F. Wernette, Chairman

  
\_\_\_\_\_  
Vernon C. Wendelken, Member

  
\_\_\_\_\_  
Marvin Siebold, Member

R E S O L U T I O N

WHEREAS, corporate hog farming in Kansas is being discussed by Kansas Legislature; and

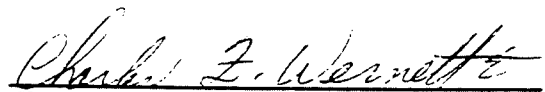
WHEREAS, it has been determined that corporate hog farming in Kansas would be of no economic benefit to the Clay County area, but in fact would have adverse effect on local industry and local business in the Clay County area.


BE IT NOW RESOLVED by the Clay County Board of Commissioners that corporate hog farming laws in Kansas should be restructured so that Farmers, Attorneys, Corporate and State Officials know what is permissible.

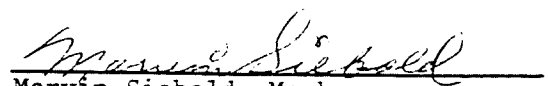
1. That this restructuring protects the family farm.
2. That it assures small and medium sized farms against legal, market and tax advantages of large corporations.
3. That steps are taken to prohibit large meat packers from ownership in feed lots and large grain companies from ownership in farm land.
4. That more significant steps be taken for the protection of the family farming base in Kansas, which in turn would also benefit the consumer.
5. That the Clay County Commissioners oppose the present legislation that would allow corporate farming in Kansas.
6. That in fact Kansas Legislature should examine and change present law. So that the law would prohibit all non-family corporations in Kansas.

Approved this 16th day of February, 1988.

BOARD OF CLAY COUNTY COMMISSIONERS

  
Charles F. Wernette, Chairman

  
Vernon C. Wendelken, Member

  
Marvin Siebold, Member



RESOLUTION NO. 1-88

WHEREAS, corporate hog farming in Kansas is being discussed by Kansas Legislature; and

WHEREAS, it has been determined that corporate hog farming in Kansas would be of no economic benefit to the Big Lakes Regional Council area, but in fact would have an adverse effect on local industry and local business in the Big Lakes Regional Council area.

IT IS NOW RESOLVED by the Big Lakes Regional Council that corporate hog farming laws in Kansas should be restructured so that Farmers, Attorneys, Corporate and State officials know what is permissible.

1. That this restructuring protects the family farm.
2. That it assures small and medium sized farms against legal, market and tax advantages of large corporations.
3. That steps are taken to prohibit large meat packers from ownership in feed lots and large grain companies from ownership in farm land.
4. That more significant steps be taken for the protection of the family farming base in Kansas, which in turn would also benefit the consumer.
5. That the Big Lakes Regional Council oppose the present legislation that would allow corporate farming in Kansas.
6. That in fact Kansas Legislature should examine and change present law. So that the law would prohibit all non-family farm corporations in Kansas.

Approved this 27th day of January, 1988

Big Lakes Regional Council Board of Directors Who Signed BLRC Resolution 1-88  
presented by Keith Devenney at the 27 January 1988 BLRC Board Meeting.

*J. Leo Caffrey*  
*Phil Barber* Banking

J. Leo Caffrey, Marshall Co.

Phil Barber, Clay Co.

*Anna Mae Shaffer*

Anna Mae Shaffer, Marshall Co.

*LeRoy Miller*

LeRoy Miller, Pottawatomie Co.

*Mark J. Arbuthnot*

Mark Arbuthnot, Pottawatomie Co.

*William M. Kelley*

William M. Kelley, Geary Co.

*Robert W. Rezac*

Robert W. Rezac, Pottawatomie Co.

*Wilton B. Thomas*

Wilton B. Thomas, Riley Co.

*Darrell Westerverlt*

Darrell Westerverlt, Riley Co.

*Vernon C. Wendelken*

Vernon C. Wendelken, Clay Co.

*Keith Devenney*

Keith Devenney, Geary Co.

RESOLUTION

WHEREAS, Corporate hog farming in Kansas is being discussed by Kansas Legislature: and

WHEREAS, it has been determined that corporate hog farming in Kansas would be of no economic benefit to Marshall County, but in fact would have an adverse effect on local industry and local business in Marshall County.

