

The Economic Cost of Food Monopolies: The Hog Bosses

The corporate hog takeover of Iowa's rural landscape has wreaked severe economic and environmental damage. Iowa lost nearly 90 percent of its hog farms between 1982 and 2017, as factory farms squeezed out smaller, family-scale operations (see Figure 1).¹ Farmers are earning less (in today's dollars) per pound of pork produced, while processors and retailers capture more profit.² Meanwhile, factory hog farms pollute Iowa's waterways and contribute to climate change.

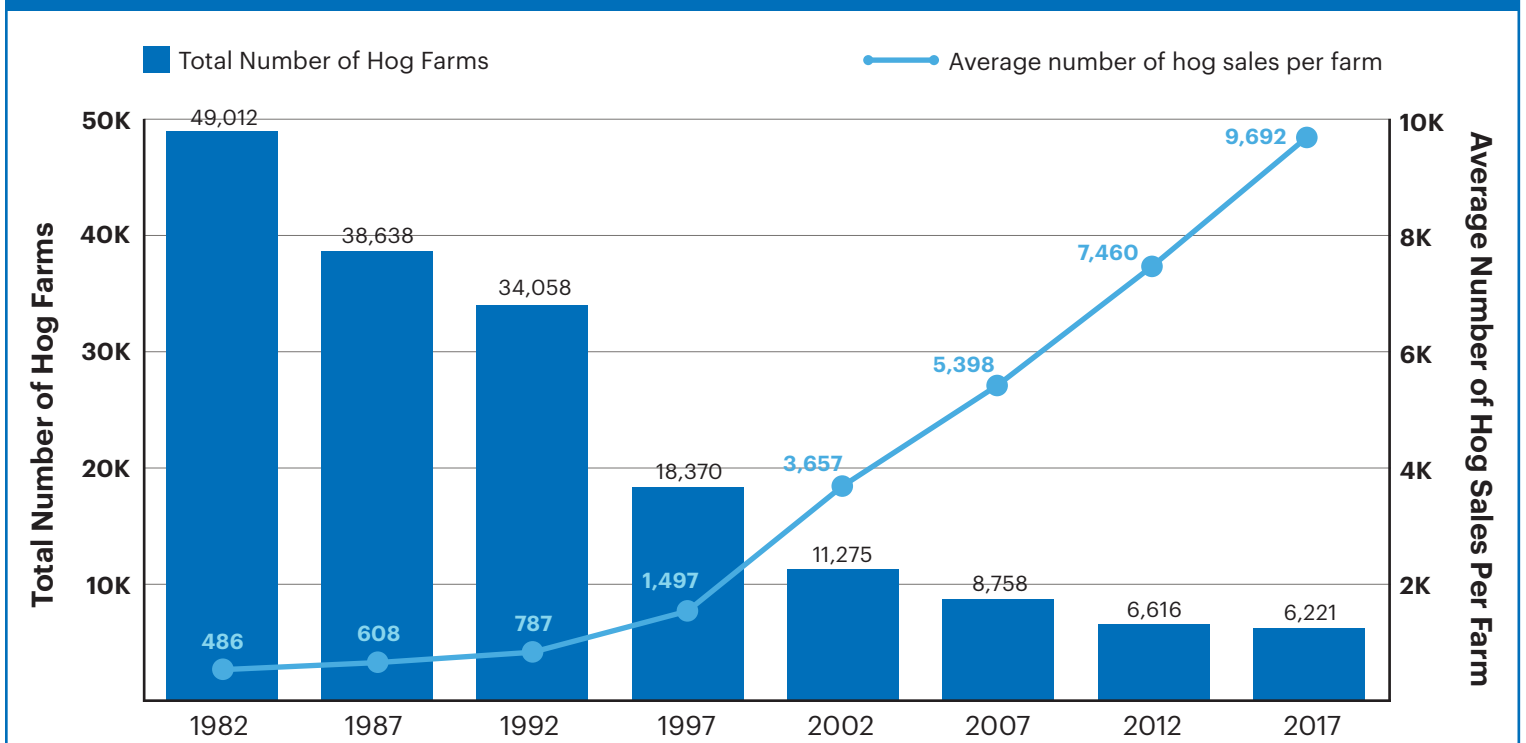
Decades of research ties factory farm growth with economic and social decline in rural communities, in large part because wealth is funneled out of the local economy and into the pockets of agribusinesses.³ We tested this theory by comparing the economic welfare of Iowa counties with the most hog sales and largest farms, against those with fewer sales and smaller farms. (See the

Methodology section in the full report for more details.⁴) We found that counties with greater factory farm development scored poorer across numerous economic and social indicators. They even performed worse than Iowa's less densely populated counties, suggesting that the effects are not due to ruralness alone.

