Approved: Eugene L Shore 2-15-93
Date

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE.

The meeting was called to order by Chairperson Eugene Shore at 9:08 a.m. on February 4, 1993 in Room 313-S of the Capitol.

All members were present except:

Committee staff present: Jill Wolters, Revisor of Statutes
Kay Johnson, Committee Secretary

Conferees appearing before the committee: Representative Bruce Larkin
David Osterberg, Iowa State Representative
Herman Coch, Clyde, KS
Sam Gooden, Clay, KS
Larry Amon, Netawaka, KS
Marvin Strube, Whiting, KS
Mike Stauffer, Holton, KS
Jim Schumann
Travis Amon, Netawaka, KS
Clint Fletcher, Galena, KS
Jerry Jost, Kansas Rural Center

Chairman Shore called the meeting to order and opened hearings for opponents to **HB 2069: Allows corporate swine production facilities to operate in Kansas.**

Representative Bruce Larkin, attachment #1, expressed concern with regard to the tax incentives provision and the anti-vertical integration provision of the bill. He believes Oklahoma will lose money on the Seaboard plant due to the cost of the tax incentives offered and he believes vertical integration is a destructive form of monopolization.

David Osterberg, Iowa State Representative, attachment #2, stated corporate restrictions in the midwest are long-standing and accepted. He pointed out there is a difference between contract feeding and vertical integration. Iowa allows contract feeding, but restricts contract feeding by processors. Representative Osterberg also refuted various statements from previous testimony by Dr. Flinchbaugh. He stated that Iowa is increasing their hog market share, even with a restrictive law.

Discussion followed on what factors other than state law can influence increases in production and what Iowa farmers think of their law. Representative Osterberg quoted statistics from an Iowa Farm Rural Life Poll and provided that information to the committee at Representative Rezac's request, attachment #3.

Herman Coch, farmer, Clyde, KS, said the corporate structure will not do any good for Kansas. He doesn't foresee an increased tax base because that will be offset by the tax incentives given to a corporation.

Sam Gooden, farmer, Clay, KS, said the farmers in Kansas will produce enough quality hogs to attract packing plants without allowing corporate farming.

Larry Amon, farmer, Netawaka, KS, attachment #4, said he didn't think independent hog producers are ready to play the game with corporations. He doesn't believe packers will always buy from family farm producers which will lead to economic devastation for local economies.

Marvin Strube, farmer, Whiting, KS, attachment #5, explained that present laws are sufficient to allow anyone to produce hogs in the state.

Mike Stauffer, farmer, Holton, KS, attachment #6, believes corporate farming will make it more difficult for small and medium-size farms to compete and expressed concern about what will happen to hometown

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE, Room 313-S Statehouse, at 9:08 a.m. on February 4, 1993.

businesses.

Jim Schumann, farmer, attachment #7, said supply and demand is still the best marketing tool available. You cannot turn hog factories loose and then try to find demand for the product.

Travis Amon, farmer, FFA member, High School Junior, attachment #8, discussed the inability of family farms to compete and cited deteriorating family chicken farms. As an FFA member, he expressed concern over what the future will be if corporate farming is allowed.

Clint Fletcher, farmer, Galena, KS, attachment #9, voiced concern that this bill is "special interest" legislation and he believes that with vertical integration markets will, in time, become closed to individuals.

Discussion followed on the consumer and producer relationship to vertical integration market concentration and the size of producers eliminated in North Carolina. Representative Larkin will try to provide those statistics to the committee. Discussion continued clarifying existing Kansas law and what farmers can and cannot do with regard to Seaboard, the social impact of corporate farming and the correlation between the cattle industry and the hog industry.

Jerry Jost, Kansas Rural Center, Inc., attachment #10, said Nebraska and Iowa have stricter laws but maintain robust hog industries while keeping the benefits of that production among farm families and local communities.

Written testimony from Wayne Blaes, farmer, Cherryvale, KS, attachment #11, was submitted to the committee.

The meeting adjourned at 10:30am. The next meeting is scheduled for February 5, 1933

STATE OF KANSAS

BRUCE F. LARKIN
REPRESENTATIVE, DISTRICT SIXTY-THREE
R.R. 1
BAILEYVILLE, KANSAS 66404

COMMITTEE ASSIGNMENTS
~~VICE-CHAIRMAN~~: TAXATION
MEMBER: EDUCATION
CALENDAR AND PRINTING

TOPEKA

HOUSE OF
REPRESENTATIVES
~~ASSISTANT MAJORITY~~ Minority
LEADER

Testimony for the
House Agriculture Committee
on HB 2069

I want to express my concerns with the bill with regards to the tax incentives provision and also the anti-vertical integration provision in the law.

We have heard a lot over the years about tax fairness and competing on a level playing field and that was the reason that the provision not to allow any tax incentives to corporations that weren't also provided to family farms. With the passage of this bill, we are now going to offer industrial revenue bonds to 10-year property tax abatements as well as enterprise zone s, job and income credits to these corporations to locate in Kansas. You might say that these same provisions could be offered to small operations just the same as large. Lets not kid ourselves. Small operations will never be granted these same incentives. Even if we didn't offer any special tax incentives, there are enough inequities in federal tax laws between corporate and family operations to guarantee an unlevel playing field.

There has also been a lot of talk about the reason Seaboard Corporation decided to locate a processing plant in Guymon, Oklahoma instead of Liberal, Kansas. Officials of Seaboard have stated the Kansas corporate farming laws had nothing to do with the decision to locate in Guymon. The truth about Seaboard and its decision to locate in Guymon is reflected in the attachment from Legislative Research. The state of Oklahoma and the city of Guymon offered such an attractive give-away package that Seaboard really had no alternative. This incentive package included industrial revenue bonds and a 25-year property tax abatement, 25-year income tax credits for job creation, 90% of a $9 million grant to be used by Guymon County for infrastructure improvement, a $6.5 million loan from the State to update and improve waste water treatment facilities, and collection of a one cent sales tax by the city of Guymon which generates $8.8 million annually to pay off the revenue bonds. For all practical purposes the state of Oklahoma and the city of Guymon are building a plant for Seaboard and leasing it to them. Having served on the Tax Committee and reviewing tax abatement policy, I'm sure Representative Shore could conclude that this incentive package could never pass a cost benefit analysis. In fact, Charles Warren of Kansas, Inc., appeared before the Tax Committee last week and stated that tax incentives should only be granted to high-wage business and industry and that the benefits should be greater than the cost. I'm sure that if this incentive package were run through the cost benefit analysis at KU or Wichita State University, you will find the state of Oklahoma will loose money on the Seaboard plant.

The issue of vertical integration is one of particular interest in that it may be one of the most destructive forms of monopolization known to man. Multi-national companies have already statedthere intent to virtually integrate the swine industry just as they did with poultry. No corporation or individual operations can compete on an equal footing with these companies. I'm talking about companies that control a major portion of the world grain trade, own their own feed

HOUSE AGRICULTURE
2-4-93
ATTACHMENT #1

companies, their own production facilities, their own transportation units, their own processing facilities, and even wholesale distribution firms. Their goal is to dominate every stage of the food production industry.

There are those that say that a vertically integrated swine industry is inevitable or agriculture's destiny. It may be, if something isn't done to change direction. Mere enforcement of anti-trust laws could stop much of this expansion. Most people would agree that the market concentration we're seeing is not good for the future of the country, but because Oklahoma has jumped on the corporate bandwagon, maybe we'll miss something if we don't follow their lead. Its a good thing that the people of Europe didn't feel that way 55 years ago, or Hitler might still be alive and control the entire world by now.

