Corporatization of Agricultural Policy[1]

John Ikerd

Contrary to popular opinion, the corporatization of the American food system is not being driven by consumers. First, the conditions necessary for markets to reflect the real food preferences of consumers no longer exist. If a market is to be responsive to consumers' needs and preferences, there must be so many buyers and sellers that any one buyer or seller could go out of business or double production with no noticeable effect on product availability or price. In such markets, costs of producing different foods would be accurately reflected in retail food prices because sellers would have no ability to retain excess profits. It would also be relatively easy for new sellers to bring new and better products into such markets; thus sellers would not be able to limit the variety of foods available to their customers.

Food markets in the U.S. have not been economically competitive for decades. For example, the Packers Consent Decree of 1920 was an effort to break up a "shared monopoly" that existed in meat packing at the time. The Packers and Stockyards Act of 1921 was an attempt to prevent the re-concentration of corporate power in the meat packing industry. Obviously, it didn't work as the concentration of market power in meat packing today is far greater than in 1920.

Market economies have a natural tendency to evolve toward ever greater concentration of economic power. A primary economic function of government is to maintain competition so the markets will bring forth the right products to serve the best interests of society – not just cheap products. The U.S. government has not only failed to maintain free markets, it has actually promoted the industrialization of agriculture and the consequent corporate consolidation of the food system. The federal government has only recently given in to persistent pressures to enforce the provisions of the Packers and Stockyards Act of 1921. It remains to be seen how effective these belated efforts may be in restoring some sense of competition.

Evidence of corporate influence on government farm and food policy is pervasive and publically available. Political contributions from agribusiness amounted to more than $65 million during the 2008 federal election cycle, going to candidates of both parties. The top contributors were corporations involved in production and processing of sugar, tobacco, and dairy products. All are heavily dependent on government farm programs. The top contributors by category were: agricultural services and products: $9.7 million; food processing and sales: $7.4 million; crop production and basic processing: $6.0 million, tobacco: $4.8 million, and forestry/forestry products: $3.4 million. Not surprisingly, the top recipient of agribusiness lobby money among U.S. House candidates was Colin Peterson, Democrat from Minnesota, Chair of House Agriculture Committee. Blanche Lincoln, Republican from Arkansas, ranking member of the Senate Agriculture Committee, was the top recipient among U.S. Senate candidates.

Campaign contributions represent only the tip of the iceberg of corporate influence. Monsanto, who holds patents on about 80% of all genetically modified seeds, spent almost $9 million lobbying during 2009, an off-election year for national politics. ADM, a giant grain

[1] Published in Small Farm Today Magazine, 2010.

company also involved in ethanol production, chipped in another $1.2 million. Cargill, a multi-national grain company came up with $1.7 million. Lobbying is everyday business for corporations, a big business for agribusiness, in Washington, DC.

Corporations are not limited to for-profit businesses. The essence of corporatism is the separation of decision making from the personal responsibilities of ownership or membership. Many political action groups, including labor unions and environmental organizations, are corporate in the sense that their lobbyist may or may not accurately represent the core values of their individual members. The American Farm Bureau Federation, one of the most powerful lobbyists in DC, is a prime example of an organization that clearly misrepresents the basic values of its membership when it claims to speak for agriculture. In fact, a large portion of its members are not farmers at all, many being urban residents who become members by virtue of taking out Farm Bureau insurance policies. The Farm Bureau reported spending $4.5 million per year during the debates leading up to the 2001 farm bill. Survival and growth are prerequisite for corporate success, regardless of the mission, and thus becomes the top priority of corporate politics.

In addition to general farm organizations such as the Farm Bureau and Farmers Union, every major agricultural commodity – including corn, soybeans, cotton, rice, beef, pork, poultry, and dairy – is represented by a lobbying organization that claims to represent the interest of its respective producers. The National Cotton Council chipped $300 thousand to the 2001 Farm Bill debate. The Sugar Association has upped the ante considerably by spending more than $4.5 million during 2007 and 2008 to protect sugar subsidies. The National Corn Growers spent about a half-million in 2009, lobbing for an extension of corn ethanol subsidies. The producers of the commodities represented by these various lobbying groups are simply too diverse – politically, economically, socially – to share any common core values regarding public policy, other than the desire to benefit economically.

