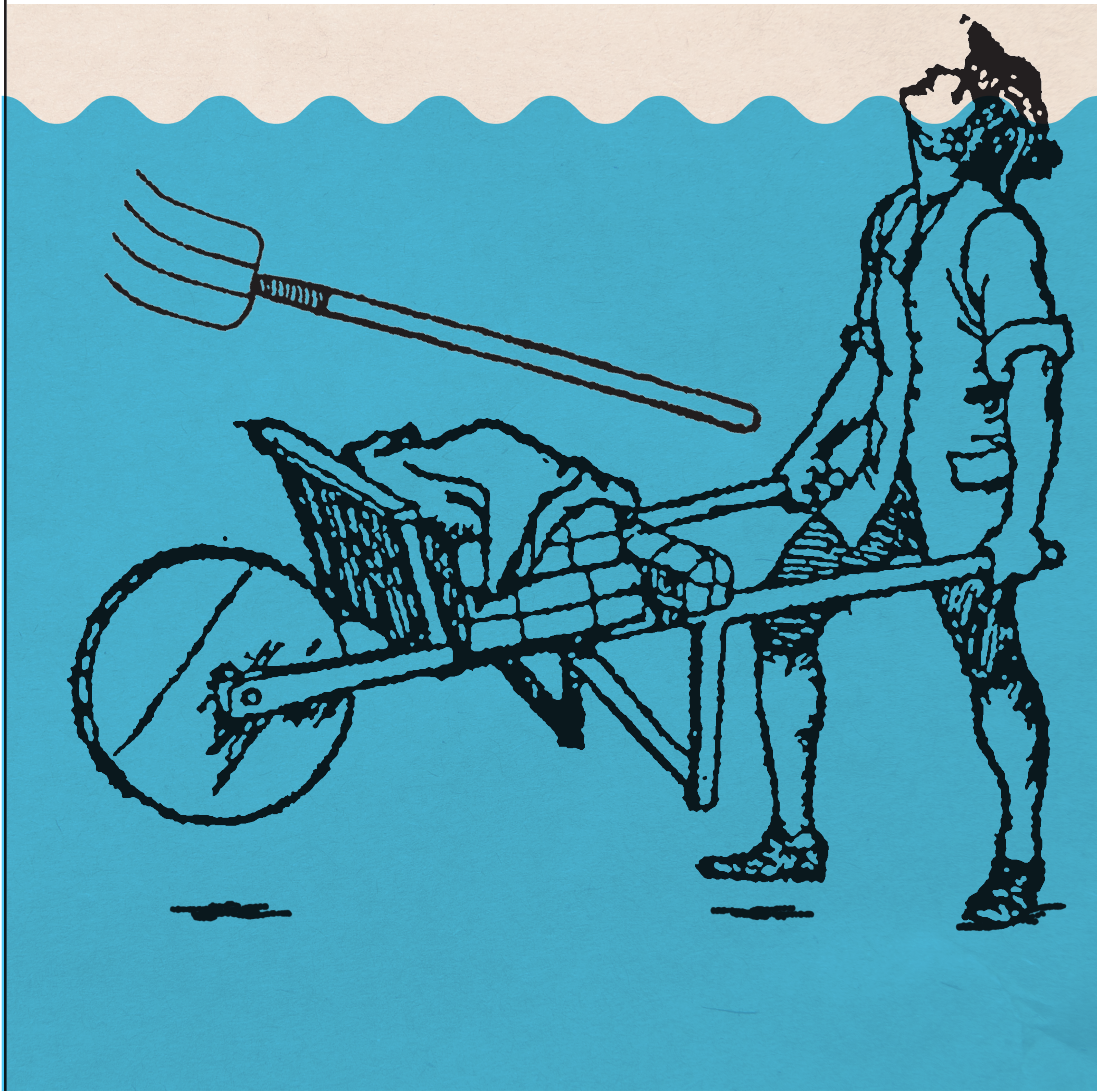


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REGIONAL BUSINESS AUTHORITY



## Part II

# For Sale: Farmland

The livelihoods of Missouri farmers are threatened in big business of meat production

by Jana Bounds · [jbounds@sbj.net](mailto:jbounds@sbj.net)

With globalization and population growth, farmland is becoming an increasingly hot commodity.

Tim Gibbons, a spokesman with the Missouri Rural Crisis Center, said transnational corporations in the protein industry are looking for states and rural communities where there isn't much resistance to what the Department of Natural Resources classifies as concentrated animal feeding operations.

"They pretty much target anywhere they can get in," he said.

The dominoes began falling in Missouri in 2013, when state Rep. Casey Guernsey, R-Bethany, introduced a late-coming omnibus bill that made available farmland to foreign

interests from zero percent to 1 percent, or nearly 300,000 acres. The move paved the way for China-based WH Group to purchase Smithfield Foods Inc. According to the National Institute on Money in State Politics, Smithfield consistently contributed to Guernsey's campaign throughout his political career. The development hit national news and left the St. Louis Post-Dispatch asking, "Is Missouri's agriculture law being rewritten in Hong Kong?"

