

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON AGRICULTURE, LIVESTOCK, & IRRIGATION

Call to Order: By CHAIR LINDA NELSON, on March 8, 1991, at 2:55 p.m.

ROLL CALL

Members Present:

Linda Nelson, Chair (D)
Don Steppler, Vice-Chairman (D)
Bob Bachini (D)
Joe Barnett (R)
Gary Beck (D)
Jane DeBruycker (D)
Roger DeBruycker (R)
Jim Elliott (D)
Marian Hanson (R)
Harriet Hayne (R)
Vernon Keller (R)
Don Larson (D)
Jim Madison (D)
Ed McCaffree (D)
John Phillips (R)
John Scott (D)

Members Excused: REP. MARIAN HANSON

Staff Present: Connie Erickson, Legislative Council
Claudia Johnson, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Announcement/Discussion: Connie Erickson, Legislative Council, introduced Doug Sternberg, who will be taking her place. At the request of the Senate. The Agriculture Committee will meet on Tuesday and Thursdays now instead of Monday, Wednesday and Friday. Ms. Erickson will be the Legislative Council for the Senate Agriculture Committee for the rest of the legislative session. Mr. Sternberg was welcomed to the committee. He will start March 14.

HEARING ON SJR 12

Presentation and Opening Statement by Sponsor:

SEN. JOHN ANDERSON, Senate District 37, Alder, said this was a request from the Montana Association of Conservation Districts,

Headwaters Resource, Conservation, and Development (RC & D), Range Weed Committee, and other noxious weed groups. He said noxious weeds are becoming a serious problem and a concern in all Montana counties, bordering states and the Canadian provinces. This resolution provides for a representative committee to be appointed to study and develop a plan and recommendations for a weed seed-free agronomic crops and farm products program in Montana. Noxious weeds are out of control in a large area of Montana. This has a serious impact on agriculture, livestock, wildlife and the economy of Montana and the bordering states. He went through the resolution to explain what it does.

Proponents' Testimony:

Neil O. Peterson, Madison County Weed Board, said he was also representing the Headwaters RC & D Weed Committee which is made up of weed personnel from 8 southwest Montana counties. Both entities wanted to be recorded in support of SJR 12. The resolution is directed specifically to the embargo provision of the current county noxious weed law. The resolution's goals are to: review the legal aspects; make improvements to the embargo provision; and coordinate the use of the embargo authority with the current noxious weed seed-free feed program. The existing embargo section is the weakest section in Montana's excellent noxious weed act. He said that early detection and public awareness are key activities in the overall weed management programs. In Madison County, the noxious weed seed-free feed program covers 1.1 million acres of federal and state public lands with regulations governing entry of only certified feed. These regulations have been in place for 2 years and the public acceptance and support has been 90 plus percent. The reason for acceptance has been because administration has been geared to prevention and awareness coupled with strict law enforcement. However, the county has no administrative authority over the private landowners or the state's school lands. The county weed board has had requests and support for regulations. The resolution was generated by a Ruby Valley conservation district board member who is a local hay producer. SJR 12 was introduced through the conservation district levels and has been approved by the state conservation district association. He said the understanding of this resolution was for researching the legal aspects, administrative authority and the coordination of several entities to present sound legislation in the future. He read a letter containing an invitation and agenda for the Greater Northwest Noxious Weed Management Council in Seattle, WA, on March 11, 1991. This meeting will be a coordination meeting for the western states. One of the agenda items is for developing standardized certification programs for noxious weed-free forage. This program is viewed by the western states as a critical activity in their total weed management program. Montana is the leader in the weed-free program. SEN. ANDERSON'S resolution is another reason for Montana's leadership and the resolution needs the committee's approval for implementation. EXHIBIT 1

Susan Lenard, Montana Audubon Legislative Fund, spoke in favor of SJR 12, and asked for the Committee's support.

Opponents' Testimony: None

Questions From Committee Members: None

Closing by Sponsor:

SEN. ANDERSON thanked the committee for the hearing. He said there is a fiscal note but the resolution doesn't have any fiscal impact. The resolution requires the Department of Agriculture to study and develop the plan and recommendations on weed seed-free crops and a farm products program. The Department of Agriculture will assume the costs of conducting the study. He said this is a necessary resolution. Noxious weeds need to be controlled.

