CHAPTER FOUR

Cooperating With Conglomerates

"It's all become one big ball of snakes. It's a disgusting mess of cooperation among these big entities to exploit the market and to exploit farmers and consumers. I don't know of a co-op in existence today that is really benefiting the farmer. Most of them are exploiting the farmer."

— Mike Callicrate, Kansas rancher,
Cattlemen's Legal Foundation.

"You cannot be a little guy any more and compete in the world market. I'm glad that our affiliated companies are able to help us by being able to compete with the giants of the world."

— Dean Kleckner,
former AFBF president.

In 1922 when conglomerates controlled much of agribusiness in the United States, two crusading members of Congress, Senator Arthur Capper (R-Kansas) and Representative Andrew Volstead (R-Minnesota), won passage of legislation intended to give struggling farmers more bargaining power in the marketplace. The Capper-Volstead Act authorized farmers to form cooperatives in order to negotiate more effectively with big grain traders and meatpackers. The law permitted farmers to make deals as a unit, joining forces to set prices for their goods without being subject to prosecution under antitrust laws. In a sense, the cooperatives functioned as labor unions for farmers, giving growers "the same right to bargain collectively that is already enjoyed by corporations," said Senator Capper during debate.

The cooperative movement played a crucial role in enabling farmers and rural communities to thrive. But what began as a populist response to domination by big agribusiness has become today an entirely different beast. Cooperatives themselves have become an integral part of big agribusiness — worth billions and virtually indistinguishable from agribusiness corporations.

The local and statewide cooperatives set up by farm bureaus during the 1920s have merged and consolidated into regional, interregional and even multinational businesses. Today these co-

ops not only market grain and other commodities but also manufacture and sell pesticides, fertilizer, tires, batteries, gasoline and other petroleum products and run refineries, banks and international financial-service networks. And the Farm Bureau cooperatives have formed partnerships and joint ventures with some of the world's richest corporations, including agribusiness giant Archer Daniels Midland (ADM) and the world's largest pesticide manufacturer, Novartis.

Because of the antitrust exemptions and special tax advantages that Congress has granted to cooperatives, the co-ops have even gained some advantages over corporations. Co-ops are not subject to the same reporting requirements as publicly traded companies, so financial transactions are more difficult to track. The co-ops can use tax-free capital for investment and expansion, and in some cases they have used this money to expand production into areas that compete with their own members.

The cooperatives all brag that they are farmer-owned, and indeed, at the local level, farmers do make up co-op membership. These local co-ops comply with the legal requirement that each member get only one vote. But the voices of these local farmer-members become so diluted at each progressive step — from county, to state, to regional, to interregional, to joint venture, to international — that the farmers have no impact at the levels where decisions are made.

Although cooperatives originally were set up to market the goods produced by their members and to provide fertilizer, seed and the like at lower prices than individuals might get on their own, co-op businesses today extend well beyond that mission. Co-ops run convenience stores and sell products, including oil and gasoline, to the general public. In fact, Farm Bureau-affiliated Growmark bragged about this in its 1997 annual report. "The proportion of non-agricultural Growmark energy customers continues to grow," the report declared. "Growmark's presence in the retail fuel market grows through promotion and the addition of new retail sites. There are currently 136 sites."

THE PATRONAGE REFUND DILEMMA

The law allows co-ops to accept outside investors. According to Department of Agriculture cooperative specialist John Wells, some states limit the amount of profit those investors can be paid to eight percent. But co-ops also may merge with regular stock companies or even foreign corporations. All of these arrangements make for an exceedingly complicated tax structure, yet co-ops enjoy one critical tax advantage. They pay no taxes on profits earned in transactions with their farmer-members. For instance, a co-op pays no tax on profit from selling fertilizer to a member or from marketing that farmer's grain.

Those profits are not tax-free, however. Individual farmers pay the taxes for the co-ops, and all too often those farmers get little benefit in return. By law, co-op profits are supposed to be returned to farmer-members on the basis of how much business each farmer did with the co-op during the year. These are called patronage refunds. The farmers themselves are required to pay taxes on the refunds even if they never actually see the money. In order to qualify for tax

exemptions, the co-op is required to give farmers only 20 percent of their patronage refunds in cash. The co-op can and usually does keep the remaining 80 percent itself to use for investments, expansion or any other purpose. The farmers must pay income taxes on the full 100 percent. In return for keeping part of the farmer's patronage refund, the co-op issues equity shares that build up over the years. In theory, farmers should be able to trade that equity for cash whenever they like, but legally a co-op does not have to redeem any equity until it is ready to do so.