We've heard a lot about Nebraska with very strict corporate farming laws. Here's some statistics from *Feedstuffs Magazine*. From 1985 to 1992, Nebraska has seen a steady increase in hog production, increasing by 17.9% for the 7-year period. While national trends have been for significant reductions in the number of producers, Nebraska has lost only 10.7 % of the producers during this time period. Kansas production increased by 4.6% over this period with a 32.5% reduction in the number of producers. North Carolina (the model of the corporate industry) increased inventory by 83% while at the same time eliminating 51.1% of its producers. It might also be fair to say, many of the remaining producers are tied up under contract operations. It may be that Kansas laws are too weak to be effective.

To me, these are the two major issues involved in these proposed changes. Others could include social decline in rural areas, environmental problems with management of waste and the negative economic impact on producers and consumers with a monopoly structure.

When Dr. Flinchbaugh spoke the other day, he spoke only to trends and economics. He didn't speak to policy changes, anti-trust or environmental problems. He was right when he said that his issue should be decided in Washington, and I would urge this committee to consider resolutions asking Congress to enforce anti-trust laws and eliminate preferential treatment to corporations through tax laws and farm programs.

In closing, I firmly believe that if there were a level playing field, then there would be no need for corporate laws, because no corporation could operate as efficiently as family operations.

It's a very small world and just a few companies own it

Just a small number of companies control major shares of the food and agricultural industries in the United States and the world, putting them in the position to highly influence prices and control governments, according to a study by University of Missouri rural sociologists.

Furthermore, the laws to control the monopolistic tendencies are either fuzzy or nonexistent especially at the global level, said MU researchers Rob Floyd and William Heffernan.

Four companies produce 45% of the chickens sold as broilers; four companies account for 45% of the pork slaughtered.

On the international scene, six of the top 10 transnational companies are Japanese. While many of the companies are better known for the production of cars and appliances, "Most of the top 10 have extensive holdings in food production and processing," Floyd said.

Those firms with large agricultural holdings are Mitsui, Marubeni, Mitsubishi, Nissho Iwai, C. Itoh and Sumitumo.

"The economic impact of such large corporations is truly astounding," Floyd said.

"The largest firms in the industry are often in a position to dictate prices, limit industry and effectively conceal their profit margins if and when they wish.

"These same institutions are able to pursue their own interests, at the expense of producers from any single country and without regard to national concerns," he said.

Furthermore, the sociologists said, "It seems that companies now have the ability to decide matters of basic morality and social policy."

Floyd said the transnational companies have become so huge and powerful, "the possibility exists they can drive small companies out of business."

Floyd said big companies also can carry quite a bit of political clout. He cited an instance in 1990 when H.J. Heinz Co. voted to exclude its company from all provisions of Pennsylvania anti-takeover law, "and the state's lawmakers allowed the company to do this."

The MU sociologists used the example of the grain industry to show how a few companies dominate the market. They cited a report from *Feedstuffs* magazine that showed 55% of the grain storage capacity around the globe is controlled by 10 firms, and 76.4% of the soybean processing is done by only five firms.

Two companies, Cargill and Continental Grain, control about 50% of the global grain trade.

"Cargill has been recognized as the No. 1 grain trader in the world. It also is this country's second largest soy crusher, fourth largest cattle feeder and the third largest flour miller," Floyd said. "The company also boasts top positions in turkeys, feed, meat, seed, orange juice, canola seed and wheat breeding."

In other agriculture and food industries, the MU sociologists reported "a definite trend" towards dominance by a few firms.

For example, 153 firms controlled 95% of the U.S. broiler industry in 1981. By 1990, only 50 firms were left with the four largest controlling nearly one-half of all the broiler production in the U.S.

"A few dominant firms such as Tyson and ConAgra are converting the broiler industry into an agro-food complex," Floyd said.

Heffernan said the poultry sector has been transformed from independent growers and processors to contract broiler farms and transnational companies. The companies control not only poultry production, but all the processing and marketing efforts that go with that production.

"Today, it is almost impossible to raise poultry without contracts with large firms," Floyd said. "It also is nearly impossible to sell grain for the world market without using transnational marketing.

"It is nearly impossible to apply fertilizer or pesticides not made by a subsidiary of a multi-company conglomerate," he said.

Heffernan said agricultural firms are narrowing production to fewer areas of the world and, in time, "only the low-cost producing areas of the globe will be used for mass production."

For example, he said, it is much cheaper to produce poultry in Thailand or Indonesia than in Japan, the United States or the United Kingdom.

Likewise, he said, it is much cheaper to produce beef in Argentina and Peru than in the feedlots of the U.S. or Australia.

"It is much more profitable for a transnational company to pay $2 or $3 a day for workers in malaysia than $7 or $8 an hour for workers in the U.S.," he said.

As firms gain more control over all phases of the food systems, the MU sociologists said independent producers will have to become formally tied into the larger system.

They said laws to protect small firms against transnational companies are not effective or are inconsistent.

For example, in the case of the U.S. Supreme Court vs. Alcoa, the court determined that a 90% market share was a monopoly, a 60 to 64% share was a "doubtful" monopoly and a 33% market share was not a monopoly.

But in the U.S. Supreme Court vs. Von's Grocery, a 7.2% share was enough to prompt forced divestment.

"In some countries, monopoly laws don't exist or are arbitrary," Floyd said.

"The emergence of these transnational corporations is the ultimate sign of free trade, yet we do not know how to deal with them or the social ramifications," he concluded.

1-3

STATE OF KANSAS

RICHARD W. RYAN,
DIRECTOR
BEN F. BARRETT,
ASSOCIATE DIRECTOR
EDMUND G. AHRENS,
CHIEF FISCAL ANALYST

STAFF—
LEGISLATIVE COORDINATING COUNCIL
INTERIM COMMITTEES
STANDING COMMITTEES
LEGISLATIVE INQUIRIES

THE LEGISLATIVE RESEARCH DEPARTMENT
ROOM 545-N, STATEHOUSE
PHONE: (913) 296-3181
TOPEKA, KANSAS 66612

December 31, 1992

Representative Don Rezac
12350 Ranch Road
Emmett, Kansas 66422-9711

Dear Representative Rezac:

You asked for information concerning the economic development incentives that were offered to the Seaboard Corporation by the City of Guymon, Oklahoma and the State of Oklahoma as a precondition for the Corporation to build its new hog-processing facility in Guymon. I received this information from the economic development officer, Dennis Keough, of the City of Liberal. In the course of my discussion with Mr. Keough, I learned that officials in Liberal also were attempting to attract this facility. The following is a list of those incentives:

1. a $6.5 million grant from the State of Oklahoma to update and improve wastewater treatment facilities in the City of Guymon;

2. 90 percent of a $9.0 million grant of federal highway funds to be used by the county in which Guymon is located for improvement of the transportation system;

3. collection of a new 1.0 percent sales tax by the City of Guymon to retire industrial revenue bonds (this is estimated to amount to $8.8 million annually); and

4. enterprise zone benefits that extend, for that specific company, the ad valorem tax abatement from six to 25 years and the state income tax credits for investments and job creation from ten to 25 years.

In addition, Oklahoma's law allows for vertical integration of swine operations and has a process of perfecting water rights much more expeditiously than is the case in Kansas.

F.. M. R

TECT: CONAGRA

..0-90

General Managers

Brill, eastern Kansas AMR, has done some research on some of the r players in the ag business world. I thought this was very resting and felt I should share this with you.

/ people are asking, "why should we be so concerned about these panies"? Maybe this will help answer that question.

information has been gathered from a number of different ications and should not be considered complete as there may have n other activities of which we are not aware.

e agrees you should use this information as you see fit. You it use it at board meetings, employee meetings or newsletters.

re will be more than one company but I will start off with agra.

