

Almost everywhere,
urban economies are
strong and rural
economies weak — so
weak that a person
selling a small ranch
house in San Diego
can then buy a small
ranch in Montana. In
Oregon, a couple
combines ecology,
politics and marketing
to strengthen the
economics of ranching.

RANCHING'S CHARISMATIC REFORMERS

Denzel Ferguson's blast at the Oregon cattle industry, *Sacred Cows at the Public Trough*, was published in 1983. Soon after, Connie and Doc Hatfield took to the op-ed page of the *Oregonian* newspaper. They invited environmentalists to tour their 14,000-acre operation, two-thirds of it deeded land, in central Oregon, and see for themselves how ranchers treat the land.

They did not get a lot of takers. Even today, says Connie Hatfield, "Many environmentalists don't want to visit us; they don't want to see the whites of our eyes."

But members of an Izaak Walton League chapter from western Oregon did make the four-hour trip to the ranch just outside Brothers — which is a roadside store 50 miles east of Bend.

Connie, 51, recalls, "We felt so strongly that what we were doing was right. We figured we'd educate them and then everything would be OK."

The visitors undoubtedly picked up some education. But Doc, 54, recalls, "They pointed out some problems we hadn't noticed. They asked, 'Why don't the wild ducks on your pond have baby ducks?' I told them, 'Because that's a pond for old ducks.'"

"We later figured out that our cows were stomping on the nests, smashing the eggs. We had sort of known that, but it took their visit to bring it to our attention."

The fix, Doc says, was easy. "The ducks only nest for 21 to 28 days. We keep the cows away from the pond during that time."

Timing also lets the Hatfields manage around a large population of coyotes. "We calve in mid-March, when the sage rats are out. The coyotes eat the sage rats and leave our calves alone. Oh, they'll eat the afterbirths, but we've only lost two calves in 16 years. Meanwhile, we have neighbors who bring in helicopters to kill coyotes so they can continue to calve in January."

The neighbors who calve in January want their calves to be at top weight in October, when the mama cows and their calves come off the public lands, and the calves are sold to feedlots.

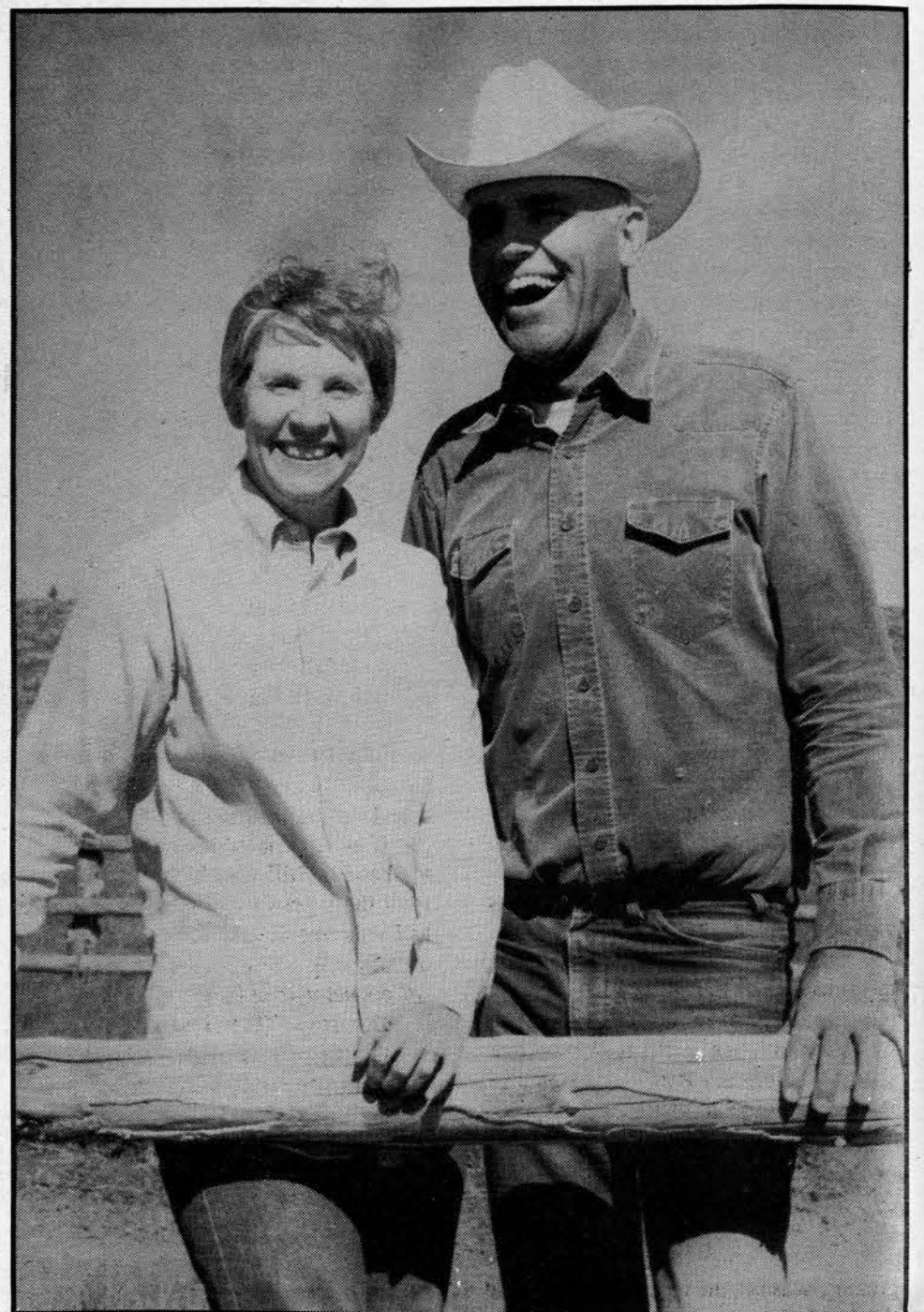
But Connie says, "If you market your animals year-round, instead of just in the fall, you can calve in the spring. Allan Savory (the founder of Holistic Resource Management) told us to think, so we think. And we realize that we don't have to calve in blizzards."

