

Agriculture by Marcia Merry

Farmers sue Cargill

The agri-giant's attempt to consolidate its control over American food production is running into legal difficulties.

A \$26 million lawsuit was filed against Cargill, Inc. on Aug. 30, 1984 by the Southwest Tennessee Poultry Producers Association. Now before a Federal judge in Memphis, Tennessee, the suit charges Cargill with breach of contract and anti-trust violations.

Earlier this year, the meatpacking company Monfort of Colorado, Inc., won an anti-trust suit against Cargill, in which Denver Federal Judge Feinsilver permanently enjoined Cargill from acquiring the Spencer Meats division of Land-O-Lakes in order to prevent Cargill from monopolizing beef processing. The judge specified that the Spencer acquisition, had it been allowed to go through, would have put Cargill in a position to control both consumer and cattle prices. Cargill has now appealed the judgment.

The Tennessee poultrymen's suit brings before the courts the same kind of monopoly practices by Cargill in the poultry-and-egg industry. Poultry is the most vertically integrated of all U.S. food industries. Along with Cargill, only a tiny handful of other cartel-connected companies dominate American poultry production, such as Continental Grain, through its Wayne Poultry subdivision.

The Cargill Poultry Products Division is using its dominant position in Tennessee and other areas to manipulate the quality and price of chicken feed, to reduce the number of birds delivered for grow-out, to determine what kind of equipment must be bought

at farmers' expense, to dictate prices, and to arbitrarily alter egg grades to selectively cheat targeted producers.

Last winter, when consumers were paying top dollar for eggs because of the avian flu outbreak in Pennsylvania, egg producers in Tennessee and elsewhere were told there was a "surplus" of eggs that was "depressing prices." Cargill is paying farmers 3½¢ per dozen. It costs farmers 8¢ to produce a dozen under the current "contract-farm" arrangements. Independent poultrymen are being forced to close down at crisis rates.

Just a small number of poultrymen shutting down can easily reduce the supply line of eggs and chicken to the consumer. The Southwest Tennessee Poultry Producers Association consists of only about 22 or 23 farms, but these house about 2 million birds, with an initial investment of approximately \$15-\$16 million.

Cargill dominates the poultry processing industry in the region through its Oakland, Tennessee plant, whose director, Raymond Kelly, became so hated for his cheating business practices that the head office recently shifted him to a new location.

Another suit against Cargill is pending in Cullman, Alabama, on grounds of manipulation of the egg market. These suits throw strong light on the obvious conflict of interest on the part of the current undersecretary of agriculture, Daniel Amstutz, who is a 25-year Cargill top executive. It is an open secret in Washington that Amstutz runs everything at the USDA,

and Secretary Block is the fall guy, with an ulcer to show for it.

Amstutz got into office about the same time as Henry Kissinger was brought back, in 1983. There is a growing movement among farmers and processors to demand Amstutz's removal from a second Reagan administration.

Cargill is one of the top grain cartel companies in the world, and exercises strategic control over key trade flows of many foodstuffs—meat, orange juice concentrate exports, and so forth.

Cargill and Dr. Armand Hammer own the two largest beef processing companies in the United States—Excell Corporation and IBP, respectively. Congress has issued a report on the danger of the concentration of ownership in the U.S. meat industry, but the report is a cover-up since no names are mentioned. There has been no congressional scrutiny or government agency action on Cargill or IBP. Informed sources also report that Cargill is protecting its expected takeover interest in Spencer Meats by financially protecting Land-O-Lakes, in direct violation of the federal court's anti-trust order.

Cargill has already consolidated this degree of control in other regions of the world. In Argentina, Cargill dominates the entire poultry industry, after years of bitter fighting in which Cargill undercut every independent grower and processor.

One of the latest scandals involving Cargill is the involvement of Amstutz or Cargill directly in a recent USDA action against the giant P-L-B grain elevators in Plainview, Texas, owned and operated by P. L. Blake of Mississippi. P-L-B is the largest grain elevator in the United States, and one of the few that is still independently owned (see *EIR*, Business Briefs, Oct. 9, 1984).