



THE ECONOMIC PAMPHLETEER JOHN IKERD

Voting with your food dollars is not enough!

Published online April 20, 2023

Citation: Ikerd, J. (2023). The Economic Pamphleteer: Voting with your food dollars is not enough! *Journal of Agriculture, Food Systems, and Community Development*, 12(3), 5–8. <https://doi.org/10.5304/jafscd.2023.123.001>

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It is often suggested that we vote with our dollars if we want to change the food system. A dollar spent is a vote for whatever we buy and a dollar not spent is a vote against whatever we don't buy. Consumers are led to believe that the current food system exists only because they have voted for it with their dollars. They are told to boycott foods, agribusinesses, and production systems that don't align with their social or ethical values.

Those who have discretionary dollars to spend should vote with their dollars. Food producers

respond to things that affect their bottom line. However, consumers haven't gotten, and won't get, the foods they need, or even want, by simply voting with their dollars. The "invisible hand" of economic theory just doesn't work very well in today's agri-food economy (Majaski, 2023). The current industrial food system doesn't have the capacity to translate consumers' food purchases into incentives for producers to provide the foods that consumers need or would even prefer.

Four basic conditions are essential to ensure

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*Why an **Economic Pamphleteer**? In his historic pamphlet *Common Sense*, written in 1775–1776, Thomas Paine wrote of the necessity of people to form governments to moderate their individual self-interest. In our government today, the pursuit of economic self-interest reigns supreme. Rural America has been recolonized, economically, by corporate industrial agriculture. I hope my "pamphlets" will help awaken Americans to a new revolution—to create a sustainable agri-food economy, revitalize rural communities, and reclaim our democracy. The collected *Economic Pamphleteer* columns (2010–2017) are at <https://bit.ly/ikerd-collection>*

that markets respond to the needs and preferences of consumers rather than create unnecessary profits for food producers. First, there must be enough producers and sellers of each basic food item so that no individual producer or seller can either sell at any price higher or needs to accept any price lower than the overall market price. This means that no seller will be able to retain excess profits. Prices paid by consumers at the retail level will then be passed down through the various levels in the marketing system and will be accurately reflected in prices paid to producers at the farm level.

Second, producers who can provide food items that better meet consumers' needs and preferences than those currently available must be able to gain access to retail food markets. This means that new producers have opportunities to develop and market products that respond to existing and changing consumer needs and preferences, not only regarding the characteristics of foods but also the characteristics of the farms and food systems that produce them.

Third, consumers must have accurate information, prior to purchase decisions, regarding the nutritional value and overall benefits or satisfaction they will realize from their food choices. This allows consumers to choose products that reflect their needs and preferences, rather than spend money on foods that fail to meet their expectations.

And fourth, consumers must be free to make food choices without coercion, persuasion, or mental manipulation. This allows consumers to make food choices that reflect their actual needs and preferences, rather than choices that reflect psychological needs and preferences that have been created or influenced by food processors and retailers. Consumer sovereignty is a foundational principle of economic theory.

These conditions are not controversial among economists. The conditions need not be met *per-*

fectly for markets to function effectively, but there is no logical reason to believe that markets lacking these basic characteristics will respond to consumers' needs and preferences. Today's industrial food systems do not possess the fundamental requirements of economically competitive markets as described above.

First, in today's food systems, there are no longer large numbers of sellers or buyers at any level between farmers and consumers. "Concentration of ownership, wealth and power is particularly apparent in the agri-food system where just a few companies dominate almost all aspects of food production" (Hendrickson et al., 2020, p. 1). Even agricultural production has become increasingly consolidated among fewer, larger farming operations. "Consolidation and concentration are key features across the food system, from aggregating farmland holdings to seeds and fertilizers to processing and manufacturing to distributing and retailing"

(Hendrickson et al., 2020, p. 2). There is no logical reason to believe that the prices currently paid by food consumers are accurately reflected in the prices paid to farmers.

