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June 21, 2021

Secretary Tom Vilsack
U.S. Department of Agriculture
Docket No. AMS-TM-21-0034
1400 Independence Ave. SW
Washington, DC 20250

Dr. Melissa R. Bailey
Agricultural Marketing Service, USDA
Room 2055-S, STOP 0201
1400 Independence Ave. SW
Washington, DC 20250

Submitted via: <https://www.regulations.gov/commenton/AMS-TM-21-0034-0076>

Re: Comments on Notice of Request for Public Comment on Supply Chains for the
Production of Agricultural Commodities and Food Products (AMS-TM-21-0034)

Dear Secretary Vilsack and Deputy Administrator Bailey:

The Farm and Ranch Freedom Alliance (FARFA) appreciates this opportunity to submit comments on how to strengthen the agricultural and food supply chains in our country. FARFA is a nonprofit advocacy organization that supports independent family farmers and protects a healthy and productive food supply for American consumers. FARFA promotes common sense policies for local, diversified agricultural systems.

FARFA's comments address the following topic areas identified by USDA:

(v) the resilience and capacity of American manufacturing supply chains, including food processing (*e.g.*, meat, poultry, and seafood processing) and distribution, and the industrial and agricultural base—whether civilian or defense—of the United States to support national, economic, and nutrition security, emergency preparedness, and the policy identified in section 1 of E.O. 14017, ...

(vii) the primary causes of risks for any aspect of the agricultural and food production supply chains assessed as vulnerable pursuant to subsection (v) of this section; ...

(ix) specific policy recommendations important to transforming the food system and increasing reliance in the supply chain for the sector. ...

I. General comments

It is important to recognize that the government cannot effectively mandate true resilience. While requiring measures such as redundancies, stockpiles, and cybersecurity protections are all useful, the large corporations that are legally required to maximize their profits for the benefit of their shareholders will do the minimum required. Maximizing short-term profits almost always conflicts with building long-term resilience. **The only way to truly build resilience is to have diversity in the supply chains, with numerous small and mid-sized businesses that build a complex web of activity that can withstand the wide range of possible shocks and disruptions that may occur.**

In providing recommendations on how to build such resilience, FARFA's comments will focus on the livestock and meat industry. The fragility of our food chain for animal products has been apparent for many years. During the time that FARFA's Executive Director, Judith McGeary, served on the Secretary's Advisory Committee on Animal Health (2010-2016), she attended a conference focused on the issuance of stop movement orders in case of an FMD outbreak. The speaker for the swine industry publicly stated that, should a stop movement order be issued in this country, within days there would be millions of dead and dying hogs – not because of FMD or any other disease, but simply because the consolidated, vertically integrated industry has maximized profits by keeping animals under extremely stressful conditions and operating on a “just in time” approach, such that any disruption can have catastrophic results.

In other words, what happened during COVID-19 was not only predictable but predicted by the industry. The industry and USDA knew that a significant disruption – whether from animal disease, human disease, weather events, or other – would cause severe problems because of the structure and practices of the dominant industry players.

And while the large corporations have reaped immense profits over the decades, the costs of those actions – both on an ongoing basis and during the recent crisis – fall on farmers and consumers. The shutdown of large-scale meat processors during COVID led to supply shortages, skyrocketing consumer prices, and extreme financial hardship for many farmers. These recent, well-publicized impacts of consolidation come after decades of small farmers being driven out of business, the unsustainable consumption of non-renewable resources, environmental degradation, loss of precious topsoil, and human health impacts.

Although not as blatantly revealed during COVID, consolidation in other areas of agriculture and the practices of the largest players in the industry pose similar problems. From patented seeds to the lack of public research funds for regionally adapted varieties to the structure of the crop insurance program, our ag and food system relies on a few, fragile threads, rather than a robust, resilient system of numerous independent operations at every scale.

II. Improve capacity and resiliency in meat processing

One of the main areas of FARFA's advocacy work is meat processing. To build a more resilient system, we need many more small- and mid-sized operations rather than the extremely consolidated system that exists now. Below are four recommendations that would move us toward that goal.

A. Allow co-owners of an animal to do their own division of the meat after their animal has been processed in a custom-exempt slaughterhouse.