According to Department of Agriculture economist Bob Rathbone, the midwestern grain co-ops usually hold onto the refunds for 16 or 17 years before paying back the farmers. In some cases, Rathbone says, he has seen co-ops hold the money for as long as 25 years. During that time, the farmers' shares of equity earn no interest. They cannot be sold or traded like stock, and they have no cash value on the open market. If a farmer needs money from the equity for his own purposes, he is out of luck. The farmer has no control over when the equity will be paid. Neither does the local co-op. Equity built up by local members usually never filters down to the county co-op. Most of it stays at the highest levels in the cooperative cascade. The multibillion-dollar multinational cooperatives end up keeping most of the cash. That cash gives these giant co-ops a vast pool of working capital.

Consider the case of the Great Rivers Cooperative of Iowa and the Sawyer Cooperative of Kansas versus Farmland Industries. Ten years ago, after most of the farmers in these two small-town co-ops had gone out of business, the Great Rivers and Sawyer co-ops decided to close up shop and liquidate all the equity held by their members. The trouble was, Farmland had control of the money and would not give it back.

Farmland Industries advertises itself as the nation's biggest farmer-owned cooperative. It is a Fortune 200 company that did $11.9 billion in sales in 1998 and does business in a dozen countries. Farmland is not a Farm Bureau co-op, but Farmland's business interests are linked tightly to those of cooperatives that are Farm Bureau affiliates. For instance, Farmland, Growmark (Illinois, Iowa and Wisconsin farm bureaus), Countrymark (Ohio and Indiana farm bureaus) and Agway (New York Farm Bureau) share ownership of Universal Cooperatives, an even more enormous cooperative conglomerate, with annual sales in excess of $30 billion.

Farmers in Sawyer, Kansas, had $480,000 of equity in Farmland's hands, says Sawyer Cooperative president Matt Novotny. Not a lot of money for Farmland, but all the money in the world to the farmers who owned the equity. "Farmland used to call it 'savings' in their literature," says Novotny. "You built an account there and it would be yours. A lot of people were thinking this is a nest egg I've put away. This is what they were counting on. Farmland basically said that there was no plan for any type of redemption of our money. That's why we had to sue."

In Great Rivers, Iowa, the same thing had happened. Novotny's friend Dan Webb had been such a died-in-the-wool co-op supporter that he used to say, "If you'd cut me, I'd bleed co-op blue." Webb had counted on his co-op equity as his savings account. "He thought that whenever

you quit doing business you got your money back," Novotny recalls. But when Webb became too ill to work and asked for his equity, Farmland said no. "We spent a lot of time on the phone where he would alternate between anger and tears," Novotny relates. "Dan passed away with a bitter taste in his mouth."

In 1994, the Great Rivers and Sawyer co-ops filed a class-action lawsuit in federal district court in Des Moines, Iowa, alleging fraud and federal securities violations and asking the court to require that Farmland pay co-op members the money they were owed in equity. A year after the lawsuit was filed, Farmland began to redeem some of the equity. It now has a schedule for paying back the rest. These payments might never have been made if Farmland had not been forced to do so by the lawsuit. Novotny believes that without the courts, the farmers probably would have lost their money.

Such equity refund problems are widespread, longstanding, unresolved and unfair. University of Missouri professor Heffernan says his own parents never got their equity back from FS Cooperative, part of Growmark, an Illinois Farm Bureau-owned cooperative. "They'd been co-op members all their lives," he says. "They always thought they'd get something back, but the local co-op told us the money just wasn't there." Co-op members might have expected the Farm Bureau to help them in these equity disputes. Instead, AFBF has fought changing the law to remedy the injustice.

