

Our Monopolized Food System

BY BILL GIEBLER

Shoving a half gallon jar of fresh, organic, illegal raw milk into my bicycle pannier alongside the sweet corn, arugula and Honeycrisp apples I picked up at the farmers' market, and pedaling it all home, is among my favorite acts—symbolic of a simultaneous undermining of the corporate food and fossil fuel transportation systems in one action.

“Symbolic” may be the key word, though. Most of my food, admittedly, comes from Whole Foods, or a collection of area restaurants when our busy schedules don't allow for cooking. All of these actions combined (even adding my questionable contention that “most” of my grocery purchases are organic) do little to shift the direction of food production and distribution in the United States, according to Wenonah Hauter, author of *Foodopoly*—a powerful and disturbing presentation of the effects of conglomeratization in US food production.

“We can't shop our way out of this mess' is my primary thesis in the book,” says Hauter, executive director of Food & Water Watch. I caught up with her at the Boulder Bookstore—and again by phone as she traveled by train from New York to Washington, DC—to discuss the situation.

Hauter wrote the book as a call to action, to clarify the many myths about food production today. In it she gives a thorough history of political and industrial events that have created our current situation: a food system dominated by giant corporations that handle the vast majority of food processing and distribution and exercise substantial political influence.

The book virtually overwhelms with data outlining a century' of regulatory changes and corporate responses, all the way up to the evisceration of antitrust laws in the '90s that paved the way for runaway corporate consolidation.

Thus, the book's criticism of the way food is produced is secondary, while the political situation allowing it to happen is primary. The resultant system is about feeding bank coffers, not people; about healthy quarterly reports, not healthy diets.

“Today, 20 food processors represent over 60% of all brands,” says Hauter, with PepsiCo at the top. “Categorizing Pepsi as a food company is a generous definition,” she writes in *Foodopoly*, “since the majority of its sales are from sugary drinks and salty snack foods.”

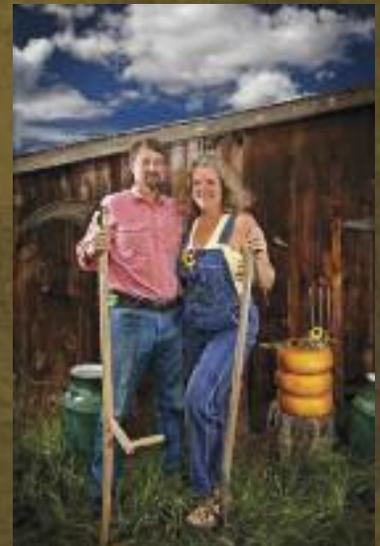
The same could be said for many companies in the top 20. Nestle and Kraft hold second and third positions, for instance. This means poor nutrition and poor consumer health. “We talk a lot about obesity, but we don't talk about why kids want to eat junk food.” Hauter's critique cites Tony the Tiger, Toucan Sam and the toys in cereal boxes. The sugar, salt, crunch triple play of betcha-can't-eat-just-one snack food science is not far behind.

An even more concerning degree of consolidation can be seen on the distribution side. Today, four companies control 70%–90% of grocery distribution in some regions of the country (50% overall) with Walmart towering above all others—larger than the next three players combined. As Walmart opens its “Neighborhood Market” in Boulder, I ask Hauter if they are more “bad guy” or “savvy opportunist.”

“It's obvious that they did not originate the problem,” she explains over the sounds of train announcements and passengers. “The kind of consolidation that allows them to have so much economic and political power is a fundamental problem.”

“In fact, I'd say it's the financial services industry and the way that we've organized our economic system that's to blame.” She points to

Arden and Meg Cattel, owners of Windsor Dairy.



an economy measured, “not by the health of a company, not by the long-term viability or sustainability—but by its stock prices.”

“However,” she continues, “I think that the way [Walmart does] this is certainly detrimental to their workers, their community where they drive small businesses under, and consumers with the junk—really, a lot of its junk—that they’re actually selling.”