CONAGRA

ond largest food company in the U.S. (second only to Kraft)
ond largest processor of beef and pork in the U.S.
ond largest broiler producer
gest turkey processor
gest flour miller

7-89 - Purchased Val-Agri beef processing plant in Amarillo. ConAgra also has beef plants in Nampa, Idaho, Onaha and Greeley, Colo.

7-89 - Announced intent to lease Elders corn milling and elevator facilities in Atchison, Ks. Mill produces industrial dry corn products, corn flour, corn grits and corn meal.

4-89 - Joint venture with W. Jordan to process and distribute food oat products throughout Europe.

5-89 - Purchased Sargent's Pet Care from A. H. Robbins Co. ConAgra's present pet care brand names are Snoopy and Geisler.

0-89 - Converted a portion of mill owned in Wabasha, Minn. to process barley into barley bran and barley flour.

1-89 - Consolidating 4 feed mills into one near Longmont, Colo. $4 million feed mill to serve turkey operations within a 50 mile radius. All feed produced to be used in company owned operations.

-89 - Purchased the remaining unowned portion of stock of SIPCO. SIPCO, formally the old Swift Co., has beef houses in Des Moines, Guyman, Okla., & Dumas, Tex., pork houses in Huron, S.D., Wothington, Minn., Marshaltown, Ia., St. Joseph, Mo., & Moultrie, Ga., and a lamb plant in San Angelo, Tex. They will continue to market under the Swift and Tend'r Lean labels.

5-89 - Restructuring feed mills in Montana. Closing Belgrade and Conrad but will continue to operate Great Falls, Miles City and Billings.

9-89 - Opened new oat processing facility in So. Sioux City, Nebr. It is largest new oat processing plant built in U.S. in 20 years. $29.7 million plant with 17 million bu/yr capacity.

23-89 -Joint venture of ConAgra and Westgler Milling Corp. of Alberta, Canada announced to build oat and barley processing plant near Barrhead. Investment of $6.5 million will process 50 million lbs. of oats and barley per year for human consumption.

-90 - Acquired majority interest in Socite Anonyme Mediterraneene de Salaisons a French firm that distributes meats to French supermarkets and other retailers.

6-90 - A joint venture (50-50) with D. R. Johnston Group of Austrailia has been formed for meat processing. Johnston processes beef, lamb and mutton products for export to the Far East.

0-90 - ConAgra and Consolidated Grain and Barge Co. formed a new company that will own and operate barges and towboats formerly owned by Consolidated. Superior Barge Lines Inc. of St. Louis will be owned 80% by ConAgra and 20% Consolidated.

4-90 - ConAgra and the USSR State Commission for Food and Food Procurement have signed an agreement that will allow ConAgra to be involved in the management of poultry and hog operations in the USSR.

-11-90 - ConAgra purchases Beatrice Foods. The acquisition demonstrates their goal "to operate across the food system

1-5

years. $29.7 million plant with 17 million bu/yr capacity.

-89 -Joint venture ConAgra and Westglen Milli[illegible] Corp. of Alberta, Cana[illegible] announced to build oat and [illegible]ley processing pl[illegible] near Barrhead. Investment of $6.5 million will process 50 million lbs. of oats and barley per year for human consumption.

90 - Acquired majority interest in Socite Anonyme Mediterraneene de Salaisons a French firm that distributes meats to French supermarkets and other retailers.

90 - A joint venture (50-50) with D. R. Johnston Group of Austrailia has been formed for meat processing. Johnston processes beef, lamb and mutton products for export to the Far East.

90 - ConAgra and Consolidated Grain and Barge Co. formed a new company that will own and operate barges and towboats formerly owned by Consolidated. Superior Barge Lines Inc. of St. Louis will be owned 80% by ConAgra and 20% Consolidated.

90 - ConAgra and the USSR State Commission for Food and Food Procurement have signed an agreement that will allow ConAgra to be involved in the management of poultry and hog operations in the USSR.

90 - ConAgra purchases Beatrice Foods. The acquisition demonstrates their goal "to operate across the food system from the farm to the table and to occupy the center of the plate". Purchase price to be $1.34 billion (60% of Beatrice annual sales), but includes $2.6 billion of debt on Beatrice balance sheet. Payment to be $626 million cash, $355 million common stock and an identical amount of two series of preferred stock.

-90 - Will build ninth broiler complex near Farmerville, La. Plant to include feed mill, hatchery and processing at a cost of $32 -34 million.

90 - Sold assests of Specialty Feed Products to Trade one.

-90 - Building $60 million 30 acre corp. headquarters, reffered to as "the campus". Toinclude a miniture model processing plant to test products before major manf. committment.

-90 - Completes record year and decade of gains.

[illegible]s controlled by ConAgra ----

nt's Pet Care	Swift	La Choy
er Pet Care	Tend'r Lean	Manwich
y Pet Care	Eckridge Meats	Orville Redenbacher
ont Foods	Swift Butterball	Armour Meats
amily Foods	Swift Premium	Banquet Frozen Dinners
li Brothers Co.	Hunt/Wesson	Patio
ry Pride	Peter Pan	Chun King
ry Skillet Catfish	Single Seafood Co.	Health Choice
rt	Kid Cuisine	

[illegible]ives a person something to think about.

******************* ********************************* ******************************
** REQUESTOR: 1140[illegible] RSJ - JURY, ROBERT S. KS, SUBLETTE
****
***   S Y S M   I N B A S K E T   P R I N T

MESSAGE ID: 5913105503   DATE: 11/09/90   TIME: 10:55am   PRIORITY: 000

TO: 114065-RSJ - JURY, ROBERT S.
GENERAL MANAGER
KS, SUBLETTE

FROM: NEEDHAMEH - NEEDHAM, ED H.
AREA MANAGEMENT SPECIALIST
A.M.R

SUBJECT: COMPETITOR SERIES - CARGILL

To: General Managers

--Cargill--

3rd largest beef processor
5th largest pork processor

4-3-89 -- Cargill recently completed a pilot plant at Elk River, Minn. to allow it to run small scale liquid feed manfacturing tests. The $200,000 facility includes a small scale mixer that simulates those in the companies 16 liquid molasses production sites and will funtion as part of the research farm.

4-17-89 -- Cargill stepped up its expansion and modernization of its domestic wet corn milling operations. The expansion includes all four of the companies locations at Cedar Rapids and Eddyville, Ia., Dayton, Ohio and Memphis, Tenn. Cargill also operates plants in Bergen op Zoom, The Netherlands, Tilbury, England, and another that is scheduled for completition in Uberlandia, Brazil next year.

4-22-89 -- Cargill is setting up a satellite communications network on 250 locations in 40 states.

4-24-89 -- Cargill's Excel meat packing subsidiary announced the closing of its Wichita beef fabrication plant effective June 23. The plant was purchased in March 1979 from MBPXL. Excel has beef processing plants at Booneville, Ark., Marysville, Cal., Ft Morgan and Sterling, Colo., Dodge City, Ks., Rockport, Mo., Nebraska City and Schuyler, Nebr., and Friona and Plainview, TEx. They also have pork plants in Beardstown, Ill. and Ottumwa, Ia.

5-15-89 -- Announces plans to expand its chicken deboning facility in Buena Vista, Ga. and to complete an addition to its broiler further processing plant in Dawson, Ga. The deboning capacity will be doubled and the broiler processing tripled allowing them to process 350,000 broilers per week.

