

WHERE'S THE BEEF? REGULATORY BARRIERS TO ENTRY AND COMPETITION IN MEAT PROCESSING

HEARING

BEFORE THE

SUBCOMMITTEE ON THE ADMINISTRATIVE STATE,
REGULATORY REFORM, AND ANTITRUST

COMMITTEE ON THE JUDICIARY

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WHERE'S THE BEEF? REGULATORY BARRIERS TO ENTRY AND COMPETITION IN MEAT PROCESSING

Tuesday, June 13, 2023

HOUSE OF REPRESENTATIVES

SUBCOMMITTEE ON THE ADMINISTRATIVE STATE,
REGULATORY REFORM, AND ANTITRUST

COMMITTEE ON THE JUDICIARY

Washington, DC

The Subcommittee met, pursuant to notice, at 10:08 a.m., in Room 2141, Rayburn House Office Building, Hon. Thomas Massie [Chair of the Subcommittee] presiding.

Present: Representatives Massie, Jordan, Issa, Buck, Gaetz, Spartz, Fitzgerald, Bentz, Cline, Hageman, Nadler, Johnson of Georgia, Jayapal, Correa, Scanlon, and Ivey.

Also present: Representative Tiffany.

Mr. MASSIE. The Subcommittee will come to order.

Without objection, the Chair is authorized to declare a recess at any time.

Without objection, the gentleman from Wisconsin, Mr. Tiffany, will be allowed to participate in today's hearing.

We welcome everyone to today's hearing on the regulatory barriers to entry and competition in meat processing. I anticipate this will be a very bipartisan Committee hearing, and I want—so I want to begin with a quotation from President Biden's State of the Union in 2022. He's very aware of the problem that we're trying to address here today. He said in his State of the Union:

When corporations don't have to compete, their profits go up, and your prices go up when they don't have to compete. Small businesses and farmers and ranchers—I need not tell some of my Republican friends from those States, guess what, you got four basic meatpacking facilities. That's it. You play with them, or you don't get to play at all. You pay a hell of a lot more. A hell of a lot more because there's only four.

So, that's from our President, Joe Biden.

Just a housekeeping thing to begin with, I'm going to keep the Members to five minutes as much as I can with the gavel, but if in five seconds you ask an existential question to a witness and they need more than four seconds to respond, we will let the witness finish their answer. So, I know we're famous for doing that.

I will now recognize myself for an opening statement.

In today's hearing, we will explore how various laws create barriers to entry and expansion in the meat processing industry. Federal laws concerning meat processing needlessly undercut federalism by requiring that State-enforced requirements are at least equal to Federal requirements. These one-size-fits-all regulatory barriers entrench the largest meat processors and prevent small independent processors from competing effectively.

Allowing States to set their own regulatory standards means that small processors would likely flourish and would be able to better serve ranchers and farmers and the consumers who want to buy the food from them.

During COVID, we saw the results of having only a few large facilities and not enough functioning small facilities. Large facilities with employees in close quarters struggled through the outbreaks and at times slowed or even stopped operations. Some farmers and ranchers were forced to take extreme and costly measures, such as euthanizing livestock. For farmers who care about their animals—and most farmers do—this was a terrible situation to be in, to euthanize livestock instead of to have them go serve as nutrition for consumers.

Consumers saw meat become less affordable, if they could find it in the grocery store shelves. Removing artificial and unnecessary restrictions and regulations will help encourage smaller-scale processing. Increasing the number of small-scale processors will help counteract disruptions in the supply chain.

It's important to note that deregulation will not result in compromised food safety. State and local health agencies will inspect independent processors to ensure they are meeting safety standards. Small custom slaughterhouses have been operating safely for decades. We're going to hear from some of the owners of these small slaughterhouses.

Federal and legislative regulatory reform would benefit farmers and ranchers and allow a broader variety of local, safe, and humane meat to reach the American people. There's bipartisan agreement about some of the problems in the meatpacking industry. Just four companies account for over 80 percent of beef processed in the United States. Similarly, four companies process approximately 70 percent of hogs.

Of these companies that I mention, one is owned by China, and one is owned by Brazil. These companies process most of the meat in just a few massive facilities. Less than 10 percent of the facilities in the United States process over 95 percent of all cattle. Less than five percent of facilities in the U.S. process over 90 percent of all hogs.

There's also bipartisan agreement about some of the solutions. The bipartisan Processing Revival and Intrastate Meat Exemption Act, or PRIME Act, is one of the proposals that would increase competition and enhance consumer choice.

Today we have the opportunity to hear from our witnesses about their real-world experiences, their work in the meat industry, and the difficulties they face. A better understanding of these issues will aid us as we work to make impactful change and find solutions that benefit processors, ranchers, farmers, and consumers.

I now recognize the Chair of the Full Committee—or the Ranking Member—sorry, I almost gave him a promotion that Mr. Jordan would not approve of.

Mr. NADLER. It's OK. It's OK.

Mr. MASSIE. I now recognize the Ranking Member of the Full Committee for an opening statement.

Mr. NADLER. Thank you, Mr. Chair.

Mr. Chair, as we examine barriers to entry and competition in the meat processing industry, we should focus our attention on the key barrier to entry: Massive consolidation and concentration of power in just a handful of companies.

Consolidation in the meat processing industry is an issue that has plagued our country for over a hundred years. In the late 1890's, our meat marketplaces dominated by just a handful of stockyards and packers. This dominance led to the passage of the Sherman Anti-Trust Act in 1890. Years following, Congress doubled down on its commitment to protect the market from dominant forms of abuse by passing the Clayton Antitrust Act, the Federal Trade Commission Act, and the Packers and Stockyards Act.

Meanwhile, the publication of Upton Sinclair's "The Jungle" in 1906, brought public attention to the deplorable conditions that workers in the meat processing industry were facing and the poor sanitary standards employed by the five dominant meat processing firms. Rising to meet these concerns, Congress passed the Nation's foundational consumer protection laws in this area, the Pure Food and Drug Act and the Federal Meat Inspection Act.

We face similar concerns today about market concentration in the meat processing industry as our predecessors faced at the turn of the last century. Then there were five firms that dominated the market. Now, we have only four. Although on balance, our food is safer and standards for workers are higher, meat processing is less competitive and more concentrated than it was in the 1900's, leading to a range of harms for small business, consumers, and workers.

Today, 85 percent of all beef processing, 70 percent of all pork processing, and 54 percent of all chicken processing is controlled by four companies: Tyson, JBS, Marfrig, and Seaboard. By relying on these big four companies for our meat production, we have allowed our food system to become highly fragile and beset with bottlenecks. As the COVID-19 pandemic showed us, our current food system can easily be disrupted.

This rise in dominance has resulted in lower operating costs for the large meat plants, but these lower costs have not been passed on to consumers, have not resulted in higher wages for workers, and have not led to increased profits for farmers. Rather, these large companies exploit their dominant position as middlemen to extract high profits and pad their own bottom lines.

In the face of these concerns, we must consider ways to roll back the mergers that created this consolidation, explore methods of supporting smaller meat processors, and increase oversight where possible to rein in abusive and deceptive practices.

What we should not do is consider rolling back meat inspection requirements that keep our food safe. Doing so would not help create more competition in the market, but instead would result in the

commercial sale of meat that does not meet minimum Federal safety standards.

Currently, meat sold commercially in the U.S. must either be processed at a Federally inspected facility or at a State-inspected facility that enters into a cooperative agreement with the U.S. Department of Agriculture's Food and Safety Inspection Service.

Twenty-seven States allow processors to operate under cooperative agreement. Under this arrangement, facilities must enforce requirements, quote, "at least equal," to those imposed by the Federal government under Federal law. Unless these States opt into an additional program with USDA, they can only sell their meat within the State.

Whether the meat is processed in a Federally inspected facility or one of the State-run facilities under a cooperative agreement with the USDA, inspectors continuously conduct oversight of the facility to ensure the safety and quality of meat and the health and wellness of livestock. These inspections not only ensure that our meat is safe for consumption, but also that any health issues that do arise with the processed meat can be traced back to the facility that produced it.

By contrast, facilities that are not operated under either program, also known as custom slaughterhouses or processing plants, are only inspected periodically. For this reason, they are only eligible for personal, household, guest, and employee use. Proposals to weaken the system by allowing custom slaughterhouses to serve commercial customers would inject far too much risk into our food safety system without addressing the root problem that is holding back competition in the meat processing industry.

Instead, we must find solutions that will support the entry of smaller meat processors into the market and ways of leveling the meat processing market generally to encourage more competition and more choices for suppliers, buyers, and processors, while maintaining strict safety standards.

I look forward to hearing from our witnesses, and I yield back the balance of my time.

Mr. MASSIE. I thank the Ranking Member of the Full Committee.

I now recognize the Chair of the Full Committee, Mr. Jordan, for a comment.

Chair JORDAN. I thank the Chair.

I'll be brief. I just wanted to thank you, Chair, and the staff for putting this important hearing today. I look forward to hearing from our panel.

Thank you.

Mr. MASSIE. Without objection, all other opening statements will be included in the record.

We will now introduce today's witnesses.

Mr. Joel Salatin and his family own Polyface Farm in Virginia's Shenandoah Valley. He also co-owns Honest Meats, LLC, a small Federally inspected meat producer in Harrisonburg, Virginia. His farm produces beef, pork, poultry, and other products, selling to roughly 10,000 families through an online farm store, nationwide direct shipping—I'm sorry—on-farm store, nationwide direct shipping, and urban drop points. It also services boutique retail markets and some institutional food services.

Ms. Rosanna Bauman is a co-owner and General Manager of Bauman's Cedar Valley Farm in Anderson County, Kansas. Bauman and her family operate a farm growing non-GMO crops and raising cattle, sheep, and poultry, as well as a poultry processing facility, a butcher store, a farm feed business, a custom agricultural services business, and a pet food business. In addition to on-farm sales and their butcher store, Bauman's Farm sells their meat and poultry at farmers markets.

Mr. Joe Trotter is Director of the Energy, Environment, and Agriculture Task Force at the American Legislative Exchange Council. Prior to joining ALEC, he was a Congressional staffer and worked for free-market organizations and campaigns. He is an avid outdoorsman and a conservationist, and spent two years on the Board of Governors at the Bethesda-Chevy Chase Isaac Walton League, a local nonprofit organization that maintains a 624-acre conservation farm.

Mr. Greg Gunthorp and his family own and operate a pasture-based livestock operation in Northeast Indiana. Their operation includes an on-farm USDA-inspected slaughter and processing plant. His farm provides pork, poultry, and lamb to restaurants in Chicago, Indianapolis, and the surrounding region. He is a past Board Member of the American Pasture Poultry Producers Association.

We welcome our witnesses and thank them for appearing today. I also want to thank the folks in the crowd who came here to witness the witnesses.

We're going to begin by swearing you in, just the witnesses, not the observers.

Would you please rise and raise your right hand?

Do you swear or affirm under penalty of perjury that the testimony you're about to give is true and correct to the best of your knowledge, information, and belief, so help you God?

Let the record reflect that the witnesses have answered in the affirmative.

Thank you, and please be seated.

Please know that your written testimony will be entered into the record in its entirety. Accordingly, we ask that you summarize your testimony in five minutes.

Mr. Salatin, you may begin.

Mr. SALATIN. Thank you.

Mr. MASSIE. Make sure your microphone is on. Press the button.

Mr. SALATIN. Is it on?

Mr. MASSIE. Yes. Now, Mr. Salatin, you may begin.

STATEMENT OF JOEL SALATIN

Mr. SALATIN. Good. Thank you.

Right now, nationwide, a farmer wanting to get a slaughter slot in a small Federal-inspected meat processing plant often must book six months to a year in advance for pork. That's before the piggy is even born. It's never been like this. What happened?

In short, regulatory extortion tyranny. Inspection regulations are size prejudicial. I know one facility that was ordered closed because it wasn't processing fast enough. The Food Safety Inspection Service measures its efficiency by pounds inspected per personnel hour,

creating an adversarial discriminatory attitude toward small plants.

In 1906, when Upton Sinclair wrote “The Jungle,” seven large companies controlled half the Nation’s meat processing capacity. After a century of government intervention, four now control almost 85 percent. When licenses and compliance make entering and maintaining an abattoir more burdensome to small facilities than large, concentration and centralization is not an antitrust issue. It’s discriminatory regulatory issue.

It’s a perfect example of mission creep. What started sincerely as a food safety objective morphed into regulatory overburdensome harassment. A small plant operator dare not object to subjective and political inspector decisions because “poke and sniff” allows retribution toward folks with questions. Entrepreneurs are enslaved and held hostage by bureaucrats who share no business risk and rule without restraint.

Meanwhile, more Americans desire a more localized, stable, secure, transparent, nutrient-dense, relational, trustworthy food supply than centralized industrial facilities offer. We have eager and willing buyers, farmers desperate to direct market to their neighbors, but a bureaucracy that stands in the way of voluntary consenting adults exercising freedom of choice for their bodies’ microbiome fuel. Few human decisions speak to freedom like what we have the right to swallow.

I can butcher a beef in the field, process it, and give it away. If I sell an ounce, I’m a criminal. What is it about exchanging money that suddenly makes meat unsafe? Clearly, current market regulations are not about safety; they are about market access.

Our society recognizes scale and relationship when assessing risk. In Virginia, we can keep three daycare children in our private home without a license and governmental oversight. Why? Because an entity and arrangement that small inherently offers seller-buyer intimacy that vets itself equal to licenses and inspectors. In Virginia, we can keep three elder care patients in our private home without licenses and government oversight. Why? Because such an intimate arrangement protects equal to the government.

Expectations and trust provide context in any transaction. People who want to disentangle from the agri-industrial government crony complex don’t expect their provenance to be squeezed through the regulatory process. They trust their farmer more than a government agent. While this group, both farmer and customer, may represent a lunatic fringe of the society, we all know that’s where innovation comes from. How society deals with its unorthodox element defines its march toward tyranny or freedom.

Our society, desperate for food security and stability, wallows in a morass of regulatory impediments to what we need and desire. Well, what remedies exist?

Right now, 1968’s Public Law 90–492, known as the producer-grower exemption, allows 20,000 head of poultry to be processed on-farm without inspection. This has enabled thousands of community-scaled neighbor-to-neighbor entrepreneurs to launch small broiler operations. To my knowledge, not a single customer has been harmed by this exemption. Why not extend it to beef or to pork?

Right now, custom processing designation allows me to sell preslaughter portions of an animal, usually in wholes, halves, and quarters. Well, why limit my customers to large volumes? Let them buy by the cut. Congressman Thomas Massie's PRIME Act would enable this.

Another remedy could simply be a food emancipation proclamation, allowing farmers currently enslaved by regulatory shackles to sell meat to neighbors. Right now, farmers can give it away, they just can't sell it. Neighbors can buy and feed it to their children. Clearly, if uninspected meat is hazardous, the commerce prohibition should be on the buyer as well as the seller, but it's not, which clearly illustrates the prohibition's hypocrisy.

Surely, if we really want freedom of food choice and food security, we can create a remedy that refuses to criminalize neighborly meat transactions. The only reason food freedom was not written into our Bill of Rights was because our Nation's Founders could not have imagined a time when neighbors could not exchange a chuck roast or sausage. At some point, requiring professional league infrastructure and referees on a sandlot pickup ball game is both inappropriate and malicious.

It's time to remove the heavy hand of tyranny from America's food system by allowing market access, opportunity, and competition for producers and consumers seeking freedom of food choice.

Thank you.

[The prepared statement of Mr. Salatin follows:]

OPENING TESTIMONY BY JOEL SALATIN
JUNE 13, 2023

Judiciary committee: Subcommittee on the Administrative State, Regulatory Reform,
and Antitrust

Where's the Beef? Regulatory Barrier to Entry and Competition in Meat Processing

Right now, nationwide, a farmer wanting to get a slaughter slot in a small federal inspected meat processing plant often must book 6 months to a year in advance. For pork, that's before the piggie is even born. It's never been like this. What happened?