EXECUTIVE ACTION ON SJR 12

Motion: REP. BACHINI MOVED SJR 12 BE CONCURRED IN.

Motion/Vote: REP. PHILLIPS called the question. Voice vote was taken.

Vote: SJR 12 BE CONCURRED IN. Motion CARRIED unanimously.
REP. HOFFMAN will carry SJR 12 on the House Floor.

HEARING ON SJR 14

Presentation and Opening Statement by Sponsor:

SEN. CECIL WEEDING, Senate District 14, Jordan, said this resolution asks for an interim study of the concentration in livestock feeding and packing industries. He said a resolution similar to this was passed last session, but was not chosen for study by the Legislative Council. He said the feeding and packing industry is controlled by the "big three". The vertical integration is becoming more noticeable in Montana. There are efforts being made to bring feedlots under the packing industry, so arrangements have to be made with the packers to get into the feeding business. SEN. WEEDING said it is imperative that this study be done, more so than two years ago, to see what the effect is on Montana producers and to report back to the 53rd Legislature with recommendations. He said Montana has not had a packing plant in 10 years. Billings tried to start their packing plant back up about 6 weeks ago, but they are closed already. He said if the feeding industry goes the way of the packing industry, Montana will be reduced to nothing more than base production. The Federal Reserve System has predicted that midsize feeders will be a thing of the past.

Proponents' Testimony:

Bob Heiser, United Food and Commercial Worker's Union (UFCW),

said they are in strong support of SJR 14. He was in the packing industry in Billings. They had 2 packing plants: 1) Pierce Packing Plant that employed over 500 employees in its prime. They slaughtered over 3500 head of hogs everyday, five days a week; and 2) Midland Packing which slaughtered over 550 head of beef five days a week. Then the Iowa Beef Packers (IBP) entered into the picture. In the 1970's, IBP made no secret that they were going to control the beef industry. Midland tried to take action to keep this from happening. They had to make large expenditures to their fabricating plant, (Midland's second plant), to compete with IBP. IBP controlled the cost of what they wanted to pay by driving the cost of cattle up to where it became impossible for Midland to buy those cattle. When Midland was still able to buy those cattle, IBP lowered the price on the cattle so Midland couldn't afford to stay in business. Midland tried to compete with advertising, etc., but it was impossible to fight IBP so Midland went broke. Another firm took over called Mountain States Beef. They tried to compete with IBP, but 1 year later they went broke. Midland took it back, operated it for 1 year, and closed their doors. Another group tried to reopen the plant 6 weeks ago. They have lawsuits against them on debts they cannot pay and had to close the doors because they could not compete with IBP. He said there aren't any small packing plants out there. IBP and other large companies can control the prices of the beef, pork and lamb industry and the slaughtering industry. In order for Montana to do anything, they need the facts. IBP can say what they are going to do, but it needs to be proven. Montana needs to do this study and report to the federal government. He said that Montana needs this viable business back in the state. He urged the committee to support this resolution.

Mark Racicot, Attorney General, Department of Justice, urged the committee to support SJR 14. He said this type of anti-competitive activity is inefficient and harmful to society and the economy. The consumers ultimately end up paying a very substantial price for this type of activity. There are a number of anti-trust measures that have been introduced in this Legislature. All the years he has been connected with Legislature, he has seen significantly more bills involving anti-trust laws. These requests are not by governmental agencies. He said this must mean that there is a sense among people throughout Montana that there are problems that need to be addressed. He said there are danger signals out there that need attention. Anti-competitive conduct is nothing new to the meat packing industry. Near the turn of the century there was the beef trust, which consisted of Armour, Hormel, and Morrison Swift. These companies were broken up by the Supreme Court when it upheld an injunction back in 1905. In 1920, there was a consent decree entered against the major packers, which were the beef trust at that time, as a result a 53% market concentration in the beef packing industry. The government's allegations in that case centered around the bidding practices the companies price fixing arrangements and transportation agreements. It was alleged at that time that the defendants controlled approximately 6/10 of

the trade and commerce of fresh meats around the United States. From 1978 to 1987 there has been an 81% increase in the concentration of the steer and heifer slaughter industry, keeping steer and heifer prices down. He said this was the largest concentration of economic power in one industry in the history of this country. As a consequence, Montana needs to be very serious about making inquiries into this particular area. Dr. John Helmet, who just testified before Congress in October, supplied evidence to the congressional committee that called for an inquiry by the General Accounting Office(GAO). GAO has decided that further inquiries need to be made and an investigation is underway at this time. Dr. Helmet concluded that in Montana from 1980 through 1990, there has been a total loss as a result of concentration in the meat packing industry, of \$115 million. He said data has not been updated or verifiable studies done since the last part of the 1980s. Mr. Racicot said this issue merits legislative investigation.