Custom-exempt slaughterhouses are a vital part of decentralizing our meat supply. Although exact numbers are not available, there are well over 1,000 (possibly 2,000) custom slaughterhouses in operation, and they are located in every state in the country. They primarily serve hunters and homesteaders because of the restriction that the meat can only be provided back to the owner of the live animal. Yet even with this restriction, tens of thousands, if not hundreds of thousands, of people consume meat from these slaughterhouses each year. In response to a FOIA request by FARFA, USDA responded that it did not have any documents indicating even a single outbreak of foodborne illness connected to any of these operations. Admittedly, there may have been isolated incidences that were not detected – but this still indicates an excellent track record for safety, which is consistent with the fact that these small, local businesses must maintain the highest possible reputation in their local communities or go out of business.

The USDA has already recognized that more than one person can own an animal and thus consume the meat after the animal is processed in a custom slaughterhouse. But current USDA policy requires that the custom-exempt slaughterhouse record each owner and do the division of the meat, which makes it impractical for more than 4 people to co-own an animal. Legally, this is unnecessary: The statute and regulations merely provide that the meat must be for the personal or household use of the owners. Moreover, in practical terms, it adds nothing to the safety of the meat. Once the meat is processed, packaged, and frozen, having someone other than the processor divide the meat into the appropriate shares for each owner adds little, if any, risk.

FARFA urges USDA to remove the requirement that the slaughterhouse divide the meat into each owner's shares. This would allow greater flexibility for farmers and people who wish to obtain meat locally, particularly in areas where there are either no inspected slaughterhouses or the inspected slaughterhouses lack sufficient capacity to meet demand (which is a significant percentage of the country). The agency could maintain the requirement that the slaughterhouse have a list of the names and contact information for the co-owners, in the unlikely event that they need to be contacted during a traceback.

Custom-exempt slaughterhouses would still remain small-scale businesses dealing solely with their local communities, since the consumers would consist of people who were willing to pre-purchase their meat while the animal was alive. But this added degree of flexibility would enable custom slaughterhouses and small farmers to develop consistent, ongoing business that, in the aggregate, would increase overall meat processing capacity in this country, as well as open up opportunities for farmers and consumers in underserved, or completely unserved, regions.

B. Reform scale-prejudicial regulations and policies for inspected slaughterhouses.

USDA should also reform its policies for inspected slaughterhouses so as to reduce the disproportionate impacts on small-scale operations. The current system is biased towards large-scale establishments who can hire a team of consultants and experts to draft their HACCP. Moreover, such establishments also face a much lower burden, both in terms of inspection and testing, on a per-pound basis than small operations. In effect, the current system is actively prejudicial against small-scale slaughterhouses.

In addition to the regulatory requirements, small plants are disadvantaged by the nature of the inspection system. Inspectors at small plants face multiple challenges: long drives to out-of-way locations; having to go to multiple different facilities during the course of a single week; having to cover all the required tasks by themselves rather than having a team to divide the duties. Moreover, just as with the pathogen testing, the tasks required of inspectors are scale-prejudicial. For example, 4 or more times a month, inspectors must observe establishment workers zeroing out a scale after a box is set on it before product is weighed in the box. But workers in a small establishment might only weigh product once a week – which means the inspector has to ensure that he or she is present every time, causing greater hassle and stress than at a large facility where this is a daily activity.

These factors often mean that inspectors will try to avoid being assigned to small plants and, if they are assigned, are biased against the establishment.

FARFA urges the following reforms to create a scale-appropriate system that addresses food safety without unnecessarily hindering small slaughterhouses:

1. Revise the schedule for pathogen testing to ensure that small plants are tested proportionally to large plants, rather than more frequently on a per-pound basis.
2. Reduce the difficulty and expense in developing HACCPs by:
 - a. providing model HACCPs,
 - b. posting applicable peer-reviewed research on the USDA website, and
 - c. identifying the control points for different types of products.
3. Recognize methods for ongoing verification of HACCPs other than expensive pathogen testing.
4. Prioritize inspector availability for small-scale processors, provide training specific to small-scale processors, and allow flexibility in the tasks required.

