

Cornhusker Economics

Cooperative Extension

Institute of Agriculture & Natural Resources
Department of Agricultural Economics
University of Nebraska – Lincoln

The McDonaldization of American Agriculture

Market Report	Yr Ago	4 Wks Ago	4/20/01
<u>Livestock and Products,</u>			
<u>Average Prices for Week Ending</u>			
Slaughter Steers, Ch. 204, 1100-1300 lb Omaha, cwt	\$74.48	\$78.04	\$76.98
Feeder Steers, Med. Frame, 600-650 lb Dodge City, KS, cwt	92.51	95.09	106.07
Feeder Steers, Med. Frame 600-650 lb, Nebraska Auction Wght. Avg	99.45	98.84	102.94
Carcass Price, Ch. 1-3, 550-700 lb Cent. US, Equiv. Index Value, cwt	116.90	119.19	116.73
Hogs, US 1-2, 220-230 lb Sioux Falls, SD, cwt	49.00	45.50	50.00
Feeder Pigs, US 1-2, 40-45 lb Sioux Falls, SD, hd	67.41	*	*
Vacuum Packed Pork Loins, Wholesale, 13-19 lb, 1/4" Trim, Cent. US, cwt	125.60	129.30	120.30
Slaughter Lambs, Ch. & Pr., 115-125 lb Sioux Falls, SD, cwt	*	76.37	75.00
Carcass Lambs, Ch. & Pr., 1-4, 55-65 lb FOB Midwest, cwt	170.00	171.00	171.00
<u>Crops,</u>			
<u>Cash Truck Prices for Date Shown</u>			
Wheat, No. 1, H.W. Omaha, bu	2.81	3.08	3.22
Corn, No. 2, Yellow Omaha, bu	2.06	1.84	1.82
Soybeans, No. 1, Yellow Omaha, bu	5.25	4.16	4.15
Grain Sorghum, No. 2, Yellow Kansas City, cwt	3.54	3.43	3.40
Oats, No. 2, Heavy Sioux City, IA, bu	*	1.34	1.40
<u>Hay,</u>			
<u>First Day of Week Pile Prices</u>			
Alfalfa, Sm. Square, RFV 150 or better Platte Valley, ton	85.00	115.00	115.00
Alfalfa, Lg. Round, Good Northeast Nebraska, ton	47.50	70.00	85.00
Prairie, Sm. Square, Good Northeast Nebraska, ton	55.00	112.50	105.00
* No market.			

In his best-selling book, *Fast Food Nation: The Dark Side of the All-American Meal* (Boston: Houghton Mifflin Co., 2001), journalist Eric Schlosser takes aim at the fast food industry, leveling a broad array of charges against it. According to Schlosser, the success of the fast food industry has transformed the American diet, landscape, economy, workforce and popular culture, and is responsible for a national epidemic of obesity, the propagation of an unskilled and poorly paid workforce and the exploitation of teenagers and minorities. It also has contributed to the restructuring of American agriculture.

In 1975, farm activist Jim Hightower warned of the “McDonaldization of America” in the book *Eat Your Heart Out*. Hightower was concerned that the emerging fast food industry would threaten independent businesses, lead to a food sector dominated by large corporations and contribute to the homogenization of American life. Schlosser observes that much of what Hightower feared has since come to pass. He alleges that the centralized purchasing decisions of the fast food chains and their demand for standardized products have given a few corporations enormous control over the country’s food supply. Furthermore, the success of the fast food industry has motivated other industries to adopt similar business practices. “The basic thinking behind fast food has become the operating system of today’s retail economy, wiping out small businesses, obliterating regional differences, and spreading identical stores throughout the country like a self-replicating code” (p. 5).



To understand Schlosser's arguments, it helps to appreciate the size, scope and growth of the fast food industry. The McDonald's Corporation, for example, operated about a thousand restaurants in 1968. Today the company runs about 28,000 restaurants worldwide, opening nearly two thousand new ones annually. It hires about one million employees each year, more than any other private or public organization in the United States. As a result, one of every eight American employees is estimated to have worked at McDonald's at some point in their life. McDonald's is the largest owner of retail property in the world, and it spends more on advertising and marketing than any other brand. McDonald's is also the nation's single largest purchaser of beef, pork and potatoes, and the second largest buyer of chicken.

Schlosser contends that the concentrated purchasing power of the fast food industry and its demand for product uniformity are responsible in part for fundamental changes in the way cattle are raised, slaughtered and processed into ground beef. In 1970, the four largest meatpacking companies in the United States accounted for 21 percent of all the cattle slaughtered in the country. Today, after twenty years of mergers and acquisitions, the four largest companies account for about 84 percent of the cattle slaughtered, and thirteen large packing houses produce most of the country's beef. Schlosser argues that the growth of the fast food industry has contributed to this consolidation, pointing out that McDonald's purchased ground beef from 175 local suppliers in 1968, but reduced its beef suppliers to five within a few years in an effort to manufacture a more uniform hamburger.

Schlosser asserts that the high degree of concentration in meatpacking has contributed to the proliferation of feedlots and the depressed prices independent beef producers receive. In addition, he suggests that the large meatpacking companies have cut wages to reduce their costs in response to demands from the fast food and supermarket chains. "They have turned one of the nation's best-paying manufacturing jobs into one of the lowest-paying, created a migrant industrial workforce of poor immigrants, tolerated high injury rates and spawned rural ghettos" in states like Nebraska (p. 149).

According to Schlosser, recent changes in how cattle are raised, slaughtered and processed have created an ideal system for the spread of pathogens. "The meatpacking system that arose to supply the

nation's fast food chains — an industry molded to serve their needs, to provide massive amounts of uniform ground beef so that all of McDonald's hamburgers would taste the same — has proved to be an extremely efficient system for spreading disease" (p. 196). Schlosser claims the problem begins in the feedlots, where cattle are fed unhealthy diets, raised under congested conditions and inundated with manure. The problem continues in the large slaughterhouses and grinders that dominate the production of ground beef. Once hamburger meat was produced in a butcher shop from the scraps of one or two sides of beef. Now a modern processing plant can produce 800,000 pounds of hamburger per day for shipment throughout the United States. One animal infected with *E. coli* 0157:H7 can contaminate 32,000 pounds of meat.

Schlosser fails to prove that the fast food industry is responsible for many of the changes in agriculture he assails. For example, he demonstrates an association between the rise of the industry and increased concentration in meatpacking, but does not establish a causal relationship. Nonetheless, his book has attracted a lot of media attention and is likely to affect how consumers and policy makers perceive both the fast food industry and the agricultural sector.

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