

Farmer Says: Stop Cartel Destruction Of U.S. National Food Capacity

California farmer Frank Endres farms in Tehama County in the northernmost part of the Sacramento Valley, raising cattle, producing barley for dairy feed, and growing other crops. He was interviewed May 21, by Marcia Merry Baker, as part of the Schiller Institute's international mobilization to double world food production, meet current emergency needs, and end the World Trade Organization (WTO) and free trade.

EIR: The degree of cartel domination of agriculture and food is now at an unprecedented stage of control and destruction.

Endres: One of the things that's been happening—and it's in all segments of agriculture, it goes through our general economy at the same time—is that the government has refused to enforce the anti-trust laws. In doing so, they've allowed a tremendous amount of consolidation in the food industry. You have other corporations from other from other nations now that control a very large amount of each commodity

We're presently in a battle, along with the cattle organization called R-CALF USA, against the JBS livestock company out of Brazil, that has just bought out three large meatpackers and cattle-feeding operations in the United States, which is going to give them, now, over 35% of control over the livestock slaughter in this country. Our action against this is at the Justice Department right now, and a lot of the livestock people and other farmers are very, very concerned about this, because this JBS holding company has been investigated and fined for taking a monopoly position and controlling the price of cattle in Brazil. And it's really upset the livestock people down there.

Now they've moved into this country and bought out three of these large companies, which will give them a commanding share of the livestock market here. They bought Smithfield's beef division, and Five Rivers cattle feeding operations. They are going to have a one-time capacity of over 875,000 head of cattle in their feeding operations. This is very, very dangerous, that they have that much control.

What these acquisitions do, is further bankrupt the livestock producer. You can't produce calves in this country with a factory-type operation; you've got to have family-owned farming operations and ranching operations all over the coun-

try, in order to produce the start of the whole livestock industry, and that's the feeder calves. And so JBS is going to put a monopoly control on that, and it's going to continue to keep the prices depressed.

Right now, the price on most calves is about 40% of parity, or 40% of what we need to pay our bills. And there is no reason for this. We have a shortage of calves actually, in this country. If you take the amount of calves for the past ten years, and the livestock that we produce, the consumption of beef in this country outstrips the production that we have of beef cattle. We don't raise enough beef in this country to feed the people. We are forced to import beef to keep the people fed. [See **Figure 1.**]

Cartel Control of Seedstocks

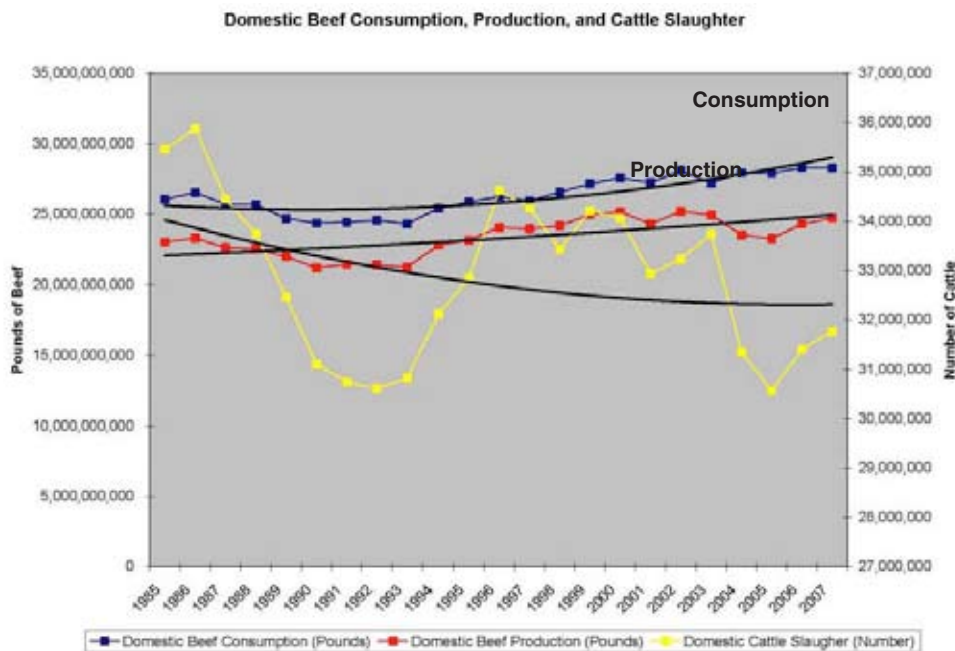
EIR: If you look at what's happened with import-dependency internationally, it was imposed under the free trade era—the World Trade Organization, NAFTA, and all the rest. Now, dozens of nations in Africa are told, "Sorry, the food on the 'markets' you were supposed to rely upon, just isn't there. You should starve." Given that, one of the most evil kinds of consolidation of food control by cartels, is their grip over seedstocks and genetics.

