Administration of Joseph R. Biden, Jr., 2022

Remarks in a Virtual Meeting With Family and Independent Farmers and Ranchers on Efforts To Increase Competition and Reduce Prices in the Meat-Processing Industry and an Exchange With Reporters
January 3, 2022

The President. Hello, folks. How are you? Welcome. Welcome. Wish you were here in person. One of these days, we're going to be able to do that again. I want to thank you for joining us, and happy New Year.

And before we begin, I want to say a word about where our economy stands today. We're entering 2022 in a position of a unique economic strength: 6 million new jobs—a record number for a new President—have been created since January last; unemployment is down to 4.2 percent, 3 years ahead of predictions; new small-business applications are up over 30 percent compared with before the pandemic; and the fastest growth in America in nearly 40 years. And America is the only leading economy in the world where the economy as a whole is stronger than it was before the pandemic, even after accounting for price increases.

Because we took action for the American Rescue Plan and the bipartisan infrastructure law, we've made important progress: We've begun to change the trajectory—change the trajectory—of our economy, the one that we had inherited, to finally make it work for working people, to build up from the bottom up and the middle out, and to give working people the wages and benefits they deserve, and to encourage more innovation and faster growth.

So now we're in a strong position to address the challenge we face—and we have challenges—including the cost and prices that people have to pay. We already laid out three—a three-part plan to address costs that families are facing. Number one, fix the supply chains. We're going to have another discussion on that in a couple of weeks with the Secretary of Agriculture. Protecting consumers, number two. Three, lowering kitchen table costs, including with my Build Back Better plan.

But today we're here to talk about strengthening competition, which will bring down costs. Back in July, I signed an Executive order to promote competition across the economy. In too many industries, a handful of giant companies dominate the market. And too often, they use their power to squeeze out smaller competitors and stifle new entrepreneurs, making our economy less dynamic and giving themselves free rein to raise prices, reduce options for consumers, or exploit workers.

The meat industry is a textbook example on the price side. Four big corporations control more than half the markets in beef, pork, and poultry. These middlemen that they buy from—farmers and ranchers—and sell the processors—excuse me—and sell the process—excuse me, sell the processed product to grocery stores. That's the way it works.

Without meaningful competition, farmers and ranchers don't get to choose who they sell to. Or, put another way, our farmers and ranchers have to pay whatever these four big companies say they have to pay, by and large. But that's only half of it. These companies can use their position as middlemen to overcharge grocery stores and, ultimately, families.

If you can hold a second, I was just—I was telling the—my colleagues early—in my office that I was sitting in my kitchen yesterday, and there's a sunroom off the kitchen. And my wife was there with her sister and a good friend named Mary Ann. And she was saying, "Do you realize it's over $5 for a pound of hamburger meat—$5?" Well, this is partly—you know, the pound of beef today cost 5 bucks compared to less than 4 bucks before the pandemic.

And here's some historical context: Fifty years ago, ranchers got over 60 cents for every dollar a family spent on beef. Today, they get about 39 cents. Fifty years ago, hog farmers got 40 to 50 [60]* cents for each dollar they spent. Today, it's about 19 cents. And the big companies are making massive profits.

While, their profits go up, the prices you see at the grocery stores go up commensurate, and the prices farmers receive for the products they are bringing to market go down. This reflects the market being distorted by a lack of competition.

I've said it before, and I'll say it again: Capitalism without competition isn't capitalism, it's exploitation. That's what we're seeing in meat and poultry—in those industries—now. Small, independent farmers and ranchers are being driven out of business, sometimes businesses that have been around for generations. It strikes at their dignity, their respect, and the family legacies so many of them carry for generations after generation.

So I'm here with Secretary of Agriculture Tom Vilsack, former Governor of the State of Iowa, and Attorney General Garland to talk about how we can create fairer markets and more opportunities for family farmers and ranchers and bring down the price at grocery stores.

There are four pieces of our action plan. First, we're going to invest $1 billion in new and expanded meat and poultry processing capacity, funding that was included in the American Rescue Plan to revive our economy. To bring down—to bring in more competition and dignity and more farmers, ranchers, and customers, we're going to invest in new and innovative small businesses and meat processors, the lifeblood of our economy. And when we do this, we'll give farmers and ranchers more options beyond giant processing conglomerates, shore up the weak points in our food supply chain. Secretary Vilsack will share some about this very shortly.

Second, we're strengthening rules to protect farmers, ranchers, and other producers. For example, the Department of Agriculture is rewriting the rules under the Packers and Stockyard [Stockyards]* Act, which was the law back in the twenties that was needed at that time and is still needed to protect farmers and ranchers from abuse by processors. The last administration weakened that law, making it possible for the abuse that we're seeing now. We're going to strengthen the law to make sure it works as intended.

