

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND REFORM

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February 15, 2022

The Honorable Carolyn B. Maloney
Chairwoman
Committee on Oversight and Reform
Washington, D.C. 20515

The Honorable Raja Krishnamoorthi
Chairman
Economic and Consumer Policy Subcommittee
Committee on Oversight and Reform
Washington, D.C. 20515

Dear Chairs Maloney and Krishnamoorthi:

We are concerned about the Economic and Consumer Policy Subcommittee's new investigation into several meat processing companies for alleged "predatory practices." This investigation was launched on January 25, 2022, despite the Select Subcommittee on the Coronavirus—an arm of the House Oversight and Reform Committee—already investigating meat processing companies for over a year. Instead of conducting dual investigations of the meat processing companies, we respectfully request that the committee investigate the historic inflation rate our country is now facing.

Inflation reached a 40-year high in January of 2022, increasing by 7.5 percent in the last year.¹ The cost of electricity has increased by 10.7 percent, gasoline has increased by 40 percent, the used car market is up almost 40.5 percent, and all commodities other than food or energy have increased by 6 percent. Obviously, recent price increases are not unique to the meat industry, and it is shameful that Democrats are blaming the meat industry instead of holding the Biden Administration accountable for failed policies which have contributed to inflation and dramatic price increases.

The letters sent to the four meat processing companies vaguely mention input prices. Without question, it has become more expensive to raise cattle and prepare it for slaughter, which has led to an increase in the price per head of cattle. For starters, fertilizer prices have increased by 100 percent to 210 percent compared to 2020 prices.² Ranchers use fertilizer to support the nutrient health of their pasture. Corn and soybean farmers—which provide feed to

¹ *Consumer Price Index Summary*, U.S BUREAU OF LABOR & STATISTICS (February 10, 2022).

² *Too Many to Count: Factors Driving Fertilizer Prices Higher and Higher*, AM. FARM BUREAU FEDERATION (Dec. 13, 2021).

the cattle industry—also rely on fertilizer for their production, causing the price for these two crops³ and feed⁴ to increase.

Labor also is a critical input, and, like other industries, packers have been faced with significant challenges in the last year. Many plants operated at no more than 80 to 85 percent staffing capacity last year. In response to the industry labor shortage, packers have raised their starting wages for meat processors from \$14.50 to \$22 per hour.⁵ Many plants are still struggling to return to 100 percent staffing capacity.

Rising meat prices are a concern, but, again, this price increase is not unique to meat alone. Americans are paying more for other items, like milk and produce, when they visit the grocery store.⁶ Part of the increase can be attributed to supply and demand. Demand for food at the grocery store has increased in the last year due to more Americans staying home. Increasing energy and input prices for trucking and warehousing naturally have an impact on the retail price as well. This coupled with increased demand have had a substantial impact on the retail prices that consumers are being forced to pay.

Republicans on this committee have pointed out numerous times that there are ample areas for legitimate oversight that you continue to ignore. If this committee wants to lower the cost of living for Americans, there are several areas on which we need to focus. In addition to holding a hearing on the skyrocketing inflation facing consumers, the committee should investigate the Biden Administration's policies on oil and gas production, which are causing the price of electricity⁷ and gas⁸ to increase. The committee should also conduct oversight on the existing labor shortage⁹ and how Biden's policies, like the vaccination mandate on private employers, could reverse the current trajectory and increase unemployment. Finally, the committee should examine how the policies previously mentioned will continue to increase the price of food and could lead to a food shortage as a result of raising the costs of production. These are only a few of the possible topics this committee could investigate if it were truly concerned about the price increases that Americans have experienced in the last year.

Ultimately, this investigation is merely a veil designed to give the committee cover for abdicating its responsibility to investigate this Administration and its policies. The Subcommittee on Economic and Consumer Policy has jurisdiction over "policies that affect the growth and prosperity of the middle class." With middle class America shouldering the brunt of price increases across multiple sectors, we strongly urge you to immediately hold a hearing on inflation and its impacts on middle class America.

³ *FRED Graph*, Fed. Reserve Bank of St. Louis (last visited Feb. 2, 2022), <https://fred.stlouisfed.org/graph/?g=LcVz>.

⁴ Kirk Maltais, *Grain Prices Could Be More Volatile After Jumping in 2021*, THE WALL ST. J. (Dec. 27, 2021).

⁵ Jeff Stein & Laura Reiley, *White House to offer \$1 billion in aid for smaller meat-industry producers*, THE WASH. POST (Jan. 2, 2021).

⁶ *12-month percentage change, Consumer Price Index, Food-at-home, December 2021*, U.S BUREAU OF LABOR & STATISTICS

⁷ *Electricity data browser - Average retail price of electricity*, U.S. ENERGY INFO. ADMIN. (last visited Feb. 2, 2022).

⁸ *Cushing, OK WTI Spot Price FOB (Dollars per Barrel)*, U.S. ENERGY INFO. ADMIN. (last visited Feb. 2, 2022).

⁹ News Release, U.S Bureau of Labor & Statistics, *The Employment Situation - December 2021* (Jan. 7, 2022).

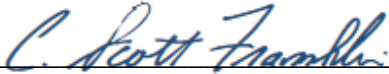
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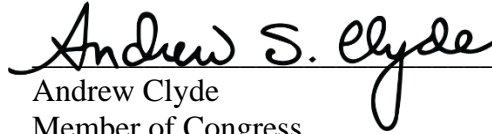
Michael Cloud
Ranking Member
Subcommittee on Economic and
Consumer Policy



Fred Keller
Member of Congress



Scott Franklin
Member of Congress



Andrew Clyde
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