Organization for Competitive Markets

Policy Brief | March 2018

State Series: Consolidation and the American Family Farm – North Dakota

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Issue

High levels of agribusiness and corporate farming concentration have serious implications for North Dakota, given that agriculture is the largest economic contributor in the state. The combination of consolidation and wealth extraction from rural communities has left little competition and fewer opportunities for the state's next generation of farmers and ranchers. In addition to consolidation, multinational agribusinesses use largeness to their advantage by exerting influence over industry groups, policy, and programs intended to help farmers and consumers. The evolution of federal and state beef checkoff programs, lack of autonomy for farmers to fix equipment they own, and repeal of the Country of Origin Labeling (COOL) requirements are recent examples where agribusiness and corporate operators have benefited over family farms. This brief shows some of the national trends, while tying in specific policy concerns facing North Dakota farmers and ranchers.

Concentration of Corporate Power in Agriculture

Consolidation of companies that control agricultural inputs (i.e., seeds, chemicals, data, etc.) and the livestock supply chain pose many risks to North Dakota farmers and ranchers. Recent research has described how the potential benefits of consolidation have been regularly discussed over the years, including economies of scale and increased productivity. However, the risks are not as well understood, and "current activity may be fundamentally changing the agricultural landscape."[1] Consolidation has led to risks for North Dakota farmers, including higher costs, fewer options, less competitive markets, and increasing environmental health risks. To further understand the full extent of the problem farmers and ranchers face from extreme levels of consolidation, it is important to understand the two types of consolidation: horizontal and vertical.

[1] Langemeir, M., & Boehlje, M. (2017). Drivers of Consolidation and Structural Change in Production Agriculture . *Agricultural Consolidation: Causes and the Path Forward . Special Issue 2017.* Federal Reserve Bank of Kansas City Economic Review.

Horizontal and Vertical Consolidation

Two types of consolidation can take place in an industry: horizontal and vertical. Horizontal consolidation is the acquisition of a firm during the same stage of the supply chain within an industry, while vertical consolidation refers to acquiring a firm at different stages of the supply chain.

One way to measure consolidation is to measure concentration. As outlined by Hendrickson, concentration is measured as a ratio, known as the Concentration Ratio (CR), of the top firms in a particular industry.[2] For example, CR4 equals the concentration ratio for the top four firms. Table 1 shows the CR4 of both beef and pork slaughter in the U.S. protein sector. A CR4 ratio over 40% indicates a highly concentrated market where abuses are likely.[3]

Table 1 - U.S. Protein Sector Concentration

Livestock	CR4
Steer & Heifer Slaughter	85%
Pork Slaughter	66%

Source: Adapted from Hendrickson, Howard, and Constance 2017.

Concentration has steadily grown over the past few decades and has been accompanied by some new innovations, but the downside is farmers have seen seed prices increase, and recent research has shown a decrease in innovation.[4,5] As Cooper states, "[t]here is increasingly strong evidence that, if the benefits of integration ever did outweigh the costs, they no longer do." For instance, analysis of the recent Dow-DuPont merger and the possible merger of Bayer-Monsanto finds that these mergers will increase seed prices 2.3% for corn and 1.9% for soybeans,[6] which combined made up two-fifths of North Dakota's commodity farm receipts in 2016.[7] Furthermore, the Bayer-Monsanto merger currently under consideration by the Department of Justice is expected to have an impact on corn seed prices up to three times as large as the Dow-DuPont merger.[8]

Beyond higher prices for farmers, concentration also results in less choice. Consolidation of biotechnology innovators is beginning to show a decline in the quantity and quality of innovation. As laid out by the American Antitrust Institute, competition minimizes incentives to refuse to license

