Organization for Competitive Markets

Fact Sheet: Food and Agribusiness Merger Moratorium and Antitrust Review Act

Finally, legislation has been introduced that would address America's monopoly problem in agriculture.

Introduced in 2018 by Sen. Booker (S.3404) and Rep. Pocan (H.R. 6800), the Food and Agribusiness Merger Moratorium and Antitrust Review Act would establish:

An 18-month moratorium on large agribusiness, food and beverage manufacturing, and grocery retail mergers and acquisitions

A commission to review mergers, concentration, and market power in those sectors

Recommendations to establish a fair marketplace for family farmers and their communities

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Concentration in farm and food markets has been accelerating at a rapid pace.

A market share of more than 40 percent controlled by the top four firms indicates a highly concentrated market where abuses are likely. In the past three decades, the top 4 largest pork packers have seized control of 71 percent of the market, up from 36 percent. Over the same period, the top 4 beef packers have expanded their market share from 32 percent to 85 percent. The top 4 flour millers have increased their market share from 40 percent to 64 percent.

- A handful of firms control successive stages of the food chain, from inputs to production to distribution.

- Foreign firms, often with considerable government backing, have dominant positions in the United States beef, hog, poultry, seed, fertilizer, and agrichemical sectors.

- Buyers with oligopsonistic or monopsonistic power have incentives to engage in unfair and discriminatory acts that cause farmers to receive less than a competitive price for their goods.

- At the same time some Federal courts have incorrectly required a plaintiff to show harm to competition generally, in addition to harm to the individual farmer, when making a determination that an unfair, unjustly discriminatory, deceptive, or preferential act exists under the Packers and Stockyards Act of 1921.

To restore competition in the agricultural economy, and to increase the bargaining power and enhance economic prospects for family farmers, the trend toward concentration must be reversed.

Farmers in crisis. The Big Guys benefit.

- The farmer's share of every retail dollar has plummeted from 41 percent in 1950 to approximately 15 percent today, while the profit share for farm input, marketing, and processing companies has risen.

- While agribusiness conglomerates are posting record earnings, farmers are facing desperate times. Since 2013, net farm income for United States farmers has fallen by more than half and median on farm income was negative in 2017 and is expected to be negative in 2018.

- The benefits of low commodity prices are not being passed on to American consumers. The gap between what shoppers pay for food and what farmers are paid is growing wider.

- Concentration, low prices, anticompetitive practices, and other manipulations and abuses of the agricultural economy are driving small family farmers out of business. Farmers are going bankrupt or giving up, and few are taking their places; more farm families are having to rely on other jobs to stay afloat. Eighty-two percent of farm household income is expected to come from off farm work this year, up from 53 percent in 1960.

- Farm advocates across the country are reporting an increase in farmer suicides over the past several years.

- The decline of family farming causes the demise of rural communities, as stores lose customers, churches lose congregations, schools and clinics become under-used, career opportunities for young people dry up, and local inequalities of wealth and income grow wider.

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Join the fight! Contact: kun@competitivemarkets.com