Jack Hineman, Fishtail, said his experience with concentration changed from the theoretical to the practical end of it last fall when he was trying to sell his lambs on the down-market. He called 3 different buyers and was informed by all three that his lambs would be sent to the same place. Part of this study would be to look at other alternatives. Montana has too much spirit to turn on her back and say "ain't it awfull". Mr. Hineman asked to have Jim Barngrover, AERO recorded in support of SJR 14.

Chester Kinsey, Montana Senior Citizen's Association, said they are in support of SJR 14. He said they have been around long enough to see what has happened to the meat packing industry and can see what will happen to the consumers if it continues. They feel that the anti-trust laws have not been enforced in the last 20 to 40 years. It is time to take action.

Chris Mackay, AFL-CIO, said he is here in support of SJR 14. During the 1989 session, the AFL-CIO rose in support of this same measure. Their interest was to protect family farmers and small operators and consumers from monopolized competitive pricing. At that time, 3 companies controlled 75% of the U.S. fat cattle market. Small operators and feeders are losing business and going broke every day. National estimates show that 7,000 jobs have been lost due to lack of competition in the meat packing industry. This is an annual wage base loss of \$75 million. This current trend toward monopolization and big industry, and away from healthy competition and small production, affects everyone; for the producer, it means a relatively small market place to sell their product; for the consumer it means high prices and quality that is suspect; and for the workers, it means smaller choices of places to work. Meat packing in Montana is a value-added process. Adding value to Montana resources is what studies, initiatives, and economic development call for. In order to help Montana create jobs for the youth and to stimulate the economy, he urged the committee to promote value-added projects that are attached to the state's largest industry,

agriculture. This resolution calls for an investigation of the conditions of this particular segment of Montana's agriculture.
EXHIBIT 2

Bill Gillin, Northern Plains Resource Council (NPRC), said he is in support of SJR 14 and distributed information. **EXHIBIT 3** The latest figures he has seen show an 80% concentration by three companies: ConAgra, Cargill and IBP. The facilities in Montana are in place to handle 100% of the slaughter of livestock. The livestock growers are receiving an all-time high price, but that is relatively speaking. Trying to buy a pick-up in today's market takes almost 3 times more calves than the pick-up he purchased in 1973. If it is an all-time high, are they being generous or are they taking out the competition? He said there are other studies that have been made on this. GAO did a study. They used material from the Department of Agriculture and they have admitted it was about 10 years old. **Dr. John Connors**, an industry expert, has said there has never been in history so much concentration that has occurred in such a short period of time. **Mr. Gillin** said he and a group of people involved with this issue met with **SEN. CONRAD BURNS** last spring to get his support. **SEN. BURNS** was sympathetic, but said the people on the congressional committee staffs that are involved and do most of the work on this issue, do not feel there is a need for farmers and ranchers because it is cheaper to import agricultural goods, than to grow them in this country. When dealing with this kind of mind-set, it cannot be counted on to get anything done. He said that the GAO study totally missed the point that this isn't just a monopoly on beef packers. There are grain companies, with the exception of IBP, that own massive feed yards and haul feed in large quantities. ConAgra, one of the largest companies, just purchased Baker's Foods and will now own the whole chain from the time the calf leaves the ranch until the housewife buys it at the supermarket. **Mr. Gillin** said he did his own study a couple of years ago to see how it personally affected him. He sold some calves to a buyer who said the calves were going to the Continental Grain Company. Then he purchased cake (cattle feed) for the winter from a company that turns out to be a subsidiary of ConAgra. He purchased horse feed that had a fancy name on it; at the bottom it read subsidiary of Prago. He went to the store to buy meat for his wife and the label read IBP. He purchased dog food at another store that was labeled ConAgra. He said they now have a modern computerized version of the old company store. Montana is raising and selling beef here, and they should be butchering it here also. **EXHIBIT 4**

Don Sterhan, ALCOTECH Partnership, said he supports SJR 14. The feeding markets have the opportunities in Montana with the potential enhancements to go with it. He said there are co-products generated from an ethanol production facility known as distillers dry grain, a high protein feed supplement used in cattle feeding operations. He had the opportunity to work with Meats of Montana in Billings in their initial planning stages as they tried to put a company together to open up the Midland

facilities. The biggest variable was trying to determine the impact and implication of the concentration in the meat packing business on a meat packing operation in Montana.