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[2] Hendrickson, M. (2015). Resilience in a concentrated and consolidated food system . *Journal of Environmental Studies and Sciences, 5* (3).
[3] Howard, P. H. (2009). Visualizing Consolidation in the Global Seed Industry: 1996–2008 . *Sustainability , 1*, 1266-1287.
[4] Cooper, M. (2017). *Mega-Mergers in the U.S. Seed and Agrochemical Sector the Political Economy of a Tight Oligopoly on Steroids and the Squeeze on Farmers and Consumers.* Consumer Federation of America.
[5] MacDonald, J. (2017, April 3). *Mergers and Competition in Seed and Agricultural Chemical Markets*. Retrieved November 5, 2017, from United States Department of Agriculture Economic Research Service: https://www.ers.usda.gov/amber-waves/2017/april/mergers-and-competition-in-seed-and-agricultural-chemical-markets/
[6] Bryant, H., Maisashvili, A., Outlaw, J., & Richardson, J. (2016). *Effects of Proposed Mergers and Acquisitions Among Biotechnology Firms on Seed Prices.* Working Paper, Texas A&M University , Department of Agricultural Economics, Agricultural & Food Policy Center.
[7] USDA Economic Research Service. (2016). *Economic Research Service- State Data*. Retrieved February 12, 2017, from United States Department of Agriculture: https://data.ers.usda.gov/reports.aspx?StateFIPS=38&StateName=North%20Dakota&ID=17854
[8] Cooper, M. (2017). *Mega-Mergers in the U.S. Seed and Agrochemical Sector the Political Economy of a Tight Oligopoly on Steroids and the Squeeze on Farmers and Consumers.* Consumer Federation of America.

and avoids an environment where a few players agree not to compete in certain ways.[9] As in agribusiness, similar developments can be found in industrial and corporate farming.

Multinationals and Corporate Farming

Another aspect of consolidation in the agriculture sector is the growth of corporate farming and foreign ownership of U.S. farmland. Nationally, corporate farms increased 6% between 1997 and 2012.[10] Between 2004 and 2014, foreign ownership of U.S. farmland doubled to over 27 million acres. Land acquired by foreign entities during the first 14 years of this century has a current value of $391.5 billion.[11]

Unlike other midwestern states, North Dakota does not have the same pervasive problem with foreign ownership of land, thanks to a corporate farming ban in place since 1932. That has not stopped recent efforts to weaken the ban or the 2012 Right-to-Farm state constitutional amendment, both designed to provide legal protections for corporate farming. The existing corporate ban prohibits (with some exceptions) farming and ranching by limited liability companies (LLC's) and corporations, reporting requirements, and attorney general enforcement authority.[12] In 2015, North Dakota Senate Bill 2351 was pushed by corporate farming proponents and "would have allowed non-family corporate ownership of land for concentrated animal feeding operations (CAFOs)."[13] After the legislature passed the bill, the people of North Dakota rejected this threat to the corporate ban, which also serves to stem the national tide of foreign ownership of U.S. farmland, by voting down the proposal. After the referendum that validated voters' preference for the corporate farming ban, a legal challenge was brought by the North Dakota Farm Bureau along with co-plaintiffs Global Beef Consultants LLC, which "provides cattle consulting and export services and also owns two ranches in Kazakhstan."[14] This litigation is currently in the discovery stage, and in January 2018 both the North Dakota Farm Bureau and Dakota Resource Council were granted Motions to Intervene.

Corporate farming has given rise to CAFOs and multinational foreign ownership of U.S. farmland, but data currently available in many states may not provide the full picture given that determining the identity of investors can be difficult. For instance, foreign entities can structure local U.S. LLC's or become majority shareholders in U.S. companies, as evidenced by Global Beef Consultants LLC,

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[9] American Antitrust Institute, Food & Water Watch, and National Farmers Union. (2017). *AAI, FWW, and NFU Say Monsanto- Bayer Merger Puts Competition, Farmers, and Consumers at Risk* . Press Release.