Hog Farms Did Not Bring Prosperity to Rural Iowa

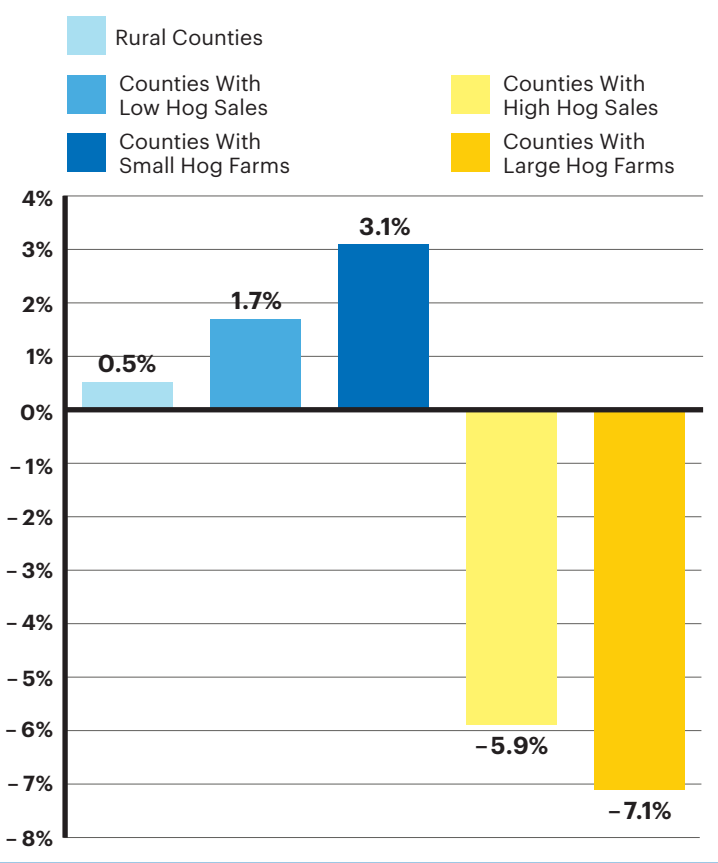
Real median household income among counties with high hog sales and large farms declined by between 6 and 7 percent from 1979 to 2017 (see Figure 2 on page 2). In contrast, it increased slightly within counties with fewer sales and smaller farms, and even in rural counties. These findings suggest that any profits from factory hog expansion are not evenly shared across households living in counties with the most hog production — even though these counties collectively increased their hog production three-fold.

FIG. 1: As Factory Hog Farms Spread Across Iowa, Independent Hog Farms Disappear



DATA SOURCE: U.S. DEPARTMENT OF AGRICULTURE

FIG. 2: Percent Change in Iowa Median Household Income – 1979 to 2017 (ADJUSTED FOR INFLATION)



