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Part III

Growing pains in growing world's protein

Farmers say there's little stopping the global food machine, but they find hope in educated consumers

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Growing the world's meat is a dirty business in more ways than one. And rural sociologists say America's farmers are the greatest victims in the protein industry's multidimensional disaster.

The country of China appears to be a central player.

Nathan Halverson, a reporter with

the Center for Investigative Reporting, spent four months researching the Chinese government's role in the global food chain, largely investigating China-based WH Group's 2013 purchase of Virginia-based Smithfield Foods Inc. for \$4.7 billion. The price reportedly was around 30 percent more than Smithfield was worth, and the deal signaled the largest Chinese takeover of an American company, according to Wall Street Journal reporting.

Halverson discovered the Chinese government has established massive pork reserves, similar to U.S. oil reserves, in order to store millions of pounds of frozen meat. Last year, the Chinese government released 6.1 million pounds of pork in a two-month period in 2016 in order to drive the price down, according to The Washington Post.

The ripple effects are felt in southwest Missouri, said Marina Backes, co-owner of Circle B Farms, a humane and sustainable pork farm in Seymour.

"The prices are way down again, especially in the commodity market, because of the fact that the Chinese – they control the pricing," Backes said.

Backes and her husband John intently opted to raise pasture hogs rather than the corporate standard concentrated animal feeding operations.

"There wasn't really ever any discussion that we were going to do a CAFO," she said. "A lot of it has to do with that you have to give them a daily antibiotic. They grow faster, but you're sacrificing taste and your health."

The couple purchased hogs from a CAFO near Kansas City in the early days of Circle B Ranch, and Backes said that experience solidified their farming plans. The greatest impact was from watching the CAFO hogs after unloading them in Seymour.

"Those animals did not know how to be pigs," she said. "All they did was stand there. All they had ever seen were slats and concrete flooring. That's what they were raised on."

The Backeses introduced the new hogs to a pasture pig for instruction in basic rooting and wallowing behaviors.

Failing the farmers

Here's what the Backeses avoided: When multiple poultry corporations, or integrators, attempt to move into an area, the companies compete for growers and the proposition can seem lucrative to farmers.

"In the beginning, there's often three, four or five different integrators who want you to grow birds for them. Then you have choice," said Doug Constance, a professor of rural sociology at Sam Houston State University, who has extensively studied the farming integrator business model. "But, over time with economic concentration, there are fewer and

fewer integrators.

"So, if you have a huge investment and you've only got one firm to deal with, that's when you have oligopoly or monopoly and when you get predatory economic behavior by the integrator."

For farmers, one predatory behavior to contend with is called The Tournament.

The system pits farmers against farmers by calculating an average weight of poultry out of all the growers who sell chickens each week.

"Whoever is the middle grower for the week is the average grower, and anybody who does better than him gets paid more and anybody who does worse has money taken away from them. So every week, half the growers lose money," said Mike

Weaver, a 14-year contract poultry grower for Pilgrim's Pride.

Constance said the practice becomes handy once the market turns down.

"Then the integrators play the bottom off the top. They rank all the producers and cut the bottom ones out. If you don't get birds in those buildings, you can't pay the mortgage and then you lose your land," he said.

There are successes for some growers, but sources say it's rare.

"Poultry is sharecropping," Constance said. "Sharecropping, of course, is a remnant of slavery, developed in the U.S. in the late 1800s and early

1900s. So, this very flexible system of sharecropping is very good for the corporations."

Many growers struggle to get out of debt because once they start to produce a profit, they are hit with upgrading requirements by the integrators and told they need to make investments into the millions of dollars.

"If they refuse, the contract is not renewed and they usually lose the farm," Constance said of what rural sociologists call a "holdup."



Marina Backes: The CAFO pigs didn't know how to be pigs.