

# Why Antitrust Laws Matter for Agriculture and Food

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Only a few companies dominate most links in America's food chain. These firms sell the equipment and supplies farmers use everyday, buy the crops and livestock from the farms, and process and sell food to consumers. These companies are the bottleneck between two million farmers and more than 300 million consumers and can raise costs and lower prices for farmers while reducing choices and raising prices for consumers, keeping more of the profits for themselves.

For more than a century, farmers have understood the unfair power that a handful of companies can wield over agriculture. In the 1800s, farmers fought railroad barons that controlled grain elevators, meatpacker monopolies and the Wall Street bankers that made most of the economic decisions. Antitrust laws were enacted to prevent a few firms from running roughshod over farmers, busting the trusts that colluded to squeeze profits out of farmers and consumers. Many of these laws are still on the books.

- The **Sherman Antitrust Act (1890)** prohibits price-fixing schemes by competitors, divvying up market turf, coordinating blacklists against suppliers or buyers, as well as using monopoly power to subvert business rivals.
- The **Clayton Antitrust Act (1914)** allows federal regulators to review proposed mergers to prevent deals that significantly reduce competition. Under this law, the U.S. Department of Justice has the authority to prevent or modify anticompetitive mergers.
- The **Packers & Stockyards Act (P&SA, 1921)**, enforced by the U.S. Department of Agriculture (USDA), was designed to prevent meatpackers and processors from using unfair or deceptive practices against farmers and ranchers who sell them livestock.

Unfortunately, over the past 30 years, the federal government has pulled the antitrust cops off the beat. Regulators have approved giant mergers between meatpackers and processors, grain companies, food-processing conglomerates and supermarket chains that have reduced the number of firms and increased their power to levels that can even exceed the trusts of the 1800s. Non-existent enforcement by the USDA and the Justice Department has allowed abusive treatment of farmers to flourish. The federal government's unwillingness to challenge the growing consolidation in agricultural and food markets has allowed a corporate transformation in the structure of the food system.

## Return of the Agribusiness Trust Busters

The Obama administration has pledged to make agricultural antitrust enforcement a priority. In 2010, the USDA and Justice Department held agricultural antitrust workshops across the country. While these are promising signs, farmers and consumers need real antitrust enforcement now. The administration must vigorously enforce laws on the books, demand additional authority to curtail other market abuses and restore a more even playing field for farmers and consumers.

- **What You Can Do:** Demand that the Justice Department and USDA enforce the laws on the books and pursue investigations into the concentrated market power that is warping agricultural markets for farmers and consumers.
- The Justice Department must finalize and release the investigations into the dairy and seed industries that are underway and promptly undertake necessary enforcement actions to curb market power abuses in these areas.
- USDA must issue necessary rules and regulations to more actively pursue anticompetitive actions, as well as undertake more vigorous enforcement of the Packers & Stockyards Act.

To learn more about how to restore competition in agriculture and our food system, go to [www.foodandwaterwatch.org/fairfarmbill](http://www.foodandwaterwatch.org/fairfarmbill).

### For more information:

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