Three decades ago when New York Representative Joseph Resnick investigated Farm Bureau cooperatives, he heard from dozens of farmers with stories similar to those of Novotny and Webb. Resnick sponsored a reform package that would have given farmers the choice of whether to take their refunds in cash or in equity shares. The House passed Resnick's proposals on August 7, 1969. But according to *Dollar Harvest*, the book by former Resnick aide Samuel R. Berger, the Farm Bureau worked successfully to kill the measure in the Senate. In a letter to the Senate Finance Committee, AFBF said that the proposed changes "are unwarranted" and would "represent further involvement of the federal government into the fiscal affairs of private enterprise. . . ." Since then all suggestions of reform have failed.

The problems created by the patronage refund dilemma go beyond the financial difficulties created for individual family farmers. The co-ops are using capital gleaned from farmers' equity to invest in businesses competing directly with their own members. Millions of dollars in co-op equity money are flowing into the megahog farms that are taking over the market from small producers. Co-ops have even used the capital to finance cattle and grain operations in South America. "For the life of me, I don't think it's right, and I can't understand why the co-ops are going into ventures outside the U.S," says Novotny. "Basically, they are taking our dollars to do it, and it sure follows that South American production competes with American production."

"The co-ops brag about being farmer-owned, but they don't behave that way," says John Crabtree of the Center for Rural Affairs, a nonprofit research and advocacy group based in Walthill, Nebraska. "Frequently you'll find them

working against the interests of their members. When the co-op directly competes with its own members, it doesn't serve the members' interests. So to that extent the original mission of the co-ops gets lost in the shuffle," he said in an interview. "The big co-ops feel they have to behave like corporations in order to compete in the corporate world."

The alliances between co-ops and for-profit corporations are also raising questions about whose interests are being served. Considering that one of the original missions of the co-ops was to get better prices for farmers by taking on corporate commodities traders, it seems more than a bit incongruous to see joint ventures such as the one between ADM and the Farm Bureau co-op Growmark. Here we have a co-op supposedly representing the interests of 250,000 farmers tying its financial future to one of the world's biggest grain dealers.

THE TIES THAT BIND

> *"In essence, greed, simple greed, replaced any sense of corporate decency or integrity."*
> — Joel Klein, assistant attorney general for antitrust, commenting on a price-fixing case against ADM.

One of the most shocking aspects of the Farm Bureau is how its financial ties and business interests have led it into policies and procedures that are harmful to the family farmer. Consider, for example, the Farm Bureau's convoluted ties to ADM.

ADM, which bills itself as the "supermarket to the world," ranks as one of the world's largest grain traders and food processors, a manufacturer of products ranging from corn syrup to amino acids that are marketed on a global scale. When ADM was convicted in 1996 of fixing prices for lysine and citric-acid products, the company paid a record $100 million fine. The punishment did not hurt much considering that ADM does more than $14 billion a year in sales. Wall Street had expected a much higher penalty, so ADM stock quickly rose. Farmers, on the other hand, lost considerably. Citric acid is used as a food supplement and preservative and in detergents and other agricultural products. Lysine is an important feed supplement that spurs growth in chickens and pigs. Purdue University agricultural economist John Connor figured that farmers who had been cheated on the price of lysine paid an extra $165 million to $180 million over three and a half years.

Growmark, the cooperative owned by the Illinois, Iowa and Wisconsin farm bureaus, entered into a joint venture with ADM in 1985 that continued through and beyond the years when ADM was overcharging farmers for lysine. As mentioned earlier, when Growmark and ADM merged their grain businesses, the cooperative traded its river grain terminals for stock in ADM and the partnership became ADM/Growmark. Growmark president Glenn Webb took a seat on the ADM board. Interlocking Farm Bureau board members from Iowa, Illinois and Wisconsin sit on Growmark's board with Webb. In 1996, Countrymark, the cooperative affiliated with the Ohio, Michigan and Indiana farm bureaus, also joined the alliance with ADM.

ADM is not the only agribusiness giant with which the Farm Bureau collaborates. In 1998, Growmark formed a new partnership with Novartis, a Swiss company that operates in 142 countries on six continents, grossing $21.6 billion in annual sales. Under the partnership agreement, Growmark will sell Novartis seeds, pesticides and other products through the co-op's FS outlets and will share in profits. The farm bureau affiliate Countrymark has a similar agreement with Novartis.

Novartis is the world's second-largest pharmaceutical manufacturer and largest pesticide maker. It brags that its pesticides and herbicides "are used on well over 100 million acres of cropland in the United States." The company owns Gerber baby food, Ciba Vision and Ex-Lax. It also makes atrazine, a weed-killer that has contaminated groundwater throughout the Midwest.