Endres: This is a very controversial thing, because the big multinational corporations are pushing these GMO [genetically modified organisms] crops, and they are trying to get farmers to go ahead and utilize these, and some farmers do, and seem to think that they get a little better yields. And they can use different herbicides and not hurt the crops, because they have been genetically modified. And some farmers really go for this. But a lot of them don't, and they are beginning to kind of rebel against this.

Some of your major companies are really controlling the seeds. And it puts a really high cost into raising crops that use these genetically modified organisms.

EIR: Of course, we know that the U.S. never had any such patenting of food seeds in the past. It was alien to the American System tradition. So this has all come about in the last 30-40 years of the free trade lies. Monsanto, Syngenta, DuPont/Pioneer, and the rest hold food patents amounting to the right to the means of life.

FIGURE 1



U.S. beef consumption outstrips domestic beef production, and the further monopolization of the industry will depress prices and put more family farms out of business. Right now, the price on most calves is only about 40% of parity, Endres says.

Source: R-CALF USA.

Endres: That's right. It's quite interesting that a few years ago, the farmers in India rebelled against some of the American grain companies going over there, which were attempting to patent some of the old-line seeds that the farmers had had there for years. They rebelled. They had quite a demonstration there. They burned some of the offices of American grain companies.

California Dairymen Forced to Dump Milk

EIR: To continue on your original point about the menace of the consolidation of control over food, and the disruptions in the meat and dairy sectors, you have Nestles, Altria/Kraft, Unilever, Suiza, and a very few others in control.

In your state—the leading one of the nation for dairy—there is the line that there is a “glut” of raw milk, and it can't be processed. But the reality is that the capacity to produce that product, and the milk itself is in dire need, and could be used for emergency needs in many locations. This could be done with restoring dairy support and regulation, instead of the anything-goes, ultra-monopolistic situation.

Endres: Here in California, we have had increased production, and we don't have the processing facilities to handle it. Over the past three months, farmers have had to dump their milk, to continue milking their cows. In other

words, their milk tanks get full, and oftentimes, they don't have any place to go with that milk. So they've had to resort to dumping.

Now by dumping, that means that they will either have to take the milk and deliver it out of state, at a discount price. Or they will have to sell it to what is called calf ranches, which give them next to nothing for the milk. Or if they can't get the milk transported in time, by the time their cows come around to get milked again, and if their milk tanks are full, and if they can't get it picked up by the trucking companies, they have to literally dump it in the sewer. At one time there were approximately 128 loads that were dumped. Those are large 7,000-gallon tank trucks.

What happens is that, when these trucks have to go deliver milk out of state to get rid of it, the turnaround time is doubled, and those trucks can't get back in time to pick up the next milk up at the dairies. And the milk goes out of condition if they don't pick it up in so many hours.

There's a shortage of trucks, there is a shortage of processing facilities, and that needs to be corrected.

EIR: If there was a will to intervene on this and correct it, because there is a national and international mission to meet food needs, then we could do the job, right? We could get people innovating, with the know-how to arrange for cooling, storage, and handling, and the rest, even if there are problems.



Jeff Vanuga/USDA/NRCS

Dairy cows in Sacramento Valley, Calif. Milk has been going to waste in the state, because there aren't enough processing facilities to handle the increased production.

Even now, the processing plants may not be on full shifts, and that kind of thing could be changed.

Endres: That's right. It has to be more of an organized type of thing. There is a situation where some of these plants shut down over a long, three-day holiday. They will shut down for three or four days. And a lot of places have full tanks, and they can't process the milk fast enough. So it starts backing up clear down the line, and it ends up at the dairyman. He can't deliver his milk.

