Why is the Ice Cream Machine Always Broken at McDonald's?

A Zine About Corporate Power, Monopolies, and the Right to Repair

INTRODUCTION:

If you've ever tried to get ice cream at McDonald's (or if you've seen the tweets about it), you're likely aware that the ice cream machine at McDonald's is always out of order. Busted ice cream machines at McDonald's have become so notorious that a web developer created the website McBroken.com to track which McDonald's have ice cream available. (As of writing, 10% nationwide are down.) But why is that? The stove isn't broken. The deep fryer isn't broken. The drink machine (usually) isn't broken. For some reason, getting ice cream at the largest fast-food chain in the world is just the luck of the draw.

If you check on social media, you'll find some explanations: the employees already started cleaning it for the night; the machine breaks easily; the parts to replace it are expensive; it takes a while for the repair worker to come. While all of these factors certainly play a role, the real answer is more insidious.The machine at McDonald's is always broken due to unchecked corporate power which allows McDonald's to extract as much profit from franchise owners, workers, and customers as possible. This is how McDonald's and their ice cream machine manufacturer, Middleby, extract profit via the ice cream machine problem:

- Middleby makes an ice cream machine that breaks frequently and is designed to be impossible for employees to fix.
- In order to fix the machine, locations have to call expensive repair workers who work for Middleby.
- McDonald's forces its locations to use this machine, securing profits for Middleby (and, most likely, itself).

Let's walk through how this happens, one step at a time, by looking at three aspects of our economy: the right to repair, franchise law, and market power. We'll see how the focus of the entire supply chain is enriching shareholders and company leadership, and not getting as much ice cream as possible into your mouth, as it should be.

PART 1: THE RIGHT TO REPAIR

WHAT IS IT?

The right to repair refers to the basic idea that, if you buy something, you should have the right to fix it if it gets broken. In the olden days, this was a very simple premise. You buy a plow? The plow breaks? You fix the plow. In a fair marketplace, this is a given fact: if you buy something, you own it, and you can do anything you want with it, including fixing it. It doesn't even seem like an economic principle: it's just a basic fact.

This is no longer the case. With modern machines, we own a lot of stuff that is hard to fix. We need service manuals and spare parts to fix our computers, cars, and heating systems. By not publishing adequate service manuals, or using components that only that company can provide (custom software, special screws, patented components), companies can force customers to pay them to fix their broken items. Since no one else can repair it, they can charge customers a lot, too. This also gives companies a profit incentive to make their products break easily. Right to repair bills have been introduced in many states and on the federal level to expand our ability to fix things, which bad actors have lobbied against extensively [1].

HOW DOES IT CONTRIBUTE TO THE ICE CREAM PROBLEM?

If you go to almost any McDonald's, the ice cream machine there will be a Taylor C602. (Middleby acquired Taylor in 2018.) No other machine in the business can produce soft serve and milkshakes simultaneously, producing up to ten cones in a minute. While other machines need to be taken apart and cleaned nightly, the Taylor C602 uses the marvels of modern science to heat the ice cream inside to 151º F, frying any bacteria that grew throughout the day, before refreezing the pasteurized ice cream to be served tomorrow (yummy).

Despite being an impressive machine, the Taylor C602 is very prone to error. But unlike other ice cream machines with clear error messages, the Taylor C602 displays an inscrutable message of letters and numbers. In order to service the machine, a secret code (not included in any of the service manuals) must be punched in. As a result, regular McDonald's employees are unable to fix the machine. Instead, they have to hire a repairman through Taylor, which charges the exorbitant repair fee of over $1,000 per hour [2].

So why doesn't McDonald's choose a better ice cream machine? Because the situation is likely profitable for them too. The Taylor C602 is not the only machine that Taylor sells. If you've been to any other fast food restaurant with a working ice cream machine, there's a good chance it was a Taylor model. But the Taylor C602 is the only thing you'll see at McDonald's, because the two firms have been working together since a handshake agreement between McDonald's corporate founder Ray Kroc and a Taylor Freezer executive in 1956 [3]. So if Taylor's oldest and most loyal customer, McDonald's, is receiving a machine that is highly profitable for Taylor to repair, and that machine is only available at McDonald's, then it must be profitable to McDonald's as well. As of 2022 this can't be proven, though the Federal Trade Commission opened an investigation into McDonald's over their broken ice cream machines in September 2021 [4]. Hopefully, the investigation could shine some light into this.

