



Outside the Box

► by **Tom Field**, director of producer education, National Cattlemen's Beef Association

What would Jefferson think?

Over the past few years, I have been increasingly concerned about the course of this nation. We have drifted away from the fundamental truths that self-reliance, limited government, hard work, free markets and self-determination are the keys to liberty.

Checks and balances

Thomas Jefferson understood the consequences of an intrusive federal government, and he worked diligently to assure that checks and balances were in place to protect the business environment from a government operating under the premise that the elites are best-suited to make choices for the majority. In 1802 he wrote, "If we can prevent the government from wasting the labors of the people, under the pretense of taking care of them, they must become happy."

More than 200 years later, the free-enterprise system is in grave peril. While the landscape is filled with examples of excessive governmental intervention into the marketplace, three particular issues are of concern for agriculture.

1) 1099 Reporting Mandate

Section 9006 of the "Patient Protection and Affordable Care Act" (also known as the 1099 Reporting Mandate) is slated to go into effect in 2012 and will require some 40 million business entities, nonprofits, and governmental agencies to implement a costly and burdensome Internal Revenue Service (IRS) filing requirement on virtually all non-credit-card purchases totaling \$600 or more with any single vendor within a tax year.

According to the U.S. Chamber of Commerce, "in order to comply, these entities will have to institute new, complex recordkeeping data collection and reporting requirements that track every purchase by vendor and payment method. This provision will also serve to dramatically increase accounting costs, expose businesses to costly and unjustified audits by the IRS, and subject more small businesses to the challenges of electronic filing.

Moreover, the new 1099 reporting mandate will alter behavior in the marketplace, which could lead to dramatic negative consequences for smaller merchants by driving purchases away from small vendors and startups. In order to minimize

reporting, government, nonprofits, and businesses may consolidate their purchases with several large vendors with a broad geographic presence and a more diverse product line instead of a number of smaller ones." One small business group has estimated the number of 1099s that small business owners, like farmers, will need to file with the IRS will go up by about 2,000%.

2) Ambient Air Quality Standard

The Environmental Protection Agency (EPA) during its review of the Ambient Air Quality Standard determined that a standard for particulate matter (PM) twice as stringent as the current rules was advisable despite noting that the science on coarse PM is so unreliable that they could not accurately complete a quantitative risk assessment. This new standard results in a federal policy completed unsuited to the reality of farming, ranching and life in rural America. Current farming practices, driving down a dirt road, or moving cattle in such a manner as to create dust will result in activities that violate the new standards.

Simultaneously, EPA has moved to subjugate state environmental laws as a means to exert more control over state and local government. Representative Collin Peterson (D-MN) recently told an agricultural conference that 'EPA is out of control.' The economic recovery continues to languish as the federal government spends far beyond its means while allowing its agencies to implement unreasonable and burdensome regulations that ultimately strangle the ability of independent businesses to grow, create jobs and provide sustainable economic progress.

3) GIPSA

The proposed Grain Inspection, Packers and Stockyards Administration (GIPSA) ruling from the U.S. Department of Agriculture (USDA) establishes a federal agency as judge and jury relative to the fairness of agricultural pricing. Under

existing law, litigants must demonstrate damage, but the language of the new regulation is so poorly defined that quite literally anyone will be able to bring forth a suit concerning pricing.

Elimination of the competitive injury requirement will provide a disincentive for packer premiums and value-added contracts because of fear of litigation. With no restraints to frivolous litigation, price differentiation based on added value will disappear, and a return to a commodity market where one price is applied for all, regardless of quality, is inevitable.

This proposed rule requires buyers purchasing livestock through marketing arrangements (including forward contracts, formula contracts, production contracts or other marketing arrangements) to submit a sample copy of each unique type of contract or arrangement for GIPSA review. Additionally, marketing contracts will be made public through a government website. In essence, this regulation places the government as a middleman to decisions historically reserved to willing buyers and willing sellers.

Jefferson's warning

In each of these cases, governmental action supersedes the ability of business owners to make decisions. In each case, the choices of citizens are reduced, the cost of doing business increases, and the likelihood for costly litigation rises. Jefferson warned in 1782 of the consequences arising from an unfettered federal bureaucracy controlled by ruling elitists: "Every government degenerates when trusted to the rulers of the people alone. The people, themselves, therefore are its only safe depositaries."

Independent business owners must awake to these challenges and demand that their elected officials place government back onto the course leading to liberty instead of indentured servitude.

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