

Testimony of

The Honorable Russ Feingold

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Statement of U.S. Senator Russ Feingold

Senate Judiciary Committee
Subcommittee on Antitrust, Competition Policy and Consumer Rights

Hearing On Agricultural Consolidation

I want to thank the Chairman for holding a hearing on such an important issue. Increased consolidation and market concentration are, without question, prevalent concerns for producers throughout the nation. As I travel around my home state of Wisconsin, this issue is raised by farmers and growers on a consistent basis.

I am greatly concerned that industry trends toward consolidation and concentration are causing great disruption, and sometimes ruin, for our nation's small and medium sized producers. Consolidation of our agricultural industry is not the sole cause of the low commodity prices farmers get from processors, but the trend toward agribusiness mergers and acquisitions certainly contribute to this problem. Farmers are rightfully troubled by inadequate market access, price discrimination against the small, independent producer, and loss of negotiating power for the men and women producing the product. And consumers are not seeing any decreases in the price they pay at the grocery store for these products.

I am pleased to be an original cosponsor of the Fair Contract for Growers Act of 2003, which was introduced to provide greater fairness in the arbitration process relating to livestock and poultry contracts. It is necessary to rectify the injustices our producers face with the types of mandatory arbitration clauses contained in large agribusinesses contracts.

The Smithfield-Farmland deal raises many questions and concerns with respect to increased concentration in the agricultural industry. It is my understanding that this acquisition would give Smithfield control of a significant portion of the pork processing industry in the U.S. Smithfield's vertical integration has put the company in direct competition with small, independent hog producers across the country. It is also my understanding that in 2000, Smithfield bought a pork processing plant in Dubuque, Iowa, that Farmland had closed, saying it intended to hire many of its 1,200 employees. The company later decided not to reopen the plant. While this acquisition would decrease competition in the agricultural industry, I am also concerned about the lack of benefit to consumers.

These types of actions do a disservice to the hard working men and women in the agricultural industry, and only function to increase already mounting obstacles to garner a fair price for their product.