Summary of Findings
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State Series: Consolidation and the American Family Farm – Missouri

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This briefing paper clearly outlines the plight of Missouri's family farmers and the rural communities they call home. It shows that specific policy decisions made at both the state and federal level have driven the wealth off the farm, out of the rural communities into the pockets of a few multinational corporations that today are just as likely to be foreign owned as they are U.S. owned.

Missouri's rural communities are suffering because large agribusiness corporations have been able to ensure agriculture policies at both the state and federal level allow these large multinational corporations to flourish at the expense of family farmers, unfairly lowering the price they are paid for their commodities and extracting the wealth from the rural community. Further, these policies have allowed the large agribusinesses to externalize their costs onto the taxpayers.

What is clear is large corporations have been increasing their stranglehold on the marketplace by increasing their concentration in the market. This heavy concentration gives them undue market power resulting in extreme economic power allowing them to dictate terms in the market.

Today, four companies (CR4) control 80 percent of the cattle market, over 60 percent of the hog market and over 50 percent of broiler and turkey markets. In Missouri, it is the norm that there is only one buyer for a commodity. Research demonstrates when 40 percent concentration of the market is held by four companies, the economic model that built America no longer works. The free market is no longer fair and open.

Further, research shows the heavy concentration in the market has concentrated the wealth in the hands of a few, denying economic opportunity for most of rural citizens and farmers. What is more alarming is that U.S. agriculture policy is building wealth for foreign interests. A decade ago, agriculture policies were picking winners and losers between U.S. family farmers and U.S. corporations; today our agriculture policies are picking winners and losers between U.S. family farmers and foreign corporations and countries. It simply makes no sense to bankrupt farmers and rural communities and build wealth and prosperity for foreign investors, corporations, and countries.

The largest hog producer in the U.S. is China's Smithfield and the largest beef producer is Brazil's JBS. JBS is also the leading poultry processor.

Consolidation has led to risks for Missouri farmers, including higher costs, fewer options, and increasing foreign ownership of Missouri farmland.

The pending Bayer/Monsanto merger is an example of how foreign investment is buying up U.S. corporations. The results are higher prices for farmers and a loss of innovation. The increase of foreign ownership of agribusinesses and draws questions of national security.

Missouri is above average in foreign land holdings with over 195,248 acres having been purchased between 2000 and 2013 by foreign interests. During the same period, foreign investment nationally in farm land equaled 391.5 billion dollars. Foreign investment in U.S. farmland artificially increases the value of land above its production value, driving farmers from the land and denying the next generation of America's family farmers the opportunity to be the next generation.

More and more farmers are being driven from the land. Since I started farming, the U.S. has lost over 1,000,000 farmers and the plight of the black farmer is even more devastating. Missouri used to lead with the number of black farmers and as of 2012 there are only 239 black farmers remaining in Missouri.

Agribusiness consolidation can drive up input costs for farmers. Since peaking in 2013, gross farm income has fallen nationally to a level not seen since around 2002. In fact, recently revised net farm income numbers from the three years following 2013 saw a 50 percent drop, as measured in nominal dollars. According to the Missouri Department of Economic Development, demand for soybeans and corn, which collectively make up 42 percent of Missouri farm receipts, has flattened, contributing to lower farm income. Yet, the most worrisome facts for Missouri farmers come when you scratch below the surface: net farm income, when measured in 2017 realized dollars, dropped 55 percent from the peak in 2013 to 2016. That exceeds the national drop of 52 percent. Furthermore, a recent report by the USDA Economic Research Service offers further evidence of small family farms getting squeezed. Small farm operations with a gross cash farm income (GCFI) under $350,000 saw their commodity program payments drop over 30 percent from 1991 to 2015, whereas farm operations with a GCFI over $1 million received 20 percent more in program payments over the same time period.

When there is a too limited number of buyers, price goes down for farmers, forcing them to get bigger or get out. Getting bigger only means they can stay in business farming for the small margin profits available through government subsidies.

In 2016 it was reported that China's Smithfield had the market power to lower prices paid to farmers a 14-year low, while increasing prices to consumers pocketing the excess. 71 percent of U.S. contract poultry growers live below the federal poverty level while companies like Tyson showed record high share prices in August of 2016 and are indicating record profits for last year. We want to be clear, when these large multi-national corporations squeeze the farmer, they are squeezing rural Missouri. When farmers make less they spend less at the hardware store, tractor supply, tractor and truck dealerships, and everyone in rural Missouri loses. When these large corporations build their factory-style farm operations, they bring their own feed, buy their supplies direct, and bring in their own veterinarians, denying rural Missouri the opportunity to prosper.

When we lose our farmers, we lose our families, we lose our schools and we lose our communities.

How have we come to such a point where our domestic agriculture policies are working against our U.S. family farmers and rural communities? These large multi-national corporations and their special interest trade organizations have used their economic power to build political power, allowing them to co-opt the government. Further, farmers' taxpayer dollars are being used to keep a lock on agriculture policy for the benefit of these multi-national corporations and their agenda to globalize the food system. Commodity checkoff programs collect over $800 million dollars, with the overwhelming lion's share of these government funds going to agribusiness trade organizations that lobby for the interests of these large corporations. These trade organizations have helped kill Country of Origin Labeling, the Farmer Fair Practices (GIPSA) Rules, and today they are pushing H.R. 3599, Congressman King's legislation that would pre-empt all state agriculture laws. These are but a few of the examples.

There is agriculture policy which can be implemented that reverses this trend and allow for the preservation of the American family farmer, that will grow wealth in rural communities and will provide both food security and national security.

The St. Louis Federal Reserve Bank has released their findings clearly outlining that if policymakers want to build strong rural communities they will invest and have policies that support local and regional foods. Research from the Universities of Missouri and Nebraska indicate that local food systems generate more sales, employment, and gross domestic product than conventional food sales. Rural communities enjoyed more value added to their GDP due to the direct and indirect employment and the indirect sales generated by local food systems.

Our report includes a list of policy steps the Missouri legislature could take immediately to help level the playing field for family farmers, including a ban on foreign ownership of farmland, a country of origin requirement for meat, transparency in farm contracts, and a focus on local/regional food systems.