

Mike Callicrate

## The Sad State of American Agriculture: Solutions

*Mike Callicrate is a Kansas cattleman, policy advocate and the founder and owner of Ranch Foods Direct. He is the operator of the No-Bull Food News blogsite. This is an edited transcript of remarks he delivered to the third panel, "Weimar Germany 1923 Comes Again: Global Glass-Steagall to End Hyperinflation," of the Schiller Institute's June 26-27 conference, "For the Common Good of All People, Not Rules Benefiting the Few!" Subheads have been added.*



Schiller Institute

Mike Callicrate

### Industrial Farming Is Looting

And I want to tell you about a flight I took on Friday from Newton, Kansas, to Colorado Springs. Now, on that path, you cross the entire width of the Ogallala Aquifer. The Ogallala Aquifer has sort of been this area of industrial production, agriculture. The water is being pumped there to grow corn and soybeans and wheat and alfalfa hay, and all these things that that feed into the food system. But mostly they're producing livestock feed, below cost of production.

Hi, I'm Mike Callicrate. I live in western Kansas and have businesses in Colorado Springs, Colorado. We slaughter animals where they're at in St. Francis, Kansas, on our ranch, and then we haul carcasses to the urban center, which is Colorado Springs, about 200 miles away. This is really just an example of what I think we need going forward in order to be able to feed ourselves in a resilient and sustainable way.

I've been fighting industrial agriculture for around 30 years. I really discovered that the big meat packers had decided to cooperate rather than compete, about 1988. And by 1990, I had fully realized that I was playing in a fool's game as a cattle feeder. And so, I started to think about how we could make the system better. How do we make it serve the people who are involved, from the ranch to the worker in the slaughterhouse processing plants and the consumer? And so in about 2000, we developed Ranch Foods Direct, which is exactly the intent of that model. It is to try to replace the industrial model that I think has served us extremely poorly.

And so, on that flight, it looked more like an area that has been strip mined, strip mining that's been applied to agriculture. They're mining the water. I saw sprinklers that had been completely shut down, and the



center pivot removed. The Ogallala Aquifer is in steep decline. It's being pumped out far, far beyond its recharge rate. And we saw a lot of sprinklers that the end tower had been removed from.

And so, they're doing everything they can from a technology perspective to try to stretch the water. But this is a valuable public resource that's being mined by a few. And the profits are being handed off to the big

food companies of the world, like Tyson and JBS and Cargill and Marfrig's National Beef Company. And the water is disappearing.

The other thing I saw was a massive number of empty feedlots. These are the smaller, independent farmer feeders who would feed cattle—the production from the farm—and the manure would go back on the land in a very resilient, in a very sustainable way, without worrying about the manure from these livestock. Those are gone. Those are essentially gone, and the animals have now been concentrated into some very, very large operations where manure is a liability, not an asset. Now, it's a problem; it's a pollutant instead of this wonderful asset that builds soil health.

Then there are the feedlots that have sweetheart deals with the big meat packers, which get prices well above the reported prices for livestock. And these feedlots are then able to put their neighbors out of business, and takeover the animals that used to be fed in those smaller, more sustainable kind of operations. It was quite a shock just to see the soil loss across, especially eastern Colorado, where it's been blowing and washing away for years. A huge percent of the topsoil is already gone.

### A Better Way

We're well on our way to *not* being able to feed ourselves. I often talk to people, and they often say, Mike,



Courtesy of Mike Callicrate

but that industrial model, that corporate control model is just so efficient. And I say, really? How so? In my operation at St. Francis, Kansas, one can slaughter four animals per person per day, per man per day. And these are not the most highly skilled butchers. These are young people who want to learn, and they're learning how to process these animals. But they can get four animals per man per day. At the two biggest Tyson plants at Dakota City and Garden City, Kansas, we're looking at less than 1.6 animals per man per day. So, who really is more efficient?

How about water use? The big plants are using over 700 gallons per animal processed. At my small plant in St. Francis, Kansas, we're using between 30 and 50 gallons of water per animal processed.

The big lie of economies of scale and efficiency, is really in efficiency about extracting wealth. It's about how they extract the wealth from the farmer, from the rancher, from the land, from the available water resource, and reward their shareholders and top executives. That's what they're really efficient at. It's a model that's failed, and we have to acknowledge it. And we have to be ready to build the alternative, like I've been working on for the last 20 years with Ranch Foods Direct. And so, you think about their efficiency.

When I started feeding livestock



Courtesy of Mike Callicrate

Workers at Callicrate's facility (shown here) are more efficient, use less water, and work in better conditions, than in the big slaughter houses.

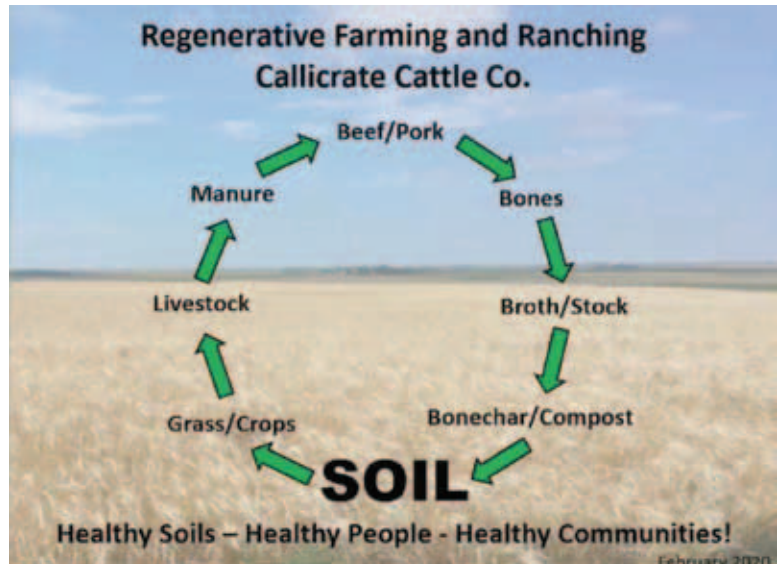
in 1978 in St. Francis, Kansas, I built my first feedlot. I had as many as 20 meat packers I could sell to. We had a really strong local-regional food system at that time. And back then, the producer of the livestock, of cattle, was getting 65% of that consumer price back to the farm and ranch gate. That fell as low as 27% last June during the COVID disaster, and it's running around 35% to 40% consistently.