Third, the United States Government—my administration—will enforce existing competition laws vigorously and fairly. My Executive order on competition established a whole-of-government approach to increasing competition. And our new White House Competition Council, chaired by the head of my National Economic Council, including members—and Brian is here today—including members of the Cabinet and other key agency officials, like the Secretary of Agriculture, the Attorney General, the Secretary of Labor, the head of the Federal Trade Commission—they're all there to make sure that antitrust laws are enforced across the board.

Today the Justice Department and the USDA announced a joint initiative to make it easier for farmers and ranchers to report potentially illegal practices in the agricultural sector. Attorney General Garland will discuss this more.

Fourth, we're bringing greater transparency to the industry. A free market isn't truly free without transparency around prices. How do you justify the price? And right now that's largely disappeared in the cattle market: transparency. Back in August, the Department of Agriculture took steps to address this, and we're going to keep pushing. And I'm pleased to see that Congress

* White House correction.

is taking action as well to increase competition and fairness, with a bipartisan group of Senators now working on legislation to make cattle markets more transparent.

And all these issues—all these issues are areas—where we can and we must come together in a bipartisan way. And I'm grateful to the members of the Democratic and Republican administration—of—Members of Congress for being willing to come to the table. Senator Jon Tester and Senator Grassley of Iowa—Tester is from Montana—have been leaders in this effort. And I'll be inviting a bipartisan group to come together to discuss how we can make progress legislatively as well, as they're proposing, even as we continue doing everything we can on the executive branch side.

Strengthening competition is good for all of us: farmers and ranchers who deserve a fair shake; American families facing high prices at grocery stores who deserve a fair price to put food on the table; rural communities, which see more good jobs when there's more competition; and our economy as a whole, as we make our food supply chains more resilient.

I'm looking forward to hearing from the farmers, ranchers, and processors joining us today. We're going to ensure that you have the tools you need and the level playing field you deserve. And we're going to fight for fair prices for American farmers, ranchers, and families—all three.

With that, I'm going to turn it over to Secretary Vilsack. Tom, the floor is yours.

Secretary of Agriculture Thomas J. Vilsack. Mr. President, thank you very much. And certainly, as I traveled around the country, I've heard sad stories of farmers and farm families who've had to leave this business because of a lack of competition. Your Executive order on competition challenged us at USDA to take immediate action and to develop a set of tools to expand processing capacity, increase competition, improve farm income, and create good-paying jobs in rural America. And we went to work.

[*At this point, Secretary Vilsack continued his remarks, concluding as follows.*]

There are stories of woe out there, but we are committed to making a difference. And we're looking forward to working with Attorney General Garland and his great team at the Department of Justice, in terms of antitrust enforcement.

So I'll turn it over to my friend, the Attorney General.

Attorney General Merrick B. Garland. Thank you very much, Mr. President, for convening this very important meeting. And thank you, Mr. Secretary, for the tremendous engagement our teams have had over the past year on our shared competition and regulatory concerns.

[*Attorney General Garland continued his remarks, concluding as follows.*]

But it is a fact that our Antitrust Division has been underfunded for too long and has fewer staff today than it had in the 1970s. That is why we are urging Congress to allocate the resources we need to reinvigorate our enforcement efforts and ensure a competitive economy for all Americans.

I look forward to our work together in the days ahead. Thank you very much.

National Economic Council Director Brian C. Deese. Thank you, Mr. Attorney General. And, Mr. President, if you may, we're going to hear from a—the group that we have assembled here, which represents the enormous potential and diversity—geographic and otherwise—in this industry. And we're going to start here with Scott, Scott Blubaugh, who is the president of the Oklahoma Farmers Union and operates a cattle ranch in Oklahoma.

And I just, Scott, open it to you and would be curious to hear how you approach the issue of the options for processing and what it would mean to you to have more options and how you think about that in the context of the action steps that we're trying to put forward today.

Oklahoma Farmers Union President Scott Blubaugh. Well, thank you. Thank you, Mr. President, for taking on this very critical issue for rural America. You know, it—this is on our minds of all of our farmers and ranchers throughout the country. And not since Teddy Roosevelt have we had a President that's willing to take on this big issue. So thank you very much for that.

[*Mr. Blubaugh continued his remarks, concluding as follows.*]

We also had—have had great success working with our Tribal neighbors here in Oklahoma. As many of our Tribal organizations, their Governments have put new processing on line or are in the process of it—processing both their cattle and their buffalo—and their excess capacity that these new plants has created has also given our independent farmers and ranchers in the community an opportunity to get their cattle processed and marketed.

So we're very—very pleased with that, and look forward to everything I heard here today.

Secretary Vilsack. Hey, Brian——

Director Deese. Yes.

Secretary Vilsack. Can I—may——

Director Deese. Please.