According to the Environmental Working Group, atrazine has contaminated the tapwater of 374 midwestern towns, with levels ten times above benchmark standards in the water supplies for 60 towns, high enough to raise cancer risks. Novartis disputes this, claiming that the cancer risks are negligible. Nevertheless, the groundwater contamination problems have prompted EPA to conduct a special review of atrazine to determine whether use should be restricted. The review is expected to be completed this year.

During the 1999 AFBF convention, Novartis hosted lavish cocktail receptions for delegates and the press. Afterward, delegates approved a resolution urging EPA to reach a favorable conclusion on atrazine by reauthorizing its use "without further restriction." No mention was made of the financial ties between Novartis and Farm Bureau cooperatives.

WELL-OILED CONNECTIONS

As with the Farm Bureau's anti-farmer policies, an examination of the organization's business ties explains some of its anti-environmental positions. For example, at their 1999 convention AFBF delegates approved resolutions calling for opening the Arctic National Wildlife Refuge to oil drilling, reinstating special tax advantages for oil companies, including the infamous oil depletion allowance, and getting rid of "excessive environmental regulations" on oil drilling. The rationale offered spoke of energy self-sufficiency and the importance of ensuring adequate fuel supplies for farmers. Nothing was said of AFBF"s extensive investments in oil and gas..

Farm Bureau affiliate Countrymark produces petroleum products that Farm Bureau affiliate Growmark then sells to Land O' Lakes customers in a joint venture called Mark II Energy. In 1996, Countrymark's oil refinery in Mount Vernon, Indiana, ranked in the top 20 percent of Indiana polluters in terms of air and water releases of toxic chemicals known to be harmful to human developmental and reproductive health. EPA accused the Countrymark refinery of failure to monitor air emissions properly. Countrymark agreed to pay a $32,000 fine without admitting wrongdoing and to install pollution-control equipment costing about $700,000.

Growmark set up a joint operation with Sunoco of Canada in another petroleum venture. Growmark is also part-owner of the National Cooperative Refinery Association (NCRA), a

business that conducts oil exploration, production and distribution throughout the nation. According to *Kansas City Business Journal*, NCRA was formed 50 years ago to give midwestern co-ops a guaranteed source of petroleum products. Now Growmark sells much of its fuel directly to the public. NCRA's refinery in McPherson, Kansas, produces more than a million gallons of gasoline and other fuel each year. That refinery also has had pollution problems. In 1996, it released 977,545 pounds of toxic chemicals, making it one of the nation's biggest polluters. According to the EPA, this refinery is in the top 20 percent in terms of cancer hazards and the release of toxicants into the air.

Farmland, a corporation involved in joint businesses with Farm Bureau co-ops, runs even dirtier refineries. One in Jefferson City, Missouri, became a Superfund site. Coffeyville, Kansas, citizens filed a $7.5 million lawsuit against another Farmland refinery, saying they were tired of breathing foul air. The lawsuit cited Farmland's own reports to the Kansas Department of Health and Environment listing more than 30,000 violations of the Clean Air Act in the last five years. EPA ordered Farmland to pay civil penalties totaling $1.45 million and to install pollution-control equipment costing $4.2 million. Farmland violations at the facility, EPA said, included repeated disposal of hazardous wastes on the ground and failure to report immediately seven accidental releases of hydrogen sulfide gas. Farmland, which produces 100,000 barrels a day at the Coffeyville refinery, also operates a lube oil plant in Texas and a grease plant in Missouri.

A refinery operated by the Cenex cooperative in Yellowstone County, Montana, is the fourth biggest polluter in the state, according to EPA's toxic-releases inventory. Minnesota-based Cenex is independent of the Farm Bureau but has substantial overlapping business interests. Cenex and Farm Bureau affiliates Agway, Growmark and Countrymark are co-owners of Universal Cooperatives. They all also own shares in CF Industries, an interregional co-op that manufactures and sells fertilizer. Cenex operates several divisions jointly with Land O' Lakes, which last year merged with Countrymark.

