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The Economic Pamphleteer
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A new series of Economic Pamphleteer columns: Perspectives on Agriculture, Food Systems, and Communities

Perspectives on past and future food systems

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John Ikerd has contributed "Economic Pamphleteer" columns to the *Journal of Agriculture, Food Systems, and Community Development* since its inaugural issue in 2010. His columns have provided economic perspectives on a wide variety of agricultural, food systems, and community development issues. He provides a perspective that comes from someone who has lived through the transition from small, independent family farms, local food systems, and vibrant rural and urban communities to a corporately controlled agriculture, a global food system, and economic and socially desolate rural and urban communities.

His perspectives are also informed by spending the first half of his 30-year academic career as an advocate for the extractive, exploitative system of economic development that brought about these changes and in the years since as one of its most outspoken critics. He has been a relentless advocate for sustainable family farms, community-based food systems, and an economic and social renaissance of rural and urban communities. The next several columns will focus on John's unique perspectives on changes in farms, foods, and communities over the past 70 years and why understanding the past is relevant in planning and preparing for the future.

In my previous column, I described the transformational changes I have seen in the past and expect to see in the future of American agriculture. Transformational change is not the usual incremental or adaptive change but is defined as "a dramatic evolution of some basic structure of the business itself—its strategy, culture, organization, physical structure, supply chain, or processes" (Harvard Business School Online, 2020, "Transformational Change," para. 1). I believe the changes in

John Ikerd is professor emeritus of agricultural economics, University of Missouri, Columbia. He was raised on a small farm and received his B.S., M.S., and Ph.D. degrees from the University of Missouri. He worked in the private industry prior to his 30-year academic career at North Carolina State University, Oklahoma State University, the University of Georgia, and the University of Missouri. Since retiring in 2000, he spends most of his time writing and speaking on issues of sustainability. Ikerd is author of six books and numerous professional papers, which are available at https://ikerdj.mufaculty.umsystem.edu and http://johnikerd.com.

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 available at https://bit.ly/ikerd-collection* food systems, past and future, have been and will be just as transformational as the changes in agriculture.

When I was growing up in the 1940s in rural Missouri, we had a local food system. Most of what we ate was grown, hunted, fished, or foraged on our farm. Most of the rest was grown and processed within about 50 miles of our farm. There were local meat processors and locker plants, dairy processing plants, fruit and vegetable canneries, and even local flour mills. Coffee, tea, spices, some canned and packaged foods, and occasional bananas and oranges came from elsewhere. My best guess is that at least 75% of what we ate in the 1940s was homegrown or grown and processed locally.

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We did most of our shopping at the nearby Rader country store or the farmers' cooperative exchange in the little town of Conway, about 7 miles from home. There were no self-service supermarkets in our area during the 1940s. In those days, you handed a prepared list of grocery items to the grocery clerk behind a counter. The clerk selected your canned and packaged goods from bookcase-like shelves, scooped dried beans and rice from large bins, and sliced meat from whole hams, sides of bacon, or primal cuts of beef. Bulk goods were weighed, packaged, and placed in paper bags along with the canned and packaged goods. Your bill was totaled on an adding machine. You either paid with cash or "put it on the bill" to be paid when the milk check came in.

The first true self-service grocery store in the U.S. was a Piggly Wiggly store that opened in Memphis, Tennessee, in 1916 (Piggly Wiggly, n.d.). It was the first grocery store to have prices marked on each item, shopping carts, and checkout stands. However, the idea of self-service didn't catch on in the grocery business until after World War II, and it didn't come into our area until the late 1940s or early 1950s. The Great Atlantic and Pacific Tea Company or A&P had a nationwide chain of more than 16,000 full-service stores at the time and controlled about 10% of the U.S. grocery market ("A&P," 2024). However, the emergence of self-service supermarkets paved the way for a transformational change in food retailing.

