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Chairman Stabenow, Ranking Member Boozman and Members of the Committee, thank you for this opportunity to testify regarding the social impacts of market arrangements in the cattle industry. I am a Rural Sociologist at the University of Missouri and have spent the last twenty-five years examining the ways we have organized markets for agricultural commodities and foodstuffs, and the social and ecological impacts of those arrangements on farmers, workers and eaters, their communities and ecologies. I have also spent considerable time on the ground working with farmers and others in the food system to build alternatives to the dominant food system through direct marketing, cooperatives, alternative processing and retailing, community policies and other community efforts.

As a rural sociologist, my concern centers around the impacts of market organization on relationships between farmers, consumers and communities, in effect the social infrastructure that can make our food system and our communities resilient to natural and socio-economic disasters – like the pandemic. This training and concern leads me to focus on the broader impacts of competitive markets in livestock and other agricultural commodities, in particular the benefits they may offer to society that are larger than the impacts to individual competitors.

Competitive markets exist when no one seller and no one buyer can influence the marketplace, which means no one actor has the power to define choices or prices or ways of participating in the marketplace. Competitive markets can encourage a diversity of organizational forms (everything from single buyers or sellers to

cooperatives to worker-managed firms), as well as multiple linkages across actors, both of which are necessary for resilience and innovation.<sup>1</sup> Competitive agrifood markets can decentralize decision-making over food, something that every human being needs every day. For example, many farm and food businesses focused on local food markets were able to adjust more quickly than far-flung supply chains during the initial stages of the pandemic. Researchers found these enterprises were more nimble and connected to their supply chain partners, which allowed them to quickly innovate.<sup>2</sup>

The distribution of power in the food system, embodied in the power to make decisions about what food is produced, how, where and by whom, as well as who gets to eat and what they get to eat, becomes a focus of concern when that decision-making power is concentrated in the hands of managers and boards of directors of transnational agrifood companies. To meet shareholder expectations these firms look to their bottom line, not their impact on farmers, communities, consumers or the natural world. As you are certainly aware, the four largest beef packing firms were responsible for 85 percent of the U.S. steer and heifer slaughter in 2018.<sup>3</sup> Four of the largest cattle feeders have a one-time capacity to feed over 2.5 million head.<sup>4</sup> Meanwhile, there are a little over 750,000<sup>5</sup> cow-calf farms in the U.S., with an average herd size of 43.5 head,<sup>6</sup> producing the steers and heifers that will funnel to these large firms. While looking for profit, these producers are also concerned with their autonomy and well-being, as well as their relationships with other farmers and their community.

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<sup>1</sup>Worstell, J., and Green, J. 2017. “Eight qualities of resilient food systems: Toward a sustainability/resilience index.” *Journal of Agriculture, Food Systems, and Community Development*, 7(3), 23–41.<http://dx.doi.org/10.5304/jafscd.2017.073.001>

<sup>2</sup>Thilmany, D., E. Canales, S.A. Low, and K. Boys. 2021. “Local food supply chain dynamics and resilience during COVID-19.” *Applied Economic Perspectives and Policy* 43(1): 86–104.[doi:10.1002/aep.13121](https://doi.org/10.1002/aep.13121).

<sup>3</sup>USDA GIPSA Packers and Stockyards Annual Report, 2019, p. 9. Available at

<https://www.ams.usda.gov/sites/default/files/media/PSDAnnualReport2019.pdf>.

<sup>4</sup>Hendrickson, M., P. Howard, E. Miller and D. Constance. 2020. *The Food System: Concentration and Its Impacts*. Report to Family Farm Action Alliance. <https://farmactionalliance.org/concentrationreport/> Sources of information compiled to obtain these numbers are cited in the report and include various trade publications and company press releases.

<sup>5</sup>USDA. 2017. Census of Agriculture – Table 12. Available at

[https://www.nass.usda.gov/Publications/AgCensus/2017/Full\\_Report/Volume\\_1\\_Chapter\\_1\\_US/st99\\_1\\_0011\\_0012.pdf](https://www.nass.usda.gov/Publications/AgCensus/2017/Full_Report/Volume_1_Chapter_1_US/st99_1_0011_0012.pdf)

<sup>6</sup>See USDA Agricultural Census data at <https://www.ers.usda.gov/topics/animal-products/cattle-beef/sector-at-a-glance/>.

