

CHAPTER THREE

Changing Rural America

“The very soul and spirit of this nation has always resided in the countryside of America, the agriculture sector. You are the core, the glue, the leadership, the passion that keeps this nation together.”

— U.S. Senator Chuck Hagel
(R-Nebraska) addressing
the 1999 AFBF convention.

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Farm Bureau leaders have always been quick with platitudes about the nobility of farmers, and speakers at the 1999 convention had plenty to say on this theme. What they did not address, however, were the ways in which concentrated agribusiness is changing the nature of rural America. They also did not mention the Farm Bureau’s ties to farm cooperatives that take farmers’ money and use it to start businesses, including overseas enterprises, that compete with farmers.

Former AFBF president Dean Kleckner has written that “in the past 50 years, farm numbers have dropped from 7 million to less than 2 million. The drain is still occurring, a result of low prices for virtually all of our commodities and

worsened for some by natural disasters.” But he acknowledges no connection between that trend and the emerging dominance of factory farms and takes a position that downplays the contrast between corporate farms and family farmers. “I don’t know that we’re at a point in this country where we’re saying just because you’re big you’re bad or just because you’re small you’re good or vice versa,” he said in an interview during the AFBF convention. “I happen to think you can be big and good, or you can be big and bad, or you can be small and bad.”

Corporate agribusiness does hurt rural communities, says University of Missouri sociology professor William Heffernan, because corporate profits do not stay in the local economies where the goods are produced. Family farmers, on the other hand, traditionally spend most of the money they earn in the local community, Heffernan says, so money gets multiplied by a factor of three or four. That means every dollar the farmer earns can generate three or four dollars in income for other local businesses, which in turn creates more jobs. A corporation, howev-

er, sends most of its profits to distant company headquarters.

Visit any town where factory farms have moved in and the implications for rural America become obvious. Farmers now struggle to support their families on a typical factory farm salary of around \$16,000. Many are working two or three jobs. On top of that, working conditions at the hog factories are so poor and the pay is so low that owners often recruit hundreds of immigrants from Asia and Central America to fill the jobs. And the new arrivals fill country schools with children who speak only Vietnamese, Laotian or Spanish. In Guymon, Oklahoma, for example, where Seaboard Corporation opened a plant with the capacity to raise and slaughter 4 million hogs a year, the employee turnover rate is running close to 100 percent, according to a *Time* magazine investigative report. Schools there have become seriously overcrowded, and 21 percent of the students can't speak English. People who once themselves farmed can't make a living and can't sell their land because no one wants to live near the hog factory.

A DISSENTER SILENCED

The Farm Bureau is quick to defend factory farms despite the negative impacts they are having on family farmers, as Rod Thorson, former host of a farm radio show on station WCMY in Ottawa, Illinois, discovered. Most of the farmers calling in to Thorson's show last year were not all that concerned about the environmental costs of factory farming. They saw the corporate takeover of agriculture as a threat to their livelihoods and way of life, and many were angry. "We were talk-

ing about why that kind of hog farming doesn't make economic sense," Thorson said in a recent interview. "It tears apart the fabric of local communities. People wanted to talk about that. We were getting a lot of response. "

The discussions went on until two Illinois Farm Bureau representatives paid a visit to WCMY's general manager. The station is a Farm Bureau radio-network affiliate; the Illinois Farm Bureau produces a daily statewide show broadcast on local stations. The Farm Bureau program funnels advertising revenue to the local affiliates. The Illinois Farm Bureau executives had taped a few hours of Thorson's program and apparently didn't like what they heard. According to Thorson, when he arrived at the station to do his show at 5:30 the next morning, the general manager was there waiting to tell Thorson that he was fired effective immediately.

Thorson says he was not particularly surprised. The Illinois Farm Bureau has been pushing the conversion of agriculture to factory farming, Thorson says, and Farm Bureau leaders don't want that story told. "Farm Bureau leadership sold us on the idea that bigger is better, and that philosophy has empowered companies to exploit independent farmers. You have to ask the question, 'Why?' Is it to promote a higher standard of living for family farmers or to control the supply of pork?"

THE COST TO CONSUMERS

Mary Ellen Moore's farm in Bonaparte, Iowa, is one of the casualties of the hog crisis. She and her husband Larry bailed out of the hog business four years ago. Her cousin's hog farm went under

in 1998. "It doesn't take long for losses like we've had to eat up everything you've got," she says. But what will happen, she asks, when no independent producers are left?