By the late 1950s, self-service supermarkets dominated food retailing, even in rural Missouri. After graduating from college in 1961, I did product merchandising and in-store promotion work for Wilson & Co., which was the third-largest meat packer in the nation at the time. The largest grocery chains in the U.S. were A&P, Safeway, Kroger, Food Fair, and National. There were also numerous regional chains. When I returned to graduate school during the late 1960s, the growing market power of supermarket chains was a common topic of discussion among agricultural economists. By the 1970s, self-service supermarkets sold roughly 70% of the nation's groceries (Macfadyen, 1985).

Between the 1940s and 1960s, a similar transformation took place in the restaurant business. Restaurants in the 1940s were mainly small family businesses. Most restaurants in our towns opened early for breakfast and coffee, had plate lunches, hamburgers, and hot dogs for lunch, and closed in the afternoon. Only the truck stops along Highway 66 were open at night. Eating supper out was a rare event, even when I was a teenager. Our towns had no franchised restaurants, fast-food places, or pizza parlors.

I didn't eat my first fast-food hamburger until at least 1957, sometime after I started college. McDonald's had recently opened a fast-food restaurant in Columbia, Missouri, featuring 19-cent hamburgers. A decade earlier, the McDonald brothers operated a car-hop drive-in restaurant in California (MacDonald's, n.d.). After realizing they made most of their profits on hamburgers, in 1948 they closed the drive-in, streamlined their system, and sold only hamburgers, cheeseburgers, potato chips, coffee, soft drinks, and apple pie. The change proved so successful that they franchised the concept and soon had nine franchise restaurants. Ray Kroc opened his first McDonald's restaurant in Illinois in 1955 and expanded with additional franchises across the Midwest. Kroc bought the McDonald's company in 1961 for US$2.7 million and grew it into an international fast-food empire (MacDonald's, n.d.).

The first Pizza Hut opened in 1958 in Wichita, Kansas (Pizza Hut, n.d.), and followed the franchising model pioneered by McDonald's. By the time I started working for Wilson & Co. in Kansas City in the early 1960s, Pizza Hut had already grown to be our largest buyer of cheese and meat toppings. By 1971, Pizza Hut had grown into the largest pizza chain in the world (Pizza Hut, n.d.).

Major changes also took place between the 1940s and 1970s in food processing and distribution, but those changes were more incremental and adaptive than transformational. The "Big Four" meatpacking companies—Armour, Swift, Wilson, and Cudahy—controlled about 40% of the U.S. beef trade in the 1940s when the government stepped in to break them up (Merritt, 2021). They also accounted for large shares of hog and lamb slaughter. The United Packinghouse Workers Association signed nationwide union contracts with the Big Four at around the same time, forcing them to increase wages and improve working conditions.

Wages and benefits of packinghouse workers continued to increase into the 1970s. This left the old, multispecies, multistory slaughter plants of the Big Four vulnerable to displacement as new, single-species, streamlined, disassembly plants opened and operated with non-union labor. Iowa Beef Packers/IBP, Excell/Cargill, Tyson, Smithfield/WH Group, and other companies that dominate meat packing today took advantage of this opportunity (Human Rights Watch, 2005).

Most of the changes in food manufacturing, warehousing, and transportation between the 1940s and 1970s were made to accommodate the transformational changes in food retailing (Hoover, 2018). The national food corporations dominated the markets for manufactured, canned, and packaged foods. The major national brands in the 1950s included Borden, General Mills, Nabisco, Campbell Soup, Pillsbury Mills, Carnation, Quaker Oats, H. J. Heinz, and Kellogg (Hoover, 2018). The national brands were heavily promoted in newspapers and television, and supermarkets were essentially forced to stock them to satisfy their customers. Major brands could influence pricing and demand display space for their products in stores. However, the balance of power between food manufacturers and retailers was destined to change.

