

THE CHECKOFF & THE HIGH-STAKES END GAME

by Troy Marshall, BEEF Contributing Editor

The politicization of the national beef checkoff has provided lots of backroom intrigue. Some of the backroom details more closely resemble Nixon's Watergate scandal than anything we've seen before in the cattle industry. However, the ethical breaches of having executive officers and staff clandestinely listening in on conference calls assumed to be confidential and the like represent behavior so far beyond the pale of acceptability that it will require significant changes to restore confidence in the program.

Admittedly, I've found it fascinating to track all the email trails and attempt to understand the level of political maneuvering, scheming and strategies employed. I thought this stuff only happened in the movies. Yet, it's also been disheartening to learn just how much this was done – to the detriment of building beef demand. It's certainly not what most of us envisioned when we created the mandatory beef checkoff a quarter-century ago.

While the intrigue is interesting, it forces two conclusions:

- The warring factions are so involved in trying to gain power that they don't realize the great disservice they are doing the industry.
- Or these people feel they are pursuing something so right that any action can be justified if it helps realize their goals. However, getting caught up in all the ethical breaches may actually distract one from what the end game really is. And, the latest recommendations from the executive committee of the Cattlemen's Beef Board (CBB) makes it very clear what that end game has been. It's to build a more centralized checkoff structure that not only controls the expenditures but exerts control over the qualified state beef councils and builds the infrastructure to implement and create

the programs instead of working with contractors. There are a lot of reasons for these changes both political and personal, but building beef demand doesn't seem to make the list; that should raise more than a few eyebrows.

I've always been one who has been 100% behind the checkoff. It's provided an incredible return on our investment - developing new cuts and products, slowing the decline in domestic demand and building export markets. The program has done this despite a supply of decreasing dollars and the declining purchasing power of those dollars. The state beef councils around the country do absolutely wonderful work in helping build demand.

That said, the system is obviously severely broken. The organization that is supposed to be apolitical and focused on building demand is arguably the most political organization in the industry - engaged in a struggle over differing agendas, declining dollars and power.

The latest recommendations indicate the intent is to dramatically consolidate the power of the checkoff and its structure.

A proposal to change the structure of the CBB and its relationship with the National Cattlemen's Beef Association was emailed on March 29 to CBB members, requesting approval by April 8. There must have been extraordinary pushback on the tight deadline because that April 8 deadline was scrapped and voting was terminated just two days later (March 31). Now, a discussion of the recommendations is to be held at the July summer conference in Orlando, FL.

It's becoming clear that the CBB isn't focused on what it was intended to do - build beef demand. Nobody has been willing to risk a checkoff ref-

erendum or attempts to fix the structural issues that have created the current situation at the CBB. Hundreds of thousands of dollars have been spent protecting the checkoff in various court challenges – with the inclination to just try to fix things from within.

Sadly, however, it's been getting worse not better. Perhaps it's time to call for a vote and create a new checkoff that is producer-run and focused on demand. Producers understand the value of building beef demand, and everyone knows the great work that the beef councils and contractors have done in this regard. I have to believe that producers would continue to support the demand-building efforts of even a voluntary funding mechanism. The bottom line is that if the current situation is allowed to continue along its current path, it might advance certain political agendas and consolidate power. But it will not grow beef demand to the extent it should. The two alternatives seem to be either clean house or start over, but it's too important to be allowed to continue along this path.



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