
# The Outrageously Corrupt History of the Meat Industry

*This is the shocking true story of a century of factory farming, price-fixing, anti-trust failures, and how the Big 4 meat conglomerates formed.*

By Sara Ventiera for LIVEKINDLY

Right after President Joe Biden took office in January, a diverse coalition of 30 environmental, family farm, farm policy and rural community organizations made an ardent push to address a little-known issue that impacts every single person in the United States: corruption in Big Ag.

In 2019, grocers and independent ranchers slammed the nation's four largest beef packers—known as the Big 4—with numerous anti-trust lawsuits alleging that they had engaged in a corrupt and illegal conspiracy to inflate meat prices.

In September 2021, the Biden-Harris administration announced that it intended to fight such monopolies in the meat-packing industry. The White House plans to ramp up enforcements of antitrust laws, fight back on pandemic profiteering, and foster more competition in the meat-packing industry, but they have their work cut out for them. That's because the administration is up against more than 50 years of concentration and mergers.

Today, the meat industry is even more consolidated than it was in 1905, when journalist Upton Sinclair penned *The Jungle*, the groundbreaking novel that exposed the appalling working conditions and exploited lives of immigrants working in the meat-packing industry. The book created a national uproar and prompted President Woodrow Wilson to break up and regulate the powerful Meat Trust, the five big companies that ruled the market at the time.

More than a century later, almost the same number of corporations control the global meat market. The group is called the Big 4, and includes Tyson, JBS, National Beef and Cargill.

You know the saying: 'Those who do not learn history are doomed to repeat it.' Here's how Big Meat became a monopoly—and has been hurting U.S. consumers for generations.

In September 2021, the Biden-Harris administration announced that it intended to fight such monopolies in the meat-packing industry. | Drew Angerer/Getty Images AE

# 1920s to 1960s: The Economic Cost of the Race for Big Meat

From the playbook of the Industrial Revolution, the race to be number one came at a big cost.

Perhaps when you think of the American farmers or rancher, you're imagining Charlotte's Web: the small-time family with a few acres, who know their pigs and cows by name. In the early 20th century, after all, labor-intensive farming took place on a large number of small, diversified farms. Spread throughout rural America, where more than half the U.S. population resided, in 1900, these farms employed 41 percent of the U.S. population, along with 22 million work animals and produced an average of five different commodities. A little over four out of every 10 people were farmers.

As tractors and other mechanical tools became more widely available throughout the 1920s and 1930s farms grew in size and declined in numbers. By 1930, the percent of the workforce that was employed in agriculture was cut in half, to 21.5 percent. By the time 1970 rolled around, just four percent of the workforce was employed in agriculture.

Since 1900, the number of farms has dropped by 63 percent while the average farm size has increased 67 percent. That consolidation into just a few big industrial farms and ranches didn't happen by accident—here's the story of factory farms, and how they came to be.

## 1921: GIPSA aims to police big meat

The 1921 Packers & Stockyards Act created the USDA Packers and Stockyards Administration, which came to be known as GIPSA, to police large meat packers for anti-competitive actions and monopolization.

## 1923: Steele starts an early factory farm

Cecilia Steele, the pioneer of the commercial broiler industry, raised 500 chicks indoors solely for meat in The First Broiler House on the Delmarva peninsula. Her business was so profitable, she was able to build a broiler house for 10,000 birds three years later.

## 1931: Chicken company Tyson sets up roots

Shortly after moving to Springdale, Arkansas, John W. Tyson begins delivering chickens throughout the Midwest.

## 1947: Tyson vertically integrates poultry

Incorporated as Tyson Feed and Hatchery, Inc, the company vertically integrates its business by selling baby chicks, feed and transporting chickens to market

# 1950’s: USDA selects for a standard poultry chicken

After winning USDA’s Agricultural Extension Service’s “chicken of tomorrow” contest, the Vantress chicken became the standard meat chicken of the industry due to its large breasts, white feathers, efficient growth rate, consistent sizes and gentle disposition.

# 1958: Tyson opens new plant

Tyson’s Randall Road plant opens in Northwest Arkansas, the first processing plant that kicks the company’s move toward vertical integration into high gear.

# 1963: Tyson takes an IPO

Donald Tyson, John’s son, takes Tyson’s Foods, Inc. public, and begins a wave of acquisition that grows the company in multiple directions.

# 1968: Brazil’s JBS starts business

In Brazil, José Batista Sobrinho’s JBS opened its first slaughterhouse. By 1970, the Brazilian company had increased production by 400%.