In short, regulatory extortion tyranny. Inspection regulations are size prejudicial. I know one facility that was ordered closed because it wasn't processing fast enough. The Food Safety Inspection Service measures its efficiency by pounds inspected per personnel-hour, creating an adversarial discriminatory attitude toward small plants.

In 1906 when Upton Sinclair wrote *The Jungle* 7 large companies controlled half the nation's meat processing capacity. After a century of government intervention, 4 now control 85 percent. When licenses and compliance make entering and maintaining an abattoir more burdensome to small facilities than large, concentration and centralization is not an anti-trust issue; it's a discriminatory regulatory issue.

It's a perfect example of mission creep. What started sincerely as a food safety objective morphed into regulatory overburdensome harassment. A small plant operator dare not object to subjective and political inspector decisions because "poke and sniff" allows retribution toward folks with questions. Entrepreneurs are enslaved and held hostage by bureaucrats who share no business risk and rule without restraint.

Meanwhile, more Americans desire a more localized, stable, secure, transparent, nutrient dense, relational, trustworthy food supply than centralized industrial facilities offer. We have eager and willing buyers, farmers desperate to direct market to their neighbors, but a bureaucracy that stands in the way of voluntary consenting adults exercising freedom of choice for their body's

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I can butcher a beef in the field, process it, and give it away. But if I sell an ounce, I'm a criminal. What is it about exchanging money that suddenly makes meat unsafe? Clearly current regulations are not about safety; they are about market access.

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Expectations and trust provide context in any transaction. People who want to disentangle from the agri-industrial-governmental crony complex don't expect their provenance to be squeezed through the regulatory process. They trust their farmer more than a government agent. While this group, both farmer and customer, may represent a lunatic fringe of society, we all know that's where innovation comes from. And how a society deals with its unorthodox element defines its march toward tyranny or freedom.

Our society, desperate for food security and stability, wallows in a morass of regulatory impediments to what we need and desire. What remedies exist?

Right now, 1967's PL90-492, known as the "Producer-Grower Exemption," allows 20,000 head of poultry to be processed on-farm without inspection; this has enabled thousands of community-scaled neighbor-to-neighbor entrepreneurs to launch small broiler operations. To my knowledge, not a single customer has been harmed by this exemption. Why not extend it to beef? Pork?

Right now, custom processing designation allows me to sell pre-slaughter portions of an animal, usually in wholes, halves and quarters. Why limit my customers to large volumes? Let them buy by-the-cut—Congressman Thomas Massie's Prime Act would enable this.

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Surely if we really want freedom of food choice and food security, we can create a remedy that refuses to criminalize neighborly meat transactions. The only reason food freedom was not written into our bill of rights was because our nation's founders could not have imagined a time when neighbors could not exchange a chuck roast or sausage. At some point, requiring professional league infrastructure and referees on a sandlot pickup ball game is both inappropriate and malicious.

It's time to remove the heavy hand of tyranny from America's food system by allowing market access, opportunity, and competition for producers and consumers seeking freedom of food choice.

Mr. MASSIE. Thank you, Mr. Salatin.
 Ms. Bauman, you may begin your testimony.

STATEMENT OF ROSANNA BAUMAN

Ms. BAUMAN. OK. Is this going now? Anyway.

All right. Thank you for inviting me here. It's rare that I get to talk about butchery, because usually that's like a conversation killer, especially if you're on airplanes.

So, a year ago I probably wouldn't have been a good candidate. I do poultry processing. I agreed to speak here because I figured it would be good therapy for me, actually. I had an incident last summer, after 15 years of operating USDA-inspected poultry and beef plants that really helped bring to light some of the flaws in the inspection system, I guess, and it took me 90 days to get my voice heard. My business lost a significant amount of money in the meantime.

In short—it's a very long story—but in short, we had a small mechanical failure that led—that opened the door to a overly aggressive FSIS supervisor who come in and placed all of my 3,000 chickens on hold, wouldn't review basically any of my corrective actions. It's a situation that if it happened in a large plant, it could be resolved in a matter of hours. It took me 90 days to resolve this. My business lost \$80,000. All 3,000 of those birds were condemned. My process was not complete without a personal farm visit from the head of the Food Safety Inspection Service, the administrator there. In the end, all those 3,000 birds got the wholesome stamp of inspection from the USDA, and they all went back to their farmers.

A lot of layers in there, but the concern and the takeaway that I got from that experience was I was a 15-year-old plan. They're all over—we have the USDA. It's one of their priorities. We've all seen it. We do have a nice increase of new plants. We do have a lot of attractive grants that are being dangled for folks to move toward USDA inspection. If I was a baby businesswoman and had the same experience, I would have folded. In fact, last summer, that was a very stressful time for us in the business, and I had to take a step back and ask myself, why in the world am I doing this, why am I a butcher at all?

It was like a Queen Esther moment for me, because I didn't need the inspection services for my own farm stability, for my own markets, for any of my own thing, but my community did. I processed for a lot of other farmers. I had survivor's guilt. I could reduce my stress, but they needed that inspection service to access their markets. If that would have occurred to me younger in my inspection journey, I would have been yet another plant closure.

During this process—I've talked to a lot of other plants around the Nation that's ran into similar problems, not knowing how to navigate the entire inspection system. I found out the hard way that the Food Safety Inspection Service is set up completely contrary to the American judicial system in to where we are presumed guilty first, even worse. So, my product was consumed—or presumed contaminated with no evidence of contamination. Even worse, my judge and jury was also the same as my accusers. So, nothing that I did or said would have to be considered.

The USDA FSIS does not have an ombudsman, unlike a lot of Federal agencies. I don't believe that an ombudsman would be very helpful. We need like a mediation board.

The other thing that the USDA has an overreach of purpose with the Food Safety Inspection Service. They are to inspect food safety, not public health, and they're there to inspect food as it moves about within commerce that's not the direct-to-consumer markets at all. That really helps clarify the purpose in a lot of where we bump into our—against things that feel like overburdensome regulations are sometimes just simply an entire misapplication of them trying to apply them where they don't belong at all.

Barriers to entry beyond just regulations also include labor and waste management. That's inclusive of access to labor and with the waste management from—that's how Tyson makes their money. That's how the small plants used to make their money. Those value streams have disappeared. Labor access, the same way. If we're going to open up, say, operating, those things need to happen.

Do appreciate you guys coming—or inviting me here. Come on out anytime to our butcher shops; we'll put you to work.

[The prepared statement of Ms. Bauman follows:]

Witness Testimony for June 13 hearing "Where's the Beef?"

Rosanna Bauman, Bauman's Processing

My Background and Story as it relates to Meat Processing:

I don't have the blessing of living on a hundred year old family farm, my heritage is full of displaced farmers. My immigrant grandfather settled in California and married into an agricultural family. They farmed the fertile soils in southern California until urbanization forced them to move further north. This farmland is now known as Los Angeles, and to be precise, the Hollywood studios. Moving up into California's Central Valley, they built irrigation canals and helped establish cities. Today, on the site of my great grandfather's farmhouse, stands a ChuckEcheeses. Giving up on California, my grandfather moved to Kansas, where his wife's family was from. Unfortunately, they tried to start farming in the 1980s, which was really poor timing. Even worse, they chose sheep ranching. The banker who lent them the money for the flock also told them he was including enough money to buy a shovel to bury the sheep when they died. That shovel was put to use. Not to be discouraged by the farming failures of the previous four generations, my oldest brother, and subsequently all of the younger siblings were bitten by the farming bug.

Finally, my 40 year old parents, in a move perceived as a mid-life crisis, were able to move their family of six children to a farmstead. Since we were starting farming with no money and little experience, we knew that we would have to farm differently in order to survive. The only practical option seemed to be by focusing on sustainable farming. Today, 22 years later, all eight family members remain actively involved in the farming operation, which has grown to include 6 companies, 50 employees and 18 different enterprises. Among these efforts are two separate slaughter facilities, both USDA inspected.

Impact of 2020 Meat Crisis:

By the first of April, 2020, the closure of multiple corporate slaughterhouses combined with the nation's panic over meat supply trickled down to our tiny USDA beef slaughter facility.

Farmers operating cattle finishing feedlots suddenly had live animals with nowhere to send their livestock, as the big processors shut down. Yet continually feeding these animals with no promise of return was not an option for farmers, either. They were calling any and every butcher, trying to get their livestock tucked into a freezer so they'd stop eating corn. For about a week, my plant received 300 calls daily from desperate farmers and scared consumers. This astronomical volume of calls was impossible to answer. The calls we could answer, we had everything from farmers crying to cussing, desperate to find solutions. As service providers, our entire mission is to solve others' problems by providing solutions. Answering the phone all day long, only to tell desperate people that we are unable to assist them, was soul-crushing.

The only people that weren't panicking were our existing retail customers. They knew we were both the farmer and the butcher, so there was no panic-buying, no meat hoarding. Our

customers had confidence in our ability to continue to feed their families. It was this confidence, this level of trust, that strengthened us and helped us push through those crazy days.

You'd think that 2020 was enough, but then small plants got hit with the labor of 2021, and in 2022, I fully experienced the impact of government overreach and over regulation across multiple federal agencies.

The one experience that both surprised and scarred me, was with the FSIS. For 17 years I've operated small inspected slaughter facilities, 15 of them have been with the USDA. I don't like drama, and over the years have developed my skills so as to maintain a professional relationship with inspection staff while ensuring quality processing services to my community. I had, of course, heard of other plant operator's horror stories of run-ins with inspection staff, but I always dismissed them as either they were looking for drama or had been lackadaisical in keeping their plant operating to standards. I've now changed that opinion. It's only a matter of time until a small plant has some big drama with inspection staff. It's only the laws of probability at work until some inspection staff member seizes upon an opportunity to create havoc in your business. And when that event happens, it can damage you and your business significantly.

In 2021, I noticed an increase in FSIS aggression towards small plants, which was more noticeable since the previous year, small meat plants were the heroes of national food security. But I tried to gloss past those friction points, preferring to focus on the major pain point of labor recruitment.

However, in 2022, there was a new FSIS supervisor in the area, eager to impress after having been embarrassed in their previous job position. Small plant owners in the region soon began sharing horror stories of their aggressive nature that resulted in retained products and delayed production. I was determined to lay low and play it safe. Unfortunately, a mechanical failure in my product chillers raised my profile, and my plant was in the crosshairs.

Mechanical failures are not uncommon in processing facilities. I responded quickly and appropriately to the deviation in order to maintain product safety. However, in the eyes of the FSIS supervisor, such an incident had never before occurred in the history of poultry slaughter, and every minutia must be examined. If this was in a large slaughter plant, such an incident would have been resolved in less than 24 hours. Unfortunately, this took 90 days to resolve.

In a domino-ing chain of events that got increasingly more ludicrous, the FSIS staff went on a rampage, retaining lots of slaughtered poultry for three successive weeks. The easy way out of this mess would have been to toss the birds and take an insurance claim. But I knew these birds were food safe and fit for human consumption. To a sustainable farmer, willingly destroying 14,000 pounds of good, clean food is sacrilegious. I knew it would cost my business dearly, but that was a hill that I was willing to die on. And cost me it did. My mental stability and 10 years of my salary. At multiple points in this 90 day ordeal, I questioned why I was still a butcher. Why was I willing to subject myself to such emotional abuse? Although my personal farm and business does not require USDA inspection services, I felt responsible for the farming community who relies on the inspection services I provide. Producers from six states come to my poultry facility, and I had that burden of guilt that, in saving myself, I would damage hundreds of other farms. I couldn't live with that thought, so we pushed on.

My breaking point came in the third week. I was positive that everything had gone perfectly and there was no possible way that they could pick apart my food safety practices. Yet, first thing in the morning, at 10:30 am, I was informed that birds would be retained. Shocked, I asked what the basis was. One of the Doctors at the regional offices sent down the reason, and it was so ludicrous that I laughed. The citation they were suggesting was akin to being given a speeding ticket when you were going 10 miles under the speed limit. I responded that it was impossible for them to cite me for such, and that, until they could produce the papers, I would continue to operate. As the day went on, they scrambled to find some justification for their suggested actions, but continued to place retain tags on my lots to prevent shipment. As the farmers started arriving, the FSIS staff prevented them from collecting their product, although I had yet to receive any documentation on why the product couldn't be shipped. A full 8 hours after my initial conversation with the FSIS, they finally emailed me papers citing their allegations, none of them were what was originally cited. It was at this point that I completely broke down. Even when I did things perfectly, they were still retaining the product. Even when there was no scientific or legal justification, they were preventing shipments. At that point I fully realized how un-American the food inspection service was. My accusers were also my judge and jury, and I was voiceless.

In the succeeding months, this lack of representation became more apparent. Every step I would take to resolve the situation would be ignored or else accused of falsification of documents. Every test, every food safety expert, every scientific journal that I would produce they would dismiss. My formal education concluded in the eighth grade. Yet I was expected to hold my own in hours long discussions with three or more FSIS personnel who had degrees in DMV and PhD microbiologists. Yet I was confident in my data, as I was using testing methods and journal articles that the FSIS themselves used. However, they would attack my sources and claim mis-application of data with such poor logic that I was astounded. One meeting was only concluded when the regional department head of microbiology openly lied and said that the FSIS didn't use that testing protocol.

It wasn't just me getting openly lied to by the FSIS. The FSIS even dared to lie in the Congressional inquiries lodged by my farmer clients. Daily I received calls from the farmers who weren't getting their chickens back. Their customers and feed vendor were after them, and here I was, withholding their product while saying that it was safe, but we were just working through things with the USDA. The farmers wanted to call the FSIS offices and give them a piece of their minds, but I begged them not to. I feared that, if the inspection service knew how much that these birds meant to my clients, they would realize the extent of their power and refuse to negotiate with me. The farmers submitted Congressional inquiries, but the FSIS just blew them off. The Congressmen were told that the issue had been "resolved" yet all 3,000 of my birds were still retained.

I used every industry resource that I knew of, and finally, industry professionals as well as organizations such as the Kansas Farmers Union and the National Sustainable Agriculture Coalition were able to reach the desk of the FSIS Administrator.

It was only when the word of this unnecessary drama reached the ears in DC, that the FSIS hastily delivered a conclusion, issuing a two sentence order of condemnation for the retained birds. I looked at my stack of 50 pages of scientific documentation, testing, and

research articles that supported my conclusion that the product was safe, as compared to their two sentences. I refused to accept the condemnation order until they could provide scientific documentation of their conclusions. This order was rescinded, but the birds were not all released until the FSIS Administrator himself came out for a personal plant visit.

This experience really opened my eyes to the lack of processor representation in the food safety inspection service. All of my attempts to resolve this matter early and calmly were rebuffed, instead the small issue had to first swell into a mountain until it could attract the attention at the nation's headquarters to be resolved. Not only did this almost drive my plant out of business, but we never received any apology from the FSIS for allowing such unnecessary drama to grow.

Current Top Challenges for Very Small Meat Processors, Inspected and Exempt:

The following perspective is my own, but was not developed by existing in a bubble in rural Kansas. My perspective gains balance by networking among my community of farmers and eaters, my customer list of 2,000 butchering clients, and participation in the following organizations: American Association of Pastured Poultry Producers, Niche Meat Processors Association, Kansas Farmers Union, Sustainable Agriculture Research and Extension, National Sustainable Agriculture Coalition, American Association of Meat Processors, National Farmers Union.

These challenges are listed in the order of predominance, but it's Item Three that typically gets named if a butchery closes shop. A failing business doesn't like to cite reasons that sound as if they are controllable, hence, the blame is shifted to the faceless giants of The Government and Those Big Corporations. However, Items One and Two are what slowly weaken a business until one bad season of profitability becomes the straw that breaks the business.

#1. Access to Labor:

This is nothing new, everyone is short workers in America. However, small meat plants face some unique challenges: Of course, machines are replacing humans in many positions. While a flush of government backed funds have assisted many processors in attaining equipment they otherwise couldn't afford, there's only a limited number of machines that can reduce the need for a small plant's skilled or unskilled labor. Machines only work in uniform situations. The livestock processed by small slaughter facilities is typically anything but uniform, as they source from hundreds of farms, each with different genetics and production systems.

