

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON AGRICULTURE, LIVESTOCK AND IRRIGATION

Call to Order: By Chairman Bob Bachini, on April 7th 1989, at
9:00 a.m.

ROLL CALL

Members Present: All members present except:

Members Excused: Rep. Francis Koehnke, Rep. John Patterson, Rep.
Bob Ream

Members Absent: none

Staff Present: Connie Erickson, Legislative Council and Maureen
Cleary, Committee Secretary

Announcements/Discussion: none

HEARING ON HOUSE JOINT RESOLUTION 43

Presentation and Opening Statement by Sponsor:

REP. STEPPLER: House District #21. This bill addresses the increased concentration of the livestock industry. There are three points that this resolution is addressing. First, increased concentration of the livestock industry which is of concern to the rural economy. Second, it assigns a state legislative interim committee to examine the implications in Montana of monopolistic practices in the livestock industry. Third, it calls for congressional oversight hearings to investigate the implications of the concentration in the livestock industry. In order to facilitate and formulate appropriate responses there has been a big change in the livestock industry recently. The control of the slaughtering and packing plants has gone from 30% six years ago, to 75% last year. This control is mainly held by three different companies. This concentration have a negative effect on the industry in the state of Montana. It could lead to the same type of concentration that you have seen in the poultry industry.

Testifying Proponents and Who They Represent:

Sen. Yellowtail/ Senate District #30

Rep. Orval Ellison/ House District #81

Mr. Gilles Stockton/ Chairman, Livestock Task Force for the

Northern Plains Resource Council

Ms. Lorna Frank/ MT. Farm Bureau, Helena

Ms. Carol Moser/ MT. Stockgrowers Assoc., Helena

Mr. Rock Ringling/ family farmer, Northern Plains Resource Council, Helena

Mr. Don Judge/ MT. State AFL-CIO, Helena

Rep. Vernon Westlake/ House District #76

Rep. Gene DeMars/ House District #29

Proponent Testimony:

Sen. Yellowtail: Senate District #30. I would like to add my support to this bill. It is becoming apparent that as producers in Montana, we need to begin paying attention and reacting to the packing industry. We must begin to putting some natural pressure on the packing and feeding scene. We need to examine the implications toward the Montana producers, and get them mobilized. Montana consumers will be effected through this monopoly of the industry. All of this is part of the "merger mania" that has overtaken our country. This is an important time to establish leadership in this industry. For the benefit of not only the producers but also the consumers in the state of Montana.

Rep. Ellison: House District #81. What really worries me is the vertical integration of this industry. We all know what happened to the poultry industry. The same thing could happen to the beef, lamb, and pork industries if we don't turn this around.

Mr. Stockton: (See Exhibit #1)

Ms. Frank: We should closely monitor all mergers, ownership changes and other trends in the meat packing industry. These changes signal the lessening of the availability of a competitive market or the violation of the Packers and Stockyards Act. Action should be taken to oppose further concentration of major packers and vertical integration.

Ms. Moser: We support the concept of this bill. It is of concern to our beef producers in Montana and nationally.

Mr. Ringling: The average cattle slaughter per day is 120,000 head per day, at a major meat packing facility. If one of the big three packers decided that the market was getting high and chose to stay off the market for one week, the result would be 40,000 head of cattle per day not bought. When the major packers own the feed, the cattle, the yards, and packing plant the crop calf producer in Montana would no

longer have control of thier market. I support this resolution wholeheartedly.

Mr. Judge: (See Exhibit #2)

Rep. Westlake and Rep. DeMars wish to be included on the record as supporters of this resolution.

Testifying Opponents and Who They Represent:

none

Opponent Testimony:

none

Questions From Committee Members:

REP. KASTEN: What type of federal regulations do you envision?

REP. STEPPLER: That would be up to the Commission to study and see what specifics they come up with. I am not familiar with the laws in regard to anti-trust and monopoly. REP.

