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# Speaking for You: Positions of Montana Ranching Organizations on Beef Market Concentration

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SPEAKING FOR YOU:

POSITIONS OF MONTANA RANCHING ORGANIZATIONS ON BEEF MARKET CONCENTRATION

By

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A Thesis in partial fulfillment of the requirements for the degree of

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Speaking For You: Positions of Montana Ranching Organizations on Beef Market Concentration

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*Abstract*-Beef market concentration continues to be a highly contentious issue; especially in the culture-rich ranching industry of Montana. The agriculture industry, specifically the beef sector, has experienced a tremendous amount of integration and consolidation over the past 50 years. This amount of industry restructuring has crafted a beef backgrounding and processing sector with the highest rates of concentration ever witnessed, with a Concentration Ratio (CR4) reaching nearly 82%. This research aims to qualitatively investigate ranching organizational positions, on the topic of beef market concentration and potential impacts this has had on the organization and their members who are located and work in Montana.

Attention from multi-disciplinary organizations and industry leaders are contributing to the conversation of food production and consumption. Organizational positions lend insight to constituent concerns and the political and economic landscape of the day. Research findings suggest that the negative impacts of beef market concentration not only impact those who engage in the beef production chain, but are negatively impacting the beef industry as a whole. Challenges of beef market concentration, highlighted by Ranchers-Cattlemens Action Legal Fund United States of America (R-CALF USA), Western Organization of Resource Councils (WORC), Montana Farmers Union (MFU), Northern Plains Resource Council (NPRC), and the Montana Cattlemens Association (MCA), focus on exercise of meatpacker market power and elimination of market opportunities among small and mid-scale beef producers, feedlot operators, and processors. Benefits of beef market concentration, expressed by the Montana Stockgrowers Association (MSA), Montana Cattlewomen (MCW), Montana Beef Council (MBC) and Montana Farm Bureau (MFB), include market opportunities and improved quality and safety standards through vertical integration, and improved efficiency decreasing overall negative environmental impacts.

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## CHAPTER ONE

### INTRODUCTION: Differences Among The Herd

Over the past decade Americans have turned a critical eye to their food system. The release of a *New York Times* best-selling book, *The Meat Racket*, by Christopher Leonard in 2014 paints a damning portrait of US livestock production; documentary's such as *Fed Up* (2014), *Food Inc.* (2008), and *Cowspiracy: The Sustainability Secret* (2014), examine the negative environmental, social, and political impacts of industrial crop and livestock production. Much like Upton Sinclair's *The Jungle*, the works above highlight the concerns and hazards of an industrialized food production system, as experienced by those engaged in food and agriculture production. Despite the efforts of investigative reports, agriculture economists, journalists, protestors, and activists, little has been accomplished on the legislative level addressing the concerns that have arisen from agriculture producers, consumers, and scholars.

Much of the literary and investigative works focusing on the food and agriculture industry have examined the broader context of food production, consumption, and impacts; however, my research is specifically interested in the structural, political, and social impacts of commercial beef production. This research argues that the some negative impacts of beef production within the United States arise from structural changes in the beef processing and feeding sectors, which has increased concentration and market power among meatpackers.

Agricultural sectors, especially protein production, have seen tremendous consolidation and integration over the last 50 years. This has increased concentration among a handful of beef processors, impacting the feeding and cow-calf operations by eliminating market opportunities and competitively priced cattle. Articulating the challenges ranchers and farmers have experienced because of concentration is the responsibility of food and agriculture organizations. It is important to understand the positions ranching organizations take on beef market concentration, especially in Montana, because of their varying degrees of influence, both regionally and nationally. Organizational positions can also help us understand the degree to which organizations view the peripheral impacts of industrialized beef production benefit or harm Montana ranchers and if the organizations are advancing a particular agenda, or resisting, and for what reasons. Lastly, ranching organizations bring to light the concerns of their members, so an investigation of organizational positions may also lend insight in the positions that ranchers hold on this topic.

### **Significance**

The meat industry, as it has grown larger and more economically powerful, it has also become a more influential political force, both in the legislative and regulatory arena (Johnson, 2002). Ranching organizations and affiliated interest groups who claim to support family farmers and ranchers, have been warning for years that increased concentration among the meatpacking companies, and the increased use of captive supply arrangements, are undermining fair competition in the industry (Mattera, 2003). Ranchers have typically joined ranching organizations for a variety of cultural and economic reasons, ranchers also align with organizations that purport specific positions on beef industry issues, such as beef market

concentration. Organizations have the time, political clout, and financing available to ensure ranching concerns gets discussed, or not.

Some of the largest and best known ranching organizations align with meatpacking firms and their interests such as the American Meat Institute, the National Cattlemen and Beef Association, and the National Meat Association, (Lutey, 2013; Leonard, 2011; Johnson 2002; Mattera, 2004). Organizational representatives with support from meatpacking firms have historically held close ties with key industry players and regulatory agencies, including the United States Department of Agriculture (USDA). These close associations have potentially diminished independent producers' perspective, and influenced legislation to weaken regulatory agencies power in pointing out anti-competitive practices, going as far as negatively influence acceptable practices for food safety and ethical beef production (Mattera, 2004).

Ranching and farming representative organizations are playing a vital role in supporting and giving voice to the concerns of their constituents in regards to structural changes and increased economic and political influence. Organizational positions on beef market concentration and the impacts this has had on the ecological, social, and political spheres of the beef industry vary among ranching and farming civic groups. The influence of ranching organizations and their respective positions have varying degrees of influence on future policy creation. Ties between industry interests and representative ranching organizations calls for a closer examination of Montana's ranching organizations and their positions on industrial beef production.

## **Objectives**

Through a comparative organizational analysis, I hope to better understand the range of Montana ranching organizational positions that on beef market concentration and positions on potential impacts of industry restructuring. Further, I am interested in what proposals Montana organizations are advancing in relation to concentration and why, thus giving a range of perspectives on how to shape the future of Montana's ranching industry.

My main research question is: What positions have organizations in Montana, purporting to represent ranchers, taken on the problem of concentration in the livestock industry? From this broad position, I will further explore the range of organizational position on the potential impacts beef market concentration has had on rural livelihoods, environmental and economic impacts, and the benefits and challenges associated with the current beef production model.

To explore these questions, this research took the following approach:

1. To review existing literature on beef market concentration and the potential impacts of industrial beef production, including potential market power exercised within the beef industry. This literature includes scholarly work in the disciplines of agriculture economics, law and policy, rural sociology, organizational and group theory, as well as popular literature such as newspaper articles, investigative reports, and documentaries. This review helps to situate Montana's ranching and farming organizations within the larger context of a movement examining meatpacker market power, as well as demonstrate the importance of a descriptive, in-depth study of the range of organizational positions and their role in representing their constituents.
2. Interview and analyze the range of positions Montana ranching and farming organizations put forth through nine semi-structured in-depth interviews with



organizational representatives of these groups. This includes documenting and examining organizational literature such as policy handbooks, advertisements, published statements concerning concentration, and interviews conducted outside this research.

3. To document and analyze the benefits and challenges associated with beef market concentration as described by organizational representatives, while comparing and contrasting organizational positions to highlight nuanced differences.

Several studies have described why it is hard to know when concentration has gone too far, because of the different ways concentration is measured (Anderson and Watson, 2011).

Scholarly works and popular literature have shed light on the challenges of beef market concentration, but still little has been done on the legislative level to address meatpacker concentration. To develop a more inclusive and informed perspective on concentration, the range of organizational positions from food and agriculture organizations must be included; organizations not only represent their constituents in the political spheres, they play a role in maintaining the status quo or championing for a change.

## CHAPTER TWO

### Literature Review: Changes in Beef Production throughout History

Beef market concentration is not only a controversial topic, but a complicated topic. To understand market concentration one must understand the beef production process. In this chapter I will describe the beef production process and how structural changes within the beef industry have altered production and processing; outline existing literature on consolidation and concentration in the beef industry and its perceived impacts; and explain the vital role organizations play in representing farming and ranching constituents.

The structure of the beef production system consists of three major sectors, including cow-calf operations, feeding (backgrounding), and processing (meatpacking). As of 2014, there are 729,000 cow-calf operations in every state of the US, down from 1.0 million in 1986 (EPA 101, 2012). In the conventional beef production system the role of cow-calf operations, which are typically small and family-owned, is to produce calves on-farm and then sell the calves to a feedlot. In the second stage of production feedlots hold calves for 90 to 120 days and quickly fatten them on high-energy grain diets consisting of soybeans, grain, and corn (EPA: Ag 101, 2012). Feedlot cattle are then sold into a concentrated processing sector, providing for one of four meatpacking firms distributing to thousands of fast food chains, grocery stores, hospitals, etc. (Lowe, 2012). The structure of beef production provides a glimpse at the complexities, unequal power between sectors, and challenges held within the beef production system.

Market concentration, which is the degree to which a small number of companies control a large part of the market (Carolan, 2012), has been a topic of concern and controversy in the United States (US) for nearly a century. Since the late 1800s, when the largest five meatpacking firms (the “Big Five”) controlled 45% of domestic cattle slaughter (Ogburn, 2011), market concentration has been a source of political, social, and ecological scrutiny. Railroads and refrigerated cars, improved highways, irrigated grain production, and technological changes within the meatpacking plants combined over time to alter cattle feeding, processing, marketing, and the structure of the US meatpacking industry altogether, largely in favor of monopoly capital (Carolan, 2012). As farmers and ranchers saw more beef production and processing being transitioned out of the local economy and out of the hands of local producers and processors, the result was a loss of production and price control farmers got for their products, which not surprisingly, spurred farmer focus on agricultural market monopolies (Howe, 1982).

In response, court decisions and Congressional actions altered the regulatory environment. Most notably, the Supreme Court issued the Packer’s Consent Decree in 1920, and Congress passed the Packers and Stockyards Act of 1921. This Act led to the creation of the Grain Inspection, Packers and Stockyards Administration (GIPSA) within the United States Department of Agriculture (USDA) which aims to “to provide services and programs that help ensure a fair and competitive marketing system for all involved in the marketing of livestock, meat, and poultry, and grain and related products” (Ward, 2010; GIPSA, 2014). Enforcement and tighter oversight from GIPSA reduced concentration levels to an all-time low in 1977, when the “Big Four” controlled around 20% of the market (Ogburn, 2011). Despite governmental oversight, technological advancements and an emphasis on greater efficiency within agriculture have encouraged

consolidation in the beef industry and has ultimately led to greater concentration among the largest meatpackers.

## **Industrialization Changed Everything**

Like other sectors of agriculture in the US, contemporary livestock production has undergone structural changes reflecting an intensified productionist model that emphasizes industrial efficiency, continuing criticisms dating back to the 1800's (Hinrichs and Welsh, 2002). Change in firm operating size, resource ownership, location of production, and adoption of technology has changed production structure to increase concentration of economic power among the largest meatpacking operations (Boehjle, 1999). The impacts of agricultural production restructuring and relocation have impacted our lives in a number of ways. For example, in a study conducted by Lobao and Stofferahn (2008), found correlations between agricultural production structure and community health and effects of industrialized farming on the majority of communities involved in the study. Negative effects included greater income inequality or poverty; population declines; and negative health effects of large livestock operations (see also Goldschmidt, 1947).

Traditionally, in beef production, ranchers did the breeding on their land. Cattle-feeding operators took over the fattening of animals several months before they were ready for slaughter. At the end of the process, the cattle were sold directly to beef-packing firms or to agents working for them. Over the past few decades, as seen in the poultry and hog industries, this arrangement has been changing in various ways. The cattle feeding process is increasingly done by large-scale commercial feedlots, which are often also involved in the sale of livestock to

packers. Packers and feeders are to an increasing extent using arrangements such as market agreements rather than spot (open, auction) markets (Mattera, 2003). Rather than the beef supply chain being conducted by several independent firms operating separately from one another, cattle are increasingly being produced under the umbrella of a single firm. This is especially true at a regional level. According to Anderson and Watson (2011: p. 161), regional concentration may be higher because independent processing plants seldom buy from producers who are more than fifty miles away, increasing the risk of monopsony power to be exercised.

Benefits of industrialized beef production and beef market concentration is supported by a variety of social and economic scholars. The perceived benefits are numerous and claim to benefit not only cattle, but producers, consumers, and the environment. Cattle benefit from improved nutrition and a longer life expectancy, due to increased attention and care give to them (Thibodeaux, 2015); producers benefit because of economic efficiencies that reduce production costs, which in turn provide consumers the most affordable protein anywhere (Azzam, 1997; Frontline, 2002); and lastly, due to governmental regulations, more attention is paid to the health of waterways and air quality in and surrounding beef production sites (Ollinger, 2015). Furthermore, beef market concentration has benefitted the entire beef market through increased coordination, both vertical and horizontal, contributing further to economic efficiencies and gains in profit (MacDonald et. Al, 2004). Intensified coordination has improved beef quality and consistency, as well as producer and consumer costs savings and increased profits. It is largely agreed upon by proponents of beef market concentration and industrial beef

production that the positive impacts of the system far outweigh any negative (Mintert, accessed on 2015; Azzam, 1997; Ishmael, 2009).

Despite the benefits outlined by industry professionals and scholars, the position held by this researcher is that market power specifically, held by the largest four processing firms, negatively harms and outweighs the benefits. Benefits experienced in the beef value chain are enjoyed by only a few; the ever decreasing number of cattle producers, feeders, and processors. As Carolan explained (2012), the beef industry under monopsony or oligopolistic conditions has reduced the number of potential buyers (packers) to the point that the seller (feedlot operators, cow-calf producers) have few other options than accept the price dictated by the buyer. Exercise of monopsony power in this market could seriously harm the agricultural sector (Paul, 1999). According to the Environmental Protection Agency, “there is strong evidence of a trend toward concentration in agricultural production” (Ag 101 Demographics, 2013).

The measurement of concentration is represented as the concentration ratio (CR4), which is the sum of market shares of the top four firms for a given industry; the more firms in a given market the less concentrated; the fewer firms the more concentrated (Carolan, 2012). The CR4 statistic is a measure of horizontal concentration; when firms integrate in the same industry, at the same stage of production, merge and monopolize a market. When the CR4 reaches 20 %, a market is considered concentrated; 40% is highly-concentrated, and anything past 60% indicates a significantly distorted market (Carolan, 2012). The ranked CR4 among beef packers is 82% concentrated, and beef slaughter is 79% (M. Hendrickson, personal communication, August 13, 2013; Taylor, 2002). The food system has undergone tremendous vertical coordination too, a phenomenon describing when companies are united throughout the supply chain by a single owner. These dual concentrations-

vertical and horizontal- give firms unique advantages that cannot be had in other open markets (Carolan, 2012; Hendrickson and Heffernan, 2001). Despite the high CR4 ratios, it is hard to tell when concentration has gone too far. While some social scientists and agriculture economists use the CR4 ratios to identify a concentrated market, other scholars use the Herfindahl-Hirschman Index (HHI). According to the HHI, a market is healthy and competitive with less than 1,000 signals. In 2006, the CR4 for the broiler industry was 60, which is considered significantly distorted, compared to the HHI measurement of 884 which is considered a healthy and competitive market (Andersen and Vatson, 2011).

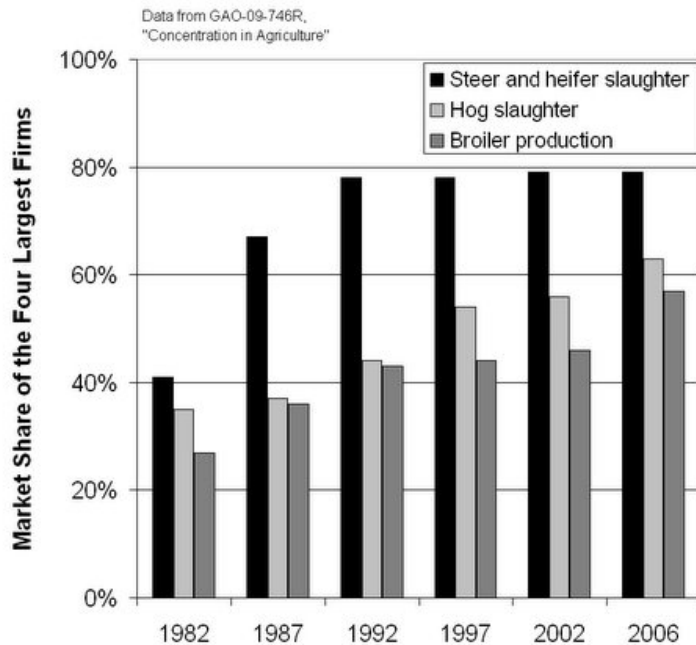


Fig. 1. CR4 Ratios in Beef, Hog and Chicken Industries. Hendrickson and Heffernan, 2007.

Mergers, less demand for red meat, new production and processing techniques (especially “boxed beef”), and deregulation under Ronald Reagan’s Administration in the 1980’s and 1990’s, triggered a tidal wave of consolidation that leaves meatpackers with nearly double the power they

possessed 120 years ago. The “Big Four” now control nearly 82% of the meat market, although concentration levels could be higher when looked at regionally (M. Hendrickson, personal communication, August 13, 2013). According to the 2011 Packer and Stockyards Program Annual Report, the top four meatpackers of today are Cargill Meat Solutions, Tyson Foods, Inc., Brazil-based JBS Beef Co., and National Beef Packing LLC (M. Hendrickson, personal communication, August 13, 2013; Ogburn, 2011, Lowe, 2012). Despite the numerous legal battles (*Pickett v. IBP*) and antitrust merger investigations (e.g. when Tyson bought Iowa Beef Processors Inc.), few actions, or administrations, are on the horizon to break up market control.

High concentration levels have consistently hovered at the rates of today since the 1980’s, but the trend of larger firms was not equally shared across the entire industry. Of the three main steps of beef production, the feeding and packing sectors have seen the greatest levels of concentration (Barkema and Drabenstott, 1990). Concentration has been effectively achieved through partial vertical integration. For example, JBS Five River Cattle Feeding, Cactus Feeders (relationship with Tyson), Cargill Cattle Feeders LLC, and Friona Industries are the top 4 feeding operations in the US; JBS, Cactus and Cargill are, or have a relationship with, the largest four meatpacking firms of today (M. Hendrickson, personal communication, August 13, 2013).

### **Cattle Procurement Practices**

Meatpacking firms have employed a variety of tactics to ensure a steady stream of cattle arrive at the packing plants every day. Historically, representatives of meatpacking operations would bid on cattle in auction yards across the country with representatives from competing meatpackers, ensuring a competitive price was paid for the cattle bought. Traditional auction (spot) markets have slowly been replaced with various forms of contracts, and mergers that increase horizontal and vertical control.



However dominant and normative these structures have become, they are not consistent with tenets of traditional models for competitive agriculture markets (Sexton, 2010). Competition is characterized by the more firms within a market; the fewer firms, the more concentrated (Carolan, 2012).

