

From market concentration to political corruption

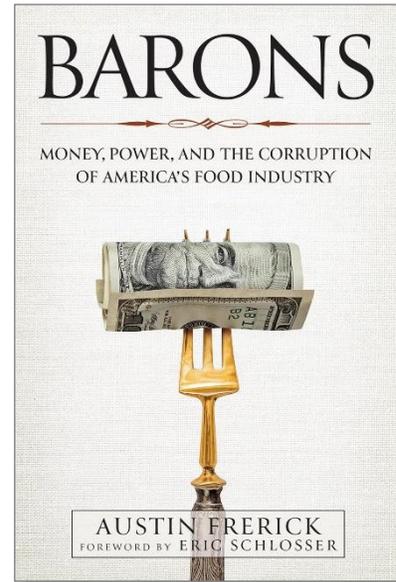
Book review by

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Review of *Barons: Money, Power, and the Corruption of America's Food Industry*, by Austin Frerick. (2024). Published by Island Press. Available as hardcover and E-book; 248 pages. Publisher's website:

<https://islandpress.org/books/barons>



Submitted June 14, 2024 / Accepted June 14, 2024 / Published online July 3, 2024

Citation: Glenna, L. (2024). From market concentration to political corruption [Book review]. *Journal of Agriculture, Food Systems, and Community Development*, 13(3), 363–365. <https://doi.org/10.5304/jafscd.2024.134.030>

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The government and the press in the United States tend to define corruption narrowly as the misbehavior of individual politicians. They turn a blind eye to systematic corruption such as, for example, the wealthiest people and corporations using campaign contributions to buy political influence. A politician who takes a cash bribe in exchange for a political favor might be deemed corrupt. In contrast, a politician who derails a piece of legislation after receiving a large campaign con-

tribution is operating within the limits of the U.S. campaign laws and is, therefore, not deemed corrupt.

As I write this review, U.S. Senator Robert Menendez is standing trial for accepting bribes of gold, cash, and other gifts in exchange for directing weapons to Egypt and for blocking criminal investigations in the United States. A U.S. citizen might wonder why Senator Menendez did not just ask those seeking to bribe him to simply run the money through a political super PAC, which would make the corruption legal. A U.S. citizen might also wonder why it is not in fact illegal to buy political influence through campaign contributions and why the press does not call it corruption.

Frerick's *Barons* is a breath of fresh air because it repeatedly calls out the corruption in the U.S. agriculture and food system and the U.S. political

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system. When he describes how the owners of a mega-pork production operation donated US\$300,000 to the campaign to reelect Iowa Governor Kim Reynolds, he calls it what it is: corruption.

It has become fashionable to use the term *socialist* to describe this kind of book. Many political commentators who use that word do not know what it means, and it would be especially inappropriate to assign the term to this book. In the foreword, Eric Schlosser describes how Adam Smith's idea of a self-regulating market was contingent on having laws in place to prevent the emergence of monopolies. After all, the point of capitalism, from Smith's perspective, is that companies improve social welfare when they compete to produce more and more goods and services, which drives down the price for customers. Smith observed that monopolies stifle innovation and limit competition, enabling them to raise prices and extract excessive profits, while also gaining political power. Furthermore, Schlosser observes, the American Revolution was as much a rebellion against the East India Company's monopoly control over tea and other goods as it was against the British government.

Despite its establishment as a nation opposed to corporate control, the U.S. since then has experienced periods of rising corporate monopolies, followed by government regulations to foster more competition, which have then been followed again by more monopolies. Frerick credits Robert Bork with the current stage of monopolistic and oligopolistic control in the U.S. and in the global agriculture and food system. The anti-trust laws of the early 20th century, combined with the New Deal, helped to expand social welfare in the U.S. after the Second World War. However, while the U.S. middle class was expanding, economics and law professors at the University of Chicago were devising the intellectual justification for weakening anti-trust laws. One of those law professors was Bork, who argued that antitrust policies should focus only on consumer prices when determining if a monopoly was detrimental to society. When the Reagan Administration converted this economic theory into policy, monopolies and oligopolies became more common. And this is evident in the U.S. agriculture and food sector.

Frerick mixes his personal experiences of growing up in rural Iowa with carefully documented case studies of corporate consolidation in the pork, grain, coffee, berry, meat packing, and grocery sectors. The most captivating case study, from my perspective, was the chapter on the meat-packing barons, the Brazilian brothers Joesley and Wesley Batista, who run the JBS company. The chapter starts with a 2017 story of how Joesley Batista was part of a bribery scheme in Brazil that involved funneling money to an oil company to advance the interests of the Brazilian president and his political allies. Batista managed to save himself from jail and his company from anything more than modest fines by working with government investigators who eventually arrested the Brazilian president on corruption charges.

Starting as a small family butchering company in Brazil in the 1950s, the Batista's JBS company is currently the largest beef and chicken processing company in the world, and it is also the world's largest leather producer. It operates in many countries, including the U.S., where JBS entered the market by purchasing Swift & Company and parts of Smithfield Foods and Pilgrim's Pride.

Frerick's contention is that the weakened U.S. anti-trust laws have enabled companies like JBS, Iowa Select, Cargill, JAB Holding, Fair Oaks, Driscoll's, and Walmart to concentrate control in their respective sectors, which gives them the power to undermine competition, inflate prices, ignore labor laws, weaken environmental and workplace regulations, undermine small farms and locally owned business, and escape meaningful punishments when they are occasionally charged with violating laws.

Although a reader might feel tempted to romanticize the post-war period of the 1950s and 1960s, Frerick is careful to point out that not everyone benefited equally from the anti-trust laws and other regulations directed at building a middle class. For example, farm subsidies were limited to white farmers, which they often used to take advantage of Black farmers. The key takeaway is that there is no such thing as a self-regulating market. Laws and regulations are necessary to protect the environment and benefit people. When policies are in place to promote competition and innova-

tion, people tend to benefit. Politicians today could develop policies that benefit more people than they did in the 1950s.

Frerick's proposed solutions are reasonable and practical. It is hard to imagine any average U.S. citizen being opposed to them. Unfortunately, establishing these policies will not be easy. Those corporate barons got rich by using their power to gain advantages. And that political corruption that has enabled them to gain power will also help them maintain their power. Still, the struggle is worthwhile, even if it is only aspirational. Frerick con-

cedes that it will not be easy and argues that achieving a better agriculture and food system will require a movement.

The book is well written and accessible for multiple audiences. One can read the chapters as quickly as a *New Yorker* article. At the same time, it is filled with endnotes referencing scholarly books and articles for those readers who want to explore specific topics in more depth. This combination makes the book valuable for undergraduate and graduate courses. In fact, I intend to assign the book in my undergraduate courses. 