

# RESTORING RURAL PROSPERITY REFORMING A RIGGED AMERICAN BEEF MARKET

**The American beef market is a rigged system. Global corporations are using corrupt, illegal practices to overcharge consumers, fraudulently label imported beef, and steal from ranchers. Our rural communities are struggling in the face of this injustice.**

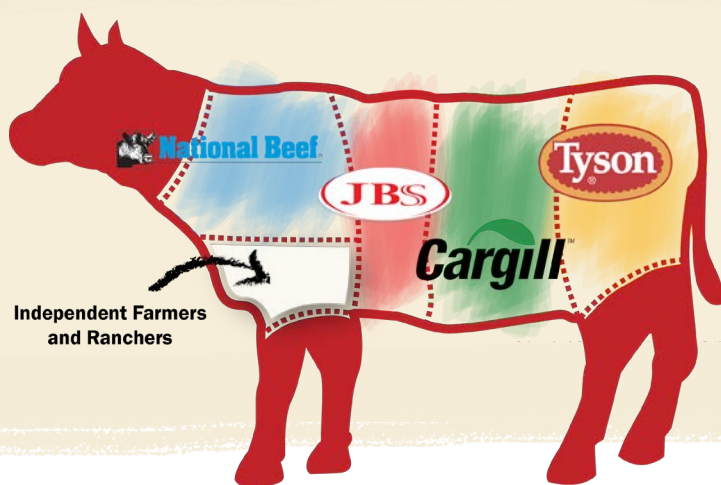
Montana's ranchers are in danger of going out of business. Montana lost nearly 10% of our ranches from 2002-2017.<sup>1</sup> Why? Because our food system is only working for big corporations rather than our ranchers and consumers.



When family ranchers lose their operations, a negative ripple effect is felt throughout the larger community. Local dollars leave Montana's main street businesses, our carbon-sequestering grasslands are sacrificed to development instead of remaining in the stewardship of ranchers, and our food system becomes less resilient as corrupt corporations exploit workers, consumers, and producers alike.

**We must act now to stand up for family agriculture, healthy food, consumers' rights, and Montana's working landscapes by restoring fairness, competition, and dignity to our cattle markets.**

