Agricultural Market Concentration

Consolidation of America’s food supply is old news. Yet the concentration of companies in sector after sector of the agriculture market has had serious side-affects. Markets run best when there is competition among a large number of businesses.

“In standard economic theory, a market stops being competitive when the four largest players control over 40 percent – what is known as a ‘four-firm concentration ratio’ (CR4) of 40.” A number of agricultural markets have reached the point where they are no longer competitive, including beef packers, pork packers, broilers and turkey production, soybean crushing, fluid milk sales, corn seed, biotech seed, vegetable seed, flour milling, grain trading, pesticides, and even food retailing.

Market concentration has moved the growing of food away from sustainable methods, toward the industrial model. Market concentration has driven the production of livestock to the concentrated animal feeding-style of raising animals, where thousands of animals are housed in large buildings. It has resulted in few marketing opportunities for independent farmers who are not contracted to the large vertically-integrated companies, including no or very limited access to slaughterhouses. Additionally if one company is lax in implementing health and safety measures, significant percentages of the public can be sickened. Finally the largest of the companies are able to dictate the rules that all of the others in the industry must follow, which can be detrimental to public health and safety and can be costly to the consumer.

The Iowa Chapter supports the following policy initiatives:

- Supporting programs that assist in building small community-scale processing plants for fruits and vegetables
- Providing access to slaughterhouses for small-scale farmers who sustainably raise animals
- Creating local farmers markets where locally grown, sustainable products can be sold and purchased
- Allowing preferences for local, sustainable foods when schools, hospitals, and other government institutions purchase foods
- Creating local farmer-seller cooperatives so groups of farmers can collectively move their products to market, including storage, processing, transportation, and marketing services
- Initiating anti-trust actions against the largest companies and other actions to make the markets more competitive
- Breaking the vertical integration in the farming industry, where one company can own all of the steps in producing a food product, such as owning the animals, owning the feed mills, and owning the slaughterhouses.

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