

Fact Sheet

Farm System Reform Act

S.2332/H.R.4421



Farm Action Fund



Farm Action

The Farm System Reform Act was introduced (S.2332) by Senator Booker (D-NJ), and its companion (H.R.4421) was introduced by Representative Khanna (D-CA 17). The legislation shifts federal support away from a livestock production model that only benefits corporate agriculture firms and lays the groundwork for competitive markets that will benefit farmers, ranchers, workers, and consumers.

BACKGROUND

The COVID-19 pandemic exposed how catastrophically the current production model is failing everyone along the supply chain. Farmers can barely make ends meet, animals are living in inhumane conditions, meatpacking workers are underpaid and at serious risk of injury, pollution is sickening Americans, and consumers feel insecure with a food system that has proven it is unable to deliver in times of crisis.

The only parties who benefit from this model are multinational meatpackers and their allied integrators and feeders.

The Farm System Reform Act will transform the power, policy, and financial structures that underpin the U.S. meat and dairy production systems.

THE FARM SYSTEM REFORM ACT BENEFITS FARMERS, RANCHERS, WORKERS, AND CONSUMERS BY:

- > Strengthening the Packers and Stockyards Act
- > Placing a moratorium on large concentrated animal feeding operations
- > Requiring Country of Origin Labeling on beef, pork, and dairy products
- > Investing billions to help farmers and ranchers shift to more sustainable practices

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CURBING CORPORATE CONTROL

The Farm System Reform Act's strong provisions will diminish the influence of multinational meatpackers. Among other urgently-needed reforms to current antitrust laws, the Act will:

- Make it illegal for packers to control livestock production.
- Require meatpackers to demonstrate how they calculate the price they pay producers for an animal, including how the grade – or quality – of an animal is determined.
- Prohibit meatpackers from contracting with producers without a firmly-established, transparently-calculated, base price.
- Expand the definition of “undue preference,” thus making it illegal for packers to give undue preference to certain operators.
- Make illegal any tournament payment system based on factors beyond a contract grower's control.
- Require meatpackers to purchase at least 50% of livestock on the spot market to create market price transparency – in contrast to the current system, in which meatpackers purchase the majority of their livestock months before they receive it.

The Farm System Reform Act tackles the root of our food system issues: consolidated corporate power.

The Act neutralizes the source of that power and provides the resources needed to build a better food system in its place.



BUILDING A BETTER FOOD SYSTEM

In the place of the current consolidated system, the Act will facilitate the growth of a sustainable, resilient food system that prioritizes fairness, economic opportunity, and safety for working Americans and consumers by:

- Reinstating Country of Origin Labeling on meat and extending it to dairy products.
- Phasing out the largest concentrated animal operations that currently benefit from unfair business practices, creating opportunities for thousands of current and prospective independent farmers.
- Establishing a \$100B fund over 10 years to assist farmers and ranchers caught in the currently exploitative production system transition to new opportunities.
- Placing pollution liability back on the meatpacker/integrator for current operations under their control, eliminating that burden from family farmers.



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