



The Daily Dish

There's a Sausage Policy Joke Here Somewhere

DOUGLAS HOLTZ-EAKIN | JANUARY 5, 2022

As [reported](#) in *The Hill*, “The White House on Monday announced plans aimed at addressing rising prices for meat and poultry” noting that the “White House has previously pointed to a small number of conglomerates for driving up meat and poultry prices, which have been a major contributor to broader inflation in recent months.” Putting aside the fact that there is [no logical connection](#) between general inflation and the quality of competition in any particular market, let’s take a gander at the [fact sheet](#) for “The Biden-?Harris Action Plan for a Fairer, More Competitive, and More Resilient Meat and Poultry Supply Chain” (a title so pithy that they must have sub-contracted its development to the Congressional Budget Office).

The fact sheet asserts: “Over the last few decades, we’ve seen too many industries become dominated by a handful of large companies that control most of the business and most of the opportunities – raising prices and decreasing options for American families, while also squeezing out small businesses and entrepreneurs. The [meat and poultry processing sector](#) is a textbook example, with lack of competition hurting consumers, producers, and our economy.”

So, what is the plan? Will the administration conduct an investigation for evidence of collusion by meatpackers? Will it conduct an in-depth economic analysis demonstrating price gouging or other activities that harm American households? Nope, it will “dedicate \$1 billion in American Rescue Plan funds for expansion of independent processing capacity. USDA reviewed [nearly 450 comments](#) received over the summer in response to its request for input on how best to increase independent processing capacity.” Really?

Never mind that \$1 billion is a trivial amount in a sector that produces trillions of dollars of product. The mind-blowing part is that the Biden Administration asked independent processors the best way to increase independent processing capacity – thereby assuming the solution to an as-yet-undemonstrated problem – and their answer was “give us \$1 billion.” How incredibly selfless and analytical.

The money will include \$375 million in grants for independent meat producers, \$275 million to back private financing for processors, \$100 million to subsidize the cost of overtime inspections and – the union tax required in every administration initiative – “\$100 million to support development of a well-trained workforce, safe workplaces, and good-paying, quality jobs by working closely with partner organizations, including labor unions, with expertise in workforce development and worker health and safety.”

Oh, and by the way, as an afterthought: An edict to the USDA and Federal Trade Commission “to prepare a report on access to retail and competition’s role in protecting new market entrants in meat processing.” That’s right, Step 1 – assume a problem; Step 2 – spend \$1 billion of other people’s money on assumed solution to assumed problem; and Step 3 – study whether there is a problem.