[10] Measured as a farm by legal status according to the National Agricultural Statistics Service; National Agricultural Statistics Service. (n.d.). *2012 Census of Agriculture - State Data.* (see above for retrival information)

[11] Hettinger, J., & Holly, R. (2017, June 22). *Foreign investment in U.S. farmland on the rise*. Retrieved November 4, 2017, from Midwest Center for Investigative Reporting: http://investigatemidwest.org/2017/06/22/foreign-investment-into-u-s-farmland-on-the-rise/

[12] McKinstry, E. (2017, June 22). *Regulation on foreign ownership of agricultural land: A state-by-state breakdown*. Retrieved February 21, 2018, from Midwest Center for Investigative Reporting: http://investigatemidwest.org/2017/06/22/regulation-on-foreign-ownership-of-agricultural-land-a-state-by-state-breakdown/

[13] Dakota Resoure Council. (2016, June 14). *With Measure 1 Failure, DRC Applauds North Dakotans for Mobilizing and Rejecting Corporate Farming*. Retrieved February 17, 2018, from Dakota Resoure Council: http://drcinfo.org/2016/06/15/measure-1-failure-drc-applauds-north-dakotans-mobilizing-rejecting-corporate-farming/

[14] Associated Press. (2017, September 8). *North Dakota Corporate Farming Battle Seeks Judge's Approval*. Retrieved February 21, 2018, from AGWEB: https://www.agweb.com/article/north-dakota-corporate-farming-battle-seeks-judges-approval-apnews/

which is fighting the corporate farming ban meant to protect North Dakota family farms and communities.[15]

The 2012 constitutional amendment voters overwhelmingly supported banned "any regulation that 'abridges the right of farmers and ranchers to employ agricultural technology, modern livestock production and ranching practices.'"[16] This is what has come to be known as the Right-to-Farm movement. In North Dakota, and elsewhere, state Farm Bureaus have pushed right-to-farm as a way to provide legal protection to CAFO operations and potentially foreign-owned companies to maneuver around the corporate farming ban upheld by voters.

Corporatization of Farming – Industrial Farming, Meat Processing, & Right to Repair

As concentration in agribusiness and corporate farming have worsened, corporate influence has extended beyond production and processing to consumer information and the ability of farmers to run their operations with independence.

Industrial Farming

In 2008, the Pew Commission on Industrial Farm Animal Production conducted a seminal study of corporate farming, which has resulted in fewer family livestock farms and more large operations. Industrial animal production facilities, otherwise known as concentrated animal feeding operations (CAFOs), [17]lead to the degradation of public health, well-being of animals, the environment, and rural communities.[18] The study led to an ongoing project by Pew called Reforming Industrial Animal Agriculture, which further exposed how "family farms have been replaced by an industry that dictates how the animals will be raised." CAFOs leave farmers and rural communities on the hook for many of industrial agriculture's negative impacts and take wealth out of local economies.[19]

In 2016, the *National Hog Farmer* reported that Smithfield Foods, which was bought by a Chinese company, credited its enhanced profits to the 14-year low prices paid to farmers for live hogs and the higher selling prices for pork to consumers.[20] As of the 2012 USDA Census, corporate hog operations accounted for 8% of farms and 34% of farm sales, while family hog farms made up 83%

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[15] Hettinger, J. (2017, September 27). *USDA fails to monitor foreign owners of farmland*. Retrieved November 4, 2017, from New Food Economy: https://newfoodeconomy.org/usda-foreign-farmland-monitoring/

[16] Shen, A. (2012, November 13). *How Factory Farms Quietly Defeated Food Safety In North Dakota*. Retrieved February 25, 2018, from ThinkProgress: https://thinkprogress.org/how-factory-farms-quietly-defeated-food-safety-in-north-dakota-c20524d8ec02/

[17] CAFOs can range from small, medium, and large and federally inspected CAFO's are categorized based on volume of farm animals as laid our by the U.S. Environmental Protection Agency. https://www3.epa.gov/npdes/pubs/sector_table.pdf

[18] Pew Commission on Industrial Farm Animal Production. (2008). *Putting Meat on the Table: Industrial Farm Animal Production in America .* The Pew Charitable Trusts.

