

## **Monopolies Are Killing Our Farms**

By Tim Wise

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Has Big Ag gotten too big? And do consumers really benefit from the low prices farmers earn for selling livestock and grain to food giants like Cargill, Smithfield, and Tyson? After two decades standing idly by while those companies and seed behemoth Monsanto swallowed their competitors, a new Department of Justice anti-trust team is vowing to bust up companies that have gotten so big they're thwarting competition. And a new sheriff is taking the issue to the people.

In the first of five public hearings, Justice took its anti-trust rodeo to Ankeny, Iowa. The unprecedented public process has struck a nerve in the heartland, where family farmers and independent ranchers have watched as corporate mergers and takeovers left them with fewer buyers for their crops and animals, and fewer suppliers of basic inputs like seeds and fertilizer. Justice received more than 15,000 public comments before the hearings, and some 800 farmers jammed the community college auditorium in Ankeny on March 12, for a session that took aim at Monsanto and the seed conglomerates.

Monsanto is a textbook case of monopoly selling power. It controls seeds globally, including an estimated 93 percent of the U.S. soybean seed market. U.S. seed prices overall have risen an astounding 146 percent since 1999, and 64 percent in just the last three years. An Iowa grain farmer told the crowd that he had no choice but to buy Monsanto's genetically modified seeds, and that their rising prices eroded any gains he gets from higher output. Other farmers told of legal threats from Monsanto for planting its patented seeds without a license.

These hearings are also highlighting a more insidious type of monopoly power: the kind that drives down farm prices.

"When agribusiness purchasing power is reduced to a small number of companies, does that create such an unlevel playing field that it compels those in the middle to either get bigger or get out?" asked U.S. Secretary of Agriculture Tom Vilsack in Iowa.

U.S. anti-trust law has always recognized buyer power as an anti-competitive practice, but authorities have rarely taken the issue seriously when reviewing the agribusiness mergers that in the last two decades have placed the majority of the world's food in the hands of a small number of corporations. Wal-Mart and other ever-larger supermarket chains force down prices from their giant suppliers, which in turn demand rock-bottom prices from theirs.

Farmers are at the bottom of this food chain. This race to the bottom squeezes the life out of farms, particularly the smallest farms. And it hurts rural communities not just by lowering farm prices, but by forcing down wages for agricultural laborers, packing workers, and others in the food industry.

The issue is particularly urgent for independent livestock farmers, who have seen the meat conglomerates gobble each other up with the government blessing the carnage. The Justice Department did a pro-forma investigation of pork giant Smithfield's 2007 takeover of Premium Standard Farms, a merger that fattened the largest U.S. hog producer and pork packer by feeding it the country's second-largest producer and sixth-largest packer. In the Southeast, the merger left 2,500 independent hog producers with just one regional buyer. Smithfield could say to the hog farmers who weren't under contract to the company: Here's the price and, if you don't like it, good luck selling your hogs.

Despite Agriculture Department studies showing that Smithfield already wielded excessive buyer power in the region even before the merger, Bush-era Justice officials ruled that "the merged firm is not likely to harm competition, consumers or farmers." Bon appétit, Smithfield. Is there a new anti-trust sheriff in town? Let's hope so. Our farmers shouldn't be gouged by input suppliers and buyers. Small businesses shouldn't be run out of town. Consumers shouldn't see grocery prices go up while farm prices go down, as they have with dairy products. By putting the teeth back in anti-trust enforcement, Obama can strike a blow for free and fair capitalist competition.

The government can't keep standing idly by as enormous agricultural monopolies squeeze the lifeblood out of the nation's farmers by dictating prices that don't cover their costs. We just can't afford that kind of cheap food.