For those positions not possible to replace with machines, money is of little assistance. An aggressive recruitment strategy does little good when there simply isn't any experienced small plant butchers out there to hire. Further, trying to take experienced help from either

grocery stores or mega slaughterhouses is also not effective, as their experience in these fields simply do not translate. Therefore, most small meat processor's labor is trained in-house.

Currently, the American unemployment rate is 3.7%. It is said that the bottom 10% of the workforce is considered "unemployable" due to physical, mental or personal challenges that make it extremely difficult for those individuals to retain jobs. My average wages are 25 % above the county average, revealing that I'm a very competitive employer. My workforce is ten times more diverse than the county statistics. And yet, the best pool of willing workers are those that I cannot employ: Underage Americans and Immigrants.

Underage Americans:

The US labor laws do not recognize any differentiation in slaughter facility size and the risks that change with it. Small plants, in the eyes of the USDOL, are deemed just as dangerous as a mega-processing facility, and get slapped with the label "hazardous workplace".

Small plants across America are still predominantly family based businesses, yet the DOL considers it a child labor violation if the owner's child is sacking groceries or opening doors for customers in the retail shop.

The kill floor in a small plant is also deemed too dangerous for a minor to clean, by the mere nature of its name. There's no recognition given to the fact that the small plant "kill floor" is often just an empty room with washable walls and drains.

Most small family business owners involve their children in the operations early on, in the hopes that this work will pique the child's interest and they decide to carry the business into the second generation. In a small slaughter or processing business, this isn't supposed to happen. Essentially, involving your child (paid or unpaid) in nearly any task prior to age 18 is a child labor violation. And after age 18, well, we all know how unmotivated most teenagers are at that age, especially if it's their parents as the boss. Thus, small meat plants miss the window of opportunity to train up their most likely successors.

Think for a moment of the bind that puts me in as a small business owner: I can't hire my own blood child to work in my business, but it's okay if I hire illegal workers. According to the Homeland Security Memo on 10/12/2021, the Policy Statement 065-06, de facto permission has been granted to hire unregistered immigrants, provided we treat them well and pay fairly. Fortunately or Unfortunately, rural Kansas doesn't have a high number of illegal migrants, so that's not a labor pool that I can access.

Immigrants:

Immigrants are an attractive labor pool because they are motivated workers, a character trait very difficult to find in the current American workforce.

Legally importing temporary foreign workers is an option for some butchers. The H2B visa is for seasonal workers, which some butchers could apply for if they have significantly

busier segments of their year. If you have built your business so that the demand is steady years around, this option isn't applicable. After an employer has spent a couple thousand in filing fees and paperwork preparation, only 20% of the H2B submissions were granted this year, even though the annual cap on H2B visas has temporarily been increased for 2023.

H2A visas are not capped, but are strictly for agriculture. Butchering is not considered agriculture if you don't raise the livestock you are processing. There are no other visa classes that are applicable for small meat processors.

And yet, the number of people who have entered this nation illegally, with no background checks or proof of funds, exceeds the number of legal immigration entries by 2:1 in 2022. Unfortunately, the only immigration topic that politicians on both sides of the aisle talk about is illegal immigration. In all of their searches for the "root causes" of the increase in illegal immigration, they have conveniently forgotten to look at the existing legal immigration laws and consider if that's a contributing factor. I know many illegal entrants who only pursued that route after they had exhausted the legal means, but found the system so slow and broken that taking the risks with illegal entry became attractive. American politicians apparently prefer illegal immigration as it gives the nation an exploitable workforce and dependent constituents.

Legislation:

The USDA has announced several grants in the last three years, most of whom are aimed at encouraging more new and existing plants to gain USDA certification.

While the government gets blamed for a lot of things as an excuse to hide our individual incompetence, there are certainly times when over-regulation happens and the resulting fallout creates closures of small meat processors.

To put it in perspective:

FSIS Mission Overreach:

FSIS has been delegated by the USDA, who was tasked by Congress, to inspect meat, poultry and egg products so that adulterated or misbranded products don't enter Commerce. Yet the FSIS has, for 30 years, a self-declared mission to prevent foodborne illness and protect public health. If the FSIS is truly to be a public health agency, it should be under the authority of the US DHHS, not the USDA.

What's the problem with extra folks on board looking out for the public good? Everyone wants to look relevant or important, which leads to unnecessary regulations or processes for the food producers and processors that contribute little to no improvement in public health or safety.

Additionally, the FSIS leaves the burden of proof up to the plant operator. While this sounds good, the trouble is that the FSIS gets to decide what is acceptable proof and what isn't. The FSIS culture works under a presumption of guilt, unlike the American judicial system. As I unfortunately experienced last year, when deviations occur, the product is presumed contaminated, even if there's no evidence to support such presumptions. The plant operator is then challenged to prove that adulteration or misbranding did not occur. In the mega plants, the corporation simply flies their company expert in to negotiate with the FSIS. In small plants, it's operators like me, with little to no formal food safety education that must respond to the FSIS concerns. Even when an operator reaches out to industry experts to help create a response, the FSIS is not obligated to accept any other evidence. It's curious to me that the nation's food supply, which is a critical component of national security, functions under such un-American tenants as presumption of guilt and lack of fair representation.

When federal agencies self proclaim, and then bully-enforce missions and standards outside their authorized scope of work, you have these scenarios develop:

The FSIS has currently Proposed Salmonella Performance standards in poultry that proposes to roll out an extensive, multipoint salmonella testing program, from live birds to pre and post chill carcasses. Not only would this proposed testing dramatically increase the small processors costs and regulatory burden, but According to the proposal, all of this is necessary to reduce the rate of consumer Salmonella infections by only 3,000 yearly. In a desperate attempt to stay relevant, the FSIS Salmonella proposal is just a shotgun blast at a distant and undefined target. There are over 2,300 salmonella serotypes, of which only 2 serotypes are responsible for half of the human illness from salmonella. The Proposed Salmonella Performance Standards do not differentiate by serotype, instead, their testing includes all serotypes of Salmonella, which is a naturally occurring microbe in our environment and in all poultry.

FSIS Culture of Aggression towards Small Plants:

Opposing Priorities between USDA and FSIS:

The USDA states that one of their priorities is to increase the number of USDA inspected meat processing plants across the nation. However, the FSIS, like nearly every other employer at the moment, is understaffed. While of course it would be problematic to admit that their shortage of inspection staff limits the capabilities of FSIS to provide adequate inspection services, it is not an overreach to suggest that this shortage does create a conflict of priorities between the USDA and the FSIS. Small plants take a lot of inspection manpower. The inspectors placed in small plants must be knowledgeable about a wide variety of regulations due to the wider variety of animals processed in non-mechanized plants.

In Montana, some processors have been waiting for three years to be accepted into USDA certification, because the FSIS district there cannot source the manpower to provide inspection services to the rural plants. Unfortunately, these plant owners are made to feel as if this is their own fault, due to the bullying tactics of FSIS Dr Legg, who made national news for his unacceptable behavior towards small plants years ago, yet still retains his position.

In Missouri, a state of the art, four million dollar beef slaughter plant was built, and staffed with experienced butchers as well as nationally recognized HACCP experts. Yet, in the first year of operation, FSIS aggression in this textbook perfect plant, drove away some of their top managers before the FSIS Administrator got involved.

No one at FSIS will share with the small plant owner that many of the large plants are Category Three in the **Salmonella Performance Standards**, instead giving the small plant owner the impression that Category Two can mean suspension of inspection services.

The FSIS prefers to hold small plants accountable to undefined standards, so that the agency can arbitrarily decide if a plant is operating acceptably.

The latest buzzword used upon small plants is "Statistical Process Control". A plant must demonstrate that they have process control, or else the FSIS will threaten to withdraw inspection services. However, the FSIS conveniently has no official definition of this phrase. When research is made into the origin and definition of the phrase "Statistical Process Control" we find that it is the work of a research professor who clearly states that Statistical Process Control is impossible to achieve in operations with high variables. Small plants are nothing but highly variable, yet we are being pressured into achieving the statistically unachievable.

No Mediation or Representation for Plants:

Lack of Representation for small plant operators is a major concern with regards to small plant sustainability. A plant can be profitable and have a good record with the food safety inspection service, yet at any time, an incident could happen that can drive this plant out of business. While it's almost impossible to have a risk management plan for such an incident, I have attempted to do so after my recent experience. I'm fully aware that, at any time, I could have my federal inspection services withdrawn, and in an attempt to secure the employment of my staff and enhance the food security of my community, I have created a plan should this reoccur.

Despite much discussion over the years, the FSIS remains one of the few federal agencies with no Ombudsman. Considering that this agency is responsible for a large portion of the nation's food security, this fact should be deeply concerning.

In light of the FSIS culture of Aggression and inability to admit wrongdoing, creating an Ombudsman for the FSIS is not likely to be effective.

Instead, I would propose that a Mediation Board be created to assist small plants in resolving issues quickly, professionally and without drama. As an employer, I view it as incredibly inefficient that my simple issue last year had to reach the desk of the USDA Undersecretary and

the FSIS Administrator to be resolved. The Administrator has over 500 employees. If I was in that position, I would be incredibly annoyed that my staff was not empowered to resolve such petty issues at a much lower level.

A Mediation Board could be comprised of independent representatives across the areas that most small plants find friction: i suggest a university-based Food Processing Authority, an independent consultant on Animal Welfare, an independent expert in Microbiology, a private HACCP Consultant and an HR representative from the FSIS who is familiar with the expected appropriate conduct of FSIS employees.

A distressed plant operator could reach out to this board when they have issues with FSIS inspection staff, and a fair mediation process can be undertaken to professionally resolve conflicts.

Over-Inspection

What's the problem with inspection if we are doing what we are supposed to? The best illustration of what the inspection level is like in my facilities is to compare it to you driving around with a police officer in your passenger seat.

By comparison, the inspection in high speed slaughter plants is like an officer standing in a subway station and observing passing trains for any individuals on America's Most Wanted list.

The problems with over- inspection is simply the laws of probability. The more inspection occurs, the more issues will be discovered. This in and of itself isn't a problem, but it creates unfairness, essentially holding small plants to higher standards than the mega processors. This over-reporting then creates another issue, as small plant's records will have more recorded incidents, therefore giving the impression that small plants have more food safety issues than mega plants.

Profitability:

The consolidation in meat processing is problematic for the profitability of livestock growers and the sustainability of small meat processors.

However, the value-chain for small and mid level meat processing has slowly disappeared over the last 40 years, and it can't be rebuilt overnight. Simply trying to bust up the corporate integrators market share by legal means will be pointless unless the value chain of supporting services is rebuilt for the small and mid level processors.

Rendering:

The mega processor's competitive advantage lies less in the volume that they have and more in the fact that, as a result of their volume, they still have access to profitable markets for their waste streams.

Thirty years ago, small plants made most of their profit margin from selling the hides and offal to renderers. Today, this income stream has flipped to the other side of the balance sheet and is a significant expense for plants. The disappearance of small meat processors is directly proportional to the disappearance of their profitable offal markets.

For small plants to become both profitable and competitive, the markets for their waste must return. Protein meal, collagen production, pet foods and renewable energy are all options for small plant waste rendering. While small scale options for these do exist, they are, of course, costly.

Overall I'm not a supporter of long term subsidies, it does appear that, in order for this market segment to return, subsidies will be beneficial in jump starting the process. However, these rendering options will not be beneficial to plant sustainability if their business plan is built upon obtaining free waste from processors.

Mr. MASSIE. Thank you, Ms. Bauman.

Mr. Trotter, you may begin your opening statement.

STATEMENT OF JOE TROTTER

Mr. TROTTER. Good morning and thank you for the invitation to testify before the Committee.

I'm Joe Trotter, Director of ALEC's Energy, Environment, and Agriculture Task Force, and I look forward to bringing our non-partisan analysis to this.

ALEC is America's largest nonpartisan, voluntary membership organization of State legislators dedicated to the principles of limited government, free markets, and federalism. Our members represent more than 60 million Americans and provide jobs for 30 million people across the country.

The issue at hand cuts to the very core of ALEC's principles of encouraging free, competitive markets, and balancing State and Federal authority.

A little over 50 years ago, Congress passed the Wholesome Meat Act, prohibiting States from setting their own inspection rules on slaughterhouses and meat processing facilities. Congress also prohibited the intrastate sale of meat from cattle, sheep, swine, and goats, unless it was processed at a facility with an onsite inspector subject to Federal regulations.

Today, farmers—local farmers that are looking to serve their communities by supplying grocery stores or farm-to-table restaurants face essentially the same statutory and regulatory burdens applied to multinational, vertically integrated corporate conglomerates. It often means that local farmers engaging in traditional commerce truck their cows and pigs to the same slaughterhouses and processing facilities as major animal agriculture producers, which could be hundreds of miles away.

Thousands of meat processing facilities shuttered their operations over the last four decades, leaving farmers and ranchers with significantly less options for slaughtering and processing their meat. As it currently stands, less than a hundred slaughterhouses are responsible for over 95 percent of the country's meat production.

As a result of the laws and regulations governing who can process meat for commercial consumption, there are high barriers to entry for small businesses looking to increase their market capacity.

Facilities staffed by FSIS and State inspectors usually operate at full capacity, meaning farmers and ranchers have fewer choices on where to have their animals slaughtered and processed. While the supply of processing facilities contracted, the demand for meat products throughout the country surged, creating an even higher demand for the processing facilities. Farmers are increasingly forced to book appointments months in advance and often have to travel over State lines.

Centralization also leaves the meat supply chain, and by extension the country's food security, vulnerable to massive disruption. When a large plant shuts its operations, the capacity within the market to pick up the slack largely does not exist, causing meat prices to skyrocket. Unfortunately, we saw this play out to a degree

during the COVID-19 pandemic and in other instances when plants were forced to halt their operations due to, say, fire or flood.

Similarly, when things go wrong with these large-centralized processing facilities, the impacts on the immediate supply chain are enormous. With 85 percent of grain-fed cattle processed by the four largest producers, if one plant has an outbreak of a foodborne pathogen that forces a recall, there's a massive, immediate economic impact on food pricing and availability. When these recalls happen from the largest processing facilities, millions of pounds of meat are pulled off the shelves and ultimately destroyed.

Now, there are other options to decentralize the production, but they can't currently bring their products to market because of Federal law and regulation. Custom slaughterhouses exist all throughout the United States, but by statute, they are only allowed to slaughter meat for personal consumption. With over a thousand of these facilities all across the country, they are well positioned to provide the option of locally sourced meat to their communities.

Now, custom slaughterhouses are required to follow all USDA as well as State law and regulation, but they don't have onsite inspectors. Instead of having a persistent inspector presence, they are examined by Federal, State, and local authorities throughout the year.

With legislative updates to the Federal Meat Inspection Act, States could, if they wish, they're not required to allow custom slaughterhouses and processing businesses to sell meat commercially. This would empower small businesses, including ranchers, farmers, processors, restaurants, and local grocers, while also ensuring food security on a State and local level.

Farmers and ranchers who just want to serve the local restaurants and grocers should not be forced to compete for the same space in slaughterhouses with the multinational corporations. They are ready and willing to be inspected up to standards. This is a perfect example of well-meaning Federal regulation run amuck.

There is an opportunity to empower small businesses, decrease regulation, and improve food security if Congress decides to act.

Thank you for the opportunity to speak.

[The prepared statement of Mr. Trotter follows:]

Testimony of Joe Trotter Before the House Subcommittee on the Administrative State, Regulatory Reform, and Antitrust of the Committee on the Judiciary

Introduction

Good morning and thank you for the invitation to testify before the subcommittee. I am Joe Trotter, Director of the American Legislative Exchange Council's Energy, Environment, and Agriculture Task Force, and I look forward to bringing the American Legislative Council's nonpartisan research and analysis to the discussion. ALEC is America's largest nonpartisan, voluntary membership organization of state legislators dedicated to the principles of limited government, free markets and federalism. Comprised of nearly one-quarter of the country's state legislators ALEC members represent more than 60 million Americans and provide jobs to more than 30 million people in the United States.