C. Allow states more flexibility to find food safety solutions.

State inspection programs are a vital part of providing more opportunities for small-scale processors to be established and function in many areas of the country. Federal law requires that state inspection programs be “at least equal to” the USDA inspection program. The issue is how to determine whether that standard is met. Currently, USDA’s approach appears to be that the

state program must be identical to the federal program – not only with respect to the formal regulatory standards, but also applying all of the informal policy and guidance documents. Any difference in the program triggers an audit under which the state must justify the perceived deviation.

This approach is based on the flawed assumption that USDA’s policy and guidance documents are the best, and perhaps only, way to meet the formal regulatory requirements. USDA should recognize that there are numerous ways for a program to provide the same level of safety as the federal program and approve states’ programs unless FSIS can provide a verified reason for finding that the state’s food safety provisions are not “at least equal to” the federal regulations.

D. Stop allowing the big meatpackers to operate at unsafe speeds.

The extremely fast line speeds used in the largest meatpacking operations pose a danger to everyone, and the sole beneficiaries are the companies’ profit margins. Fast line speeds are connected to increased contamination and incidences of foodborne illness, worker injuries, and inhumane animal treatments. The sole justification is that faster line speeds enable the companies to produce more meat more cheaply, making more profits – until there is a problem with the system, as occurred during COVID. The regulatory system should not focus on profits at the expense of human health, safety, and resiliency.

FARFA urges USDA to halt implementation of the New Swine Slaughter Inspection System and vacate that rule and revoke all line-speed waivers issued to any poultry or cattle slaughterhouses. Moving forward, the issues should not issue new waivers, but instead act to reduce line speed maximums.

III. Consistently consider impacts on small businesses, and the overall impact on competition and consolidation, in all agency actions

If the agency wishes to build resilient, diversified supply chains, it needs to take steps to avoid regulations and policies that are prejudiced against small- and mid-scale producers. It makes no sense to provide grant funds and specialty programs to promote diversification if the agency simultaneously adopts regulations and policies that unduly burden small-scale, diversified producers or closes off markets to them. Unfortunately, there are numerous existing and planned programs and regulations that not only impose costs on small producers, but do so for the sake of benefits that flow primarily to the large, consolidated entities.

Regulations in general have a greater impact on small business, disadvantaging them. A study from the U.S. Chamber of Commerce Foundation found that the costs of federal regulation to small businesses (50 or fewer employees) are nearly 20% higher than average for all firms. Moreover, every \$1 increase in per capita regulatory expenditures is directly correlated with

decreases in the smallest firms (those employing between one and four people) by 0.0156%, “a figure whose burden quickly adds up.”¹

The situation is far more dramatic for farms and small agriculture-related businesses because of decades of “get big or get out” agency policy. Many of USDA's regulations and programs do not disadvantage small businesses simply because of the typical economies of scale, but in numerous ways that were intentionally designed to push for farms and agricultural businesses to either massively expand or go out of business.

Under the Regulatory Flexibility Act, 5 USC 601 et seq, the agency is directed to consider the economic impact of proposed rules on small entities. The purpose of the RFA is to fit regulatory actions to the scale of businesses subject to such actions in order that small businesses will not be unduly or disproportionately burdened. But the RFA doesn't solve the problem for many reasons. The most obvious, which have been previously identified, are:

1. It doesn't apply to actions other than formal rulemakings. Thus, grant programs, crop insurance, and numerous policies that significantly affect the impact of rules (such as performance testing for slaughterhouses) are never reviewed.
2. It is too vague to result in meaningful action unless the agency internally is committed to addressing small business impacts. The RFA does not define significant economic impactor or substantial number of small entities, two key terms for triggering SBA Advocacy's role under the RFA.²

But the weaknesses of the RFA go beyond these basic issues, particularly in the context of the question of building resilient supply chains. As was demonstrated during COVID, supply chains that depend on a few large consolidated operations are fragile and subject to disruption. To build resilient supply chains, we must have a diversity of operations at every level.

In supporting that diversity of scale, the issue is not just how much a regulation might cost a given business, but the *comparative* costs -- how much more it costs small entities than large ones. Related to that is the question of who benefits from the regulation.

Animal ID is an excellent example of this problem. Where the costs of the mandatory electronic ID are clearly much higher on small businesses,³ the overwhelming majority of the benefits (through increased export markets) flow to the large entities. That disconnect between who bears the greatest costs and who reaps the majority of the benefits is a key driver of consolidation.