The 70s, 80s, and 90s gave way to consolidation, price-fixing, and corruption. | KARRASTOCK/Getty

# 1970s to 1990s: Mergers, Acquisitions, and Greed

As farming technology advanced, farm productivity skyrocketed. Family farms did not need nearly as much labor as they did before, giving the members of farming households more availability to seek employment opportunities out of the fields—creating a void that Big Ag was ready to fill in. In 1970, more than half of farms were getting their income from somewhere off the farm.

The U.S. began to export more in the 1970s because of good exchange rates when the U.S. dollar was freed from the gold standard, along with a growing Soviet appetite for imported grain and oilseed. But the U.S. meat market still wasn’t completely corrupt and consolidated; in 1977, the top four companies in cattle, pork and chicken controlled just 22 to 31 percent of each market.

But when stagnating foreign demand helped to cause the 1980s farm crisis, farm families were forced off their homesteads. In 1983, there were around 500 public farm auctions a month. By the end of the decade, around 300,000 farmers had defaulted on their loans.

Big Ag swooped in to buy up land on the cheap. American agricultural companies became a more integrated component in the global market. By 2000, just 1.9 percent of the U.S. workforce was employed in agriculture and, a couple years later, 93 percent of farming households had income that came from jobs other than agriculture—often due to an inability to support the land off just the farm's earnings.

As those big agricultural companies expanded, their economy of scale allowed them to increase production of meat while lowering costs. Americans responded to the increased supply and lower price points by eating a lot more meat. In 1997, Americans consumed 190 pounds of meat per person, about 13 pounds more than in 1970.

A new era of greed was about to hit the meat-processing industry, with companies gobbling one another up—paving the way for consolidation, price-fixing and corruption.

## 1975: Giant pork processor starts its mergers & acquisitions

After reclaiming Smithfield Foods, Inc., Joseph W. Luter began expanding by acquiring companies, forging partnerships, reducing overhead and laying the ground to open more plants.

## 1981: Smithfield swallows rival

Smithfield bought out rival Gwaltney (at 35 cents on the dollar) for $34 million. Throughout the decade Luter sought to buy out other underperforming pork companies at bargain rates including Hancock's Country Hams, Patrick Cudahy Incorporated, and Schluderberg-Kurdle Co. (renamed Esskay, Inc.).

## 1987: Smithfield vertically integrates the pork biz

Smithfield becomes a leader in vertically-integrated pork processing by launching partnerships with other pork producers including Carroll's Foods and Murphy Farms, which trims costs and reduces reliance on Midwest hog producers. By 1988, annual revenues reached $864 million.

## 1989: Tyson doubles in size

Through mergers and acquisitions, Tyson has doubled in size in just a half decade, becoming the largest fully-integrated producer, processor, and marketer of poultry-based food products on the planet. The company also announces its International division with joint ventures in both Mexico and Japan.

## 1992: Pork processor squashes competition

Smithfield develops and acquires two state-of-the-art slaughtering plants in North Carolina while searching for a plant on the West Coast. At the time, 87% of U.S. hogs were sold into competitive markets—today, that figure is less than 7%.

Americans eat 74 pounds of red meat and 65 pounds of white meat per person per year. | D3sign/Getty

## 2000s to 2020s: The human health toll of Big Meat

The late 1990s to early 2000s were a period of even more consolidation as conglomerates bought up even more companies throughout the supply chain, from feed manufacturers and livestock breeders to smaller processors, decimating independent businesses in rural communities.

As the meatpackers and meat became more industrial, the farms they bought from were pushed to become more industrial themselves. This led to a huge increase in factory farms, which create awful pollution—including dead zones in The Gulf of Mexico that can spread from 6,000 to 7,000 square miles and toxic anaerobic lagoons that spew out ammonia, hydrogen sulfide, and methane. Some experts have linked overcrowded pigs and poor waste management with the initial outbreak of swine flu (H1N1).

In the 15-year span between 1997 to 2012, the number of pigs on factory farms rose by more than a third and the average hog farm had grown by 70 percent in size, while a whopping 70 percent of hog farms have gone out of business. And in just ten years, the number of cattle-feeding operations dropped by 40 percent in the largest 13 cattle states, while the average operation size grew by 13 percent.

All told, about nine billion animals live on American factory farms, producing 100 billion pounds of meat per year, most of which are completely controlled by just a handful of multinational corporations.

Today, Americans eat 74 pounds of red meat (mostly beef plus pork) and 65 pounds of white meat (poultry plus seafood) per person per year.

# 2001: Tyson becomes king after gaining pork processor IBP

The Department of Justice approves Tyson Foods' $3.2 billion purchase of IBP, the largest beef packer and number two pork processor in the U.S. at that time. Tyson becomes the world's largest processor and marketer of chicken, beef, and pork.