Switching from fall sales of the annual calf crop to year-round marketing is easier said than done. It required the Hatfields and 13 other Oregon ranchers to form a cooperative, stop using antibiotics and growth-inducing

hormones and walk the streets of Oregon's cities looking for a retail market for their product, called Country Natural Beef.

ELIMINATING THE MIDDLEMEN

Their goal was to avoid not just coy-



Doc and Connie Hatfield

Ed Marston

otes, but also the five costly transactions — and middlemen — that now stand between most cow-calf operators and the retail consumer.

It was also a chance, Doc says, for ranchers to stop producing an anonymous, interchangeable commodity and to take responsibility for what happens to their product once it leaves the land.

With six years of painful, expensive education behind them, and with \$60,000 a week of cattle now being fed, slaughtered and butchered locally for sale to Japanese restaurants and Oregon and Washington health-food stores, the Hatfields say they are no longer beset by problems. "We are beset by opportunities."

Among their opportunities was the picketing last fall of the Nature's stores in Portland by members of Earth First! and the Oregon Natural Resource Council. The two groups oppose public-land ranching, but can't picket most retail outlets because no one knows where supermarket beef comes from: Public-land and private-land cattle are mixed at feedlots and slaughterhouses.

But the four upscale Nature's stores sell Country Natural Beef because it is free of hormones and antibiotics, and 12 of the 14 cooperating ranchers use public land. That made it a perfect target for the picketers. And the picketers were a perfect target for the Hatfields.

When the Hatfields heard of the picketers, Connie drove to Portland and went to the Oregon Natural Resource Council office to exchange views and get to know their critics. "The meeting was inconclusive," Connie says.

Doc Hatfield says he was disap-

pointed that pickets did not show up on the weekends the ranchers were at Nature's to talk to customers about their product. He says the two sides could have had a useful exchange.

"It is the rancher's job to find out what the consumer wants — even if the consumer is carrying a picket sign — and then deliver it." Nutritionally, Hatfield says, "we can use breeding to take care of fat and cholesterol. And we can learn to manage the land to take care of ecological damage."