Story time: An invention called the Kytch was invented to get around the inscrutable error messages. This little device would hook up to the Taylor C602 and would translate the error messages to let you know what actually needed to be fixed, without calling for help. The Kytch was launched in 2019, and quickly gained popularity with owners of McDonald's franchises. However, just a few months into sales, McDonald's and Middleby joined up to sabotage the Kytch. McDonald's released a notice to franchise owners that the Kytch would void their warranties (a common lie used in these cases) and posed a physical danger to operators (which is just not true). The next day, Middleby's Taylor announced its own invention, which does the same exact thing as the Kytch; McDonald's then sent the announcement to franchise owners, repeating (in bold letters) not to use the Kytch, and to order this device instead. While Taylor claimed the product was already in development, it took a year and a half for the first prototypes to roll out [5]. Further, the device is made by Powerhouse Dynamics, another Middleby company.

HOW ELSE DOES THE LOSS OF THE RIGHT TO REPAIR IMPACT US?

- John Deere forces farmers to pay for extra repairs, by making their machines break easily and be impossible to fix on your own. John Deere has a monopoly over large farming equipment, and their tractors require diagnostic software in order to fix. This diagnostic software is not available to customers, meaning farmers are unable to fix the farm equipment they use every day. The internal computer will sense a minor issue, beep, and then refuse to turn on. In order to fix it (or even find out what happened), they must haul their equipment to the closest John Deere dealership (a huge expense and inconvenience) and pay the dealership a marked up price to fix the machines, since they're the only ones who have the private software [6, 7]. These farmers certainly know how to fix their own equipment, but John Deere doesn't get paid that way. And since John Deere gets paid to fix the tractors, they'll completely shut off at the slightest problem.
- Apple, Microsoft, Samsung, Google and other large tech companies make their products impossible to fix by small repair shops, so that you have to pay for more expensive repairs at a company store, or buy a new device altogether. These companies do not share the schematics and diagnostic tools for their products, in order to send customers to their stores for fixes, or to buy new products altogether. These corporations fight all attempts to change this status quo, lobbying against right to repair bills in over half of our state legislatures [8]. Apple is particularly nasty about this: with the iPhone 13, Face ID gets disabled if the screen is replaced by anyone other than a licensed Apple retailer. The touch screen doesn't affect Face ID, meaning this was an intentional move on Apple's part to discourage people from going to independent repair businesses [9].

PART 2: FRANCHISES

WHAT ARE THEY?

There are two types of McDonald's locations: company-owned restaurants and franchises. Under a company-owned restaurant, McDonald's the corporation runs the restaurant. With a franchise, an entrepreneur will run the restaurant under McDonald's branding and standards, and pay the corporation to use the McDonald's name to bring in business. The number of franchised McDonald's is growing, up to 93% at the end of 2020 from 73% in 2004 [10]. This shift is especially beneficial to McDonald's because franchises allow the corporation to suck up more money from their employees.

You see, selling food for cheap doesn't make them that much money. What does make money is buying up land, and renting it (at a markup) to small business owners. McDonald's then acts as a landlord to franchise owners, extracting rent which would otherwise go to the wages of the workers, investment in the business, or the small business owner [11]. The franchise owner then plays along, renting land from McDonald's in order to sell cheaply-produced, unhealthy, and environmentally-destructive food to people who often don't have access to better options. This is because McDonald's is a safer investment than opening up your own restaurant. There's brand recognition, you don't really need to know how to make food, and they can be easily opened in poor neighborhoods, thanks to special subsidies and loans that politically-connected franchise corporations can access [12].

HOW DOES IT CONTRIBUTE TO THE ICE CREAM PROBLEM?

McDonald's goal is not for its franchises to support healthy local economies; its goal is to extract as much money from them as possible. So, it requires each location to buy an overpriced, $18,000 ice cream machine which costs even more to keep running. If McDonald's had the best interests of its locations in mind, it would offer a variety of good, working machines. But instead, there are two ice cream machines they are permitted to buy. With the other option being a $36,000 Carpigiani, imported from Bologna, Italy, the Taylor seems like the better choice [5].