The issue at hand cuts to the very core of ALEC's principles of encouraging free, competitive markets and balancing state and federal authority.

A little over fifty years ago, Congress passed the Wholesome Meat Act, which prohibited states from setting their own inspection rules on slaughterhouses and meat processing facilities. Congress also prohibited the intrastate sale of meat from cattle, sheep, swine, and goats, unless it was processed at a facility with an on-site inspector subject to federal regulations.¹

As a result, local farmers that are looking to serve their communities, whether it be by supplying grocery stores or farm-to-table restaurants, face essentially the same statutory and regulatory burdens applied to multi-national, vertically integrated corporate conglomerates. It often means local farmers engaging in traditional commerce must truck their cows and pigs to the same slaughter and processing facilities as the major animal agriculture producers, which can be hundreds of miles away.

Thousands of meat processing facilities shuttered their operations over the last four decades, leaving farmers and ranchers with significantly less options for slaughtering and processing their meat. As it currently stands, less than a hundred slaughterhouses are responsible for over 95% of the country's meat production.²

As a result of the laws and regulations governing who can process meat for commercial consumption, there are high barriers to entry for small businesses looking to increase their market capacity. In order to have a full-time inspector or multiple inspectors on site, producers are required to furnish rent-free office space, laundry service, and other amenities for FSIS representatives.³

Today, with facilities staffed by FSIS and state inspectors usually operating at full capacity, farmers and ranchers have fewer choices on where to have their animals slaughtered and processed. While the supply of processing facilities contracted, the demand for meat products throughout the country surged,

¹ <https://www.fsis.usda.gov/food-safety/safe-food-handling-and-preparation/food-safety-basics/slaughter-inspection-101>

² <https://www.nytimes.com/2020/04/18/business/coronavirus-meat-slaughterhouses.html>

³ https://www.fsis.usda.gov/sites/default/files/media_file/2020-08/Grant_of_Inspection.pdf

creating an even higher demand for processing facilities. Farmers are increasingly forced to book appointments months in advance, and they often must travel over state lines.

Centralization also leaves the meat supply chain, and by extension the country's food security, vulnerable to massive disruption. When large plants halt operations, the capacity within the market to pick up the slack largely does not exist, causing meat prices to skyrocket. Unfortunately, we saw this play out to a degree during the COVID-19 pandemic and in other instances when plants had to close due to fire and flood.

Similarly, when things go wrong at large, centralized processing facilities, the impacts on the immediate supply chain are enormous. With 85% of grain-fed cattle processed by the four largest producers, if one of the plants has an outbreak of a foodborne pathogen that forces a recall, there is a massive economic impact on food pricing and availability.⁴ When recalls have happened from the largest processing facilities, millions of pounds of meat are pulled off the shelves that are ultimately destroyed.

However, there is another option to decentralize production that cannot legally bring products to local markets due to federal law and regulation. Custom slaughterhouses exist throughout the nation, but by statute they are only allowed to slaughter meat for personal consumption. With over a thousand of these facilities across the country, they are well positioned to provide the option of locally sourced meat to their communities.

Custom slaughterhouses are required to follow all USDA and state laws and regulations, but they do not have on-site inspectors. Instead of having a persistent inspector presence, they are examined by federal, state, and local authorities throughout the year.

With legislative updates to the Federal Meat Inspection Act, states could, if they wish to, allow custom slaughterhouses and processing businesses to sell meat commercially. This would empower small businesses, including ranchers, farmers, processors, restaurants, and local grocers, while also ensuring food security on a state and local level.

Health and Safety

Opponents of easing the statutory and regulatory burdens of small businesses in the industry often cite consumer confidence as one of the most significant reasons to continue under the status quo. However, no number of laws or regulations, including federal inspectors on site, will fully protect consumers from food safety issues.

When something goes wrong in a large-scale operation, the impacts are significantly more widespread than if they had come from a small business. According to the FSIS, over 2.6 million pounds of beef, pork, and mixed meat products were recalled in 2019.⁵ Despite on-site USDA inspectors, materials such as plastic and metal were found in meat products, as well as Salmonella, Listeria, and E. coli.

⁴ <https://www.reuters.com/business/how-four-big-companies-control-us-beef-industry-2021-06-17/>

⁵ <https://ij.org/initiatives/food-freedom/prime-act/frequently-asked-questions-about-the-prime-act/>

That was not an anomalous year. In fact, in 2014, the USDA recalled 8,742,700 pounds of beef from one USDA inspected facility alone.⁶

To put it plainly, no single independent processing facility that stands to benefit from deregulation could even produce 8.7 million pounds of beef – more than 12,000 cattle – in a year, let alone cross-contaminate it so badly that it would all need to be recalled. With the average American consuming about 57 pounds of beef per year, this single loss was equivalent to the yearly beef intake of 158,958 people.

When millions of pounds of meat products are recalled each year and subsequently destroyed due to cross contamination, it is hard to believe that small custom shops are an increased credible threat to consumer confidence.

There is an existing precedent for less regulation working out favorably. Chicken farmers processing less than 20,000 birds have already been doing this safely for the last 40 years with poultry products.⁷

Food Security

The COVID-19 pandemic was especially debilitating to major meat processing facilities. Large groups of workers in close quarters made viral outbreaks inevitable, with major facilities shutting down at key times during the pandemic. As these plants closed to ensure employee safety, the meat supply chain suffered. Grocery stores were running out of meat, prices skyrocketed, and many Americans were unable to buy meat to feed their families.

Because the U.S. meat market is highly regulated and centralized with only a few processors supplying the vast majority of meat across the states, shortages were rampant.⁸ America learned that the status quo will not always work.

Reducing restrictions in this space would allow for a larger, more diverse, freer market for meat processors in this country. For example, the Processing Revival and Intrastate Meat Exemption Act, better known as the PRIME Act, would expand on exemptions and allow facilities that currently operate under state regulation to participate solely in intrastate commerce.

This proposed policy change would drastically increase the amount of meat processors from which grocery stores, restaurants, hotels, and other food establishments can purchase meat. This would not only allow for a freer market landscape, which has a variety of benefits in and of itself, but it would also help safeguard against future disruptions in the meat supply chain.

In December of 2020, members of the ALEC Task Force on Energy, Environment and Agriculture passed a model Resolution in Support of the PRIME Act.⁹

⁶ <https://www.fsis.usda.gov/recalls-alerts/california-firm-recalls-unwholesome-meat-products-produced-without-benefit-full>

⁷ <https://extension.umd.edu/resource/maryland-regulations-poultry-product-sales>

⁸ <https://time.com/5830178/meat-shortages-coronavirus/>

⁹ <https://alec.org/model-policy/resolution-in-support-of-the-prime-act/>

A Proper Balance of Federalism

A small business that only engages in intrastate commerce should not be subject to the weight of the full federal bureaucracy. Instead, states should be the primary responsible party.

Farmers and ranchers that just want to serve their local restaurants and grocers should not be forced to compete for space in slaughterhouses with multinational corporations when there are small custom shops throughout the country that are ready, willing, and already inspected to USDA standards. This is a perfect example of well-meaning federal regulation run amuck.

As the 50 laboratories of democracy, it should be up to the states to decide whether to allow and how to regulate business within their own borders. This is one of the guiding principles of federalism.

There is an opportunity to empower small business, decrease regulation, and improve food security if Congress decides to act.

Mr. MASSIE. Thank you, Mr. Trotter.

Mr. Gunthorp, you're recognized now for your opening statement.

STATEMENT OF GREG GUNTHERP

Mr. GUNTHERP. I'm Greg Gunthorp, an artisan farmer, processor, and meat distributor. I'm a member of the American Grass Fed Association and Farm Action.

Thank you, Mr. Chair, for the opportunity to present today.

I grew up on a diversified family farm in the 1970's and 1980. After attending a land-grant university, I came home to farm with my family.

In 1994, the hog market dipped, and dad said the hog industry was over for the independent hog farmer. My wife and I bought the sow herd and went off on our own. We found out in 1998, dad was right. The market crashed. We sold live pigs for less than what my grandpa sold them for in the depression.

After selling commodity pig—selling pigs in the commodity market for four generations, we sold our first dressed pig to a restaurant in Chicago that same year. Our first customer, Charlie Trotter, was rated No. 1 in the world for food and wine by *Wine Spectator Magazine*. We capitalized on the popular farm-to-table movement. Had we filled out the paperwork, we would have made the Inc.'s 5,000 list in 2011 as one of the fastest growing independent businesses in the United States, with product being served at O'Hare Airport, the Sears Tower, Wrigley Clubhouse, and Disney, just to name a few.

Today, we are in a fight for our life. I'd love to tell you that rural America has thrived with niche marketing wholesale opportunities like I once had. I'd love to tell you that dealing with USDA is easy rather than the major challenge it is. Finding, keeping, and affording a skilled workforce in today's descaled industry is virtually impossible. Market access for small, local, regional plants in today's wholesale, predatory, and concentrated marketplace is no longer possible.

Food that tastes better and is better for you, agriculture that rebuilds soils and community, food system resilience, greater biodiversity, and more opportunities for all should be the goal. The global food supply is in peril. For too long, get big or get out policies touting false efficiencies and economy of scale have favored today's failed top-down controlled and concentrated food system, wiping out the safer, more dependable, and resilient local/regional infrastructure essential for our food security.

The issue to me is like the local little league committee. We aren't here to argue balls and strikes. We need a new game where everyone has a chance for success, including us smaller scrappy players who are willing to put the time and energy into it.

New processing plants quickly realize that attaining a grant of inspection from USDA is a difficult hill to climb. Only after we climb the USDA inspection hill do we see the mountain—fair market access—today's insurmountable challenge.

Fixing USDA inspection issues is the first step in rebuilding local/regional food systems. I've spent several decades of my own time and resources doing advocacy work for the independent family farm and small processor. If we want successful local and regional

food systems, we need subsidy reform, antitrust enforcement, truth in labeling, and inspection reform, and we must support the infrastructure with government purchasing.

Here are my suggestions on inspection reform and antitrust enforcement. First and foremost, we need to create an ombudsman to deal with USDA dysfunction concerning existing and perspective small and very small establishments. Small plants have more issues with the process than they do with the regulations. It's 1st, 4th, and 14th Amendment issues, *i.e.*, the ability to challenge and criticize without retribution; the differences in opinions when plants have facility, product, and/or equipment retained; and the ability to have realistic due process during unprofessional inspection behavior and/or differences in opinion. There are way too many nightmare stories. We could go on all day talking about those.

We need to redefine plant size so that overtime fees, grant funds, procurement funds, and implementation of regulations are actually appropriate. You guys need to look at the National Advisory Committee for Meat and Poultry Inspection—I served on that—and we don't actually even get to present topics for the Committee.

I have some—ensure that rulemaking processes are complete before USDA enforces rules. Salmonella performance standards; excellent example.

We need to do everything we can to expand the Talmage Aiken or cooperative State inspection. Most of the little plants in this country are actually in those, because they can deal with the politics and bureaucracy of State programs easier.

Please restore truth in labeling. Every viable niche we've come up with has been stole by Big Ag without any meaningful change.

USDA procurement program should prioritize some of its purchasing from local and regional suppliers.

Fix the agency revolving door and ethics issues.

Restore strict antitrust enforcement. Oligopolies and monopolies harm both producers and consumers. It's clear that cheap food isn't cheap.

Today, the essentially unregulated big food cartel continues to extract the wealth and resources of rural America, while local independent businesses, claimed to be the backbone of America, fail under abusive regulatory pressure and lack of market access. The people who best steward our land and livestock and who grow and process our Nation's agricultural production are being left to die under the boot of monopoly power, unprotected and unrepresented at all levels of government. It's time for a change.

Thank you.

[The prepared statement of Mr. Gunthorp follows:]

Where's the Beef? Regulatory Barriers to Entry & Meat Processing

I am Greg Gunthorp, artisan farmer, processor, and meat distributor. Thank you, Mr. Chairman, for the opportunity to present today. I grew up on a diversified family farm in the 1970s & 80s. After attending a land grant university, I came home to farm with my family. In 1994 the hog market dipped and Dad said the hog industry was over for the independent hog farmer. My wife & I bought the sow herd & went off on our own. We found out in '98, Dad was right. The market crashed. We sold live pigs for less than what my grandpa sold them for in the depression. After selling pigs in the commodity market for four generations, we sold our first dressed pig to a restaurant in Chicago. Our first customer, Charlie Trotter, was rated #1 in the world for food & wine by Wine Spectator Magazine. We capitalized on the popular farm to table movement. Had we filled out the paperwork, we'd have made the Inc 5000 list in 2011 as one of the fastest growing independent businesses in the United States, with product being served at O'Hare Airport, the Sears Tower, Wrigley Clubhouse, and Disney, to name a few. Today, we are in a fight for our life.

I'd love to tell you that rural America has thrived with niche marketing opportunities like I once had. I'd love to tell you that dealing with USDA is easy, rather than the major challenge it is. Finding, keeping, and affording a skilled workforce in today's deskilled industry is impossible. Market access for small local/regional plants in today's predatory and concentrated marketplace is no longer possible.

Food that tastes better, and is better for you, agriculture that rebuilds soil and communities, food system resilience, greater biodiversity, and more opportunities for all should be the goal. The global food supply is in peril. For too long, get big or get out policies touting false efficiencies and economies of scale, have favored today's failed top-down controlled and concentrated food system, wiping out the safer, more dependable, and resilient local/regional infrastructure, essential to our food security. This issue to me is like the local little league committee. We aren't here to argue balls and strikes. We need a new game, where everyone has a chance for success, including the smaller scrappy players who are willing to put their time and energy into it.

New processing plants quickly realize that attaining a grant of inspection from USDA is a difficult hill to climb. Only after we climb the USDA inspection hill do we see the mountain – fair market access - today's insurmountable challenge.

Fixing USDA inspection issues is a first step in rebuilding local/regional food systems. I've spent several decades of my own time and resources doing advocacy work for the independent family farm and the small processor. If we want successful local and regional food systems, we need:

- Subsidy reform
- Antitrust enforcement
- Truth in labeling/labeling reform
- Inspection reform

- And we must support that infrastructure with government purchasing

Here are my suggestions on Inspection Reform and Antitrust

Enforcement:

- Redefine establishment size. This impacts regulation implementation dates, overtime fees, grant funds, and procurement funds. (needs better explanation)
Current definition is:
1-10 employees, Very Small
11-499 employees, Small
500+ employees, Large
My recommendation:
0-25 employees, Very Small
26-150 employees, Small
151-500 employees, Mid-Scale
500+ employees, Large
- Create an ombudsman to deal with USDA dysfunction concerning existing and prospective small and very small establishments. Small plants have more issues with the process than they do with the regulations. It's 1st, 4th, and 14th amendment issues, i.e. the ability to challenge and criticize without retribution; the differences in opinion when plants have facility, product, or equipment retained; and the ability to have realistic due process during unprofessional inspector behavior and/or differences of opinion. There are too many nightmare stories.
- Ensure that rulemaking processes are complete before USDA enforces rules. Salmonella Performance Standards in poultry slaughter plants gave large plants a free ride while giving USDA the opportunity to harass small plants.
- Expand Talmage Aiken or Cooperative State Inspection to more states. Implement a program to increase the inspection force by recruiting local veterinarians and vet techs to serve as part and full time USDA inspectors. This will save USDA money while helping fill the need for large animal vet clinics in rural communities.
- Restore truth in labeling. Every viable niche we come up with has been stolen by Big Ag without any meaningful change in production practices. Country of Origin labeling is only a beginning. Grassfed, organic, natural, gestation crate free, pastured, etc., are all meaningless and misleading.
- The USDA procurement program should prioritize purchasing from local/regional suppliers. USDA should build relationships now rather than when there are issues with the food supply and they are scrambling.
- Fix agency revolving door and ethics issues.
- Restore strict antitrust enforcement. Oligopolies and monopolies harm both producers and consumers. It's clear that cheap food isn't cheap.