5-22-89 -- Cargill, one of the nations largest shell egg producer has agr[illegible] in principle to [illegible]ell it's Sunny Foods egg product[illegible] subsidiary to Cal-[illegible] in[illegible]. Cargill will continue to

operate it'[illegible] S[illegible]y-F[illegible] rt[illegible] e[illegible]-processing facility in Monticello Mi[illegible] wh[illegible] br[illegible] e[illegible]anded to produce more cooked and pa[illegible]ed [illegible] [illegible]s.

8-14-89 -- Nutr[illegible] a[illegible] [illegible]e [illegible]rth[illegible] market by purchasing th[illegible] 19[illegible] in[illegible] & [illegible]rson, Inc. of Burlington, Wash. [illegible] uc[illegible] 0 t[illegible] 0 tons per hour with these facili[illegible] op[illegible]tes [illegible] mills in the U.S. and Canada.

8-14-89 -- Cargill plans to build a 600,000 bu elevator on the main line of BN at the southwest Minn. town of Hills. The high speed, competitive facility will allow them to move corn and soybeans to the west coast ports for export.

8-21-89 -- Cargill will be offering contracts for canola production in order to meet the growing demand for canola oil. These contracts will be offered near its Memphis oilseed processing plant and Oceloa, Ark. and Sikeston, Mo. grain elevators.

9-4-89 -- Cargill's Nutrena Feed Div. is in the process of building a $4 mil, 80,000 ton per year mill at Swanton, Vt. The mill is intended to give better service to its dairy and farm store customers. The farm store business is a rapidly growing portion of their line.

9-15-89 -- Cargill announced Sept. 14 they have signed a letter of intent with Tempel & Esgar of Wiley, Colo to buy 17 country elevators and other properties. The elevators are in Amity, Arapahoe, Buckeye, Campo, Cheyenne Wells, Eads, Kit Carson, Limon, Midway, Otis, Platner, Towner, Vilas, Wiley and Wray.

11-20-89 -- Cargill Foods has opened its integrated beef processing plant in High River, Alberta. The plant is capable of processinn 6,000 head of cattle in a single shift.

1-7

... had a number of you ask if we had the same type of information on ADM as I had sent you on ConAgra. This is the information we have on ADM.

-29-90 - Acquire .abama Feed Mills, Inc. and .arch Feed Mills. This will add approximately 27 states to the ADM feed Marketing area. There will be no change in teh existing brand names.

6-19-90 - ADM will manufacture and sell amino acids using technology it bought from Eastman Kodak. ADM is investing $150 million in its Decatur biochemical facilities to produce 50,000 tons of amino acids. ADM will receive exclusive marketing and manufacturing rights to the process while Kodac will hold the patents and receive a licensing fee and royalties.

10-6-89 - ADM has purchased all of the issued and outstanding stock of Collingwood Grain. Collingwood operated 31 elevators in S. W. and S. Kansas and 5 in the Okla. pnahandle.

11-20-89- Four major businessess including ADM and Gold Kist have joined together to bring winter canola production to Georgia, Alabama, and S. Carolina. Gold Kist will be Offering producers chemical and fertilizer advice. ADM will be crushing the seed in its Augusta, Ga. facility.

2-5-90 - ADM agrees to sell two wheat flour mills in response to the FTC allegations of fair trade law violations. These plants had recently been purchased from Tyson. They also agreed not to purchase any additional mills in the S.E. for ten years.

2-26-90 - Announced the intention to be in the Southeast Asian amino acid market by year end. Compared to a 10% annual market growth rate in U.S. they expect this market to grow 20-25% a year.

3-26-90 - ADM is well on its way to achieveing a profit in the U.S. canola operations while problems continue with their Canadian counterparts.

3-26-90 - Purchased 6.77% interest in International Foods of Minneapolis, Minn., a diversfied food company as an investment. According to an analyst, "Dwayne Andreas and the whole ADM mentality is to buy things when they're cheap".

4-23-90 - A year to date after announcing entrance into the amino aid market ADM unveiled plans to enter the antibiotic bacitracin market.

7-9-90 - Pfizer agreed in principle to sell its citric acid business to ADM. Citric acid is the premier acidulant for the food and beverage industries and is widely used in pharmaceuticals, laundry detergents and industrial applications. Pfizers citric acid sales were $180 million in 1989 and ADM's sales were $77.9 billion with $450 million profits.

9-6-90 - ADM began announcements of agents and brokers for the Biochem Products Division. There are plans to announce brokers worldwide in the next few months.

9-24-90 - Dwayne Andreas indicates that ADM is keeping pace with other globalized food businesses. They are pursuing a greater role in Eastern Europe and the Soviet Union. Areas that they are involved with internationally; feed manuf., grain merch., river transportation, corn processing, flour milling, ethanol prod., oilseed processing and protein specialties.

10-8-90 - ADM intends to purchase additional stock in International Milit Foods. The intent is to raise its holdings to 15%.

10-22-90 -ADM sets goal to be world's largest biochemical producers. The division game plans calls for gaining 50% of the products' world markets, and to have annual sales of $500 million within the next 2 to 3 years.

Just some more food for thought.

Ed Needham

1-8

21-89 -- Cargill will be offering contracts for canola production ~~in order to~~ meet the growing demand for ca la oil. These contracts w be offered near its Memphi lseed processing plant and C a, Ark. and Sikeston, Mo. n elevators.

~~1-4-89~~ Cargill's Nutrena Feed Div. is in the process of building a $4 mil, 80,000 ton per year mill at Swanton, Vt. The mill is intended to give better service to its dairy and farm store customers. The farm store business is a rapidly growing ~~portion of their line.~~

9-15-89 -- Cargill announced Sept. 14 they have signed a letter of intent with Tempel & Esgar of Wiley, Colo to buy 17 country ~~elevators~~ and other properties. The elevators are in Amity, Arapahoe, Buckeye, Campo, Cheyenne Wells, Eads, Kit Carson, Limon, Midway, Otis, Platner, Towner, Vilas, Wiley and Wray.

~~11-20-89~~ Cargill Foods has opened its integrated beef processing plant in High River, Alberta. The plant is capable of processing 6,000 head of cattle in a single shift.

~~11-20-89~~ Cargill and Nippon Meat Packers have announced formation of Sun Valley Thailand, LTD., a joint venture to grow, process and market chicken meat from operations in Lopburi and Saraburi. Cargill will grow and process chickens and Nippon ~~will sell~~ chicken meat in Japan and other non-U.S. markets. Cargill has poultry operations in the U.S., Argentina and the U.K.

~~2-5-90~~ Excel will spend more than $24 mil in a 2 year plan to modernize its Ft. Morgan, Colo. fabrication and slaughter plant. The investment will double the capacity to 3,200 head per day.

5-7-90 -- Cargill's Molasses Liquid products Div. will construct a $250,000 research facility near its pilot plant at the research farm.

7-9-90 -- Cargill will begin construction of a corn and vegatable oil refinery at its corn wet milling facility in Memphis, Tenn.

7-30-90 -- Cargill's Commodity Marketing Div. has signed a letter of intent to acquire Wagner Mills of Shcuyler, Nebr. Wagner Mills is a grain merchandising and farm supply company serving east central Nebr. Cargill currently operates elevators in Albion, Bradshaw, Central City, Fullerton, Gibbon, Giltner,

~~Heartwell, Kearney, O'Neil,~~ Ravenna and Wood River, Nebr.

7-30-90 -- Cargill purchased an Alexander, N.Y. feed mill from\ Continental.

8-10-90 -- Cargill's Colorado drive bring concerns. Since the last wheat harvest, Cargill has purchased 20 country elevators. Ag leaders are afraid they are positioning themselves to control ~~the market~~ in eastern Colo. They also own 7 of the 10 Colo. unit train loading facilities each with 54 or more car capabilities (2 in Denver, Otis, Buers, Limon, Cheyenne Wells, and Wiley.)