KASTEN: If there is an anti-trust situation occurring, why hasn't the anti-trust law been evoked? REP. STEPPLER:

Probably because it has not been brought to officials attention. REP. KASTEN: Why isn't there an effort in your resolution to do something about constructing such changes in the state? REP. STEPPLER: The purpose of the resolution is to define where the problems lie and simply address them. The Commission would evaluate the appropriate state action. This is a study resolution. They will make recommendations to the next legislative session. REP. KASTEN: Your saying that only state action could rectify this problem? REP. STEPPLER: No, the resolution also calls for congressional oversight. REP. KASTEN: So you are suggesting governmental action? REP. STEPPLER: Yes.

REP. GUTHRIE: I would like to make a plug for my home town. Did you know that Choteau, Montana has the largest packing house in the state. They kill 200 pigs and 40 head of cattle per week. REP. STEPPLER: I would like to see more of that around the state.

Closing by Sponsor:

REP. STEPPLER: Montana needs to take the lead nationally and call attention to this problem. It is a major industry in Montana.

Motion: Rep. Linda Nelson: made the motion to "do pass"

Discussion: none

Amendments, Discussion, and Votes: none

Recommendation and Vote: THEREFORE THE COMMITTEE RECOMMENDS A
"DO PASS" FOR THIS BILL.

ADJOURNMENT

Adjournment At: 9:45 a.m.



REP. BOB BARCHINI, Chairman

BB/mc

7201.MIN

DAILY ROLL CALL
AGRICULTURE COMMITTEE

50th LEGISLATIVE SESSION -- 1989

Date April 7th

NAME	PRESENT	ABSENT	EXCUSED
Rep. Bob Bachini, Chairman	✓		
Rep. Francis Koehnke, Vice Ch.			✓
Rep. Gene DeMars	✓		
Rep. Jerry Driscoll			✓
Rep. Jim Elliot	✓		
Rep. Linda Nelson	✓		
Rep. Bob Ream			✓
Rep. Don Steppler	✓		
Rep. Vernon Westlake	✓		
Rep. Duane Compton	✓		
Rep. Orval Ellison	✓		
Rep. Bert Guthrie	✓		
Rep. Marian Hanson	✓		
Rep. Harriet Hayne	✓		
Rep. Betty Lou Kasten	✓		
Rep. Vernon Keller	✓		
Rep. John Patterson			

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STANDING COMMITTEE REPORT

April 7, 1989

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Mr. Speaker: We, the committee on Agriculture, Livestock, and Irrigation report that HOUSE JOINT RESOLUTION 43 (first reading copy -- white) do pass.

Signed:

Bob Bachini
Bob Bachini, Chairman

ROLL CALL VOTE

AGRICULTURE, LIVESTOCK & IRRIGATION

COMMITTEE

DATE

4/7

BILL NO.

HR 43

NUMBER

NAME	AYE	NAY
BOB BACHINI, CHAIRMAN	✓	
FRANCIS KOEHNKE, VICE CHAIRMAN	✓	
GENE DE MARS	✓	
JERRY DRISCOLL	✓	
JIM ELLIOT	✓	
LINDA NELSON	✓	
BOB REAM	✓	
DON STEPPLE	✓	
VERNON WESTLAKE	✓	
DUANE COMPTON	✓	
ORVAL ELLISON	✓	
BERT GUTHRIE	✓	
MARIAN HANSON	✓	
HARRIET HAYNE	✓	
BETTY LOU KASTEN		✓
VERNON KELLER	✓	
JOHN PATTERSON	✓	

TALLY

(13)

(1)

Mary Lou Schmitz
Secretary

BOB BACHINI, Chairman
Chairman

MOTION:

rep. linda nelson motioned "do pass"

Kasten votes "nay"

DO PASS

HJR 43
sign in sheet

<u>name</u>	<u>organization</u>	<u>oppose/proposed</u>
Don Judge	MT STATE AFL-CIO	X
Brant Quick	Northern Plains Resource Council	X
Gilles Stockton	Northern Plains Resource Council	X
Teresa Erickson	Northern Plains Resource Council	X
Luna Frank	Barn Bureau	X

NORTHERN PLAINS RESOURCE COUNCIL

EXHIBIT #1

DATE 4/7/89

HB HJR 43

4/7/89
HJR 43
exhibit #1

Statement by Gilles Stockton on House Joint Resolution 43: April 7, 1989

My name is Gilles Stockton, I,m a rancher from Grass Range and chairman of the Livestock Task Force of the Northern Plains Resource Council.

