



Episode 656: How the Wholesome Meat Act Gives Us Less Wholesome Meat

Guest: John Moody

WOODS: All right, we've got some fun stuff to talk about here. Anytime you talk about the safety of meat, people think back to the Progressive Era, or they think, thank goodness we have the government there, or surely we would all die instantly, and all that. And the real truth of the matter is much more interesting and complicated, and it's less of a morality play. And what I'd like to do is start off – there are two pieces of legislation we want to look at. One of them that was passed, I guess now, nearly 50 years ago, and the other one, which is pending, which would modify the first one. So the first one I want to talk about today is the Wholesome Meat Act. Absolute classic title of a bill, right? No one could possibly oppose – what, are you against wholesome meat? This is the Wholesome Meat Act of 1967. So let me ask you, John Moody, what, are you against wholesome meat? What's wrong with you?

MOODY: Well, the problem with whenever government tries to achieve a good end through legislative means is they tend to destroy both the means and the end. And so you know, now sitting here 50 years later, I believe it was just last week, 2.5 million pounds of poultry were recalled because of what the USDA or FDA called extraneous contamination, meaning that when you bite your chicken nugget or you bite your other thing, I guess you could be getting bits of plastic or bits of rock or who knows what. And so you know, when you think about things like this Wholesome Meat Act that supposedly protect consumers from adulterated meats, adulterated foods, dangerous pathogens, in actuality the statistics and studies show that it's made our food supply less safe. It's done the opposite of what it intended.

WOODS: Yeah, and the thing is it's not obvious why that would be, because on the surface of it, it seems like the government passes a law and we're all safer. Why would that not be?

MOODY: Well, with food especially you need to understand how the food system used to work and look and how legislation like this distorted the food system and now how it works.

WOODS: Okay, yeah, yeah, yeah. Give us the whole scoop. I want to know.

MOODY: Well, imagine you're a cow before the Wholesome Meat Act. So imagine you're a cow in 1960. You could have been across tens of thousands of farms. When

you went to be butchered, you could have been butchered at over 10,000 different locations. At that time, you probably would have been fed far less grain than cows are fed today. You would have lived at much lower stocking densities as a cow. It wouldn't be like some cow frat house at a modern college, where you're all crammed into this incredibly small space. You know, you would have been spread out. You would have had distributed butchering. Meat in America used to be this highly diversified and competitive industry, and so when you went to the supermarket or you went to your local butcher and you saw all these different labels for all these different products, they really represented actual consumer choice in the marketplace.

And so after the Wholesome Meat Act, we went from having this highly diversified, incredibly competitive meat industry to now where roughly 80% of all meat in America is controlled by a handful of companies. So three to five companies control almost all the beef eaten in the nation; they control almost all the pork eaten in the nation; they control almost all the poultry eaten in the nation.

And with that consolidation of control, you have consolidation of processing. So where a butcher used to handle a much smaller number of animals, thereby eliminating – right now, when you get a hamburger from a restaurant, for instance, that meat in that hamburger could come from a thousand different cows that have been all ground together. If there was one sick cow or one sick employee or one improperly sanitized step in that process with all those co-mingled cows, you now get the multimillion pound food safety recalls that we see is common in the American meat industry, because the only way people could keep up with the meat regulations and all the additional costs they created was by consolidating to keep up, and the consolidation made the meat supply less and less safe. It's just astoundingly sad to see in action how badly this legislation has worked out for the American people and for the American farmer.

WOODS: What would you say to the average person, though, who is concerned about meat safety and who would say, well, you've got to try something, we have to do something to ensure meat safety? What else could be done to ensure meat safety, other than this?

MOODY: Well, the first thing to realize is that meat wasn't unsafe before the Wholesome Meat Act. The Wholesome Meat Act was driven by the fictional writing of people like Upton Sinclair, whose original goal, you know, the thing he had in his sights wasn't even so much the meat industry as it was labor and other things. And so the first thing to realize is if meat and raw milk and all these other foods were so unsafe, none of us would have ever gotten here in the first place. We've been kind of indoctrinated into believing that before the government got involved in these industries, these industries were killing people left and right. And that does a great job of indoctrinating people into believing we need the government's involvement in these areas, but it's just not accurate historically.