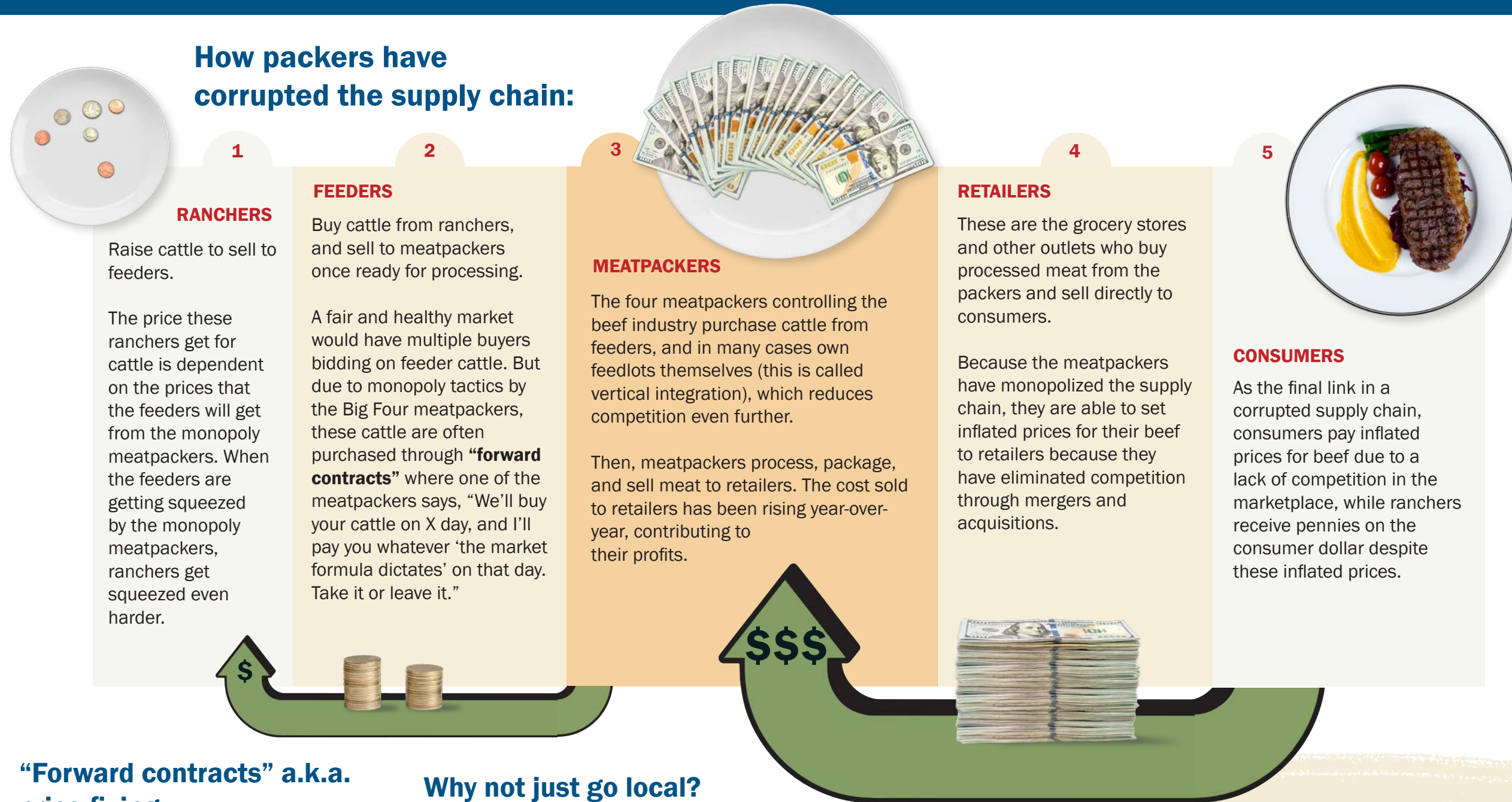
## Why the system is broken



Market concentration is a problem in most of our industries, but it has reached crisis proportions in the beef industry. **Just four meatpackers, JBS, Cargill, Tyson, and National Beef Packing, control 85% of the market, effectively monopolizing power and wealth among them. How do they do this? By illegally abusing their position in the middle of the beef supply chain to squeeze those at either end.**

<sup>1</sup> 2017 Census of Agriculture, USDA, National Agricultural Statistics Service

## How packers have corrupted the supply chain:



## The profit breakdown

The “trickle down” economic theory espouses that when we let big companies get bigger, the financial benefits flow down to the rest of us. We have decades of evidence to prove this is a fallacy. The reality is that large corporations retain the most wealth while those who produce the product get the lowest profit.

Meatpackers blame high beef prices for consumers on market forces like inflation, but that doesn’t explain why they are paying lower prices to feeders and ranchers. **From 2020 to 2021 alone, meatpackers made out with a 30% increase in profits<sup>3</sup>, while prices for beef at the grocery store rose 20% from November 2020 to November 2021,** and have consistently risen year-over-year even prior to the pandemic.<sup>4</sup>

The four companies who monopolize the beef market have amassed unchecked financial and political power which has allowed them to manipulate markets, dominate legislative agendas, undermine law enforcement, and hide their corrupt maneuvers from public and regulatory oversight. The packers are rigging the system.

## “Forward contracts” a.k.a. price-fixing

The “market formula” used to determine daily pricing in forward contracts is heavily manipulated by the big packers through illegal price-fixing. These contracts are also not reported on the public market, so all prices are determined in secret, with no additional competitors to bring the price up.

**The monopoly meatpackers have paid out over \$400 million<sup>2</sup> to settle numerous price-fixing lawsuits,** but this is just a small fraction of the dollars ranchers have lost and consumers have overpaid.

## Why not just go local?

Buying local addresses the problem at the end of the line, while policy reform will create a fair market to begin with. Buying and eating local is an important piece of the puzzle to keep more profits in the hands of ranchers, but doesn’t solve the problem of price-fixing before the meat is even processed and sold to consumers.

Furthermore, consumers are not empowered to make decisions to support local producers or family ranchers because truthful and accurate labeling about the origins of beef does not exist, thanks to meatpacker lobbying.

<sup>2</sup>2021, Watchdog: Penalties meatpackers paid for price-fixing to blame for higher prices, *The Hill*



Photograph by Erin Schaff.

**“A lot of people don’t understand how trapped ranchers are in this really broken system,”** Northern Plains rancher member Jeanie Alderson told *The New York Times* in December of 2021.

**“We don’t have a market.”**

<sup>3</sup> 2021, Record Beef Prices, but Ranchers Aren’t Cashing In, *The New York Times*

<sup>4</sup> 2021, Beef prices are up 20% since last year – here’s why, *CNBC Make It*

## How we fix it

There is good news amidst this broken system: the framework is in place to fix it. We have the 1921 Packers and Stockyards Act (PSA), landmark legislation passed to fix this exact problem. The PSA is designed to be a watchdog and support meatpacking and livestock agencies in maintaining fair competition and integrity in meat and poultry markets. The law prohibits unfair practices, price manipulation, and the creation of monopolies.

However, the law has been peeled back over the past four decades, resulting in lack of enforcement and a desperate need for modernization.



**That's where Northern Plains comes in: we demand transparency, accountability, and fair markets.**

**We're asking for two simple provisions to be included in the upcoming USDA rulemaking on the 1921 Packers and Stockyards Act:**

- 1. Forward contracts to be bid on in an open, public market and required to include a firm base price on date of contract.**
- 2. All cattle to be sold in an open, public market.**

## Why now?

This is our time. We have built momentum on the local and national level, resulting in congressional hearings and an executive order from the White House. But we still need decisive action from the USDA.

***We simply want our laws enforced. Montana's family ranchers work hard, from one generation to the next, raising livestock with care and devotion. We can no longer allow corporate executives to steal profits by paying ranchers pennies on the dollar for quality cattle while inflating beef prices for consumers.***

***Families deserve quality food raised by real people who care for the land, not corporations who degrade our environment and manufacture unhealthy products.***

## Take Action!

**Go to [NorthernPlains.org/Stop-Cattle-Market-Corruption/](https://NorthernPlains.org/Stop-Cattle-Market-Corruption/) to demand reforms to the Packers and Stockyards Act that create a fair and transparent market for ranchers and consumers.**