Today, the essentially unregulated big food cartel continues to extract the wealth and resources of rural America, while local independent businesses, claimed to be the backbone of America, fail under abusive regulatory pressure and lack of market access. The people who best steward our land and livestock, and who grow and process our nation's agricultural production are being left to die under the boot of monopoly power, unprotected and unrepresented at all levels of government. It's time for a change.

Mr. MASSIE. Thank you, Mr. Gunthorp.

Thank you to all the witnesses who speak from experience.

I'm now going to recognize the Ranking Member, Mr. Hank Johnson from Georgia, for his opening statement.

Mr. JOHNSON of Georgia. Thank you, Mr. Chair, and thank you for holding this hearing on barriers to entry and competition in meat processing.

In my State of Georgia, we have nearly 50 poultry processors alone, with at least two in my district. Although concentration in meat processing is an issue industrywide, no other sector is more vertically integrated than the poultry industry. Fifty-four percent of all chicken processing is controlled by just four giant corporations: Tyson, JBS, Marfrig, and Seaboard. While these poultry processors account for more than half of the market, this was not always the case. In 1986, for instance, these companies only controlled 35 percent of the market.

Chicken integrators who perform a similar function as meat packers, such as Tyson Foods or Pilgrim's Pride, control every step of the poultry production, from breeding to slaughtering. Chicken growers across the country and in my State are contract farmers. They sign contracts to grow chicks on a roughly six-week basis, and they must agree to substantial capital commitments.

At a hearing before the USDA and DOJ, poultry farmers explained how this process forced them to take on debt, had little security that their contracts with the big chicken companies would last long enough for them to pay off their debts, and they faced retaliation, such as losing their contracts if they complained.

Dominance in this sector has resulted in measurable harms to our local farmers. The Small Business Administration Office of the Inspector General found in 2018 that the large chicken companies exercised, quote, "such comprehensive control over growers," that it nullifies, quote, "practically all of a grower's ability to operate their business independently."

More than half of all chicken growers only have one or two potential integrators in their area. Growers claim that even when they have multiple integrators nearby, they do not, as a matter of practice, compete for growers. The dominance of just four large corporations in this sector does not hurt just the farmers and meat suppliers, but it also affects worker wages and consumer prices.

Although large meat processing plants should result in lower operating costs that should positively impact workers' wages and consumer prices, these big firms have instead used their control over the market to extract more profit from the system, while paying workers less and charging consumers more. Charging consumers for meat is not a small issue. Meat prices are the single largest contributor to the rising cost of groceries.

Finally, as the COVID-19 pandemic demonstrated, our reliance on these four meat processors has created a fragile food supply system that contains numerous bottlenecks that are highly sensitive to shocks in the market. For all these reasons we should closely examine what we can do as Members of the Judiciary Committee to increase competition in the meat processing market, protect workers, and ensure that smaller meat plants are getting the support they need to compete and thrive.

Although Federal standards for meat processing facilities can pose a high burden to smaller processors, we should explore ways of supporting them and breaking up the big four meat processing companies, not rolling back inspection regulations that have roots in the late 1800's and support a safe and sanitary food system. Maybe we should add more Federal workers to get the job efficiently and effectively and, hopefully, those workers can have a heart and treat the people that they work with humanely and with some compassion.

I thank the witnesses for coming here today. I want to especially thank Ms. Bauman, our Queen Esther exemplar. Thank you all for sharing your perspectives.

I yield back the balance of my time.

Mr. MASSIE. I thank the Ranking Member.

We'll now begin the questions, and we'll proceed under the five-minute rule.

I'm going to yield to the Chair of the Full Committee, Mr. Jordan.

Chair JORDAN. I thank the Chair.

Mr. Salatin said it best when he said: "They trust their farmer more than a government agent." Amen to that. Someone once said, when someone from the government shows up at your front door, your first response is not usually, oh, joy, one of my public servants is here to help me today. That is the fundamental issue.

I appreciate what the Chair's doing and everyone's testimony. It's amazing, we got four witnesses. I don't know which one came from the Democrats, but they all understand we have to change this system. So, God bless you all for what you do.

I'm going to yield to the good man who knows a little bit about agriculture, from Wisconsin, Mr. Tiffany.

Mr. TIFFANY. Thank you, Mr. Chair.

I believe you used the phrase, Mr. Salatin, "rule without restraint." I wrote a letter on August 27, 2021, to the Food Safety Inspection Service, it actually went to Secretary Vilsack, in regard to forced mask mandates that were put on processing facilities. As I quoted in here, "they do not have the authority to abate hazardous conditions directly." That was what FSIS said, "they do not have the authority."

Do you see these things regularly from the Food Safety Inspection Service?

Mr. SALATIN. Yes. Yes. There is, as I mentioned, the word "extortion." The problem is that if you dare question a judgment because of the subjective nature of inspection, it's not empirical at all. They can retribute pretty easily. So, every owner of a plant, like us, has been down this road where—well, I can tell you the example. For us it happened in the last five years. We've had two new inspectors at our plant. Because we're a small plant, it's a training ground for new ones. So, because we sell grass-finished beef, not grain finished, many times our liver has just a bit of a green patina around the edge because it's not feedlot.

So, two years in the last five, we've had new inspectors that condemned all our livers. That's \$30,000 a year, times two is \$60,000 a year. We take them 50 miles up to another plant with another inspector, all our livers come back. Same animals, same farm, same

day, and same rules. One, we lose several thousand. One, we gain several thousand.

If you dare question or say anything, then, well, we can find a fly here, we can find a post wrong here, this room has to be blue instead of pink. So, you just are under this extortion all the time.

Mr. TIFFANY. It kind of brings back a funny story, Mr. Chair. When I was a kid on a dairy farm, all the dairy farmers in the area used to always say, you got to make sure you got one thing wrong for the inspector to see because you can't get a perfect score.

Mr. Gunthorp, I believe you used the phrase "presumed guilty." I think you used that in your testimony. To this same point, is this something that you found also.

Mr. GUNTHERP. As I mentioned in my testimony, I think that we see this on a regular basis. I would argue that—and I've actually read the regulations, I probably can cite to any of them imaginable—but I think the problem is the interpretation, and it is the dysfunction that we see with the inspection. As I mentioned, I think it's our First Amendment rights, because I think it's our ability to challenge and criticize the inspectors, and we can't do that because of, as Mr. Salatin said, "retaliation." I think it's the—we can't question or even have them have proper probable cause or suspicion when they either withhold our ability to use our facility, our equipment, or hold our product.

Then we don't have legitimate due process in this. If I actually wanted to fight over an issue with the USDA, I'd have to go completely through the appeal process. So, starting at the inspector that wrote us up for noncompliance, I'd have to go through the whole way through the chain of command before I could get an administrative court hearing. So, I'd have two years that we wouldn't be open without even being able to get due process. That's not due process.

Mr. TIFFANY. Thank you very much for that. I just got a brief time.

Mr. Gunthorp, you sound like you could be interchangeable with our ALEC representative here. I really appreciate the Democrats bringing you forward.

To the Ranking Member, you hope to have a heart, you hope these regulators have a heart, but sometimes that is not how it works, and you force some of these plants to close. We've seen it in our district where we have a plant closing. They were subject to those mask mandates. It really did great harm to their business. I know it caused them to reconsider whether they should do an expansion.

I would just close with this, Mr. Chair. I am so—we are so fortunate in Wisconsin. We have, I believe, almost 500 of these small processors. Many States do not have the diversity of processors. I get a quarter to a half every year, my wife and I do, from one of those small plants. We are so fortunate. I hope this can happen in the rest of the country.

I yield back to the Chair—or yield back to you, Mr. Chair.

Mr. MASSIE. Thank you, Mr. Tiffany.

I'm going to yield to the Ranking Member of the Full Committee at this moment for questions, Mr. Nadler.

Mr. NADLER. Thank you, Mr. Chair.

Mr. Gunthorp, the meat processing market is highly concentrated with only four firms controlling most of the processing in this country. Why was it important to your family business to start your own plant to become involved in the meat processing plant?

Mr. GUNTHERP. Thank you for the question. We had no choice but to start a processing plant. My family raised pigs and sold live pigs on the commodity market for four generations. The commodity market is virtually done for the independent hog farmer, especially somebody like us that raises heritage breeds of pigs on pasture seasonally. The commodity market's not going to buy those hogs at any price that we could be profitable. We have no choice but to establish our own markets.

Mr. NADLER. How hard has it been for your meat processing plant to stay in business and compete against large-scale processing facilities owned by one of the big four meat processors?

Mr. GUNTHERP. It's been an amazing journey. Unlike Mr. Salatin, we wholesale virtually all our stuff. We're not direct to consumers. So, we sell mostly to restaurants, upscale retailers. Up until about 2015, it was an amazing journey. We could sell product virtually anywhere. I think that the whole farm-to-table movement woke the big guys up, and the big guy's now with misleading labels. It's part of a requirement for antitrust enforcement is that you have a fair and competitive market.

The big guys co-oped every single thing that we produce nowadays, whether that's natural, whether that's grass fed, whether that's product of USA, and whether that's the organic label. Those same big companies dominate all these markets, and they dominate them without the production of—

Mr. NADLER. More since 2015?

Mr. GUNTHERP. What.

Mr. NADLER. You implied more since 2015.

Mr. GUNTHERP. Oh, it's been—I mean, it started about 2015. We corresponded to it by expanding our region. We sell outside of our local region so, as far west as Oregon, as far south as Florida, into Pennsylvania, and New York. Expanding regionally works for so long. Eventually, when it becomes—I should send you a link to the Joe Rogan show. A good friend of mine, Will Harris, explaining his whole situation with Whole Foods. It's all the niche farmers that are wholesaling.

Mr. NADLER. Thank you.

Mr. Gunthorp, how do USDA inspections help protect the quality and safety of the meat produced to ensure the health and well-being of the livestock?

Mr. GUNTHERP. I think there should be some improvements in the USDA inspection system, but I'm actually a fan of USDA inspection. I think for the overwhelming majority of meat and poultry sold in the United States we need a basic standard for safety and wholesomeness.

USDA is supposed to be there to be another set of eyes to ensure that we're doing what we're supposed to do. I would say about 80 percent of the inspectors fall in that category. You actually got a problem with 10 percent. I like to call them the lazies and the crazies. You got 10 percent that don't do their job, and they're a problem for both of us as a plant and consumers. Then you got 10

percent that there's not a person on the planet that can make them happy. USDA has nothing, whatsoever, to do to be able to deal with those inspectors. Little plants can't deal with them at all. So, you guys really need to fix both ends of it.

Mr. NADLER. Now, Chair Massie's PRIME Act would propose to carve out meat sold commercially within the State from the Federal baseline inspection requirements. Do you expect consumers in your State to have an appetite for this uninspected meat?

Mr. GUNTHER. I would say I'm not opposed to the PRIME Act. I think that if you put the restrictions poundswise the same week—we have the equivalent right now in poultry inspection, and it's 1,000 birds per year and 20,000 birds per year. We don't have problems with that. Indiana is actually one of the exemplary States. I would tell Mr. Johnson that Georgia is actually right now eliminating their—

Mr. NADLER. Thank you. I have two more questions, which I'll ask as one. Are there tracing mechanisms in use at the State level that are like the tracing that a USDA inspection supplies? If meat is sold without a USDA inspection mark and thus unable to be traced, how might consumers who later fall ill thanks to contaminated meat find out if the meat came from a specific meat processing location?

Mr. GUNTHER. I think that it's that accountability of actually there—the person buys from the actual producer and processor. So, I think that's the tracing there. That's why I say we need USDA inspection when it's a no-name transaction and it's in the grocery store and you don't know who the producer or the processor is. That's why USDA creates that basic level there. When it's an interaction between two people, the traceability is you know the person you got the meat from.

Mr. NADLER. Thank you. My time has expired. I yield back.

Mr. MASSIE. I thank you, Mr. Nadler.

I yield five minutes to Mr. Cline for his questioning.

Mr. CLINE. Thank you, Mr. Chair. I want to thank you for holding this important hearing on this critical topic. I support your legislation. I've been a co-sponsor for many years. It's important to my district.

I want to welcome my constituent, Mr. Salatin, here today. The Sixth District of Virginia is the No. 1 agriculture district in the Commonwealth. So, I see that he has been writing nonstop since he gave his testimony, and everybody else has been asking questions. So, I'm going to give you a minute just to kind of respond to what was said before I launch into my questions.

One thing Mr. Tiffany mentioned was the proliferation of small processors in Wisconsin. I asked him why and what was the kind of reason for that magic that happens in Wisconsin as opposed to what might happen in Virginia.

Mr. Salatin, thank you for being here.

Mr. SALATIN. Well, Wisconsin has a really small farm. It's the cheese capital. It has a really small farm feel about it. To my knowledge, Perdue is not there, Tyson's not there. So, in Virginia, we have Smithfield. So, it just has a small farm feel.

Also, that as you head into Wisconsin, you get a kind of—it's not in the center, it's out there. A lot of homesteaders are moving to Wisconsin. So, it's got that smallholder feel.

Mr. CLINE. Well, in Virginia, we have a State-level program that allows meat to be inspected and sold for intrastate commerce. However, we're one of only 27 States that have this kind of program in place.

How would the PRIME Act improve on our system in Virginia, if at all?

Mr. SALATIN. Well, the PRIME Act would allow by-the-cut sales. I know Mr. Nadler has kept harping on safety, safety, safety, but we've got to realize that safety is actually quite subjective. I think a lot of people do things that are unsafe. Like drinking three Cokes a day is pretty unsafe. Maybe, I'll not go too far here, but there are a lot things that people do that are maybe bungee jumping, whatever, OK. So, 50 kids drowned in backyard swimming pools last year. That's more than have ever been hurt by any kind of meat problem. We're not filling in swimming pools.

What I'm saying is you choose your risk. It's a personal choice of how you choose your risk.

So, the beauty of the PRIME Act creates a parallel competition based on voluntary consensual choice among adults to opt out of a system. Just like homeschooling has now created a competition and opt-out chance and charter schools for people that are upset with the public school and don't trust the public school system. Or Uber created an opt-out option for the chauffeuring business. Or Airbnb created an opt-out position for the hospitality industry. We need an opt-out—the only way to really break up these big outfits is to create a universe that allows a competitive free-market option.

So, the PRIME Act allows a competitive free-market option that will create accountability within the system.

Mr. CLINE. You have a long history of helping small farmers and processors get started in the industry and navigate Federal laws, USDA regulatory requirements, and food safety inspector relationships. Starting at the beginning, what are the biggest problems faced by processors and just getting a grant of inspection that enables the facility to even operate?

Mr. SALATIN. The biggest problems for getting around the inspection?

Mr. CLINE. No, getting a grant of inspection.

Mr. SALATIN. Oh, getting a grant of inspection. Oh. Well, it's basically a \$2 million process. You've got a million dollars to build a facility and a million dollars to get the paperwork done.

Mr. CLINE. Once a facility is operating, what difficulties do processors face in complying with all the Federal laws and regulations?

Mr. SALATIN. Well, I think you heard a lot of it right here.

Mr. CLINE. We've heard a lot.

Mr. SALATIN. When we were talking here before the meeting, Greg—Mr. Gunthorp—I'm sorry, be formal here—mentioned that if we started down the path of each of us telling stories, we could be here well into the night. The problem is that these stories don't have easy resolutions because of the nonappellate situation within the industry.

So, that's why trying to say, be nice, agency. FSIS, could you be nicer? Could you be kinder? That doesn't work. The reform needs to come from an option that allows people to take control of their own microbiome.

Mr. CLINE. Thank you for being part of a discussion that's long overdue.

I yield back.

Mr. MASSIE. I thank the gentleman from Virginia.