Opponents' Testimony:

Lorraine Gillies, Montana Farm Bureau, said she does not want the committee to think they are in opposition to something being done about the concentration problem because it is a problem. She said the Montana Farm Bureau opposes SJR 14 because they do not feel it is the role of the Montana Legislature to examine the impact the concentration has on the economy of Montana. The United States Justice Department is investigating this matter. Legislation has been introduced at the national level to "protect small businesses against unreasonable use of economic power by major meat-packing companies". For this reason, the state should not be subjected to unnecessary expense. She urged the committee to not pass SJR 14. EXHIBIT 5

Questions From Committee Members:

REP. LARSON asked SEN. WEEDING who he envisioned in state government to conduct this study. SEN. WEEDING said the Legislative Council would assign a committee made up of 6 or 8 members of equal parties in the House and Senate. They will be assigned a researcher and be assigned to a department. REP. LARSON asked where the money would come from because there isn't a fiscal note. SEN. WEEDING said there is a fund in the appropriation bill that funds five of these studies each interim.

REP. LARSON asked why she didn't feel that an interim committee could develop studies on this for Montana. Ms. Gillies said she felt that state government could find better ways to spend their money. She felt that another study like this would not be helpful for Montana.

REP. MCCAFFREE asked if a study has been done at the national level, why is Montana in this predicament today. Ms. Gillies said the study was done; but if the federal government cannot get this task accomplished, Montana will stand little chance on their own with the small amount of funds that are available to do this.

REP. BARNETT asked if Montana currently has avenues which can be addressed without this resolution, and doesn't the Attorney General already have this in the scope of his jurisdiction to study and attack the creation of monopolies. SEN. WEEDING said he didn't think so. He thought that SB 190 that is before a committee, will give the Attorney General the authority to check into this beyond the state of Montana. REP. BARNETT asked if the attorney general testified on SB 190. SEN. WEEDING said he didn't.

REP. BARNETT asked if there were strikes against the two packing

plants in Billings. Mr. Heiser said there were. One strike against Pierce Packing and two against Midland Packing. REP. BARNETT asked if possibly the economic environment that was created for these packing plants might be part of the cause why they went out of business rather than restraint of competition. Mr. Heiser said no. If they were to talk to Fred Pierce or Ron Lund, they would say the same thing. When Pierce Packing went out of business, the press tried to blame labor. Mr. Pierce said labor backed him 100% to keep the plant open. A roll back in wages occurred in both plants, but it still wasn't enough to remain competitive with the large companies.

REP. STEPLER asked what the federal government was doing to study this issue. SEN. WEEDING said a meeting was held in Minnesota to check into this. They concluded that concentration was not evident and dismissed it. Last fall there was a request by five states and they have now reopened that investigation.

REP. BARNETT asked what this study would cost. REP. STEPLER said about \$25,000 to \$35,000 was allocated to the studies last session. He said there is money set aside every biennium for these studies. He said they usually run about \$10,000 or less per study.

REP. DEBRUYCKER (Roger) asked what other states were involved in this study besides Minnesota. SEN. WEEDING said Iowa, South Dakota, and Wyoming. He didn't know if other states were involved. Montana was invited, but did not have the budget to participate.

REP. DEBRUYCKER (Jane) asked why the plant in Billings closed ago after being opened for only 6 weeks. She felt there must be some other reason besides the concentration. Mr. Heiser said they didn't know why the plant in Billings couldn't make it. He said there are other plants in Montana that did not have labor disputes, and he would like to know why they are not able to make it. He felt the answers could be found through this study and emphasized the need for SJR 14.

Closing by Sponsor:

SEN. WEEDING said he was informed that the Attorney General does have some authority to administer the federal act. He said in answer to Ms. Gillies statement, the United State's Justice Department has indicated that it is the state's problem. The federal Justice Department has seen its funding reduced, and in that same period of time the nation has seen a tripling of concentration. The department has indicated their willingness to work with the states. The U.S. Department of Agriculture has stated that in the next decade, the nation will lose 30% of its farms. He said as a responsible state government Montana should do what is necessary to keep this from happening.