Over the last few decades, meatpackers have increasingly avoided buying livestock in open markets and instead have forced feedlot operators to enter into forward contracts or marketing agreements. Forward contracts, also known as captive supplies, are binding agreements for the delivery of a specific quantity of cattle with specified quality, on a particular date. Prices may be fixed when the contract is signed, but usually parties agree to use a formula based on market prices.

Contracts were not used widely until the 1950's with the production of broilers (Vulkina, 2001), but since then they have become a dominant alternative marketing arrangement. Written or verbal marketing agreements establish an ongoing relationship between producers and packers, with the packer generally dictating terms (Hinrichs and Welsh, 2002; Mattera, 2003). There is an element of danger in contractual agreements, as this is a singular avenue for payment among producers. According to the GIPSA annual data (2006), 38.2 % of total steer and heifer slaughter of the four largest beef packers in 2000 was obtained through vertical integration, compared with 1988 data when only 20.5% of cattle were obtained through vertical coordination. By comparison, nearly 83% of hogs were sold through some arrangement (typically contracts) other than the spot market. This was a jump from about 64% in 1999, and about 38% in 1994 (Mattera, 2003; GIPSA, 2008). Although contracts have been widely used in agriculture for a long time, their incidence is increasing and extending to the developing world and increasing (Sexton, 2010, Ward, 2010).

As a practical matter, the cattle market is widely considered to be a weekly market, but the trading window for cash is much narrower, often less than one hour wide on a day selected by the livestock buyer. If an offer is rejected, the feeder will not typically see that buyer until an unknown day the following week. If a feeder rejects the offer, they may be feeding cattle for another week (Taylor, 2004). Livestock feeders are particularly susceptible to meatpacking power, considering they rely on selling their animals at optimum weight. As grain prices rise, this extra week of feeding can be devastating to independent feedlot owners. Feedlot operators also have an incentive to avoid distant markets which makes seeking out competitive bids from far away unlikely. Shipping live animals long distances can be extremely expensive, increasing animal mortality and carcass shrinkage, resulting in a drop in the quality of meat (Carolan, 2012). The imbalance of bargaining power is exacerbated in industries where the farm product is highly perishable, or weight sensitive, because grower-shippers cannot access outside selling opportunities or defer sale through storage in hopes of attracting a better price (Sexton, 2010).

Captive supplies and contracts are often credited with improving the quality and quantity of US meat. Some ranchers across the county argue, however, that those kinds of agreements allow meat packers to stockpile cattle and dump them on the market at strategic times in order to force producers to accept artificially low prices for cattle (Eastburn, 2003). When prices are incredibly low, the dominant meatpackers can then re-enter the market as buyers and buy cattle from feedlots at prices lower than feedlot operators can afford. This has the capacity to lock producers out of the market and forcing them to choose between selling their cattle at dramatically low prices or be left without a buyer. This power held by the meatpacking firms and their buyers can also decrease or eliminate the chance of earning a profit among new or

beginning ranchers, making entry into the livestock market almost impossible if producing commodity cattle (Eastburn, 2003; Ward, 2010). Economists have long used economic and mathematical models to show the necessity of captive supplies in processors reach what “marginal” profits are available; however, captive supply economic models have also shown that packers may exercise market power by using captive supplies at the expense of producers (Zhang and Sexton, 2000).

To take advantage of economies of scale—a proportionate saving in costs gained by an increased level of production—meatpacking firms must process a large volume of cattle to keep production costs low; this includes processing more cattle, faster. The increase in economies of scale in packing houses has been blamed for injuring employees, animal abuse, negligent quality and safety standards, and environmental problems (Genoways, 2014; Leonard, 2014; Simon, 2013).

Eric Schlosser, author of *Fast Food Nation*, detailed in an interview with *Frontline* how economies of scale can negatively impact food safety and quality, for example. “We have slaughterhouses that will process 300, 400 cattle an hour, which is as much as twice as many as anywhere else in the world. And it's that speed of production that can lead to food-safety problems.” Schlosser goes on to discuss how increased slaughter capacity can impact meat safety. “When workers are working very quickly, they may make mistakes. It's during the evisceration of the animal, or the removal of the hide, that manure can get on the meat. And when manure gets on some meat, and then that meat is ground up with lots of other meat, the whole lot of it can be contaminated.” Lastly, Schlosser attributes the transformation of the work environment for slaughterhouse employees as having an impact on meat safety as well. “Up until recently, this was a job that had good pay, had good benefits, and you had a very stable work

force. In the early 1970s, meatpacking had one of the lowest turnover rates of any industrial job in America. It was like being an autoworker. Then they cut wages, they cut benefits, broke unions. And now it has one of the highest turnover rates of any industrial job. The people who are working in these plants should be well trained and well paid, and it should be a stable work force. I think that would have a big impact on the safety of the food we eat.”

The need for a constant supply of cattle, and the overall industrialization of agriculture production has created a “production treadmill” among farmers, ranchers, and feedlot operators (see Berry, 1978). Beyond the slaughterhouse, feedlot operators are feeling the pressure to increase operation size. To have a better chance of receiving a bid from a meatpacking buyer, feeders are encouraged to increase the number of head that can be on the lot at a single time; feedlots sales to packers are increasingly dominated by large commercial feedlots, with a one-time capacity of 1,983,000 head (M. Hendrickson, personal communication, August 13, 2013). Packers often offer “sweetheart deals” to the largest feedlots, creating entry and exit obstacles for feeders that cannot or will not expand their operation (Mattera, 2004). The economics of slaughter plant operation and pricing are intertwined with large feedlot operations and pricing (MacDonlad et al., 2000). Smaller feedlots and packers, however, that are unable to meet the volume or quality specifications of large processing firms may have limited opportunity to market their cattle (Barkema and Drabenstott, 1990).

According to an investigative report by *High Country News* in 2011, monopsony power exerted on feedlot operators was illustrated by Randy Stevenson, owner of Double S Livestock LLC. Stevenson operates a 6,000-cow-capacity feeding operation in Wheatland, Wyoming. Beginning in the 1990’s, Stevenson explains, the number of cattle buyers coming to his feedlot

dropped to the point where he would have just one stopping by once a week. That made it impossible for him to bargain among buyers and get the best price for his cattle. Stevenson goes on to explain about the abuse he received when he tried to negotiate with the single meatpacking buyer. The buyer offered \$1.03 per pound for four truckloads of cattle on Stevenson's lot. When Stevenson tried to negotiate by offering to throw in five more truckloads if the buyer could offer \$1.04, the buyer responded, "Go to hell. It's two and a half [truckloads] if they want to do anything." The buyer had gotten so angry at Stevenson for trying to negotiate a better price he dropped his offer a half cent per pound—just to teach the feedlot owner a lesson in who really controlled the deal. Since Stevenson's cattle were ready, and he had no one else to sell to, that was the price he ended up taking (Ogburn, 2011).

In the same article Ogburn (2011) noted colorful banners, charismatic speakers, the presence of farming and ranching organizations, and the important people who come from those organizations. For example, she highlights a booming speaking who "mounts the podium like a preacher and rallies the crowd." It is Bill Bullard of the Ranchers-Cattlemen Action Legal Fund of the United States of America (R-CALF USA), a ranching organization based in Billings, Montana. A member of RCALF USA is J. Dudley Butler, elected Administrator of GIPSA who upon his election declared he was going to Washington D.C. to "enforce the Packers and Stockyards Act." Dudley later resigned from his positions because he felt he was "without the necessary support from the administration to do his job of protecting market competition" (Butler, 2014). As Ogburn's piece illustrated, organizational positions on the issue of beef market concentration is important, because organizations speak for those who perhaps can't speak for themselves.

### **Role of Representative Organizations**

Representative organizations have played an important role in the public life throughout US history. Alexis de Tocqueville, on his tour of America in 1803, was most impressed with the degree to which citizens engaged, and the amount of diverse civic and volunteer organization for a myriad of lifestyles and identities, stating the US is a “nation of joiners” (Skocpol et. al, 2000). Again in 1963, Gabriel Almond and Sidney Verba created a cross-cultural look at “participatory civic culture,” and found that Americans were more optimistic and confident than other nations in make a difference at the national and local levels. They also had a higher quality of participation in the voluntary organizations, were found to be more competent, and lead to better government monitoring (Almond and Verba, 1963). To be clear, voluntary associations are “formally organized named groups, most of whose members—whether persons or organizations—are not financially recompensed for their participation” (Knoke, 1986: p. 2).

Within de Tocqueville’s argument concerning the relationship between voluntary organizations and democratic governance, Fennema and Tillie (2005) tease out three models for the purpose and benefits of representative organizations. The *civic culture model* holds that organizations generate “civic competence;” the *social capital model* emphasizes the members’ ability to collaborate, and increase the group’s capacity to more easily solve problems of the group without resorting to government; and finally, the *interest articulation model* argues that organizations can “better articulate their members’ interests and present them in the political arena,” giving the organization a better chance of forcing the government to respond to the demands of the group.

Empowerment theory also adopts the strategies of using civic engagement to address social and political challenges. Existing empowerment theory research links the social well-being

of individual who engage in civic organizations with the broader purpose of political and social change. Empowering processes for individuals might include participation in community organizations, and from that organizational level, shared collective action and decision making may characterize empowerment. Outcomes of empowerment at the community-level can include “evidence of pluralism, existence of organizational coalitions, and shared accessible community resources” (Perkins and Zimmerman, 1995).

The literature on the importance of organizations in a democracy is extensive and varied, for example, Archon Fung (2003: p. 516) argues six ways associations enhance democracy: “through the intrinsic value of associative life, fostering civic virtues and teaching political skills, offering resistance to power and checking government, improving the quality and equality of representation, facilitating public deliberation, and creating opportunities for citizens and groups to participate directly in governance.” Additionally, Knoke emphasizes that “association’s act as mobilizing mechanisms in democratic societies, transforming nonpolitical organizational involvements into political participation” (1986: p.17). Civic engagement is also well documented in improving the lives of those within organizations (Mark Warren, 2001; Wilson and Musick, 1999; Rietschlin, 1998).

Robert Putnam, author of *Bowling Alone: America’s Declining Capital*, argues that civic engagement, despite numerous benefits to democracy and the individual, has declined. Putnam points to a litany of political tragedies since the 1960’s and decreased voter turnout as a cause of eroding trust among the public and decreased civic engagement, decreasing over three decades. Civic engagement in the food and agriculture industry, however, has increased. Through awareness of childhood obesity, Farm-To-School programs have increased dramatically

(Bagdonis et. al., 2009), civic engagement through community-supported-agriculture programs, for the purpose of reconnecting farmers and non-farmers has increased (Lyson, 2004); civic agriculture used to include urban and non-whites in the discussion of food production and healthy food access has increased (Saldivar-Tanaka, 2004); and farmers are entering the market again for the first time since the 1930's. In Maine, farmers under the age of 35 have increased by 40 percent, says John Rebar, executive director of the University of Maine Cooperative Extension: "Nationally, that increase is 1.5 percent." (Mitchell, 2015).

Although civic engagement among food and agriculture consumer and producer organizations has increased, "a sense of political powerlessness is on the rise among citizens in Europe, Japan, and the United States, even as consumers and investors feel more empowered" said Robert Reich, political economist and Secretary of Labor under President Bill Clinton from 1993 to 1997. Reich goes on to explain that despite free markets bringing prosperity to many, it has been disproportionately applied and accompanied by widening inequality, increased job loss, and environmental destruction (Reich, 2009). Reich illustrates the battle and sacrifices Americans have allowed for capitalism to flourish, to the detriment of democracy specifically through corporate restructuring, which has shaken not only the foundation of the US, but abroad as well. "Democracy has become enfeebled largely because companies, in intensifying competition for global consumers and investors, have invested ever greater sums in lobbying, public relations, and even bribes and kickbacks, seeking laws that give them a competitive advantage over their rivals. The result is an arms race for political influence that is drowning out the voices of average citizens" (Reich, 2009).



As democracy has weakened and democratic attempts of addressing and implanting just change within the food and agriculture communities, change can only occur if the larger political discourse is democratic as well. As Rossteutscher (2002) argues, organizations that are politically motivated often adopt the rhetoric, pick up the “popular political discourse,” and “amplify” the dominant political culture of the time. She goes onto argue that voluntary organizations can only contribute to democracy if the most popular political rhetoric is democratic as well.

As I have argued above, competition is vital to several aspects of our lives. Anna Busse (2007) said in relation to political parties and organizations within a democracy, “competition is critical to fostering a good governance and preventing corruption.” As competition has perished from agricultural markets, and representative organizations have diverged on the issue of market concentration, one must wonder if the farming organizations who adopt non-competitive, free market capitalist market ideals are anti-democratic?

There are a range of organizational positions on the topic of concentration, but despite where organizations fall on the issue they contribute to the larger conversation that is then reflected in our democracy through law implementation and political discussion. Increased attention in food and agriculture production has allowed for more farmers markets and school gardens to pop up, but little has been done to address meatpacker market concentration. Ranching and farming organizations share the responsibility of representing, articulating, and speaking as the interface between producers and consumers, and giving voice to the concerns they may have pertaining to beef market restructuring and beef market concentration.

### **Farm Organizations in a Democracy**

Throughout history, farmer movements have arisen from discontent, often due to concerns about poor prices, markets, and debt (Taylor, 1953). Deeper than that, and still prevalent today, grievances concerning the structure of agricultural production is a pressing concern. Grievances can also reflect changes in class relations, or heightened awareness of those relations, which was made more transparent by those structural changes (Howe, 1982).

As Howe argues (1986), structural changes have often lead to farmer marginalization, leaving farmers to choose which side of the agricultural market they want to be on: the progressive side that leads to their own marginalization, or the romanticized past (Howe, 1986). As capitalism has permeated US agriculture, some farmers have opted to adopt capitalist tools for growth and expansion, hoping to survive, while others have resisted. Howe articulated the two camps: farmers' movements that adopt "politics of inclusion," which strives to become more like the capitalist, and benefit from the capitalist model; and the other group called the "politics of resistance," which aims to resist the capitalist agenda, economic and political, in agriculture. Also known as *Klasse an sich*, a class by virtue of socioeconomic conditions; and *Klasse fur sich*, a class whose members are aware of their place in the capitalist agenda, and then can overthrow the powers that oppress (Orum, 2001, p. 22).

Less than one percent of the US population claims farming as an occupation, and about two percent live on a farms, a largely rural endeavor, with the average farmer age 58 years old (Kurtzelben, 2014). In their review of voluntary association research, Constance Smith and Anne Freedman concluded that voluntary organizational participation declines with increased age, pointing to a variety of mental and structural variables (1972); however, Cutler et. al found that "contrary to predictions, aging appears to be accompanied by stability and continuity in levels of

voluntary association participation (2011). As the average age of farmers continue to decline, participation in voluntary associations possibly declining, and the relatively small voting power of farmers as is generates the importance of farming voices being heard and legitimized in US political spheres is greatly needed. Rashid Pertev, part of the Mediterranean committee of the International Federation of Agricultural Producers said, “Farmers’ voices cannot be obtained without farmers’ organizations. If there is one principal lesson farmers can draw from history, it is that when farmers are not strong, many sections and sectors of society are ready not only to tell the farmers what they should do, but even worse, to speak on their behalf” (The Role of Farmers, 1994).

## **Montana and Beef**

In Montana, there are 2.5 cows for each person. Not only does the state rely on cattle economically, contributing nearly 1.4 billion dollars annually to its revenue (National Agriculture Statistic Services, 2007), but ranching is also an important part of Montana’s agricultural heritage. This identity, however, came under scrutiny after a cow got loose at the local auction yard in Billings (Irish, 2012). To end the chase, the cow was shot by police, leaving Montana residents embarrassed, asking “where are all the cowboys?” The comments section of the Billings Gazette the following week was flooded with recriminations of the what-has-happened-to-Montana type. “This just illustrates how things have changed in the ol’ West,” said one commenter. “Twenty-six years ago, a steer escaped from a stock trailer near the west end and ran like mad. Wranglers — real ones, not some duded-up hat models — were in hot pursuit...on horseback and had that steer double-roped within three blocks.” They went on to say, “It’s surprising how few people in this younger generation have anything to do with a ranching life anymore” (Murphy, 2012). As fewer

young people get into agriculture or return to family operations, the challenges facing the food and agriculture industries rely on the remaining few participants to make their voices heard. Many ranchers choose to engage in civic organizations to represent them in the political spheres, but not all organizational positions are the same, especially on the issue of beef market concentration.

The impacts of concentration have been discussed throughout popular and scholarly literature and the range of organizational positions on the issue of concentration reflect the controversial nature of the topic. Those calling for reform of the modern livestock industry are a mix of independent ranchers, feedlot owners, environmentalists, and activists who work with them on agriculture issues and on classic “green” issues, such as oil and gas drilling. Collectively, these representative organizations are seeking to prohibit meatpackers from owning cattle, or changing terms of “captive supply” contracts. These efforts are peripheral to the central issue they have agreed to tackle: returning competition into the livestock industries by decreasing meatpacker concentration.

Concentration was addressed most recently by competition-seeking organizations when the House version of the 2013 Farm Bill included a section that would severely limit the power the USDA and GIPSA have to address anti-competitive practices within the livestock industry. Section 11102 of the House version of the 2013 Farm Bill threatens the protections placed in the 2008 Farm Bill. This section would also limit USDA's authority to enforce the Packers and Stockyards Act of 1921. In a petition signed by nearly 150 farmer, consumer, faith and rural organizations, the letter urged members of Congress to remove the language in the House version of the Farm Bill (Section 11102) that blocked GIPSA from protecting producers against

retaliation, fraud, and other unfair and anticompetitive practices of concentrated meatpackers. The letter states that "during the 2008 Farm Bill process, Congress heard extensively from livestock and poultry producers, farmer organizations and consumer groups about anti-competitive and unfair business practices...as a result, the final 2008 Farm Bill included provisions to require USDA to write regulations to address the most egregious of these practices and to define certain terms in the statute."

The letter continues, "The impetus for Section 11102 is that the livestock and poultry companies whose practices were examined by the 2008 Farm Bill provisions and/or USDA's implementing regulations don't appreciate that scrutiny. Such practices include forcing poultry growers to make expensive upgrades to their chicken houses, at the same time as the companies controlling their contracts are secretly planning to shut down plants and cancel their contracts, leaving the farmers with massive stranded investments and facing bankruptcy, and leaving the taxpayers to pick up the tab." The letter concludes with the 143 groups - which includes 16 cattle organizations - requesting the members of congress to "reject Section 11102 of the House bill during the 2013 Farm Bill Conference and allow farmers and ranchers to prosper in a business environment based on mutual cooperation and fair business standards, not fear, coercion, and retaliation" (Oklahoma Farm Report, 2013).