I recognize Ms. Jayapal now for her questions.

Ms. JAYAPAL. Thank you, Mr. Chair.

After decades of corporate consolidations, small and independent farmers are limited to fewer larger meat processing facilities to prepare their product for consumption. Over 20 years ago, the market share of the two largest meatpacking firms was 21 percent. Today, there are just four companies—these are the four companies—that occupy over 50 percent of the market, even though there are almost 6,000 meat processing businesses in the United States. These conditions, as we're hearing, have led to a scarcity of options for many independent farmers, many of whom must now travel great distances to process their meat.

I really appreciated, Mr. Gunthorp, your description of the boot of monopoly power. I think that is an apt description for how small independent farmers are being crushed.

Before we get to that, I just wanted to pick up on something that Mr. Salatin was just saying. Do you think that the essential components of food safety are subjective?

Mr. GUNTHERP. For me?

Ms. JAYAPAL. Yes.

Mr. GUNTHERP. Yes, I think it is. As I mentioned earlier, 80 percent of the inspectors, by my estimation, do a great job. They're there to ensure we have a safe and wholesome food supply. Ten percent of them probably don't do their job, and 10 percent—

Ms. JAYAPAL. That 80 percent are judging on standards that it sounds like you think are appropriate, their core essential functions of food safety?

Mr. GUNTHERP. Yes. Employee hygiene, preoperational, operational sanitation, ensuring that you're meeting critical control points. Those things are essential whether we'd have USDA there or not.

Ms. JAYAPAL. Thank you. So, they're essential. I just wanted to make it clear that it's not like we're looking at food safety and saying this is a whole set of things that we can just judge whether or not they're safe. There are certain clear standards, and that is what the regulators are trying to regulate.

I understand your point. You've been nuanced in saying that they're not necessarily all doing a great job. I understand the things we need to do better, but that you're in favor of having some regulations, and that the majority, 80 percent of them, do a good job.

Mr. GUNTHERP. Oh, yes. Those four large corporations, and even down to a much smaller scale, it'd be a free-for-all if we didn't have inspection. I still think person to person is a different—

Ms. JAYAPAL. Of course, understood.

The U.S. Department of Agriculture reported in 2002 that four-firm concentration in hog slaughter increased from 30 percent in 1989 to 57 percent in 1999.

In 2004, Mr. Gunthorp, you began operating your own USDA-inspected processing plant due to limited processing availability. Can you talk about why you think there was limited processing availability at that time?

Mr. GUNTHERP. That's a story that would probably take a whole book. The hog industry consolidated. The big guys kept getting bigger and pushed out the little guys. As I mentioned earlier, in 1998, we sold live pigs for less than what my grandpa sold them for in the depression. We really had no choice but to quit the hog market. It was over. Went from 600,000 hog farmers to 60,000 today. Everybody quit. We just chose to try a different path so that I could still raise pigs.

Ms. JAYAPAL. Yes. You've been really successful at that. You've maintained your processing facility for almost 20 years.

As companies have consolidated more during that time, has access to processing facilities improved?

Mr. GUNTHERP. In some ways it's improved, but in lots of ways that it has gotten worse. I tell people processing plants disappeared, but we forget the kind of processing plants that farmers need to be able to direct market had completely gone away. The little processors that had a truck that did a route that actually made a whole bunch of different products, served restaurants and retailers, those didn't exist when we started direct marketing. We've had to rebuild this whole process.

Ms. JAYAPAL. You've had to really rethink the whole thing.

Mr. GUNTHERP. Yes.

Ms. JAYAPAL. Currently, just four companies, as I mentioned, control more than half of the market in chicken processing, close to 70 percent in pork, and nearly three-quarters in beef. How does that consolidated power—and you've spoken to this in different ways, but briefly, how does that consolidate power impact the pricing for independent farmers and consumers?

Mr. GUNTHERP. It drastically impacts the pricing for farmers and consumers. We've been told economy of scale, economy of sale. I have a degree in economics from Purdue University. It realistically has not worked for farmers or producers. It has not increased farmers' prices. It's drastically reduced farmers' prices, and it's increased consumers' prices. All that improvement has went to the people in the middle. In my opinion, the Department of Justice, the USDA, and the Federal Trade Commission have been on vacation since the 1970's on antitrust issues.

Ms. JAYAPAL. I absolutely agree, and they're coming back in a big way, and I really support that.

Mr. GUNTHERP. I'm ready for them to go back to work.

Ms. JAYAPAL. Fantastic. Well, I really appreciate it.

Mr. Chair, I yield back.

Mr. MASSIE. Thank you, Ms. Jayapal.

I now recognize the Chair of the IP Subcommittee, Mr. Issa, for five minutes.

Mr. ISSA. Thank you, Mr. Chair.

This is an incredibly important hearing, and hopefully I can ask a couple of questions to bring a few things out.

Mr. Salatin, you're probably the most qualified to answer a fairly straightforward question. Is there a record of a difference between State inspection and USDA's inspection as to tainted meat getting into the market?

Mr. SALATIN. I don't know. I assume that there is some data base that records—

Mr. ISSA. Are you aware of any record that somehow the States didn't care enough about people's health where the Federal government did a better job?

Mr. SALATIN. Oh, no. The Federal government never does a better job.

Mr. ISSA. OK. I'll take that one for the record.

Mr. SALATIN. Probably not even a better job than a direct farmer to consumer where a farmer doesn't have a bureaucracy to hide behind.

Mr. ISSA. Similarly—I once worked in a slaughterhouse. I worked for Rabbi Kaizen (ph). I'm not sure how far over 1,000 chickens he went, but let me assure you there were hundreds every single day as I came to work, so it was a lot. He slaughtered them according to religious beliefs. We stripped the feathers off, we soaked them in brine, and later that day I got to deliver them in a very old station wagon to one after another customers, if I was lucky, because I got tipped for that. I didn't get tipped for slaughtering.

So, is there a record, similarly, of the small processor, including the one-of-a-kind rabbi who operates both retail and wholesale? Is there any history that small is somehow less able to do the job properly?

Mr. SALATIN. Not to my knowledge.

Mr. ISSA. So, as we see over 50 percent of processing done by just four processors and we see, to my recollection, that most of the time when I hear about it, they're the ones that have the shut-downs and the recalls and so on. Now, maybe that's because of their volume, but it doesn't seem like bigger is better from the standpoint of safety. Is that fair?

Mr. SALATIN. That's absolutely fair, just like—think about your own kitchen. If you're cooking five meals a day in your own kitchen, as long as you keep it clean, then if suddenly you're doing 50, scale does matter.

Mr. ISSA. Ms. Bauman, you haven't been asked very much, but would you like to, as we say here, opine on those two questions of bigger versus better and who cares more about the health and safety, the processor and your local inspector or somebody who's brought in from somewhere in the country for USDA?

Ms. BAUMAN. Yes. I would say, from a safety perspective, if there's any difference between small processors versus large, it depends maybe which data base you'd be looking at, because if—the USDA does publish all the testing that goes on in small and large plants. They have a public access data base. I don't know how to get there, but—and you will find that the small plants do have a higher incident rate of testing failures. However, that's—you'd want to call the word "failure," but that is directly proportionate to the ratio of products tested.

So, small plants are tested an incredibly lot more than large plants. So, they can look really bad on the data base until you realize which representation you're looking at. From a State versus USDA, I'm not aware of any difference in that either.

Mr. ISSA. Mr. Gunthorp—I could ask either of you this—but, is it fair to say that when your name is on the meat and your business goes from whatever it is to zero, maybe permanently from a standpoint of high-end restaurants and so on buying, that you're probably more likely to pull back any dubious meat because you cannot afford to have your brand hurt, where, quite frankly, the majors, yes, they have a brand, but they've had all these problems and they survived them.

Mr. GUNTHERP. I tell people all the time, there's a huge correlation between food quality and food safety. If you're selling to high-end restaurants, high-end retailers, our name is all about quality. So, we can't put anything out there. Small guys with one recall are done. Big guys, no name, it goes on.

Mr. ISSA. I'm going to have a rhetorical question for a moment for the record, and that is, a big chunk of our meat, not the majority, but a chunk of it comes from outside the United States. I think of New Zealand lamb and so on. My understanding is it's inspected when it gets here. So, to a great extent, meats from around the world enjoy the ability of being inspected after the fact, rather than intrusive visits to the factory. That may, in fact, be just as much of a double standard for the USDA to try to explain.

So, with that, Mr. Chair—that one was for the record—I yield back.

Mr. MASSIE. Thank you, Mr. Issa.

Now, I recognize Mr. Correa for his questions.

Mr. CORREA. Thank you, Mr. Chair. I just thank you for holding this most important hearing.

As I think about your comments, USDA versus the PRIME Act, we've got to have safety standards. I don't represent an area that we do any farming, primarily very urban southern California. We still care about safety of the products we consume.

USDA, I've heard testimony today, fixing the USDA inspection. Do we need a nicer, kinder USDA?

Ms. Bauman, you mentioned this in your comments that you get inspected more often. You feel you're held to a higher level of scrutiny because you're small versus a larger—the big four, so to speak. Is that because they're trusted more than you are? What is it, in your opinion, that drives more scrutiny of your operation as opposed to the larger guys?

Ms. BAUMAN. Well, part of it is just how the regulations are written and exemptions made for high-speed slaughter. So, whenever animals are being slaughtered, an inspector is required to be present. Because of I can do far fewer in a day—what I do in a day is equivalent to like maybe what some of them do in a second—they have more time to see more stuff, bottom line. It doesn't mean that the big guys don't mess up more—

Mr. CORREA. So, that would argue that the inspection of your process, your product sounds to be more safer than that of a high-speed operation.

Ms. BAUMAN. I would tend to think so myself. I have—and likewise—

Mr. CORREA. So, is there an ombudsman? Is there an inspector? Do you have a personal relationship with your personal USDA person that comes out to see you?

Ms. BAUMAN. You have to because you're with them literally all the time.

Mr. CORREA. They would know how you do business, that you don't take shortcuts—

Ms. BAUMAN. Exactly.

Mr. CORREA. —that you're actually there to do a good job.

Ms. BAUMAN. Half of the skill of being a USDA plant owner is developing that relationship because they're your coworker. You have to figure out how to get along and how to achieve your—they can do their job and you can achieve your goals.

Mr. CORREA. I'm trying to get at why is it that you have same rules, same regulations, same set of law, same objectives, yet the outcomes seem to be different? You're held to a higher level of scrutiny, when safety appears to be something that at the end of the system is accomplished, so to speak.

So, how do we change the system so that you're as competitive as the big four and you can essentially compete with the rest and those benefits of competition are passed on to my consumers?

Ms. BAUMAN. Some of that would be—I'm never going to achieve the level of—I'm never going to be able to reduce my levels of inspection, if that makes sense, like the big guys can, because I can't—

Mr. CORREA. I don't want you to reduce levels of inspection. What I want you to do is be able to work with USDA so you're not at a competitive disadvantage.

Ms. BAUMAN. Right. Part of that is plant owner education. I don't have the resources that Tyson does to explain microbiology and defend my practices. I don't have the resources to access—

Mr. CORREA. Explain that to who?

Ms. BAUMAN. What's that?

Mr. CORREA. Explain that to who?

Ms. BAUMAN. To the inspectors. Because everything I do in my plant has to be backed with scientific documentation to prove that I'm not doing anything to make my product worse.

So, one, there's the small plant owner doesn't have that depth of knowledge. In Tyson, they can fly someone in if they need to know more information. That's a rhetorical company named there, but—in the large processors.

Additionally, so it is that the small processors are—don't have the knowledge base by means of who they are, if that would explain it. Then there is the FSIS, diametrically opposed to—

Mr. CORREA. Let me cut you off in the last 30 seconds that I have.

Ms. BAUMAN. OK. Go ahead.

Mr. CORREA. What would you—all of you, would you have a set of recommendations for us to look at, short of, of course, the PRIME Act, if we have to continue to work with USDA? What would be some of the top two or three recommendations that you would have to make your business models more successful?

I only have 15 seconds.

Ms. BAUMAN. Sure.

Mr. CORREA. I would welcome some testimony if you could provide that to my office.

Ms. BAUMAN. I would say two things. Once again, not requiring inspection of stuff that doesn't need it. So, back to, if stuff's exempt, if it's being directly sold to consumers, let me save some time with the inspector and do the stuff that needs it.

The other thing is being able to have a better conversation, an ombudsman, a mediation board, for when me and the inspector have a disagreement, we have somebody to go to, and we don't waste a year trying to get our voice heard.

Mr. CORREA. Thank you, Mr. Chair. I yield.

Mr. MASSIE. Thank you, Mr. Correa.

Now, I recognize Mr. Gaetz for questions.

Mr. GAETZ. Thank you, Mr. Chair.

I'm a proud cosponsor of the PRIME Act. I appreciate this hearing, if for no other reason that I'm not going to eat the bugs. So, I'm here for the where's the beef hearing.

Mr. Chair, I would also observe that there's a great deal of economic opportunity here. As we look at the buying patterns of millennials, there's often great interest in having a greater connection to the farmer or the individual who was involved directly in the production of that food source, rather than moving through a lot of these branded processors.

So, if we were to pass the PRIME Act, I don't just think we would achieve a great regulatory accomplishment, but I think you would actually be able to sell product at a higher price to people who are willing to pay it by virtue of that direct consumer relationship that is only being impaired right now because of what the government has done, wrapping the apparatus of government around these large businesses.

I'm sure I'll learn a great deal more yielding my time to Ms. Hageman of Wyoming and allowing her to ask some questions.

Ms. HAGEMAN. Well, thank you, Mr. Gaetz.

I appreciate the opportunity to be here as well. I'm also proud to be a cosponsor of the PRIME Act.

Wyoming is one of the 29 States currently operating a State inspection program known as the Meat and Poultry Inspection program. Under current law, as has been repeated here several times, the meat processed at the State-inspected plants can only be sold intrastate.

Now, as a product of my family ranch outside of Fort Laramie, Wyoming, and having dozens of family members who are in the livestock business, I can assure everyone here and the American public that every farmer, rancher, and every meat processing facility has every incentive to protect our meat supply and ensure the safe handling of our food.

One of the other reasons that we are here today is to rebut some of the misguided arguments pertaining to this bill, and arguments which are mainly coming from the large corporations and packers who have essentially a monopoly when it comes to meat pricing and packing.

Mr. Trotter, if the PRIME Act became law, do you believe that farmers and ranchers would abandon the existing supply chains whereby they sell to the feedlots which then serve the existing meat processors and packers, or would they continue to use the same process that they use now?

Mr. TROTTER. I think you'd see an expansion. You'd have a lot of the—look, the big feedlots have their purpose. These large industries do have their purpose, but what you have here is an opportunity for small businesses to expand. This would just be a result in net economic growth here.

The large processors do have their place. When it comes to local businesses, like within your own State, making sure that they have products from the farm down the road that didn't need to be trucked 300 miles away to get processed at a USDA facility, there is a market for that. It's simply an expansion of everything else.

You're not going to see the big four necessarily go away, but you are going to see competition around the edges, and you're going to see the biggest benefit for the smaller producers.

Ms. HAGEMAN. Well, so I think it's fair to say, then, that the PRIME Act merely gives farmers and ranchers more options when it comes to selling their cattle, and these increased options in turn provide increased benefits to the producers and stave off vertical integration, as well as allowing these producers to determine their own destiny rather than being at the mercy of the packers.

We contacted some of the producers in the State of Wyoming and asked them to weigh in on some of the challenges that they have related to producing food, producing our beef, pork, and chicken, et cetera. One of the things that I thought was interesting was a comment from one of my constituents who said that our industry is crippled by the endless regulations coming from the EPA, FDA, and USDA. We spend countless dollars and hours tracking, documenting, and proving things that we do as a regular part of our operation. We have to pay experts to file reports because the regulations are so complicated to follow. A few examples of our struggles include the FD rules, CAFO nutrient management regulations, cattle tagging rules, and animal feeding operations and registrations.