EXECUTIVE ACTION ON SJR 14

Motion: REP. SCOTT MOVED SJR 14 BE CONCURRED IN.

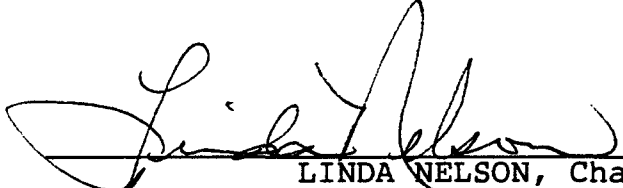
Discussion: REP. BECK said there doesn't need to be a study done to see what the matter is. There have been studies on a number of things that have happened in the last 10 years, and two of them are: 1) greed; and 2) Reaganism. He suggested that everyone should read a book by Kevin Phillips who is a very conservative Republican journalist. The title is The Politics of the Rich and Poor; The Aftermath of the Reagan Era. It shows how the wealth has shifted in the last 10 years from the bottom sector to the top sector. He said there is a big problem in this monopolization, but it should be handled legally and not in a study.

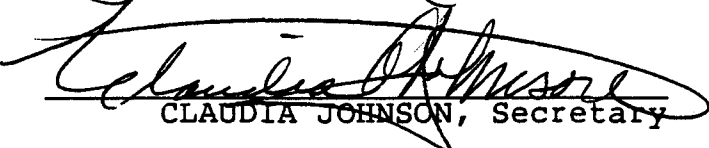
Motion/Vote: Question was called. Voice vote was taken.

Vote: SJR 14 BE CONCURRED IN. Motion CARRIED 10 to 5 with REP. PHILLIPS, REP. BECK, REP. BARNETT, REP. HAYNE and REP. DEBRUYCKER (Jane), voting no. REP. STEPPLER will carry this bill on the House Floor.

ADJOURNMENT

Adjournment: 4:30 P.M.


LINDA NELSON, Chair


CLAUDIA JOHNSON, Secretary

LN/cj

HOUSE OF REPRESENTATIVES

AGRICULTURE, LIVESTOCK AND IRRIGATION COMMITTEE

ROLL CALL

DATE 3-8-91

NAME	PRESENT	ABSENT	EXCUSED
REP. DON STEPPLER, VICE-CHAIRMAN	✓		
REP. BOB BACHINI	✓		
REP. JOE BARNETT	✓		
REP. GARY BECK	✓		
REP. JANE DEBRUYCKER	✓		
REP. ROGER DEBRUYCKER	✓		
REP. JIM ELLIOTT	✓		
REP. MARIAN HANSON			✓
REP. HARRIET HAYNE	✓		
REP. VERNON KELLER	✓		
REP. DON LARSON	✓		
REP. JIM MADISON	✓		
REP. ED MCCAFFREE	✓		
REP. JOHN PHILLIPS	✓		
REP. JOHN SCOTT	✓		
REP. LINDA NELSON, CHAIR	✓		

HOUSE STANDING COMMITTEE REPORT

March 8, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Agriculture, Livestock, and Irrigation report that Senate Joint Resolution 12 (third reading copy -- blue) be concurred in .

Signed: Linda Nelson, Chairman

Carried by: Rep. Hoffman

HOUSE STANDING COMMITTEE REPORT

March 8, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Agriculture, Livestock, and Irrigation report that Senate Joint Resolution 14 (third reading copy -- blue) be concurred in .

Signed: Linda Nelson, Chairman

Carried by: Rep. Steppler



Madison County Weed Control

P.O. Box 278
Virginia City, MT 59755

EXHIBIT 1
DATE 3-8-91
HB SJR 12

March 7, 1991

TO: Chairman Nelson and members of the House Agriculture Committee.

RE: Senate Joint Resolution 12, Senator John Anderson: A Resolution for a committee to research and develop legislation for the 1985 Montana County Noxious Weed Management Act.

FOR: The Record

My name is Neil Peterson. I am the Weed Coordinator for the Madison County Weed Board and Chairperson for the Headwater's RC&D Range/Weed Committee, which is made up of weed personnel from eight (8) Southwest Montana Counties. Both entities go on record in support of SR12.

