

# Fact Sheet

## Farm System Reform Act

### S.2332/H.R.4421



Farm Action Fund



Farm Action

The Farm System Reform Act (S.2332) was introduced by Senator Booker (D-NJ) and is cosponsored by Senators Gillibrand, Markey, Sanders, and Warren. Its companion (H.R.4421) was introduced by Representative Khanna, and has 38 cosponsors. The legislation shifts federal support away from a livestock production model that displaces American farmers to the benefit of global agribusiness corporations, and also lays the groundwork for competitive markets that will benefit farmers, workers, and rural communities.

## BACKGROUND

Industrial concentrated animal feeding operations (CAFOs) are displacing American farmers and transferring animals from the land into confined buildings. As livestock and poultry operations grow in size but decrease in number, animal inventory has either remained relatively constant or even grown, and tens of thousands of farms have gone out of business.

For example, the U.S. lost 40% of its dairy farms between 2002–2017, even as the nation's herd size grew by 4.4%. In that same time period, the number of hog farms diminished by 20% as the national swine inventory increased by 20%. The nation's cattle feedlot inventory has stayed constant, but the country lost a devastating 68% of its feedlots in those years.

This trend not only costs farmers their livelihoods, but as their businesses close, the nation loses generations of farming and land stewardship knowledge. Rural regions that were once sustained by prosperous farming communities now have some of the highest rates of poverty in the country. Industrial operations have polluted U.S. air and waterways, endangering residents and ballooning healthcare costs to taxpayers.

Unfortunately, the industrial model has become the standard for monopoly meatpackers to produce livestock and poultry over the past several decades. Praised for its efficiency, it is not even delivering affordable food to consumers, as retail grocery costs have become more expensive than ever before.

The actual reason meatpackers guard the CAFO model is because it is singularly effective at producing meat for export to foreign markets, and at generating record-breaking profits for their shareholders.

**The Farm System Reform Act will transform the power, policy, and financial structures that have for decades enriched monopoly agribusiness corporations to the detriment of everyone else.**

## THE FARM SYSTEM REFORM ACT BENEFITS FARMERS, RANCHERS, WORKERS, CONSUMERS, AND RURAL AMERICANS 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**

## 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.



## 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.

**Without action, corporations will continue gobbling up farms, leaving the country with a damaged environment and emptied communities.**

By curtailing further development of CAFOs and neutralizing the power of consolidated meatpacking corporations, the Farm System Reform Act will reverse the farm loss trend set into motion by industrial agriculture and provide the resources needed to build a better food system.

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