The Resolution before you is necessary to protect the free enterprise system as it pertains to the cattle industry. Three companies, Cargill, Conagra, and Occidental Petroleum, have in the last ten years increased their portion of the beef packing industry from around 30% to over 65%. In some categories of wholesale beef, such as boxed beef, their degree of control is well over 80%.

If these three multi-nationals were only in control of the beef packing industry it would be bad enough. However, they also own large portions of the grain marketing industry, poultry industry, pork industry, and the cattle feeding industry. For Montana cattlemen this means that three companies through their feeding subsidiaries control the market for feeder calves. They feed these calves grain that they purchase through their grain marketing cartel for less than the cost of production. Because of their considerable beef feeding capacity, which incidentally, are the three largest feedlots in the nation, they are able to dictate the price of fat cattle produced by independent feedlots. Their ownership of significant portions of the poultry, pork, and lamb industries insure that they have considerable control of retail meat prices.

According to Dr. Bruce Marion, Ag Economist from the Univ. of Wisconsin, " This rate of concentration increase is unprecedented. There is no parallel in any of the other industries - food and nonfood." Also according to Dr. Marion the minimum efficiency of scale for a modern beef slaughter plant is to be large enough to process 1% to 2% of the annual US

beef production. Instead of 3 companies controlling the industry we could have 30 or 40 with no loss of efficiency. Cargill, Conagra, and Occidental Petroleum have no ethical or legal reasons to control this amount of any industry, and we as producers and consumers have no economic or social advantage to allow them monopolistic control of the beef industry.

What this oligopoly means to Montana is the loss of income for livestock producers and higher prices for consumers. For each 5 cents per pound that the price of feeder calves is depressed through market manipulation, \$35 million dollars is lost to Montana's economy. This is money off of the top. For legislators trying to balance a state budget, this is money that would be paying income tax. For merchants, this is money that would be purchasing a new pickup, a dress for the wife, and an evening in town with family and friends. While ranchers are being economically squeezed, consumers are being gouged. Since Cargill, Conagra, and Occidental Petroleum control the linkage between the producer and the consumer the free enterprise system can not function.

One rule of thumb for determining when an anti-competitive situation exists is when four companies control 50% of a market. In the beef packing industry 3 companies control over 65% of the industry. There is no question that anti-trust laws are being violated. However, for the law to be enforced it will require that we demand action from the Justice Department. This is why Northern Plains Resource Council is conducting a petition campaign asking the citizens of this state to tell Congress that they expect this oligopoly to be broken up. This is also why it is important that you pass this resolution and lend your support to the protection of the free enterprise system.

NORTHERN PLAINS RESOURCE COUNCIL

FACT SHEET HOUSE JOINT RESOLUTION 43

A RESOLUTION OF THE MONTANA STATE LEGISLATURE CALLING FOR AN INTERIM STUDY OF THE CONCENTRATION OF THE LIVESTOCK AND FEEDING INDUSTRY

WHAT THE RESOLUTION ACCOMPLISHES

HJ 43 with primary sponsors Representative Don Steppler and Senator Bill Yellowtail provides for three things:

1. acknowledges that increasing concentration of the livestock industry is of concern to rural economies, such as Montana, that are dependent upon a healthy, prosperous and competitive livestock industry;
2. assigns a state legislative interim committee to examine the implications for Montana of monopolistic practices in the livestock and feeding industries;
3. calls for congressional oversight hearings to investigate the implications of concentration in the livestock industry with the purpose of facilitating and formulating appropriate federal responses.

