

# Anti-trust proposal may weaken family farms

WASHINGTON, D.C. — A crippling of the family farm system and an ultimate jump in food prices would result if recommendations presented to the President last week by a national antitrust review commission are adopted.

So says Kenneth D. Naden, president of the National Council of Farmer Cooperatives.

"The antitrust commission has dealt the family farm system a low blow by attacking cooperatives, the farmer's main alternative to weak bargaining power," said Naden.

He added that the newly-released recommendations of the National Commission for the Review of Antitrust Laws and Procedures amount to "lawyers trying to tell farmers how to market their products."

"We have the most productive agricultural system in the world," said Naden, "but instead of leaving success alone, the Justice Department is threatening it by weakening farmers' ability to meet buyers with some degree of market power."

The antitrust review commission proposes that all cooperative mergers and marketing federation activities be subject to review and approval by the Justice Department and Federal Trade Commission. It also poses the threat that responsibility for watchdogging the marketing practices of farmer cooperatives could be shifted from USDA to an agency such as Justice or the Federal Trade Commission.

Naden accused the Justice Department of railroading its recommendations through the review commission. "It was loaded against agriculture from the start," he said. "The support staff was from the Justice Department, commission members weren't familiar with agricultural production or marketing, and most of the witnesses called to testify before the commission were from Justice. It would seem we are witnessing a blatant power play that is more self-serving to the Justice Department than to the welfare of the nation."

At the center of the dispute is the Capper-Volstead Act of 1922, which exempts family farmers from antitrust law provisions when forming a cooperative to market their products. Although the intent of the antitrust laws was to break monopolistic practices of railroads, steel companies, and other large basic industries, it soon became evident that the language technically applied to small farmers as well. As a result, farmers were left defenseless — unable to bargain jointly for fair prices for their products.

Recognizing the dilemma, Congress passed the Capper-Volstead Act to specifically permit farmers to form cooperative associations and thereby achieve some strength in marketing their products. Once a cooperative is formed, however, it is subject to the same antitrust laws as any other business.

*"The antitrust commission has dealt the family farm system a low blow by attacking cooperatives..."*



Ken Naden

Because of the unique economics of farm marketing and production, the Capper-Volstead Act placed responsibility for watchdog jurisdiction over farmer cooperatives with the Department of Agriculture rather than with the Department of Justice which handles most other antitrust matters.

"The Capper-Volstead Act correctly maintained that the interests of the family farmer are different from that of big business," said Naden. "But now, the Justice Department wants to treat the family farmer as though he were an industrial conglomerate."

For its part, the Justice Department maintains that cooperatives and federations of cooperatives have become too large and powerful, and now exert a potentially-disruptive influence in the marketplace. Justice implies that cooperatives are lessening competition.

Farmer cooperatives say this isn't true. They point out that the five largest non-cooperative food companies had combined sales of \$25 billion in 1977, more than three times the \$8 billion sales of the five largest cooperatives. Great as this difference is, farmer cooperatives say they still have the vehicle with the financial ability and marketing strength to challenge the giants. Without the competition posed by the cooperatives, they argue, the food giants would be free to adopt whatever food pricing policies the market will bear.

Naden claims that if jurisdiction of farmer cooperatives is moved from USDA officials, who are experts in food production and marketing, to Justice Department lawyers, who are experts in regulation, the resulting economic impact will be substantial for both farmers and consumers.

"Everyone knows that the cost of regulation and added

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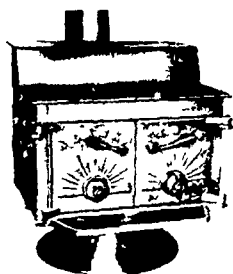
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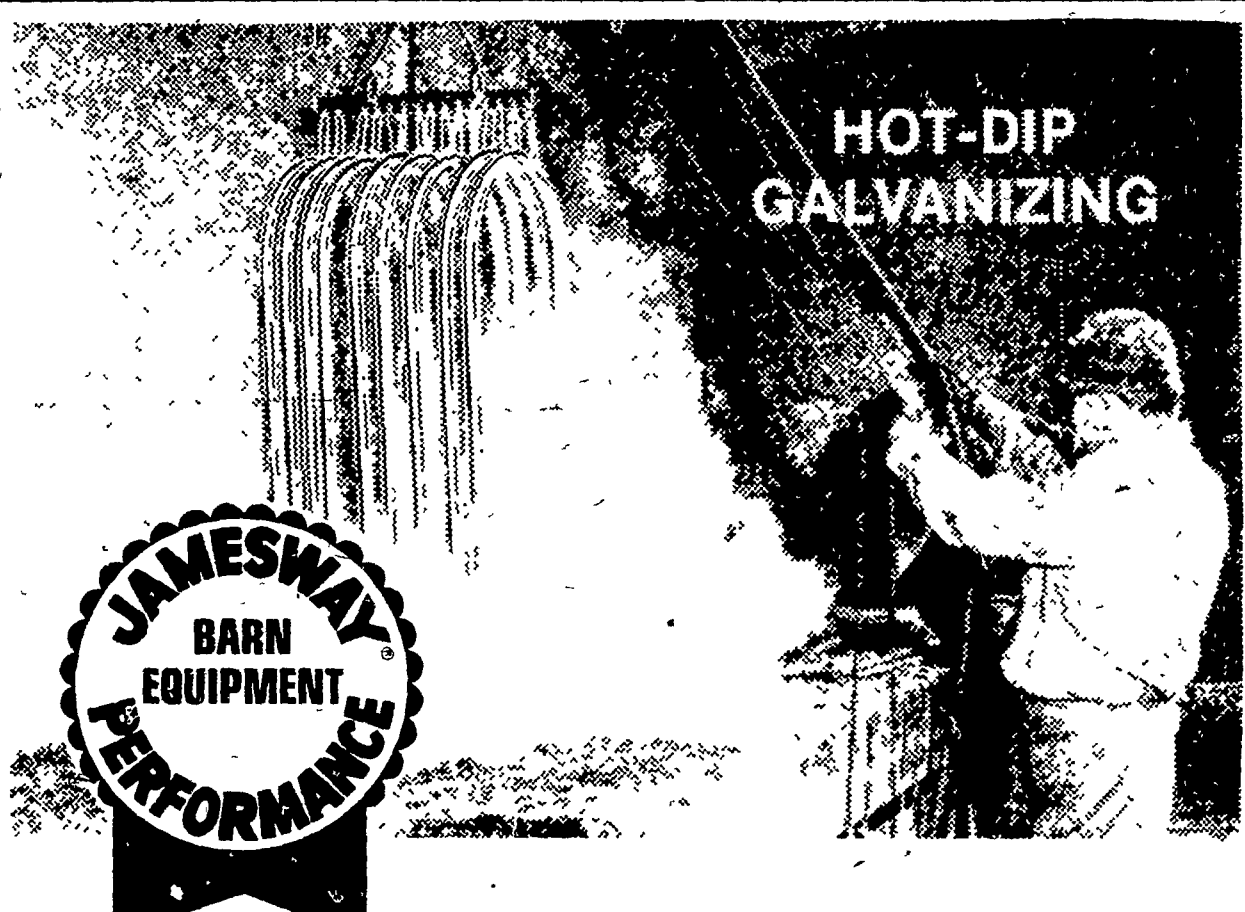
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