¹ U.S. Chamber of Commerce Foundation, The Regulatory Impact on Small Business: Complex. Cumbersome. Costly at p.4. (March 2017), available at https://www.uschamberfoundation.org/smallbizregs/assets/files/Small_Business_Regulation_Study.pdf

² <https://fas.org/sgp/crs/misc/R43625.pdf>

³ In the USDA's 2009 cost analysis, the agency found that the cost increased as herd size decreased, to the point that it would be uneconomical for the smallest producers to do the tagging and reading themselves. Benefit-Cost Analysis of the National Animal Identification System, NAIS Benefit-Cost Research Team (Jan. 14, 2009) (hereinafter “Cost-Benefit Analysis”) at page 23.

First, consider the **cost portion of the equation**. A 2006 Kansas State University report found that costs of an RFID-based system are significantly higher for people with smaller herds due to the expense of the electronic infrastructure.⁴ USDA's 2009 analysis affirmed this finding that significantly greater costs would be imposed on small producers. Specifically, the agency found that large operations would pay \$2.48/head as compared to \$7.17/head for what the agency termed the "smallest operations."⁵

That's almost three times as high a cost for small operations – and the agency significantly underestimated the real costs to small producers. First, the so-called "smallest operations" included up to 50 head of cattle, even though USDA's NASS Census has classifications for cattle operations with 1-9 head, 10-19, and 20-49 head. Lumping all these operations together disguised the true (higher) cost for very small cattle operations, who provide important diversity and resiliency to the cattle and beef supply chains.

Second, the agency's assumptions as to how a small operation would be able to comply were unrealistic. For example, the USDA analysis recognized that the cost of RFID readers will not be economical for small producers, so it advanced the premise that a new business will spring up, to do custom reading.⁶ It assumed that there would be custom tag reader businesses within 25 miles of each small farm, even though ranches in the West and Southwest may encompass more than 25 miles of territory each. It also assumed that the cost of RFID reading would be comparable to the cost of brand inspections, even though brand inspections do not require expensive equipment, unlike RFID tagging and reading. These demonstrably flawed assumptions, and other flaws in the 2009 cost estimate, mean that small producers would pay far more than 3 times the amount to comply with an electronic ID mandate, compared with the largest operations.

Next, consider the **benefits portion of the equation**. While agency and industry representatives have repeatedly claimed that electronic animal ID is about animal health generally, no one has produced any data or analysis to show that the current system – which includes more affordable, low-tech options for producers – is insufficient to address animal disease. Rather, the real driver of the program is the export market and the desire to develop a uniform, international system that makes it easier for companies such as JBS and Tyson to ship products around the world and maximize their profits. In the 1980s, farmers were promised that the benefits of such exports would trickle down to the producers; four decades of experience has proven that this is false, and that such reliance on export markets has merely helped fuel the "get big or get out" approach that has led us to such a fragile agricultural and food system.

⁴ RFID Cost.xls – A spreadsheet to estimate the economic costs of a radio frequency identification (RFID) system, K.C. Dhuyvetter and D. Blasi, Version 7.6.06.

⁵ Benefit-Cost Analysis of the National Animal Identification System, NAIS Benefit-Cost Research Team (Jan. 14, 2009) (hereinafter "Cost-Benefit Analysis") at page 28.

⁶ Benefit-Cost Analysis of the National Animal Identification System, NAIS Benefit-Cost Research Team (Jan. 14, 2009) (hereinafter "Cost-Benefit Analysis") at Table 4.2 & 4.3, page 23.

Last, the current RFA analysis doesn't look at impacts to the supply chain. When you impact a small business, you not only affect that business, but its suppliers and purchasers. Again, to use the example of Animal ID: By impacting small ranchers, a mandatory electronic ID requirement would also impact sales barns, feed stores, and large-animal veterinarians -- all of which are essential to the continuation of those supply chains.

FARFA urges the agency to develop and apply a rigorous analysis that:

1. Is applied to all programs and actions, not just proposed rulemakings.
2. Analyzes not only the costs to small businesses, but the comparative impact on small versus large businesses.
3. Analyzes whether there are benefits proportional to the costs for small businesses.
4. Analyzes the impacts on related businesses and the overall supply chain and market.