"People might not care much about what happens to farmers, but one of these days when it's all in the hands of just a few producers, people are going to find out how high food prices in this country can go," she said.

As things stand now, consumers are seeing very little benefit from the record low prices that farmers have been getting for their hogs. That apparently is fine with former AFBF president Kleckner, who wrote in an October, 1998, column that U.S. food prices are a great bargain. "Americans now pay about ten percent of their income for food, a ludicrously low amount compared to prices paid in most other countries," the column says. During a later interview he repeated the point, declaring: "We may complain for good reason about taxes, but we should not complain about the cost of food. It is really very, very low."

To their credit, delegates at the 1999 AFBF convention raised concerns by inserting language in resolutions about monopolistic trends in agribusiness. But they did not bring up the fact that AFBF is in big agribusiness itself and even competes with family farms in some arenas.

INVESTMENTS IN BIG PORK

Why the Farm Bureau defends factory farms and corporate agriculture becomes clear when the bureau's business interests are examined. For example, when Continental Grain and Premium Standard Farms (PSF) merged in 1998, the com-

bined company became the third largest pork producer in the nation, with 162,000 sows each producing 20 pigs a year. That comes out to 3.24 million hogs a year in Missouri, North Carolina and Texas, "with more growth planned at some point," according to CEO John Meyer. Continental Grain is also America's biggest beef feedlot operator, annually moving 405,000 head of cattle through six lots, and the company ranks second in the grain-trading business. And with its 18,872 shares of stock in PSF, Southern Farm Bureau Annuity Insurance now has a stake in one of the biggest agribusinesses in the world.

Southern Farm is not the only Farm Bureau

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insurance company investment in big pork. Farm Bureau Mutual Insurance Corp. of Idaho and Western Community Insurance Co., both affiliated with the Idaho Farm Bureau, own more than \$500,000 in bonds from Archer Daniels Midland (ADM), according to annual reports. ADM, one of the country's largest agribusinesses, is also an emerging powerhouse in the pork industry. ADM owns 13.5 percent of IBP, the nation's largest pork packer, and according to the magazine *Successful Farming*, ADM is planning an even larger presence in the pork business. In addition, the Idaho Farm Bureau's insurance

companies hold 3,000 shares of stock in Tyson Foods, the nation's seventh largest pork producer with 2,470,000 pigs a year. Arkansas-based Tyson Foods also is the nation's top chicken producer, turning out 155 million pounds (live weight) of chicken every week, according to *Feedstuffs* magazine.

The Farm Bureau's ties to the giants of the pork industry do not stop with insurance company investments. Farm Bureau affiliates are allied in joint ventures or direct partnerships with major players in the pork business. For instance:

- Cooperatives associated with the farm bureaus of Illinois, Iowa, Wisconsin, New York, Ohio, Indiana and Michigan jointly own two businesses with Farmland Industries. Farmland is the nation's fifth largest pork packer and 16th largest pork producer.

- In 1997, Nationwide Insurance, with close ties to the Ohio Farm Bureau, merged with Farmland Industries Cooperative Service Co., a Farmland-owned insurance company. According to a news release, Farmland now has a representative on the board of Nationwide Insurance.

- Land O' Lakes, the 14th largest pork producer, with 1.2 million pigs a year, merged with Countrymark Cooperative in the fall of 1998. Countrymark is affiliated with the Ohio, Indiana and Michigan farm bureaus.

- Growmark, a cooperative controlled by the

Illinois, Iowa and Wisconsin farm bureaus, has agreed to joint ventures with Land O' Lakes to market oil, gas, feed, seed, pesticides and fertilizer.

- In Cass County, Illinois, where the Land O' Lakes cooperative runs a 90,000-pig operation, citizens filed a lawsuit after the co-op built a hog manure lagoon that extended into the water table. Illinois's attorney general asked Land O' Lakes to develop a groundwater monitoring plan.

- Growmark (Illinois, Iowa, Wisconsin farm bureaus) merged its grain terminal division with ADM in 1985. Growmark traded its grain facilities for stock in ADM. Glenn Webb, chairman of the board and president of Growmark, sits on the ADM board.

If these connections seem hard to follow, they are only a small sampling of the intricate web of agribusiness corporations and cooperatives that control much of the nation's food and fiber production, a web in which the Farm Bureau is firmly anchored. Understanding these relationships is crucially important, says the University of Missouri's William Heffernan. Yet information often is difficult to obtain and even harder to piece together. According to Heffernan, people who say we must adapt to change don't really understand "the magnitude of the changes and the implications of them for agriculture and for the long-term sustainability of the food system."