The Hatfields have a lot of experience talking about their approach and philosophy. They spend about a third of their time giving talks, participating in working groups and generally spreading their message. They are fierce proselytizers because they believe that public-land ranchers can only survive as a group and ranching as a whole can only survive if its approach to the public land and to environmental concerns changes.

But the Hatfields are cooperative only up to a point. They also see the need to differentiate themselves from other ranchers and to compete against them.

"Each time the co-op solves a problem, we expand our market and occupy a more and more fortified niche in that market." If Country Natural Beef can hook up with one of the few organic grain producers in Oregon, Doc says, their beef will be free not just of hormones and antibiotics, but organic as well. "That will put us way ahead of any possible competition."

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It took the husband-wife team 16 years to find their way to their present position. The pair, both the grandchildren of homesteaders, and both educated at Colorado State University, ran a small ranch and veterinary clinic in Montana's Bitterroot Valley from 1966 to 1976. Doc was a large-animal vet who was increasingly dissatisfied with his work. He says he only saw two classes of sick cattle:

"Some animals were sick because they were living in an unhealthy environment, and some had genetic weaknesses." That meant, he says now, that he was treating symptoms rather than causes.

So they sold the clinic and the ranch in 1976, bought the ranch outside Brothers, Ore., and went into the bull-breeding business. Their goal was to raise genetically sound bulls in a healthful environment. Doc says he has only doctored his animals a few times in the last 16 years — usually when a calf broke a leg. They aim to produce a tough, healthy breed that won't need medical care.

The Hatfields say they were lucky in their choice of a ranch. The public-land grazing permit that came with the ranch was administered by the Prineville office of the Bureau of Land Management. Prineville is known for Wayne Elmore, a BLM employee who has made the possibility of riparian restoration famous around the West.

More important to the Hatfields was the presence of Earl McKinney, an on-the-ground BLM range conservationist who began work in Prineville a few months before the Hatfields moved to Brothers. Unlike most BLM employees who are transferred every few years, McKinney was to stay in Prineville for 16 years. (See next story.)

McKinney was no ordinary range con. His willingness to experiment with grazing seasons, the number of cattle on the land, the use of fire to restore the land, and the cutting of juniper trees to improve riparian areas and reduce erosion fit in with the Hatfields' search for a healthful environment in which to raise bulls.

Thanks to McKinney's innovation and flexibility, the Hatfields say, their private land and their permitted public land improved greatly. But there is more to ranching than raising healthy animals on recovering land.

Seven years ago, Connie says, "We realized we were slowly going broke. In fact, we'd been going broke for years. And our customers — the ranchers we sell our bulls to — were also going broke. Back then, my big goal was to (earn enough money to) pay income tax."

LOOMING BANKRUPTCY EMPOWERED THEM

Today, Connie is the hands-on member of the Doc and Connie team — the provocateur who gets ranchers and their wives and bureaucrats and environmentalists to sit in a circle and talk from the heart. Doc is the (slightly) quieter, lower-pitched member of the team. Together, they are a formidable pair: outgoing, confident, seemingly impervious to depression and rebuffs, and willing to talk to anyone and attempt to see other points of view.

But Connie says she was very different seven years ago, when the couple realized they were on a road leading to bankruptcy or a forced sale. She says she thought she was "stupid — the best I could do in school was a D. But I was great in 4-H."

She says she learned she was not stupid after she broke into tears at a

Savory seminar. She cried from despair: "Because I had nothing to contribute." The workshop leader, Don Green, told her that she was probably dyslexic, not stupid, "and since then I haven't shut up."

Soon after that discovery, Doc and Connie called a meeting of some of the ranchers they knew. She recalls, "Thirty-six of us sat in a big circle. We said, 'We're all going out of business. What can we do?' It was the first time men and women were both talking."

This is a recurring theme with Connie. She says women are systematically excluded from ranching and as a result the industry loses the talents any collection of ranch wives will have:

marketing experience, a certain openness and ability to communicate, artistic sense, and other skills not as likely to be found among male ranchers.

Connie believed she had a talent for marketing. Still on a high, Doc recalls, from the discovery of her dyslexia, she half-volunteered and was half-drafted at one of the first few meetings of the ranchers' cooperative as the group's marketer.

