American Agriculture and the Problem of Monopoly: the Political Economy of Grain Belt Farming, 1953-1980

Philip J. Nelson
profession’s more noteworthy articles” (36) and “a fine example of liberal thinking as applied to food policy” (71). Levins also reports that Cochrane was one of his university’s “most sought-after teachers” (71).

Yet the biographer finds a few flaws, including some important ones. He suggests that Cochrane, like other economists, was slow to recognize the implications for farm policy of the rise of off-farm corporations. And he recalls thinking during the 1998 visit that his friend might have benefited from spending more time with his Iowa cousin. “She could have told him not to worry so much about economic theory and the way it so quickly dismisses matters of the heart as being irrational or emotional,” the author writes. “She could have reassured him that it was enough to hate what was happening to the home farm and that he would be foolish to feel otherwise” (82).

These criticisms took me by surprise and persuaded me that the book is too small for its large topic. Although insightful, provocative, and concerned with a major theme, the book needs to give readers much more on Cochrane’s thinking about family farms and their virtues and the corporate giants and their qualities. Also, Levins should define his own point of view more fully and clearly. He appears to have an alternative agricultural system in mind. It is not clear, however, what that might be.


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At first blush, American Agriculture and the Problem of Monopoly seems to be a standard economic history of grain belt farming since World War II. As such, it necessarily revisits the “farm crisis,” looks at the problems of agribusiness concentration, and investigates the role antitrust legislation has played in national farm policy in the past century. To this end, it succeeds, with its information-packed chapters on the meatpacking industry, the grain-trading “cartel,” the National Farmers Organization (NFO), farmer cooperatives, and federal farm policy.

But author Jon Lauck also tries to do much more, and herein lies the book’s seductive appeal. Lauck has attempted to write an “old-fashioned” history in which the economic state of agriculture is seen as a product of human choices and, therefore, ineluctably political in
nature. The thinly veiled implication is that despite the trendiness of the new social history, political economy still matters, perhaps now more than ever. Lauck asserts that an investigation along these lines can reveal more than just winners and losers, victors and victims. Here the book's subthemes emerge, centering around the issue of concentration of economic power in agribusiness. The author muses on liberalism's inability to offer a cogent response to the challenge of oligopoly, the threat to democracy posed by "collapsing civic institutions and eroding citizenship" (xi), and, most of all, the danger to our republican traditions brought on in part by a lack of civic virtue.

With respect to the problems of rural America, Lauck confesses that he is impressed by the noneconomic as well as the economic side of the crisis. He largely remains true to the book's subtitle, instructively mixing economic desiderata with the political struggles of postwar American agriculture. But in places the book reads like one of those exhortative social critiques of the 1960s and 1970s: the times "reinforce what Americans have always feared—that the agrarian basis of the republican order was fleeting" (x). At other points, it reads like a closely reasoned populist editorial arguing for greater democratic use of antitrust legislation against monopolistic and monopsonistic agribusiness dominance of the agricultural marketplace. As Wendell Berry asserted, the agricultural crisis is a crisis of culture. Yet, for the rest, the book is neither stolid tome nor strident manifesto, but a professional, largely nonpartisan examination of various facets of the monopoly problem. As such, American Agriculture and the Problem of Monopoly fills an important niche in agricultural scholarship about the postwar period.