I would say if what we want is a safe meat industry – and by "safe," I don't want to play into the hands of those who somehow think we can enjoy a 100% safe anything in

this world. I always remind people, like, getting out of bed in the morning is inherently risky, but so is staying in your bed. There's no such thing a no-risk option in a world like the one we live in. But what kind of system would most reduce and minimize risk? Well, it would be a decentralized meat system, a highly competitive system that's decentralized, where animals are not being co-mingled, where you're not putting 3,000 chickens an hour through a multi-step chlorine batch from chickens that have been raised in their own fecal matter.

There was a great study done by Consumer Reports a few years ago, where they went around the country to grocery stores and similar places, and they sampled poultry right off the shelf, in terms of its safety. So this is your USDA-inspected, FDA-approved, triple-chlorine-bathed chicken that's at your average grocery store. And the Consumer Reports results were terrifying. Something like three-quarters of the chicken they sampled tested positive for pathogenic bacteria, and over half of those samples tested positive for strains that are antibiotic-resistant.

WOODS: All right, so this, I think, helps to account – and increasing consumer knowledge about this – helps to account for the increasing interest in getting locally produced foods of all kinds – not just meats, but foods of all kinds, but meat in particular. But now, even getting locally produced meat is more difficult – locally raised meat – is more difficult than it would otherwise be as a result of government regulation, I'm pretty sure, but I'm not sure I could defend that in a debate; can you?

MOODY: Oh, yeah. So again, like, as a farmer, if I tried to sell you a pork chop or a pound of ground beef, from an animal I butchered on my farm, or I butchered it anywhere except a USDA-inspected facility or a state-inspected facility in states that permit it, I would go to jail. It's illegal for farmers to choose where they have animals butchered because of the Wholesome Meat Act. It requires particular animals to only be butchered in particular places. So in some states, for instance, we actually had a member of Farm to Consumer who I spoke with a few months ago. He lives right along a state line I think down in the Mississippi area, and he has to take his animals all the way to Tennessee to be butchered if he wants to be able to sell in his local region because of the meat inspection requirements.

And it's just amazingly crazy. We had two cows butchered on our farm for the first time a couple months ago, and I took them to what's known as a custom slaughterhouse. A custom slaughterhouse is where you take animals that you hunted yourself or you raised to eat yourself to be butchered, as opposed to an inspected slaughterhouse or butchering facility. So we have this really complicated meat inspection system, so I'm trying to find words as I go along. And so we took these two cows to be butchered. You go back a couple weeks later to pick them up when they're all done, because cows need to be aged and hung and stuff.

And my 10-year-old daughter and I are loading this meat now into one of our chest freezers here on the farm. And you know, she's right at that age where as a kid you're trying to put the world together, you have a lot of questions. And she's looking on the packaging of this meat, and she goes, "Dad, why does this packaging say, 'Not for sale'?"

Why can't we sell this meat, Dad?" And I began to explain to her that because we had it butchered at a local butcher shop, a custom butcher shop, we could give that meat away; we could donate it to something; we could have friends over to eat that meat at our house; we could eat that meat ourselves. But all of a sudden, if we were to try and sell any of that meat, it magically becomes unsafe as soon as you try and sell it, and we would become criminals.

WOODS: Who's the beneficiary of all this? Is there one?

MOODY: Well, there's a number of beneficiaries. The first is the processing cartels and the larger players in the meat industry, because again, like, since over 80% of beef in America is now controlled by only four companies, they enjoy massive economies of scale and cost advantages over local farmers that would not exist if local farmers were allowed to directly sell to consumers without government interference. They also enjoy massive subsidization through the Farm Bill.

I have a talk I give, and I basically point out there is no part of the economy that is as heavily impacted by government intervention and regulation than food. Libertarians want to point to energy, and they want to point to all of these other places, and government intrusion and waste in these areas of the economy are egregious at times and foolish, but if you want to see the might and power of government run amok displayed in all of its glory, it's food. You know, how else do you get cans of Coca Cola to be cheaper than carrots? How else does it economically make sense?

This is one of the best new ones coming out of the federal government. They recently approved American-raised chicken can be killed in America and frozen. It will be shipped to China. There it will be unfrozen and processed. Then it will be refrozen and shipped back to the United States. You as a consumer will not know that this is Chinese-processed chicken. It'll be allowed to be labeled as American chicken. And it'll still be cheaper than chicken I could sell you from my farm. How messed up must the economies be, the economics involved, when it is cheaper for a chicken to cross the road to China and back than it is to come from a corner farmer down the street from you?