HOW ELSE DOES FRANCHISE LAW HURT PEOPLE?

- Subway allows higher-up franchise owners to steal locations from smaller owners. Subway's franchise clauses allow them to forcibly close stores if there's a certain number of infractions. The regional inspectors also typically own their own Subway franchises. This then incentivized regional inspectors to "find" minor infractions to either shut down other stores to give their locations less competition, or to take their store out from under them [13].

- 7-Eleven is lobbying for bills which allow them to give their workers less benefits and protections, by having their store owners considered independent contractors, and not employees. They did this by trying to exempt franchised businesses from California's Assembly Bill 5, which required corporations like 7-Eleven to reclassify workers as employees, entitling them to additional benefits and protections [14].

PART 3: MONOPOLIES AND MARKET POWER

WHAT IS IT?

Monopolies are companies that have total control of a market. By being the only supplier, monopolies are able to charge whatever prices they would like, squash other competition, limit wages for its workers, lessen quality, and just make the world a slightly worse place to live in. Monopolies don't just appear overnight; they are the end result of unchecked market power, which occurs when companies are able to have an outsized share of the market by acquiring or sabotaging competitors.

One of the key harms of capitalism is the concentration of wealth: how very rich people own staggering amounts of the world's wealth, and how our economy and governments are both structured to make them even richer. Something equally as harmful is the concentration of market power: a smaller number of corporations own more aspects of our lives, which makes them more profitable at the expense of the people living under them.

Market concentration is at the root of corporate power, because the more united private capital is, the more powerful it is. Consider the power behind labor unions: The more workers that are involved in a union, the more bargaining power they have. The more they are able to pose a threat to the business. Market concentration is like the antithesis of unions. Corporations that are able to get larger, by the nature of economics, get more power and are able to fight for their interests. Since corporations are, by design, profit generating entities, these interests are to then get even bigger and make more profit.

HOW DOES IT CONTRIBUTE TO THE ICE CREAM PROBLEM?

Right to repair is, at its heart, a monopoly problem. If a product breaks frequently and is expensive to fix, people will just buy another product. It's only by eliminating all competition that corporations are able to make money from their products not working. Further, all of our anti-right to repair laws are lobbied for by monopolies. If it weren't for John Deere, the tech conglomerates, and other anti-repair corporations that fight repair laws at every level of government, this situation wouldn't be possible in the first place.

The massive size of McDonald's also contributes to this issue. There are so many locations all over the country that it is profitable to develop an entirely different ice cream machine that breaks very easily and is impossible to fix on your own just for McDonald's locations to use. Further, McDonald's and Middleby both being large corporations makes them harder to take down. The Taylor C602 is a blatant scam, but hides behind the veneer of being a complicated machine. It's hard to imagine a smaller business scamming their locations so effectively, but with market power, anything is possible.

HOW ELSE DO MONOPOLIES HURT THE WORLD?

- By having a monopoly on internet retail, businesses are forced to pay Amazon a fee to exist. Over 40% of online purchases in 2021 were made on Amazon [15]. If you sell goods online, you have very few other options than to offer them on Amazon's marketplace. And if you want your products to sell, you'll need them to appear on the first page of search results and be Prime eligible. But to do that, you need to pay for Amazon's expensive and unreliable fulfillment services. This practice is known as tying, whereby a monopolist is able to sell their vendors a good or service they otherwise would not buy, because buying that thing is necessary to do any business with them. Amazon also has significant market share in delivery services, online advertising, and web services, and participates in a slew of anticompetitive and predatory behaviors to strengthen its monopoly power [16].

- Through genetic modification and perverting patent laws, Monsanto is forcing farmers to be dependent on their corporation.The company has a monopoly on commercial weed killer with its product Roundup. By patenting genetically-modified seeds resistant to the weed killer, Monsanto was then able to gain a total monopoly on seed markets too. Then, since the soybean seed was patented, they made it illegal for farmers to reuse their seeds the next season, a practice that's been around since literally the start of civilization. Farmers now have to pay Monsanto season after season to be able to grow soybeans on their own land, because no one else can sell soybeans to them [17]. In 2015, 90% of commercial soybean seeds and 80% of commercial corn seeds were from Monsanto [18]. To make matters worse, the FTC and DOJ under the Obama administration allowed Monsanto to be acquired by Bayer, a pharmaceutical and life sciences monopoly, in 2018.