Secretary Vilsack. Mr. President, what Scott said at the beginning was that this was a critical issue for rural America. And I think it's critical from two perspectives that he raised: one, the notion of keeping the dollars in the rural communities where the dollars are being and the wealth is being generated. For far too long, we've had an extraction economy in rural America where these guys work 24/7, 365 days a year raising these cattle, and then they transport them hundreds of miles away, and the profits basically go thousands of miles away.

[*Secretary Vilsack continued his remarks, concluding as follows.*]

So this is an incredible thing. Just so you understand how dire this is, Mr. President—and I'll finish with this—I was in Council Bluffs, Iowa, talking to a farmer this summer. And he came up to me, and he said, "Mr. Secretary, thank you so much for doing this." He said, "I just sold a load of cattle." And he said, "This is what irritates me about this whole system: I lost $150 a head; $150 a head I lost on this cattle. But I know the processor that purchased those cattle is going to make $1,800 a head." And he looked at me, and he said, "Mr. Secretary, how is that fair?" It's not.

The President. Can I ask you a question, Scott? When you talk about—you said be able to go locally. How far do you have to go, before these smaller operations opened up, to sell your cattle? I mean, the average farmer, cattleman in Iowa or in Oklahoma or, you know, wherever, how far do they have to take their cattle to actually sell them to the processor?

Mr. Blubaugh. Well, if we sell to the—if we sell the cattle to the big four processors, then, you know, it's several hundred miles. And it's a little bit misleading that we have four of these very large companies, the processors, but they're located more regionally. So, in many cases, there's only one option to sell to. And so it's a "take it or leave it" price that you're offered.

So when we tried to go around that system and not give our cattle away to these multinational companies—but if we can process them on a local level and then sell directly to consumers, it's just a win-win for everybody. It's a win for the consumer. They get more choices. In my opinion, they get a better product. And we know, because of the pandemic—has shown us and proven to us that consumers want to buy locally if they can, and they want to know where their food comes from. And they trust the American farmer and rancher to do that. And their faith in the American farmer, rancher is far greater than any of these multinational companies.

So it's just a win-win for everyone I see, except maybe the—these four companies we're talking about.

The President. Thank you.

Director Deese. So, Mr. President, I want to ask Corwin Heatwole to come in. Corwin is the founding farmer and CEO of Farm [Farmer][*] Focus. And to pick up on the last point, Corwin's on the frontline of actually innovating and creating an alternative processing facility in the poultry industry.

So, Corwin, can you talk a little bit about what motivated you to do it and the challenges that you've had in building your company?

Farmer Focus Chief Executive Officer Corwin Heatwole. Yes, thank you. And as a sixth generational farmer, I greatly value the farming lifestyle. But it was grieving when I saw dozens of farms closing down around me, and I realized that my own farm was not viable for the next generation. And we knew that something had to be done, but there was no option for us to get our animals processed locally. And everyone kept telling us that "farmers don't start chicken companies."

[*Mr. Heatwole continued his remarks, concluding as follows.*]

And we, ourselves, look forward to partnering on these new programs to expand and touch more farmers and communities. We believe that, together, we will continue to level the playing field for farmers and ranchers while establishing a more resilient supply network.

So we thank you for your diligence in helping preserve the legacy of the American farmer.

The President. Well, thank you.

Director Deese. Thank you.

The President. You know, everybody, I come from the State of Delaware. And everybody thinks the big industry is chemicals. It's chickens. [*Laughter*] Chickens. Broiler chickens. Billion-dollar industries. And it needs help.

So anyway—sorry, I don't mean to get too personal here.

Director Deese. No, please. We're going to—so we're going to move to the next set, but we're going to pause for a moment and—for the press to exit.

The President. Okay.

Centers for Disease Control and Prevention COVID–19 Isolation Guidance

Q. Mr. President, can I ask you a quick question about the new CDC guidance? In your view, do you think it should have included a testing component?

The President. I'll be talking to you about that later when it's—[*inaudible*].

Q. And when will Americans be getting those free COVID tests, sir?

Q. Do you have confidence in—[*inaudible*]?

Q. Are you going to break up the big four meatpackers, Mr. President?

[*] White House correction.

Q. Do you have confidence in your COVID team?

NOTE: The President spoke at 2:28 p.m. from the South Court Auditorium of the Dwight D. Eisenhower Executive Office Building. In his remarks, he referred to Federal Trade Commission Chair Lina M. Khan. He also referred to H.R. 5376. Secretary Vilsack, Attorney General Garland, and Director Deese joined the President in the South Court Auditorium. Also participating in the meeting were Kelsey Ducheneaux-Scott, director of programs, Intertribal Agriculture Council; and Handy Kennedy, Jr., owner, HK Farms.

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