Doc says, "They sent Connie out to sell the cows to the supermarkets. They sent her because we men knew it wouldn't work."

The men knew retailers did not like to deal directly with ranchers. If Connie did find a few supermarkets to sell to, the men knew it would be hard to get a slaughter and packing house to do consistent, high-quality work. Finally, they knew that the few packers that dominate the retail market would undercut their prices if the rancher's co-op began to make inroads.

Despite these hurdles, Doc says: "She sold them. She went into the stores and said: 'We have 10,000 mother cows; how can we serve you?'"

Doc, who was also involved in the marketing, continues, "This five years of making it work has been harder than vet

school, harder than making the ranch work. And the biggest problems weren't out there in the stores. The biggest problems were among us 14 ranchers."

In the first two years, Connie found 10 retail stores that between them bought eight to 10 cattle a week. It wasn't enough volume to help the ranchers eco-

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— Connie Hatfield



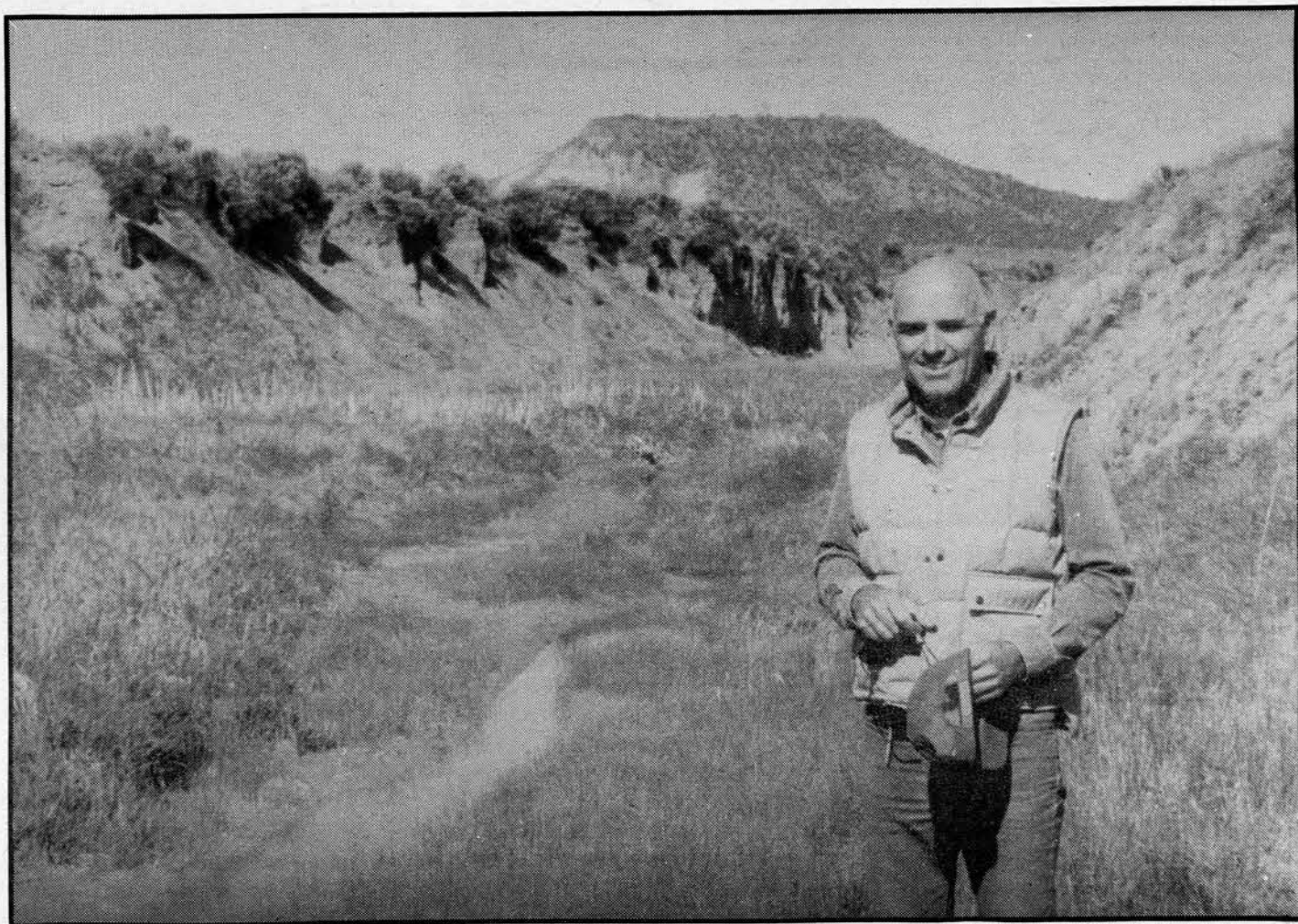
nomically, but it was enough to show that direct marketing had promise, and to attract the attention of the co-op's board of directors, which until then had let the couple do as they pleased.