Organizations that are spearheading legislation and demanding reforms, working in or based in Montana include the Western Organization of Resource Councils (WORC), the Ranchers-Cattlemen Action Legal Fund-United Stockgrowers of America (RCALF-USA), the Center for Rural Affairs (CRA), the Northern Plains Resource Council (NPRC), the Montana Farmer's Union (MFU), and the Montana Cattlemen's Association (MCA). All of these listed organizations

signed the petition calling for a rejection of Section 11102; and most have been actively working on restoring competition to the livestock industry in Montana and the US more generally. The Senate-passed farm bill (S. 954) did not contain the similar provision aiming to inhibit the USDA and GIPSA. Because of the work conducted by a diverse coalition of food and agriculture organizations, the House GIPSA provision was not included in the conference report for the Agricultural Act of 2014 (Greene, 2015).

In addition to organizations taking a stance on this issue, so have politicians. US Senators Jon Tester (D-MT) and Chuck Grassley (R-Iowa) have been speaking at length on this issue in recent news publications. In an interview with Tom Lutey of the Billings Gazette (2013), Tester spoke out on the importance of national attention on Section 11102. “This is really important,” Tester said. “If I was on the conference committee, I would be dug in pretty hard on this issue. If we’re going to have an economy based on free markets and competition, then I think this is really important. I can’t emphasize this enough.” Bill Bullard, of the Billings-based RCALF USA, has thrown his organization’s full support behind the Senators. “We’re so grateful for [them] championing this issue and pointing out that this is harmful to open competition.”

Although there is substantial support in repealing the House Section 11102, subliminally steering the livestock industry to a more competitive structure, the GIPSA reform issue has divided agriculture groups, highlighting organizational differences on concentration perspectives. Montana based organizations that have historically aligned with meatpacking firms, or have not supported pro-competition reforms are just as abundant as organizations who do champion competition. For example, the National Cattlemen’s Beef Association (NCBA), the Beef Association, the Montana Farm Bureau, the Montana Stockgrowers and the Montana Beef

Council. For example, the NCBA called the effort to repeal Section 11102, “a trial lawyers’ bonanza that will hurt livestock producers.” The NCBA argues that GIPSA reforms will discourage private marketing arrangements between buyers and ranchers that reward producers with premiums for producing higher-quality beef products (Lutey, 2013; Leonard, 2011; Maffly, 2002).

Financial contributions to, and from ranching organizations, has become a contentious issue because of the amount and sources of that support. According to compilations by the Center for Responsive Politics, the agribusiness sector increased its aggregate federal contributions from \$20.6 million in the 1990 election cycle to \$54.4 million in the 2000 cycle. By devoting 74% of those funds disproportionately to Republicans in the latter year, agribusiness interests were in a good position to reap rewards when George W. Bush was elected (Mattera, 2004). Instead of spreading lots of money around to many different lawmakers in an attempt to gain access and influence—the traditional method used by many large corporations—the meat industry targets their approach to a small number of key law makers and regulators that have a direct impact on their business interests. Despite the relatively low level of financial contributions comparatively, the meatpacking industry has succeeded in weakening or preventing many meat safety (Johnson, 2002) and competitive initiatives in recent years.

It is important to understand the range of positions ranching organizations have on the concentrated beef industry, because of their varying degrees of influence. Several representative organizations that purport to support ranchers and farmers have close political and financial ties to the meatpacking industry; however, many do not. Organizational perspectives can lend the degree organizations think the larger forces and impacts of industrialized beef benefit Montana

ranchers, or not, and if the organizations are advancing a particular agenda, or resisting, and for what reasons.

## **CHAPTER THREE**

### **Data Collection: Exploring the Organizational Landscape in Montana**

To explore the positions that Montana-based ranching and farming organizations advance in the public sphere with respect to the structure and concentration of today's beef market, I utilized a qualitative approach to research design, data collection, and analysis, as described below. Additionally, this paper highlights how organizations give voice to and is effective at elevating concerns of constituents. The first section of this chapter describes the methods of data collection, details participants and instruments used in this study, and justifies their selection. The second section discusses how the data was analyzed; and finally, the last section discusses ethical considerations for the research, strengths, and limitations.

#### **Data Collection**

I interviewed representatives of Montana farming and ranching organizations to gain a broader perspective on the issue of beef market concentration and its perceived impacts on the beef industry. In theory, the positions that organizations take and the perspectives their designated representatives express, reflect the views of a majority of its membership or constituency. Concentration is a public issue that has not been resolved, and perhaps the differing of organizational perspective has contributed to why this issue has gone unresolved for



so long. By better understanding the range of positions organization take on concentration, we can better understand why the issue of concentration has gone unresolved and perhaps better understand the role Montana plays in this discussion of concentration, being such a large cattle producing state.

Additionally, organizational representatives can lend insight into the national, legislative and administrative discussions surrounding beef market concentration and associated challenges and benefits. Organizational positions are often overlooked in the discussion of beef market concentration; they have weighed in on various aspects or associated impacts of concentration, through lobbying efforts, letter writing campaigns, and signing petitions. Largely though, organizations' positions are left out of the academic literature that explicitly discusses beef market concentration, for a couple of reasons. Beef market concentration is often researched through the lenses of agriculture economics and legal (anti-trust) issues that have arose from market restructuring. This often leaves the voices of producers, and their representatives, out of the academic literature, scrutinizing the legitimacy of concerned opinions. By interviewing ranching organizations, I aimed to gain better understanding of how livelihoods and experiential knowledge of Montana ranchers might translate into organizational assistance and protection for membership.

### **Document Review**

I surveyed the organizational landscape of Montana by conducting a comprehensive document review of organizations purporting to represent ranchers and farmers. I examined online presence and information organizations made available on their own websites, and researched past statements the organization and their respective representatives have

published concerning concentration and perceived impacts. The document review included analyzing reports focused on beef market concentration organizational input, interviews conducted outside my own research, newspaper editorials, petitions organization have published and/or signed, video clips of representatives discussing concentration and associated impacts, policy handbooks and marketing tools organizations published. Below is a list of organizations chosen for this research project, accompanied by a description of the organizations' goals, objectives, and how the organization has historically addressed concentration, if at all. The organizational descriptions were sourced directly from the websites of each organization, as they promote and represent themselves publically.

### **Research Participants**

**Western Organization Resource Council (WORC):** Beginning in the 1970's, WORC has become a regional network of grassroots community organizations that include 10,000 members and 35 local chapters in Idaho, Montana, North Dakota, Oregon, South Dakota, and Wyoming. Since 1989, they have brought national attention to market concentration, creating several publically accessible pamphlets and reports outlining beef market concentration and impacts; most notably, *Growing the 16%*, a report highlighting the concerns of WORC constituents pertaining to beef market reform and potential impacts on the independent livestock producers. They support administrative and legislative reforms addressing captive supply and forward contracts and say more reforms are needed to improve the livelihoods of independent livestock producers (WORC.org, 2008). In 2010, WORC addressed a letter to Secretary of Agriculture Tom Vilsack and Attorney General Eric Holder, urging GIPSA to enforce "competitive and transparent pricing of packers' captive supplies of livestock," because their "livestock producer members and

their communities are harmed by packers' concentrated market power" (worc.org, 2010). I interviewed the President at that time, Patrick Sweeney. He has since retired.

**Northern Plains Resource Council (NPRC):** Founded in 1972 by a group of cattle ranchers, NPRC is a grassroots groups with broad interests, encompassing conservation and agriculture, aimed at organizing Montana citizens to protect environmental quality and family farms and ranches. They are a part of the WORC, sharing similar positions on issues related to beef market concentration. Specifically, they advocate for fair and open markets to increase market competition throughout the agriculture industry, including beef. They have been a part of collaborative efforts in raising awareness of market concentration, and supporting politicians who address beef market reform. For example, NPRC supported a 2013 Farm Bill amendment put forth by Montana Senator, Jon Tester, that would require annual USDA reporting on concentration in the food and agriculture industries (nprc.org, 2013; rafi.org, 2013). I interviewed Steve Charter, current Board Chairmen and son of some of the original founding members of the NPRC.

**Ranchers-Cattlemen Action Legal Fund, United Stockgrowers of America (R-CALF, USA):** R-CALF USA represents thousands of U.S. cattle producers on domestic and international trade and marketing issues. R-CALF USA is a national, non-profit organization dedicated to ensuring the continued profitability and viability of the U.S. cattle industry by opposing beef market concentration and pushing for spot market access and increased market competition. Their membership consists primarily of cow-calf operators, cattle backgrounders, and feedlot owners. R-CALF USA is focused on efforts to clarify and enforce the Packers & Stockyards Act by banning packer ownership of livestock, requiring all forward contracts to include a firm base

price, and by protecting the cash market from further "thinning." R-CALF USA has also been very vocal and active at securing and implementing Country of Origin Labeling (COOL) (r-calfusa.com, 2013, 2015). I interviewed Bill Bullard, President of RCALF for 14 years.

**Montana Cattlemen's Association (MCA):** MCA addresses the market interests of Montana cattle producers. MCA supports the environmental, cultural and historical interests of Montana cattle producers. A primary purpose is to restore prosperity to rural Montana by advancing the interests of agriculture. They support reforms that restrict meatpacker ownership and restoration of market competition to the livestock industry. In 2010, MCA was vocal against the proposed purchase of National Beef Packing Co., Smithfield Beef Group and Five Rivers Ranch Cattle Feeding LLC by the Brazilian group JBS, saying that "if these companies continue to merge-we will be at the mercy of a monopolistic industry," also supporting packer bans on cattle before slaughter (mca.org, 2013; agweekly, 2010).

**Montana Farmer's Union (MFU):** MFU, a one hundred year old agriculture organization, has called for development and implementation of national legislation prohibiting unreasonable conduct, such as unjustifiable price discrimination by a business that is in a dominating position in contracting, supplying or buying agricultural goods or services. MFU has requested congressional investigation and corrective action under the Sherman Anti-Trust Act and the Packers and Stockyards Act to be taken to examine the concentration of power in the livestock industries. MFU also urges for additional, necessary legislation to be enacted to regulate the meatpacking corporations "just as we do other monopolistic entities." The MFU also supports mandatory price and volume reporting among the largest meatpackers in the US (montanafarmersunion.com, 2013, 2014). I interviewed Chris Christiaens, Project and Legislative

Specialist with the MFU. He worked in the MT legislature for 16 years as a state senator from Cascade County. Christiaens first worked for MFU from 2002 to 2005, then came back as a full-time employee in 2008 to assist in lobbying efforts.

**Montana Farm Bureau Federation (MFB):** MFBF is an independent, non-governmental, voluntary organization focused on agriculture issues. MFBF is Montana's largest agriculture organization. Formed in 1919, MFBF mission is to correlate and strengthen the member county Farm Bureaus; support the free enterprise system and protect individual freedom and opportunity; promote, protect and represent the business, economic, social and educational interests of farmer/rancher members and all of their communities; and to enhance the agricultural industry in Montana (mfbf.org, 2013). I interviewed John Youngberg, who at the time was Vice President of Governmental Affairs. He has since become Executive Vice President. He lobbied for 21 years, but had been in the position of VP of Governmental Affairs for 10 years.

**Montana Beef Council (MBC):** The MBC was created in 1954 by cattlemen as a marketing organization for the Montana beef industry. It is one of 45 state beef councils. A 12 member board of directors guides the MBC, which is elected by industry affiliates in Montana, such as Montana Stockgrowers, Montana Cattlemen's Association, Montana CattleWomen, Montana Farm Bureau and the Montana Farmers Union. MBC's mission is to "organize to protect and increase demand for beef and beef products throughout the state, national and international consumer marketing programs (promotion, education and research) thereby enhancing profit opportunities for Montana beef producers. As a qualified State Beef Council under the Beef Promotion and Research order, the MBC is responsible for collecting the nationally legislated \$1

per head checkoff on all cattle marketed in Montana ([montanabeefcouncil.org](http://montanabeefcouncil.org), 2013). I

interviewed Chaley Harney, sitting Executive Director for nearly three years.

**Montana Stockgrowers Association (MSGA):** Formed in July 1884 in Helena, the MSGA aim to protect and enhance Montana ranch families' ability to grow and deliver safe, healthy, environmentally wholesome beef to the world. The Montana Stockgrowers Association, a non-profit organization representing nearly 2,500 members, "strives to serve, protect and advance the economic, political, environmental and cultural interests of cattle producers, the largest sector of Montana's number one industry – agriculture." MSGA also works to represent their members and the policy they set at the state and national legislature, with governmental agencies, media, and by promoting the work of Montana's family ranchers to the general public ([mtbeef.org](http://mtbeef.org), 2012). I interviewed Errol Rice, Executive Vice President/CEO of the MSA since 2006. He previously worked for the National Cattlemen's Beef Association (NCBA), the national affiliate of the MSA.

**Montana CattleWomen (MCW):** The mission of the Montana CattleWomen is to "support the livestock industry and its environment through communication, education, and legislative activities." The MCW focuses on events that utilize beef check-off funds for educational purposes, such as marketing techniques to increase engagement and demand for beef among consumers. For example, the MCW provide scholarships and host beef recipe cooking competitions. They support the Montana Stockgrowers and collaborate on outreach and engagement opportunities as well ([montanacattlewomen.org](http://montanacattlewomen.org), 2013). I interviewed Wanda Pinnow, President of the MCW for nearly 23 years.

## **Methodology**

I crafted a semi-structured interview guide that would allow for in-depth expression and explanations of organization positions, beyond what was available online and in newspaper clippings. I primarily focused on qualitative data, collected through interviews, as the foundation of my research. I also examined existing data from the Census of Agriculture documenting cattle herd and farm numbers as they have fluctuated over the years. I was able to compare census data, and academic literature, on both state and national levels to better position Montana and its unique position within the conversation of beef market concentration.

Nine organizations were contacted and invited to be interviewed for this study, and all nine agreed to participate. The criteria for organizations selected be that all organizations were based in Montana, and focused on Montana farmer and rancher concerns. Seven of the nine organizations I interviewed are state-level branches or affiliates of national organizations who share similar missions and objectives. Two organizations operate and work on Montana farming and ranching issues explicitly, but have affiliate organizations they collaborate with and support across the region of the West and Northwest. I contacted all organizations' presidents or CEO's to ask them to speak with me, or, if necessary, ask if they could direct me to someone who they thought would be comfortable discussing beef industry concentration and marketing issues. Three times I was directed to someone else in the organization, who had specifically worked on the issue of beef market concentration with constituents, or had addressed the issue on a national or legislative level.

When I first began contacting potential participants, I would mention my study was focused on the beef industry; specifically, benefits and challenges associated with the current structure of beef production. Once the participant list had been confirmed, and all participants

agreed to be interviewed, several participants asked why I was interested in beef. I explained how the topic of beef market concentration was the impetus for conducting this research project. Three participants, then knowing that I was interested in concentration, asked to view the interview guide before the interview. The participants that asked to view my interview guide wanted it beforehand because, as one participant said, “I don’t want to be caught off guard.”

Three interviews were conducted over the phone, and six were conducted face to face. Five in-person interviews were conducted in the offices of the organization representative, which allowed the interviewer to meet with fellow organization staff and observe daily chores. The interviewee perhaps also felt comfortable discussing an uncomfortable topic, in their own environment, with plenty of reading material on hand to accurately represent their organization and talking points. One interview was conducted at the home of a representative, on their ranch, over tea. The face-to-face interviews were conducted in the Great Falls, Helena, and Billings, areas of Montana. Phone interviews were used to accommodate respondents’ schedules (i.e. calving; distance; out-of-state travel). Two women were interviewed (one face-to-face and the other over the phone). The length of the nine interviews between 26 minutes to 66 minutes, with the average interview lasting around 46 minutes. Often, after the recorder had been turned off, the respondents spoke more freely, asking me personal questions and speaking frankly about their organization, and market concentration. Often during these discussions would represent personal positions on the issue of beef market concentration held by the representative. Although I enjoyed these free-flowing exchange of perspectives, I understood that they did not reflect the organization they represented. All interviews were digitally recorded, later transcribed for accuracy, and then coded for major themes.



The semi-structured interview guide, which is available in Appendix A, covered topics such as: ranching experience and organizational participation of the interviewee; their perceived benefits and drawbacks of concentration in the feeding and packing sectors; impacts of captive supply; rural communities and ranching viability; beef safety and quality; policy influence capabilities of the ranching organization; the organizations' members; and whether the issue of concentration was controversial among the membership. I developed the interview guide from major themes and gaps found in the literature.

Research participants represent several thousand organizational members across Montana and the country. Ranching and farming organizations address a variety of concerns and a variety of agricultural goods. Organizations, by nature, must balance the concerns of constituents within the organization, and either raise them to the legislative or national level to have concerns addressed or not.

### **Strengths and Limitations**

At the time of data collection for this research project, US cattle herds were the lowest in nearly 63 years, while cattle prices were, and still are, the highest in history (Campbell and Bjerga, 2014). All nine people I interviewed acknowledged that if I had conducted this research project ten years ago, when prices were greatly depressed, I would be having completely different conversations. All organizations stated that record-high cattle prices are leaving cattle producers happy, so there is less impetus to complain about concentration. I view this as a benefit, however, to help the interviewer better understand how and why the subject of concentration evokes an emotional response, largely discussed during bad times; versus concentration being a “legitimate” concern for beef industry participants, all the time.

Beef market concentration is controversial. Controversial like climate change is controversial; while some agree it is real, others do not. Often, even questioning organizational representatives about the impacts of concentration placed me at a disadvantage because it “gave my position away,” according to one interviewee before they agreed to participate. In addition to talking about a controversial topic, I was further deemed an outsider because I was not a Montana native, female, and an environmentalist (being a member of the Environmental Studies Program). Ranching, at least on the books, is still largely conducted by older men, and the beef industry has been under increasing scrutiny from environmentalists and activist for over a century.

To bridge the gap somewhat, I mentioned I was raised on a cow-calf farm in rural Kentucky, in an attempt to gain build rapport. As an interviewer, I had the chance to set the interviewee at ease a bit and to expedite understanding and meaning with participants throughout the data collection process (Hesse-Biber and Leavy, 2011:116). During the interviews nearly all participants mentioned something about me being from Kentucky, and it seemed to help them relate to me. For example, one participant poked fun at how Kentuckians call a field or pasture, a “paddock” for cattle grazing. In another, a participant illustrated how easy cattle grazing must be in Kentucky, because Kentucky receives so much more rain than Montana does in an average year. Although I gained insider-status among all participants, I made it clear, as did the participants, that ranching in Montana and Kentucky are very different, and that I was interviewing them to “simply better understand the benefits and challenges of ranching in a place that I am unfamiliar with.”

Having been raised on a cow-calf operation in rural Kentucky, I was aware of my own reflexivity throughout research process; how I was raised to understand the beef industry as a child, and then later in life through academia, enriched my understanding and empathy for the variety of views I later uncovered in my interviews.