[19] The Pew Charitable Trusts. (n.d.). *Reforming Industrial Animal Agriculture*. Retrieved February 25, 2018, from http://www.pewtrusts.org/en/archived-projects/reforming-industrial-animal-agriculture

[20] Smith, D. (2016, October 31). *Who is watching out for the independent producer?* Retrieved November 22, 2017, from National Hog Farmer: http://www.nationalhogfarmer.com/marketing/who-watching-out-independent-producer

of farms and 41% of farm sales.[21] According to MacDonald, where livestock industry consolidation has occurred it has done so dramatically and in a short time.[22] Nationally, median hog farm production has increased from an average of 1,200 hogs per farm in 1967 to 40,000 in 2012.[23] In North Dakota, the number of hog farms fell by 77% from 1997 to 2012, and from 2007 to 2012 North Dakota hog and pig farms saw a 45% drop.[24] However, when looking beneath the surface in North Dakota, from 2007 to 2012 farms with hog and pig sales in the range of 100-999 saw a staggering 76% drop, while farms with 1,000 plus in sales saw a 48% drop.[25]

As recently as 2006, the North Dakota Office of the Attorney General asked Dr. Curtis Stofferahn from the University of North Dakota to provide "a report on the numerous and devastating negative effects of industrialized farms and ranches."[26] In the report,[27] Stofferahn laid out five decades of research that led him to "conclude that public concern about the detrimental community impacts of industrialized farming is warranted…" and he noted "that industrialized farming was related to higher income inequality and to lower community employment, relative to moderate-size family farming."[28] The public's concern over corporate farming is, in part, "due to the problems posed by large-scale animal confinement operations." Stofferahn notes that the literature leading to this conclusion includes analysis of the North Central U.S., including North Dakota, which means "there is every reason to expect that the conclusions drawn here apply to North Dakota."[29] Over a decade later, CAFOs have become more common, and litigation by local communities to stop the proliferation of CAFOs near Buffalo and Devils Lake is currently underway.

Meatpacking Industry

While consolidation leads to less competition it also comes with higher production costs. The livestock-slaughter link in the supply chain has some of the highest CR4s in agriculture. While certain types of livestock have had high CR4s for over a decade, a 2016 USDA Grain Inspection, Packers, and Stockyards Administration (GIPSA) annual report showed that the CR4 for cow and bull slaughter jumped nearly 10% to 57% from 2005 to 2015. This marks the final livestock and poultry category to break the 50% CR4 threshold.[30]

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[21] USDA Census of Agriculture. (2012). *2012 Census Higlights - Hog and Pig Farming.* Retrieved November 21, 2017, from United States Department of Agriculture: https://www.agcensus.usda.gov/Publications/2012/Online_Resources/Highlights/Hog_and_Pig_Farming/
[22] MacDonald, J. M. (2017). Consolidation, Concentration, and Competition in the Food System. *Agricultural Consolidation: Causes and the Path Forward. Special Issue.* Federal Reserve Bank of Kansas City: Economic Review.
[23] MacDonald, J. M. (2016). Concentration, Contracting, and Competition Policy in U.S. Agribusiness. *Concurrences Competition Law Review*.
[24] National Agricultural Statistics Service. (n.d.). *2012 Census of Agriculture - State Data.* (see above for retrival information)
[25] USDA Census of Agriculture. (2012). *2012 Census Higlights - Hog and Pig Farming.* Retrieved November 21, 2017, from United States Department of Agriculture: https://www.agcensus.usda.gov/Publications/2012/Online_Resources/Highlights/Hog_and_Pig_Farming/
[26] Dakota Resource Council. (2017, September). *Dakota Counsel.* Retrieved February 17, 2018, from Dakota Resource Council - Watchdogs of the Prairie: http://drcinfo.org/wp-content/uploads/2011/03/9.2017-DRC-Newsletter-V.40-E.3.pdf
[27] A keyword search was conducted on the North Dakota Attorney General website and this report does not appear to be publicly available for North Dakota farmers and consumers to read.
[28] Stofferahn, C. W. (2006). *Industrialized Farming and Its Relationship to Community Well-Being: An Update of a 2000 Report by Linda Lobao .* Prepared for the State of North Dakota, Office of the Attorney General.
[29] *Ibid.*
[30] USDA Packers and Stockyards Programs. (2016). *PSP Reports & Publications.* Retrieved February 25, 2018, from USDA Agricultural Marketing Service: https://www.gipsa.usda.gov/psp/publication/ar/2016_psp_annual_report.pdf