Doc and Connie won't specifically describe the strains that resulted when the co-op began to rein in the pair; but the result was a bruising meeting or two which led Connie to hand domestic marketing over to someone else. She decided to concentrate on exports.

It was a back-handed promotion, but it led to success. The couple managed to meet the president of a Japanese restaurant firm — Kyotaru. After negotiations, Kyotaru was ready to buy 50 head a week of hormone- and antibiotic-free beef. And they were willing to pay a negotiated, above-market price to compensate for the fact that the ranchers would forego the fast weight gain hormones make possible.

Nevertheless, the deal hung fire for a year, the Hatfields say. The Japanese wanted a simple, handshake-type of 10-year contract while the ranchers wanted an elaborate, lawyer-driven contract. In

Continued on next page



Ed Marston

Doc Hatfield stands near a gully that is gradually turning back into a stream

RANCHING'S REFORMERS ...

Continued from previous page

the end, the simple 10-year contract was signed, with the Hatfields serving as paid marketers. They had become the sole middlemen between the ranchers and the Japanese customer. They also took back responsibility for the domestic marketing.

Despite the strains and disagreements of their owners, 8,000 of the 10,000 mother cows represented at the original meeting are still part of the cooperative. In fact, Doc says, "We are now a pretty solid outfit. We can stand a lot of stress. We have gotten to the point of being a strong community."

Hatfield says this is unusual. "In the past, ranchers usually came together only to fight something, not to cooperate."

RANCHERS ADD THE VALUE

The rural West is an exporter of raw commodities, whether they are logs, beef, or metal; the value-added processing generally occurs elsewhere. But with Country Natural Beef, all value-added processing except broiling and serving occurs in the Northwest. Sixty-five cattle per week are shipped from the feedlot owned by one of the ranchers to a slaughterhouse in Washington, where the cattle are killed and butchered into carcasses.

The animals that meet Kyotaru's size specifications are shipped to the firm's purveying firm in Salem, Ore., where they are cut into plate-sized portions for shipment to Japan. Cattle not meeting Kyotaru's specifications are



Country Natural Beef (C.N.B.)
 京極オレゴン工場より直輸入
 我が国で初めて—無抗生物質・無ホルモン剤
 健康で安全、おいしい牛肉

オレゴンから健康で安全、夢のビーフ。
 抗生物質・ホルモン剤は完全シャット・アウト！
 *C.N.B.は、抗生物質や成長ホルモン剤を一切使わずに、
 弱けなく自然に育った状態で養育された、オレゴンの食肉
 牛です。我が国に初めてお目見えしました。

放牧面積は東京都の約1.5倍。(1頭あたり6万坪)
 大自然のなかで、のびのびと育ちます。

OREGON
 オレゴンから

Country Natural Beef from Oregon is featured on this Japanese menu

sold on the generic market or go to health-food outlets in Oregon and Washington.

Under the contract with Kyotaru, the ranchers are paid a cost-plus profit which is higher than the generic market price. To determine a fair price, the ranchers must show the Japanese firm their books.

The price is based on costs averaged over all the ranches. The land, the land's improvements and the grazing permits are set somewhere in the neighborhood of \$1,100 per cow-calf unit of production. Ranchers in the Bend area, where real estate prices and the possibilities of land appreciation are much higher than in, let's say, Burns, Ore., would have a higher base cost than \$1,100. But Hatfield says, "There's no reason the Japanese should pay more for beef raised on expensive land than they do on remote land." An average value is also assigned to utilities, labor and other variable costs. The ranchers earn a specified percentage return on their asset costs and on their variable costs.