IT IS NOW RESOLVED BY Marshall County Board of County Commissioners that corporate hog farming laws in Kansas should be restructured so that Farmers, Attorneys, Corporate and State Officials know what is permissible.

1. That this restructuring protects the family farm.
2. That it assures small and medium sized farms against legal, market and tax advantages of large corporations.
3. That steps are taken to prohibit large meat packers from ownership in feed lots and grain companies from ownership in farm land.
4. That more significant steps be taken for the protection of the family farming base in Kansas, which in turn would also benefit the consumer.
5. That the County Commissioners of Marshall County, Kansas, oppose the present legislation that would allow corporate farming in Kansas.
6. That in fact Kansas Legislature should examine and change present law. So that the law would prohibit all non-family farm corporations in Kansas.

Approved this 16th-day of February, 1988.



ATTEST:

Gayle Landoll  
Gayle Landoll, County Clerk

DeWayne Lindquist  
DeWayne Lindquist, Chairman

E. Eugenie Long  
E. Eugenie Long, Member

J. Leo Caffrey  
J. Leo Caffrey, Member

RESOLUTION NO. → 2-1-88 A

WHEREAS, corporate hog farming in Kansas is being discussed by Kansas Legislature: and

WHEREAS, it has been determined that corporate hog farming in Kansas would be of no economic benefit to Geary County, but in fact would have an adverse effect on local industry and local business in Geary County.

IT IS NOW RESOLVED BY Geary County Board of County Commissioners that corporate hog farming laws in Kansas should be restructured so that Farmer, Attorneys, Corporate and State Officials know what is permissible.

1. That this restructuring protects the family farm.
2. That it assures small and medium sized farms against legal, market and tax advantages of large corporations.
3. That steps are taken to prohibit large meat packers from ownership in feed lots and grain companies from ownership in farm land.
4. That more significant steps be taken for the protection of the family farming base in Kansas, which in turn would also benefit the consumer.
5. That the County Commissioners of Geary County, Kansas, oppose the present legislation that would allow corporate farming in Kansas.
6. That in fact Kansas Legislature should examine and change present law. So that the law would prohibit all non-family farm corporations in Kansas.

Approved this 1 day of February, 1988.

Keith J. Stansbury  
Jim Kelley  
Sobby' Whitten

Attest:

Marjorie Davis  
County Clerk

RESOLUTION 88-2

WHEREAS, Corporate Hog Farming is being considered in the State Legislature. and

WHEREAS, we feel that there will be little economic value for Nemaha County with such legislation and

WHEREAS, there is overwhelming opposition by hog producers residing within Nemaha County,

THEREFORE, be it resolved, on this 9th day of February, 1988 that the Nemaha County Commissioners, by a unanimous decision, do hereby go on record as opposing any legislation which will lessen the restrictions on corporate farming in the State of Kansas.

BE IT FURTHER RESOLVED, that if any change in current statutes should be considered, we insist that such legislation should be structured so as to protect the small family farms of Kansas by:

1. Assuring that small and medium sized family farms have the same legal, tax, and market advantages as are given to large corporate farms.
2. Prohibiting large national packing plants from owning feed lots and large national grain companies from owning farm land.
3. Taking significant steps to protect the family farm base in Kansas which in turn would benefit consumers and small businesses in Kansas.
4. Considering that if changes are to be made, that possibly all non family farm corporations be prohibited in the State of Kansas.

Board of Nemaha County Commissioners

H. F. Niehues  
H.F. Niehues, Chairman

Jim Brownlee  
Jim Brownlee, Member

Kenneth Keegan  
Kenneth Keegan, Member

ATTEST:

Anita Heiman  
Nemaha County Clerk

The Kansas Pork Producers Council has come out in favor of loosening the Corporate farmer law to allow the corporate replacement of family farms.

The pork producers in Marshall County are strongly opposed to this abominable position.

Marshall County ranks 4th in the state in pork production. Our average farmer has 25 sows. We are in favor of preserving the family farm, not abandoning it. The Marshall County Pork Producers vote NO on further loosening an already promiscuous corporate farming law.

MARSHALL COUNTY PORK PRODUCERS

*Gary Bergman*  
*Beattie, Ks. 66404*