9-3-90 -- Nutrena will build a $4 mil feed mill near Big Lake, Minn. I will have the capability of processing more than 60,000 tons of animal feed annually. the area is in the heart ~~of the Minn.~~ dairy and swine area.

9-24-90 -- Cargill announced Sept. 29 that it plans to open representative offices in the Soviet Union and Poland. ~~Cargill has had~~ trading relationships with these countries for more than 25 years. The first objective is to determine which of the five main areas of Cargill will make investments in these countries. Cargill's trading involvment with the USSR ~~has centered~~ on their imports of grain oil seeds and oil seed products also orange juice, sugar, cotton, coca, coffee, malt and rubber.

~~9-24-90~~ Excel entered an agreement to buy Emge Packing Co., a beef and pork packer/processor and marketer in Ft. Branch, Ind. It includes packing plants in Anderson and Ft. Branch, hog buying stations and trade names.

Just a little more for you to think about. Let me know if you want more of this or am I boring you to death???? I find this very interesting to learn how big and powerful these companies really are. ~~It is a little~~ frightening!!

Ed Needham

1-9

Kansas Legislature, House Agriculture Committee
Outline of Statement of Iowa State Representative David Osterberg
February 4, 1993

1. Restrictions on Corporate Agriculture in the midwest are long standing and accepted by most farmers as well as most citizens.

-foreign ownership
-corporate ownership
-1500 acre limits on authorized farm corporations
-processors cannot own livestock or contract feed

2. There is a difference between contracting feeding and verticle integration of the Pork industry. Iowa chose to allow contract feeding but to restrict contract feeding by processors.

3. Critique of the statement of Dr Barry L. Flinchbaugh.

-counts the losses but not the gains

"The issue of allowing non-family farm corporations to own and operate swine production facilities or to contract with hog producers in Kansas is not just an economic issue...The social consequences are outside the professional domain of agricultural economists and can be addressed by sociologists."[page 1]

-bold but wrong statements

"If the state of Kansas elects to buck the national trends and attempts to pursue the status quo or revert back to a 50s style agriculture, we will lose market share."[page 2]

"The Kansas hog industry does not enjoy the immense benefits of a major packer and it will not under current law and structure. Any major packer will demand the opportunity to contract with hog producers, if not own hogs and hog production facilities."[page 3]

-claim the opposition is trying to stop technology

-assertion that contracting will help preserve the family farm is unsupported.

5. Corporate interests will try to divide the midwest states. Many times, while in other states, we heard the 1987 Iowa Groundwater Protection Law was about to be repealed.

HOUSE AGRICULTURE
2-4-93
ATTACHMENT #2

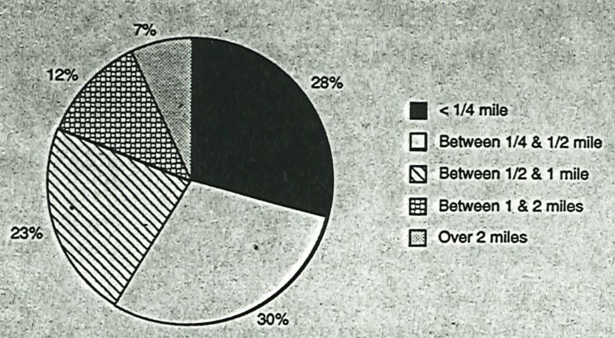

Figure 6. Distance from residence to closest livestock facility.

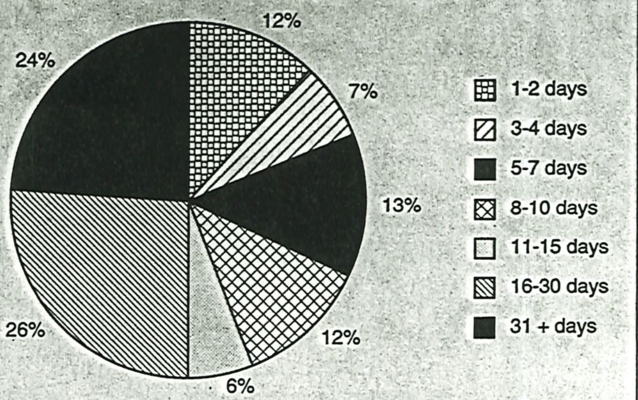

Figure 7. Number of days before odors from neighbors' livestock facility would be considered a major nuisance.

Eighty-two percent reported neighbors' livestock facilities did not detract from their quality of life. Only two percent indicated that neighbors' livestock facilities detracted "a great deal" from their quality of life, and 16 percent indicated that these facilities detracted "some" from their quality of life.

Among the 18 percent of the respondents (322 respondents) who indicated that neighbors' livestock facilities detracted from their quality of life, a follow-up question asked what problems existed. The principal problems associated with neighbors' livestock operations that detracted from their quality of life included odors (91 percent), flies (47 percent), manure run-off (26 percent), noise (14 percent), and dust (13 percent).

And finally, respondents were asked how many days per year they would tolerate odors from a neighbors' livestock operation before they would consider it a major nuisance (Figure 7). Twelve percent indicated after one or two days they would consider it a major nuisance, 7 percent responded between three and four days, 13 percent reported between five and seven days, 12 percent responded between 8 and 10 days, 6 percent reported between 11 and 15 days, 26 percent would consider it a nuisance between 16 and 30 days, and 24 percent reported that it would be a major nuisance if odors persisted more than 30 days per year. The average number of days per year of odors that respondents were willing to tolerate before they would consider a neighbor's livestock facilities a major nuisance was 52 days; the most frequently cited number was 30 days.

Expansion of the livestock industries

Respondents were quite mixed in their opinions about whether farmers in their neighborhood should expand livestock production to assist in economic development (Table 7). Thirty-four percent agreed that local farmers should be encouraged to raise more hogs. However, 36 percent were uncertain and 30 percent disagreed with the statement. Forty-one percent agreed that local farmers should be encouraged to raise more cattle, while 35 percent were uncertain and 24 percent disagreed. Twenty-four percent agreed that farmers should be encouraged to raise more poultry, 42 percent were uncertain, and 34 percent disagreed.

While respondents were mixed in their opinions about farmers expanding their livestock operations, there was strong disagreement about encouraging non-farm investors to invest in livestock production. Across all three classes of livestock there was nearly identical and strong disagreement to the statement, "non-farm investors should be encouraged to invest money in their community to raise: hogs (73 percent disagreed), cattle (72 percent disagreed), and poultry (73 percent disagreed)."

Twenty-nine percent of the farmers in the survey indicated that expanding livestock production in their community would create more jobs for local people. However, 22 percent were uncertain as to whether more jobs for local people would result from expanding livestock

Iowa Farm + Rural Life Poll, Dr Paul Lasley July 1992

HOUSE AGRICULTURE 2-4-93 SU ATTACHMENT #3

Table 7. Expansion of livestock industry.

	Strongly Agree	Somewhat Agree	Uncertain	Somewhat Disagree	Strongly Disagree
	percent				
Farmers in my neighborhood should be encouraged to raise more:					
hogs	12	22	36	18	12
cattle	16	25	35	14	10
poultry	8	16	42	18	16
Non-farm investors should be encouraged to invest money in my neighborhood to raise:					
hogs	4	5	18	17	56
cattle	5	6	17	16	56
poultry	3	5	19	17	56

production, and 49 percent did not think that more jobs for local people would result.