CONCLUSION:

A better world is possible, and I don't just mean one where the ice cream machine at McDonald's works. Any economy that is centered around private property and profit is going to lay victim to powerful monopolies and political corruption. When food is only offered as a commodity, and not a human right, every cent will be squeezed from its production. Ultimately, this results in a system that doesn't make sense. It doesn't make sense to have people living in food deserts, with McDonald's as the only option to eat. It doesn't make sense that, when you go to McDonald's, the ice cream machine is broken because a conglomerate bought up all the machines and made them impossible to fix.

So, forgetting the ice cream machines, how do we fix our economy? Our economy must be designed around what makes the best outcomes for the most people, not what generates the most value for shareholders. In the immediate term, we need more thorough antitrust enforcement, breaking up existing monopolies, undoing damaging mergers, and seriously clamping down on new acquisitions. More power must be given to laborers by building up union memberships and organizing activities. Greater education of the general public about the practical dangers of corporate power is needed. At the end of the day, we need a cooperative economy and society which doesn't rely on private property and profit, and instead relies on providing for people's needs, wants, and desires, allowing humans to live with dignity, autonomy, and happiness.

ENDNOTES:

[1] Repair.org has more information, including a legislative template.
[2] Johnny Harris, "The REAL Reason McDonalds Ice Cream Machines Are Always Broken" on YouTube.
[3] Chicago Tribune, Daniel Greenwood obituary.
[4] The Hill, "FTC looking into broken ice cream machines at McDonald's." Since this was written, the case has likely moved forward, so search it when you're done reading!
[5] Wired, "They Hacked McDonald's Ice Cream Machines—and Started a Cold War."
[6] Vice, "Farmer Lobbying Group Sells Out Farmers, Helps Enshrine John Deere's Tractor Repair Monopoly."
[7] The Verge, "John Deere turned tractors into computers – What's next?"
[8] Bloomberg, "Microsoft and Apple Wage War on Gadget Right-to-Repair Laws."
[9] MacRumors, "Test Suggests Face ID on iPhone 13 Doesn't Work After Screen Replacement By Third Party."
[10] McDonald's 2020 Annual Report, page 13; McDonald's 2009 Annual Report, page 9.
[11] Small businesses are problematic for their own reasons, which is outside the scope of this piece, and I do not want to fetishize them.
[12] Andrea Freeman, "Fast Food: Oppression Through Poor Nutrition." Fast food exploded in poor neighborhoods in the 1970s as black entrepreneurship through fast food franchises was encouraged through Nixon's Office of Minority Business Enterprise and thousands of Small Business Administration (SBA) loans. Black business ownership was sought by Nixon's administration as a way to portray community empowerment while entrenching small business owners as capitalist leaders in poor areas. In particular, the administration asserted that black-owned businesses would prevent rioting like those seen in 1968, as detailed in Chin Jou's "Supersizing Urban America."
[13] New York Times, "Subway Got Too Big. Franchisees Paid a Price."
[14] National Coalition of Associations of 7-Eleven Franchises, "As 7-Eleven Fights AB-5, Franchisees Claim the Company Treats Them like Store Managers, not Owners."
[15] eMarketer.com, "Amazon dominates US ecommerce, though its market share varies by category."
[16] American Economic Liberties Project, "Understanding Amazon: Making the 21st-Century Gatekeeper Safe for Democracy."
[17] Vanity Fair, "Monsanto's Harvest of Fear"; the movie Food Inc.; just look up Monsanto, you'll find it.
[18] Open Markets Institute, "Food and Power: Addressing Monopolization in America's Food System."

ftp://distro

Copyright 2022. thIs WorK iS LiCeNSeD uNdER tHe cREatiVe CoMmoNs AttRIbuTioN-nONComErcIaL 4.0 IntErNAtiOnAl LicENsE.

Print your own at:
https://ftpdistro.noblogs.org
Twitter:
https://twitter.com/ftpdistro
Store:
https://ftpdistro.github.io