The Western Organization of Resource Councils (WORC), which represents grassroots community organizations in North Dakota and nearby states, released a report in January 2016 addressing beef-market concentration and its impacts. Consolidation of the beef-packing industry is an a example of a highly concentrated market where the top four firms bought over four-fifths of the cattle raised by U.S. ranchers.[31] Large packers have been successful in buying up competitors through horizontal integration. They have captured each link in the supply chain through vertical integration by owning feedlots, feed mills, and processing plants. This allows packers to use captive supply to manipulate the market through tactics such as "forward contracts and marketing agreements with producers," which puts the leverage on the side of larger operators.[32] The level of concentration is higher than it was a century ago, when the Packers & Stockyards Act was passed to ensure fair competition in livestock and poultry markets. North Dakota only has 18 USDA-certified and 13 state-inspected slaughter facilities left. Between 85-90 custom-exempt slaughter facilities still remain, but these facilitates do not allow ranchers to resell what they produce, while USDA-certified facilitates allow for sales across state lines and state-inspected facilities allow for sales within the state.[33] This consolidation in slaughter and processing in North Dakota denies an open and fair market environment to North Dakota stock growers.

In August 2015, North Dakota ranchers began paying $2 dollars per head when they sell their cattle, thanks to an extra $1 state beef checkoff enacted by the state legislature on top of the federal checkoff program.[34] The federal Beef Checkoff Program is a mandatory, farmer-funded government assessment designed to raise revenues for research and promotion of beef. However, checkoff dollars are awarded to a top trade industry group that lobbies on behalf of the meatpackers and other large corporate interests. The checkoff actually works against the interest of "small family farmers who are compelled to pay assessments into a program to fund advertising" that can be influenced by larger competitors rather than under the exclusive control of the government.[35] North Dakota's state beef checkoff program does have an opt-out option where participants can request a refund after the funds have already been taken out of their sale checks. Nevertheless, this is another pressure on North Dakota farmers and ranchers.

Right to Repair

An emerging issue facing farmers is a debate around whether they have a right to work on the very farm equipment they own. As right-to-repair legislation has emerged to allow farmers and independent repair mechanics to work on farm equipment, some have argued against that right.

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[31] Western Organization of Resource Councils. (2016). *Growing the 16%.*
[32] *Ibid.*
[33] *Ibid.*
[34] NorthernAg.Net. (2015, July 25). *North Dakota $2 Beef Checkoff Goes into Effect August 1*. Retrieved February 18, 2018, from http://www.northernag.net/AGNews/AgNewsStories/TabId/657/ArtMID/2927/ArticleID/4899/North-Dakota-2-Beef-Checkoff-Goes-into-Effect-August-1.aspx
[35] OCM Staff. (2017, August 9). *Courts' Findings That Checkoff Activities and Speech Are Those of the Federal Government*. Retrieved December 26, 2017, from Organization for Competitive Markets: http://competitivemarkets.com/courts-findings-that-checkoff-activities-and-speech-are-those-of-the-federal-government/

John Deere specifically sees the issue of ownership as debatable. In 2015, John Deere sent a letter to the U.S. Copyright Office explaining how "folks who buy tractors don't own them, not in the way the general public believes 'ownership' works," stating further that "those who buy tractors are actually purchasing an 'implied license for the life of the vehicle to operate the vehicle.'" Big agribusinesses like John Deere make proprietary data and technology claims that farmers or independent repair businesses shouldn't be able to repair their own equipment.

It is a lot more expensive to pay John Deere or an authorized dealer to come fix something that farmers prefer to take care of themselves or have a local mechanic fix. Governing federal law in this instance is the 1998 Digital Millennium Copyright Act (DMCA), which was designed to stop piracy for software makers. However, it is important to note that in 2015 the Librarian of Congress approved an exemption to the DMCA that allows for "modification of 'computer programs that are contained in and control the functioning of a...mechanized agricultural vehicle...when circumvention is a necessary step undertaken by the authorized owner of the vehicle to allow the diagnosis, repair, or lawful modification of a vehicle function.'"[36] This has not stopped John Deere and others from locking farmers into a license agreement that disallows any self- or independent repair, which is why right-to-repair legislation continues to be introduced to help family farms and local economies.

