Revealing the Middlemen: 
An Inquiry Into the Market Structure of United States Agribusiness—A Work in Progress

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Background

United States Agriculture
The term Agribusiness is applied to agriculture in the U.S. because firms in the food industry tend to be corporate and large, a feature unique to the U.S. This tendency has lead to fewer firms in the market, especially over the last century (Allen & Abala, 2007).

The Food Movement
Around fifty years ago, issues regarding food began to gain momentum with a part of the population. The people involved had noticed issues with the American diet and their concerns have since expanded. Michael Pollan has developed into a public leader within this group and his book *The Omnivore's Dilemma* outlines many key issues this movement champions (2006).

Some New Developments with Links to Food
(1) Obesity Epidemic
(2) Ethanol
(3) Changes in livestock raising practices
(4) Environmental Push for Organic Eating

Note that these changes have occurred within the last hundred years, an astounding short period to deconstruct an element of culture which characteristically establishes itself over long periods of history.

Literature Review

Initially the process of investigation began with uncovering the effects of agricultural subsidies with particular emphasis on the negative results, a direction that was inspired by a chapter linking obesity and agricultural subsidies in Michael Pollan’s book, *The Omnivore’s Dilemma*, an inquiry into modern American dietary issues. Overall, the work appears to show some bias with overstated assumptions and implications in regard to agricultural subsidies. Pollan (2006) argued that government policy supports over production of corn, causing excessive consumption. This idea has gained momentum with media sources but few scholars or academicians appear to give the notion credence. The literature regarding this connection complements and overlaps, explaining the unlikeliness of a meaningful cause-effect relationship between obesity and food prices supports. Fields (2004) indicated that the removal of agricultural subsidies would increase price of food with inputs from support crops rather marginally, and thus, the intuitive idea of elasticity of food as a product could not account for the change in diets. Alston, Sumner, and Vosti (2006) followed this with more detail explaining how other factors such as income effects, technological innovations, and increasing opportunity costs overlap to explain the changes in diet that the U.S. is experiencing.

There is room for work on this link with these other factors as they are subjective and thus have little reliable standardized measurement. Examining the changes in the aforementioned income effects, technological innovations, and increasing opportunity costs in an empirical manner could assist the impact of outlaying causes for diet. Also, the writings acknowledge the mystery of the intermediary food processes as a key concern.

Moving away from the link with nutrition, agricultural subsidies additionally show controversial relations to issues with world trading policies, bio-fuel practices, and famine. Currently, the Allen and Abala encyclopedia (2007) is serving as an introduction to the practice of what is referred to as agribusiness. The research will be pushed toward investigating the intermediary processes to see how these affect America’s nutrition, eventually causing a change in the body of literature addressed to reflect the changing direction of this inquiry.

Purposes

The purpose of this inquiry is to establish the merits of the Food Movement’s objections to the changes in U.S. Agriculture.

With food there are three phases: (1) biological growth, (2) Intermediary and Value-added Processes; and (3) Distribution.

Food Inputs
Intermediary and Value-added Process
Distribution

There were overlapping changes that could have been more effective with these changes (Alston, Sumner, and Vosti, 2006)

(1) Technological Innovation
(2) Increasing Opportunity Cost
(3) Income Effects

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References