I want to detail some history pertaining to SR12. The Resolution is directed specifically at Section 7-22-2126, Embargo of the current County Noxious Weed Act. The Resolution goals are to:

- Review the legal aspect to provide improved embargo administrative authority to county and state governments.
- Coordinate the use of embargo authority and the current Noxious Weed Seed Free Feed Program of effected governmental and private agencies and parties.

The now existing Embargo Section is the weakest section in our excellent Noxious Weed Act. It is now becoming clear, that with the Noxious Weed Seed Free Feed Program in place, that weed prevention, early detection and public awareness are key activities in the overall Weed Management Program. An improved Embargo Section can perform a key role in Weed Prevention.

In Madison County's Noxious Weed Seed Free Feed Program there are 1.1 million acres of Federal and State Public Lands covered with regulations governing entry of only certified weed seed free feed. These regulations have been in place for two years and the public's acceptance and support has been 90 plus percent. The reasons for acceptance has been that administration has been geared to prevention and awareness, not strict law enforcement. The other reason has been the certified products are in the market place and the involvement from agricultural producers in the program.

SR Resolution 12
February 4, 1991
Page 2.

Even though the program is up and running, the county has no administrative authority for the private land owners or state school lands. The County's Weed Board has had requests and support for regulation.

The Resolution was generated by a Ruby Valley Conservation District Board Member and a local hay producer. The Resolution has been introduced through conservation district levels and has been approved by the State's Conservation District Association.

It was understood at the beginning that the Resolution was created for researching the legal aspects; the administrative authorities; the coordination of several entities and then if feasible, present sound legislation in the future.

I have in my files a letter containing an invitation and agenda for the meeting of the Greater Northwest Noxious Weed Management Council, Seattle, Washington, March 11, 1991. This is a coordination meeting for the Western States and agenda item is a developing standardized certification program for noxious weed free forage. This Weed Free Feed (forage) Program is being viewed by the Western States as a critical activity in their total Weed Management Program. Montana, again, is the leader in the Weed Free Program.

Senator Anderson's Resolution is another reason for Montana's leadership and the Resolution needs the committee's approval and movement for its implementation.

I want to stress that the embargo and weed prevention are important aspects in weed management. There is a great deal of administrative research and coordination that needs to be accomplished as well as proper legislation and the goal of Resolution 12.

Thank you.



EXHIBIT 2
DATE 3-8-91
HB SJR 14

DONALD R. JUDGE
EXECUTIVE SECRETARY

110 WEST 13TH STREET
P.O. BOX 1176
HELENA, MONTANA 59624

(406) 442-1708

TESTIMONY FOR DON JUDGE ON SENATE JOINT RESOLUTION 14 BEFORE THE HOUSE AGRICULTURE COMMITTEE, MARCH 8, 1991.

Madam Chair, members of the Committee, for the record, my name is Don Judge, representing the Montana State AFL-CIO, and we are here in support of Senate Joint Resolution 14.

During the 1989 session, the AFL-CIO rose in support of this same measure. Our interest were to try to protect family farmers, small operators, and consumers from monopolized non-competitive pricing. At that time, three companies controlled 75% of the U.S. fat cattle market. Small operators and farmer-feeders were losing business and going broke every day.

National estimates show that 7000 jobs have been lost due to lack of competition in the meat packing industry. That comes to an annual wage base loss of \$75 million. The current trend toward monopolization and big industry, and away from healthy competition and small production affects everybody. For the producers, it means a relatively small marketplace to sell their product. For the consumers, it means high prices and quality that is suspect. For the workers it means a smaller choice of places to work.

Meat packing in Montana is a value-added process. Adding value to Montana resources is what all recent studies and initiatives in economic development call for in order to help Montana create jobs for our youth and to stimulate our economy. We agree, and urge you to help us promote value added projects that are attached to one of our states largest industries, agriculture.

This resolution calls for an investigation of the conditions of this particular segment of Montana's agriculture. We feel that it is a segment well worth studying, for the good of all Montanan's.

We urge your favorable consideration of Senate Joint Resolution 14.

Thank you.

Northern Plains Resource Council

Amendment 4
3-8-91
SJR 41

SENATE JOINT RESOLUTION 14

WHAT DOES THE RESOLUTION ACCOMPLISH?

