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Wal-Mart Declares War on Organic Farmers Partners with Agribusiness for Corporate Takeover

CORNUCOPIA, WISCONSIN: A report released today by The Cornucopia Institute, the nation's most aggressive organic farming watchdog, accuses Wal-Mart of cheapening the value of the organic label by sourcing products from industrial-scale factory farms and Third World countries, such as China.

Wal-Mart announced earlier this year that they would greatly increase the number of organic products they offered and price them at a target of 10% above the cost for conventional food.

"We have received scores of press inquiries over the past few months asking us if Wal-Mart's organic expansion was 'good news or bad news' for the industry," stated Mark Kastel, Senior Farm Policy Analyst for the Wisconsin-based farm policy research group. "My stock answer has been: If Wal-Mart lends their logistical prowess to organic food both farmers and consumers will be big winners by virtue of a more competitive marketplace. However, if Wal-Mart applies their standard business model, and in essence *Wal-Mart's* organics, then everyone will lose."

The Institute's white paper, [*Wal-Mart Rolls Out Organic Products—Market Expansion or Market Delusion?*](#), makes the argument that Wal-Mart is indeed poised to drive down the price of organic food in the marketplace by inventing a "new" organic—food from corporate agribusiness, factory farms, and cheap imports of questionable quality. "Organic family farmers in this country could see their livelihoods disintegrate the same way so many industrial workers saw their family-supporting wages evaporate as Wal-Mart and other big-box retailers put the screws to manufacturers—forcing a production shift to China and other low-wage countries," Kastel added.

Wal-Mart, already the nation's largest organic milk retailer, partnering with the giant milk processor Dean Foods (Horizon Organic), recently introduced their own private-label organic

milk packaged by Aurora Organic Dairy. Aurora, based in Boulder, Colorado, has faced a maelstrom of organic industry criticism and negative press for operating a number of industrial-scale dairies with thousands of cows confined in feedlot-like conditions. They are also the subject of two current USDA investigations into their organic management practices.

"If there was any previous doubt as to their intentions, partnering with Dean/Horizon and Aurora should leave no question in anyone's mind as to how Wal-Mart is approaching its organic initiative," proclaimed Steve Sprinkel long-time industry observer and columnist for the nation's leading sustainable agricultural journal, *Acres USA*. Large percentages of milk from Horizon and Aurora come from factory farms, milking as many as 10,000 cows, allegedly without the required access to pasture. The two companies have also been accused of bringing nonorganic cows onto their farms. "Because of the intense media scrutiny there is no doubt that Wal-Mart entered into these relationships in blatant disregard to the ethical expectations of the consumers who have helped build organics into a lucrative \$16 billion industry," Sprinkel added.

This April, The Cornucopia Institute released a rating of the nation's approximately 70 organic namebrand and private-label organic dairy products (www.cornucopia.org). Although almost 90% received a very high rating, Horizon and Aurora refused to participate in the study and received the Institute's lowest score. And in a subsequent poll of their over 800,000 members, the Organic Consumers Association moved to boycott Horizon and Aurora dairy products. "It's hard to believe that at this time Wal-Mart would embrace these products," said OCA director Ronnie Cummins.

In addition to the report's documentation of the Wal-Mart/factory-farm connection, the study also highlighted the company's decision to lower the per unit cost basis on organic products by collaborating with its long-time trading partner China.

"Even if it were not for many serious concerns about the propriety of the certification process in China—and the fact that the USDA has provided little if any regulatory oversight there—food shipped around the world, burning fossil fuels and undercutting our domestic farmers, does not meet the consumer's traditional definition of what is truly organic," Kastel stated.

While Wal-Mart sources Chinese organic products, the industry's largest organic and natural foods retailer, Whole Foods Market, announced plans this summer to greatly expand their offerings of locally grown produce in deference to organic consumer sentiments.

"Between Whole Foods and hundreds of the nation's cooperatively owned natural foods groceries, we are certainly set up for a clash of the titans," said Cummins. "Will consumers choose cheap industrial food, be it from factory farms or questionable Third World imports, or will they continue to support ethical processors and family farmers?"

Wal-Mart also depends on Natural Selection Foods, Earthbound Farms, a giant industrial enterprise farming tens of thousands of acres in California, Arizona, Mexico and Chile as their prime vendor for organic vegetables.

"I don't think (consumers) have any idea just how industrialized it's becoming (mainstream organics)," said journalism professor and author Michael Pollan in a recent interview with the *St. Paul Pioneer Press*. Pollan's book, "The Omnivore's Dilemma" has been a national bestseller. "There are some real downsides to organic farming scaling up to this extent," Pollan added

during the interview. He and others worry that the expansion of "Big Organic" will lower food quality, weaken standards and hurt small family farms.

This month The Cornucopia Institute sent a letter to Wal-Mart CEO Lee Scott suggesting that Wal-Mart's approach to organics would likely undermine the corporation's campaigns to attract upscale shoppers to their stores and to help cleanse the reputation of world's largest retailer in terms of the widespread criticism that it has endured due to its labor and environmental practices.

"We are afraid that you are grossly miscalculating your move into organics and underestimating the knowledge and commitment of the organic consumer. Those buying organic food are comfortable paying the historic premiums because they think that part of their purchase dollar supports a different kind of environmental, animal husbandry, and economic justice ethic," the letter from Cornucopia read in part.

The letter also cited an example of Wal-Mart selling mislabeled conventional yogurt as organic. In addition, the Institute's report red-flagged the retailer selling organic baby formula made with both questionable synthetic ingredients and processing materials. The report also suggests that Wal-Mart might lack the qualifications or commitment to oversee what promises to be one of the nation's largest organic manufacturing, distribution, and retail networks.

"Wal-Mart's move into organics is worrisome to investors who realize that the credibility of organic label, and the sustainability of organic farming, is of greater significance to their returns than the mere branding of the term 'organic,'" said Daniel Stranahan, Investment Committee Chair of the Toledo-based The Needmor Fund. "If we undermine the legitimacy of organic label then we also undermine the investor and consumer confidence that have brought historic premiums to organic products."

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EDITOR'S NOTE: The Cornucopia Institute's White Paper, *Wal-Mart Rolls Out Organic Products. Market Expansion or Market Delusion?*, along with a photo gallery containing images of some of the organic items now being offered for sale at Wal-Mart stores, and the letter sent by The Cornucopia Institute to Wal-Mart's CEO, can be found on the organization's Web page at www.cornucopia.org.

*The Cornucopia Institute is dedicated to the fight for economic justice for the family-scale farming community. Through research, advocacy and economic development our goal is to empower farmers both politically and through marketplace initiatives. **The Organic Integrity Project** acts as a corporate watchdog assuring that no compromises to the credibility of organic farming methods and the food it produces are made in the pursuit of profit.*