Decline in North Dakota Family Farms

As noted in the 2017 OCM policy brief, *Consolidation, Globalization, and the American Family Farm*, the number of large farms in the United States has tripled, and very large farms have increased sevenfold. North Dakota has seen the average farm size stay relatively stable over recent reporting years, but there are other disturbing trends for North Dakota family farms. The most recent USDA Census data for North Dakota show a 17% decrease, from 1997 to 2012, in the share of all farmers that consider farming their primary occupation, and of those whose primary occupation is farming, the average age has risen half a decade--to 57 years of age.[37] Nationally, "three-fifths of U.S. farms are residential farms where the operator does not consider farming as their primary occupation."[38] Due in part to the pressures mentioned above, "more farmers, especially operators of small farms, are relying more on off-farm sources of income" to get by.[39] The share of young-farmer principal operators has gradually declined--from approximately two-fifths in 1978 to under a tenth in 2012.[40]

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[36] Koebler, J. (2017, March 21). *Why American Farmers Are Hacking Their Tractors With Ukrainian Firmware*. Retrieved February 24, 2018, from Motherboard: https://motherboard.vice.com/en_us/article/xykkkd/why-american-farmers-are-hacking-their-tractors-with-ukrainian-firmware

[37] United States Department of Agriculture. (2012). *Table 1. Historical Highlights: 2012 and Earlier Census Years*. Retrieved February 23, 2018, from USDA Census of Agriculture: https://www.agcensus.usda.gov/Publications/2012/Full_Report/Volume_1,_Chapter_1_State_Level/North_Dakota/st38_1_001_001.pdf

[38] Hendrickson, M. K., Howard, P. H., & Constance, D. H. (2017). *Power, Food and Agriculture: Implications for Farmers, Consumers and Communities.* University of Missouri, Division of Applied Social Sciences. Columbia: College of Agriculture, Food & Natural Resources.

[39] Bureau of Labor Statistics, U.S. Department of Labor, *Occupational Outlook Handbook,* Farmers, Ranchers, and Other Agricultural Managers, on the Internet at https://www.bls.gov/ooh/management/farmers-ranchers-and-other-agricultural-managers.htm (visited November 11, 2017).

[40] *Beginning Farmers and Age Distribution of Farmers*. (n.d.). Retrieved November 19, 2016, from United States Department of Agriculture Economic Research Service: https://www.ers.usda.gov/topics/farm-economy/beginning-disadvantaged-farmers/beginning-farmers-and-age-distribution-of-farmers/

As of the 2012 Census, North Dakota's young farmers only make up a tenth all North Dakota farmers, which is similar to the national trend.[41]

The picture for female and minority farmers in North Dakota is even bleaker. As of the 2012 USDA Census, only 10% of North Dakota's principal farm operators were women.[42] Female farmers are at a much greater economic disadvantage than the average North Dakota farmer. The average product sold per farm in 2012 among all North Dakota farmers was $353,600, while for women farmers it was $42,200, and average per farm government payments received is half, $7,500 less, for women farmers than for all North Dakota farmers.[43]

There are only nine black operators and 29 American Indian operators in the state.[44] Native American farmers experienced lower than average products sold per farm and government payments compared to all farms, but not nearly as low as women. Farmers and ranchers face tough decisions, whether they are minority, female, or young, and policies that promote a more inclusive farming workforce can aid rural communities.

Economic Impact on North Dakota Farmers and Rural Communities

Nationwide, large farms made up two-thirds of all farm sales in 2012, up from less than half in 2002.[45] This is a significant shift toward greater concentration of the economic winners in farming. North Dakota is beginning to see these shifts through more CAFOs and concentration throughout the supply chain, leading to negative consequences for land prices, shrinking margins, and less competition the market.