The 51 percent (1,176 farmers) who either agreed or were uncertain that more jobs for local people would result from expanding the livestock industry were asked to indicate how this would help the local community (Table 8). Fifty-three percent indicated that expanding the livestock industry would help local communities retain their population base. Forty-eight percent felt expansion of the livestock industry would provide diversification for local economies. Thirty-nine percent felt expansion of the livestock industry would provide quality jobs for local people.

Livestock waste management and environmental issues

Eighteen percent of all farmers in the survey indicated they would be interested in purchasing manure if local markets were available. Fifty-four percent were not interested in purchasing manure and 28 percent were uncertain. Among livestock producers, 8 percent indicated they would be interested in selling manure if markets were available, 80 percent indicated they were not interested, and 12 percent were uncertain.

Only 11 of the 1,576 livestock producers (less than 1 percent) indicated they had ever had problems meeting government regulations or guidelines concerning manure storage or application. Sixty-six producers (4 percent) reported they had received complaints about odors, noise, or flies from their neighbors. Forty-three percent of the producers indicated they had neighbors within one-quarter of a mile of their facilities, and an additional 38 percent had neighbors between one-fourth and one-half mile.

Table 8. Impact of livestock industry jobs.
Will the new jobs that are created by expanding the livestock industry:

	Yes, Definitely	Yes, Probably	Maybe	No, Probably Not	No, Definitely Not
	percent				
help local communities retain their population base	19	34	31	14	2
provide economic diversification for the local economies	15	33	34	15	3
provide quality jobs for local people	13	26	35	22	4

3-2

While the majority of livestock producers agreed that manure management is a major issue in the livestock industry (61 percent), only 8 percent agreed that "personal concerns about state and federal regulations prevents them from expanding their operations." Only four percent agreed that "if they expanded their livestock operation, they would likely receive complaints from their neighbors" (Table 9).

Table 9. Concerns about livestock expansion.

Some producers feel that manure handling problems, such as groundwater protection, present barriers to expanding the livestock industry in the state. Others fear that nuisance suits and complaints from neighbors are barriers to expanding their livestock operation. Please provide your opinion on the following statements.

	Agree	Not Sure	Disagree
		percent	
Increasingly, manure management is a major issue in the livestock industry	61	26	13
Personal concerns about state and federal regulations prevent me from expanding my livestock operation	8	29	63
If I expand my livestock operation, I would likely receive complaints from my neighbors	4	26	70

State land ownership laws

Since 1984, the project has monitored farmers' opinions about changing state laws concerning farmland ownership (Table 10). Across the four surveys conducted since 1982, there has been little change in farmer opinion concerning these laws. This spring, 83 percent were either strongly or somewhat opposed to relaxing state laws limiting non-resident aliens (foreign investors) from owning farmland. Eighty-one percent were either strongly or somewhat opposed to relaxing state laws limiting non-farm corporations from owning farmland. Thirty-six percent support limiting absentee ownership of farmland by individuals, although 30 percent were uncertain, and 34 percent were opposed to this suggestion. Fifty-five percent of this year's respondents supported requiring all farmland owners to report the amount of land they own, while 21 percent were uncertain, and 24 percent were opposed to this idea. Sixty-four percent supported limiting the amount of farmland that speculators can own to 1,500 acres, although 18 percent were uncertain about this proposal, and 18 percent were opposed to it.

Quality of life indicators

Every other year the poll has included five quality of life measures. Table 11 provides the responses for each of the surveys. This spring, 24 percent indicated that the quality of life for farm families in their communities had become either much or somewhat better over the past five years, 43 percent believed it had remained the same, and 33 percent indicated it had become worse. The proportion indicating an improved quality of life for farm families has declined 12 percentage points since 1990.

When asked to describe their own family's quality of life over the past five years, one-third (33 percent) reported it had improved, 45 percent indicated it had remained the same, and 22 percent reported it had declined. This is an 8 percentage point decline in the proportion describing their families' quality of life as improved over the past 5 years since 1990.

When asked about the next five years, 17 percent were projecting an improved quality of life for farm families, 49 percent expected no change, and 34 percent project a declining quality of life for farm families. Compared with 1990, this is a 7 percentage point decline in the proportion indicating an improved quality of life for farm families in the next five years.

For their own families, 28 percent of this year's respondents were projecting an improved quality of life in the next five years, compared with 32 percent in 1990. Twenty-one percent indicated their family's quality of life in the next five years will become worse compared to 15 percent in 1990.

When asked about the overall economic prospects of farming in the next five years, 19 percent indicated things would get better, 32 percent expected no change, and 49 percent pre-

3-3

Table 10. Changes in farmers' opinions about state land ownership laws.

Listed below are some state farmland policy issues. How do you feel about each of these proposals?

Proposal	Strongly Support	Somewhat Support	Uncertain	Somewhat Oppose	Strongly Oppose
	percent				
Relaxing current state laws limiting non-resident aliens (foreign investors) from owning farmland:					
Spring 1992	5	4	8	18	65
Spring 1988	6	4	8	15	67
Spring 1986	7	8	7	18	60
Fall 1984	7	4	6	15	68
Relaxing current state laws limiting non-farm corporations from owning farmland:					
Spring 1992	4	5	10	21	60
Spring 1988	6	5	8	19	62
Spring 1986	6	8	8	20	58
Fall 1984	6	5	6	19	64
Limiting absentee ownership of farmland by individuals:					
Spring 1992	18	18	30	20	14
Spring 1988	20	17	25	23	15
Spring 1986	19	21	21	22	17
Fall 1984	19	21	24	21	15
Requiring all farmland owners to report the amount of land they own:					
Spring 1992	32	23	21	11	13
Spring 1988	37	21	19	9	14
Limiting the amount of farmland that speculators can own to 1,500 acres:					
Spring 1992	44	20	18	8	10
Spring 1988	51	16	17	7	9

dicted conditions would get worse. This compares to 1990, when 24 percent indicated improved prospects for the next five years, 38 percent indicated no change, and 38 percent indicated worsening prospects. Since 1990, there has been an 11 percent point increase in the number of respondents indicating that the overall economic prospects for farmers will worsen over the next five years.

Perceptions of farm financial conditions

The decline in optimism about improved quality of life is reflected in farmers' perceptions of farm financial conditions (Table 12). This spring, 16 percent described the financial condition of farmers as a "very serious problem," and 41 percent indicated it was a "moderate problem." Forty-five percent described the financial conditions of local agribusiness as either a moderate or very serious problem. About one-fifth (21 percent) described financial institutions in their communities as having either a moderate or serious financial problem.

Nine percent indicated they have a "very serious" financial problem on their farm, and 21 percent reported they have a "moderate problem." Twenty-eight percent indicated they have a slight problem, and 41 percent reported they do not have a financial problem. Across these four measures of perceptions of financial conditions, there is virtually no change since 1990, however, there is significant improvement since 1988.

3-4

TO: Ag Committee Members
FROM: Larry Amon
Netawaka, Ks. 66516

I am a farmer and we operate a diversified farming operation consisting of 1800 acres of row crop, a cow-calf to finish operation, and a 250 sow farrow-to-finish operation, along with our two sons.

On January 22, Rep. Shore, stated on television, and I quote, "If we want to be competitive with Kansas production of pork or anything else, we shouldn't become an island. If we want to be competitive, we have to play the game. Corporate farming seems to be the game right now".

I don't believe independent family hog producers are ready to play the game with corporate hog production. The Buffalo Bills have played the game for 3 years and have failed to win the Super Bowl. If bill 2069 is passed, the corporate hog facilities will spring up over the horizons like a disease, only to satisfy the packing plant like Seaboard that went to Guyman, Oklahoma. The figures and tax bases that I've read about, and what the state of Oklahoma and Guyman had to give up and do, to attract Seaboard, the taxpayers would probably relish the idea of letting Liberal have it back.

