The people who grow our food deserve to earn a fair living. But that’s out of reach for poultry farmers who work in an industry where the power of a few giant corporations leaves them trapped in a rigged marketplace, vulnerable to abusive business practices. The good news is we have laws in place to protect growers. We just need to enforce them.

The average American consumes about 90 pounds of chicken each year – more than double the amount we ate 40 years ago. The poultry industry has changed drastically to support our growing appetite, with important consequences for the growers who produce chicken, eggs, turkey and other poultry products.

Since the 1950s, the number of chickens raised in the U.S. skyrocketed by over 1,400%, while the number of poultry farmers plummeted by 98%. The poultry industry is the most concentrated sector in our food system, controlled by large corporations that rule the roost.

The unbridled power of poultry companies distorts markets and leaves farmers vulnerable to deceptive, anticompetitive, and abusive industry practices.
UNDER CONTRACT

In a healthy economy, independent farmers can sell their goods on an open market where there are multiple buyers and where they can negotiate prices for their goods. But for poultry growers, open and competitive markets haven’t existed in a long time.

In 1950, 95% of broiler farms were independent. Just five years later, independent farms accounted for just 10% of the industry, with most growers selling their goods under contract with a company.¹

The dominance of contracts in the poultry industry grew in tandem with rapid consolidation and a process called vertical integration, whereby nearly all elements of production are consolidated under a single company. This toxic combination of extreme market consolidation, contracts and vertical integration introduced several new risks to growers.

POWER IMBALANCE

Today’s poultry industry is spread throughout rural corners of the country, organized into local complexes where companies own feed mills, hatcheries, and processing facilities. Companies contract with local farmers to grow birds to market weight, providing farmers with the inputs (feed, chicks, medication, etc.) to do so. But behind that seemingly simple set-up is an extreme power imbalance that gives farmers little leverage to negotiate better contract terms or better treatment from companies.

For example, in order to secure a contract, farmers must invest hundreds of thousands of dollars to build expensive poultry houses. The grower is also on the hook for operating costs like utilities and waste disposal. The whole set up can be boiled down to this: the company owns everything that makes money and the farmer owns everything that costs money.

Mired in debt they incur to build poultry houses, farmers are at the mercy of the poultry company. And those companies often undermine their efforts. Most contracts are flock to flock, which companies can cancel at will. It’s also common for companies to require expensive upgrades to farmers’ facilities with little warning, requiring farmers to take on more debt. Growers soon realize they’ve taken on dramatic risk, with little assurance that they can ever dig themselves out of debt.

¹ USDA 1999. Vertical Coordination in the Pork and Broiler Industries: Implications for Pork and Chicken Products
http://www.ers.usda.gov/media/491410/aer777b_1_.pdf
RIGGED PAY

This is all exacerbated by a “tournament” system that pits growers against one another for pay. After the company picks up chickens from farmers, it ranks the finished flocks according to how well the chickens gained weight compared to the feed they ate. Growers at the top get bonuses for good performance, paid for by pay cuts to growers ranked at the bottom.

But performance is completely out of farmers’ control! The company determines the quality of the chicks and feed delivered to growers. So the game is rigged from the start. In fact, many growers report that companies will deliver sub-standard chicks or feed as a form of retaliation if they speak out about the conditions they face.

THE FIGHT FOR FAIRNESS

Poultry growers describe a widespread culture of fear and intimidation. Trapped in debt, they have little choice but to accept the company’s terms. If they do choose to stand up or speak out, they risk their contracts – and often their land and homes – in the process. The hardworking families who raise chickens deserve a level playing field in the marketplace. In spite of the risks, more and more growers are starting to speak out. Their message is clear: The time for change is now.

The good news is we already have laws on the books to protect poultry growers. Back in 1921, the Packers and Stockyards Act (PSA) was created to regulate meatpackers, livestock and poultry dealers, and other middlemen in the livestock industry. It contains several provisions that protect individual farmers from abuse and unfair business practices.

The U.S. Department of Agriculture (USDA) is tasked with enforcing the PSA. After a decades-long era of lax enforcement, dozens of poultry growers provided testimony—at great personal risk—urging reform to officials from the USDA and Department of Justice at a workshop about antitrust issues in the poultry industry.

In 2011, the USDA issued a series of rules with stronger protections for farmers and ranchers who contract with meatpackers. Unfortunately, industry lobbyists have pushed Congress to block these rules since 2012 through riders and amendments in various bills. In 2015, Congress finally lifted its ban and the USDA is moving forward with the rules, although their future remains unclear.
A BRAVE FEW

Profiles of some of the poultry growers who have spoken out about the abuses in the poultry industry:

The Crutchfields are former poultry growers in Arkansas who stood up to Tyson after being told to spend $300,000 in upgrades to their farm. They were terminated in March 2012.

Kay Doby is a former poultry grower for Pilgrim’s Pride and past president of the North Carolina Contract Poultry Growers Association. Kay fought unfair poultry contracts for 15 years, speaking to Congress and at the USDA. When Pilgrim’s Pride terminated her contract, Kay continued to speak out. She now runs a goat farm.

In 2014, Craig Watts allowed his chicken houses to be filmed, believing common industry practices compromised the safety of chicken sold to consumers. After facing retaliation from Perdue for speaking out, Craig has become a vocal advocate for poultry growers.

Mike Weaver (center), a poultry grower in West Virginia, co-founded the Contract Poultry Growers Association of the Virginias to bring growers together and give them a voice against corporate abuses. Once a top grower for Pilgrim’s Pride, he has been retaliated against and now ranks lower in his tournament.

WHAT IS FARM AID DOING?

Farm Aid works to ensure that poultry growers have a voice in key policy settings and that their stories are told in the media. We advocate for farmers on a national stage and also connect poultry growers who contact us via the 1-800-FARM-AID hotline with resources and support.

Farm Aid continues to champion USDA’s efforts to finish their rules to protect poultry growers. We advocate for rules that:

- **Increase market transparency** by requiring companies to provide sample contracts to USDA, made available to the public; to maintain written records on data used to calculate farmers’ pay; and to provide farmers with information about their pay upon request;

- **End the Tournament System** and require companies to set a base payment for all growers raising the same type of poultry, and prohibit tournament or ranking systems that lower base payments;

- **Establish Fair Contracts** that:
  - Give farmers at least 90 days notice before suspension and reasonable time to remedy a contract breach before termination;
  - Ban companies from requiring unnecessary expensive upgrades;
  - Have terms long enough to allow growers to recoup 80% of their capital investments; and

- **Protect the rights of farmers** who exercise their right to free speech and association by prohibiting company retaliation.

Learn more at www.farmaid.org/poultry