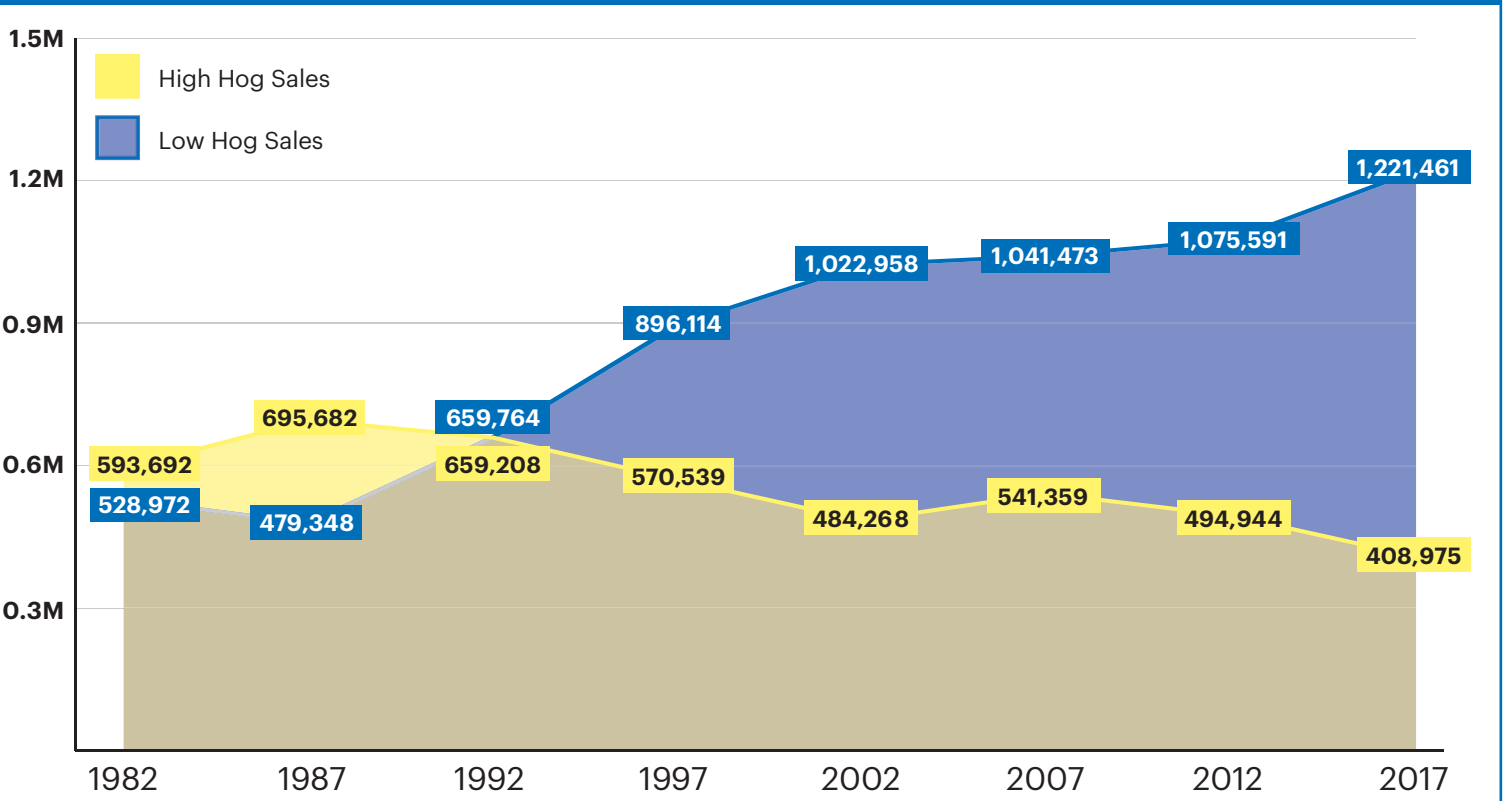
DATA SOURCE: FOOD & WATER WATCH ANALYSIS OF U.S. CENSUS BUREAU DATA

The factory farm industry likes to claim that its industrial model creates jobs — and it likes to stoke fears about job losses in order to oppose regulation.⁵ However, the data do not support this. Instead, the rise of Iowa’s factory farms coincided with significant job losses both on and off the farm (see Figure 3). Most revealing, job losses among top hog-producing counties exceeded the state average — and were even higher than among rural counties.

Factory farms have cascading impacts on all sectors of the local economy. Larger farms make fewer local purchases, reducing the “multiplier effect” of wealth circulating in a local economy.⁶ While Iowa experienced an estimated 2 percent decline in total retail businesses between 1982 and 2017, the counties with high hog sales and large farms saw extreme declines — 40 percent and 33 percent, respectively. This decline was even more severe than in Iowa’s most rural counties. Counties with low hog sales and small farms, in contrast, saw double-digit growth in retail businesses.

Iowa’s total population grew 8 percent from 1982 to 2017. However, counties with high hog sales and large farms saw their populations decrease by 44 percent and 36