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The first item and price barcode scanners were installed in Marsh Supermarket in Troy, Ohio, in 1974 (Garry, 2022). I learned about barcodes in a graduate course in food industry logistics in the late 1960s. I didn't realize how significant scanners and computers would be in shaping the future of food retailing. Sam Walton opened his first discount store in 1962 in Rogers, Arkansas (Walmart, n.d.). His idea of "always low prices" proved popular, and Walmart stores were soon scattered across the country. Walmart replaced its cash registers with computerized point-of-sale systems in 1983 (Walmart, n.d.). This new system not only significantly reduced labor costs but also allowed Walmart to keep track of inventories, deliveries, and the other logistical challenges of its rapidly expanding network. The system proved particularly useful when Walmart opened its first supercenter in 1988 and started selling groceries (Walmart, n.d.).

The Walmart way of doing business worked well for supermarkets and soon began transforming the entire agri-food system (Walmart, n.d.). The Walmart business model is comprehensive and too complex to explain in a few sentences. However, its relentless focus on "always lowest prices" drives virtually everything else at Walmart. Its strategy for profitability and expansion has always been low prices for quality products. Walmart buys in such large quantities that it can force its suppliers to contract for delivery at the lowest possible prices. Walmart prefers to be the major or sole customer of its suppliers, which forces them to meet Walmart's terms to survive. If Walmart finds another supplier, anywhere in the world, willing to sell at lower prices, it buys from the lowest-cost supplier. Another strategy pioneered by other supermarkets but perfected by Walmart is to offer private-label products generically equivalent to national name-brand products at lower prices. Walmart sells a wide variety of generic alternatives to popular national brands in virtually all departments, including groceries, and its private labels are among the most popular in the retail industry ("List of Walmart Brands," 2024).

With the rapid expansion of Walmart supercenters, other supermarket chains were forced to follow similar cost-cutting strategies to compete. They also consolidated to gain the market power to compete with Walmart. The surviving supermarket chains restrict their purchases to suppliers large enough to supply all their stores and then pressure those suppliers, including food processors, to reduce their selling prices. The supermarket chains also developed private-label equivalents to national brands for packaged products and their own standards for meats and fresh produce.

The balance of market power shifted from processors and manufacturers to food retailers. The processors and manufacturers were then forced to follow the Walmart model of buying in large quantities at low prices from large-scale industrial producers. The contracts offered to producers force them to sell at prices that will just allow them to survive economically, regardless of the social or environmental consequences. Whenever food processors or contractors find lower-cost suppliers elsewhere, anywhere in the world, they drop their current suppliers, often leaving them to find an alternative market.

Widespread adoption of the Walmart business model was facilitated by a critically important shift in antitrust policy during the 1980s. As I have explained in a previous column, the only way to ensure that markets respond to the needs of consumers rather than create excess profits for suppliers is to ensure that no single supplier, or small group of suppliers, is large enough to influence overall market prices (Ikerd, 2023). Whenever four firms control 40% more of a market, it is called an oligopoly, and the market is not sufficiently competitive to ensure that consumers will be offered an assortment of products that would best meet their needs at competitive prices ("Four-Firm Concentration Ratio," n.d.).

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In the early 1980s, the U.S. Justice Department decided to focus enforcement of antitrust policy on retail prices, or market performance rather than the number and size of firms, or market structure. The new strategy is commonly referred to as the Chicago Business School "consumer welfare" standard (Stucke & Ezrachi, 2017). This change essentially removed government restraints on corporate consolidation or share of markets. The strategy of gaining market share by cutting prices protected corporations' growth from government restraints as they gained the ability to manipulate markets to maximize corporate profits rather than to benefit consumers.

A 2021 market concentration study revealed that today's agri-food system is dominated by a small number of large multinational agribusiness corporations (Hendrickson et al., 2021). The consolidation is apparent in nearly every slice of the food industry. At the time of the study, General Mills, Kellogg, and Post had 83% of the cold cereal market (Hendrickson et al., 2021). Walmart, Kroger, Albertsons, and Costco controlled 45% of the retail grocery business, and McDonald's, Yum Brands (which includes Pizza Hut, Taco Bell, and KFC), Wendy's, and Subway accounted for 39% of the fast-food market (Hendrickson et al., 2021). JBS and Marfrig (both Brazilian firms), Tyson, and Cargill controlled 73% of U.S. beef processing (Hendrickson et al., 2021). JBS and Cargill were joined by Chinese firm WH Group and by Hormel to control 67% of pork processing (Hendrickson et al., 2021). Tyson and JBS plus Perdue and Sanderson controlled 54% of chicken processing (Hendrickson et al., 2021). JBS now owns Swift; Marfrig took over National Beef; and WH Group owns Smithfield Foods. Smithfield, once the largest meat packer in the U.S., started in Smithfield, Virginia, selling Smithfield hams from hogs fed on peanuts.