WHY THIS RESOLUTION IS IMPORTANT

Changes in the livestock industry in recent years are making independent livestock producers a threatened species. Three companies now control 75% of the U.S. fat cattle slaughtering business: ConAgra, Cargill and Iowa Beef Packers (Occidental Petroleum). Just six years ago, the top four companies controlled less than 30% of the U.S. fat cattle market.

The "Big Three" have publicly announced plans to move away from a free market to control their own supply by forward contracting with huge feeders.

Grain trading giants in the cattle feed business (Cargill, Con Agra and Continental Grain) are wiping out the family-size feeders. Because the cost of raising corn is about twice the market price, large feeders who buy corn have an enormous advantage over family-size feeders who normally feed corn they've grown. Between 1981 and 1986, 26,500 independent family-sized feedlot operators, or 37% were forced out of business. Meanwhile, Cargill's profits were up 66% in 1986.

Independence Threatened

Montana's livestock industry could face the same fate as that of the poultry industry. Just a few years ago, poultry producers operated independently, much like cattlemen today. Meanwhile, poultry processors were becoming bigger and fewer, enabling them to integrate their control of the product from conception to wholesaler. Farmers had to trade their

independence for contracts with the processors, who control how many chickens they will produce, what they will feed them, and dictate the price. With contracts averaging 22,000 chickens, expensive, capital intensive facilities are required; but the farmers absorb the risks. If the chickens get a disease or the grain is contaminated, the producer loses, not the processor.

Montana Should Take the Lead

Montana needs to take lead nationally to call attention to the problem and to call upon Congress to bring about enforcement of anti-trust laws. The Montana Congressional delegation could initiate field hearings designed to draw upon the experience and collective wisdom of Montanans and livestock producers from other states to seek solutions to this problem.

WHY SHOULD ANYONE BUT RANCHERS CARE?

Price

As the "Big 3" increase their level of control over the market, their share of each dollar generated by the industry will increase. This will mean higher meat prices for consumers and lower calve prices for producers.

Healthy Meat

Another effect of increasing concentration is that it has a great deal to do with the way animals are fed. As the size of feedlots increase the risk of animals contracting diseases jumps. This makes it necessary for animals to be regularly fed sub-therapeutic doses of anti-biotics. The added financial strain placed on feeders created by the "Big 3" also necessitates more intensive use of hormones to maximize profits.

Questions about the regular use of hormones and antibiotics and how eating such meats affect humans has lead to a European Economic Community (EEC) ban on U.S. beef.

HOW THIS RESOLUTION ADDRESSES THE PROBLEM

The effects of mergers, vertical integration, buy-outs and large scale forward contracting on Montana producers are not fully known or understood. This resolutions assigns an interim study to examine the situation and, if appropriate, make recommendations for change.

It will take leadership from elected officials representing livestock producing states to call for congressional investigation. The Montana State Legislature has the opportunity to lead the charge with other livestock producing states to call for action.

FOR MORE INFORMATION

For more information contact the Northern Plains Resource Council, Box 858, Helena, Mt. 59624 (442-9216 Helena) (248-1154 Billings).

Announcement of Livestock Petition Campaign

The members of the Northern Plains Resource Council are asking all livestock producers and consumers to join us in a petition asking Congress to investigate anti-trust violations in the meat packing industry. IBP (Occidental Petroleum), Excel Beef (Cargill), and Montfort (Conagra) now slaughter more than 75% of the fat cattle in this country. Six years ago, the top four companies had less than 30% of the U.S. fat cattle market. The parent companies of these packing plants are fully integrated into the American food system. They control grain supplies, they are heavily involved in hog and chicken production, they are the largest cattle feeders, and they own a many of the well known retail meat brands.

Anti-competitive practices in the meat packing industry are not new. The Packers and Stockyards Act of 1921 resulted from anti-trust actions against the five companies who controlled the meat industry in the early part of this century. This act has been upheld a number of times since it was passed and the time has come for the people of this country to demand that the free enterprise system again be defended from monopolies.