What are the impacts of consolidated decision-making in the cattle industry as well as in the larger food and agricultural sector? At the farm level, agrifood consolidation reduces farmer autonomy and redistributes costs and benefits across the food chain, squeezing farmer incomes.<sup>7</sup> The fact that four firms process over four-fifths of steer and heifer slaughtered means fewer choices for farmers about where they market their animals. My colleague, Harvey James (an agricultural economist), and I have argued that fewer market options “constrains – as in limits or inhibits – the decisions of farmers by restricting choice options or the types of decisions they can make. ... Second, it constrains – as in compels or obliges – the choices of farmers by forcing them into the kinds of decisions that they otherwise would not have chosen for ethical or other reasons.”<sup>8</sup> We have also argued that basic agrifood liberties, such as the freedom to negotiate and dictate terms or the freedom to know (to be informed), can be constrained when agrifood markets are consolidated.<sup>9</sup>

As I stated, I am particularly concerned about social relationships and communities. Over a decade ago, Lobao and Stofferahn conducted a meta-analysis of the relationship between agricultural structure and community well-being.<sup>10</sup> They found detrimental effects of industrialized farming on communities, such as increased income inequality or poverty and population decline, were reported in 82 percent of 51 studies. One of the most poignant moments of my professional life occurred when a northeast Missouri farmer told me: 'I used to look around to see if any farmers were getting out of farming so I could get their land to farm. Now I look around and see I have no neighbors.' In the same vein, Jane Gibson and Benjamin Gray, anthropologists at the University of Kansas, showed that a consolidated agriculture “without people” has

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<sup>7</sup> Hendrickson et al 2020.

<sup>8</sup> Page 283 in Hendrickson, M. K., and James, H. S. 2005. The ethics of constrained choice: How the industrialization of agriculture impacts farming and farmer behavior. *Journal of Agricultural and Environmental Ethics*, 18(3), 269–291.

<sup>9</sup> Hendrickson, M. K., and James, H. S. 2016. Power, Fairness and Constrained Choice in Agricultural Markets: A Synthesizing Framework. *Journal of Agricultural and Environmental Ethics*, 29(6), 945–967. <https://doi.org/10.1007/s10806-016-9641-8>

<sup>10</sup> Lobao, L., and C.W. Stofferahn. 2007. “The community effects of industrialized farming: Social science research and challenges to corporate farming laws.” *Agriculture and Human Values* 25(2):219–240. <https://doi.org/10.1007/s10460-007-9107-8>

depopulated Western Kansas with an accompanying collapse in social relationships.<sup>11</sup> It's not just happening on the American Great Plains. In discussing linkages between farming, rural prosperity and well-being, researchers in Europe found “less concentration of (agricultural) production and wealth will, almost inevitably, enhance social cohesion.”<sup>12</sup> Social cohesion, as well as social capital, is the glue that allows groups and communities to accomplish their goals and dreams.<sup>13</sup> That glue is imperative when communities are confronted by shocks. For instance, we know that strong social networks were critical for communities in addressing emergency food provisioning during COVID-19.<sup>14</sup>

The organization of our agrifood system impacts its social and ecological resilience. The global pandemic showed a number of cracks and flaws in how our agrifood system currently operates – especially in the livestock sector. Worker health and well-being are important indicators of food system sustainability, and both were severely impacted by COVID-19. In addition to the real-time analysis of reported infections in meatpacking plants, conducted by Leah Douglas at FERN<sup>15</sup>, Columbia University researchers documented a “strong relationship between proximity of livestock plants and the incidence of COVID-19 over time.”<sup>16</sup> Beef, pork and chicken processing plants were shut down at various times due to COVID-19 infections, causing a back-up of live animals waiting to be slaughtered. These live animals had to be fed,

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<sup>11</sup> Gibson, Jane W. and Benjamin J. Gray. 2019. “The Price of Success: Population Decline and Community Transformation in Western Kansas.” Pp. 325–62 in *In Defense of Farmers: The Future of Agriculture in the Shadow of Corporate Power*, edited by J. W. Gibson and S. E. Alexander. Lincoln, NE: University of Nebraska Press.