In addition, FARFA urges the agency to abandon its plans to propose a rule for mandated electronic animal ID.

IV. Support healthy animal management, not confinement

While COVID-19 illustrated the risks to our supply chains posed by human illnesses, the issue of animal illness needs to be considered for future resilience. Animal illness outbreaks can affect the supply chains both directly (impacting the animals in our food chain) and indirectly (by zoonotic transmission to humans).

Unfortunately, some trade groups are urging USDA to *reduce* the requirements for outdoor access for animals, supposedly because of the risk of livestock or poultry being exposed to wild animals. But this is unfounded and misguided. As discussed in this section, animals kept in high-density confinement operations are both more susceptible to disease⁷ and more likely to spread and amplify the pathogens that they are exposed to. In contrast, animals kept on pasture have lower population densities and healthier immune systems, making it much less likely that they would fall ill, spread, or amplify diseases even if exposed.

One of the key lessons of the COVID-19 pandemic is the need for healthy populations in the face of disease outbreaks, which is true for both humans and animals.

Confinement operations, in which animals are kept in large numbers in very close quarters, are a breeding ground for illnesses. Keeping large numbers of animals in crowded, stressful conditions contributes to the emergence, spread, and amplification of viruses and bacteria, and some of these can be transmitted to people.⁸

⁷ EMA (European Medicines Agency) and EFSA (European Food Safety Authority), 2017. EMA and EFSA Joint Scientific Opinion on measures to reduce the need to use antimicrobial agents in animal husbandry in the European Union, and the resulting impacts on food safety. EFSA Journal 2017;15(1):4666

⁸ Otte, J., D. Roland-Holst, R. Pfeiffer Soares-Magalhaes, Rushton, J., Graham, J., and Silbergeld, E. 2007. Industrial Livestock Production and Global Health Risks. Food and Agriculture Organization of the United Nations, Pro-Poor

This is not simply a theoretical possibility. Consider the 2009 swine flu pandemic, which killed between 151,700 and 575,400 people worldwide, and which originated just five miles from a major concentration of industrial pig farms.⁹ Pigs can be infected by avian influenza and human influenza viruses as well as swine influenza viruses, acting as mixing vessels in which these viruses can reassort (i.e. swap genes), and new viruses that are a mix of pig, bird, and human viruses can emerge.¹⁰ This process appears to have been the source of the 2009 pandemic.

Similarly, the Nipah virus in Malaysia in 1999 that led to the death of over 100 people was associated with the increased size and density of commercial pig farms and their encroachment into forested areas.¹¹ The virus appears to have been transmitted from fruit bats to pigs and from them to humans.

The agency seeks to distract attention from these demonstrable dangers by pointing to the greater exposure that animals on pasture have to wild animals. For instance, the confinement poultry industry asserts that avian influenza is mainly spread by wild birds. But the bird flu viruses that circulate naturally in wild birds are usually of low pathogenicity,¹² and they generally cause little harm to the birds. It is when it gets into industrial poultry sheds that low pathogenic avian influenza can evolve into dangerous high pathogenic avian influenza. Industrial poultry production, in which thousands of birds are packed into a building, gives a virus a constant supply of new hosts among whom it can move rapidly and perhaps mutate, making it far more likely that highly virulent strains will emerge.

The large confinement industry then seeks to claim that they can control these risks through biosecurity measures that they argue prevent pathogens getting onto their farms. But while biosecurity measures are certainly helpful, these farms are far from being truly biosecure despite the trappings of disinfectants and protective outerwear. People and vehicles regularly go on and off the farm, increasing the risk of pathogen transmission.¹³ Feed has to be delivered. Animals come onto the farm and leave the farms to be transferred to other farms for fattening or to go to a slaughterhouse. A simple bleach dip cannot thoroughly clean and disinfect these large vehicles – and does nothing to address contamination of the feed itself, which has also been linked to pathogen transmission. Huge amounts of manure, which can carry pathogens, have to be disposed of. In addition, their ventilation systems expel pathogens such as bird flu and

Livestock Policy Initiative Research Report; *see also* Council for Agriculture, Science and Technology. Global Risks of Infectious Animal Diseases. *Issue Paper 28*, February 2005