Meat processing shows some of the most relentless consolidation. Today, two companies produce half of the one billion chickens harvested in the US annually; the top four beef processors are responsible for 80% of beef products consumed in the US; and two-thirds of pig products are produced by the top four processors.

These factory farms, known as concentrated feeding operations or CFOs, place a substantial burden on air and water quality and create so much stress on the animals that they require significant pharmaceutical inputs like growth hormones and antibiotics. A recent Centers for Disease Control report warns that antibiotics sold for livestock (a stunning 30 million pounds in 2011) are giving rise to drug-resistant bugs that directly and indirectly affect human health.

Food monopolization is heavily at play here at home. Almost half of Colorado’s active cropland is farmed by less than 10% of farms, and the state is home to some of the largest feedlots in the world, with a total cattle population of 2.6 million. There are 535,000 head of cattle in Weld County alone (more than double the human population in that county).

To look at regional effects of, and responses to, this food tyranny, I explored three broad categories: animal, vegetable and retail.

ANIMAL

It’s dusk on a Wednesday evening at the Boulder Farmers’ Market. I approach the Homestead Beef booth as a young man runs through



Frank Silva of Homestead Beef at the Boulder farmers market.

quantity calculations of a fine cut, opts for a less expensive one, and pays for his frozen beef. Purveyor Frank Silva marches back and forth from the single folding table to the freezer in his van.

It’s my turn. Silva, 58, in baseball cap, plaid shirt and jeans, extends a thick handshake. A third-generation cattle rancher, Silva is a “full-blooded Portuguese” who grew up in Long Beach, California—an area then full of Portuguese and Dutch dairy farms. He learned the trade from his father and grandparents. In 1980, he moved to Colorado and switched from milk to beef. Today, on his Silva Highlands in LaSalle, he raises the cattle he sells under the Homestead Beef name.

Silva has seen a lot of changes over the decades, most notably the volume in the feedlots and the increased speed in “finishing” the cattle, or bringing the animals to full processing weight. Two of the country’s largest concentrated feeding operations are within a few dozen miles of Silva’s ranch, owned by the multi-national conglomerate JBS. There, they finish cattle in 10–12 months from birth, a process that takes Silva’s animals two years at pasture.

“Competing with foreign markets shipping in beef cheap,” is what Silva says is behind the changes. He names Mexico, Canada and Argentina. “They can ship it in cheaper than we can produce it and they sell it on the open market. Restaurants and groceries and food clubs and things like that, they’re gonna buy whatever’s cheapest.”

Later, I ask Hauter to comment. “It’s the same thing with fruits and vegetables coming from Mexico or places like China—wherever a product is cheaper.” She adds that meat processors have “driven down prices through vertical integration, and this undermines the ability for our ranchers to compete. Many people raise animals on contract at low prices.” And, says Silva, “a rancher’s input costs cannot exceed contract costs.”

“I blame the federal government for that,” he continues. “When they started this free trade thing they started shipping in all this meat—and it’s not just meat, I don’t know what it is—and it’s made our producers look at their bottom line. We have to now compete with what they are shipping in, so drug companies and other companies have developed things to make the animals grow faster. They give ’em hormones, they give ’em all this crap to improve their bottom line to get their dollar back quicker.”

With 300 head of cattle, Silva has 700 direct customers in addition to his sales at four area farmers’ markets. He also sells to the Boulder Outlook Hotel, Black Cat Bistro “and a few others. I can’t always remember their names,” he laughs a gravelly, infectious laugh. “I deal with the people at the restaurants, not the restaurants.”

Silva does make a living—barely. With net revenues under \$50,000 annually, it comes together for him because he owns the land and has adult children who no longer turn to him for support. Indeed, they help out substantially around the farm.

“Feed is really expensive, triple the cost because of the flood.” Also, competition for feed drives costs up. Silva cites “Leprino putting that cheese plant up in Greeley and adding 100,000 cows to the area.” Fortunately for Silva, whose cattle are pasture fed, feedstock is supplemental. Even so, it’s a substantial input cost.