Lets look 5 years down the road after we allow vertical integration. Large scale corporations want to contract hogs to fill their processing plants. Okay, say for the first 3 years before they have reached their quota of an 8,000 head per day kill, they go out and contract some local hogs to fill their production, do you honestly believe after their pork facilities are built, that they will continue to buy from the family farm porducers? No, the prices will drop and along with it will go the producer which will bring ecomonic devastation for the local economy.

Further more, we don't have to be an island, we don't have to do it because other states are doing it. Lets say no, and don't be a part of it. Besides, how do we know that the other states have done the right thing. In a few more years when those first large facilities have deteriorated, the familiar sight of empty chicken houses will begin to fill the country side.

Lets come together as a team instead of a follower. Lets don't play games because we're behind. Lets play to win and develope a plan similar to Nebraska. Pork producers in Nebraska are doing an excellent job of production, and the packing plants are supporting them. They form production farms among themselves with some doing the farrowing and others the finishing. And believe me, it is working because I personally visited a 23 year old FFA State Star Farmer from Kansas that had a vision of becomming a independent hog producer. He built a facility just across the Kansas state line, as he was taking over the family farm and was investing $280,00 to go along with other facilities. He stated he was in it for the long haul, and didn't want to be controlled by a corporate structure. He also had 100% support at the local bank.

Once again, Ag Committee Members, this is not a game, this is our livelihood. Once we let corporate hog production into the state of Kansas, we'll never be able to stop it. So I am asking you to submit a bill to the House and Senate that would prohibit "Corporate Hog Farming" in Kansas.

HOUSE AGRICULTURE
2-4-93
ATTACHMENT #4

February 4, 1993

TO: Ag Committee Members

My name is Marvin Strube. I am a small swine producer and a diversified farm operator near Whiting, Kansas. I am in opposition to corporate farming in Kansas. I think the present laws are sufficient to allow anyone to produce hogs in the state. Do we need more hog production?

With the current market price of hogs, maybe we have enough production. If we as Kansans', cannot abide with the Kansas Corporate Law, maybe we should adopt the non-family farm corporate law that Nebraska now has, called Initiative 300. Even with this law in Nebraska, they do have packing plants. I understand that Nebraska has more farmers working on their own farms full time, and there are more farmers entering farming than leaving. If we, as Kansans', were to fully allow non-family corporations into this state, how many small independent hog producers would be replaced by one corporate farm in the years to come? How many 1200 head sow operations would it take to replace the number of small operations now in existance?

So, if Kansas does vertically integrate, how many new jobs will we create, or how many communities and local businesses will we lose?

HOUSE AGRICULTURE
2-4-93
ATTACHMENT #5

TO: Ag Committee Members

February 4, 1993

My name is Mike Stauffer. I am from Holton where I am engaged in farming with my Dad on our crop and livestock operation.

The reason I am opposed to this bill, is because if you let Corporate farms in, it will make it more difficult for the young farmers, like myself, with our small and medium size farms to compete.

When I was involved in FFA and Ag Clubs in college, they taught us to preserve the family farms. It has always been my goal to farm with my Dad. My grandfather farmed, my Dad was raised on a farm, he raised me on our farm and I want to raise my children on a farm.

I am concerned that if corporate farming is allowed in Kansas, what will happen to our small hometown businesses in our communities. I don't believe that the corporations will be buying from our small communities or investing their money here at home.

If this bill is allowed, my concern is what kind of a message will this send to the younger generation. I know that we can and we will compete in the market place, but, we must have a level playing field where everyone has the same opportunity.

I believe the State of Kansas would be better served by the small and medium size farms rather than the corporate farms.

Thank you,

HOUSE AGRICULTURE
2-4-93
ATTACHMENT #6

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

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

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

HOUSE AGRICULTURE
2-4-93
ATTACHMENT #7

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

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

February 4, 1993

TO: House Ag Committee Members

FROM: Travis Amon
R.R. 2 Box 48
Netawaka, Ks. 66516

I am a junior in high school and have my own small swine operation, as well as help with my families swine farrow-to-finish operation. Upon graduating from high school and college, I plan to return to the "Family Farm".

I am opposing the Corporate Farm Bill 2069.I feel that if you allow these big out of state operators into Kansas, you will demolish the family farm, as we will not be able to compete. Look at all the family chicken farms across the nation, that are now sitting empty and deteriorating,because corporate chicken production was allowed, and the family producers could not compete with the large corporate producers. The same thing will happen to Kansas family hog farmers if you allow corporate hog operations to start up.

Also, you need to consider the effect these large corporate hog farms will have on our environment. Small producers have enough problems with manure since the EPA has really come down on livestock runoff. For instance, National Farms is struggling to meet EPA requirements. Therefore, large corporations will have the same problems. Where will they put all of their sludge--will they have enough land capable of handling all of it? We all must think about the runoff these large operations will create, and wonder how safe our human drinking water will be in 5 to 10 years.

I am wearing this blue "FFA" jacket, that symbolizes that I am a member of the largest youth organization in the world, with over 387,000 members. If you allow corporate farming in our state, how will I, and my fellow FFA members, who have been taught to preserve the family farm, be able to compete? I am 1 of the 5,136 "Future Farmers of America" in the state of Kansas, and, what will my future be if you allow corporate farming in our state? We are the production agriculturist of tomorrow. Our future lies in your hands. I just ask for you to think about my generation and where is our future in production agriculture going to be if you allow corporate farming?

HOUSE AGRICULTURE
2-4-93
ATTACHMENT #8

TO THE HOUSE AG. COMMITTEE :

I, would first like to thank the Ag. Committee, for this opportunity to express my views on this important issue.

My name is Clint Fletcher. I live in Cherokee County. My father and I are co-owners in a diversified farming operation. We produce hogs, cattle and row crops. I am presently the president of the Cherokee County Pork Producers Association, which is affiliated with the Kansas Swine Breeders Association.

I am here to voice the concerns of myself and others in my area. We have just gone through an election where the point was made by the voters, that people desire a government with it's priorities for the people and not on special interests. Bill #2069 is a prime example of "Special Interest" legislation.

We have heard that not enough pork is being produced in Kansas. If we could be more confident in our future as individual producers with out the threat of Vertigral Intigration looming over our heads, we could expand. With the help of improved genetics and technological advances available to us, we could produce a substantial amount of quality hogs on our existing farms; plus encourage interested new breeders that haven't seen swine production as an option in the past.

Since the early "80's", our marketing choices have become more and more limited. It is our concern, that with Vertigral Integration our markets, in time, will become closed to individuals. Just as the poultry industry is today and we've heard no convincing information to ease those concerns.

Southeast Kansas, especially Cherokee County, has seen rapid growth in the poultry industry that is completely controlled by a large corporation.

In conversations with our friends and neighbors about their corporate operations, the most disturbing point comes to my mind; their entire future rests with that company and the hope that they will be there for the duration.

All of our individual efforts to be heard as the "small producer", come down to one common belief. We as Kansas hog producers wish to maintain our independence and let our progress or failures be our own!

Respectfully submitted:

Clint L. Fletcher
Rt. 1 Box 170C
Galena, KS 66739
316-389-2354

HOUSE AGRICULTURE
2-4-93
ATTACHMENT # 9

THE .NSAS RURAL CENTER, C.
304 Pratt Street
WHITING, KANSAS 66552
Phone: (913) 873-3431

Statement before the Kansas House Agriculture Committee
February 4, 1993

Thank you, Mr. Chairman and members of the committee. I am Jerry Jost from the Kansas Rural Center.