WOODS: All right, yeah, I actually want to try to – because I know that's a rhetorical question, I want to dig into that. But let's hold on on that for just a minute. I want to ask, let's think about these regulators who are responsible for enforcing a law like this or who helped to devise the law. Is it your view that these are people of bad will? Are these people who are just confused, or they think they're helping but they're not? What would the motivation be behind this? Is it good intentions gone wrong? Or is there something more at work? What's your conclusion?

MOODY: Well, I think it's a mixture. It's very clear in our work that there are some people in the meat inspection system who are good people, they're trying to do a good job, and when they are assigned to smaller slaughterhouses, to smaller butchers, they can be very evenhanded. They're trying to serve the public well. At the same time, if you go to our website you will see numerous horror stories of some of these inspectors

being assigned to smaller and medium-sized slaughterhouses and wreaking absolute havoc for no other reason than to create trouble for these small business owners. I actually have some good friends who opened a USDA-inspected facility here in Kentucky, and their inspector moved on to a different position, so they had a temporary inspector. And the temporary inspector was so bad that multiple employees I guess quit in tears, because the inspector literally made life at their butchering facility a living hell for all the people there involved.

And again, we want to talk about how does this benefit the big players. Well, you know, like, if you go to a vertically integrated slaughterhouse that has a USDA inspector, they're having 3,000 chickens an hour whiz down the processing line. Do you really think that the inspector is taking a look at almost any of those chickens? How much control is the inspector actually engaging in? Most of these vertically integrated slaughterhouses, the only times they've gotten in any trouble are when undercover whistleblowers have recorded the widespread lapses in terms of food safety, food handling, animal abuse, and what have you. Whereas at some of these smaller butcher houses, every single animal is being looked at by an inspector, who, last I checked, does not have super powers to see pathogens on an animal carcass.

Here's another great example of the disparity. The USDA has a rule for beef animals, that any animal, I believe it's over 30 months of age, if the animal is 30 months or older, it is automatically, certain parts of the animal are deemed unfit for human consumption and must be condemned. And this is some of the most valuable cuts on the animal, Tom. So these are like your filets and a lot of the nicest, most expensive cuts on the animal. If the animal is 30 months or older, automatically condemned. Now, for small local farmers, because we're not feeding our animals grain to death and they're getting exercise and they're out on pasture, it takes me longer to get an animal to butchering weight and size than it does a confinement operation.

So here's a regulation that already tilts the field in favor of people I have to compete against who are also then getting subsidized because the grain they're then feeding their cows is only possible because of billions and billions of dollars of government subsidies that allow him to get his animals cheaply to slaughter sooner than I can. But even better, my animals are going to be individually looked at by an inspector, and even if I have calendar records, I believe, because one of my farmer friends had this happen to him, if the inspector decides by looking at the animal's teeth that the animal's older than 30 months, he can condemn it, and you can lose all of those premium cuts and all that meat to an arbitrary inspector's standard – as a small farmer, which never happens to these guys. It just doesn't.

WOODS: Okay, I'm glad you raised all those points, because the question I was going to ask you earlier was this, when you were saying how perverse it is that such and such would be cheaper than some other thing or a chicken going all the way to China and back would be cheaper than a chicken that I raised right down the street – because I wanted to ask, just to play devil's advocate, not that cheapness is all that matters, because I don't want the cheapest everything. I don't get the cheapest web hosting; I don't get the cheapest – I don't always try to get the cheapest thing. I could get the

cheapest gas for my car. They have weird octane – I've been in Colorado for a while, they have 85 octane. I've never seen that before. Anyway, I could do all those things, but I don't. I don't always, because there are other factors at work.

But couldn't it be that it actually is cheaper? For example, there are some things that are counterintuitive, like sometimes it's cheaper to buy a new pair of shoes than repair an old pair of shoes. You think, why should that be? Well, the economy is a complicated latticework. There's no way I can untangle it and figure out why that should be; I just know that it is. Or maybe it makes sense to make pencils all the way in South America that we're going to use here in the U.S., because the efficiency there is so great that it totally swamps the transportation costs. So I was going to raise that as devil's advocate. Couldn't that be all that's work here? But your argument is that it's not just an innocent question of specialization around the world here. There is government's fingerprints are all over this.

