The Corporate Takeover of America's Food System: How Monopolies are Undermining Agriculture and Food Security

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A handful of large corporations have accumulated an alarming amount of power over America's food and agriculture system, with far-reaching impacts, especially in the seed sector. Roughly three dozen companies now control much of the agricultural supply chain, dictating the development and trade terms of everything from farming inputs to food distribution. In some industries, a single company has total control over key products, manipulating prices and holding the fate of its competitors in its hands. In sectors like seeds, a few dominant players share control, using their power to limit competition. Across the entire agricultural landscape, a corporate oligarchy has aggregated the power to determine who gets to farm, how they farm, and what food gets produced—all while controlling prices for consumers.

Four major corporations currently dominate the seed and pesticide markets, but this concentration of power extends beyond seeds. Single companies monopolize the markets for nitrogen, phosphorus, and potassium fertilizers. A single corporation has monopolized control over the manufacture, distribution, and repair of new farm tractors and combines. Four conglomerates share power over the export of key crops such as corn, wheat, and soybeans, as well as the processing of these crops into food and feed products. Similarly, just a few companies control the meat and poultry industries, with one or two dominating the procurement and slaughter of livestock in particular regions. Comparable concentrations of market power are pervasive across the fruit and vegetable processing industries and extend to egg production, milk processing, and grocery retailing. Grocery sales—historically the domain of countless local and regional firms—are now primarily in the hands of just four national retailers.

These multinational corporations regularly abuse their power to maintain their control over markets—squashing competition, blocking innovation, and extracting wealth from farmers, workers, and consumers. For example, the seed and pesticide monopolies limit agricultural innovation by locking farmers into using expensive, genetically modified seeds and pesticides, of which the effectiveness is declining over time. The fertilizer corporations have engineered chronic shortages of their products to drive up prices, ensuring high profit margins for the past two decades on products they have not improved in over half a century. Farm equipment manufacturers have embedded technology into their machines that makes it impossible for farmers to repair their own equipment or use independent repair shops, forcing farmers to use—and pay for— the exorbitantly priced repair services of manufacturer-licensed dealerships instead.

The meat industry, dominated by just five companies, regularly faces accusations of price-fixing and wage-fixing, but its abuses go much deeper. The Big Five meatpackers depress the prices paid to farmers for livestock, subject plant workers to unconscionable labor conditions, and deceive consumers into paying premium prices with rampant false advertising about the origin, quality, and sustainability of their products. In the dairy sector, the major processors have raised the price of milk for consumers while keeping the price paid to dairy farmers low. In the egg industry, the dominant producers have orchestrated a chronic shortage of egg supplies relative to domestic consumption since the mid-2000s—something that until then had never happened in the history of the United States—allowing them to raise the wholesale price of eggs several times over the level it had previously maintained for four decades (in real dollars).

In the seed industry, the Big Four seed companies control the vast majority of transgenic seed patents as well as distribution channels. This has enabled them to stifle innovation by restricting the ability of breeders and researchers to create new products while preventing those independent firms that are able to overcome these barriers from reaching markets. Through aggressive tying and bundling strategies, these corporations force farmers to adopt technologies and seed varieties that they control, leaving little room for choice or competition. More recently, these firms have gained unprecedented access to farmers' data, creating a stark information asymmetry that gives them insight into farmers' operations and profitability, enhancing their power and their ability to deploy it. Ultimately, this concentration of control undermines innovation, centralizes decision-making over what food is grown in this country, and generates a significant threat to our food security.

It is important to understand, however, that this concentration of power did not happen by chance. The rise of today's agricultural monopolies is the result of a deliberate shift away from antitrust enforcement and an embrace of *laissez-faire* dogma by Democratic and Republican administrations alike starting in the 1980s. While antitrust authorities looked the other way, today's monopolies systematically deployed mergers and acquisitions, exclusive contracts, discriminatory pricing, and deceptive business practices to eliminate competition—until they were finally entrenched.

There is cause for hope, however. History shows that the American people are not powerless in the face of corporate monopolies. In the 1930s, after decades of unchecked monopolization, the country launched the greatest trust-busting campaign in history—breaking up hundreds of monopolies and cartels across the economy. Simultaneously, a comprehensive apparatus of anti-monopoly policies and programs was implemented through Congress, state legislatures, and the courts to guard against the reconsolidation of power by corporate oligarchs. Within a decade of these efforts, farmers could—for the first time in generations—buy their supplies from competitive markets and sell their crops into competitive markets; rural communities and small cities regained control of their economic lives; and a republic of free, independent enterprise was reborn.

For the past four decades, the lessons of this earlier campaign against monopolies have been forgotten in high places. Antitrust enforcement has weakened, allowing monopolies to flourish. But today, the movement finds itself at a critical juncture, much like in the 1930s. The rise—and success—of new leadership at the Federal Trade Commission and Department of Justice, including Chair Lina Khan and Assistant Attorney General Jonathan Kanter, signaled a shift back toward strong enforcement of antitrust laws. It remains to be seen whether the new administration will continue the movement toward more vigorous antitrust enforcement. Will they allow corporate giants to control our food system, or will they also fight for competitive, fair markets that benefit farmers, workers, and consumers alike?

This paper draws from the Farm Action commissioned report, "Kings Over the Necessaries of Life: Monopolization and the Elimination of Competition in America's Agriculture System," written by Basel Musharbash.