⁹ Centers for Disease Control and Prevention <https://www.cdc.gov/flu/pandemic-resources/2009-h1n1-pandemic.html>

¹⁰ *Id.*

¹¹ Field, 2008. Bats and emerging zoonoses: Henipaviruses and SARS. *Zoonoses Public Health*. 56 (2009) 278–284 <https://onlinelibrary.wiley.com/doi/epdf/10.1111/j.1863-2378.2008.01218.x>

¹² Newman *et al.* (2010). FAO EMPRES Wildlife Unit Fact Sheet: Wildlife and H5N1 HPAI Virus - Current Knowledge. Animal Production and Health Division, FAO <http://www.fao.org/avianflu/en/wildlife/index.html>

¹³ Jones B *et al.*, 2013. Zoonosis emergence linked to agricultural intensification and environmental change. *PNAS* <https://www.pnas.org/content/110/21/8399>

campylobacter into the atmosphere which can infect animals in neighboring farms as well as people.¹⁴

Moreover, large-scale confinement operations are still making improper use of antibiotics. Although antibiotics are no longer supposed to be used to promote growth, that limitation can be circumvented by claiming that the drugs are needed to prevent disease, which is still an allowed use. Yet regular use of antibiotics would not be needed but for the crowded, stressful conditions that undermine the animals' immune systems in the first place. The World Health Organization (WHO) has warned of "a post-antibiotic era, in which many common infections will no longer have a cure and once again, kill unabated."¹⁵ The WHO stresses that the high use of antimicrobials in farming contributes to the transfer of antimicrobial resistant bacteria to people, thereby undermining the treatment of serious human disease.¹⁶

An OECD report found that without action to stem antimicrobial resistance, 2.4 million people could die from superbug infections in Europe, North America and Australia between 2015-2050.¹⁷ In the 33 countries examined in the report, infections with resistant microorganisms in the next 30 years could cost up to US \$3.5 billion per year.

The logical response is to implement measures that reduce the need for antimicrobials in the first place. This means supporting animal production methods that promote healthy animals, which are primarily small- and mid-scale pasture-based operations. Pasture-based operations are not only lower density, but they allow animals to engage in natural behaviors, which lowers their stress and further improves their health and immune systems.¹⁸

Yet again, however, policies such as mandatory electronic ID favor confinement operations. Under the animal disease traceability regulations, group ID numbers are used to "identify a 'unit of animals' of the same species that is managed together as one group throughout the preharvest production chain."¹⁹ In practice, this only occurs in the vertically integrated confinement operations. Most independent producers will not qualify for a group identification number because their herds and flocks are comprised of animals from different sources, rather than being managed together from birth to death and not commingled with other animals. As long as low-cost forms of ID are allowed, the impact of this provision is minimized. But should electronic ID be mandated, the impact will be severe – vertically integrated confinement operations will be able to comply without paying for a single tag (simply identifying the confined group of animals with a group ID), while pasture-based operations will have to expend significant funds tagging each animal with costly electronic tags.

¹⁴ *Id.*

¹⁵ World Health Organization, 2011. https://www.who.int/mediacentre/news/statements/2011/whd_20110407/en/ Accessed 12 April 2020

¹⁶ http://www.who.int/mediacentre/news/releases/2011/whd_20110406/en/.

¹⁷ OECD (2018). *Stemming the Superbug Tide: Just A Few Dollars More*, OECD Publishing, Paris. <https://doi.org/10.1787/9789264307599-en>

¹⁸ Joint EMA/EFSA Scientific Opinion, *supra*.

¹⁹ 9 C.F.R. sec. 86.1.

Thus, in addition to considering the costs to small producers, the agency needs to consider whether its programs and policies support healthy animal management, particularly keeping animals on pasture.