Hatfield says the returns are modest but adequate. "If a legitimate rancher is able to make cash flow and pay his annual debt retirement obligations, the incentive is to stay on the land rather than sell out."

The agreement to supply cattle year-round presented the co-op's ranchers with the problem of timing. The West's ranchers calve in the late winter or early spring because grass and nature generally treat a late winter-early spring calving better than they would an early winter calving. But Kyotaru requires an even flow of cattle every week of the year. That raises the question: Which ranchers must calve in, for example, early December?

Doc says mid-winter calving is not necessary. Depending on gender, breed and how calves are fed, their readiness for market ranges from 14 months to 23 months after birth. Doc says that variability means the 14 ranches can supply cattle year-round and still avoid the least favorable calving months.

Still, some calving months are better than others, and that has led the cooperative to set up a selection system based on professional football drafts. "Once a year, we all get together. On the first round, we each pick the week we most want to provide cattle in. On the second round, we pick the next most desirable week." By the end of the draft rounds, all 52 weeks have been chosen.

The co-op's integration of marketing into its ranching operations is revolutionary in an industry which always saw its responsibility as over once the calves were loaded on a truck for shipment to a feedlot. Even innovator Allan Savory leaves marketing out of his system, according to Doc Hatfield.

"Savory expanded our ability to think in terms of bigger wholes." But Holistic Resource Management has neglected marketing. "To really close the loop you have to include the customer and the customer's desires."

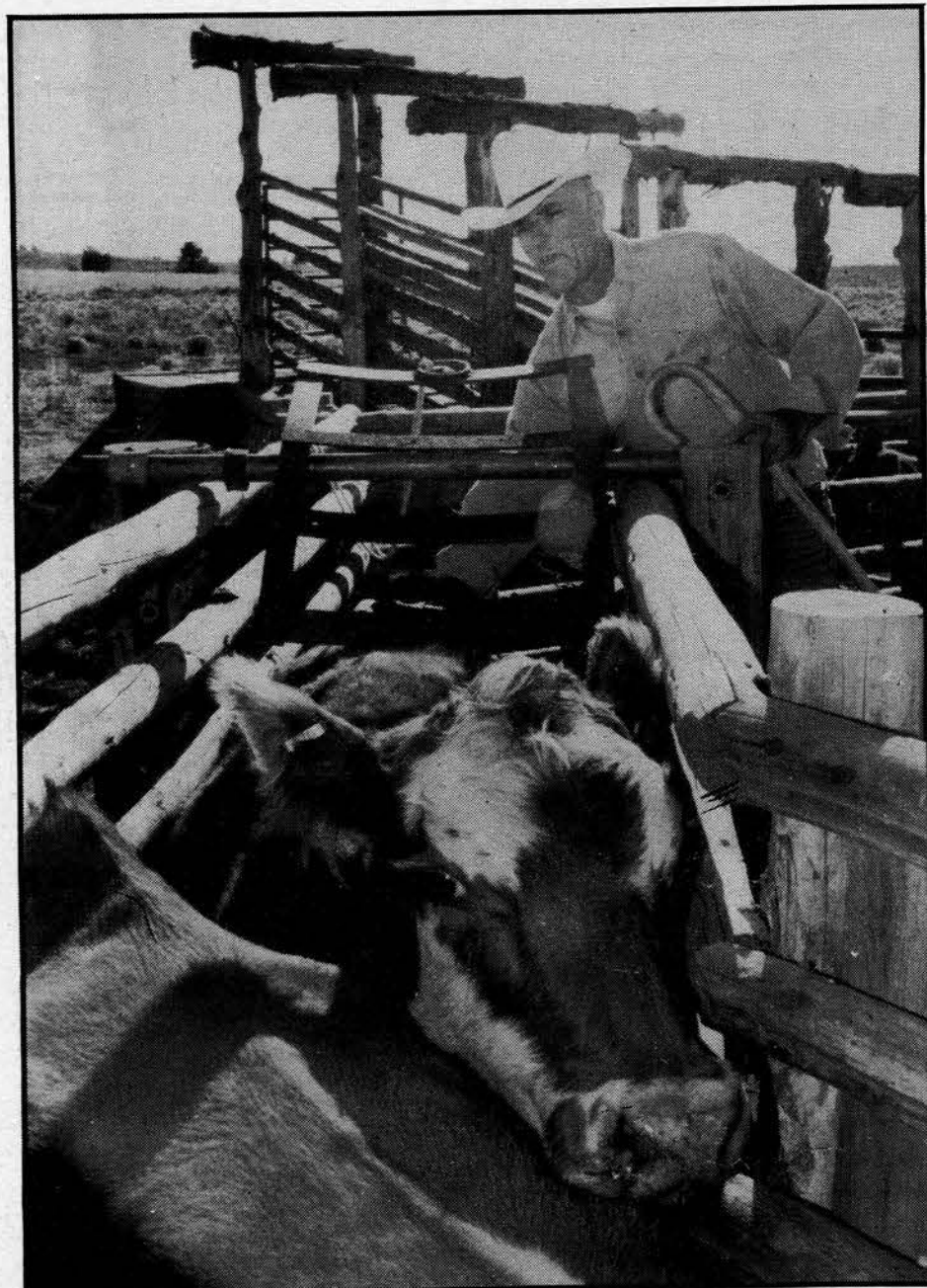
Country Natural Beef is grounded in the need to market. Its vision statement,