Proponents of HB 2069 make the following argument in support of corporate factory farms. These proponents cite the principle need for change is the lower prices Kansas hog producers receive in comparison to similar producers in Iowa and Nebraska. In order to bring more dollars home, Kansas needs to stimulate our hog markets by bringing a major packer to our state. Since packers come to areas of high production, Kansas needs to increase hog production. Once we have a packer, hog prices paid to Kansans will increase. The key to increased production, proponents of corporate hogs argue, is to attract corporate hog investment. Therefore, we need to change the corporate farm law.

The flaw in this argument is that Nebraska and Iowa, our models of comparison, have stricter laws than Kansas. These states maintain robust hog industries and keep the benefits of that production among farm families in many communities across their state.

With due respect, Dr. Barry Flinchbaugh, was wrong when he stated that Kansas has a stricter law than Nebraska last Tuesday. In contrast to Kansas, Nebraska prohibits the following agricultural activities:

* Beef packers can not own feedlots nor feed cattle
* Nebraska has no exemptions for feedlots, authorized farm corporations, and limited liability companies

> The Nebraska constitution reads as follows: "No corporation (family farm corporations are exempted) or syndicate shall acquire, or otherwise obtain an interest, whether legal, beneficial, or otherwise, in any title to real estate used for farming or ranching in the state, or engage in farming or ranching ... Farming or ranching shall mean (i) the cultivation of land for the production of agricultural crops, fruit, or other horticultural products, or (ii) the ownership, keeping or feeding of animals for the production of livestock or livestock products."

To better understand the Nebraska law, I recommend that this committee hold hearings on House Concurrent Resolution 5005. This resolution parallels Nebraska's Initiative 300 and a hearing should clear up the unfortunate confusion over the nature of Nebraska's corporate restrictions.

HOUSE AGRICULTURE
2-4-93
ATTACHMENT #10

In addition, it is important to remember that Iowa, a state that raises one out of every four hogs in the country, has a stricter law than Kansas. While both states restrict large hog packers (farmer cooperatives are exempted) from feeding their own hogs, Iowa prohibits beef packers from owning their own feedlots.

With this background, let us return to the proponents argument that we should relax our law to achieve comparable prices to Nebraska and Iowa. Using the USDA hog prices figures provided to you by Dr. Flinchbaugh, Nebraska and Iowa hog producers enjoy higher prices over the past five years than Kansas producers ($1.34-$1.76 per hundredweight) while also receiving the state assurance that they will be operating on a more level playing field with large corporations.

A comparison with North Carolina is also instructive. North Carolina has no corporate farming restrictions and has become the model corporate hog state. Since 1985, North Carolina has increased its hog marketings by 83% and slaughter by 33%. But that hasn't helped North Carolina family farmers. During this time it lost over half its hog producers -- well above the national average. Also the average price received over the past five years by North Carolina hog producers was $1.34 and $1.76 per hundredweight less than Nebraska and Iowa respectively. In fact, Kansas had higher hog prices than North Carolina last year.

Dr. Flinchbaugh stated in his testimony that the real test on Nebraska's Initiative 300 would be whether packers will stay in Nebraska when their plant facilities became obsolete. He stated that Nebraska had three major packers before Initiative 300 was passed. He also stated that there were no new packing plants opened in Nebraska since Initiative 300 was passed.

Since Initiative 300 has passed, Nebraska has experienced growth in the slaughter of both beef and hogs. Beef slaughter has increased by 12% and hog slaughter increased by 28%. Moreover, Nebraska has opened up a new plant. In Lexington, IBP has opened the largest, most complete state-of-the art beef packing plant in the world. In addition, at least six packing facilities have remodeled under Initiative 300. Those include beef plants in Grand Island (Monfort), Omaha (Beef Nebraska), Lexington (Cornland), and Schuyler (Cargill). Remodeled pork packing facilities included Madison (IBP) and Fremont (Hormel).

It is important to note that before the Schuyler plant was remodeled, Con Agra and Cargill went through a bidding war to buy the old Spencer plant. I encourage you to apply Flinchbaugh's real test in this debate on corporate farming. Not only has Nebraska attracted the crown jewel of packing plants in Lexington, major packers will go through expensive bidding wars to get the privilege of doing business in the state with the most restrictive corporate farm law state in the nation. They do it not because of Initiative 300 but because Nebraska's farmers do good business with them.

Representative Swall asked last Tuesday about the quality of work that comes from large-scale factory farms and packing houses. Dr. Flinchbaugh stated that "quality is a subjective word that I really don't think I can pass judgement on. I don't think the jobs here would be any different than they would be in North Carolina. It is the same industry."

The word quality is the most important word in this debate. People every day make important decision where they live and work according to criteria related to quality. Ask farmers whether they want to be self-employed and own their business or whether they want to work in a factory farm and have little say in management decisions. The job quality on a family hog farm in Kansas is not the same as that on a factory hog farm owned by Wendell Murphy in North Carolina. Tomorrow, you will have an opportunity to discuss this with someone who knows -- a former hog producer from North Carolina.

There are eminent individuals who apply the disciplines of scientific research to determine the quality of life associated with different types of employment in agriculture. In her book, **Locality and Inequality**, Linda Lobao reviews the body of social scientific research on the socioeconomic conditions related to the structure of farms and industry. She identifies a wide collection of sociological studies that conclude, as self-employment in agriculture is replaced by hired labor, the socioeconomic conditions within the community deteriorate. These impacts are: a decline in the rural population; greater income inequality; reduced standards of living; less community services; less democratic political participation; lower community social participation and integration; decreased retail trade; environmental pollution and energy depletion; and greater unemployment. Committee members, these are measurements of quality of life that every one of you must understand and communicate when you run for elected office. I encourage you to keep this issue of quality of life central as you consider this bill.

In conclusion, the Kansas Rural Center recommends you kill HB 2059 becomes it does nothing more than put agriculture on wheels, moving jobs from family farms all over the state to areas of clustered production. HB 2059 pits rural communities against each other allowing them to put their local tax base on the bidding block. Profits and decision-making leave the local community. We can do better. I recommend you follow the strong lead of Nebraska and pass House Concurrent Resolution 5005.

Thank you for you attention.

January 31, 1993

House Ag Committee
Representative Eugene Shore
State Capital
Room 446 North
Topeka, KS 66612

Honorable Representative Shore:

I am writing to express my concerns about the corporate farming legislation - specifically House Bill 2069.

I am a full time farmer and farrow to finish pork producer. We produce approximately 2000 head per year. I disagree with corporate farming because --

1. If corporates go into business, someone has to get out. Why?
   a. The demand will only allow so many hogs.
   b. Corporates will more than likely get a tax free status for 10 years because they create jobs. (What did I get? I got taxed!) Will they create more jobs than they destroy? Doubtful!
2. The jobs they create will probably be low paying jobs.
3. They won't buy many supplies from the small towns.
4. Most of the profits made will go to corporate headquarters located somewhere out of state and will not be spread around the small towns.
5. Large facilities mean large lagoons. With the concerns about ground water contamination, it looks like that would be putting a lot of contamination into one spot.

I wonder what the price of food will do when the food industry is controlled by less and less producers every year?

For these reasons, I am requesting that this letter be given to the House Ag committee and be considered permanent written testimony opposing House bill 2069. I also urge you to hold hearings on House Concurrent Resolution 5005.

Sincerely,

Wayne Blaes

Wayne Blaes
R.F.D.#2, Box 153AA
Cherryvale, KS 67335

HOUSE AGRICULTURE
2-4-93
ATTACHMENT #11