The other challenges that they talked about is that there is the industry monopoly that has been discussed several times today. Then the other thing is the unwillingness of the packers to work with our cattle producers, our livestock producers to actually address the price. We also have to be concerned about vertical—continued vertical integration.

These are all challenges that our small businesses, our farmers and ranchers, really the backbone of so many of our communities, are facing with overregulation.

I want to thank all of you for being here today, for sharing your stories, for discussing the importance of the PRIME Act, and for coming to Congress to find ways that we can fix the problems that your industries are suffering from. I can tell you that we're all committed to doing that. We're all committed to making sure that we're providing a safe food supply for the American citizens, the great people of this country. So, again, thank you for everything.

I yield back.

Mr. GAETZ. I yield back.

Mr. MASSIE. The gentleman from Florida yields back.

I'll recognize Ms. Scanlon from Pennsylvania for her questions.

Ms. SCANLON. Thank you, Mr. Chair. I want to thank you for calling today's hearing, so we have the opportunity to highlight the high degree of consolidation that has occurred in our agricultural industry, obviously not a new problem for the country.

Consolidation in grain, livestock, and meat processing has plagued the U.S. since the 1800's. It was those early monopolies that set the stage to pass most of our key antitrust laws that guide our policy to this day. A lot of Americans don't realize how consolidated, particularly the meat processing industry's become, and that just a handful of companies make, process, and sell most of the food that we eat, although they do know that over the past three years they've seen their food prices go up at the grocery store.

The economic shocks of COVID and the Russian invasion of Ukraine have certainly highlighted the urgent need to introduce more competition. Where there's only two or three companies producing a staple good, like grain, eggs, or formula, any disruption of one company can lead to shortages and higher prices.

So, today we're talking about meat processing. We've heard that three, four, or five companies control between 50–70 percent of the various markets. In the past couple years, we've seen these companies use their size to push higher prices on to consumers, while charging farmers less for livestock and shortchanging worker wages and working conditions. So, the handful of meat processing plants that control the lion's share of the market have used their dominance in the market to reap record profits.

The question for Congress should be how to address both food safety and competition, because deregulating large sectors of the meat industry doesn't really solve either problem.

I'm particularly concerned about eliminating food safety regulations that might push serious health costs on to consumers. This includes both the ability to afford and purchase food that's been inspected and is safe, because not everyone's a millennial able to purchase high-end goods, as well as the impact of health costs if safety regulations are not enforced to help drive down costs, but then people get sick.

So, I think the Agriculture Committee is the proper place to have an informed debate about USDA and food regs and how they need to be improved. In fact, traditionally that's where bills in this region have been referred. If the goal is lower prices and more choices for consumers, then improved and targeted antitrust enforcement is needed to help create that competition. It's more independent farmers, food processors, options for achieving those goals, and bills like the Prohibiting Anticompetitive Mergers Act or the Food and Agribusiness Merger Moratorium, and Antitrust Review Act are going to be helpful.

So, I would love it if we were able to look at policies to strengthen the FTC and the USDA so they can break up monopolies, block bad mergers, and protect consumers, workers, and farmers from some of these unfair prices. I think that is probably a better focus for this Committee.

Mr. Gunthorp, can you talk a little bit from the boots-on-the-ground perspective about how large-meat processors are using their size to squeeze our independent farmers and how they're using that size and influence to shape new regulations in a way that hurts our smaller farmers and food producers?

Mr. GUNTHERP. Sure. First, we have to look at the fact that—I don't think most people realize—about 25 beef slaughter plants, 40 pork slaughter plants, and only 200 poultry slaughter plants slaughter almost all the meat in this country. It's 85–86 percent of the beef, 90 percent of the pork for those.

So, this is a very real problem. I'm here to warn you today that this problem is no longer just the United States' problem. These companies are multinational corporations that are doing this globally, and they're taking this wealth that they're extracting from rural America right now to buy up processing and slaughter capacity globally. This is going to be a monopoly worldwide unless we address it today.

So, it causes consumers harm. It causes farmers harm. It creates a lack of opportunities in rural America. If you look at the economic metrics of rural America, they're worse than the inner cities. This is because of concentration and consolidation taking away opportunities. Most farmers nowadays don't even own the livestock or poultry on their farm. We've returned to a feudal serf system.

Ms. SCANLON. Thank you. Really appreciate your insights, particularly about how that monopolization is global and really hurting our American farmers. So, thank you.

I yield back.

Mr. MASSIE. Thank you, Ms. Scanlon.

I recognize Ms. Spartz from Indiana for questions.

Ms. SPARTZ. Thank you so much, Mr. Chair.

It's my honor to be here with fellow farmers, as I've been involved in a lot of businesses, but this is one of the toughest ones when you depend on government and God. So, I appreciate being here, also my fellow Hoosier.

I have seen that food security is also a national security issues, especially during COVID times, and we see what the power oligopolists have right now in many parts of the market, but including food processing, with creating oligarchs, cartels, and with some actual child labor issues, including the State of Indiana, which raises very significant concerns. So, I appreciate Mr. Chair having this hearing.

Before I came here, since I'm not involved in livestock, I do soybean farm, I actually met with farmers in my district to get their input. I wanted to run something by you.

PRIME Act is a great legislation. I'm surprised that we're even dealing with intrastate commerce. I don't know how Congress gets involved into everything. Just one issue they brought up to me was interstate commerce too, where they say we have this one-size-fits-all approach with Federal government centralizing a lot of regulations. States and businesses have liabilities. If you're not going to follow good safety laws, you will not be in business for very long. The same States, they have agriculture. It is a big part of GDP of States. They have an interest to have good production and good standards.

There is some flexibility, like some regulations, Indiana Department of Environmental Management has quite more stringent even the Federal government. So, you actually can apply to local markets.

So, one of the things they brought up to give more flexibilities for States to do inspections was also State inspectors, not maybe this large, huge processes would be dealing with just USDA factors. States can develop standards within the State to deal with smaller processors where it would be more competition and bring ability for actually these midsize companies to survive, because they cannot hire expensive attorneys and scientists and everything else, but they might not need it because they don't have the large type of mechanic processes as maybe some other ones.

So, Mr. Trotter, I wonder, since you represent organization of State legislators, I used to be a member of—and I actually got an Iron Lady Award from them, but I wanted to get your thoughts on actually maybe doing more flexibility in the farm bill for States to have ability to do this inspections for interstate commerce too.

Mr. TROTTER. Yes. So, for commerce within a State, it's an intra-state commerce question, not an interstate commerce question. The Federal government definitely has jurisdiction on interstate commerce, but at the end of the day, this is a federalism question: Does the authority lie with the Federal government or does it lie with the State government? If we're talking about commerce within its own borders, inspection within its own borders for things that only stay in their own borders, that's clearly a State authority that's been subsumed by the Federal government. It's something that Congress has the ability to go ahead and delegate back to the States, and it's—

Ms. SPARTZ. So, it's one thing asking them to delegate it, but what about interstate commerce to have more flexibility for in-State inspectors also to do some inspection maybe for smaller plants for interstate commerce also? Because we don't have to regulate everything, and we can set baselines, but we need to—don't have to one-size-fits-all approaches because States are so unique in agriculture.

Mr. TROTTER. Yes. States are the laboratories of democracy. We have 50 different opportunities in this great Nation to go ahead and figure out what works. You have to enable States to be able to do this without doing a one size fits all. Right now, what we have is a one-size-fits-all system, the same thing that goes through these vertically integrated multinational conglomerates as what happens with the small producers that are here at the table with me.

Ms. SPARTZ. Maybe, Mr. Salatin, if you can briefly—each of our presenters—just get your thoughts on that, too.

Mr. Salatin?

Mr. SALATIN. Yes. So, the germination tray for innovation is embryotic prototypes. You cannot have solutions to problems without prototype innovation. You don't start big; you start small.

So, one of the problems we have right now is that with this overarching Federal domination of State choice, all right, if a State—for example, Maine, when they did their food sovereignty law, they said, "In Maine, if a farmer and a consumer want to work together,

we're not going to get a bureaucrat involved." That's fine. Somebody at church, you want to sell, we're not going to get involved.

Soon as they passed the law, here came Federal in and said, "If you do that, we're going to withdraw all inspection from the State." Maine won't be able to sell anything to anybody out of the State. So, immediately Maine caved, and it was gone.

So, this body right here has the chance to offer innovative experimentation opportunities for our 50-State experiment. We hear safety. Well, people are going to get sick if we have uninspected food. We don't know that. Maybe they'll actually be able to afford better food, it will be more available, and their food system will be more secure. Until this body grants freedom to try, to create a germination tray of innovative ideology, we don't know if we have more people or maybe we have healthier people because they wouldn't be condemned to the oligarchy. Maybe that would be the outcome.

Ms. SPARTZ. Thank you.

My time has expired. I yield back. Thank you.

Mr. MASSIE. Thank you, Ms. Spartz.

I now recognize Mr. Ivey for his questions.

Mr. IVEY. Thank you, Mr. Chair. Thank you and the Ranking Member for putting this hearing together.

Thank you to the panel. I appreciate you coming in and sharing your thoughts and your insights.

I come from a district, it's the eastern border of Washington, DC, so we don't have a lot of processing plants over there. It's been a long time since I've been on or near a farm. When I was a little kid in North Carolina, we lived near one, and my father owned soybean, actually, somebody mentioned.

For the track here, it seems to me there's sort of two sets of things that are going on that I'm sort of curious about. One is the antitrust issue, and all of you haven't talked so much about that. I guess there's been more conversation from up here about that. The issue seems to be a sense of there is basically four entities that are running the show and controlling the markets, and they're too big, and they're now growing to become international forces in that realm as well.

As Ms. Scanlon pointed out, that would seem to be the area that antitrust legislation or enforcement could address. I know you've explicitly called for that, Mr. Gunthorp. I'm interested in pursuing that. I didn't realize until this hearing that those forces had become that big and had that much market dominance.

First, Mr. Chair, I'd be kind of curious about if we move forward with this, because it's not clear to me exactly the impact your bill would have on those four entities. So, from the standpoint of some suggestions, like Mr. Johnson, he's talking about breaking some of them up, and that would be a whole set of hearings, it seems to me, on market forces, economists telling us, well, what would you have to do from a breakup standpoint to actually have an impact to try and address some of these issues. I'd be very interested in hearing about that. I haven't made a decision one way or the other yet, but I'd be curious about it.

Second, with respect to your bill and some of the things that you've raised, it sounds like some of that would make sense. I live in a community where we have farmers that come up on the week-

ends, and they sell their goods at the local school or community center, and it happens all over the area. Mr. Gaetz said something about baby boomers buy that too, right. So, there's an openness to it as well. I'm not clear on some of the issues as to whether the bill would address that or not.

There were some points that were raised that I really would like to hear more about. I don't know if they're going to be in our jurisdiction or the Agriculture Committee. Mr. Gunthorp, you suggested possible issues of reform, redefined plant size. You mentioned inspection reform. Ombudsman, was your suggestion. You mentioned mediation board. As a former litigator, I'd be careful about what you ask for on some of those.

The point you're making is that if you have to go all the way down the track of litigating the issue, it could take two years, and you might be out of business just to challenge one inspector's ruling. I'd be open to trying to figure out ways to find some kind of expedited appeal or resolution to try and address that.

Ms. Hageman's also over different hearings testify—or brought to our attention the heavy weight that regulations can bring on some of these entities. You're really at a distinct disadvantage if you're trying to take on Uncle Sam without having a gigantic budget behind you. So, I'd be open about that.

The truth and labeling issue too, which we didn't get into much—and maybe that's an Agriculture Committee issue too, but I take your point. I go to the grocery store—we actually had a briefing about this a few weeks ago, and there are all these things about whether it's organic or whatever. It's hard to keep track of what they really mean and who's promising what and who should I buy from because my family and others want to actually support smaller farms and businesses, but it's hard to figure out how to do that sometimes.

So, Mr. Chair, I think there's definitely room for bipartisanship here. I think there are ways we could find ways to try and address some of that. I do think if we do the antitrust piece, though, one of the questions I'd have is the custom slaughterhouse approach. I might have been Mr. Trotter, you used the phrase “around the edges,” which is important. I think we want to make sure we find ways to help small businesses, small farms to thrive and find their own markets. If it's not going to have an impact on the larger antitrust issue that Ms. Scanlon identified, and Mr. Johnson did too, I think that can't be our only track for solutions. We have to find additional ways to try and address that as well.

In short, we've got to walk and chew gum in dealing with this issue.

Mr. Chair, I commend you for your legislation and for this hearing. Mr. Johnson, I appreciate your comments too. I hope that we'll be able to continue working with you and your community to try and find ways to address these issues.

Mr. MASSIE. Thank you, Mr. Ivey. Mr. Ivey yields back.

I'm going to yield my—or recognize myself for my questions now.

There's been a lot of discussion here, and I want to put it all in context. There's sort of an oligopoly solution where the big meat packers control, and then there's this other path which is farmers

can sell directly to consumers, but they have to sell them the animal.

So, these custom slaughterhouses exist because of one exemption right now, these hundreds of thousands of custom slaughterhouses. That is the farmer can sell the consumer a whole animal or half an animal. The problem with that is it's regressive. How many families can afford to buy 500 pounds of meat? That's the only alternative that exists.

So, the PRIME Act seeks to expand that alternate path, which has made nobody sick, and it's made a lot more people healthier.

So, I want to talk about, Mr. Salatin, sustainability, affordability, traceability, and safety. Those are concerns that were all raised.

Mr. SALATIN. Yes.

Mr. MASSIE. Can you speak to each of those four—and I'll go over them one at a time—sustainability, affordability, traceability, and safety—and talk about how enabling or empowering a more local food system enhances all those things; it doesn't detract from them?

Mr. SALATIN. Yes. We've heard a lot about protecting the public here. It's time to protect the private. So, on sustainability, one of the beauties of offering this kind of choice to the consuming populous is that it does actually create options for farmers and consumers who want to opt out of whatever the system is, whether it's like the Gunthorp family that opted out of the industrial pork system or whether it's a consumer who's wanting to opt out of Walmart. The opt-out option creates a sustainability because it's about resilience.

So, when fertilizer—for example, on our farm, when fertilizer jumped 400 percent when Putin invaded Ukraine, we didn't miss a beat because we don't buy any of it. These are the kind of farmers that we're dealing with. So, it works all the way up the food chain, building soil, earthworms, sustainability.

Affordability is a big one because, as you mentioned, not only does the current system require large volume buying, the average American now can't put their hand on \$400. So, you can't buy volume. It's pretty difficult. Because of the overhead and paperwork costs of inspection, it artificially elevates the price of food. So, a custom house operating at a much lower capitalization cost for infrastructure, a lower paperwork cost can actually do what a Federal-inspected plant does for, let's just say a dollar, it can do it for 75 cents. That cost gets passed on to the product, and so suddenly, not only do we have a sustainable secure food supply—does anybody think if we'd had 300,000 smaller plants accessing the country instead of 300 mega plants at COVID, but we would have had less of a hiccup in the food system if we'd had 300,000 plants instead of 300. So, affordability is a big deal.

Traceability is another one. Right now, a typical burger at a burger joint has pieces of 600 animals in it. So, if anybody thinks that all those 600 animals in a burger at McDonald's is traceable, I've got a bridge in Brooklyn to sell you. Trust me, it is not traceable. OK? So, the problem is we've built this system, and we have a trust in this system that's actually let us down. It's not working.

What was your fourth one?

Mr. MASSIE. Safety.

Mr. SALATIN. Safety. That's the big one, because the safest food comes from smaller plants that have—somebody over here, I don't remember who, was talking about branding—that when you put your brand behind it, you have a really vested interest in making sure that is a safe product.

One of the things that you notice with all these recalls—what's the first thing a CEO says as soon as they've got a product recall? Well, we've complied with everything. The big industry hides behind the skirts of the inspection service all the time. A place like me, we don't have any skirts to hide behind. If we sell bad chicken, bad beef, or bad pork chops, it comes back on us.