It is virtually impossible to come up with any meaningful estimate of the total political influence of such groups, as they all have politically active state level organizations that support their national organizations. Restraints on corporate lobbying at state and local levels are practically nonexistent. In Missouri, for example, no piece of legislation passes out of agricultural committees and onto the assembly floor for debate unless it has first been approved by lobbyists for Missouri Farm Bureau and Mo-Ag Industries – the agribusiness lobby. In such states, urban legislators never have an opportunity to vote on legislation that might challenge the industrialization of agriculture or corporate control of the food system.

Some of the most blatant conflicts of interest in politics also occur among politicians and bureaucrats who serve in important agricultural policy and administrative positions. This is particularly problematic at state and local levels. Seats on agricultural committees in state legislatures of major agricultural states are routinely filled by those with clear economic interests in agriculture. Those few who are not farmers are expected to defer to the agricultural experts, meaning farmers and those with agribusiness interests.

Government farm subsidies obviously are not all allocated among farmers with any sense of equity or justice for all. USDA statistics for 1995 to 2009 indicate that 74% of total government payments went to the largest 10% of recipients, in general, to those with the largest farming operations. The 80% of recipients receiving the smallest government checks received only 12% of the total government money, leaving 14% of payments for the remaining 10% of recipients. During the year of 2009, nearly 40% of U.S. farmers received no government payments at all. Government farm programs are not about farmers or even people in general; they are about production and profits.

As a consequence of farm politics, some commodities are subsidized more heavily than others. More than 76% of all farm subsidies went to producers of five crops: corn, wheat, cotton, rice, and soybeans. Apples were the only fruit or vegetable crop that ranked among the top twenty in subsidies. It's as if the citizens of the country were bushels of corn, soybeans, wheat, or rice rather than the people who own the land, tended the crops, and eat the food – one bushel, one vote.

More than half of all government farm subsidies went to ten states: Texas, Iowa, Illinois, Kansas, Minnesota, North Dakota, Nebraska, California, South Dakota, and Missouri. During 2009, 60% of farm subsidies went to states represented by senators serving on the Senate Agriculture committee and 37% of subsidies went to states represented on the House Agriculture Committee. Four of the top five congressional districts receiving agricultural subsidies were states represented on the House Agriculture Committee. This distribution of subsidies is far more consistent with the economic and political power of special interest groups than the food security of the nation.

In many cases, if not most, politicians put the economic interests of corporate lobbyists ahead of the public interests of society in general. Of course politicians have to be concerned about reelection, but a well-financed campaign can paper over a host of subtle betrayals of public trust. It has become accepted practice to measure the success of politicians by the amount of government money they bring back to their state or district, not by their advocacy for the greater public interest or common good. Agricultural lobbying organizations likewise measure their success in terms of the government subsidies they bring home to their members, not by their advocacy for an agriculture that serves the larger public interest or common good. Corporate influence over agricultural policy may not be any greater than other sectors of the economy, but it certainly has the reputation for not being any less.

Concerns for corporate influence would be mitigated somewhat if the resulting farm and food policies had erased or even reduced hunger or diet related health problems in America. It has done neither. The percentage of “food insecure” people in American is higher than back in the 1960s, prior to the corporate takeover of agriculture. Problems of obesity, diabetes, hypertension, heart problems, and food related cancers have become epidemic with growing corporate control of the American food system. Corporate farm policy has been a disaster for the American people. Consumers and taxpayers should demand a total change in farm policies. Current farm policies are beyond repair. Debates leading up to the farm bill of 2012 should start from scratch, with an open process dedicated to serving the common interests of independent farmers, consumers, and taxpayers rather than accommodating corporate agriculture.