SJ 14 acknowledges that increasing consolidation of the livestock industry is of concern to rural communities, livestock producers, consumers and workers. It calls for an interim study on :

- (1) the economic impact on Montana's livestock producers of concentration and vertical integration by the dominant meatpackers;
- (2) the relationship between the economic impact on producers and other aspects of the state's present and future economy, such as the tax base, population, and viability of our rural communities; and
- (3) to develop recommendations for options that Montana can pursue to address the issue.

WHY IS THIS ISSUE IMPORTANT TO MONTANA?

The following changes have a drastic effect on the state's economy:

- * Packing plant closings throughout Montana have displaced many workers.
- * Excessive market power by one lamb packer and a handful of eastern wholesalers has had a devastating impact on the income of Montana sheep producers. In 1987 feeder lambs sold for around \$1; whereas, now the price is about \$.45 for lambs.
- * Mid-sized cattlemen, which most of Montana's ranchers are, are predicted to go out of business. The potential loss in prices paid to cattle producers during the period of 1978- 1987 was nearly \$6 billion dollars. Many are saying cattle prices are at an all time high. In 1990 the price producers received for calves was essentially the same as it was in 1979, not accounting for inflation; yet agriculturist's costs are obviously subject to inflation.
- * For the period 1978- 1987 overcharges to consumers for beef and pork products was at least \$4.7 billion.

WHAT CAN MONTANA DO?

Montana will not solve these problems by itself. But, Montana should be part of a growing coalition of states working together on the issue (Iowa, Minnesota, South and North Dakota, and Wisconsin). Representatives of these states' Attorneys General met this fall in Minnesota with producers; however, Montana did not send a representative because no resources are allocated to this issue. Our neighboring states have taken similar actions. For example, South Dakota has already completed a study on the issue and its legislature is currently reviewing the recommendations. Wyoming's legislature is considering passage of a similar resolution.

The intent of this resolution is to figure out how we can take care of the livestock and related industries in Montana, by specifically addressing the following:

- * Based on the existing estimates of losses to livestock producers from increased concentration and vertical integration in the livestock industry, what is the state of Montana losing or expected to lose in terms of revenue and population?
- * What are other states doing about the problem? Are there specific steps that Montana can take to defend the interests of its producers? Is Montana currently allocating enough resources to antitrust issues? Given that it is generally recognized that states will have to take a more active role in antitrust enforcement, what are other states doing in this area?
- * Based on a review of livestock marketing in the region, the study could accurately document our selling market and the level of concentration in that market. It could answer questions such as: How has the loss of value-added livestock operations (e.g., feeder and packer operations) in Montana changed how Montana's producers market? Would enhanced ethanol production accomplish the goal of expanded livestock feeding? Are there steps the state can take to facilitate the successful re-opening of the packing plants which sit idle around the state? What can the state do to foster value-added economic development for Montana's livestock industry?

SHOULDN'T WE WAIT FOR THE FEDERAL GOVERNMENT TO ACT?

Action by the U.S. Justice Dept. has been essentially nil. U.S. Antitrust Division staff was cut by one-half since 1980. However, between 1980 and 1986 the volume of merger transactions increased 300%, while federal enforcement during that period decreased to one-fifth of its pre-1980 level. States can and must take a more active role in antitrust enforcement.

Eighty-three Percent Say Meat-packing is Too Concentrated

In the past few years, concern has grown regarding the increased concentration of meat packing among a few firms. About 83 percent of the livestock producers who responded to the survey felt the meat-packing industry had become too concentrated. As Table 20 shows, a sizable majority (73 percent) believe that the concentration will result in a decrease in net returns to Montana producers.

Respondents seemed to be split, however, on whether a meat packer in the state could be

competitive with the big national meat packers. About half of the sample (Figure 21) believed that it could. In response to the idea of developing new markets by making Montana beef a specially-identified product, 55 percent said they would be willing to put their cattle in state feedlots to support this effort, even if the cost of gain were higher. However, almost one in five had no opinion on this matter.