“Imagine that you have a line item that costs you half of your total income,” says Arden Nelson of Windsor Dairy. “Now imagine it tripling.” Nelson and wife, Meg Cattell, founded what was the first organic dairy in Colorado back in 2002. Windsor’s cows, too, are pasture fed. But this does not eliminate the need for supplemental feed. Here in Colorado, where the demand for feed is so high, Nelson has trouble securing growers willing to put in the extra effort of growing organic. The result is prices that fluctuate wildly.

After sequential stints supplying to Horizon Dairy and Organic Valley, Windsor downsized substantially and in 2005 began producing organic raw milk for distribution through Colorado’s newly passed cow share law. In a cow share arrangement, members purchase an ownership share in a cow, pay boarding fees and collect a weekly share of fresh milk—dodging laws against buying and selling unpasteurized milk. Today only 40 head of Windsor cows produce the 400 shares of milk sold directly to about 600 families.

Since the Organic Valley days, and as a result of their own transparency and direct relationship with consumers, they’ve foregone their organic certification. Their customers simply believe in their high standards, it seems, and perhaps have waning faith in “organic” certification. Windsor’s commitment, after all, is why they produce the milk they produce, Nelson says: “We became very interested in our own health, and we wanted to make what we thought was excellent and proper food for ourselves.” They produce milk for their family, Nelson tells his customers, “and we save some for you.”

For Nelson it’s all about health. As a veterinarian he believes 98% of livestock’s problems come from poor nutrition. It was later he made the same connection about humans. We question “why we are fat, why we are lazy, why we are depressed.” Yet we, as a society, know nothing about nutrition.

It doesn’t take long for Nelson to return to the numbers. “Organic dairymen are going broke keeping themselves in business. They’re selling off equity, they’re finding other places to market their milk because the price of organic milk is too low.”

This is largely due to consolidation and massive scale, a transformation that has happened recently and quickly. “As late as 1998,” claims Hauter in *Foodopoly*, “the majority of [conventional] milk was produced on small farms with fewer than two hundred cows. Today, more than a quarter of all milk comes from industrial dairies with over two thousand cows. These new mega-dairies can house ten thousand cows or more, crowding them into high-density feedlots with no access to grass.” As organic milk producers follow the questionable production efficiencies of conventional, and small-farm raw milk remains unavailable to most

consumers, dairy becomes a crystal clear example of a marketplace unable to effect change in the system. Simply choosing where to spend our dairy dollars is an act ill-equipped to reverse the effects of factory production and mega distribution.

VEGETABLE

On a cool September Saturday morning I’m only a few steps from my car at Munson’s Farm Stand when a busy and eager Bob Munson greets me. White T-shirt, black sunglasses, cargo shorts, he marches from customer to customer. “Let me show you what we’ve got here”—a command, not a question—he commences to show me pumpkins and half a dozen other squash varieties, tomatoes, green beans, onions and their famous sweet corn.

In a single motion, his large hands shuck an ear and place it in my hands. “Try it,” he says, “it’s the best around.” I bite into the sweetest, plumpest corn kernels I’ve ever tasted and wonder why we ever cook the stuff.

Twenty minutes later, I’m with Bob’s son Mike a few miles away in their production fields (the farmland around the stand is only 10% of the total). A handsome and trim 47, Mike Munson is something of an all-American flashback: farm boy turns pro ballplayer (he played pro baseball in Japan a couple decades ago) turns second generation farmer. We discuss crop rotation (which he finds “more important than all the organic stuff”) and he shows off his fancy newish toy, a sophisticated vacuum-operated corn planter.

Munson Farms is itself an all-American flashback, and as a midsize vegetable farm it may be the only farm of its kind remaining in Colorado. Vegetables are not what’s being grown on Colorado land. According to the National Agricultural Statistics Service 2013 Colorado report, wheat accounts for 39% of the planted crop acreage in Colorado, with grains overall representing 96%. Fruit and vegetables combine to represent only 1.3% of the acreage.