Despite these limitations, the qualitative nature of this project was essential. I chose semi-structured, in-depth interviews as my primary methodology because it allowed me to speak with organizational representatives about their challenges and missions in a meaningful way. Qualitative research allows for greater flexibility, and I could ask clarifying questions of participants, or if I touched on a topic that was of particular interest or hardship, we could explore the topic further and co-create the terms of our discussion as the participant had experienced them. Co-creation of meaning allowed for collaborative understanding and knowledge sharing between interviewer and participant, resulting in flexibility throughout the interviews depending on how the participant interpreted the prompts in the interview guide (Hess-Biber and Leavy, 2011:112). For example, the term *concentration* was interpreted a variety of ways, depending upon the internal concerns of the participants. While some viewed “concentration” to mean concentration of power held by the meatpackers, others viewed concentration to specifically apply to concentration of cattle feeding operations. I distinguished and defined beef market concentration as it applied to my research project, but also took note of how respondents explained the interconnectedness they see between concentration of animals in a feedlot for example, and market concentration. The openness of the interview allowed ideas to emerge and “room for the conversation to go in unexpected directions,” because the research participants, “often have information or knowledge that may not have

been thought of in advance,” when I created the interview guide (Hesse-Biber and Leavy, 2011:102). While the flexibility was beneficial, the structure of the interview guide ensured that the same topics would be covered in each interview, allowing for consistency throughout the data collection process.

Allowing for in-depth discussions was particularly helpful in situations where a participant felt comfortable speaking fully and fleshing out their own thoughts on beef market concentration, as they have seen or experienced them. Beef market concentration, and if participants viewed this as a challenge or benefit, was hard to address without fully explaining the repercussions. For instance, throughout the literature (largely through the perspective of economists), concentration is viewed as a benefit because of the ability for corporations to reach economies of scale, in turn keeping production costs low and bettering the chances they have of earning a profit. The consensus among participants was yes, economies of scale is beneficial; however, it depends on which segment of beef production has economies of scale.

### **Analysis of Data**

After each interview, I spent ten minutes writing notes on specific themes that arose with the participant. Several interviews were conducted in succession, and knowing transcription would not be conducted until all interviews had taken place, note-taking after each interview was the best way for me to highlight major themes as they occurred, and helped me retain personal interactions, such as participant mannerism, that may be left out during the transcription process.

I open-coded the transcriptions, noting all concepts, regardless of whether they were specifically mentioned in my interview guide. I then organized the concepts into categories. The

placement of concepts-that is, the organizations' positions on beef market concentration and their perceived benefits and challenges-highlighted the similarities and differences among the nine ranching organizations that participated in this study. With the permission from respondents, I have used their real names and positions within their organization. I have also used direct quotes from the interviewees to illustrate organizational positions and because participants represent organizations Montana farmers and ranchers belong to.

## CHAPTER FOUR

### Results: Understanding the Range of Organizational Positions

On February 5<sup>th</sup>, the Organization for Competitive Markets (OCM) posted a picture on their Facebook page of an airplane splashed with stenciled acronyms and abbreviations. On one side of the airplane it read, “N.C.B.A-SUCKS, NOT C.O.O.L.” and “PLANE TRUTH.” On the other side it read, “R.C.A.L.F. IS C.O.O.L.” Located in Lincoln, Nebraska, OCM is a national, non-profit public policy research organization strictly focused on antitrust and trade policy in agriculture, addressing anti-competitive practices within the US food and agriculture industry (Competitive Markets, 2015). The airplane signaled support for RCALFs’ organizational position concerning Country of Origin Labeling (COOL), and to condemn the organizational position of the National Cattlemen’s Beef Association (NCBA) on COOL.

Like COOL, beef market concentration is a controversial topic among farming and ranching organizations, but it is not clearly a black-and-white issue. Organizational positions on beef market concentration are better displayed on a spectrum representing a range of positions with nuanced differences between each organization. The primary goal of this research is to answer the question, what positions have organizations in Montana, purporting to represent ranchers, taken on the problem of concentration in the livestock industry? From this broad position, I will further explore the organizational position on the potential impacts beef market

concentration has had on rural livelihoods, potential environmental and economic impacts, and the benefits and challenges associated with the current beef production model. I also aim to explore how organizational representatives explain why they think the ranching and farming community of Montana needs representation.

In this chapter I explain and justify the categorization of the organizations based on their positions; compare and contrast these positions; and clearly describe peripheral impacts respondents mentioned as a result of concentration. Although organizational positions are best described on a spectrum because of their nuanced takes on concentration, positions among the farming and ranching organizations of Montana interviewed generally fell into two major categories, or Comparable Organizational Work, or C.O.W. Assembling organizations into camps that share similar organizational positions was done, because it allowed for more detailed explanation of similarities and differences among each organization. Also, organizational grouping creates overarching themes, as expressed by the organizational representatives, which can then be compared to the overarching themes created in the other C.O.W. Lastly, placing organizations into two COW's illustrate how the issue of beef market concentration can be polarizing among Montana farmers and ranchers.

COW 1 share similar organizational positions, stating that beef market concentration has negatively impacted the US beef industry because of a lack of competition among meatpackers. COW 1 also share organizational positions relating to the negative associated impacts of concentration accrued by cattle producers, on the environment, impacting the quality and safety of US beef, and beef industry as a whole. COW 1 organizations include, WORC, RCALF, MFU, MCA, and the NPRC. These five of nine organizations did not describe any benefits from a

concentrated processing sector, and instead explained the challenges they see having arisen from the current beef market structure. Challenges and drawbacks of concentration, as stated by organizational representatives, include economies of scale; regulation affordability; quality and safety of beef; regional specialization; and impacts of market power.

COW 2 participants share similar organizational positions stating that beef market concentration has not negatively impacted the beef industry or US beef markets. COW 2 organizations include the MFB, MSA, MCW, MBC. Their organizational positions only highlighted benefits they perceive having arising from a concentrated beef industry, which include economies of scale, market opportunities, and improvement on the quality and safety of US beef. It is necessary to explain how the organizations in COW 1 and 2 define market competition and concentration, because it may lend insight to their overall objectives and viewpoints concerning the industry of beef.

### **Competition and Concentration: Defined and Characterized**

COW 1 characterize competition in the beef industry as having many buyers of cattle and fewer buyers of cattle translated into less competitively priced cattle. Diversity of buyers within the beef market is important to participants in COW 1 organizations because of the increased competition among buyers. As explained by Patrick Sweeney of WORC, “The diversification of the market is important...because having competition to sell into is good for them in terms of their ability to get a good price and have competition on that price.” Steve Charter of the NPRC also characterized competition as “the more buyers you have the better...fewer and fewer people to sell to, that price bid is weak. Fewer bidders would mean lower prices.”



Concentration was characterized as having “fewer buyers” of cattle, but how concentration impacts producers differed between organizations. Bill Bullard of RCALF described beef market concentration as an environment “where the choices of marketing are becoming fewer and fewer.” One of the biggest concerns for Chris Christianes of the MFU’s in relation to fewer buyers of cattle is, “you don’t have people competing for your business, so when one buyer represents several companies, you’re stuck with what they offer.”

COW 2 organizational positions on the other hand do not acknowledge any concerns related to the concentration of the beef market. The Wanda Pinnow of the MCW stated “no, I don’t see any problem with it” when asked explicitly if her organization views any challenges or drawbacks of beef market concentration. Chaley Harney of the MBC stated that the “system we have in the US, including feeding, is successful because it works and it has for years...and we support what works.” Errol Rice of the MSA said, “I think we really aspire to open and free markets, spot market enterprises that create market competition that allows an on ramp for different producers. I think each individual rancher will be separate in what is best for his business model; some ranchers, there business model is better suited for vertical integration, where others are probably better suited for a more traditional , more flat, lots of competitors, lots of bids, that’s better for their business.”

Rice articulated the crossroad the beef industry is currently grappling with: how do spot market and vertically integrated producers perceive opportunities in a concentrated beef industry? In addition to explaining organizational positions concerning beef market concentration, I hope to clearly outline the benefits, drawbacks, and concerns of working in a

highly concentrated industry, as experienced by industry professionals representing ranching and farming constituents of Montana.

## **COW 1: Challenges of a Concentrated Beef Market**

### **Economy of Scale**

Economy of scale was outlined by five of the six organizations as a negative impact to small cow-calf operators, consumers, and the beef market as a whole. The challenges of economies of scale were discussed through the lenses of negative impacts on quality and safety of US beef; on ranching and rural livelihoods; and environmental and ethical concerns arising from large feeding and processing operations. Lastly, as suggested by COW 1 organizations, through the ability of processors to capture economies of scale, they have negatively impacted the beef industry through market manipulation, and inhibiting legislative actions and other government branches from decentralizing the beef industry.

The NPRC described how the size and scale of cow-calf operations has changed throughout the years following an intensified productionist model. “When I was very young,” said Charter, “we had neighbors that had 100 cows and made a living on that. You couldn’t even begin to think of that now. We run 250-300 cows and that’s too small really. Now, I think a lot of people say you need 1,000 cows.” As ranches have expanded in size, the size and scale of feeding operations have grown as well. RCALF explained the impact increased production and operation size has had on the feeding sector as well. “The only sector in our US cattle feedlot

industry that is growing today, is the sector of the mega-feedlots with a one-time capacity of over 50,000 head. They're expanding in their numbers, and number of cattle they market each year. They're dominating our industry."

As the Charter of the NPRC and Bullard of RCALF paint a picture of how the beef industry has transformed because of economies of scale, the negative impacts of who is capturing economies of scale and what it means for the rest of the industry began to surface. "The trend has been fewer and fewer feeders. The feeders we're losing is the small farmer-feeders that have a one-time capacity of less than 1,000 head. They're no longer finding it profitable to feed cattle, and that's why we've lost 39,000 of them just since 1996. They're dropping like flies. It's alarming," said Bullard. Capturing economies of scale reduces cost production; however, those without economies of scale must continue marketing their product at the cost in which it took for them to make their goods. In short, larger companies can produce goods more cheaply than smaller operations. Bullard states that economies of scale among a handful of feeding and processing operations have created "prices that are at" levels below cost of production, which has forced many, many Montana ranchers to exit the industry," because small or mid-scale producers and processors have higher costs than larger operations.

The drawback of large-scale operations is that they have the potential to negatively impact small-scale, alternative operations. The MFU explained that, because of operations who are large enough to keep production costs low, smaller operations of feeding or processing don't really have a chance at succeeding. "With your feeding, like Confined Animal Feeding Operations (CAFO) we do have a few in Montana, but I don't know of any with over 500 head. If you're truly going to be doing that type of feeding, such as in Iowa or Nebraska, then you're talking several

thousands.” Christiaens goes onto explain the trouble he has witnessed when the MFU and other Farmer’s Union enterprises entertained the notion of starting a Montana slaughter operation: “One of the keys to a large slaughterhouse processing program is what to do with ‘the offal’. Unless you have probably somewhere in the excess of 2,000 head a week, you cannot afford to build the rendering plant that is necessary to go with the slaughter program. I don’t see a full fledged slaughter program in Montana anytime in the near future.”

Patrick Sweeney of WORC, described the limited options beef producers face when small or mid-size slaughter facilities aren’t within reach. “The people who wanted to produce smaller quantities of meat and beef from their operations and sell more direct had no one to go to because they had no one to slaughter and package it that were [USDA] certified, so they had to sell into the [commodity] marketplace!” As a few beef operations capture economies of scale, many smaller operations no longer saw it viable to continue engaging in the beef industry.

Mark Boone of the MCA, differs on the issue of economies of scale compared to the other organizational positions in COW 1. The MCA finds economies of scale beneficial, specifically in the feeding sectors. “Obviously, the bigger you are you have some economies of scale with the feedlots to help them become more profitable, and that’s just fine...because they can afford to pay better prices for calves.” Boone goes on to mention that although his organization finds benefits in *some* economies of scale he said that, “there is a line of when too big is too big.” Boone, although cautious, thinks the large feeding operations in the Midwest are fine because they “still provide a competitive environment that is needed,” but admits large feeding firms have the potential to harm cow-calf producers. “Anything that provides [feeders] more profit is OK with us, as long as it’s not a tool they use to dictate the price we get. I don’t see

a problem with the feedlots...yet.” Boone also mentioned that economies of scale, and the savings that can be acquired, can afford a feedlot operator or cow-calf producer to meet costly governmental regulations.

### **Regulation Affordability**

“With regulations getting so hard, so expensive to meet, it could put some out of business right down to the family ranch level because we don’t have the money to fight regulations or to meet regulations,” said Boone. He spoke about a situation that he had witnessed concerning regulation affordability. “Like with the feedlots and regulations with feedlots, it went all the way down to the calving dens. You needed lagoons for runoff and you couldn’t have it next to a stream or a creek. The average rancher can’t afford to build lagoons, or move corral systems because they calve off their heifers for two months every spring.”

As the discussion of economies of scale deepened with each organization, the theme of what can, and cannot, be afforded by the operations who do, and do not, have economies of scale became clear when specifically discussing government-imposed regulations. “Big companies,” said NPRC, “are good at complying with regulations because they’ve got the [economies of scale] and they also kind of have the influence.” As he went on it quickly turned into a discussion of what happens when you try and impose the same regulations that may be fitted for a large operation onto a small or mid-size operation. “Then there can be a problem when you try to impose the regulations that were made for these great big outfits, on farmers markets or something small like that, somewhere where it’s not appropriate. You can put some

very safe, good food out of business. You can also use that to increase concentration and make it harder for local producers to sell locally,” said Charter.

WORC also expressed concern when imposing regulations meant for large beef feeding or processing operations on small ones. “Our focus was definitely, ‘you need to regulate these big food plants...and making sure that those kind of large corporate factory food operations are done appropriately’” said Sweeney. “Our concern also was that if you apply the standards that should be applied to some of these big corporate operations to local food producers that you will basically shut down local food production. Local food producers need to be held to good standards, but not the same standards of someone running big corporations.”

“We’re working on, and I think the future of Montana is dependent on it, our ability to regulate the monopolies,” said RCALF, when describing the disproportionate application of regulations on small beef ventures, in order to maintain market concentration by the largest beef processors. “We need to...recreate small to mid-scale opportunities that have essentially been taken away from our industry by these very concentrated meatpackers.”

## **Quality and Safety**

Large-scale beef production and the application of an intensified productionist model to the feeding and processing sectors, as discussed by COW 1 organizations, has negatively impacted the quality and safety of US beef. This includes a reduction in accurate and appropriate recording, reduction of food safety inspector’s on-sight at processing facilities, and the increased use of antibiotics and growth-promotants. The decreased standards of out-of-country beef imports were also discussed.

## **Safety**

“In the meatpacking industry,” said WORC, “concentration makes companies lazy because they have less competition among one another.” Sweeney explains that a beef processing segment without competition allows for tainted meat, because there are only so many packers that a consumer can buy from. “Lazy meatpacking companies means tainted meat, and treating your workers badly. When you don’t have a lean competitive environment, and have companies to make a profit without that competition, you also have sloppy companies.” Speaking more directly about economies of scale impacting meat safety, Sweeney points to the vulnerability of not being able to trace tainted meat back to its origins. “Clearly, when you’re talking about local foods, you know who and where these products came from. And they’re also producing small quantities that the impacts, even if something went wrong, is small. It’s not millions of people, and not being able to find out where the tainted product went and all those things.” Lastly, Sweeney discussed the work his organization has done to address the concerns he sees in large processing firms influencing the USDA’s inspection system potentially weakening meat safety standards. “We have spent a lot of time trying to make sure HACCP (Hazard Analysis and Critical Control Point) is not a corporate meat inspections system, which is what it was really designed to do, which was let the meatpackers manage the USDA inspection system in many ways. So we’ve had lots of battles over appropriate meat inspections.”

Economies of scale was also seen as a negative impact on beef safety according to the NPRC. Traceability of tainted meat, along with increased antibiotic usage among cattle in large-scale feeding operations were among Charter’s greatest concerns for US beef safety. “You know, the big thing is, trying to trace back the problems, and they aren’t happening on the ranch,” said Charter. “When we sell our animals, the problems are in the big packing plants” Charter goes on

to describe the concern he has in tracing tainted meat, when being processed in large packing facilities. "I think they make a real effort to keep these plants clean, but they say a hamburger has somewhere like fifty cows in one patty. If you make a mistake and something happens, like an illness or misstep, then it gets spread so far and mixed up so much. I think, as it gets bigger and more industrial, these things tend to be more of a problem." As for feeding operations impacting safety, Charter says economies of scale has packed more cattle into smaller spaces, leading to an increase of antibiotics. "As the feedlots get bigger and bigger, you need more antibiotics to keep them healthy."

Lack of traceability and potential impacts from increased economic and political influence from the processing firms on safety standards were the greatest concerns RCALF stated in relation to beef safety and large scale beef production and processing. "We believe it is inherently unsafe to be dependent on our current, highly concentrated sector, where all our beef production, or 80 sum percent of it, is being done in the Beef Belt," said Bullard. "That means that if there is a disease outbreak in that area, whether by a natural phenomenon, or by agro-terrorist, that it could effectively harm the meat supply that would affect the entire USA." Bullard illustrates what a decentralized beef processing sector could do for food safety. "Our food safety system would be more secure and safer if we had more diverse, and widely distributed meat processing sectors all across the US like we once had. RCALF too has had disagreements with the USDA, in terms of weakened safety standards, due to potential influence from meatpackers. "As a result of concentrated meatpackers, and their economic and political power...they have been able to accomplish policy objectives that have put our food safety and food security at risk." Bullard points to the relaxation of import standards of meat from overseas.



“We’ve seen a systematic reduction in our food safety standards for import products, where prior to the early 2000’s, we used to have monthly inspections of foreign meatpacking plants before they were allowed to import to the US. We’ve ceased doing that now.” Bullard explains how this has led to further disagreements between RCALF and the USDA. “We have had some very strong conflicts with the USDA and the meatpackers, because we viewed their actions to be irresponsible with respect to ensuring our food safety.”

“I think we need to have greater inspection of our processing plants,” said Christiaens, for the MFU. “The USDA has been hampered in the numbers of inspectors that have been available to check those, and because of that, we’ve seen huge confiscations of ground beef in the last few months, and they’ve come from those unsanitary conditions in those packing yards.” Christiaens goes on to mention the role consumers play, in making sure they prepare meat properly to prevent food-borne illnesses. “People need to be aware at the temperature they cook their meat.”

Boone of the MCA was more conflicted on the issue. “That’s tough,” he said between pauses. He then broke up his response between the feeding and packing sectors. “Well, when animals congregate in large numbers, in feed yards, or harvested in large numbers, it gets messy. Antibiotic use is on the rise because you have that many cattle in a confined area.” He started to chuckle. “I mean, when 1 cow gets sick, it’s not rocket science!” He paused for a while and began discussing safety issues in large packing facilities versus small packing houses. “The real small packing house, sometimes a family operation can get away with things that big operations are more scrutinized by the government. I don’t think our concentrated packing houses make our food less safe.”