As MacDonald explains, over the last 25 years farms have seen a shift "away from farms with 100–999 acres of cropland, whose aggregate acreage share fell from 57 to 36 percent, and toward farms with at least 2,000 acres, whose acreage share grew from 15 percent to 36 percent." Nationally, large farms have not only seen their share of production increase, but the number of large farms increased by over 100%, while small farms fell by over 20% from 1992 to 2012.[46] This kind of consolidation gives more buying power to larger operations and increases the value of cropland, unless one lives near a CAFO, where land price is likely to drop.[47] For instance, since 2009 North

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[41] United States Department of Agriculture. (2012). *Table 1. Historical Highlights: 2012 and Earlier Census Years*.
[42] USDA Census of Agriculture. (n.d.). *2012 Census Publications: Congressional District Profiles*. Retrieved February 24, 2018, from United States Department of Agriculture: https://www.agcensus.usda.gov/Publications/2012/Online_Resources/Congressional_District_Profiles/cd3801.pdf
[43] USDA Census of Agriculture. (n.d.). *2012 Census Publications: Race, Ethnicity and Gender Profiles*. See above reference for link.
[44] USDA Census of Agriculture. (n.d.). *2012 Census Publications: Congressional District Profiles*. Retrieved February 24, 2018, from United States Department of Agriculture: https://www.agcensus.usda.gov/Publications/2012/Online_Resources/Congressional_District_Profiles/cd3801.pdf
[45] Koba, M. (2014, May 6). *Meet the '4%': Small number of farms dominates US*. Retrieved November 11, 2017, from CNBC: https://www.cnbc.com/2014/05/06/state-of-american-farming-big-producers-dominate-food-production.html
[46] Burns, C., & Kuhns, R. (2016). *The Changing Organization and Well-Being of Midsize U.S. Farms, 1992-2014.* Economic Report, United States Department of Agriculture, Economic Reserch Service.
[47] Dakota Rural Action. (n.d.). *CAFO Economic Impact*. Retrieved February 17, 2018, from http://www.dakotarural.org/issues/livestock/cafos/

Dakota farmers have seen their statewide average cropland cost per acre increase from $787 to $2,000 in 2017.[48]

Agribusiness consolidation impacts farmers due to the correlation with prices, which can drive up input costs for farmers.[49] In the first agriculture forecast of 2018, the USDA projected an almost 7% decrease in net farm income from 2017, which would be the lowest level in nominal dollars since 2006. Furthermore, the USDA projects that when adjusting for inflation in 2018 (real) dollars, net farm income is set to decline by over 8% from 2017. [50] This would be the lowest real-dollar level since 2002. Furthermore, a recent report by the USDA Economic Research Service shows that commodity program payments for small farm operations with a gross cash farm income (GCFI) under $350,000 dropped over 30% from 1991 to 2015, whereas farm operations with a GCFI over $1 million received 20% more in program payments over the same period.[51]

Similarly, the 2015 repeal of the mandatory Country of Origin Labeling (COOL) requirements for beef and pork has hurt U.S. family farms since multinational and foreign corporations selling meat in the U.S. are no longer required to identify the origin of their product. The COOL label informed consumers about the country where the animal was born, raised, and harvested, and it was supported by 93% of consumers.[52] Most importantly, COOL gave U.S. cattle ranchers a marketing advantage that could lead to increased cattle prices, given that Americans show a purchasing preference for U.S. beef. In this time of decreasing farm income, COOL would help ranchers and rural communities.[53]

Conclusion

Concentration in agriculture continues to rise to levels not seen since the Gilded Age, while corporate farm operations continue to grow in North Dakota and farm equipment giants like John Deere increase costs for farmers through anticompetitive behaviors. Family farms and rural communities are the ones who suffer most from these behaviors, and North Dakota policy makers should take steps to support farmers in their state.