Midsized family farms like Munson’s simply aren’t feeding the population. Even with their 80 acres in production, and good sales direct to consumers and to customers like Whole Foods Market, they are a mere blip on the radar of food production. The boutique farms of the farmers’ markets and CSAs—with their heirloom varieties, renege practices like seed-saving, high variety and formidable (relative) output—aren’t either. And in both cases, the model is a privileged one, for farmers fortunate enough to be close to metropolitan areas and for consumers able to make the trip.

Indeed, Hauter and her husband run a small CSA farm near Washington, DC. Their farm works because they own the land outright, sell at full retail and have a ready and eager market for their produce. “We often joke,” she writes in the introduction to her book, “that for most people the CSA is more about having a farm to visit than the vegetables.” Most farmers in America aren’t so fortunate, being hundreds of miles from urban centers.

Mike Munson echoes this. “The foodie connection’s really important,” he says of his proximity to Boulder. “If I lived in Platteville, I wouldn’t necessarily be able to grow what I grow.”

“We could make a living off of it, if we really cut back.” Munson speaks of college tuition for his three children, one of whom is a junior at Fairview High School. But farming is on the side of his full-time office job. He shares the farm operations with his brother, Chris—also employed elsewhere—and parents Bob and Marcy, who founded the farm in the late ’70s and own outright more than half the land and also contribute free labor, as do a handful of third-generation Munsons.

Munson’s not complaining. He loves the farm and the work. But their situation plays right into the statistics. According to the 2007 agricultural census only 45% of farmers claimed farming as their principal occupation. And with almost two-thirds of farms generating less than \$10,000 in revenue annually, it’s easy to see why. Some 63% of the food Americans consume is produced on fewer than 1% of the farms. The magnitude of scale for these farms is astounding. These processors produce in enormous volumes with semi-trailers lined up to distribute the food thousands of miles away.

As a society, we are not being fed by farms and ranches like Munson’s or Silva’s or dairies like Windsor. Currently, CSAs and farm stands represent less than 1% of all the food consumed in the US. Even organics, which account for 4% of our nation’s table, are increasingly the product of giant processors and global imports.

Which returns us to Hauter’s primary contention: This problem cannot be addressed by the markets alone. About “voting with our forks,” Hauter proclaims, “of course we should do that! It’s just not all we should do.” Consumers are mistaken to think the boutique

food effort will grow sufficiently to change the way the world eats. The problems must be attacked politically.

RETAIL

Standing in Boulder’s new 900-square-foot food co-op, the Second Kitchen, I peruse the collection of organic grains, local meats, dairy products and Conscious Coffee’s beans as my fiancée finds herself among enticing soaps and essential oils.

We’re greeted by co-op founder Sara Brody. Originally from the border of Virginia and West Virginia, in the least populated county east of the Mississippi River (“pretty much in the middle of nowhere,” she says) Brody grew up with a very different relationship to food. “My mom, in particular, raised me to live off the land. We lived on a self-sustaining farm, we always had bulk grains in the house, we always put up food. I grew up knowing what it meant to eat locally.”

When she moved to Boulder for college, she saw that local food was expensive. “That didn’t make any sense to me. Why would food from the county cost more than food from Mexico? There’s some weird disconnect.”

After running a local and organic foods buying club out of her home since 2011, Brody opened the Second Kitchen’s doors in early September. Now 22, Brody is excited to have a storefront for the co-op. And less than four weeks in, they already have over 130 members. Brody and gang carefully select every supplier and every product. All grains and bulk items are organic, most items are local. Their biggest distributor is Local Food out of Ft. Collins. They are simply not playing the big grocery game.

The “weird disconnect” Brody witnessed is the product of massive consolidation of retail and wholesale distribution. Grocers want to buy as many items from as few suppliers as possible, which in turn drives consolidation on the food manufacturing side.

“The large consolidated grocery industry wants volume,” Hauter tells me, “and if you’re a small company you can’t get into the distribution channels.” You have to get as big as possible as soon as possible in order to “use scale to buy cheaper inputs and so forth.” And the cycle continues.

This rampant consolidation is the result of government policy over the last two decades, beginning with the Reagan administration’s economics. In just a few short Reagan and Clinton years, we saw the dismantling of decades of anti-cartel policy, consumer protection law and—most notably—the antitrust laws so diligently put into place by the Nixon, Ford and Carter administrations.

