

The Honorable Kamala Harris  
Vice President of the United States  
Washington, DC 20500

September 24, 2024

Dear Madam Vice President:

The undersigned groups and individuals applaud your proposal to implement a federal ban on corporate price gouging in the food system and to crack down on food industry mergers. Your plan would tackle a problem that affects not just grocery shoppers, but almost everyone involved in the food system. Addressing price gouging and corporate consolidation would not only help working Americans fight the inflation hitting their pocketbooks, but lay the foundation of a prosperous, sustainable, and more resilient food system for tomorrow.

Your proposal provides an opportunity to build on the Biden-Harris administration's work to address the harm incurred by 40 years of lax antitrust law enforcement that has allowed some of the highest levels of food and agriculture market concentration in U.S. history. Economists find that market abuses — such as price gouging and wage fixing — are likely to occur when the top four firms control [more than 40% of the market](#). Concentration levels surpass that percentage [in almost every food and agriculture sector](#), from seeds, to meat processing, to retail grocery.

For example, since 2015, the seed industry went from being dominated by six corporations to only four. This concentration of market power is also rampant in the food processing and retail sectors. [Four corporations control 85% of beef processing, 70% of pork processing, and over 90% of the soda market.](#) At the retail level, the [top four grocery chains control 69%](#) of all grocery sales nationally, with even higher concentrations in certain regional markets.

Because there are so few corporations in any one sector, they no longer need to compete with each other for market share; rather, they work in concert to limit supply and set prices. Because of this newfound corporate power, antitrust regulators are ill-equipped with the necessary tools to protect farmers and consumers from monopolistic abuses like price gouging.

As powerful food corporations get away with raising prices well beyond any rise in production costs, Americans are struggling to afford to feed their families. A recent [USDA study](#) found that 13.5% of U.S. households were food insecure in 2023, marking an increase for the second year in a row. As families are forced to pare down at the checkout line, they're often [cutting staples like milk and fresh produce](#). Swift action is needed at the federal level to help reverse this devastating trend and to hold companies engaging in price gouging accountable.

Price gouging is happening across the food system. The USDA recently observed that two companies, Corteva and Bayer, [provided more than half the U.S. retail seed sales of corn, soybeans, and cotton in 2018–2020](#). The USDA also found that over the 1990-2020 period, [prices for crop seed rose much faster](#)

[than the prices farmers received for their crops](#). Corteva, for its part, has protected its profits by [raising prices steadily](#).

In recent years, dominant firms have learned that they can use a supply chain disruption or exceptional market shock to raise prices on consumers. For example, in 2021, fertilizer prices spiked to all-time highs, with nitrogen-based fertilizer prices [increasing 159-210% from the year prior](#). These spikes coincided suspiciously with an increase in income farmers earned from commodity crops like soybeans and corn. Fertilizer corporations' own financial statements disproved their excuses about higher costs and supply chain issues due to Russia's invasion of Ukraine.

In January 2023, the average cost of a carton of eggs increased by 138% up to \$4.25 a dozen. Dominant companies blamed avian flu and inflation, which did cause disruptions. But this did not explain why the largest egg corporation, Cal-Maine — which hadn't reported a single case of avian flu — [increased its gross margins five-fold](#) during this time.

And in 2019, a fire in Holcomb, Kansas shuttered a Tyson meatpacking plant. In the aftermath, beef packers simultaneously raised retail prices and cut the price paid to cattle producers generating an historic [67% spread](#) between the two, pointing to lost processing capacity as an excuse. However, in the weeks following the fire, the beef industry processed 5,000 more cattle than in the three weeks prior.

Any analysis of grocery pricing needs to recognize that, across a range of products, [unit sales have fallen](#) when compared to pre-pandemic levels. The lower sales volumes are the result of corporations choosing to protect their profits by raising prices. We know that corporations are following this strategy both because they've announced it on [earnings calls](#) and [in court](#). Demand spikes did not drive up prices, as classical economics would assume. Profiteering enabled by market concentration did.

This high degree of concentration in the food system — and the subsequent market abuses it enables — matters not just for consumers, but also for workers who suffer the consequences of rampant food system mergers and increasing consolidation firsthand. [Seven out of the 10](#) worst-paying jobs in America are in the food system. Many of the biggest food corporations, from McDonald's to Walmart, [take advantage of SNAP](#) and other government benefits to support minimum wage employment.

Current laws are inadequate to protect Americans from these market abuses. We understand that your proposal goes beyond the statutes that already form part of the laws in most states when, during a declared emergency, states have reserved the right to limit price increases. The federal government has extremely limited authority to address price gouging. The Defense Production Act (DPA) is a federal law that protects against price gouging during wartime or in times of extreme emergencies, such as the COVID-19 pandemic. But the experience of most Americans is of a subtler kind of gouging than what current laws address. That happens when a handful of corporations dominating a market all raise prices [in ways that fall just short of being a cartel](#), where each firm protects its profits across an industry. Your approach to grocery prices addresses this market abuse.

The U.S. needs robust antitrust policies and enforcement throughout the entire food system. We applaud your leadership on this critical matter and urge you to continue this important work that will help ensure Americans will enjoy the freedom to feed their families well.

Sincerely,

Agricultural Justice Project  
Alabama State Association of Cooperatives  
American Economic Liberties Project  
American Grassfed Association  
American Indian Mothers Inc.  
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Interfaith Power & Light  
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Main Street Alliance  
Maryland Latinos Unidos (MLU)  
Missouri Rural Crisis Center

National Family Farm Coalition  
National Farm to School Network  
NETWORK Lobby for Catholic Social Justice  
Northeast Organic Farming Association of New Jersey  
Northeast Organic Farming Association of New Hampshire  
Ohio Farmers Union  
Open Markets Institute  
Organic Seed Alliance  
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