## Quality

Industrial beef production according to the NPRC, RCALF, WORC, and the MCA has lowered the quality of US beef; particularly because of the mass production of beef, consistent quality demands imposed by meatpackers, and the addition of growth promotants added in the feeding sector. For WORC, they see economies of scale and efficiency as decreasing quality standards. “What’s happened to a large degree, with corporate control of our food system,” said Sweeney, “there is less quality control because of the push for greater profits, and faster chain speeds. And the consequence is the quality of the meat is going down, and that’s not good.”

Steve Charter, for the NPRC, pointed to the diet of cattle, particularly the majority of cattle raised in large scale feeding operations, as a contributor to decreased beef quality. “As you’ve made these animals into these super-fast gaining...animals that are raised on super-high grain diets, they’re in a constant state of acidosis, and I think it affects the quality and taste of the meat.” Charter goes on to illustrate how beef quality going down has not happened quickly, therefore, possibly going unnoticed by consumers. “I think people don’t really think how [industrialization] has impacted beef quality, because it kind of happened slowly, but I think it’s really affected the demand because meat isn’t as good as what is possible, or what it used to be. It’s kind of how they ruined tomatoes with an industrial food system. I think they’re kind of doing that with beef too.”

RCALF suggests the use of growth promotants, such as Beta Agonists, have contributed to declining US demand of beef. The use of these additions in the feeding sector, according to Bullard, were demanded by the meatpackers to create heavier cattle for the economic advantage to be held by the packers. ““The meatpackers were essentially dictating and

demanding the use of...Beta Agonists. These were growth promotants that were fed, despite the fact that the meatpackers knew that it would adversely affect the taste and quality of the meat, but they did it because of the economic advantage to gaining another 30 pounds on these already optimal weighted carcasses.” Bullard said that cattle prior to reaching the feed yards, are of the highest quality producers have created to date. “We have improved the quality of our livestock,” said Bullard, pointing to improved genetics, and management, but says, “While we have improved quality, concentration of our industry has impeded our ability to enhance the quality further...because of the antagonism between producing the highest quality, and maximizing the profit margin.” The key to maximizing profit, but decreasing beef quality Bullard suggests, is consistency. “The meatpackers are shooting for consistent quality products, which is in direct conflict with higher quality products.” “[Concentration] has lowered the quality of beef. They want to mass produce as much as they can.” Although economies of scale improved beef safety, according to the MCA, Boone thinks it has negatively impacted quality. “I’m not sure if [concentration] has impacted safety, but quality has certainly gone down.”

### **Poor Meat, Poor Industry Image**

As illustrated, beef quality and safety are the driving forces impacting beef demand. As COW 1 participants have suggested, beef quality and safety have decreased, while concentration and increased industrialization has increased. A common theme that was discussed concerning quality and safety issues was how tainted or “bad” meat negatively impacts the entire industry, and does not discriminate between conventional, grass-fed, or organic beef. How organizations explain the challenges associated with perception problems caused by poor meat also highlights the challenges faced by beef producers who do not sell cattle into the conventional beef system.

“The worst thing is having something on the market that makes people sick or is inferior,” said Sweeney for WORC. “And that is what’s happened to a large degree with the corporate control of our food system where there is less quality control, because of the push for greater profits, for faster chain speeds in the plants. It’s all about more efficiency, economies of scale, and the consequence is the quality of the meat is going down and that’s not good because everybody is judged by the same thing.” Sweeney discussed the role consumer’s play in educating themselves about beef, and how all beef is not the same. “The consumer doesn’t generally distinguish that, that meat might have been corporate Cargill hamburger, versus the family farmers down the street. Our job is to make those distinctions.”

When RCALF spoke of negative imaging due to beef quality and safety setbacks, he used the word “our” several times. He used it repetitively to illustrate how all who are involved in the beef chain, from producer to processor, conventional to organic, are all damaged. Bullard used the example of the “pink slime issue” to exemplify the tension growing between consumers demanding more transparent information about beef processing, juxtaposed to meatpackers, which Bullard suggests, are making decisions not in favor of the consumers or their demands. “The ‘pink slime’ issue, where meatpackers were using technological advancements to separate fine meat particles from trimmings on animals, but they didn’t tell the public...there was a huge backlash that harmed our industry. Our organizations believes that our industry’s success is based on our ability to produce the safest, highest quality, most wholesome product in the world, bar none.” Consumer demands for more transparent information about beef production was stated by the MFU as a consumer right, and an issue Christiaens mentioned several times throughout my interview as an issue the meatpackers have been actively working against. “We

believe that the people want to know where their beef comes from,” said MFU. “And that they have a right to know where that beef was raised, produced, fed, all those kind of things before they buy beef...and that they have the right to know. Farmers and ranchers have the right to assure the public they’re getting good, healthy product directly from the farm.” Where that farm may be is changing too.

### **Regional Specialization**

The beef industry, specifically the packing and feeding sectors, has been transferred and settled into the US Midwest. The “Beef Belt” as this area of the country has become known, is closely tied to the corn production that is grown in this section of the country as well. Challenges associated with geographic centralization of beef feeders and packers, according to COW 1 organizations included transportation costs accrued by Montana producers, shipping cattle and jobs out of state, and environmental impacts of large-scale crop production and feeding in the Beef Belt.

The MFU outlined the segmented and concentrated beef production system, and how Montana beef producers don’t always benefit from the current structure. “What happens generally in Montana,” said Christiaens, “is that you have your spring calf, they’re weaned in the fall, sold to a packer, or someone who comes around representing a specific packer, and they leave the state, going to Iowa, Nebraska, or some other location where they are fed and later butchered and processed. That is a major problem.” As MFU continues, the problems fall not only on the shoulders of the ranchers, but on beef consumers as well. “When meat is processed out of state, it is butchered, processed, and shipped back into Montana by truck, or some other

means. You and I not only pay for that butchering, but the processing and the shipping it back. We're paying a great deal to bring it back into Montana."

"It's pretty silly," said NPRC. "To raise cattle in Montana, buy beef in a Billings store that was probably trucked to a feedlot in Kansas, and shipped to packing plants in Nebraska, and then you ship that meat back. That doesn't make a whole lot of sense." NPRC adds what could be gained if beef, and beef jobs, were not shipped out of state. "I think we can keep some of those dollars here that we've kind of shipped out to other places. That's a lot of the issue: how do we keep our dollars here at home." Keeping local dollars within a community was a very important concept for WORC as well. "If you can butcher and slaughter and sell in your own community, or close to your own community, you're going to create more jobs and have more economic viability."

RCALF highlights how Montana cow-calf producers are particularly hurt, as more of the beef feeding and processing centralizes in the Midwest. "The feedlot concentration has focused geographically down in what is called the Beef Belt. These feedlots are being built and expanded in close proximity to the few remaining meatpackers we have and so producers in Montana for example, are disadvantaged because the transportation costs of bringing heavier weight cattle down to the feedlots." In addition to transportation costs, RCALF points out the amount of jobs and money that are pulled out of the state as regionalization specialization continues. "It has caused the transference of more or the supply chain that used to be done in Montana: we used to breed the calves, raise the calves, feed them, and then send them to a packer when they were ready for slaughter. We rarely do that anymore. A profitable section of our industry has been transferred out of Montana, down in close proximity to the meatpackers."

All participants in COW 1 reported challenges and drawbacks of regional specialization; however, not all agree a local feeding or slaughter facility would work in Montana. Many argue that geographic concentration of meatpackers, and feeders, was largely impacted by the regional specialization of corn production. Corn production, or a lack thereof in Montana, was often cited as a reason why large feeders, and subsequently large packing facilities, would not work in Montana. Some organizations argued otherwise.

“We have looked for a number of years at being able to start a processing plant,” said the MFU. “But the numbers are not here to justify. It’s a situation of concentration of animals, and if you’re going to feed them, you’re going to do it where their feed comes from, and most of those feedlots are feeding them corn. We don’t have a large corn production in Montana.” RCALF argues that feed is not the underlying issue, but rather the power and influence the meatpackers have in maintaining the status quo. “It isn’t the availability of feed,” said Bullard. “It is the current level of concentration by the meatpackers, being built close to the feedlots, that has severely reduced the economic opportunities of ranchers in Montana.”

As NPRC mentioned previously, feeding cattle corn is not the most efficient means of providing cattle nutrition, and in fact decreases that quality of the meat. Advocating for cattle to be raised on forage for beef quality improvement, NPRC also sees the damage large-scale corn production is having on the landscape of the Midwest. “The Midwest is basically a monoculture of corn and soybeans that’s then fed to cattle. The way it used to be, mixed farms that raised crops and had cattle was a much sounder model, environmentally, and the quality of life was better...not like this kind of chemical deal of raising monocultures.”

Confined Animal Feeding Operations, CAFO's, was mentioned in Group A as a negative consequence of economies of scale, and due to geographic concentration of these large scale feeding operations, CAFO's, are creating negative environmental impacts, thus creating more criticism of beef production and the industry model. "I think one of the areas people have been concerned about, especially CAFO's, is water quality because of the draining of manure from feedlots going into streams and entering people's safe drinking water," said MFU. Just as NPRC mentioned previously, monoculture production of grain in a centralized production area has raised environmental concerns, so has concentrated feeding of animals in the same centralized region. RCALF acknowledges the negative environmental impacts happening in the Midwest due to production and feeding concentration, and pointed out how environmental impacts are also adding to the negative perception problems the industry is facing, that affects everyone. "As a result of the increasingly high concentration of livestock in very small geographic areas, these concentrated feedlots are huge, they present huge environmental challenges, and they make our industry susceptible to critic from those who are concerned about the potential environmental impacts these mega-feedlots are creating."

### **Market Power: The role of captive supply in vertical integration**

Vertical integration is the consolidation of the production of goods, under the ownership or control of a single firm. When a single firm increases their production or processing services, the firm has more power within the industry, than firms who engage in one step of the beef production system. They have more power because they control several steps of the production chain, and has more opportunity to create larger profits. COW 1 participants view vertical integration, and increased concentration among the four largest meatpackers, as a danger to the



beef industry. Increased concentration, as it will be illustrated here, has been interpreted into various degrees of market power that large packing firms may exercise, often being perceived as negatively affecting the beef production system, below the processing stage. Captive supply arrangements play an integral role in achieving, and maintaining, vertical integration.

## **Captive Supply**

“There’s this kind of link between not enough real competition,” said Charter of NPRC “The packers are basically in a position where they can control prices...as you get fewer and fewer packers...to be competitive with them, it causes more concentration in the feeding sector...I think captive supply really does drive concentration.” To be competitive with them he is referring to captive arrangements that encourage vertical integration. Captive supplies refer to livestock which are committed to a specific buyer two weeks or more in advance of slaughter. The three most common types of captive supply methods include forward contracts, packer-owned feeding operations, and exclusive marketing/purchasing agreements. These deals, often called ‘sweetheart deals,’ are created by using forward contracts made between packer and feedlot operator, and in some cases, between processors and cow-calf operators. Captive supply, as it applies to the beef industry, are cattle that meatpackers own, or create a contract to purchase at a future date for a predictable amount of raw product to arrive at the processors doorstep on time. Examples of captive supply contracts include an exclusive agreement with an individual feedlot in which the price is based on market prices at time of slaughter, or a contract in which the price is specified in advance or is based on some other formula, also known as a formula contract or formula pricing. Often viewed as a savvy business opportunity for beef

processors, captive supply arrangements have been scrutinized both in the US and abroad by cattle producers and feeders.

The concern surrounding captive supply arrangements is how cattle are priced in and out of captive arrangements. How cattle are priced and the price rancher and feedlot operators actually receive affects every cow sold in and out of the conventional production system. As COW 1 organizations mentioned previously, concentration and conversely less competition is a concern, because it may result in lower prices for their cattle; “fewer bidders would mean lower prices,” said NPRC. Captive supply arrangements, used as a tool to increase vertical integration of beef production and processing, was the greatest concern among Group A participants. Captive supply arrangements, as illustrated by COW 1 organizations, is a tool increasingly being deployed by meatpackers that is impacting much more than beef producers; captive supply arrangements, as suggested by WORC, NPRC, and RCALF, has, and is, impacting every segment of the beef value chain through limited market access, limited buyers, and meatpackers ability to manipulate cattle market value.

The severity of captive supplies impact on the beef market vary among COW 1 organizations. WORC acknowledges there are some benefits to be had by cattle producers who engage in captive arrangements. “The certainty of having a forward contract is good because you know you have someone to sell to, you have and assigned delivery date, which gives the cow-calf operator certainty,” said Sweeney. “The uncertainty is the kind of contracts that have been put forward.” The uncertainty Sweeney is referring to is the process packers, feeders, and cow-calf operators engage in to determine the true, cash value of cattle. WORC adds, “I think anything that restricts the competitive nature of the market, that doesn’t allow for a true value

on the price of beef, does restrict Montana.” Competition, as explained previously by COW 1 organizations, is to have many buyers; the same goes for cattle: the more cattle getting priced, the closer you come to receiving the actual cash value of cattle.

“I don’t see any benefits in meatpacking concentration. I think it’s way too concentrated,” said Boone. Despite the benefits Boone saw in economies of scale among feeders, he sees no benefits of economies of scale among the meatpackers. “Economies of scale is important in any manufacturing, but it’s gotten so big, and so concentrated I don’t see benefits where we are now with the concentration in the meatpackers.” Boone’s concerns regarding meatpacker’s concentration largely focused on captive supply meatpackers can encourage ranchers to engage in, damaging the rest of the beef market or independent, non-captive cow-calf and feedlot operators. “My biggest concern is how they can manipulate prices, through feedlots, and affect us down to the cow-calf operator. If packers own enough cattle in the feedlots they can beat down prices in the feed yards, because they have captive supply.” Boone went on to explain the details of how captive supply can hurt the entire market for cattle, specifically the cow-calf producer. “If the packing houses have their own supply of cattle to fill their needs, they can dictate what they’ll pay for feedlot cattle. And feedlot cattle, when they’re ready, they’re ready. It’s not something where you can say, ‘oh, I’ll wait ‘til next month and hope the price gets better.’ If the price is somewhere the packer doesn’t like it, and he’s got his own supply of cattle, he can beat up on the feedlot guy, pretty easily, because the feedlot guy has to take what he can get.”

### **Loss of Price Discovery Market**

Through captive supply arrangements, the traditional market for competitive bidding of cattle, to create a true cash value for cattle, is quickly becoming unavailable. The spot, auction, or bid markets as they have become known, have historically been the arenas where competitive pricing of cattle occurred. NPRC describes the importance he sees in a bid market. "A bid market is not a captive supply market," said Charter of NPRC. "It should be a very public bid...at a local auction, you know who's bidding, who's there, and you know, it's a good way to get the best value." As more cattle are becoming captive to a specific feedlot, or packer, WORC, NPRC, MCA, and RCALF, view captive supply, specifically the impacts of captive supplies on cattle pricing, as a real and present danger to Montana beef producers. "The part of the market that isn't captive is getting smaller and smaller," said Sweeney from WORC. "And that's what's setting the price for the captive supply." Cattle you see at auction yards, being bid on and bought and sold, is the cattle that sets the price for all cattle. Cattle becoming captive, however, is evading this step. "There's fewer and fewer cattle setting the price," continues WORC. "So there's a real incentive to kind of drive the people who have to go to the market for their price, to drive that price down, because that's setting all the prices."

Cattle that would normally be put into the competitive pricing market, but then is placed under a captive arrangement, is a concern for RCALF as well. Bullard highlights the impact this transition of cattle into captive arrangement and out of the price discovery market has on the entire beef industry. "The competitive cash market is our industries price discovery market...meatpackers can shift the volume of cattle, that would normally be sold into the competitive cash market, into these non-competitive, non-priced contractual agreements, and by doing so, you eliminate competition. You eliminate the ability to of a Montana rancher to

know that the expected value of his or her calves will be. [Meatpackers] have been coercing independent producers to exit the cash market, then to join them in these formula contracts. We're at the stage where we've lost our price discovery market."

The loss of the price discovery market was discussed further by RCALF, outlining historical cattle cycles, and how they have changed over time. "The cattle cycle consisted of 5-6 years of herd expansion when prices were increasing because supply was less than demand. You would then have 1-2 years of kind of leveling off and consolidation, but then you'd have 3-4 years of liquidation. During these higher prices we built the numbers of the herds, then 3-4 years of liquidation and start all over again. A typical cattle cycle lasted 10-12 years. Since World War II, we watched this cattle cycle and it became an indicator of a highly competitive industry. The last normal cycle we had was in 1976. We had a typical 8 year decline in herds, 4 year decline in cattle prices, and then we had an increase. In the early 80's we had an unprecedented 8 year liquidation phase. Then in 1996, we began what is now a 17 year liquidation phase in the cattle industry." RCALF said that the USDA had commented on the disrupted cattle cycle and "they said it appears the cycle is going the way of the dairy and hog industries." RCALF said Montana ranchers and farmers, in particular, should be concerned with this historically unusual cattle cycle. "We no longer have a cattle cycle because we no longer have a price discovery market to establish competitive prices. So Montana producers need to look at this, the loss of the cattle cycle, and understand that high prices are only temporary."

## **High Prices**

A factor that impacted my research study, specifically how concentration was viewed and discussed during the timeframe of conducting the interviews, was the record-high prices of

cattle. More importantly, how the high prices may, or may not, be impacting the US beef market. High prices are a result of a variety of environmental impacts such as multi-year drought in large cattle producing states (Tahir, 2014) and economic impacts from ranchers culling herds in response to the environmental limitations, increasing the price of beef in the meat aisle (Gillam, 2012) Three of five COW 1 organizations mentioned high cattle prices, and how it impacted our discussion of beef market concentration. NPRC, WORC, and RCALF, agree that the current high prices producers are receiving for cattle has quieted much of the discussion about beef market concentration among producers and beef market players. Furthermore, NPRC, WORC, and RCALF all agree that high prices are cyclical, but are not high enough to ignore the surrounding market power challenges meatpackers exercise on independent cattle producers.

“There’s a couple of forces at play that are interesting,” said WORC. “Beef supply is the lowest it has been probably in a century, so that means beef prices are high, and that’s good for Montana.” Sweeney described environmental factors he has seen, resulting in a decrease of cattle herds and cattle numbers. “It has to do with climate change, and wildfires, and droughts, and a lot of other things that are out there. But like most supply and demand, if you have less animals, and less supply, but you still have a strong demand, which we do in the US, you are going to have high prices.” When asked if Sweeney saw correlation or impact the current high beef prices has had on the perception of concentration among his constituents and colleagues he said, “Well, that also makes you think, what is the real impact of competition and concentration on your meat prices? When you have less supply, those things are less effective because there’s less animals in the system. And people are going to have to pay for them, and they’re paying more than they ever have before.” Sweeney discussed what the high prices mean

for Montana ranching and farming families. “It seems to me, that even though the price of cattle may be high, there’s still all the inputs that you have for agriculture. With commodities prices at a peak, the individual producers are at least better off in term of their own income than they’ve been in a while. So maybe that means they can afford health insurance, but it’s still not enough to completely rebuild our communities, and is it enough to bring young people into agriculture? I don’t think so.” He sat back in his chair to take in a breath of fresh air, just to lunge forwards and exclaim, “And remember high prices are cyclical. They’re sharp, and right now we’re on the high side, but we’ve been around long enough to know it doesn’t last.”