FIG. 3: Total Wage Jobs in Iowa, High vs. Low Hog Sale Counties – 1982 to 2017

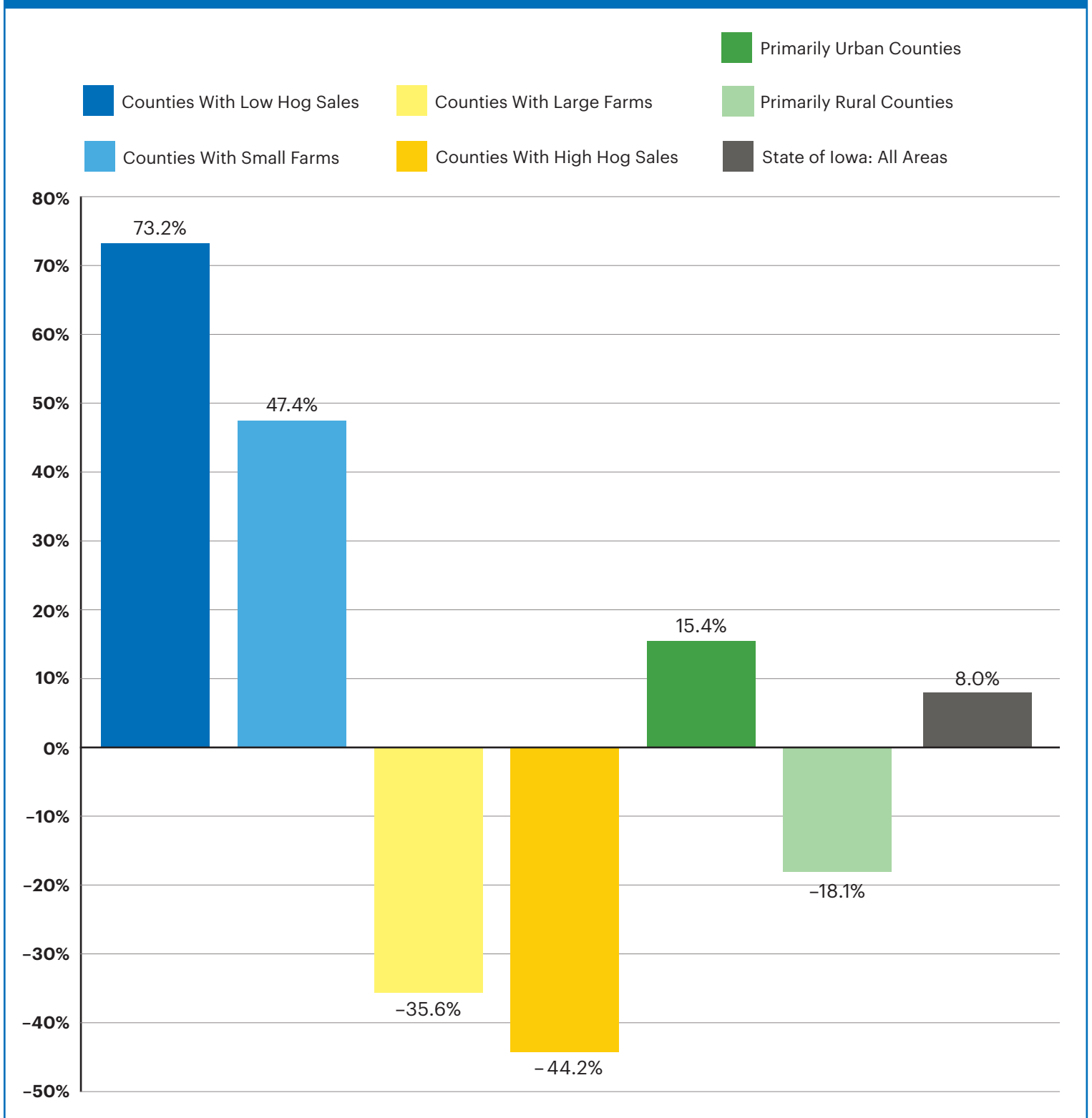


DATA SOURCE: FOOD & WATER WATCH ANALYSIS OF U.S. DEPARTMENT OF COMMERCE, BUREAU OF ECONOMIC ANALYSIS

percent, respectively — at least twice the rate of Iowa’s most rural counties (see Figure 4). In contrast, the populations of counties with low hog sales and small hog farms boomed 73 percent and 47 percent, respectively. Job losses, the decline of rural services, and nuisance and

public health concerns from nearby factory farms could all play a role in this population loss and deserve greater scrutiny. Population declines can have cascading effects on communities, including reduced retail demand and declining tax bases.⁷

FIG. 4: Percent Change in Population by Iowa County, Compared to Iowa State Total – 1982 to 2017



DATA SOURCE: FOOD & WATER WATCH ANALYSIS OF U.S. CENSUS BUREAU

The Rise of the Hog Bosses

These changes occurred over a period of extreme corporate consolidation of the agricultural industry, especially among meat and poultry processors. Over the past 40 years, the market share of the top four pork processors doubled (see Figure 5).⁸ Concentration at the local level can be even more extreme. For instance, between 2004 and 2011, the top four firms slaughtered 9 out of 10 Iowa hogs.⁹