Second, it is extremely difficult, if not impossible, for producers of food products that do not fit today's large-scale industrial food system to gain access to mainstream consumers. For example, according to Edwards (2016), "'Slotting fees' (or 'slotting allowances') are fees that manufacturers pay retailers to appear on their scarce shelves. It can cost millions of dollars to launch a product in the nation's groceries, and through that cost, these fees shape our supermarkets and diets long before we're able to make a purchase decision ourselves" (para. 2). Consumers never get a chance to vote with their dollars for many of the food products that are more flavorful and nutritious and are produced by more ecologically and socially responsible means than the foods available in supermarkets today.

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Third, consumers do not have adequate unbiased information about food products to make informed choices. The federal government mandates listing specific nutritional information on food labels, but the U.S. Department of Agriculture Economic Research Service (USDA ERS; 2022a) notes that “mandated labels can still be misleading; consumers may not fully understand label claims, and instead of improving societal outcomes, labels may increase inefficiency in the marketplace” (para 2). For example, food manufacturers may focus their advertising on one specific item—such as trans fats, cholesterol, or sugar—to hype the nutritional value of products that have other nutritional deficiencies or pose significant health risks. Many “junk foods” are also engineered to trigger pleasure responses in the brain that establish hard-to-break food habits or addictions (Lustig, 2020). Consumers are left unaware of the risks.

Fourth, consumers are subjected to a constant barrage of messages from multiple sources designed to shape, rather than respond to, their tastes and preferences. Food advertising alone accounts for about 3 cents of each dollar spent by food industries—which is comparable to that portion of the food dollar made up of energy (3.2 cents), transportation (3.6 cents), and packaging (2.9 cents) costs (USDA ERS, 2022b). Much of this advertising, as well as industry-sponsored “scientific” information, is targeted to manipulate the minds of consumers rather than simply promote the value of food products.

This manipulation is not limited to convincing consumers that junk foods are good for them, or at least not harmful. The mental manipulation begins in elementary schools with “educational” programs that promote the virtues of industrial agriculture. Advertising also exploits the vulnerabilities of children and insecurities of teenagers to pressure their parents into making unhealthy food choices. Decades of consumer “reeducation” programs have transformed the public perception of food preparation from a culinary art to be respected and ad-

mired into mindless drudgery to be dreaded and avoided. American consumers have been brainwashed into spending more money for food convenience than they spend for food nutrition.

As a result, supermarkets are filled with foods that maximize the profits of the corporations that dominate agri-food systems rather than meet the needs and preferences of consumers. Compelled by their priority for convenience, many consumers do all or most of their food shopping at the same supermarkets. The supermarkets price food items to maximize storewide profits. Some items are overpriced to increase profit margins while others are underpriced to increase store traffic, both of which distort economic incentives for farmers.

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Consumers never have a realistic chance to vote with their dollars for alternatives to industrial food products that can’t compete for shelf space. Perhaps most important, massive “education,” public relations, and advertising programs have left mainstream consumers unaware of the negative environmental, social, and public health impacts of their food choices.

A primary responsibility of the government is to maintain the economic competitiveness of markets. The U.S. government instead has sacrificed economic competitiveness to allow agri-food corporations to expand and consolidate to achieve the so-called economies of scale of large-scale production (Ikerd, 2023). However, once a small number of large producers are allowed to dominate a market, there is no means of ensuring the essential conditions for economic competitiveness. In the absence of large numbers of small producers, there is no way of knowing whether consumers have benefitted from the supposedly lower costs of large-scale production. Given an opportunity to compete in economically competitive markets, sustainable foods and farming systems might have displaced industrial agri-food systems decades ago. There is no way of knowing.

While it’s important to vote with our dollars, it’s also important to vote for the government poli-

cies that will give us a chance to vote for the food we want. Legislation has been introduced in Congress that would help restore competition in the agri-food industry and help producers of non-industrial foods gain access to markets (Farm System Reform Act of 2023). Generous government subsidies and regulatory exemptions also have given industrial agricultural producers major nonmarket advantages over their competitors. In

addition, the people who have the greatest need for food don't have enough money to get the food they need by voting with their dollars, even if markets were economically competitive. Admittedly, the current agri-food system exists because consumers have failed to reject it, but they have had little chance to vote with their dollars for food systems that would actually meet their needs and preferences.

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