“There’s such a low supply of cattle, I don’t think [concentration] is as acute as it once was,” said Charter of NPRC. “When there was more plentiful cattle I think captive supply really did hurt prices of basic producers.” When asked what the high prices could afford Montana ranchers, he quickly commented on the high price of inputs, as WORC did too. “Where price go way up, and go way down, they kind of drive other prices up.” The other prices he was referring to were the costs of inputs needed for ranching. “Prices for cattle are high now, but say when you buy your replacements and things like that, and input prices are also very high...if prices fall, you’re kind of set up.” He continue commenting on what he sees is truly needed for the beef industry. “We need good prices, but we also need stable prices to stay in business.”

“We’re currently experiencing some of the highest prices in history,” said RCALF. In addition to climactic barriers ranchers experience, such as drought, which Bullard calls “contributing factors”, he points to other issues that have resulted in declining cattle herds, and high prices. “This is before the drought, we were severely reducing the size of our herds long before the droughts struck. We were reducing because the meatpackers want to vertically

integrate, use captive supply, and force producers to exit the cash market.” He explained other factors he thinks contribute to the discussion of high beef prices and competition in the beef industry. “The other thing Montana producers need to understand is that the meatpackers they sell to, are not *beef* packers. Montana cattle producers believe they’re competing against other proteins such as poultry, chicken, turkey. The fact of the matter is, is that they are unable to compete with those other proteins because they are all controlled by the four largest packers.” Bill gives the example of JBS, the world’s meatpackers. “They’re the largest US meatpacker too! They’re a major hog producer, and bought Pilgrim’s Pride. So what these meatpackers are able to do, is actually leverage down cattle prices by manipulating production and output of their other protein sources.” Bullard is cautious too of the high beef prices and what they means for producers and consumers. “Consumers are now paying record high prices for beef, and even though, currently, the US cattle producers are receiving the highest nominal prices for their cattle in history, the spread between the farming price and the consuming price is the widest it has even been in history.” When asked what the high prices, despite the spread, could afford ranchers, Bullard responded, “The period of high prices are allowing producers to recover somewhat, but it’s temporary.”

High prices skewing the discussion of beef market concentration was not explicitly discussed by the MCA; however, challenges cow-calf producers face when prices are good and bad was mentioned. Specifically, poor prices coupled with market challenges, combine to lessen the incentive to continue ranching. “If ranches aren’t financially viable,” Boone started to explain, “You’ll have to transition to absentee ownership, and maybe have bigger places with less people on them.” Boone mentioned why it’s hard to transition, when there is better money to



be made elsewhere. “When the land is worth so much to sell it, or the next generation asking, ‘why am I going to work the rest of my life for \$30-40,000, when I can sell the land, make several million, or go to town and make \$60,000 in today’s world.”

## **Market Manipulation**

Speculation of beef market consolidation, impacting the price discovery market, has also raised the issue of other market impacts created because of meatpacker concentration. Beyond packers encouraging producers to engage in captive supply arrangements, COW 1 organizations discussed the buying power the meatpackers have within the industry, and their power in manipulating the market to inflate or deflate cattle prices. “With four meatpackers controlling approximately 88% of all the fed cattle sold” said Bullard of RCALF, “the meatpackers can decide unilaterally that they no longer want to purchase in the competitive cash market.” Acting unilaterally insinuates more than market power, but potential market manipulation the packers may exercise. RCALF described how meatpackers use captive supply to manipulate, and deflate, competitively priced cattle. “The value of all the calves produces in Montana are based on the expected future cash value of those calves when they’re ready for slaughter and sold to the meat packers. So when the meatpackers increase the volume of captive supply of cattle...you remove all those cattle from the competitive cash market at the fed cattle level. Because there are so few packers, they can decide to shun the price discovery market for a week. They can all stay out of the market, we have seen this happen many times, over many years. As a result, they actually cause the price discovery market to fall by several dollars a 100 weight. It makes sense, there’s no more demand for the live cattle, and the packers have all stepped out of the marketplace. When the marketplace falls, the meatpackers are able to price all of these forward contracted

cattle and formula cattle based on the value of the cattle whose price they manipulated. So a Montana rancher's calf that will be valued at the expected future value will look at this manipulated price, and the price of that calf is suddenly artificially reduced by a couple dollars a 100 weight.”

As WORC pointed out before, there are benefits to captive supply arrangements for cow-calf producers; Sweeney of WORC, however, explains the work his organization has been doing to address market manipulation and its potential impacts affecting the price of captive cattle.

“We have been fighting to change the rules on these forward contracts so that they have to have an open bid process so that you have fixed price basis for your contracts...” A fixed price contract has gone through an open bid process, which lends more certainty that the price you received for your cattle, at the time of contract was signed, is a value that was competitively priced and therefore strong and close to the actual value of your cattle. “The problem we’ve seen is when you don’t have a fixed price basis, you are forced to sell based on your contract, and the companies can essentially manipulate the market at the time you are selling. You could be selling into a low market if the formula for your contract is based on the current market conditions. The price of these contracts can be manipulated if they’re not fixed base contracts...this issue is a real concern for our members.”

Sweeney went on to describe how captive supplies have helped packers more than producers. “Captive supply has been used against the independent cow-calf operator to manipulate the price to benefit the packers, as opposed to the producer. We’ve said all along we’re not opposed to captive supply, but they have to be regulated.” The NPRC concluded, “Anybody that isn’t captive is at a marketing disadvantage. [Meatpackers] will always take their

captive supply first.” When a meatpacker reaches their acceptance quota of beef for that week or month, the ability of a small, non-captive rancher to be able to sell their beef to a packer is limited.

### **Fewer Buyers**

Fewer buyers and limited market access was mentioned by COW 1 organizations to address how market concentration has decreased the number of cattle buyers. “Montana producers are really at a disadvantage,” said Christiaens of the MFU, “when, anymore a buyer comes to your community to buy livestock and they represent several major companies, whether it’s Cargill anyone of them, and you don’t have people competing for your business, so one buyer, which represents several companies comes around, you’re stuck with what they offer.” WORC cited regional monopolies as a threat to cow-calf producers in Montana, and the region. “It’s not that 80% is controlled by 4, but 100% of the market in certain regions is controlled by 1, and that is the most important thing that most people don’t know about.” WORC mentions the region that Montana is in, along with Washington and Idaho, is hardest hit by the one-meatpacker phenomenon. “In some cases, people would be grateful to have four bidding on their contract. It isn’t like there’s competition amongst the four in every part of our region, and you have a monopoly virtually in that context.”

“A lot of feedlots maybe have one or two packers at any given time to go to because of location,” said Boone of MCA. “Because that’s all the packers that are out there. There’s only four main packers anyways. At any given location, rarely are all four bidding on the same head of cattle, if ever. And lot of time they may big an hour or two at the end of the week. Meatpackers control the market, and they have negatively impacted the market because of their size and

control.” Boone’s negative experience of feeding cattle discouraged him from engaging further in the beef value chain. “You know my experience, it kept us from getting that much further into the feedlot industry. It just wasn’t worth it. We know when our cattle are ready, and we’ve got to worry about if the packers are going to give us a fair price or not. We tried it, we done it, and felt we haven’t got what he felt was a fair, competitive bidding process, so we’ve chosen to pull back from that.”

With so many cow-calf operators vying for an increasingly small window of opportunity to sell cattle to packers, if you don’t make the sell with the packer when they offer you one, the chance to sell again may not come around for quite some time. “What’s growing is the need for more people to have access to the marketplace,” said WORC, “and that access is restricted by the big packers.” For those who are engaged in beef production, it is still hard to earn a living. NPRC said, “Concentrated feeders and packers pushed our prices down, and as they pushed our price down, they pushed a lot of people out of business.”

### **Market Threats, Fear of Retaliation**

The lack of competitive bidding process for cattle has pushed and severely limited cow-calf and feedlot operators’ ability in receiving a fair price for their livestock. As a result, many producers and feeders have tried to negotiate with packers to receive a fairer price, often to the detriment of the producers and feeders. “The battle to capture the live cattle industry away from producers is so pervasive, that it has struck fear in many producers across the US,” said RCALF. “Fear of retaliation from the packers, if [producers] were to join in the efforts to reform the marketplace.” RCALF, having spoken out on the retaliation from meatpackers in the article from *High Country News* (Ogburn, 2011), Bullard explained how his constituents within RCALF have

been damaged by trying to negotiate for a more fair price for cattle with the meatpackers. “We have members who have already been black-balled. Literally, black-balled by the packers because they have spoken out against the policies that packers are pursuing.”

Exercise of market power not only calls into question the actions on behalf of the meatpackers that could potentially be harming the livestock industry and harm opportunities of those who wish for cattle market reform, it also brings into question the influence and power they may have in legislative issues that aim to reform the industry and restore competition.

During the drafting of the last Farm Bill, it included for the first time rules regarding cattle. There was a lot left out, however, according to WORC. “We petitioned the USDA on the issues of captive supply. We had our definitions and we got a lot of support from community hearings all across the country. We got it to the desk of the Secretary of Agriculture. We also petitioned on behalf of the GIPSA rules for the Secretary to put them into place, got it to his desk, and of course, he wimped out us.” I asked why he chose the phrase, “wimped out” to describe the actions of the Secretary of Agriculture Tom Vilsack. In a chuckle and a baffled voice, he said, “Well, I think it’s pretty obvious!” said Sweeney. “The [meatpackers] said this was not a good thing, and there’s no question ‘why’ in this case, it is that that Meat Institute and the National Cattlemen’s Beef Association (NCBA) still reign heavily on all these institutions. Doesn’t matter whether they’re Republicans or Democrats, the [meat corporations] still control. The Secretary caved under the pressure from the meat institutes. The control, the overall control of the legislative institutions is much more in the hands of the meatpackers and others.”

“I think the beef industry is a good example of how [concentration] works,” said the NPRC. “Too much power, in too few hands. Power, wealth, and everything is better spread out

than concentrated, and we just have a trend in this country to everything, wealth and power, just getting in fewer and fewer hands.”

COOL is a big, controversial issue within the beef industry among a variety of producer, consumer, and activist organizations. “COOL is a good example,” said RCALF, trying to exemplify the power of the meatpackers in legislative debates. “It was so controversial that the meatpackers successfully delayed its implementation until 2009.” COOL would require beef raised and slaughtered in the US to be labeled as such, and as RCALF suggests, the largest meatpacking corporations have a vested interest in shipping beef in that was raised outside the US borders. RCALF continued to explain the heavy-handedness of meatpackers in delaying laws passed through Congress. “When COOL was finally implemented, it was implemented in a manner that undermined the purpose of COOL...so it wasn’t until November 2013, 11 years after COOL passed, that we finally got it implemented correctly. This is an example of how it’s really a David and Goliath story.” RCALF explained the impact concentration of power among the largest meatpackers have impacted policy creation in the US. “This amount of concentration, which has results in the manifest economic powers on the part of the meatpackers, has also resulted in the huge increase in political power of these highly concentrated meatpackers. And as a result, they have been able to accomplish policy objectives that have put our food safety, and food security, at risk.”

Regarding COOL, the MFU described the conflict they have had with the meatpackers. “We’re not real pleased with the packers because they threatened to lobby to kill the Farm Bill in February, before it was to be passed, because they didn’t like the portions regarding COOL. They have fought COOL, it’s in the courts again, and it will be two years before its clarified. They were

successful in 2008 to refuse to allow USDA to implement the rules regarding COOL. And they manipulated that through members of Congress.”

### **Need for Group Affiliation**

As the organizations in my study spoke about legislative decision-making bodies within Congress, or agriculture institutions they suggest are put in place to protect independent cow-calf producers, many respondents spoke about an underlying problem in trying to reform or even trying address reform concerning beef market concentration. WORC summed up the fear many organizational representatives expressed by saying, “It’s hard when most of the administrations have all said ‘concentration is a good thing’, as opposed to, ‘it’s a bad thing.’ In almost every industry they’ve allowed competition to perish, and concentration to abound so to speak.” Boone illustrated the challenges of group organizing to go up against the meatpackers. “[Meatpackers] have such a powerful lobby, and are so organized.” He spoke about where he think improvement can be made on behalf of ranching organizations in combating beef market concentration. “I think we can do better, I wish we would’ve done better. I’m not sure how we could’ve done better. [Meatpackers] are just so organized, and have more money in their specific industry. They’re tough people to figure out how to combat.” The MCA discussed the importance they see in group affiliation for ranchers and farmers for protection, or political reasoning. “I think it’s very important that our voices are heard, especially with the small bullying box we are, 2% of the population,” said Boone. “We’ve got to have more clout than that and one way to do that is with state and national involvement in organizations.”

Lack of governmental intervention, or acknowledgment of cow-calf and feedlot operator concerns with regards to beef market concentration, have left some organization’s finding a new

way to make their voices heard. All five organizations in COW 1 are organizations that address diverse array of issues. Bullard of RCALF uses the example of COOL to exemplify the power of organization affiliation. “We won in a major upset. The meatpackers never expected to lose that issue. They underestimated us. We were able to prevail because we expanded, and organized, because we recognized that were no match...to the most powerful economic and political forces known in the US, and that’s the meatpacking industry. We joined forces with consumers. We built coalitions with consumer groups, and other farm groups...about 200 organizations that helped us win over Congress and support COOL.” Bullard mentions the decreasing percentage of cow-calf producers, and agricultural producers, in the US and the challenges faced when trying to have an issue addressed on a national level. “There is simply not enough of us independent producers, or representatives of producers, to be meaningful to the power of the meatpackers.”

“You have to have a political voice to protect yourself,” said NPRC. “Not only with market prices, but also the issues of being subdivided or mined.” Charter started to chuckle. He illustrated the breadth of threats a rancher faces in Montana. “You know, agriculture is the step-child that doesn’t get appreciated much. I always get kind of aggravated when the Billings Chamber of Commerce has a big Agriculture Appreciation Dinner once a year for ranchers. I always think the Chamber of Commerce appreciates Agriculture, except for when there’s ever anything that looks better to them, and everything looks better to them! Agriculture gets taken for granted and not valued, so I think we do have to be politically viable.”

“That’s just the sad truth about family farms not having enough power,” said WORC. As outlined by other organizations, WORC highlighted their concern of what may happen to family farmers and ranchers who do not have the protection or ability to raise concerns that a



representative organization can provide. “The sad truth is, they don’t have enough power yet to actually get things done they need to get done. As an organization, we’re about building power, bringing more people into the organization, standing up, and letting ranchers and farmers speak for themselves.” WORC goes onto describe why farmers and ranchers need a platform to discuss their problem to legislative bodies. “Until that happens more, we’re not going to change the system because [the meatpackers] still have a lot of control and sway in the system.”

### **Ranching, Rural Challenges**

The final major theme that arose from COW 1 organizations are other factors affecting ranching and rural viability. In addition to the market and environmental barriers exemplified above, several other challenges were discussed that leave producers feeling discouraged from ranching, getting into the business at all, or encouraging other to become a rancher. The challenges largely focused on generational ranch continuation, access to land, aging rancher’s demographics, and out-of-state ownership. All five Group A participants mentioned livelihood challenges in a manner where all were connected, often bleeding from ranching livelihood issues to overarching problems affecting rural Montanans. MFU exemplified this interconnected, cause-and-effect style of problem affliction and how hard it can be to stop the problems from getting worse. “And here comes the problem in Montana: the average age of a Montana farmer is 58.5. In the last five years, it has increased by one full year. The problem then leads to transitioning. If there is an elderly couple, and they want to retire, they have property worth a lot of money. They’re land rich and cash poor. To be able to retire, they need to sell their land. So, who’s going to buy the land? Well, it’s not beginning farmers.” Christiaens mentions how the MFU assist transitioning ownership, but discusses further the problems of who can, and cannot,

access land that is becoming increasingly expensive. “What’s troubling is having major companies come in, buy 10,000 acres or more, and then take it out of production. Many times corporations are buying the land, not necessarily continuing to farm as we have known it, but they buy it especially if it has a lot of wildlife...for hunting.” NPRC also spoke on the high price of land affecting who can, and can’t, enter the beef marketplace. “You need access to land, and that’s getting harder and harder. The value of land is so much higher than what you can produce off it. So, I think...there’s a lot of wealthy people that come in and buy land for various reasons, recreation, hunting, or an investment. I think the availability of land for young people is a real problem because it is so expensive.” Bringing all the challenges a Montana rancher could potentially face: poor prices for cattle, poor weather, and underappreciated, Boone of the MCA begins to wonder why he is still a rancher. He said that he is well aware of the all the challenges facing the beef industry, including the day-to-day hardships of being a rancher. “We’re not dummies out here. And I’m not bragging, but both my parents are college graduated; me, my siblings are college graduates. We can do other things, and they have, but we’re out here because we want to be.” He sighs and gives a long pause and finally concluded, “But it gets to a point where it gets so bad, we’re not going to be out here anymore.”

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## **COW 2: Benefits of a Concentrated the Beef Industry**

COW 2 organizations did not express any negative impacts or drawbacks from beef market concentration and only discussed benefits they perceive from current beef market structure. Organizations placed into COW 2 are the Montana Stockgrowers Association (MSA), the Montana Cattlemen’s (MCW), the Montana Beef Council (MBC), and the Montana Farm

Bureau (MFB). Like COW 1 organizations, nuanced differences exist between each organization but share similar positions on beef market concentration. In this next section I will highlight the similarities and differences among organizations in COW 2. Perceived benefits among COW 2 organizations include economies of scale, market opportunities through vertical integration, and quality and safety improvements as a result of concentration.

### **Economies of Scale**

All four COW 2 organizations view economies of scale as a benefit to the beef production chain, although each organization sees the benefits impacting the chain in different ways. Errol Rice, representing the MSA, views economy of scale as a benefit to packers, feeders, and cow-calf producers. “I think the benefits are that those conglomerates can achieve economy of scale. The bigger they get, that lowers their costs per unit, which in turn benefits us as cow-calf ranchers.” Efficiency, said Rice, is one of the underlying benefit achieved when economies of scale are achieved, specifically among meatpackers. “The more efficient they become, the less costly to do their processing business, the more money they can pay for cattle, which benefits us upstream at the very front of the value chain.” Rice explained the necessity for efficiency on behalf of the processor, and the consumer. “We need meatpackers, otherwise we don’t have anybody to process our product. If meatpacking was always a guarantee...more people would be doing it. [Meatpacking] is a very high input, extremely high capital intensive business that the margins are very thin on their operating, that they have to be efficient.” Wanda Pinnow, president of the MCW, views the large supply of high quality beef as a benefit of achieving economies of scale among feeders and packers. “One of the benefits is that [the cattle] are all

raised the same. Like, if one feeder does natural and organic, then you have a large supply of natural and organic beef.”