EIR: That brings us back to what characterizes the last 35 years of shift into mega-farms, and away from a system of individual family-scale farms, with sufficient processing plants and skilled labor in the same community, to work for everyone's benefit. Instead, the farms and local processing have been shut down, and mega-milk farms established in different states, providing input to cartel processing plants. Remaining family-owned dairy farms are left in the lurch. Right now, cheap-labor mega-milk operations are being set up in Idaho and Indiana—with financing from Europe. All this, instead of what they used to call "milksheds" around population centers.

Endres: That's kind of true here, because where the dairies are located—they've closed one processing plant down in southern California that was built about 25 years ago. They just shut it down. It was originally owned by, I believe, a Swiss company, that came in and built a brand new plant there.

EIR: So if it is still standing, and the equipment hasn't been sold off, it's part of what you could still have as processing capacity.

Endres: Oh, yes. That's desperately needed. Of course, a lot of dairies are moving out of southern California, and they are coming up here in the central part of California and northern California.

Farmers' Costs Are Skyrocketing

EIR: For the non-farmer, could you make clear the situation about the ferocious spikes in your input costs for farming?

Endres: The government is reporting that we farmers have record income right now. And the people in town, they see this, and they say: "Boy, those farmers, they must all be doing pretty good."

But they don't see the other side of the coin. And that is, that we have record expenses against that record income. We are really no better off than we were before this price rise.

We are paying double for our diesel fuel. Fertilizer costs have doubled. Implement parts and everything that we have to have to keep our farms operating, have either doubled or tripled in cost. So these good prices that seemingly the farmers are getting, are being all eaten up by these additional expenses.

EIR: These unpayable costs, plus the impact on the farmer of so-called "global sourcing" of food of all kinds, means that California, the leading U.S. farm state, is hit from all sides. Your agriculture is the most diverse in the world.

Endres: We have a lot of specialty crops here.

EIR: And yet you see the forced importing of all kinds of food from everywhere—Indonesia, Chile, India, China, South Africa, because of these international cartel companies controlling food flows, behind the talk of "free" trade.

Endres: What's happening here is seen, for example, in the flower industry, which used to be really flourishing in California. It was supported a lot by family-sized producers. Now because of free trade, they are bringing flowers in from Peru and Chile, and bringing them here at costs way below the cost of raising the flowers in this country, so a lot of those people have had to quit raising flowers, because they can't get a price that meets their cost of production. So the competition from

some of these countries where they have extremely cheap labor, is used against everyone. And of course, that's the same thing that goes on in all the other industries too—steel, auto, and everything else.

Illinois, and some of those rich states, can produce, because they cannot produce enough to feed the people in this country. It takes agriculture all over this entire nation, producing at capacity, in order to barely keep the people fed here.

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Farmers Want To Feed Their Nation

EIR: Now we have reached a turning point. If people stand by—elected officials, ordinary citizens—just stand by while millions of people don't have food, because we have let this food crisis situation evolve under the excuse that we should have foreign supplies—

Endres: It's a very foolish thing to be in this position. And it's getting worse. Our population is increasing rapidly in this country. A lot of people don't realize it, but the United States is the third most populous nation in the world. The People's Republic of China is number one, India is number two, and the United States is number three. Most people don't realize that our population in this country is increasing at the rate of 1.5 to 2% a year. And we are outstripping our ability to feed the people in this country.

Heaven forbid, if on top of the diversion of corn from food production to ethanol, we had a drought in the Midwest this year, we would really be in bad shape in this country.

EIR: And already the corn planting was late because of the heavy rains. That does not mean that the crop will be in trouble, but it indicates how precarious the situation could be.

Endres: That's right. When we look at food production—especially in the Midwest, we always look at the interior, in Iowa, and what is happening to the farmers in that small area of the country. But it takes the outlying areas of Montana, and the Dakotas, and all these—what they call the minor areas of the country—it takes all these to keep the food pipeline barely full. You can't ignore these areas.

You can't base our food production just on what the farmers in that central area of Iowa and Nebraska and Indiana and