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[48] USDA National Agricultural Statistics Service. (n.d.). *Quick Stats*. Retrieved February 24, 2018, from United State Department of Agriculture: https://quickstats.nass.usda.gov
[49] MacDonald, J. M. (2017). Consolidation, Concentration, and Competition in the Food System.
[50] USDA Economic Research Service. (2018, February). *Highlights From the February 2018 Farm Income Forecast*. Retrieved February 28, 2018, from United States Department of Agriculture: https://www.ers.usda.gov/topics/farm-economy/farm-sector-income-finances/highlights-from-the-farm-income-forecast/
[51] McFadden, J. R., & Hoppe, R. A. (November 2017). *Evolving Distribution of Payments From Commodity, Conservation, and Federal Crop Insurance Programs.* U.S. Department of Agriculture, Economic Research Service.
[52] ConsumersUnion. (2010). *ConsumersUnion: Policy & Action From Consumer Reports*. Retrieved January 7, 2018, from http://consumersunion.org/news/poll-finds-93-of-consumers-want-labeling-on-meat/
[53] R-CALF United Stockgrowers of America. (2017, May 2). Why and How Mandatory COOL Should be Reinstated Through the NAFTA Renegotiations. Retrieved March 3, 2018, from R-CALF USA : https://www.r-calfusa.com/mandatory-cool-reinstated-nafta-renegotiations/

Policy Proposals

North Dakota Policy Proposals

Corporate Farming & Foreign Ownership of Agricultural Land and Investment

1. Support the North Dakota Corporate Farming Ban that is in place and legislation that provides further oversight of foreign corporation investment and activity in North Dakota agribusiness.
2. Require any entity that has over 20% foreign ownership to report all foreign entity names and percentage of ownership to the North Dakota secretary of state.
3. Support public input processes and zoning reforms that protect local communities against the environmental and economic impacts of large-scale contract confinement operations in North Dakota.

Increase Transparency and Contractor Protections

1. Enact legislation to ensure consumer choice by mandating country-of-origin signage for all meat products and strengthen the inspection process for the transportation of livestock from Canada.
2. Require all livestock integrators to submit public copies of grower contracts and require the secretary of state to establish an online database accessible to growers.
3. Establish a minimum six-month notice period before grower contracts can be changed or terminated.

Beef Checkoff Oversight

1. Compel the state auditor to conduct a full audit of all federal checkoff programs North Dakota farmers and ranchers pay into and require new audits be conducted every three years.
2. Reform the North Dakota state beef checkoff program to be an opt-in program instead of requiring farmers to request a refund.

Increase Rural Community Market Access and Economic Development

1. Defend the community right to protect its citizens from negative health and environmental effects of corporate farming, such as CAFOs.
2. Support legislation that establishes a right to repair equipment by owners and independent repair businesses.
3. Support legislative reform of standards for surface use agreements to improve the leverage of surface owners and residents who do not hold minerals.

Support for Rural Local Food Systems

1. Direct the North Dakota department of agriculture to prioritize the development of local and regional food systems to ensure North Dakota and Tribal Governments can maintain food sovereignty.

Federal Policy Proposals

Please refer to the OCM August 2017 policy brief, *Consolidation, Globalization, and the American Family Farm*, which lists federal policy priorities critical to family farmers nationwide. Key priorities include:

- Pass The Tribal Food and Housing Security Act, S. 2489, to ensure undeserved farmers and ranchers including those on tribal lands have fair access to USDA resources such as loans, rural development and nutrition programs.[54]
- Restore Packers and Stockyards Act.
- Increase antitrust enforcement.
- Adopt the Food Security is National Security Act of 2017, S. 616.
- Strengthen the Agricultural Foreign Investment Disclosure Act of 1978 by requiring mandatory reporting and penalties for failure to report.
- Limit the lock industrial agriculture has on federal funds being used to build its influence in our capitols by passing The Opportunities for Fairness in Farming (OFF), Act S. 741 & H.R. 1753 and the Voluntary Checkoff Act, S. 740 & H.R. 1752.

54 See statements of support from Tribal leaders for U.S. Senator Heidi Heitkamps Tribal Food and Housing Security Act https://www.heitkamp.senate.gov/public/_cache/files/9a3abc78-5ce0-48aa-a1e0-bea3f3f5197d/3-1-native-farm-bill-surrogate-quotes.pdf