The MFB highlighted economies of scale as one of the greatest benefits of a concentrated beef industry. “I think a lot of the benefits is the economies of scale,” said John Youngberg. Like the MCA is COW 1, the MFB sees regulation affordability as a benefit when operations capture economies of scale because of the money it can save you. “Given the amount of regulation that’s involved with feeding and cattle, it’s hard for small guy that’s got a couple hundred head in the feedlot to meet the water quality standards, to meet all the issues they have to, so the economy of scale is a big driver for that and I think that’s what’s driven it to more and more big feedlots, vs the small ones. And I think that also they can keep their costs down to purchase cattle at a better price.”

### **Government Regulations**

The MSA, and as MFB highlighted above, capturing economies of scale among feeding and processing firms can afford costly governmental regulation that comes with increased production and processing size. Rice of the MSA also mentioned that operations that capture economies of scale are more regulated by the government that could inhibit malpractice. “Once you reach a certain stature of size and scale, you’re fairly well bound by the federal regulations as to what you can or what you can’t do,” said Rice. “So the large four processors are fairly well regulated by the federal government. For example, on their requirement to report the prices they’re offering, mandatory price reporting; it is a completely public domain that they have to submit those reporting offers.” Rice continued citing government regulation as a means to inhibit large packers from colluding, and potentially damaging the beef market. “They really are

regulated from being able to engage in monopolistic activities by the federal government, so because of that, I don't think we've seen any adverse impact from concentration."

## **Environmental Efficiency**

Efficiency was important for Chaley Harney, representative for the MBC, because the role technology and research are playing in creating a more efficient beef production system, creating a more sound environmental production model. "Improvement, such as technology, in finding a more efficient way of feed rationing in the feed yard is an example. Being able to gauge exactly how much cattle need to eat...in the feedlot for the perfect amount of time, so that we're not wasting feed, energy, time, and extending our carbon footprint. Making sure they get just the right amount of feed so that we're not wasting feed, the fuel, and the truck that's delivering all of that." Beyond efficiency in beef production to eliminate waste and reduce carbon emissions, Harney mentioned research conducted by Dr. Judith Capper, adjunct professor at Washington State University, on overall improvements made in the beef industry to reduce the negative environmental impacts. "Dr. Judith Capper...was able to show that we, as an industry have reduced our overall carbon footprint by 16%. That means our inputs, feed, land, water, and fossil fuels, have gone down. We continue to do more with less, which seems to be a continuing theme throughout the agriculture world." Harney concluded by saying, "they're not making any more land" to highlight the importance of efficiency in saving land as well.

Rice explained how efficiency, often achieved through technology, is often perceived negatively by consumers, but is necessary to the future of agriculture. "Sometimes you start

talking about technology, and that starts leaving images in people's minds about GMO's, but I think the reality at the end of the day is that we have to become more efficient in how we raise and produce more beef on less inputs." Rice also thinks technology will help keep ranching in Montana viable. "I think technology is going to be a big player in driving Montana's ranching future by cutting costs to the producer. As technology and equipment...get bigger and more efficient, they cost more, but you can farm more with less, and you don't need as much labor per say."

The MBC was not the only organization to mention *why* they support a more efficient system. Alongside reducing beef production's carbon footprint, feeding a growing population was cited by both the MBC, and the MSA. "Given the growing population objectives of 9-plus billion people in 50 year," said the MSA, "then we need to increase production and become more efficient." MSA also mentioned the important role technology will play in beef production becoming more efficient. "Technology in terms of efficiency, being able to produce a high quality beef on less inputs, less water, grass, impact on the broader environment, in a way that is socially acceptable." "For the growing population that we're going to continue to see," said the MBC, "the system is efficient and works very well." Like the MSA, the MBC acknowledges how efficiency and technology are perceived by consumers, but assures that efficiency also means no waste from the animal slaughtered for a variety of goods. "Efficient might sound like a factory word, but it works," said Harney. "Whether it's in medicines, or leather goods, every part of the animal is used so that we can make the most efficient use of that animal and maximize the benefits of our system."

## **Meat Safety**

All four COW 2 organizations mentioned how and why current beef market conditions have improved the quality and safety of US beef; specifically, through the implementation and application of technology, research, and meatpacker concentration.

Safety, as explained by other organizations, is a critical issue that not only impacts beef demand, but often the entire beef industry. The MSA explained how efficiency through vertical coordination has enhanced beef safety. "I think [consolidation] has enhanced the safety of beef. Less people involved, creates a higher standard on the safety paradigm," said Rice. He went on to discuss the system in place to monitor, and recall, beef. "I think the USDA food safety inspection service has very stringent standards on contamination...and feeders and processors I think, have really worked hard to eliminate that potential bacterial infection just in their whole processing. Is it 100% every time? No...but I think there's a very good structure in place that gets product recalled and out of the hands of the consumer." Rice explained that safety is important for increasing demand of beef in the US, and abroad. "I think the industry has been very dedicated in its own investments to constantly stay on top of food safety. I think it's the number one critical driver behind whether or not we can maintain demand for...our beef."

Both the MCW and the MBC mentioned the use of the Beef Quality Assurance program, BQA, directly impacting the safety, and quality, of Montana beef. Pinnow illustrated the program, and its uses both on the farm, and off. "The BQA is a course given online for \$25 and it teaches you how to properly use medicine for cattle, how to store, and how to handle. It also teaches you how to give shots, where to give shots, read bottles, and what to do. You're also taught how to keep records of which animal you gave medicines to, and when." Harney explained how they provided a BQA training on President's Day, so more ranchers can become

BQA certified, as well as to pull in younger generations. “Up in the Malta community...we did a BQA training, and they specifically did it on President’s Day, a day when school would be out, so younger generations could come out.” Harney described the importance of beef safety, and why safety is critical to maintaining beef demand. “Safety is number one for any consumer or producer, you want to eat something that is safe.” Harney cited the role beef inspection services provide, but admits a few mistakes can happen. “Through USDA food safety inspection services, there is a food inspector on site, and every animal is inspected and safe. And that system is something we have to support and believe in. Unfortunately, there are mistakes that can happen, the inspectors are human and things happen, but it is a safe system and something that I have the utmost confidence in. It’s a strong system, and it’s a good one.”

“I don’t think concentration has had a great deal of impact,” said Youngberg of the MFB. “I still think it’s the safest and most affordable protein there is.” He went on to explain his impression of beef recalls in the US. “If you look at the tons of beef produced every year, and the ones that are in the recalls is such minimal amount. Actually, the truth is, that some of that doesn’t have to be recalled...A big percent of the bad food you get is a result of handling on the consumer end. I think these safety issues are overblown.”

## **Meat Quality**

Safety is important as other organizations in this study have described, quality is also important for maintaining or increasing beef demand. As MBC stated previously, the role of the BQA program for improving safety, also translated into improving quality. “Safety is certainly top for consumers, but beyond that, its taste, and consistency, so we have beef quality assurance program, and making sure that quality product starts with quality care.” Harney specifically



mentioned Montana's role in providing quality beef both here in the US, and overseas.

"Montana is known for the quality product that they produce, and quality cattle we have. They work very hard for quality that their own family will eat, but also something the consumer will enjoy and continue to enjoy."

The MSA mentioned efficiency in creating a safer system for beef production and processing, but Rice also discussed efficiency's role in creating a consistent quality beef product for consumers. "The industry is always moving to better quality product," said Rice. "Creating efficiencies, in terms of quality, because there's still lots of variation in terms of its quality grades. I think quality is always improving, and I think the industry is striving for a better quality product. And striving for consistent quality, and eating experience. We still have a long way to go, but I think consolidation has improved quality to be quite frank."

The MCW mentioned the role research plays in improving beef quality. "We watch what we feed our animals, we pay very close attention," said Pinnow. "If you notice, most of your land grant colleges have studies, MSU being the one in Montana that have a lot of ranches and experiment stations. They try different ways of feeding cattle...to see which is better for marbling. That has helped produce better meats, and we are trying to get even better marbling for grades of meat."

"I think it's getting better all the time," said Youngberg of the MFB. Research was the greatest contributor to an increase in beef quality. "As we research more, we look into doing more work with genetics, how we process, and age meat and I think the quality of beef is going up."

## **Market Opportunity in Vertical Integration, Consolidation**

Vertical integration was a valued asset and opportunity, for Montana cow-calf producers, according to the MSA. Specifically through the use of captive supply arrangements, the MSA viewed market consolidation as an opportunity to mitigate risk associated with production. Rice told the story of a MSA constituent who saw value engaging in a vertically integrated beef system. “I had a member who for the first time was able to direct sell to the processor, who also owns feeding capacity. So that rancher felt that he was able to offer a higher value proposition because a lot of the middle men were taken out of the process, and his mission for his ranch is to really develop that forward, vertically integrated relationship with the processors who also owns feeding capacity, because that allows him to have more transparent information fed back to him about the performance on his cattle. This in turn will help make better decisions on breeding, and management schemes that create profitable opportunities for the processors.” Rice did mention that this is not every Montana rancher’s objectives, but said his organization does have ranchers that see opportunity is a vertically integrated relationship with feeders and packers.

Efficiency, as a benefit to other beef production segments, Rice reiterates that vertical integration has occurred throughout the beef value chain resulting in greater efficiency, which benefits and provides opportunities for cow-calf producers. “Where things in the economy have changed, consolidation has taken place, and that has allowed more vertical integration between feeding and the processing sector, has created more efficiency, which in turn creates better opportunities for our cow-calf operators here in Montana. We have stakeholders viewing that as a leveraged opportunity.”

One of the opportunities Rice highlighted in becoming vertically integrated, is elimination of risk and uncertainty in producing calves for market. “What we’ve seen in the beef industry,

[ranchers] see value in more forward integration, to have more captive supply available to control their inventory. It's all about risk, right? So the more risk you can take out of your business, the better chance you have of achieving a profit at the end of the day. I'm sure that if our cow-calf ranchers had the ability to avoid more risk by being able to engage in captive supply activities, they would do it."

Pinnow highlighted benefits she saw in a vertically integrated beef industry, citing record keeping as a benefit to all who engage in the beef value chain. "The benefits are record keeping year to year. You know exactly where that calf came from, who it came from, how much the animal cost them from weaned calf to slaughter calf, they know exactly how much that calf is worth, and they know the medicines that calf has had."

Unlike other organizations in COW 2, the MFB is cautious of vertical integration. "I think vertical integration is starting to be a problem when you start having the market entirely vertically integrated; where the same people might own some of the cattle, feed stock, feedlot, might own the packing facilities," said Youngberg. Despite Youngberg citing economies of scale as a benefit, he spoke of the contradiction he sees as beef enterprises continue to grow and expand, and possibly lose competition. "So what is good on one end of the fact that you get economy of scale, also can drive prices down because of less competition. I think that's the bad thing, the same people controlling a lot of the cattle, a lot of the feed, the slaughter, and everything else. That's a concern."

Like COW 1 organizations, COW 2 also highlighted peripheral challenges each organization is addressing, and how those challenges intersect with our discussions on perceived beef market concentration impacts. One such theme that also arose in both COW 1 and COW 2

organizations is the impact of current high beef prices on the perception and severity of beef market concentration.

## High Prices

“I think [concentration] is less prevalent than it was 10 years ago. Today we’re at record high cattle prices, it’s less of a concern,” said the MSA. Beef market concentration was described by the MSA as a litmus test for when the beef industry wasn’t doing very well; when prices are good, concentration isn’t a problem, when prices are bad, concentration is a problem. Rice described the fluctuations, and correlations, between cattle price peaks and valleys with the amount of discussion surrounding beef market concentration impacts. “In the early part of the decade when...calf prices were much more depressed...there was some focus that maybe the processing sector, and the consolidation of the feeding, is having too much of an impact on our...prices. So, I think sometimes this is largely speculative, more emotional than purely economic.” Rice stated that beef market concentration can quickly turn emotional, and the impacts of emotion skewing people’s perceptions of market concentration. “On issues like this, people get very passionate about it, and sometimes you lose sight of what the facts of this is.”

The MSA was involved in a study, instigated by the discussion of beef market concentration, during a time of poor cattle prices. “We were involved in some farm bill activities that were looking to do a comprehensive study of the whole beef complex, because there was a lot of these questions circulating around the industry that there’s too much concentration. People saying, ‘captive supply, it’s impacting the markets, we need to pass legislation to deal with this’ when in fact, and we didn’t know that. So, we supported efforts of the USDA’s regulatory authority, and supported congress in funding a comprehensive study trying to figure

out what it is. We also wanted some independent input in to that, and that's why...non-bias body of researchers University economists, independent economists, supply chain experts from some of the country's leading business schools taking a look at some of these different things. And at the end for the day, there wasn't a lot of issue of concern, as far as consolidation negatively impacting the beef supply. When things are good, concentration doesn't seem to hit the radar of our members..." Rice concluded by adding that ranchers today have benefitted from market concentration, using high prices as evidence. "Consolidation in fact has benefitted ranchers because they're making more money now, or getting more money for the price of their cattle today, than they ever have in history."

The impact of record-high prices for cattle, on the discussion of beef market concentration, was mentioned by the MFB as well. Youngberg discussed concentration as an emotional response when prices are poor; when prices are good, less discussion of market concentration negatively impacting the beef industry. "When prices are good, they don't talk too much about it," he said. "If prices were to go bad again, it would be mentioned. Everybody's pretty happy, so we don't get a lot of complaints." Youngberg goes on to explain what he thinks would happen if prices were to dip back down again. "If things went south, we would start hearing some of that again."

### **Autonomy in Decision Making**

In contrast to other interviews conducted, COW 2 organizations insisted cow-calf producers have more autonomous power than COW 1 organizations. This was illustrated through cow-calf producers have in receiving a fair price for cattle, and reiterating that beef

market concentration and consolidation not impact producers outside those who engage in captive supply arrangements or the greater beef market as a whole.

As Pinnow of the MCW illustrated, in her personal life as a cow-calf producer, if she does not like the price put forth by a particular buyer for her cattle, she says she would not go back to that buyer. This compared to organizations in COW 1 who cite many cow-calf producers are forced to accept the offer given by a buyer, or be left without. “If I take my slaughter cattle to the market, I’m going to get paid...or I’m not going to go back there again,” said Pinnow. Specifically talking about packer concentration, Pinnow highlighted that it wouldn’t be in the best interest of the packers to control the market because, “they’re doing what they can do, to get beef to come their way. [Packers] are at the mercy of the feeders.”

The MSA expressed autonomy in rancher’s available options within the beef chain by reserving the path ranchers choose to engage in the beef chain, up to the ranchers. “I think each individual rancher will be separate in what is best for his business model. Some ranchers, there business model is better suited for vertical integration, where others are probably better suited for a more traditional, more flat, lots of competitors, lots of bids, that may be better suited for their business. I think it depends on what the business model is, what their overall objectives as a company are. Some may be publically traded, and some are private,” which Rice explained impacts your decision to engage in captive supply arrangements for risk mitigation, or not.” Beyond the autonomous nature of ranchers within the beef value chain, Rice suggested that some producers or processors engaging in a vertically integrated market, perhaps through captive supply arrangements, has not impacted others or the broader beef market. Rice acknowledged that not every rancher may want to engage in captive supply, and that speculative

impacts of captive supply on the beef market have been raised, he states that, “at the end of the day, nothing has been reported to me, that due to some firms engaging in captive supply activity, has not negatively impacted the market.” Rice concluded by stating that no matter what avenue ranchers choose to engage in the beef production chain, he thinks the beef industry as a whole, “really aspires to an open, free market, spot market enterprise, that creates market competition that allows an on-ramp for a lot of different producers.” The MBC often stated their support for the current beef market structure, and reserved room for a variety of producers. “The system we have in the US...is successful because it works, and has for years. What else is great about the US, is that it allows for a number of different systems. Whatever the consumer might prefer, grass fed or organic, you can get it here in the US.”

All four organizations in COW 2 bring to surface an important concept; can there be both? Can there be cow-calf producers, feeders, and meatpackers, not impacted by the market powers possessed by the four largest meatpackers?

## **Comparison and Contrasts**

### **Concentration: Top Down? Ground Up?**

All nine interviews with organization participants focused on the benefits and challenges their organizations see in relation to beef market concentration. A common theme that has been discussed throughout all of the interviews are challenges organizations see in livestock markets, ranching, and rural livelihoods. Cow-calf producer challenges, such as absentee ownership of ranches because the next generation is not taking over, highlights an important discussion of where organization think concentration of the beef industry, or not, began. Where COW 1 organizations see concentration beginning at the top, “pushing its way down,” as the NPRC

stated, COW 2 participants feel that concentration begins at the bottom (ranch level) and has contributed, if not triggered, the consolidation of the beef value chain. The MSA spoke explicitly about this issue, citing challenges the ranching and rural communities are facing. “There’s consolidation in every phase of the beef industry, so it’s not just the processing sector, it’s the ranching too,” said Rice. “And largely, that’s been driven by the examples I’ve given before: multigenerational ranches and next generation not coming back, selling assets, others buying the land...recreational attributes like hunting and fishing, which all of these change the productivity of the land.”

The MCW cited the decreasing rural population as an issue that affects much more than the ranching community, but the rural community as a whole. “Communities that have suffered from children graduating, and moving on, and not coming back. There are schools that have consolidated, classes that are graduating with three students,” Pinnow said. “I think we are viable in Montana, but there’s just fewer and fewer of us. The fact is that a lot of businesses have closed. We have to travel for the vet, for implement dealerships just to get tractor parts and things like that fixed. That all takes time.” Pinnow said that the lack of available veterinarians in Montana led her family members to learn how to do surgery on their own cattle. “My step-brother knows how to do his own C-sections because there’s not vets that can come out and help.”

The rural and ranching livelihood challenges listed by the MSA, MCW, and the MBC, were mentioned in some capacity by all nine organizations I interviewed. Unique to group C, however, is the perception of consolidation and concentration having begun at the ranch level, creating a need to consolidate and expand at the ranch level, triggering a consolidation up the beef value



chain. Whereas all of COW 1 cited concentration beginning at the packer level and trickling down to the ranch. As NPRC put it, “concentration really does empty out the countryside, and that’s basically what’s happening, and what has happened.”

## **Challenges and Missions**

The challenges mentioned above were not the only issues the organizations are addressing. Consumer perception was an important issue for all four organizations in COW 2, for a variety of reasons. All COW 2 organizations have particular goals and missions directed to consumer education, as well as rancher education. The MCW, for example, focused on challenges relating to negative perceptions held by those outside of the beef industry, particularly consumers who have questions or concerns about the economies of scale achieved by large feedlots and packers. “I think sometimes people forget when they see large feedlots, they’re also run by straight folks. Nobody’s going to cut corners, nobody’s going to falsify records, because it’s going to come back and bite them in the butt.” She went on to explain how she thinks those negative perceptions are falsely applied to the beef industry. “I think large feedlots are run the same as mom and pop ones, there’s really no difference. It’s all on record, and they’re putting forth the best quality product one can. People think we’re all factory farms; that we have no feeling, and don’t care for our animals. That is the one thing the MCW try to prove or show people, is that we care for our animals. We are not factory farms. They’re our livelihood.”

