Corporate Control in Agriculture

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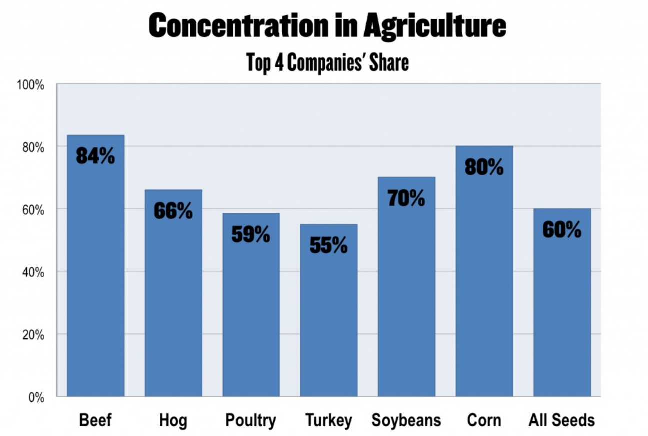
A handful of corporations control our food from farm to fork. Their unbridled power grants them increasing political influence over the rules that govern our food system and allows them to manipulate the marketplace – pushing down the prices paid to family farmers and driving them out of business. For eaters, extreme consolidation leaves fewer choices in the grocery aisle and higher prices, while corporate-written policies are sparking growing food safety concerns and less transparency in the marketplace. In sum, our corporate controlled food system damages rural communities, local economies, public health and the soil and water needed to sustain food production.

How much power do corporations wield?

U.S. agriculture suffers from abnormally high levels of concentration, meaning just a handful of corporations control nearly all of our food production, processing, and distribution In a healthy economy, multiple firms can sell their goods to multiple buyers in an open, competitive market.

“Our food system belongs in the hands of many family farmers, not under the control of a handful of corporations.” – *Willie Nelson, Farm Aid Founder and President*

Most sectors of the U.S. economy have concentration ratios around 40%, meaning that the top four firms in the industry control 40% of the market. If the concentration ratio is *above* 40%, economists believe competition is threatened and market abuses are more likely to occur: the higher the number, the bigger the threat. Almost every sector in agriculture is well above these levels.



How does corporate power affect farmers?

Unchecked corporate power distorts markets and leaves farmers and ranchers vulnerable to abuse and unfair practices. Because farmers rely on both buyers and sellers for their business, concentrated markets squeeze them at both ends.

“We need to get the power back to the people, away from the corporations… If something is going to be done about corporate control in our food system, now is the tie to act.” – *Jim Gerritsen, Maine Farmer*

Farmers need to buy things to operate their farms, like seeds, machinery, fertilizers and other goods. Sellers with high market power can inflate the prices farmers must pay for these items. Meanwhile, processors and other powerful buyers can suppress the prices they offer farmers. Often having no other options for companies to sell to, farmers are forced to take whatever prices they can.

The razor-thin profit margins on which farmers are forced to operate often push them to “get big or get out”—either expanding into mega-operations or leaving the land altogether. (Read more about uncompetitive markets and their effects on family farmers here.)

What does corporate power mean for eaters?

For all of us who eat, unchecked corporate power means higher prices and less choice. Despite the concept of cheap food and “feeding the world” that the industrial food system promises (and uses to justify the damage the system inflicts upon farmers, rural communities and our soil and water), their extreme market power means corporations can push down the prices paid to farmers without passing on their savings to consumers. What’s more, the farmer’s share of the retail food dollar plummeted by fifty percent.