developed with the help of a Savory consultant in 1986, says:

"Marketing is consumer-driven. The goal of Country Natural Beef is to provide a sustainable means through a group to profitably market quality beef products desired by the consumer while retaining every possible bit of independence."

'They sent Connie out to sell cows to the supermarkets. They sent her because we men knew it wouldn't work.'

— Doc Hatfield



Doc Hatfield works the corral

Tim Jewett/The Oregonian

The numerical goal, built into the 1986 vision statement, was to sell 65 cows per week — a goal the group met in fall 1991 with its expansion into Nature's chain of food stores.

That expansion, and the resulting picketing, has now confronted the co-op with yet another opportunity. The co-op is working with Nature's and some environmentalists to come up with a way to determine whether the group's cattle are helping or harming the public land they are raised on.

Doc says that Nature's knows it wants beef low in fat and free of antibiotics and hormones. Now, he says, with the help of ranchers and environmentalists, it is trying to set standards for the ecological quality of the land the cattle are raised on.

NO 'RED MEAT RHETORIC'

Economic success can make up for a lot in this world, and the 65 cattle per week flowing to restaurants and stores without middlemen and at above-market prices speak loudly. Those 65 cattle per week add up to over 3,000 per year, which is about 40 percent of the calf crop produced by the 8,000 mother cows in the co-op.

Nevertheless, the Hatfields are not recognized leaders in the cattle industry. While they often talk at BLM and Forest Service training meetings and to small groups of ranchers around the West, it was only this fall that they were first

invited to speak to a statewide cattle group — the Nevada Cattle Association annual meeting in Winnemucca.

Doc recalls that several years ago an environmentalist urged him to tone down his rhetoric about how backward the cattle industry was. "If you become too radical, you won't be of use to anyone."

Doc says he took that advice to heart but he is still outspoken about traditional

of the ranchers came along.

"They convinced the leaders that the only approach with a future was to be responsible stewards, care for the land, and talk to people on all sides of the issue. It's the only way ranchers can stay on the public land."

The Hatfields believe that the tide of opinion and behavior within the industry has turned. "You have far-seeing ranchers everywhere. They just haven't become visible yet in other states — they haven't come together and haven't had the leadership."

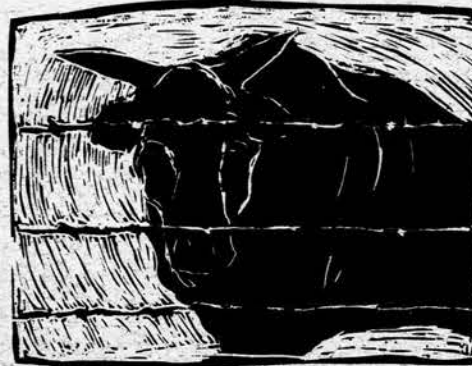
While Hatfield can be critical of fellow ranchers, he also explains and defends some behavior which environmentalists see as outrageous and illegal.