Pinnow also addressed the negative impacts animal welfare groups, and the government can have on consumer perceptions, and ranching livelihoods. She mentioned the US Forest Service specifically, because of the impact they can have on available grasslands used by cow-calf

operators, and the potential impact of Brucellosis. “I think, that if we can teach the public what we really are, and get passed People for the Ethical Treatment of Animals (PETA), the US Forest Service... and the government taking land and making it a park...then we’d have a chance. But right now, everyone think we’re big farms with big dollars. And the government seems to be working against us in so many ways.”

The MBC have guidebooks for cow-calf producers and feedlot operators, who may give tours or speak to consumers. One such example is a program sponsored by the MBC for registered dieticians. “We actually have a program that we just started with...registered dieticians,” said Harney. “Where we take them out on a Pasture to Plate Tour to show them an entire day in the life of a cow, start to finish, and then along with beef the nutrition aspects of it, and help them feel confident. We have discovered that there are some health professionals that won’t recommend beef as part of a client’s diet. We want to...know the farmer and the rancher to help them feel confident. Also, part of that is working with feed yard operators to help them understand outside their parallel the rest of their industry, to see if they need coaching, or presenting techniques to help them be successful in their job if they’re are going to be showing off their feed yard. The guidebooks used by feedlot operators, or ranchers, provide tips and techniques on how to talk to consumers, especially topics that may be controversial. The guidebook covers information concerning beef production, the environment, animal welfare, safety, and nutrition. A fact offered by the guidebook that producers can recite to consumers include example of how efficiency in beef production and has benefitted consumers. For example, “Efficiency in US food production have made food more affordable.” The booklet also reminds producers or feedlot operators to not “get personal or argumentative.” The MBC and

MCW both focus heavily on consumers, specifically providing recipes and parental education on beef, “making sure consumers feel confident that their feeding their kids beef over a protein competitor.”

The MBC, because of their job in utilizing the checkoff funds, have placed a lot of emphasis on positive messaging, tailored toward consumers, focusing on the ranch level. Compared to COW 1, where all organizations cited problems within the beef industry arising above the ranch level. Respective differences in messaging lends insight as to where organizations find challenges and among what demographic they are tailoring their message for.

### **Organizational Alignment Doesn't Go Unnoticed**

Charter, of the NPRC, explicitly stated who he thinks gets their voices heard over others. “The Stockgrowers are kind of more aligned with the industry I guess, and that’s kind of who they look to for allies and that was a disappointment.” Sweeney, of WORC, echoed the divisiveness among ranching organizations, especially when discussing market concentration issues. “The divisiveness is, to some degree, with NCBA. The NCBA, which is more of a captive industry with the Meat Institute and others, and packers controlling it, so that it’s not really the average cow-calf operator organization. Even though they have members who are the face of their organization, even though they have members who are the face of their organization as individual producers, the overall control of the institution is much more in the hands of the packers and others.”

Crafting a unified voice among beef organizations to better present the beef industry to the public has been an industry objective for over a decade. In 2013 Troy Marshall, contributor to *BEEF Magazine*, marked a decade-long feud between opposing beef organizations, RCALF and

NCBA, highlighting what he sees as negative impacts this rift has had on the industry. “In order for an industry to thrive, its leaders need clarity; they need a vision. But instead of clarity, we ended up with the certainty that the other side was wrong. As a result, the industry lost the unity that allows it to speak with one voice in its efforts to strengthen the industry and make it more sustainable” (Marshall, 2013). He rallies for dialogue, communication, and “truly listening” to all perspectives, as the key to finding middle ground; middle ground that can allow “good ideas and innovations” to arise and lead each organization to “respect strong opinions even if those opinions aren’t the majority position.” Marshall concludes in support of a transitioning beef industry seeing that it has economic and ethical benefits for consumers and producers. “From an industry perspective, the tradition and security associated with a commodity marketplace is understandable, but the virtues of differentiation and moving to a more value-based system are undoubtedly worth the discomfort associated with change.”

In 2011, the President of the NCBA, Steve Foglesong, called for “unity” among national and state organizations. “No more negativity within our own industry,” said Foglesong in front of a 5,000 person crowd. “Let’s do what we have done since 1898. Let’s serve as advocates for this industry in order to sustain it for our grandchildren.” If the objective of nationally-recognized ranching organizations call for a unified voice, should this also be the objective in a democracy? Differing of opinion is not necessarily democratic, but it is the vocalization of the conflicting ideals that strengthens and exercises the legs of a democracy. Crafting a unified voice without the acknowledgment, consideration, or conversations expressing the reasoning being conflicting perspectives, is less democratic.

## CHAPTER FIVE

### Conclusions: Sorting Through Fat and Bone

*“Never doubt that a small group of thoughtful, committed, citizens can change the world.*

*Indeed, it is the only thing that ever has.”*

- Margaret Mead, cultural anthropologist, *Coming of Age in Samoa (1920)*

If the remarks of Troy Marshall are any indication of the polarity and confusion among beef organizations concerning the impacts of modern commodity beef production, a great deal of understanding of organizational positions is needed to better articulate that wants, needs, and justifications, each organization has on beef industry issues such as beef market concentration. Perhaps through a better understanding of organizational positions and open industry dialogue we can better understand the goals and objectives of differing organizations, to craft a unified voice as so many key industry players say is desperately needed.

As Michael Carolan pointed out in 2012, when discussing a food system the perspectives of a sociologists are appreciated, but it should by no means be the only voices heard. “I would prefer it in fact, if most were not. Better if participants come from all walks of life so that the collective sociological imagination is informed by perspectives from all strata of society” (Carolan, 2012). Montana ranching organizations are in a pivotal positions in adding to and helping shaping beef industry dialogue that encapsulates both the majority and minority perspectives on beef market concentration, as well as adding to rural sociological and food systems literature that has largely left out the positions of organizations and their representatives. Ranching and farming organizational positions are important to understand and

address, because they are responsible for representing their constituency in the political and public spheres and advancing agendas that may benefit or harm small, independent cattle producers, feedlot operators, and processors. Positions also indicate projections on where the beef industry is headed, or not, and who the beef industry is wanting to support and help thrive in the beef marketplace.

This paper focused on examining and understanding the range of positions Montana ranching organizations have on beef market concentration, because theoretically, organizations represent their constituency and have elevated the benefits and challenges of beef market concentration from those they represent. Shift in interest among the *New Rural Sociologist* since the 1990's have largely focused on the consumer or producer end of the food system spectrum (Carolan, 2012). Despite increased research in improved ethical, environmental, and nutritional choices of consumer and producers when it comes to beef, very little research has been conducted on the role, responsibilities, and positions of farmer and rancher organizations on the contentious issue of beef market concentration. Organizations and their representatives are capable of enacting legislative change and shifting the trajectory of the beef industry to better serve independent cattle producers and processors. The split between organizational positions on beef market concentration represent a shift in how cattle producers and processors engage in the beef chain, and who the concentrated beef system is helping or hurting.

I sought to provide an in-depth examination of cattle producer benefits and challenges of beef market concentration from those who represent them in the legislative and agriculture advocacy arenas, through the analysis of in-depth interviews and thorough document reviews of publications from the nine organizations that participated in this study. The findings suggest that

the beef market, as it currently operates, has caused severe negative impacts to the beef industry as a whole and has harmed market opportunities for small and mid-scale beef producers, feedlot operators, and processors. Benefits of the current structure of the beef industry has benefitted a handful of producers, feedlot operators and processors, primarily those who engage in captive supply arrangements and capture economies of scale. The majority of organizations used in this study, five of nine, represent constituents that find value in a diversified, decentralized beef market that allows for several beef operations, at all levels of production and processing, to succeed. The remaining four organizations find value in a concentrated beef market, and support the beef market as it currently operates.

Organizational positions that view beef market concentration harmful to the beef industry include RCALF, WORC, NPRC, MCA, and the MFU, or COW 1 as I have grouped them, because of their Comparable Organizational Work. Their nuanced perspectives differ slightly on specific details of how beef market concentration, specifically meatpacker concentration has harmed the beef industry, but overall these five organization find that the negative impacts of beef market concentration outweigh the benefits, harming the small to mid-scale beef producers and feedlot operators of Montana and across the country. Challenges these organizations highlighted arising from industrial beef production and beef market concentration include economies of scale, regional specialization, captive supply, meatpacker market manipulation, and fewer buyers of cattle. Peripheral analysis that intertwined with the challenges of beef market concentration included the need for organizational affiliation among cattle producers and feedlot operators, overarching ranching and rural challenges, and how the high cattle prices at the time of data collection skewed the perceived severity of beef market concentration.

Economies of scale was seen as a challenge among COW 1 organizations, because it has encouraged processing firms, feedlots, and cattle producers to grow larger, disproportionately making some products cheaper than operations who cannot, or refuse to get bigger. Economies of scale captured by a handful of operations that can keep costs low inhibits market opportunities of operations who have not captured economies of scale. Economies of scale was also attributed to decreasing the number of small to mid-size cattle production operations and feedlots in the US, and increasing the size of existing operations. Government regulations designed for large cattle operations and processing facilities who captured economies of scale was seen as a challenge, because the costly regulations could only be afforded by the largest operations, and effectively eliminating small feeding and processing facilities thus increasing concentration. Economies of scale, as discussed by organization representatives, has negatively impacted US beef safety and quality because large processing facilities do not have capabilities to effectively trace back problematic meat should, an outbreak occur. Additionally, beef processing facilities that exist without lean competition create dangerous working conditions for employees and have an increased chance of selling tainted beef products. Safety and quality standards were also perceived as weakened because of the increased use of antibiotics and growth promotents needed to tackle a heightened risk of disease outbreak in feed yards consistent weighted cattle desired for faster meat processing.

Regional specialization, defined as the centralized location of agricultural goods (Carolan 2012), was a perceived as a negative impacts of beef market concentration highlighted by COW 1 organizations. Negative impacts include shipping cattle out of the state to be fed and processed then buying cattle back at a higher cost; this included shipping jobs out of the state



that could have been conducted within Montana. Transportation costs accrued by beef producers and feedlot operators was a negative impact of regional specialization, and the environmental impacts of increased fossil fuel use to ship cattle to and from Montana was another negative impact. Lastly, the environmental impact of the “Beef Belt” slowly transitioning the Midwest to produce a select handful of crops for cattle feed was a concern among organization representatives.

Captive Supply was illustrated by COW 1 organizations used to increase vertical integration within the beef industry, ultimately increasing beef market concentration. The impacts of captive supply on the beef industry included the loss of the spot market which has historically been used for the price discovery of cattle. The loss of the spot market, and meatpackers encouraging producers to engage in captive supply arrangements, has resulted in a loss of the cattle cycle and the true value of all cattle, including cattle in alternative production markets such as grass-fed and organic.

Market manipulation, like price manipulation, was exemplified as an exercise of power possessed by the largest four meatpackers. Other examples of beef market manipulation highlighted by COW 1 organizations included their ability to depreciate and inflate prices artificially through collusion and their planned entry and exit out of the marketplace to affecting cattle prices. COW 1 organizations also mentioned intimidation tactics employed by meatpackers and meatpucker representatives to deny or eliminate feedlot operators and cattle producer’s the opportunities to negotiate for a better price for their cattle. Exercise of market power by the four largest meatpackers is made possible, because there are only four beef

processors to turn to, this was illustrated as having fewer buyers to sell to, resulting in settling for whatever the packer offered, despite it being a fair deal or not.

Overarching struggles, in addition to the challenges mentioned above, include access to land, aging rancher demographics, out-of state ownership, and barriers to generational ranch continuation. The final challenge mentioned by COW 1 organization participants included the correlation they see affecting the legitimacy of their concerns focused on beef market concentration. At the time of data collection cattle prices were the highest in history. Although organization representatives of COW 1 view beef market concentration as an immediate and definite threat to Montana ranchers, and the beef industry as a whole, the high beef cattle prices were making producers and feedlot operators “happy” so there was less constituency uproar over the issue.

Organizational positions that view beef market concentration beneficial to the beef industry include MSA, MCW, MFB, and the MBC. Benefits of beef market concentration highlighted by COW 2 organizations include economies of scale, improved quality and safety of US beef, and market opportunities for cattle producers and feedlot operators through vertical integration. Not unlike COW 1 organizations, COW 2 organizations also discussed how the high cattle prices at the time the interviews were conducted impacted the legitimacy of concern focused on beef market concentration.

Economies of scale were seen as a benefit by COW 2 organizations, because they lower the cost of production for the beef operations who capture economies of scale, theoretically providing more money to cattle producers. Economies of scale also benefitted the consumer because there was a large, consistent supply of quality beef available for purchase. Efficiency,

specifically environmental efficiency, achieved through research and technology application among the largest beef operations was viewed as a benefit because it eliminated waste and overall negative environmental impacts from the beef industry. Lastly, beef operations who capture economies of scale were able to afford governmental regulations that ensured food safety and quality, while also the largest meatpackers are regulated and inhibited from colluding or exercising market power.

Economies of scale, coupled with technology and research application, helped the beef industry become more efficient. Environmental efficiency was highlighted as a benefit to the beef industry because it enable beef operations to eliminate waste, increase cattle production with less inputs, helping to reduce the overall carbon footprint of the beef industry. Technology and research was also highlighted as benefitting the safety and quality standards of US beef. Research of better feeding ratios improved beef quality, while also eliminating time spent in the pasture or feedlot, thus eliminating waste and more time spent using natural resources. The BQA was signaled as a safety program that has increased safety standards of the beef industry. Vertical integration also contributed to increased quality and safety standards, because there were less people engaged in the beef chain, eliminating contamination because there were less people to possibly contaminate beef. Vertical integration, specifically through captive supply arrangements, was seen as a marketing opportunity for cattle producers and feedlot operators because it eliminate risks that operators and producers often can't avoid. Accurate and up-to-date record keeping was also seen as a benefit to the beef industry, made possible by vertical integration.

COW 2 organizations viewed beef market concentration as an emotional response brought about by producers when times weren't so good. During a time of record high cattle prices producers didn't complain about beef market concentration therefore making the concern of market concentration more emotional than legitimate.

Comparisons and contrasts highlight where respective organizations view where the problems lie and where organizational efforts are best placed. COW 1 organizations view concentration as a phenomenon that has started with beef processors and has "pushed its way down." Compared to COW 2 organizations that view concentration as not necessarily starting from any segment, but that it has occurred and the rest of the segments in the beef industry are reacting accordingly.

Beef quality and safety was agreed upon by all nine organization participants as critical to maintaining or increasing demand of beef products in the US and abroad. COW 1 organizations view the negative impacts and challenges of the current beef system as contributing to the decreased demand of beef products, because of antibiotic use and lack of acknowledgment on behalf of the beef industry in addressing consumer concerns, COW 2 organizations feel organizations such as PETA paint ranchers in a bad light, thus focusing much of COW 2 organizations to focus on story-telling from the ranchers perspective. Organizational positions of COW 1 view the problems arising above the ranch level, in the feeding stage, but primarily in the processing stage.

Disagreements on where problems originate, where focus should be placed in correcting these problems, and possessing organizational positions that seem almost intractable between COW 1 and 2 leaves one thing very clear: if any progress is to be made, all sides and perspective

of beef market concentration must be taken seriously, and listened to carefully. Consumers are demanding change, producers are demanding change, and if the beef industry has any hope of remaining a viable and trusted protein source, it must adapt and change with the times.

The diverging perspectives organizations have on the issue of beef market concentration is important for the entire industry to acknowledge and better understand. Organizational positions, in theory, represent their constituents. Concerns of organization constituents pertaining to market access elimination or potential harm upon the industry due to the exercise of meatpacker market power must be accurately represented within the beef industry.

## Appendix A.

### Interview Guide for Organizational Representatives

#### Introduction:

Thank you for agreeing to participate in this interview, which is part of my graduate research where I am trying to learn the benefits and challenges associated with the current beef market structure. As someone from an organization that represents ranchers, you can help me better understand your group's stance on issues surrounding concentration of economic power in the feedlot and beef packing industries. So my questions are along those lines.

If it's OK with you, I would like to record the interview. Taping ensure that your views are accurately recorded, and it allows me to focus on what you're saying. Is that OK with you? If yes, start recorder.

#### HISTORY AND PARTICIPATION

To begin, I would like to know a little about you.

1. What is your current position in X, and what does this entail?
  - a. How long have you been in this position?
2. How long have you been affiliated with X?
3. In general, what is the mission of X with respect to MT's ranchers?

#### FEEDERS.

As you know, the structure of the beef market has been a hot issue for the last 20 years or so. I am interested in X's position on beef market concentration. Let's start with the feeders.

4. Four top feeders now have a very large capacity for backgrounding and finishing cattle. What benefits, if any, does your organization see with respect to concentration in the feedlot industry and impacts on MT ranchers?
  - a. Any other benefits?
5. What concerns, if any, does your organization have in regards to feedlot concentration and how it impacts MT ranchers?
  - a. Any other concerns?

#### MEATPACKERS

6. The four dominant meatpackers in the US control about 82% of the US beef processing. What benefits, if any, does your organization see with regards to meatpacker concentration and the impacts on MT ranchers?
  - a. Any other benefits?
7. What concerns, if any, does your organization have about meatpacker concentration and how it impacts MT ranchers?
  - a. Any other concerns?

#### CAPTIVE SUPPLY

8. In what ways, if any, do you think captive supplies impact MT's cow-calf producers?
  - a. Any more impacts that you can think of?

## **RURAL**

I am also interested in X's position on MT ranch viability.

9. What do you think it will take for ranching to remain viable in Montana?
  - a. Any other ideas?

MT is not only a ranching state, but also a rural one. I am interested in X's position on ranching and rural livelihoods.

10. How, if at all, has beef concentration in the beef industry impacted MT's rural communities?

## **FOOD SAFETY**

Public concern over food safety has drawn attention to the current structure of US beef production, specifically concern over the large production capacity of commercial feedlots and processing plants. I want to ask you where your organization stands on the safety and quality of the beef we eat in the US?

11. What impacts, if any, has concentration in the beef industry had on the safety of US beef?
  - a. Impacts on the quality of US beef?

## **POLICY INFULENCE**

12. I would now like to ask you about the influence ranching organizations can have. How has your organization tried to influence the policy making process with respect to concentration related issues?
  - a. Any examples?

## **MEMBERSHIP**

Lastly, I would like to ask about your organizations members.

13. In what ways have your members been involved in shaping your organizations position on concentration in the livestock industry?
  - a. Can you give me any examples?
14. Has this issue been controversial at all among your membership? If so, how?

## **OPEN ENDED FINISH**

15. Is there anything you would like to mention that I have not brought up that you think is an issue MT ranchers are currently facing?

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