<sup>12</sup> Knickel, K., Redman, M., Darnhofer, I., Ashkenazy, A., Calvão Chebach, T., Šūmane, S., Tisenkopfs, T., Zemeckis, R., Atkociuniene, V., Rivera, M., Strauss, A., Kristensen, L. S., Schiller, S., Koopmans, M. E., & Rogge, E. 2018. Between aspirations and reality: Making farming, food systems and rural areas more resilient, sustainable and equitable. *Journal of Rural Studies*, 59:197–210. <https://doi.org/10.1016/j.jrurstud.2017.04.012>

<sup>13</sup> Flora, C. and J. Flora. 2007. *Rural Communities: Legacy and Change*. Boulder CO: Westview Press.

<sup>14</sup> Jablonski, B.B.R. J. Casnovsky, J.K. Clark, R. Cleary, B. Feingold, D Freedman, S. Gray, X. Romeiko, L. Schmitt Olabisi, M. Torres, A. E. . van den Berg, C. Walsh, and C. Wentworth. 2021. “Emergency food provision for children and families during the covid-19 pandemic: Examples from five U.S. cities.” *Applied Economic Perspectives and Policy* 43(1):169–184. doi:10.1002/aep.13096. See also this look at food pantries in particular: Hermsen, J., D. Chapman, F. Carlos Chavez, A. Iftekhar, M. Lee and M. Staab. 2021. “Food pantry operations during COVID-19.” Presentation at the annual meeting of the Midwest Sociological Society. March.

<sup>15</sup> See <https://thefern.org/2020/04/mapping-covid-19-in-meat-and-food-processing-plants/>.

<sup>16</sup> Taylor, C., C. Boulos, and D. Almond. 2020. “Livestock plants and COVID-19 transmission.” *Proceedings of the National Academy of Sciences* 117(50):31706-31715.

raising costs for farmers, or, in some cases, euthanized, causing economic and psychological harm. In addition to harms to farmers and workers, there are ecological concerns about animal welfare and the waste of natural resources such as soil and water embodied in those animals. Shutdowns such as these, or the 2019 fire that closed the Tyson beef packing plant in Emporia, Kansas,<sup>17</sup> illustrate the lack of redundancy and flexibility in today's agrifood system.

What can we do? One of the keys to social and ecological resilience is diversity. No one approach at any given scale will prove effective. Instead, we have to create a resilient food system through a combination of actions, strategies and policies at multiple levels that are ecological, democratic, and equitable within and across populations, generations and species. These experiments need to keep front and center the main goal of any food system – to provide healthy, nutritious food for all people, now and in the future, as we deal with a changing climate and declining natural resources. To accomplish that fundamental goal, we need a diversity of public, private and cooperative food and farm businesses, both small and large, that are transparently interconnected through multiple networks, to build redundancy and provide fallbacks when some organizations or networks fail.<sup>18</sup>

I don't have just one recommendation that policy-makers can pursue – as I tell my students, the food system is a wicked problem which has no one right answer. But we can learn from the negative social, economic and ecological impacts we have experienced. We can prioritize social and ecological resiliency and redundancy in business arrangements. We can invest in building social infrastructure to prepare ourselves better for the climate and social shocks of the future. We can understand that worker rights, animal welfare, farmer viability, food security and ecological sustainability are all bound together, requiring special attention to tradeoffs and who has the power to make these decisions. We can gain the necessary flexibility and adaptability to cope with emerging natural and social shocks while keeping humanity

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<sup>17</sup> <https://www.kansas.com/news/politics-government/article233949422.html>

<sup>18</sup> Worstell and Green, 2017.

fed by building a decentralized system of production and consumption, with power distributed from the bottom up.

Madame Chairwoman, thank you for the opportunity to discuss the social impacts of how we organize agricultural markets. I look forward to answering any questions you may have.