V. Additional recommendations to build resilient, local & regional food systems that can weather crises.

FARFA also recommends that USDA:

- 1) Invest in small- and mid-scale local and regional infrastructure for growing, storing, processing, and distributing food. This would include not only private infrastructure (such as supporting the establishment or expansion of private commercial kitchens and food hubs), but also “public” infrastructure that can support multiple small businesses and the entire community. Infrastructure investments in schools, hospitals, food hubs, community kitchens, and composting facilities improve communities’ capacities to support sustainable local and regional food systems and provide more people with access to healthy food.
- 2) Shift financial assistance from pesticide-reliant monocultures to diversified organic crop and regenerative ranching agriculture. Such a shift would simultaneously support independent small farmers (and the supply and distribution chains they participate in, from seeds to plate) **and** the overall resilience of our agricultural system by promoting agricultural methods that sequester carbon, improve water capture and drought resilience, and reduce flooding and topsoil loss. Greater adoption of organic and regenerative agriculture would increase food security in the face of climate disasters and build a more resilient food system to withstand disruptions such as those witnessed during the COVID-19 pandemic.
- 3) Stop subsidizing the consolidation of the meat industry. As the Small Business Administration has already recognized, “contract farmers” working within the vertically integrated industry are not independent small businesses because of the control exerted by the huge corporations that own the animals and dictate all the terms of production.²⁰ Rather than continuing to use tax dollars to fund the establishment and expansion of these operations, USDA should instead reserve its loans and loan guarantees for expanding small- and mid-scale independent businesses, with an emphasis on sustainable agriculture operations.
- 4) Establish a new division within USDA to address competition in the agriculture sector or empower GIPSA to take on these responsibilities. **No food company should be too big to fail.** We need to decentralize the food system and relocalize it with strong regional infrastructure and a level playing field for independent family-scale producers and regional businesses. One step towards doing so is to address current issues related to distorted, unfair markets resulting from corporate consolidation. The USDA should assess the state of competition in all sectors of agriculture where it has some statutory mandate, including the Packers & Stockyards Act, Agricultural Marketing Act, Perishable Agricultural Commodities Act, Federal Meat Inspection Act, Poultry Products

²⁰ SBA Office of the Inspector General. (2018). Evaluation of SBA 7(a) Loans Made to Poultry Farmers. <https://www.sba.gov/document/report-18-13-evaluation-sbas-7a-loans-poultry-farmers>.

Inspection Act, and the Egg Products Inspection Act. That assessment should include measurements of concentration of market share in specific sectors and regions, as well as impacts on competition and price discovery from vertical integration, contracting practices, and intellectual property practices.

VI. Conclusion

FARFA applauds the USDA's inquiry into what is needed to improve the resilience of our agricultural and food system. But actually improving resiliency will require a significant change in the mindset of the entire agency. Decades ago, well-meaning individuals theorized that the future of our country lay in having as few farmers as possible, leading to Secretary Butz's famous "get big or get out" announcement. Every Administration since then has subscribed to that theory. In the 1980s, when farmers were going out of business in record numbers due to some of the resulting policies, a new generation theorized that the answer lay in the export markets – that we could escape biological, ecological, and economic realities by exporting cheap goods around the globe. These policies were friendly to the growth of massive corporations, who reaped immense profits selling expensive inputs or patented seeds, or by creating highly palatable processed foods. As these companies grew, they gained greater political as well as economic power, leading to even more policies and regulations that favored their growth.

Many of the costs of these policies have been evident for some time: the economic and social destruction of rural communities, the loss of vital topsoil, the mining of aquifers, significant water pollution, and the epidemic of chronic illness in our country. Many organizations have worked to change USDA policies to address these problems, but with extremely limited success. The agency continued its fundamental "get big or get out" approach, softened only by a few grant programs or niche marketing opportunities.

And now the COVID-19 pandemic has laid bare, for the world to see, one of the costs of this system: the fragility of our food supply and the inability of the current system to cope with a crisis. Had the government not bailed out the meatpacking industry by providing liability protection against workers' claims for unsafe working conditions, the shortages and related problems would have been even more serious. The current system's "resiliency" comes solely from its ability to get government bailouts on the basis of it being "too big to fail."

We know more crises will come. We face a choice: build a more resilient system, or continue down the path we have been on and continue to bail out these huge corporations, not only wasting tax dollars, but sacrificing our health, our environment, and our long-term ability to produce food in this country.

The recommendations in these comments are just part of what needs to happen. FARFA stands ready to work with the agency to help move our agricultural and food system to a truly resilient one, for the benefit of all Americans, current and the generations to come.