Extreme market power gives corporations greater leverage to dictate farm prices and practices. This includes putting pressure on farmers to expand their herd sizes, as large corporations prefer to bargain with a few very large farms rather than numerous family-scale ones. It also enables them to extract more and more profit from the supply chain. Nationally, farmers earn \$2 less per pound of pork (in today’s dollars) than in 1982. But we’re paying

only around \$1 less per pound at the grocery checkout; pork processors and retailers are capturing the other dollar (see Figure 6).¹⁰

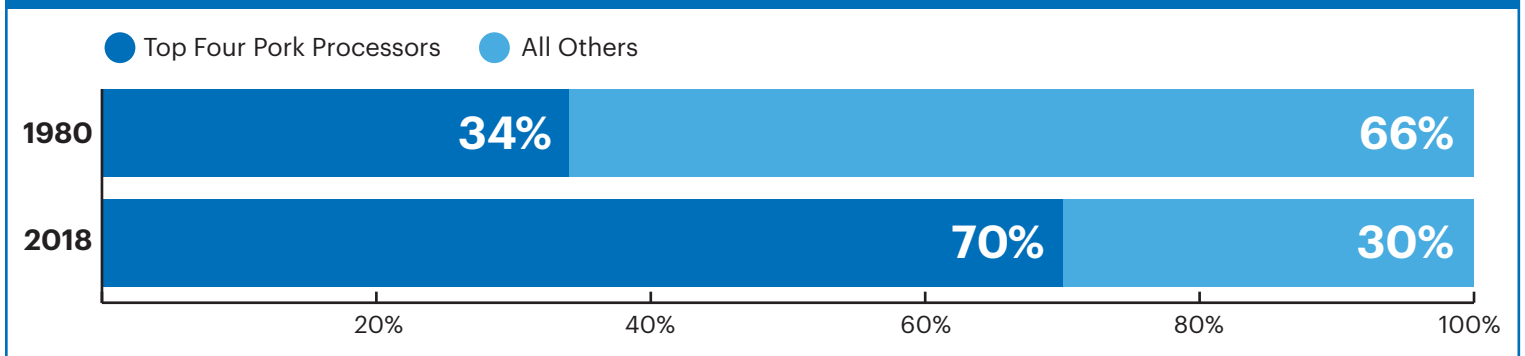
Conclusion and Recommendations

Corporate consolidation is at the heart of our food system’s dysfunction. Lax attitudes toward antitrust, embraced by administrations from both political parties, created space for a handful of powerful corporations to amass power over each step of the food supply chain. The problem is too big for any single farmer or eater to solve; we need our elected leaders to stand up against corporate power.

Food & Water Watch recommends:

- Banning new and expanding factory farms, and helping to transition existing farms into sustainable operations. Sample legislation has been introduced in both the Iowa legislature and the U.S. Congress;¹¹