MOODY: Well, that's exactly it. Partly it's a subsidy issue. Those Chinese chickens receive literally billions of dollars per year in government subsidization before they go to China through basically the perverse incentives surrounding grain growing in America. There's a really great book for those who catch the podcast; it's a book called *Death by Food Pyramid* by a lady by the name of Denise Minger –

WOODS: I've been meaning to read that book, because I thought that's one of the best book titles I've heard in a long time.

MOODY: It is. And she's really funny. It's a very enjoyable book. But she shows, again, just how much there is no section of the economy that has been as tampered with and distorted as food and farming. And so you have these massive grain subsidies that basically prop up the feeding of animals who aren't designed to eat grain, feeding them grain. Then you have these regulatory frameworks that favor massive consolidation as the only way to comply with the huge costs of these regulatory structures for the butchers and stuff.

And so at every step of the way – you also have the fact that as a small farmer, I can't externalize my costs onto others. As a small farmer, manure is of economic benefit, not of economic liability, whereas for a lot of these CAFO operations, they have manure lagoons that contaminate groundwater. They're also causing collapse of aquifers all over the country. And so these people are causing all these – they're externalizing all of these environmental costs onto their communities, in terms of gobbling up all the groundwater, in terms of contaminating groundwater supplies, in terms of creating odor issues and other noxious issues.

I have friends who live up in Indiana, for instance, and there's large stretches of the year where they can't go outside their home, because the smells from the manure lagoons are so bad. And the government protects these things, because they have what are known as right-to-farm protections. People's private property rights are being denied to them through these big agribusinesses. And so just, like, there are so many different angles in terms of the government's involvement and the government's

protection and subsidization of these agricultural giants that could be talked about. You know, another great one is the checkoff system. Have you ever seen the "Beef: it's what for dinner" thing?

WOODS: Oh, sure, yeah, of course.

MOODY: And you've seen, like, "Pork: the other white meat."

WOODS: Yeah, right.

MOODY: So, well, you might think these are industry trade groups, but it's actually a quasi-governmental trade group that the Supreme Court ruled can force all farmers to contribute to them. So they're called checkoffs, and I'll send you some links that you can post in the notes for the podcast; I think you'll find this fascinating. But the Supreme Court basically said that these checkoff programs can force all farmers in the nation to contribute money to them, even if we don't agree with them, even if we don't want to support them. So they're basically a government-mandated carte. The Supreme Court treats it as a tax. But now at the same time, these checkoff programs are wanting to be shielded from FOIA requests, because the checkoff programs are then using the money, they're extracting from all farmers to basically lobby against and hurt other people who are forced to contribute to them. It's just madness.

WOODS: Tell me about the PRIME Act now. I know Rand Paul I think has a hand in that. What would that do, and what's desirable about that?

MOODY: So our response to the Wholesome Meat Act and the lack of options for small farmers to affordably and efficiently access local butchering would basically be the first rollback to federal meat inspection in history. And we've called it the PRIME Act, and in a nutshell, it would allow individual states to opt out of the requirement for USDA inspection for by-the-cut meat butchering sales. So as I mentioned earlier, if you were to come to my farm today and I were to try and sell you one of these pounds of ground beef from a cow I just had butchered, I would become a criminal, because that meat in the state of Kentucky – I don't believe Kentucky has a two-tiered state inspection system anymore. Indiana does. So my meat would have to go to a USDA-inspected facility if I wanted to sell you a pound of ground beef. If the PRIME Act were to pass at the federal level, it would allow a state like Kentucky to say, farmers, you are once again free to use local custom butcher houses and others in order to sell meat by-the-cut directly to consumers within the state of Kentucky.

WOODS: All right, what do you think the prospects are for this particular bill?

MOODY: Well, that's a good question. So it's done fairly well in the House. It has a large number of co-sponsors on both sides of the political aisle. Thomas Massie, who's a congressman from Kentucky, is the one who originally introduced the bill. It has co-sponsors as diverse as, like, Jared Polis out of Colorado, Chellie Pingree I believe is out of Maine, and many others. And I believe it was recently taken up in the Senate. It found a sponsor and a number of co-sponsors in the Senate. And you know, it's the kind

of bill that if enough people get behind it and if enough people will contact their congressmen and senators, it's the kind of bill that would have a lot of traction, because it is transpartisan or nonpartisan or whatever you want to call it. There's people on both sides of the political aisle who would see a bill like this as being a win. For Republican people, it's a very limited government bill. It's a very individual liberty bill. It's a very – you know, it has a lot of bells and whistles on that side. Whereas on the Democrat side, it's very much a bill about local governance, local economies, providing a more even playing field for smaller producers, taking away the government being coopted by corporate invested interests. So it's the kind of bill that if you know who you're trying to sell it to, you can emphasize different aspects of the bill that are completely true that will appeal to different people in politics.