The first group of livestock producers feeling the effects of price fixing are the independent cattle feeders. Two of the packing companies are already the largest cattle feeders in the nation. Through in-house feeding and production contracts these companies are able to control the fat cattle market. The pressure on the feeders will soon be transmitted to the cow-calf operators, who are the last independent segment of the U.S. food production system.

In 1987 the Northern Plains Resource Council asked Mr. Benny Bunting, a Georgia chicken farmer, to address our annual meeting. He explained to us how the chicken producers have fared under the control of the giants: "They buy their chicken houses from the company, they buy their feed from the company; they get their chickens from the company and when the chicks are ready, the company buys them and pays them (the producers) at their convenience. And if the producer was a good boy and did everything correctly, he will be allowed to live a subsistence life."

Perhaps, the last group to really feel the effects of the monopolistic control of the beef industry will be the consumers. An interlocking web of companies already control the chicken and hog industries along with the feed that goes into these animals. After these three companies have firmly secured the beef industry there will be nothing to stop the meat industry from profiting at the consumers expense. Although the most visible effect of monopolistic control of the meat industry will be in the supermarket, our entire society will continue to suffer the effects of rural economic depression, rural depopulation, and environmental exploitation.

We are very concerned that free-enterprise be preserved in the beef industry and urge all agricultural, consumer, business, and public service organizations, along with any interested individual, to join us in sponsoring this petition drive. Contact the Petition Coordinator, Northern Plains Resource Council, 419 Stapleton Building, Billings, Mt. 59101 (248-1154) for copies of the petition and supporting materials.

A PETITION FOR THE INVESTIGATION OF CONCENTRATION
IN THE LIVESTOCK INDUSTRY

Three companies now control approximately 80% of the beef packing industry. Recent trends toward extreme concentration in livestock feeding and meat packing threaten Montana's and the nation's livestock industry with monopoly control. Such control can lead to price-fixing, loss of negotiating power, and ultimately the end of our free enterprise system and all its benefits to both producers and consumers.

THEREFORE, WE THE UNDERSIGNED HEREBY PETITION MONTANA'S CONGRESSIONAL DELEGATION TO INITIATE CONGRESSIONAL FIELD HEARINGS BY APPROPRIATE CONGRESSIONAL COMMITTEES TO INVESTIGATE AND DOCUMENT THE ADVERSE IMPLICATIONS OF THE CURRENT TRENDS TOWARD CONCENTRATION IN THE LIVESTOCK INDUSTRY, AND TO FORMULATE EFFECTIVE RESPONSES TO PROTECT OUR LIVESTOCK INDUSTRIES AND THE COMMUNITIES DEPENDENT ON THEM.

Return petitions to:

Questions?

Call (406) 248-1154

Northern Plains Resource Council
419 Stapleton Building
Billings, MT 59101

<u>Name</u>	<u>Address</u>	<u>Town</u>	<u>State</u>	<u>Zip</u>	<u>Phone</u>	<u>Brand (optional)</u>
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Cattle Producers' Independence Threatened

Our Cattle Industry Is Changing Here Are The Facts!

* Three companies now control 75% of the U.S. fat cattle slaughtering business (ConAgra, Cargill, and IBP). Just six years ago, the top four companies had less than 30% of the U.S. fat cattle market.

* The "Big Three" have publicly announced plans to move away from a free market to control their supply by forward contracting with producers.

* Grain trading giants in the cattle feed business (Cargill, ConAgra and Continental Grain) are wiping out the family-size feeders. Because the cost of raising corn is about twice the market price, large feeders who buy corn have an enormous advantage over family-size feeders who normally feed corn they've grown. Between 1981 and 1986, 26,500 independent family-sized feedlot operators, or 37%, disappeared. Cargill's profits were up 66% in 1986.

* With the cattle herd down to a 27-year low, the effects of monopoly in feeding and packing are temporarily softened. As the cattle numbers climb, producers will increasingly bear the burden of monopoly in their markets.

What Does This Mean To Your Operation?

