



Farm and Food: Antitrust boss promises protection to poultry grower

By ALAN GUEBERT / For the Lincoln Journal Star | Posted: Saturday, May 29, 2010 10:15 pm

In a session of the May 21 U.S. Department of Justice-Department of Agriculture workshop on ag and antitrust enforcement, Alabama poultry grower Garry Staples told officials he expected "retaliation" from the firm he grows chickens for, because of his participation in the event's discussion of poultry contracts.

Not so, opined Assistant Attorney General Christine Varney, according to an account of the meeting published in the Huntsville (Ala.) Times the next day.

"I fully expect you will not experience retaliation," Varney, America's top cop for antitrust, told Staples.

"Then," the Times' story continued, "she handed him a piece of paper."

"But if you do," Varney (reportedly) told Staples, "call me at that number."

Stop the presses: The assistant AG for antitrust gives a farmer her telephone number and insists the farmer call should trouble arise from his testimony before a federal panel examining competition in the almost perfectly non-competitive poultry industry?

Whoa, Nellie, that's big news for a Justice Department that hasn't been able to find the ag antitrust forest because so many trees - such as Tyson-IBP, Cargill-Continental, Burlington Northern Santa Fe, Monsanto-and-everyone - keep blocking the view.

Finally, however, Justice and USDA are worried about the few chicken packers that remain and how these dominating few drive prices paid to farmers and prices paid by consumers.

These new government worries have the poultry boys worried.

On May 19, two days before the DOJ-USDA Alabama workshop, the National Chicken Council released a 37-page report that all but chastised DOJ for even raising antitrust concerns in this "competitive and thriving sector."

In fact, the report (found at <http://www.nationalchickencouncil.com>), claimed concentration of poultry production, processing and wholesaling is responsible for everything good in the world.

"Contracting practices," it stated, "have reduced the financial risks for growers." Moreover, "The grower incentive bonus payment system based on grower ranking among a peer group has essentially eliminated grower payment variation caused by events that affect the entire group of growers."

True, but that's only the integrator side of the story, claims C. Robert Taylor, the Alfa Eminent Scholar and professor of economics at Auburn University, and David Domina, an Omaha trial attorney.

Taylor and Domina co-authored a May 13 treatise titled "Restoring Economic Health to Contract Poultry Production" (at <http://www.competitivemarkets.com>) as background for the DOJ-USDA Alabama meeting. It's a look at the other side, the producer side, of contract poultry growing in America.

According to "the best information available on the true economics of contract production" pulled from records of the Alabama Farm Business Analysis Association, write Taylor and Domina, operator-managers had "a negative net return in 10 of the [past] 15 years. Cumulative losses total \$182,000 for 1995-2009."

The report goes on to note that a recent study by the University of Arkansas Center of Excellence for Poultry Science confirms what every grower already knows: chicken feed has two meanings in today's integrated poultry industry.

The Arkansas study tracked four growers with four different companies over a four-year period. Participating companies approved the project and the growers were from the top one-third of growers in their regions.

Their bottom line?

According to the study, report Taylor and Domina, "...net farm income [was] \$9,206 for a four-house operation." Once "a modest return is subtracted for operator labor," they add, the "analysis shows a negative return to management, equity and risk for growers that were in the top one-third."

Facts like those are why DOJ came to Alabama May 21, said antitrust chief Varney, because "...we don't often get to talk directly to the producers."

You can cure that; give Varney a call. Her office number is 202-514-2401. After all, she works for you.

Alan Guebert is a freelance agricultural journalist. He can be reached at agcomm@sbcglobal.net or at agcomm, 21673 Lago Drive, Delavan, IL 61734.