"BLM staff change all the time. Visit the ground, and you can see the projects of each new set of managers: fences, waterholes, new rotation systems. The trouble is, none of them fit together. They don't connect. None of those guys stick around long enough to learn about the ground and the ranchers."

"Their promotions don't depend on things happening on the ground. BLM and Forest Service employees manage laws and process — they don't manage ground."

Ranchers, he says, respond predictably. "The ranchers get their projects done between BLM officials. The new manager shows up and doesn't know that a new waterhole has been dug, or a new pipeline laid. It's not sinister. It's just practical. It's the only way to live with the system."

— Ed Marston



Several years ago an environmentalist urged Doc Hatfield to tone down his rhetoric about how backward the cattle industry was. 'If you become too radical, you won't be of use to anyone.'

industry leadership. At a Forest Service training session in spring 1991 in Billings, Mont., he alternated between embarrassment and anger when a prominent rancher gave the industry's traditional speech:

"We turn grass into red meat; we're the last outpost of American free enterprise; we're the best environmentalists there are; and all we need is for the bureaucrats and radical environmentalists to let us do our job."

Chad Bacon, head of grazing for the BLM in Oregon, says:

"Doc and Connie weren't always in the mainstream of the livestock industry. But they were able to influence the leaders of Oregon's cattle industry. Now they're mainstream. They brought the vision. They saw who they had to convince, and the rest

A NEW WAY TO LOOK AT THE LAND

Logic says a group with watershed in its name should go nowhere.

Ever since John Wesley Powell, Westerners have been urged to look at the land in terms of watersheds. Water in the arid West defines and limits what can happen on the land. But most state, county and even federal lands boundaries are drawn with a straightedge. And only rarely are watersheds considered when natural resource decisions are made.

Except, perhaps, in parts of central and southeastern Oregon.

There, OWIC, as the Oregon Watershed Improvement Coalition came to be known, moved from being yet another good idea to becoming a useful reality. Today, three groups exist in central and southeastern Oregon based on OWIC's watershed approach to the land. These "working groups" are the means by which ranchers, environmentalists and federal land managers try to work out a new approach to the management of thousands of square miles of public land.

Mary Hanson, who in 1985 was a member of the Oregon Environmental Coalition, says OWIC was born out of political stalemate.

"There is a long history in Oregon of environmental activism," which led to "horrendous debates with no one side

dominant." She says those who founded OWIC feared the evenly matched, extremely bitter fights over grazing and other natural resource issues would end

'That's fantastic, remote country. But it had been beaten up by cows for over 100 years.'

— Bill Calkins, BLM

up in court. "And bad natural resource decisions usually come out of lawsuits."

OWIC's founders were also looking for a way to get action on the ground. "Everyone recognized that things were bad on the land," she says.

Led by Oregon State University range scientists Bill Kruger and Tom

Bedell, the BLM's riparian specialist Wayne Elmore, Oregon Cattlemen's Association president Bob Skinner, Doc and Connie Hatfield, and environmentalists from the Oregon Natural Resource Council, the Izaak Walton League, Oregon Trout and others, OWIC was formed.

Hanson recalls the first few meetings, held in 1985.

"We weren't terribly optimistic. But over time, enough trust developed for us to be open with each other. We developed respect for the others' right to their opinions. We agreed to disagree. And building especially on the work of Wayne Elmore, we developed a watershed view." OWIC's original members thought that the best way to deal with natural resource problems was to bring together all who owned property or who were interested in land within a watershed.

RANCHERS FEARED LOSING IT ALL

Those who founded OWIC had read Oregon's political winds correctly. Their largely theoretical creation got its first on-the-ground test a year after its founding. The test came because ranchers in the Trout Creek Mountains of southeastern Oregon faced a crisis. Hanson, a resident of Burns, the closest large town to the Trout Creek Mountains, says,

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Doc and Connie Hatfield dominate the movement to reform ranching and public-land management in Oregon. But they are not lone rangers. The working groups described here involve several hundred people and thousands of square miles.