Just a few years ago, poultry producers operated independently, much like cattlemen today. Meanwhile, poultry processors were becoming bigger and fewer, enabling them to integrate their control of the product from conception to wholesaler. Farmers had to trade their independence for contracts with the processors, who control how many chickens they will produce, what they will feed them, and dictate the price. With

contracts averaging 22,000 chickens, expensive, capital intensive facilities are required; but the farmer absorbs the risks. If the chickens get a disease or the grain is contaminated, the producer loses, not the processor.

ConAgra and Cargill are both frank about plans to move toward the chicken industry model, with the goal of 2/3 of their supply coming from contracted or owned production (Beef, April, 1988) Cargill already purchases 40% of its cattle through forward contracting. IBP has been forced to begin to follow suit in these times of short supply.

Why Do Chicken Farmers Put Up With Unfair Treatment?

They have no choice. The chicken producer's market has become concentrated and controlled by just a few processors. Five companies control more than half the market. A North Carolina chicken farmer speaking in Billings in November, 1987, stated that farmers who try to organize and challenge the large producers are not given birds to raise; they are "blacklisted." The farmers have no legal recourse because of the political clout of the poultry industry, he explained.

The chicken farmer owns the debt and has no choice but to take the contracts and conditions offered OR GO BROKE.

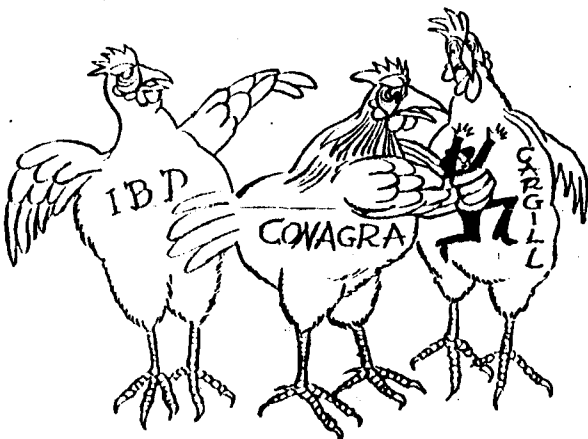
One of the characteristics of monopoly contract agriculture is exploitation of the basic producer. There is no reason to expect better for cattlemen than chicken farmers from the same companies.

Concentration Is Affecting You Now

* Merely having IBP in a meat marketing region cost cattle producers 44 cents per hundredweight, according to a 1986 study by the University of Wisconsin.

* In many cattle markets only two of the top three slaughtering giants operates. In others only one operates leaving virtually no competition or forcing producers to move livestock to distant markets.

* According to USDA, price reductions from increased cattle numbers are twice as large if packers feed the additional cattle. Cargill was the largest U.S. feeder until ConAgra bought Montfort and Swift in 1987.



Graphic by Helen Clark.

* The Yellowstone Valley has lost over 1,000 jobs in recent years as concentration in beef and pork packing has squeezed out competition.

* Cheap grain also diminishes the value of grass, one of ranchers' greatest assets.

* Low cattle numbers are killing off the remaining small and medium-sized packers, accelerating the "Big Three" packers' drive toward market control.

Isn't There a Law Against Monopoly?

In 1920, control of just 50% of the packing industry by five companies led to an extensive antitrust action to increase competition. Local and regional packing plants blossomed all across rural America. Marketing opportunities increased and consumer costs were reduced. Today's much more severe concentration has led to no antitrust action at all. The break-up of the monopolies in beef and railroads and other industries in the early 1900's was a foundation for economic prosperity in the U.S. in this century.

The grain companies, now dominant in cattle feeding and packing, control the grain from elevator to market, whether it's sold as seed, flour, chicken, pork, or steak. This makes for tremendous profit potential, even as family-sized ranches and feeders are going broke in record numbers.

We All Have To Pull Together!

1. The single most important thing you can do is join NPRC. Through your \$20 membership you add your voice, opinions and ideas on how to address this problem to other ranchers, farmers, and citizens across the state. Your membership entitles you to up-to-date research on the changes in the industry and a vote in how to take action to correct the problem. Get INVOLVED! Merely being aware is not enough. JOIN TODAY!