The corporately controlled, global food system of today is very different from the community-based, local food systems of the 1940s. Most important, there is no assurance that consumers are being offered an assortment of foods that best meet their needs and preferences or that food prices are as low as they would be in competitive markets.

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So, what are the implications for the future? First, it will be very difficult to bring about transformational change in food systems overall until economic competitiveness is restored to agri-food markets. Corporate economic power has been translated into political opposition to doing anything to restore the competitiveness of agri-food markets (Ikerd, 2023). Some Democrats campaign on anticorporate issues and propose anticorporate legislation, but "corporatism" is firmly entrenched in both political parties. However, the current corporately controlled global food system is not sustainable. The always-low-price business strategy is forcing farmers to degrade and destroy the resources of nature upon which the productivity of agriculture ultimately depends.

A variety of anticorporate social movements, such as Occupy Wall Street and the World Trade Organization protests, could eventually coalesce and focus on prohibiting for-profit corporations from participating in political matters. However, social movements tend to ebb and flow and progress slowly over time. In the meantime, a large growing number of consumers/customers are searching for alternatives to mainstream foods and food systems. Many are willing to pay at least somewhat higher prices for foods that conform to their values. Others are searching for ways to ensure nutritional food security for those who cannot afford to pay higher prices for good food. This may remain a niche market for some time, but the niche seems to be growing at least as fast as the number of farmers and food entrepreneurs who are willing and able to supply it. Those who take advantage of these opportunities as they arise will be creating the agri-food systems of the future.

I believe the guiding principles for future food systems will be the principles of food sovereignty: "the right of peoples to healthy and culturally appropriate food produced through ecologically sound and sustainable methods, and their right to define their own food and agriculture systems" (quoted in Ikerd, 2015, p. 13). I have expressed my vision for future food systems in many previous columns, so I will limit this perspective to a few key concepts that I see as defining future food systems:

- **Relocalization:** Transformation change in the global food system will depend on farmers and their customers/eaters retaining a personal connectedness and commitment to working together and helping each other. The logical place for this to start is at the local level, where people can get to know each other and share a common future.

- **Community Food Sovereignty:** Systemic change in food systems must move beyond individual commitments between buyers and sellers to community commitments to ensure the right of everyone in the community to enough sustainably produced and processed food to meet their nutritional needs and to proclaim the rights of their communities to determine their own food systems (see Ikerd, 2016).

- **Devolution:** To support the development of local food systems, state and federal funding for and implementation of agricultural, environmental, community development, and supplemental nutritional assistance programs must be administered through local communities to meet their specific needs. Community Food Utilities or other vertical cooperative organizations could serve as local administrators of these programs.

- **Networks of Food-Sovereign Communities:** Food-sovereign communities must network with each other to meet needs that cannot be met locally. Substantial economies of scale exist for food processing, meaning that local food systems may need to recruit or establish regional food processors as members of their networks.

- **Global Food Networks:** Local networks can grow into regional networks, regional networks, and eventually global networks. The networks must be sustained by a sense of personal connections and a common commitment both within and among communities to the social and ecological principles of food sovereignty.

The ultimate success of this vision depends on many different elements, but nothing is more critical than the ability and willingness of people to come together and function as communities rather than collections of self-interested consumers and producers. Food-sovereign communities need not include everyone in current legal or geographic communities. They need only include like-minded people with a common vision of food sovereignty for the future of their community. My next column will present my perspectives on the past and future of community development.

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