WOODS: Well, it's very interesting. I know you've written about it on your site, because I read about it on your site, so I'm going to link to some resources related to the PRIME Act. And as long as I'm talking about your site, why don't you take a minute to tell us a little something about the Farm to Consumer Legal Defense Fund?

MOODY: Great. Well, we're a 501(c)(4) not-for-profit, and we basically exist to advocate for a truly free food system. So we exist to protect farmers, to protect producers, and to protect consumers, and our goal is that you might be able to choose the food of your choice from the person of your choice, and if you want to access that food, with no government regulation or interference if that is your desire. And obviously if you want government-stamped and approved food, then you can have that as long as the day is long or whatever, but we want people to have the ability to opt out of the regulated food system and into a direct, transparent, direct-to-consumer type food system model. So we engage in litigation, we engage in lobbying, and we engage in education.

WOODS: The website is FarmToConsumer.org. Of course we'll link to that at TomWoods.com/656. That's where we'll have information about stuff we've been talking about, and we'll link to your site; we'll get your social media up there, so if people don't remember FarmToConsumer.org, just remember the number 656. That's where we'll have all the stuff. Well, I'm glad to talk to you, because this is an area I really don't know that much about. I've got some instincts that have been forged through observing big government in a million other different situations, and it turns out that those instincts wind up serving me quite well, because it's like there's a template that you can fit everything government does into, including in food.

MOODY: Oh, exactly, and what gets me, though, is so often I see libertarians or more liberty-minded people point out all of the damage government does in terms of forcing consolidation, increasing costs, decreasing quality, but then when we get to the food system and the farming system, a lot of them never make those connections, or they're never willing to actually look at the economics involved and the havoc that's been wreaked. So you know, like, with the Wholesome Meat Act, we went from almost 10-20,000 butchering options in the 1960s to now there's less than 3,000. Just massive consolidation.

WOODS: Yeah.

MOODY: We went from a beef industry with literally thousands of players, thousands of businesses, to basically a beef industry with four.

WOODS: Yeah.

MOODY: And none of that would have ever happened had the government not stacked the deck to eliminate competition and encourage and create consolidation.

WOODS: You know, I just had an episode a couple of days ago on exactly how government does in fact inhibit competition, and of course you can see at different levels of government there have been attempts to interfere with Uber or to make life difficult on private or home schools or food trucks or whatever. Like, there are all kinds of onerous regulations. I told the story of a woman on my own street who used to make chicken salad out of her home, and that was a crime. You can't make chicken salad and sell it to anybody out of your home. So it's all these sorts of things that are obviously not – nobody on our street complained. Nobody said, we fear we're in danger. Nobody on our street complained. It never works that way. It's either the government steps in, or somebody who makes lousy chicken salad – and believe me, it was lousy chicken salad – steps in to try to stop a competitor. It is often as mundane and base as that.

MOODY: Well, and that's the thing with the food system. You know, my wife and I make Kombucha. We've been making this drink for years. It's kind of a boutique chick drink. And we have tons of people, like, oh, you should start a Kombucha business, but as soon as we looked at the economics involved to comply – you know, like, we'd have to use a certified kitchen. We've been making Kombucha for a decade, and all of a sudden, if I want to start selling it, I have to rent a \$30 an hour approved commercial kitchen, magically. Like, why can't somebody just buy Kombucha from me, as long as they know they're buying it from somebody who's making it in their home? Why can't you have that choice?

WOODS: Yeah.

MOODY: Why can't you have the choice to buy chicken salad from your neighbor, who raised some chickens on the back half acre of their property?

WOODS: Yeah, I know it. I know. But look, you're singing from my hymn book here. I have exactly the same thoughts. Well, I hope people will visit FarmToConsumer.org. I know you and I no doubt have a lot more to discuss, so let's do it again some time.

MOODY: Great, well, thank you for your time, friend, and I hope you have a great week.

WOODS: Thanks, John.