Leslie Holloway, director of regulatory affairs with the Missouri Farm Bureau, said in an op-ed piece the WH Group/Smithfield transaction involved assets in over a dozen states, including some 50,000 acres in Missouri.

Senate bills 9 and 342, sponsored

by Guernsey, passed the legislature the last day of the 2013 session – less than two weeks before the Smithfield deal was announced. The statute that protected Missouri land from foreign ownership dated back to the 1970s.

It's been documented that two years prior to Missouri's law change the Chinese government issued a five-year plan for food companies, such as WH Group Ltd., to obtain more meat for their production lines by purchasing overseas businesses. China now consumes 28 percent of the world's meat, including half of its pork, according to published reports by The Guardian.

Guernsey now is self-employed as an investor and government affairs consultant according to his LinkedIn profile. A call to Guernsey Farms was answered by Guernsey's mother, Vicki, who said her son currently was in China with a client to purchase medical equipment for a nonprofit.

Gibbons said since the state now allows foreign ownership of Missouri land, residents and family farmers depend on local control: the ability of county commissioners and elected health officials to create ordinances as safeguards, like increasing setbacks for CAFOs from occupied residences and schools.

"Big ag doesn't like people being able to stand up for their rights," he said. "So, what they have done for the last 15 years, and what they are doing this year, is lobbying the legislature to pass laws that take away local control from our counties and take away control from our local elected representatives."

This year, Rep. Joe Don McGaugh, R-Carrollton, reintroduced a bill in the House of Representatives that requires the county commission and the county health center board to "be in concurrence when establishing health orders, ordinances, rules or regulations."

Scott Clardy, chairman of the legislative committee for the Missouri Association of Local Public Health Agencies, said approval of HB 113 would strip the authority and autonomy of local boards of health to shape ordinances. "The purpose for people introducing this bill in the past has been to make it

easier for CAFOs to come into certain places – so that there wouldn't be local boards of health to fight CAFOs," he said.

Gibbons said last year attempts to weaken local control were written into 20 bills.

Neither McGaugh nor Gov. Eric Greitens' newly appointed Director of Agriculture, Chris Chinn, responded to Springfield Business Journal's attempts for comment. Officials with WH Group also did not respond.

### Ominous bills

The Latin meaning for omnibus is "for everything." Omnibus bills surface at the end of a legislative session and include an assortment of unrelated bills – and it's a practice CAFO supporters have been known to use.

Gibbons said language supporting big ag usually is attached to a bill that has to pass – because it provides necessary funding to an essential entity – so he and other watch groups eye the end of the legislative session with apprehension. He said repeated attempts to change legal definitions to pave the way for CAFOs are fought and sometimes won, but it's a continual chess game.

Last year, there were legislative efforts to change the definition of continuing authority so the Clean Water Commission couldn't block out-of-state shell companies from building CAFOs.

Gibbons and others fought the move because it would open up the state to an influx of difficult to track CAFOs.

"Rural people and Missouri citizens stood up and said that's not good enough," he said.

What the legislature did instead was change the composition of the Clean Water Commission.

"They did that in an omnibus bill. It was language that had never been seen, had never been a stand-alone bill," Gibbons said. "They took away the mandate that the public be represented on the Clean Water Commission and increase the probability of big ag, industrial livestock supporters, being on the commission."

The group encouraged Gov. Jay Nixon to veto the bill, which he did. Then the legislature overrode it.

"Welcome to Missouri politics. It is not pretty and it is not how our public policies should be made," Gibbons said.

### Selling farmers

Big ag is operating under an integrator business model that began nationwide in the 1950s. Typically, local farmers are under production contracts with transnational corporations in which the farmer is responsible for the loan, the buildings and operating debt, and they have to cover the environmental impact costs. The corporations own the animals.

"It's cheaper for the poultry company to own the feed mill, own the hatcheries, own the trucks and own the slaughter plant and then they contract the production," said Doug Constance, a professor of rural sociology at Sam Houston State University. "They don't want to own that land or those buildings. That's tying up fixed capital. So, they let the farmers incur the debt and avoid a lot of cost that way."

Mary Hendrickson, assistant professor of rural sociology at University of Missouri, said poultry barns are geographically specific.

"Generally, an integrator like Pilgrim's Pride – which is owned by JBS – will have about a 30-mile radius of the [processing] plant from which to source their birds. They kind of have a territory," she said.

The companies recruit farmers from that territory.

"A lot of times, (integrators) talk about Cadillacs and diamond rings to get these people in. Sometimes it works out; a lot of times it doesn't," Constance said.

According to the sources interview for this story, farmers often are convinced to mortgage their farms and invest around \$1 million in the CAFOs with their financial stability dependent on renewed contracts with the corporations.

"It's those single-use buildings – CAFOs – that make you vulnerable," Constance said.