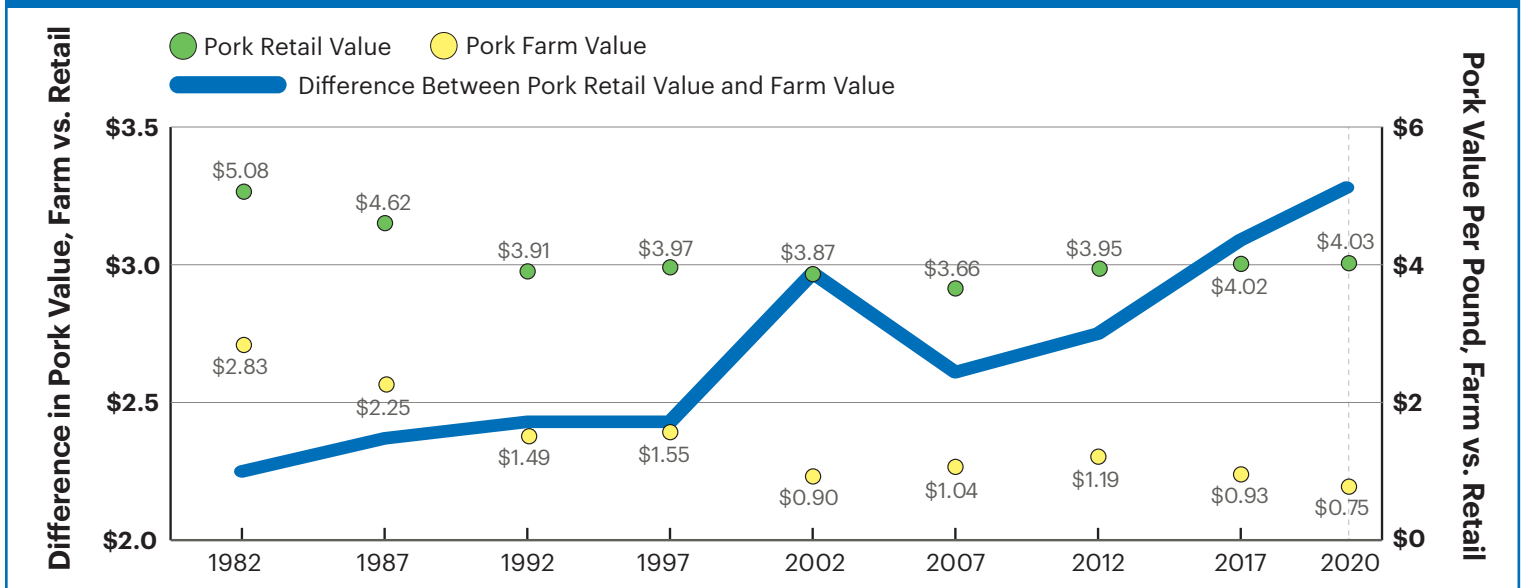
FIG. 5: National Market Share of the Top Four Pork Processors – 1980 vs. 2018



DATA SOURCE: U.S. DEPARTMENT OF AGRICULTURE

FIG. 6: Corporate Concentration Raises Food Prices and Guts Farm Income

PORK VALUES, FARM VS. RETAIL – 1982 TO 2020 (DOLLARS PER POUND, ADJUSTED FOR INFLATION)



DATA SOURCE: FOOD & WATER WATCH ANALYSIS OF U.S. DEPARTMENT OF AGRICULTURE DATA

- Halting agribusiness mega-mergers and breaking up existing monopolies, through legislation like the Food and Agribusiness Merger Moratorium and Antitrust Review Act;¹²
- Restoring supply management in the next Farm Bill to boost farm income and stop the flow of artificially cheap grains to factory farms; and
- Reforming — rather than removing — the current farm safety net, by requiring participants in federal programs like crop insurance to implement organic

regenerative practices, and banning factory farms from receiving public funding from conservation funding and guaranteed loans.

Agribusinesses spend hundreds of millions of dollars lobbying each year for the current agricultural system that serves their corporate interests.¹³ We must elect leaders who are willing to stand up to these hog bosses and other agribusinesses. Only then can we reshape our food system so that it works for all farmers, food chain workers, and eaters.

Endnotes

- 1 Food & Water Watch (FWW) analysis of U.S. Department of Agriculture (USDA). National Agricultural Statistics Service. Quick Stats. Available at <https://quickstats.nass.usda.gov>. Accessed February 2021.
- 2 FWW analysis of USDA. Economic Research Service (ERS). "Pork values and spreads." Available at <https://www.ers.usda.gov/data-products/meat-price-spreads>. Accessed August 2021.
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- 8 USDA. Grain Inspection, Packers and Stockyards Administration. "2008 Annual Report." March 1, 2009 at 46; USDA. Agricultural Marketing Service. "Packers and Stockyards Division: Annual Report 2019." August 2020 at 9.
- 9 Sexton, Richard. "Market power, misconceptions, and modern agricultural markets." *American Journal of Agricultural Economics*. Vol. 95, Iss. 2. January 2013 at 2; FWW analysis of National Pork Board. "Pork Facts: The Pork Industry at a Glance." 2009-2012.
- 10 USDA ERS. "Pork values and spreads." Available at <https://www.ers.usda.gov/data-products/meat-price-spreads>. Accessed August 2021.
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- 13 Ayazi, Hossein and Elsadig Elsheikh. Haas Institute for a Fair and Inclusive Society. "The US Farm Bill: Corporate Power and Structural Racism in the United States Food System." October 2015 at 15; Open Secrets. "Sector profile: Agribusiness." Available at <https://www.opensecrets.org/federal-lobbying/sectors/summary?id=A>. Accessed December 2021 and on file with FWW.