In addition to refinery troubles, Cenex and other cooperatives have had their share of problems with toxic waste. For instance, Cenex has agreed to clean up a toxic-waste pond across the street from a Quincy, Washington, high school. The pond was contaminated with heavy metals, radioactive materials and telone, a potato bug killer suspected of being carcinogenic. A cleanup begun in 1998 is still unfinished. And this is not the only trouble Cenex has had in Quincy.

TOXIC FERTILIZER

Farmers in Quincy were "wondering aloud why their wheat yields were lousy, their corn crops thin, their cows sickly. . . . They discovered something they found shocking and that they think other American farmers and consumers ought to know: Manufacturing industries are disposing of hazardous wastes by turning them into fertilizer to spread around farms. And they're doing it legally."

— Duff Wilson, *Seattle Times* reporter.

Patty Martin was mayor of Quincy,

Washington, in 1997 when she first went to the *Seattle Times* with a story about poisoned cropland and deliberate use of toxic industrial waste in fertilizers. After several farmers in this small community 150 miles east of Seattle began to suspect that their crop failures were related to bad fertilizer, they had a few tests run. In fertilizer tank residue, chemists found arsenic, beryllium, lead, titanium, chromium, copper and mercury. The tank belonged to Cenex.

In a recent interview, Martin recalled her frustration at discovering that the practice of recycling industrial waste as fertilizer was widespread and completely legal. Environmental officials seemed unconcerned. "The people doing this are putting entirely unsuspecting communities at risk from pollutants that are known to be harmful to human health," she said. "There's not enough information out there to say that the practice is safe."

Safe or not, when reporter Duff Wilson of the *Seattle Times* looked into the matter, he discovered that industries nationwide have converted millions of pounds of hazardous waste into fertilizer. Among his findings:

• Toxic byproducts from two Oregon steel mills are stored in silos at the Bay Zinc Company. When the material is taken out of the silos, it is used as a raw material for fertilizer. "When it goes into our silo, it's a hazardous waste," Bay Zinc president Dick Camp told Wilson. "When it comes out of the silo, it's no longer regulated. The exact same material. Don't ask me why. That's the wisdom of the EPA."

• Lead-laced waste from a pulp mill is hauled to southwestern Washington farms and spread over crops grown to feed livestock.

• Other fertilizers contain waste from smelting, mining, cement kilns, wood-product slurries and a variety of other heavy industries and from the burning of medical and municipal wastes. These wastes may contain a potpourri of hazardous chemicals, including cadmium, lead, arsenic, radionuclides and dioxins.

• Limestone fertilizer laden with heavy metals killed more than 1,000 acres of peanuts in Tifton, Georgia. The fertilizer was called "Lime Plus." Regulation is left entirely up to states, and most have no requirement that toxic wastes be listed as ingredients. Most fertilizer labels lump toxics into the broad category of unspecified "inert" ingredients.

The Farm Bureau defends the practice of using such industrial "raw materials" in fertilizer. In 1998, the Maryland Farm Bureau lobbied against a bill in the legislature to require labeling of fertilizers containing hazardous or toxic waste. According to the bureau, that bill "could have limited the availability of necessary fertilizers due to the classification of materials used in making such fertilizers."

In 1999, the Montana Farm Bureau fought legislation to prohibit the sale of commercial fertilizer "if analysis by the Department of Agriculture reveals the presence of a heavy metal, arsenic, or organochlorine . . . at a level that presents a threat to the public health." The bureau objected that "at this point in time there is no way to measure organochlorine and no standard set by the federal government to determine what amount presents a threat to the public health, safety or welfare." In reality, organochlorines can

be measured easily, and several government agencies have established maximum exposure standards for most of the toxic chemicals added to fertilizer.

Former Quincy, Washington, mayor Patty Martin says the Washington Farm Bureau always defended the fertilizer companies during meetings of the Governor's Fertilizer Work Group, inactive since the legislature set standards for contaminants in fertilizer in 1999. Farm Bureau representative Greg Richardson has never challenged the practice of using industrial waste, she asserts, declaring, "He didn't see any problem with it. You'd think that any entity that represents agriculture would have some interest in protecting its members, not just their crops — protecting their soils and their health."

Richardson did not return phone calls seeking comment. Washington Farm Bureau lobbyist Linda Johnson says no one has shown that anything in the Cenex fertilizers has harmed people or crops. "Farm Bureau has no problems with what was being used on the fields," she says. "We believe that the fertilizer being used was fine."

