Agriculture by Sue Atkinson and Suzanne Rose

Iowa confab pushes contract farming

Senator Dole, the Farm Bureau, and the "experts" argue for replacing family farms with "industrial" farming.

On March 1 and 2, influentials in agricultural policy gathered in Des Moines, Iowa for the stated purpose of discussing the industrialization of agriculture. Sponsored by the National Forum for Agriculture, the conference, called "The Challenge of Industrialization," focused on promoting contract farming—a fancy name for neo-serfdom.

Under this system, the farmer agrees to provide the monopoly processing company with a specified volume of livestock, under terms usually involving such things as contracting for a certain feed mix. The farmer has no control over price or other conditions.

Already, over 90% of U.S. poultry is raised by a combination of contract farming and vertical integration. Four large companies (Tyson, ConAgra, Goldkist, and Perdue) control over half of all poultry production. Hundreds of thousands of family poultry farms have been lost. The push is on to take over all beef and pork output by the same process. If this succeeds, the contracting monopolies will decide how much and at what price their slaves will produce, and who will eat meat and who will not.

Some influential leaders in agriculture spoke at the Des Moines event, including American Farm Bureau Federation President Dean Kleckner, European Community agricultural counselor K.F. Mortensen, Sen. Robert Dole (R-Kan.), Cooper Evans (the former agriculture adviser to President Bush), Lynn Horak from Norwest Bank, James Kirk from Omaha Farm Credit Bank, and agricultural economist D. Gale Johnson.

Farm organization representatives also participated in the proceedings, which were slanted to promote the idea that contract farming is a growing and irreversible trend. According to the *Des Moines Register,* "They said farm organizations, cooperatives, and federal programs will have to adjust to contract agriculture or find themselves irrelevant in a food system that is tightly linked from the farm to supermarket."

All kinds of bogus arguments were advanced to rationalize how farmers should acquiesce to the trend. Neil Hamilton, head of the Drake University Agricultural Law Center and president of the American Agricultural Law Association, argued that farm organizations should evolve into labor unions, which would work to make sure farmers received the best deal possible on their contracts.

According to Hamilton, as contracting grows and farmers become more like wage-earning workers, they will face issues similar to their urban counterparts. Instead of farmers being concerned with proper management practices which would be focused on producing food for a hungry world, he said they would then worry about working conditions, the fairness of the contracts, and access to information to be certain they are getting a square deal.

It was also argued that farm cooperatives, which were formed to help farmers band together to negotiate lower rail rates and lower prices for fuel and other supplies, are projected to become vehicles to help farmers obtain technology, through contracting, which would be unaffordable and unavailable to them otherwise.

Wayne Synder of Farmland Industries (which contracts with farmers to produce hogs) said that contracting was the best way to help livestock producers get the financing necessary for introducing new technologies.

A recent report from the Iowa Business Council touts contracting as the only way to expand livestock production in the state because new technologies will not be available to producers otherwise. The report says that most of the money available for research and development of new technologies will be through companies offering the contracts.

The sales pitch stresses regional competition. Supposedly, in order for Iowa to remain number one in the production of pork and regain its number-one position in beef production, new technologies are essential to compete against the large livestock confinement units in southern states. What is not mentioned is who is financing these ventures.

In fact, the systematic failure to enforce antitrust laws has led to four companies (IBP, ConAGra, Cargill, and Tyson) accounting for close to half of all U.S. poultry, beef, and pork production as of 1990. Other entities are also involved in large-scale confinement operations, such as National Farms, Farmland Industries, and Murphy Farms.

On the financial side, the giant Holland-based Rabobank counts as its customers: Farmland Industries, Cargill, Continental Grain, IBP, ADM, seven of the largest feedlots in the country, Tyson Foods, other poultry farms, National Farms, and Murphy Farms (in the pork industry), regional grocery chains, and country elevators. Rabobank is also a lender to entities supplying credit to farm borrowers.