Figure 20: Perceived Effect of Meatpacker Concentrations on Net Returns

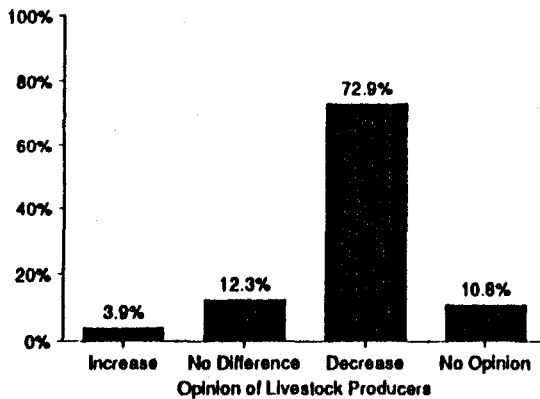
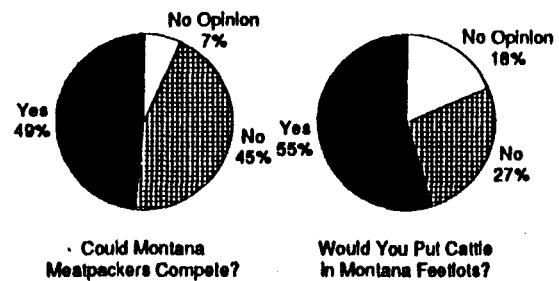


Figure 21: Perceptions about Meat-packers



**MONTANA
STATE
UNIVERSITY**

College of Agriculture & Extension Service
 Agricultural Experiment Station
 Office of the Dean and Director
 Montana State University
 Bozeman, MT 59717
 406 994-3681



MONTANA FARM BUREAU FEDERATION

502 South 19th • Bozeman, Montana 59715
Phone: (406) 587-3153

EXHIBIT 5
DATE 3-8-91
HB SJR 14

BILL # SJR14; TESTIMONY BY: Lorraine Gillies
DATE 4/8/91; SUPPORT _____; OPPOSE Oppose

Madam Chair, Members of the Committee:

For the record, I am Lorraine Gillies representing
Montana Farm Bureau.

We are opposed to SJR14. We do not feel it is the role of the
Montana Legislative Body to examine the economic impact of concentration
on the economy. The United States Justice Department is the proper
investigative body for matters of this type. Restraint of trade
and investigations of mergers that threaten our way of doing business
cannot properly nor economically be done by the State.

Legislation has been introduced at the national level to "protect
small businesses against unreasonable use of economic power by
major meat-packing companies".

For these reasons, the State should not be subjected to unnecessary
expense. We urge this committee to give this resolution a do-
not-pass.

Thank you.

SIGNED: Lorraine Gillies

— FARMERS AND RANCHERS UNITED —



EXHIBIT 6
DATE 3-8-91
HB SJR 12

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WRITTEN TESTIMONY FOR SENATE JOINT RESOLUTION 12
MONTANA WEED CONTROL ASSOCIATION
DAVID BURCH, PRESIDENT ELECT & LOBBYIST

3/6/91

For the record my name is Dave Burch and I represent the Montana Weed Control Association, and we are in support of SJR 12.

This resolution would create a committee that would prepare a plan and make recommendations to the 53rd Legislature on the economic impacts and benefits of implementing a combined and unified plan to restrict the movement of products that contain weed seeds. The movement and use of these products can cause new weed infestations and create economic and environmental problems. It is in the best interest of all agencies, and citizens of Montana in preventing the introduction or establishment of weeds as prevention is the easiest and cheapest way to control weeds by stopping them before they start.

There needs to be a unified plan put together for Montana as of now we do have certain plans that do address some of the issues but not all of them and it is time to create one overall plan that would combine all of them. Montanans spend millions of dollars each year on controlling weeds, we need to stop the movement and use of products that contain weed seeds, if prevention would have been used in the past we would not have to spend big dollars to control weeds.

The Montana Weed Control Association urges you to support and pass SJR 12.

Thank you

VISITORS' REGISTER

COMMITTEE

BILL NO.

DATE _____

SPONSOR

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

Agriculture

COMMITTEE

BILL NO.

SIR 14

DATE

3/8/91

SPONSOR

See Weeding

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
Jim Barngrover	AERO	✓	
CHRISTIAN MACKAY	AFL-CIO	✓	
Bill Gillin	N.P.R.C.	✓	
Jack Heyman	NRA (SPA)	✓	
Lorraine Gillies	Mont. Farm Bureau		✓
W R Mackay Jr	Self	✓	
Chas Kusey	MSCA	✓	
Bob Heiser	UFCW	✓	
Don Sterhan	Alcotech	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.