Agriculture by Sue Atkinson

ConAgra's profits soar

Cartel companies make big bucks and blame mythical "middlemen" for bilking farmers and consumers.

ConAgra, the U.S.-based company in the global food cartel, has announced that its first quarter fiscal 1992 profits are 15% over a year ago this time. This stands in stark contrast to the thousands of farms now being ruined at a rate that has ended the traditional "American System" of independent family farms. ConAgra's fellow cartel companies have also maintained fat profits while the agriculture sector disintegrates.

ConAgra is so blatant a case that even the Justice Department, in an attempt to protect its image, this year announced an investigation of the firm for price gains from its lamb-slaughtering monopoly. But who do such cartel companies and the media say is at fault? The "middlemen."

Look again, and you will see that the "middlemen" are none other than the cartel companies themselves.

ConAgra serves as a good example. A subsidiary of ConAgra is Monfort, Inc., which slaughters up to 60% of the lambs in the United States. Producers receive 50¢ per pound for the lamb, while stores charge almost $7 per pound. Who owns, through various subsidiaries, the transportation, processing, and distribution? ConAgra.

First, look at something simple: oats. ConAgra has oat-processing facilities in countries around the world. According to the calculations of Iowa farm representative Jerry Nash, the U.S. farmer is getting $105 for what the retailer is getting $3,200! It takes 2,800 pounds of whole oats to make 2,000 pounds of rolled oats for oatmeal. The farmer receives $105 for 2,800 pounds of oats. The 2,000 pounds of rolled oats make 32,000 one-ounce servings at an original cost (farmer's share) of approximately one-third of a cent per serving. The average retail price of an 18-ounce box of rolled oats is $1.85—which is just over 10¢ per one-ounce serving.

The ingredient label on the box lists 100% natural rolled oats, meaning nothing has been added to increase the cost. Here, again, who owns through various subsidiaries, the transportation, processing, and distribution? ConAgra.

Look at meat. Only three cartel companies (Cargill, ConAgra, IBP) control 70% of the steer and heifer slaughter in the U.S., 80% of boxed beef production, 40% of the U.S. pork industry, and just one of them (ConAgra) also controls 60% of the U.S. lamb industry. Do they also control the "middlemen"? In the case of Cargill and ConAgra, the answer is, yes!

Cargill is a privately owned company and, therefore, difficult to track. ConAgra, on the other hand, lays out its entire operation in its annual reports.

Started in 1919, ConAgra was close to bankruptcy in 1974 when Charles Harper showed up to save it, fresh from a stint at Pillsbury, the Minneapolis-based cartel milling company.

From 1974 to 1989, ConAgra profits increased 4,000%. If you bought 10,000 shares of ConAgra stock at $3 per share at its low point in fiscal 1975, at the end of fiscal 1991 you would have owned 135,000 shares (due to stock splits), and your $30,000 investment would have grown to more than $6 million (plus dividends along the way).

Their strategy is to run businesses which reach across the entire food chain, and to operate as a "profit driven," not a "production driven," company. That means gouge the farmer and consumer, and count on the Justice Department to let you get away with it.

In ConAgra's 1991 annual report, Charles Harper bragged that "today, ConAgra has about 25 major businesses with leading positions across the food chain." Just one of these companies, Beatrice Foods, in turn owns many other businesses with familiar brand names. One of these is Hunt-Wesson, whose products include Manwich, Orville Reddenbacher, Peter Pan, Snack Pack, Swiss Miss, La Choy, Wesson, and Hunt products.

In addition to prepared foods, ConAgra also owns worldwide commodity-trading, food-processing, and distribution businesses. It has an Agri Products division which handles marketing and farm inputs. It has finance companies for commodity futures brokerage, financing and ownership of livestock on feed, and truck financing, leasing, and insurance for red meat businesses.

One of its subdivisions, Monfort, is a giant lamb processor. Monfort also has a distribution business, Mapelli Brothers Co., and a cattle-feeding operation. Other meat companies, serving all kinds of specialty markets, include E.A. Miller, ConAgra Fresh Meats, Cook Family Foods, and more.

In fiscal 1991, ConAgra Red Meat processed about 5.3 million head of cattle and 10.4 million head of hogs, producing annually about 3.8 billion pounds of beef products and 1.8 billion pounds of pork products. At 700,000 head in fiscal 1991, its own cattle-feeding operations filled 13% of the needs of their U.S. plants.