### End Monopoly Practices; Enforce Antitrust Laws

There's been this massive loss of over a thousand dollars a head that has been taken from the livestock producer and handed off to the big corporations who are posting unbelievable returns on equity: You know, 30-some percent returns on equity at the retail level, you know, high teens to 20% return at the slaughterhouse level. But food service is the bigger one, the Syscos of the world. In the last five years, they've averaged a 43% return on equity, while workers, farmers, and ranchers are just going bankrupt, and workers are being mistreated and forced into dangerous working conditions. None of that exists, essentially none of that exists in the alternative, more local-regional model like I have tried to develop with Ranch Foods Direct.

What we also see is fear of inflation; the fear of inflation is real. They're talking about it. But we have to really distinguish: is it inflation, or is it price gouging? We saw what the big packers did with COVID. They shot the price of beef up to the retailer and food service companies recapturing a lot of what they'd handed off to the retailer earlier. And at the same time, they reduced the price of livestock because they have the market power to do it. And it's their job to maximize returns to shareholders. And so, they're in a position of monopoly power, and they are exerting that monopoly power.

Over the last 50 years, we've ignored monopoly power. We've allowed all the mergers and the acquisitions and the buyouts to occur, to where now we have just a handful of companies in all these various industries across the country that have the power to extract unfair amounts of profit from the various industries, whether it's lumber, or whether it's beef processing and distribution.



Courtesy of Mike Callicrate

And so, what I'm suggesting is that we go back to the land, that we develop policy right now that rebuilds local regional food systems like we had 40 and 50 years ago, the ones that were destroyed by the concentration and consolidation of a handful of monopoly players that were cooperating rather than competing. I'm saying policy should make it easy for people to go back and build rural communities, restore soil health by bringing livestock back. Livestock should be at the center of the new farm and the new ranching operations.

We need to think about how do we build soil health? How do we sequester carbon through good, well-managed grazing programs?

Right now, China is copying the U.S. model of production in agriculture, this industrial model. In fact, the biggest pork producer in the United States is Smithfield, which is owned by China. They kill one of every four hogs in the United States. They bought thousands of acres of land in the United States. And essentially the United States has become part of China's plan to feed themselves at the expense of the United States being able to feed itself. We are a net food importer today on a value basis.

The Indian government, the other massive population on the planet like China, is also trying to impose the U.S. model of industrial agriculture, which is, we know, seriously destructive. It puts people off the land, and it mines instead of using a sustainable model that builds soil health. The Indian farmers are fighting very

hard to avoid that trap of being enslaved by a handful of global corporations. And of course, there's a lot more Indian farmers as a percentage of the population, than there are U.S. farmers, and so they're making a lot of noise. And we should support that movement in India to keep family farming alive and expand it, rather than have it put out of business by the handful of global corporations.

We need to build a community of farmers and local regional food systems, so it serves the consumer, and so it serves all of the things that we care about, from climate change to the way animals are treated. The people that live on the land and actually create wealth through the production of food that they share in the economy have to be able to earn a living income. That is not what it is today. They're being enslaved more and more all around the world into these industrial models. We need to avoid that. I'm suggesting that all the money we're spending in the U.S. on building it back better, that we build back the most critical infrastructure, and that is the ability to feed ourselves—those processing facilities.



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## Urban Public Markets as Public Utilities

And what about those facilities being connected by way of public markets in urban centers, complete with all of the processing space so that the farmer and the rancher doesn't have to be out that expense? That could become more like a public utility. Oftentimes, utilities replace monopolies throughout history. Let's let a utility-type model come in and provide the food producer access to the consumer. And that can be done more in the framework of a public market or perhaps a co-location where you've got the baker and the meat market and the brewer and the coffee roaster and the grain miller, all in the same place. Drawing in those consumers as an alternative to the Wal-Mart and the Dollar stores and the big box retailers across the country.

And then what we need to do, and we need to do it now, is, we need to enforce strictly the antitrust laws. We've already got them on the books. Of course, they've been diluted. There's been some seriously bad judicial decisions made that have given the green light to big meat packers, for example, to break the Packers and Stockyards Act of 1921, which broke up that monopoly of that day. We need to reassert the purpose of antitrust laws, which is to prevent the very monopolies that we now have in full force. And Congress is looking at some various options right now. We have their attention. Let's push very hard to enforce antitrust law that protects the producer and the consumer and the new food model that we want to build out. That's going to be very, very critical going forward.

So that is what I have to offer today, is the idea of building the alternative. Avoid the global economy, avoid the global monopolies that are now currently extracting the wealth from the economies of the world. They have to go away eventually. We can't get rid of them overnight, but we can certainly start building an alternative alongside their model and strictly enforce antitrust laws. Step in, take care of the workers that are being exploited, start building these local regional food systems and reviving our rural spaces. But please, we've got to focus on rebuilding soil health, sequestering carbon. And we do that through agriculture, and we do that through a livestock-centered agriculture.