

WISCONSIN LEGISLATURE

P. O. Box 7882 Madison, WI 53707-7882

April 30, 2010

To: Wisconsin Congressional Delegation

We write on behalf of the more than 2.9 million Wisconsinites who are member-owners of more than 800 Wisconsin cooperatives. Credit unions, dairy, electric utility, farm supply and fuel, healthcare, grocery and consumer, and telecommunication cooperatives, along with mutual insurance companies, are just a few examples of cooperatives in Wisconsin. We ask you to support Wisconsin's cooperative community by maintaining the Capper Volstead exemption to the Sherman Antitrust Law for agricultural cooperatives as the federal government explores broader changes to our nation's competition laws.

As you know, cooperatives have been featured prominently in the news lately, both as a potential vehicle for health care insurance programs and as a subject of antitrust inquiry. In order to prevent confusion regarding the role of farmer cooperatives, we would like to offer some background information that may be useful.

Farmer cooperatives came into being more than 100 years ago because individual farmers were too small and too numerous to gain needed products and services at a reasonable price from larger privately-owned or investor-owned agribusinesses. Farmers joined forces to form cooperative associations to market their products and purchase farm-related supplies and services. The challenges experienced by farmers 100 years ago exist today, as producers and their cooperatives are selling into markets increasingly dominated by fewer, larger buyers.

Farmer cooperatives play a vital role in agriculture and in the economic and social life of rural communities across Wisconsin. Cooperatives provide Wisconsin farmers with an advantage in the marketplace in several ways. By pooling the buying power of hundreds or thousands of individual producers, farmer cooperatives are able to supply their members—at a competitive price—with nearly every input necessary to run a successful farming operation, including access to a dependable source of credit. For example, Wisconsin is a national leader in using the cooperative model to offer health insurance to farmers through a health care cooperative owned and governed by farmers.

Farmer cooperatives also market a wide range of agricultural commodities, and many engage in value-added processing to produce products that meet changing consumer demand. Wisconsin's dairy cooperatives and ethanol cooperatives add value to the raw products produced by Wisconsin farmers. In addition, many cooperatives are major exporters, allowing individual producers to compete in the global marketplace in a way that would be impossible to replicate as individual producers. Profits from these activities are returned to the cooperative's members, helping to boost income from beyond the farm gate and providing additional capital for farming operations. Farmers' income then flows through to local communities, aiding the rural economy of Wisconsin.

Farmer cooperatives are also playing an important role as dairy farmers across Wisconsin face an unprecedented and sustained decline in the price of fluid milk. Many dairy cooperatives have taken a number of steps—from speeding up milk payments to increasing the amount of profits returned directly to members to provide needed dollars in these hard economic times. In Wisconsin 85% of the milk is marketed through a cooperative and over 60% of the cheese is made by a cooperative.

A renewed focus on antitrust enforcement has resulted in some confusion regarding the antitrust protections provided to farmer cooperatives. The Capper-Volstead Act gives farmer cooperatives limited antitrust immunity. To qualify for these limited antitrust protections, farmer cooperatives must meet several requirements. These include that the cooperative's voting members must be producers, and that the cooperative must choose to either operate on a one member/one vote basis, or must limit distributions on dividends to eight percent. Without the limited antitrust immunity provided by the Act, farmers who work together to process and market their products could be subject to criminal prosecution for violation of the Sherman Antitrust Law.

Moreover, as a protection against potential monopolistic activity, the Capper-Volstead Act gives the Secretary of Agriculture authority to prevent cooperatives from using their market power to unduly enhance the price of the products they market.

Wisconsin's agricultural cooperative community, while vibrant and diverse, is dwarfed by the non-cooperative agribusiness community. In short, our cooperatives create, rather than restrict, competition and it is in the interest of our state that they flourish.

Protecting the Capper-Volstead Act and the other laws that gives Wisconsin farmers the ability to form cooperatives is essential – without Capper-Volstead, many farmer cooperatives would cease to exist and the farmers and communities they serve would suffer irreparable harm.

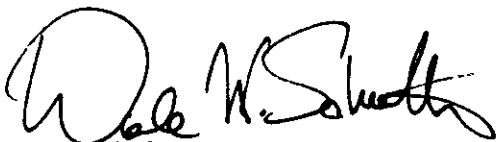
Sincerely,



Kathleen Vinehout
Chair, Committee on Agriculture and Higher Education
31st Senate District



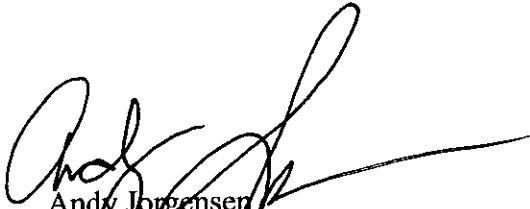
Amy Sue Vruwink
Chair, Committee on Agriculture
70th Assembly District




Dale Schultz
17th Senate District




Edward Brooks
50th Assembly District



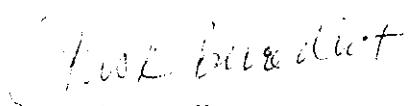
Andy Jorgensen
37th Assembly District




Ted Zigmunt
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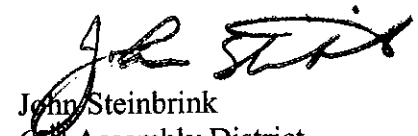
Lena Taylor
4th Senate District




Mark Radcliffe
92nd Assembly District



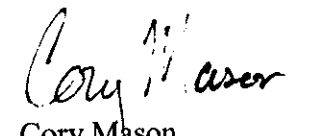
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56th Assembly District




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91st Assembly District

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Phil Garthwaite
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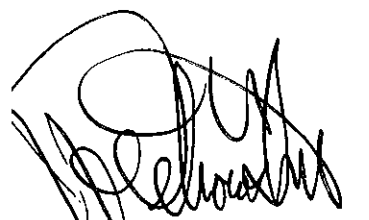
Sheila Harsdorf
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Brett Davis
80th Assembly District

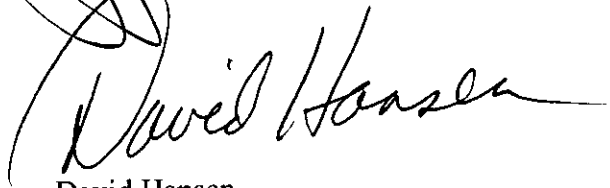
Mary Williams
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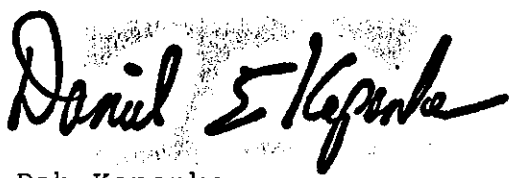
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