Cenex has not acknowledged that any industrial wastes have ever been added to its products. Cenex spokeswoman Lani Jordan told the *Seattle Times* that the company has "always followed the industry recommendations, as well as the government regulations, where these products were concerned." Two Quincy farmers independently sued Cenex in federal court. One charged that the company made money "by disposing of highly toxic industrial waste by adding it to fertilizer." The suit also contended that Cenex failed to disclose that its fertilizer contained heavy metals and that using them resulted in poor crops and ill health. One suit was settled out of court. In the other, a jury agreed with the farmer's claims but did not award him monetary damages. That case is on appeal. Meanwhile, Martin is now out of office. In the last election, she says, Cenex sent employees door to door to campaign against her.

The Washington Farm Bureau joined an industry coalition that tried to intervene in the Pulitzer Prize selection process so Duff Wilson, the reporter nominated for his story about toxic wastes in fertilizer, would not win. Together with a group called the Far West Fertilizer and Agrichemical Association, the bureau wrote the Pulitzer selection committee charging that Wilson had misrepresented the facts. "The Farm Bureau was part of a coalition that submitted information to the Pulitzer committee," says lobbyist Johnson, and in her mind the campaign was successful. "The committee reviewed the information and pulled him off the list," she says.

That is not exactly what happened, however. Disregarding the Farm Bureau letter, the Pulitzer committee chose Wilson as one of three finalists for its public service prize. Wilson ultimately didn't win, but most journalists consider selec-

"You'd think that any entity that represents agriculture would have some interest in protecting its members, not just their crops —protecting their soils and their health."

tion as a finalist to be a great honor in itself. "This is a highly competitive prize," Wilson pointed out in an interview. "I was proud that I made it to the finals." The Farm Bureau has never given Wilson a copy of its letter, he says. "If they believe I got facts wrong, let's see it. They still have not come forward with anything in my articles that they can show is untrue."

MERGER MANIA

> *"These finance companies offer credit lines to pay for the farm products their companies sell, which in Growmark's case includes fertilizer, feed, seed and petroleum fuels. A main attraction to the customer is the convenience of a one-stop shop for the product and financing."*
> — *American Banker* magazine.

You might call it a new twist on the old company store, or the ultimate in vertical integration. Co-ops have moved into nearly every aspect of agricultural production, selling seeds, fertilizer, pesticides, crop advice, market news, livestock feed, antibiotics, additives, growth hormones, oil, gas, tires and batteries; marketing produce, grain and livestock on behalf of farmers; buying grain on behalf of traders, buying and raising livestock, slaughtering hogs and cattle, packaging meat, transporting products and advertising all this. Everyone involved needs plenty of cash to ensure the smooth flow of these business transactions.

Nearly all the large cooperatives now operate their own financial-services divisions. Growmark, for instance, lends through FS Agri-Finance, which operates under an alliance agreement with John Deere Credit. In 1998, the finance company loaned out $112 million. "This is the eighth consecutive year of record loan volumes," says an FS brochure. "Expanded loan programs such as full line operating loans and three-year revolving loans make FS Agri-Finance more convenient and flexible to customers." It is also convenient to the financier. The co-op loans farmers money to buy co-op products — everything from tractors to seeds, feed, pesticides and antibiotics — and earns profits on both the sale of the merchandise and finance charges.

Growmark finances large capital ventures. In 1993, Co-Bank opened an office in Mexico City. In 1997, it set up shop in Singapore to "facilitate export financing in Asian markets." In 1998, 21 state farm bureau organizations and 19 farm bureau-affiliated insurance companies pooled investment money to form a bank holding company called Farm Bureau Bancorp. That corporation opened up shop in 1999, doing business as the Farm Bureau Bank. The Farm Bureau Bank is offering a full line of financial services in 39 states, and bank officers figure that gives them a potential 3 million customers. AFBF's new president, Bob Stallman, who won election at the Farm Bureau's January, 2000, convention, was the initial chairman of the bank holding company. A Texas rice farmer and former president of the Texas Farm Bureau, he stepped down in March, 2000, but continues as a bank advisory board member.