# 2005: JBS purchases Argentina's Swift-Armour

JBS begins its international expansion and acquires a 100% stake in Swift-Armour, Argentina's largest beef producer and exporter. The company now runs 21 plants in Brazil and five in Argentina, and has increased its processing capacity to nearly 20,000 thousand head of cattle per day.

# 2007: JBS goes public

JBS is the first meat processing company to go public on the Brazilian stock market. The company also enters the U.S. market through buying Swift & Co., the third largest beef and pork processor at the time.

# 2013: China's WH Group buys huge pork processor

Chinese food-processing conglomerate WH Group purchased Smithfield for nearly $5 billion, at the time, the largest-ever Chinese acquisition of a US company. Four years later, WH Group posted $22.3 billion in revenue.

# 2014: Tyson acquires Hillshire

Tyson Foods, Inc., completes its acquisition of prepared foods company The Hillshire Brands Company, resulting in $40 billion in annual sales.

## 2015: Meat conglomerates win, while U.S. farmers and ranchers lose

Meatpacking monopolies successfully lobby the Obama Administration to roll back country of origin labeling for beef and pork, which leads to a near 50% decline in the value of U.S. calves. A regulatory loophole allows imported meat that passes through a USDA-inspected plant to be labeled "Product of U.S.A.," further disadvantageing independent American farmers and ranchers.

After acquiring controlling stakes of Smithfield's beef business and Pilgrim's Pride, the second-largest poultry processor in the United States, in 2008 and 2009, JBS purchases Cargill's pork business.

## 2016: Tyson, Pilgrims Pride, Perdue and Sanderson accused of employee abuse

Tyson, Pilgrims Pride, Perdue Farms and Sanderson Farms are exposed for employee abuse, including limiting breaks to the extent that workers at processing plants were forced to wear diapers.

## 2017: Brazil's JBS is exposed exporting rotten meat

A shocking undercover Brazilian operation called "Weak Flesh" reveals the huge meat conglomerate and other Brazilian meat processors have been exporting rotten meat across the world—and bribing health inspectors and politicians to do it. According to the BBC, over 1,000 Brazilian officers raided 194 locations and found unhygienic practices, including carcinogenic chemical use to mask rotten meat and mixing potato, water and cardboard paper with meat to increase profits. Thirty-three government officials were suspended, and six meat-processing plants were closed. Brazil is the world's largest red meat exporter, and JBS, with a net revenue of $55 billion to 150 countries, is the world's largest beef exporter

## 2018: Deregulation, consolidation and robbing $330 from each family

The Trump Administration dissolves GIPSA as an independent agency, relegating its oversight obligations to the Agricultural Marketing Services agency, known by insiders to to be friendly to the agribusiness industry.

Tyson Foods acquires Keystone Foods, a top supplier of chicken, beef, fish and pork to the global foodservice industry.

USDA finds JBS had ripped off U.S. cattle producers at three separate slaughter facilities by shorting them on payments for their cattle, then settles the claims for a $50,000 penalty.

Tyson Foods, Pilgrim's Pride, Sanderson Farms and other chicken producers face a class-action lawsuit alleging they engaged in a long-term price-fixing scheme that stole the equivalent of $330 a year from the average family through inflated pricing.

In what cannot be considered mere coincidence, this is the year Tyson spends $1.1 million on federal lobbying and JBS spends $408,000 on federal lobbying.

## 2020: JBS pleads guilty to $180 million in bribes to Brazilian officials

JBS, now world's largest meat packer, pleads guilty in U.S. federal court to paying nearly $180 million in bribes to Brazilian officials in exchange for state-backed financing used to take over the U.S. beef market.

## 2021: Tyson, Perdue and Pilgrim's Pride pay up to consumers

Tyson Foods Inc. agrees to pay $221.5 million to settle its federal class-action price-fixing suit brought by"end-user" consumers, commercial purchasers, and purchasers that bought chickens directly from Tyson. Pilgrim's Pride settles for for $76 million in a federal class-action suit brought by consumers who bought Pilgrim's Pride chicken between 2009 and July 31, 2019 and alleged that the company sought to keep the prices of their products artificially high.

In the same year, Tyson Foods and Perdue Farms agree to a $35 million settlement for another price-fixing lawsuit brought against them and other companies. Farmers accused  Tyson and Perdue of creating a contract grower system that forced them to build debt-incurring chicken barns in order to meet company standards, as well as fixing farmer compensation at low levels under long-term contracts. Farmers reported earning between $12,000 and $40,000 a year while working 12 to 16-hour days while large meat companies like Tyson were reporting annual profits over $1 billion.

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Sara Ventiera writes about food, travel, pets, and real estate. Her work has appeared in Food & Wine, BBC Travel, NPR, the Village Voice, and the Miami New Times. She wrote this article for LIVEKINDLY.

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