Yes, I want to help to prevent Montana livestock producers from going the way of the chicken farmers. I want to be a member. Enclosed is \$20.00 dues _____

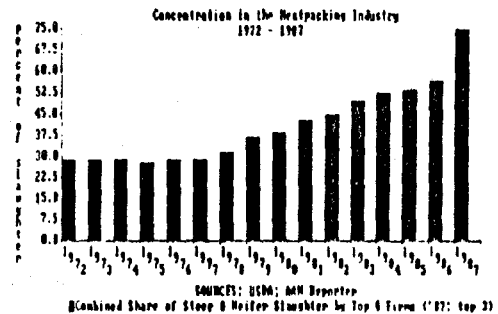
I'm already a member and here is an additional donation of _____

Name: _____

Address: _____

City, St, Zip: _____

Phone: _____



Who Controls Cattle? THE BIG THREE

ConAgra's average return on equity for the last five years was 22.2%. In 1987 it bought Montfort, the 4th largest U.S. beefpacker, and 50% of Swift, the second-largest packer. It is the largest U.S. flour miller, the 4th largest poultry farm and the 4th largest farm overall. It controls 24.6% of fat cattle slaughter.

Cargill is the world's largest corn and wheat miller, 2nd largest flour miller, and the largest of a handful of companies that control world grain trade. In 1986 it was the 4th largest beef producing "farm," the third largest hog "farm," one of the largest poultry "farms", and the fifth largest farm overall. It controls 22.8% of fat cattle slaughter.

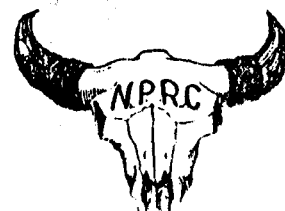
IBP is owned by Occidental Petroleum, a multinational oil company, accounting for \$6.8 billion of Occidental's \$15.3 billion sales in 1986. The market value of Occidental stock doubled in 1986. IBP is now expanding into pork production. It controls 27.7% of fat cattle slaughter.

If you are already a member, thank you. Please consider making a contribution especially for our efforts to exercise producer control of the cattle industry.

2. If the beef check-off passes, insist that part of Montana's share (50 %) of the beef check-off money is spent to investigate the monopolistic problems and to develop a Montana packing plant.

3. Vote for candidates who are committed to enforcement of anti-trust laws.

JOIN!





JAMES W. MURRY
EXECUTIVE SECRETARY

Box 1176, Helena, Montana

ZIP CODE 59624
406/442-1708

EXHIBIT #2

DATE 4/7/89

HB HJR 43

Testimony of Don Judge on House Joint Resolution 43 before the House Agriculture, Livestock and Irrigation Committee, April 7, 1989

Mr. Chairman and members of the committee, for the record, I am Don Judge representing the Montana State AFL-CIO in support of HJR 43.

This good resolution seeks to establish an interim legislative committee to investigate the conditions of certain segments of agriculture in Montana. You may be asking yourselves why a representative of organized labor is here today to support a resolution dealing with the livestock feeding and packing industries. It's a valid question and one that we can proudly respond to.

The Montana State AFL-CIO has long advocated that a healthy agricultural system, based on strong, prosperous family farms is essential to America's economic and social well-being. We believe that workers and farmers share a common concern and a mutual interest in achieving and maintaining such a system.

According to a resolution adopted by the 1987 National AFL-CIO Convention, present agricultural policies have shifted "away from the family farm toward concentration of land and production into a relative handful of corporate giants".

This resolution reflects our concern that the independence of Montana's livestock industry is being threatened by the consolidation of livestock feeding and packing industries into the hands of a few. We are also very concerned about what this concentration will mean to the consumer who must ultimately pay the price of such noncompetitive concentration. Certainly, the members of our organization and their families will feel the impacts of non-competitive pricing.

As a leader among the livestock producing states, Montana should look into this situation and an interim study, we believe, is appropriate. We urge your favorable consideration of this resolution.

Thank you.