Lauck's balanced treatment of a controversial subject is evident in his look at the corporate farming debate. He observes that "fear of the coming of large-scale, corporate farming to the grain belt drew on postwar anxieties over the changes in American farming, disruptions in rural communities, and traditional political sentiments about outsider control" (20). However, corporate ownership of production agriculture, of the type people most feared, never came to pass in the grain belt, as Lauck readily acknowledges. Consolidation in grain belt agriculture has largely been caused by family farm expansion. Although most midwestern farm corporations are actually family farm partnerships, the perception that rural communities are being undermined by outside forces persists. The author's argument could have been strengthened by giving readers more than just two pages of material on corporate dominance in production agriculture in other areas of the country and in commodities other than grain, hogs, and cattle.
The author's case for a new approach to antitrust law begins to take shape in a chapter on the meatpacking and grain processing industries. As concentration in the food industry shot up in the 1960s, pressure from farm groups, an inflated economy, and leading economists prompted greater attention to antitrust law as a way to maintain competition in agricultural markets. Historically, antitrust laws had been underused in agriculture. One reason was the accepted criterion on which mergers were judged—efficiency. If the marketplace would be more efficient through mergers, then they should be allowed. But Lauck claims that other factors should be considered in the interest of fairness and justice. He takes his theoretical cue from economist John Kenneth Galbraith's concept of countervailing power, which would allow antitrust law to ask whether a merger would benefit the larger farming community rather than simply increase marketplace efficiency.

Still, in the turbulent restructuring of the meatpacking industry that took place in the 1970s and 1980s, where a "new big three" (IBP, Cargill, and ConAgra) replaced the old "big four" (Swift, Armour, Wilson, and Cudahy), it was difficult to see how antitrust law could best be applied to bring about more competition and thus better prices for farm commodities.

The same was true for international grain trading. The conventional wisdom among farmers held that the dominant players in the grain trade regularly colluded on prices and supplies of grain—that is, a cartel existed. But according to Lauck, the evidence indicates little or no collusion. For one thing, the ease of entry into the marketplace allowed farmer cooperatives and even the NFO to trade grain in a fairly big way on the world market. Another telling fact was that not even the supposedly dominant grain traders made money every year.

Having dealt with the competition-in-the-marketplace side of the monopoly problem, Lauck then turns to the other side—the effectiveness of farmers organizing their marketing. In a surprisingly balanced and objective chapter on the NFO's bargaining strategies, he argues that its impact was not fleeting, and it had more success than it is usually given credit for. "The NFO effort also stimulated greater awareness of market power issues among farmers and contributed to the development of various farm marketing techniques" (108).

Farmer cooperatives represent another way farmers have tried to establish their own marketing strategies and power. Some have seen such spectacular growth since the 1960s that they themselves have become major players in the grain trade and as suppliers of farmer material inputs. Ever since the Capper-Volstead Act of 1922, cooperatives have enjoyed strong political support and low public opposition.
Success of the many farm cooperative activities, Lauck observes, “is a prime indicator that farmers were not always hapless victims of corporate power in the post-World War II years” (135).

Nevertheless, the inability of farmers to organize control of their production has continued to be a major problem. Thus, they have often turned to the federal government for help, especially during the most serious periods of distress, despite some farmers’ reluctance to give up some of their “freedom” to the government. For the most part, government organization of farmers in competition with other groups and forces has been only partially successful.

Lauck is correct that the libertarian streak in farmers has countered organizational efforts on their behalf. But he does not go far enough with this line of analysis. For example, he does not ask why the cattle feeding industry was almost voluntarily abandoned in the Midwest, especially in Iowa, or why, in the face of monopoly forces in the marketplace and the skyrocketing cost of land, more farmers have not incorporated to make the intergenerational transfer of wealth easier and to reduce the costs of farming. These may be technical criticisms of a secondary nature. But when Lauck and other neo-Jeffersonians assume that rural people have some sort of monopoly on civic and personal virtue, readers may take offense and ignore this highly researched, well-argued call for a better antitrust policy in agriculture. Do moralists really want to be identified as people who believe that just because someone runs a combine over the soil, they therefore know more about justice, honesty, the good, and the best way to run a republic and a democracy?


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Anthropologists, historically inclined to study places like Borneo and Bali, have recently been trying to figure out the American Midwest. Jane Adams examined agrarian life in southern Illinois in The Transformation of Rural Life (1994). Deborah Fink and Donald Stull have examined the impact of large-scale meatpacking on small midwestern towns, most recently in Fink’s Cutting into the Meatpacking Line (1998), an account of an IBP packing plant in Perry, Iowa. And Yale anthro-