The extent of the vertical integration of the co-ops might tend to worry anyone concerned about monopoly and concentration, especially considering the ever-changing mixtures of part-

nerships, alliances, mergers and joint ventures involved. Add to that the fact that much of this cooperative activity is protected from scrutiny by the antitrust exemptions of the Capper-Volstead act of 1922, and it's easy to see room for abuses.

At the 1999 AFBF convention, delegates approved new language calling for an "immediate investigation into the mergers that are occurring in the agricultural industry" and for "action that will protect producer interests." The resolution declared that "the continued mergers of agribusiness firms" threaten "the free enterprise system that is based on competition."

The Farm Bureau, however, does not want to see its own co-ops investigated, even though the co-ops clearly have been as deeply engaged as private corporations in mergers and concentration. When an Iowa delegate offered an amendment calling on Congress to "examine antitrust laws to determine if changes are needed to more effectively protect farmers," Farm Bureau leaders quickly shot the idea down. "Mr. Chairman, I have a terrible time with those additional lines there — that whole 'examine antitrust.' Think about Capper-Volstead for a minute, where we're at there," said Wisconsin Farm Bureau president Howard Poulson. "I urge that we defeat this additional language." The amendment was defeated on a voice vote with a chorus of loud "no's."

Perhaps it should come as no surprise that in spite of the formal Farm Bureau policy positions calling for immediate investigations of mergers and strong enforcement of antitrust laws, AFBF has actively lobbied against legislation that could put the brakes on what Senator Paul Wellstone (D-Minnesota) calls "merger mania." Wellstone's bill, introduced in 1999, would put an 18-month moratorium on mergers between big agribusinesses and set up a commission to review the issues of concentration and market power in agriculture. That sounds like just exactly what Farm Bureau members voted to support at their last convention — so AFBF did not at first publicly acknowledge its opposition. Instead, Farm Bureau lobbyists quietly circulated a letter to members of Congress asking them to oppose the bill. In an apparent effort to obscure its lobbying efforts, AFBF posted an article on its website headlined, "President Will Not Back Bill to Stop Farm Mergers." The article reported that President Clinton had not endorsed the legislation. It did not mention AFBF's opposition.

Unfortunately for the Farm Bureau, Mike Callicrate of the Cattlemen's Legal Fund obtained a copy of the AFBF letter and posted it on his website, "nobull.net."

Forced to admit that it had opposed the Wellstone bill, the Farm Bureau now offers the argument that a moratorium would delay better antitrust enforcement. In an article on AFBF's website posted November 16, 1999, Cheryl Stubbendieck of the Nebraska Farm Bureau called the Wellstone proposal dangerous, saying that "a moratorium can result in nothing of consequence happening until the time out is nearly over. American farmers can't wait 18 months for concrete action on an issue that so greatly affects their livelihoods."

Stubbendieck's piece did not explain how allowing mergers to go forward over the next year and a half could speed antitrust-law reform. AFBF governmental relations specialist Tim

Cansler offered no clarification on that point in an interview on a Farm Bureau radio program. He simply asserted that the issue "strikes right to the heart of the constitution, and the capitalistic system that we have in America," without explaining precisely what he meant.

Even some state farm bureaus aren't buying those arguments. In December, 1999, the Mississippi Farm Bureau unanimously approved a resolution condemning AFBF for opposing the merger moratorium. "The national Farm Bureau policy book is full of statements expressing concern about concentration of market power and monopoly in agribusiness," said Mississippi Farm Bureau member Fred Stokes, who introduced the resolution. "Yet AFBF President Dean Kleckner and the national staff consistently sell out their members and jump in bed with agribusiness." Stokes went on to characterize AFBF's lobbying activity as "a gross breach of faith and detrimental to the interests of producer members."

This challenge from the Farm Bureau's grassroots failed to shake AFBF's stance on the regulation of big business. At the January, 2000, convention in Houston, Texas, the voting delegates again approved resolutions calling for investigations of mergers. The language used was nearly identical to that of the 1999 policies. But delegates also adopted a new policy opposing any moratorium on mergers.

The Farm Bureau's financial interests in cooperatives and other big businesses may help explain why AFBF's leadership has held so stubbornly to policies that appear to run counter to the interests of family farmers. Those policies embrace a variety of conservative causes that frequently serve as cover for actions that would benefit the bottom lines of big business.