“The evisceration of antitrust law, usually overlooked in critiques about the nation’s food system,” claims Hauter in *Foodopoly*, “is at the core of its dysfunction.”



Second Kitchen
co-op founder
Sara Brody.

Further, under Reagan's "government bad, private sector good" philosophy, the Federal Trade Commission—the agency responsible for policing anticompetitive business practices—was decimated. Grocery consolidation went wild, warehouse clubs popped up, Walmart entered into grocery products.

Doesn't consolidation equal efficiency, though? And doesn't efficiency mean lower prices to consumers? Hauter's answers to these questions are complex: "We have to ask ourselves, 'efficiency for whom?' There's some efficiency at scale, but you actually lose those efficiencies at the scale of some of the large enterprises we have today."

Further, she contends, "it's a false definition of what's good for society. It's actually good for society to have more regionally produced foods that benefit rural economies. It's good for the population to have jobs that are higher paying and to farm at a living wage. We have to look at the larger goals we have for society. People getting fat and sick off of the food available to them isn't a high goal. We can't let people get away with that definition of efficiency."

Windsor Dairy experienced this firsthand in order to supply Horizon Dairy. Horizon wouldn't even consider them as a producer unless they could fill a trailer. This requires 450 cows. It was the first year of the USDA organic standards, and already the industry was playing the food game "get big or get out" style. But Windsor's Nelson and Cattell stepped up to the plate, bought 500 organic heifers and began supplying Horizon and, later, Organic Valley. Any gains in efficiencies, however, were absorbed by the distribution mechanism, and Windsor was left with a low contract price.

Even Organic Valley—a co-op of regionalized organic dairy farmers—who heroically stepped away from a 1.3 million gallon per year Walmart contract after four years of selling to them—determines the price they'll pay to their farmers. Windsor found Organic Valley's pricing unsustainable as well, and walked away. They downsized their herd and moved toward what they do today: raw milk and value-added items like fine, aged artisanal cheeses.

Perhaps most disturbing is the momentum the disintegration—from wholesome to heinous—continues to have, and the way in which it has gobbled up even the organic industry, once a vestige of "voting with our fork." Organic certification, once food production's sustainability ideal, is now a checklist of requirements increasingly compatible with factory farming principles and processed foods, and increasingly the domain of the food giants like General Mills, Dean Foods and Walmart.

THE WAY FORWARD

The producers and purveyors highlighted in this article, and the growing number of boutique farms, food producers and alternative distributors cropping up, do what they do out of a great passion to create quality food. And many of them do it because they find an in-

verse relationship between playing by the rules and producing the best food. An affinity for appropriate scale comes into play, too.

This renegade spirit, this personal commitment to run a business that serves its community and provides ecologically sound and nutritious food for those willing to seek it out is inspiring, indeed. Yet, it is only a small part of the action required to untangle the grip of our monopolized food system.

"We can't just shop," reiterates Hauter. "We must fight for the rights of labeling and for regulations and reinstating antitrust laws."

Foodopoly's final chapter, titled *The Way Forward*, unfolds with sub-chapters like *Demanding a Functional Market*, *Tackling Future Farm Bills*, *Getting Tough on Advertising* and, finally, *Creating a New Paradigm: The Global Commons*.

"I think it starts with people looking at their own communities," she says. "Building political power means starting at the local level and getting involved in the issues, and then tying them to elections locally. And then eventually at the state level and state legislators, and that's what we have to do to get a better Congress."

"It's a long road," Hauter admits. "We have to have a long-term view of these things. If you look at human history—even recent human history—we have gained in having a more progressive society that was designed to benefit people; and then we go backwards. I think we're in a backwards stage, but yes, I do think that we can build the kind of political power that we need to really change things. I do think we can build the kind of society we want."

In fact, she concludes, "we're gonna have to do it."

Bill Giebler lives and writes in Boulder. His work on health and sustainability has appeared in *Organic Spa Magazine*, *Green Living Journal*, *GaiamLife* and on MSN.

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