I'll close with this story because I think this is foundational to what we're talking about here. When Michael Pollan wrote "Power Steer" in *The New York Times* and basically blew the door off grass-finished beef market, I got contacted by—I won't mention the name, but the largest fast food chain in the country, and they were interested in offering a grass-finished burger.

Well, they saw some of the things that are written about them, and they said, "Oh, maybe we don't want to go visit them." So, they sent their D.C.—their counsel, their retainer attorney, down to check us out, and we spent half a day together. As I was talking about the disparity between the way a small plant and a large outfit deal with these subjective inspections, he said, "Oh, that's just business." He said,

At our place, when we have an overzealous inspector or a little tyrant or one of the 20 percent top or bottom, they call me. I go to the commissioner at FSSIS and get them fired. That's just the way we do business.

A small plant like ours, we don't have that kind of clout. We don't have that option. So, we're held hostage by this system that I've already said measures their efficacy in pounds per inspector personnel hour. Well, I didn't know that they were measuring efficacy by pounds per hour. I thought it was about safe food.

So, the whole thing is incentivized to be prejudicial to small outfits, and that's why we need some sort of option that allows a parallel universe to exist, because that's the only way that you can actually create competition and accountability within the monopoly.

Mr. MASSIE. Thank you, Mr. Salatin.

I now recognize the Ranking Member of the Subcommittee, Mr. Johnson, for his questions.

Mr. JOHNSON of Georgia. Thank you, Mr. Chair.

I move to enter into the record a letter dated June 13, 2023, entitled "Where's the Beef?" without objection.

Mr. MASSIE. Without objection, so ordered.

Mr. JOHNSON of Georgia. Thank you.

Mr. Trotter, you are here with the American Legislative Exchange Council, which has, among its members, the organization known as the Americans for Tax Reform, which is Grover Norquist, correct?

Mr. TROTTER. Yes.

Mr. JOHNSON of Georgia. You're familiar with his pledge that everybody has signed so as to limit the no new taxes pledge? You're familiar with that State, local, and Federal legislators have signed, pledging to impose no new taxes, correct?

Mr. TROTTER. I have heard of it.

Mr. JOHNSON of Georgia. You have heard of his famous pledge to make the Federal government—to shrink it so small that you can drown it in the bathtub. Everybody's heard of that, and you've heard of it too, correct?

Mr. TROTTER. It sounds familiar.

Mr. JOHNSON of Georgia. Yes. So, now we've had the DOJ, the Federal Trade Commission, the Antitrust Division of DOJ, all these Federal agencies that Grover Norquist wants to get rid of, wants to shrink so that you can drown it in a bathtub. They are the ones responsible for making sure that we don't suffer from a lack of competition policy, which leads to consolidation in the meat packing industry, which is what we're talking about today, correct?

I mean, if one side wants to cut the Federal government's ability to engage in competition policy while the other side is talking about where we need more competition policy to prevent what we're talking about today that's a basic conflict that's hard to resolve.

Another thing that the government does is to protect food quality, safety for Americans. So, if we deregulate the Department of Agriculture, as we've been doing, and it hurts its ability to actually perform the service that we need it to perform, and we're here complaining about the bureaucracy not being as quick and agile as it needs to be to deal with small meat processors, and it has a lot to do with the shrinkage of government, which is something that ALEC has been promoting throughout its existence.

Tell me this, Mr. Gunthorp, chicken processors claim that the processors control the system so entirely that the system is akin to sharecropping, where the vertically integrated poultry companies own most of the supply chain and trap small farmers in debt, while keeping the farmers' profit margins at a razor-thin edge.

How has that consolidation hurt family farmers? Have you ever been a contract grower?

Mr. GUNTHERP. We've never been a contract grower. I ventured off on this wild journey because we would've had a choice, could have put up contract barns, and I would quit before I'd put up contract barns.

The farmers—I mentioned earlier it's a feudal serf system. They own the mortgage, the mortality, and the manure. That's all they own. The opportunities—there's that whole risk-reward relationship. They give up some of the risk for no chance at any reward. It's not a system that works.

Mr. JOHNSON of Georgia. It's really a system of pimping that the Federal government has allowed to take place.

Mr. GUNTHERP. Yes, but, let me ask you this question. The CDC reports that each year 48 million people get sick from foodborne illness, causing 128,000 people to be hospitalized, and the result also is the death of \$3,000—excuse me—3,000 people.

Under the PRIME Act, slaughterhouses and meat processors would be able to sell meat within their State without having to meet the Federal baseline requirements for commercially sold meat.

If this bill, the PRIME Act, is enacted would instances of contaminated meat rise? If so, how could you trace it back to the proc-

essor? Are States equipped to meet the challenges posed by the commercial sale of uninspected meat?

Mr. GUNTHERP. I'd love to see you guys invite me back to—it's probably not this Committee, but a Committee that we could actually talk about food safety from a processor's standpoint. We have about a million illnesses from salmonella a year in this country. USDA implemented its salmonella performance standards in 2011. That number of cases of salmonella has done nothing but stay about the same.

It's a very complex issue, and food safety takes all the way from production to the plate to solve, and I don't think we've took a holistic approach. USDA takes that approach of right there in the middle. Doesn't literally look at production. It can't legally, nor can they legally look at it after it leaves the plant. It's complex and complicated, and we really ought to solve it.

Mr. JOHNSON of Georgia. Well, you can blame ALEC for that problem.

Mr. GUNTHERP. No, I think it's more complex than that. To get back to your other comment it's your guys' job to ensure that deregulation doesn't—

Mr. JOHNSON of Georgia. We're all Members of ALEC.

Mr. GUNTHERP. Oh, OK. Well, I think it's your guys' job to ensure that deregulation doesn't give the big guys free rein to do whatever while giving the agencies the tools to harass us. That's my argument.

I'm not a fan of what is, quote,

... text deregulation, because most of the time, from what I see out in the field, it's letting the big guys do what they want while you still allow the tools for the agencies to harass us little guys.

Ms. HAGEMAN. [Presiding.] Mr. Gunthorp, I appreciate your comments and your insight. I agree with you. I think that we do need to have a hearing on food safety and address the specific issues that you've identified.

Mr. GUNTHERP. A hearing on deregulation on what the actual—on the agency capture, because these—I've been involved in—I was involved in the Pew/Meridian group that looked at a rewrite of food safety inspection laws, because I think you have 13 agencies, not just USDA, that deals with all the food safety. I was on the National Advisory Committee for Meat and Poultry Inspection. These are complex issues—

Ms. HAGEMAN. They are.

Mr. GUNTHERP. —that we're probably not going to solve today, but we ought to take—you eat an elephant one bite at a time, and we've got to start.

Ms. HAGEMAN. Well, then the agency captures something that has really affected almost every industry in this country, and the livestock packing and food industry is one of them.

So, I'm going to now recognize Mr. Fitzgerald for five minutes of questioning.

Mr. FITZGERALD. Thank you, Madam Chair.

I'm going to yield my first minute to Ms. Spartz.

Ms. SPARTZ. Thank you.

As a former proud member of ALEC and State legislator, I just wanted to really rebut a little bit what Mr. Johnson just said.

We're looking here not in a top-down approach. The monopoly oligopoly issue was created by government. It's a natural—not natural monopoly. We're looking at how we can create competition for value bottom up and how we can have more quality delivered to consumers. Because, unfortunately, what's happening right now, Federal government hasn't been able to enforce what they need to do, and they're dealing with core functions. All these agencies, including the Federal Trade Commission, is dysfunctional. All they're doing, they're catering more and more to large special interest groups. They become rich and rich, and we are creating oligarchs and cartels right here in Congress.

So, I think we have to know how we can help the little guy and create more flexibility and competition on the ground, competition for value, and States are much better set up for that. Let's deal with issues that are important for this institution, like national security, securing the border, having strong military, and having good interstate commerce.

I yield back.

Mr. FITZGERALD. Reclaiming my time.

Wisconsin is one of 27 States that offer State-run meat inspection programs. As of 2013, participants in the Cooperative Interstate Shipment program was over the top. We're very supportive of our small meat processors in Wisconsin. I've got a handful of them that are within just miles of my home, and they do everything from beef to chicken to venison. We have a nine-day deer gun season, and there will be a line a mile away from the small meat processor trying to do everything from hot sticks to venison brats to summer sausage, right. So, there's a culture there.

The result is nearly 500 State, Federal, and custom exempt meat processing facilities in Wisconsin that in 2018 processed more than 2.2 billion pounds of meat.

I say this not only to highlight the important work of the processors in Wisconsin, but also to stress how impactful Federal regs can be on the small processors as well, which you hear from all the time.

So, Mr. Salatin, I thought I'd throw this to you. I know it's a big question, but because you have a history of helping small processors, do you see a difference in the way that they deal with the USDA requirements compared to, obviously, the large, the big four, and if they have the capability of dealing with these very onerous USDA rules and regulations?

Mr. SALATIN. Yes. The way to deal with them is quite different when you're big versus when you're small. I'll give you a personal story at our plant. We had our kill floor guy retired, and so the second guy moved up. The first day on the job, first day for a brand-new inspector—remember when you're a small plant, you get the newbies. So, we had a new inspector, a lady, and she'd been told, "Look, you're entering a man's world." You better make sure that you—so she'd been read the Riot Act by her superiors.

She comes in first day on the job, new kill floor manager. Most of the inspectors, they kind of stand back and just kind of watch the kill floor, watch the room. Then they're going to grab through the guts a little bit. She was hovering right over the shoulder, OK, almost like playing piggyback with the guy. He was nervous, first

day in charge of the kill floor. He misses the pig. If you've ever heard of missed pig with a captive bolt, if you've ever heard a wounded pig, it's not fun. So, he's shaky. He puts a second thing in, hits it, and the pig goes down.

She then goes in and writes us up for a felony level animal abuse charge, closes the plant for a week. There's no appeal. There's no nothing. We finally got back open. So, we couldn't pay our employees. We couldn't serve our customers. People didn't eat—all right. We get back open.

The bottom line is that if our HACCP plan, where it says,

Administer captive bolt in knot box and then slit throat, step B, if instead it had, A, administer captive bolt; B, if A misses, redo A, we would have been perfectly fine.

As Ms. Bauman said, we don't have the capability—we don't have the money to go to all the trade shows and the industry where the big guys sit around and play golf and drink and wine and dine each other telling them how to game the system. So, we didn't know about the option of B in the HACCP plan, readminister A, so we get shut down for a week.

This is the kind of prejudicial thing that happens to us small operators routinely. It happens with microbial checking. It happens with infrastructure requirements. It happens with these kinds of things. That is exactly the kind of thing that happens.

Mr. FITZGERALD. Thank you very much for that answer.

I yield back, Madam Chair.

Ms. HAGEMAN. Thank you.

The Chair now recognizes myself for five minutes of questioning.

One of the things that strikes me as I listen to your testimony today and the discussion that we've had is I often say that government is always trying to fix its last solution.

The Federal government, through misguided laws and regulations, has created the monopolistic problems that we've talked about, the agency capture that has been raised, the regulatory burdens that have been discussed, and now we need to fix this mess. The PRIME Act is an excellent step in that direction.

Mr. Salatin, if under the PRIME Act farmers and ranchers are able to feed their livestock for a longer period of time because they're able to sell or contract with the independent processors that we've been talking about, rather than a feedlot, do you think that there would be benefits to the consumers as well?

Mr. SALATIN. That's probably the most unsung story of the hearing today is the benefits to the consumer.

- (1) They wouldn't be subjected to only this oligarchical funnel. They would now have lots of options. So, that creates a more resilient secure food supply, a more stable food supply for shocks and black swan events. All right.
- (2) They would be able to buy small volumes instead of large volumes. So, they wouldn't have to maintain either as large a freezer or as large a bank account. It would be a more democratic access to people that can't afford the large volumes.
- (3) The price would come down because they don't—because it doesn't have to be pushed through this very expensive capital and paperwork and regulatory intensive sieve of small plant Federal inspection.

- (4) Finally, that they would know more where their meat came from, and there would actually be more overall accountability within the system from traceability, responsibility.

All those kinds of things would happen because it is a smaller relational—it's a more relational intimate transaction rather than a nameless, faceless, label on a supermarket shelf.

Ms. HAGEMAN. Well, I think that's a very good summary. Under the Federal program and the Federal laws and regulations that have set this up, in Wyoming, we have 12 USDA meat processors and 10 State-inspected slaughter facilities. The meat that is processed under our State inspection can be bought and sold within the State, but not outside of the State.

Mr. Trotter, is there any reason to believe that there is a lesser quality of meat or a less healthy meat or a less safe meat that is being produced in our State-regulated facilities?

Mr. TROTTER. The way the current law is set up, the State authorities, the State inspectors are held to exactly the same standards as their Federal counterparts. The facilities themselves are also held to the same standards as their Federal counterparts. So, no, it's really up to the same standard. It is just a different agency going in and enforcing these standards. The agency themselves are reviewed by FSIS and USDA.

Ms. HAGEMAN. So, it really comes down to just a different entity employing the inspector.

Do you think that Congress should reform the Wholesale Meat Act?

Mr. TROTTER. I'm not sure I could comment quite as well as some of the other people here on that, but it's something definitely worth looking at.

Ms. HAGEMAN. OK. Do you have any policy recommendations for the Subcommittee today?

Mr. TROTTER. I would say that the Subcommittee and Congress, in general, has the opportunity here to empower small businesses without actually detracting from any Federal oversight. At this point, you can empower these small companies, the one- or two-person businesses that are throughout the Nation, thousands of them, that are able and willing and ready to help empower other small businesses, restaurants, grocers, and people in their local communities. This is not something that necessarily should have Federal inspection and Federal—just direct oversight day to day for very small parts of the market here.

There are ways by, essentially, returning this power to the States. States can go ahead and set their own standards. That is the purpose of State governments and just the concept of federalism as a whole.

Ms. HAGEMAN. Mr. Salatin, you said something today that really resonated with me, and you used the word "freedom." That is really the foundation of our Constitution and our republic. I respect the fact and understand and appreciate your understanding of how freedom is related to the very topics that we're discussing today.

All four of you have been wonderful witnesses. We appreciate the comments and the commentary that you have provided, the personal experiences that you have had, and why this is such an important issue, not just for you, not just for our small producers, and

not just for one segment of our industries. This has to do with food supply, this has to do with the supply chain, this has to do with being able to provide affordable beef, pork, chicken, and venison to the citizens of this great country.

I just truly believe that one of the things that our government should be doing is we need to make sure that we are adopting policies and regulations and laws that do not increase the cost of food, housing, and energy. Your contribution today allows us to address one of those very important legs to that three-legged stool, and I appreciate it.

With that, I believe that concludes today's hearing. We thank you again for appearing before the Committee today.

Mr. JOHNSON of Georgia. If I might, Madam Chair?

Ms. HAGEMAN. Without—what is it?

Mr. JOHNSON of Georgia. I'd just like to make a closing comment.

Ms. HAGEMAN. No. I think that we're just going to go ahead and finish the hearing—

Mr. JOHNSON of Georgia. Well, the Chair took liberty to do a second round of questioning, did she not?

Ms. HAGEMAN. Oh, no, I didn't. That was my first round of questioning. I had Matt Gaetz—he yielded his time to me. So, I did not.

So, with that—

Mr. JOHNSON of Georgia. Well, with a closing statement having been rendered by the Chair, I would think that a closing statement by the Ranking Member would be appropriate.

Ms. HAGEMAN. Without objection, all Members will have five legislative days to submit additional written questions for the witnesses or additional materials for the record.

So, Mr. Johnson, you have the ability to do that.

Without objection, this hearing is adjourned.

[Whereupon, at 12:15 p.m., the Subcommittee was adjourned.]

All materials submitted for the record by Members of the Subcommittee on the Administrative State, Regulatory Reform, and Antitrust can be found at: <https://docs.house.gov/Committee/Calendar/ByEvent.aspx?EventID=116086>.