

# **COVID-19 has created a disconnect between where food is produced and where it is needed**

As part of our discussion of the perfect storm—1) an extended period of low farm product prices, 2) reduced need for corn-based ethanol due to reduced driving in response to sheltering in place, 3) significantly reduced demand for vegetables by the restaurant industry as a result of the coronavirus, 4) milk production that exceeds the processing and holding capacity of the dairy industry, and 5) reduced throughput of animals by the packing industry due to workers contracting COVID-19—that is hitting agriculture right now, we acknowledged consumer concerns that food is being destroyed at the same time that more people are food insecure.

In this column we want to begin to address the challenge of getting the food that is currently being destroyed from the fields, pastures, and barns where it is being produced to the poor and newly unemployed who are having trouble putting food on their tables.

While there are organizations from Second Harvest to local independent food pantries working to address the issue of hunger in the US, they currently do not have access to the resources needed to handle the massive amount of food that is being destroyed.

To begin this thought experiment, let's start with the simplest case by recognizing that the corn that is not being converted to ethanol and the soybeans that are not being exported as well as other storable commodities are not being destroyed; they are just sitting in on-farm storage bins and local elevators as farmers wait for better prices. Frequent readers of this column know our solution to that problem: higher loan rates and a government-owned strategic grain reserve.

That brings us to the case of vegetables like yellow squash and zucchini where a large portion of the national production of these vegetables is destined for use by restaurants and other commercial kitchens. With sheltering in place and the adjustment of many of these venues converting to take-out service, the demand for many fresh vegetables has plummeted. As a result, a significant portion of those vegetables have been harvested to make way for the next crop. The vegetables have then been left in piles to go bad because there is no point in processing them if there is not a market.

The solution to the problem involves a significant amount of money. Rather than compensating farmers for their losses, we are suggesting that Congress should empower the USDA to use that money—and more if needed—to purchase the crop and have it packed in household sized packages. We have not read of vegetable packing facilities being shut down for the coronavirus, but as they are used, we should make sure that they are operated in ways that provide a safe working environment for those involved.

Once the vegetables are ready for fresh or frozen distribution, rather than reinventing the wheel, we should use the commercial food distribution systems that normally would be carrying those vegetables. They would then transport the vegetables and any affected fruits to their local facilities with the federal government covering the costs. At that point the commercial food distribution services can then make these food products available, free of cost, to various food pantries in their normal distribution area.

With dairy, we have large milk users like schools closed for the foreseeable future. This certainly contributes to the current excess of milk in the system. Again, we need to use the

commercial system to make excess milk and milk products available to food pantries with the USDA covering the purchase and distribution costs. We also need to make sure that milk plants and distribution services operate in a way that minimizes the risk of the spread of the coronavirus.

With meat we literally have a whole different animal. Social distancing has not been a part of the system used by large packing plants in the US. They have gained their efficiency by lining up workers along the production line as close together as possible so there is no wasted time or space. Historically, line speeds have been limited by federal regulation. In some ways it is ironic that the meat packing industry recently received permission to increase line speeds at about the same time that the coronavirus began its spread in that tightly packed, dangerous environment.

To safely reopen meat packing plants and reduce the chance of the spread of the virus in that environment, they will have to space workers farther apart and reduce line speeds and thus meat throughput. That means that even when the closed plants reopen, they will not be able to process as much meat in a day as they did before.

In the past, the meat production process left some of the meat in larger cuts that would be broken down by chefs in the restaurant. With fewer of the larger-sized meat packages being used by restaurants, it will take more time at the processing plant to break the meat down into consumer or grocery store-sized packages, further reducing the amount of meat being processed by each plant.

In the past, grocery stores had the facilities to break down larger pieces of meat into consumer cuts. With the advent of prepackaged box meats, grocery stores no longer have the space, equipment, or number of trained butchers to handle an increased number of larger cuts.

With packing plants running at close to full capacity before the coronavirus, there are no unused resources to pick up the slack that results from reconfigured production lines. As a result, we have more animals available to the plants than they can handle.

If this were 40 or 50 years ago, we would see some of these animals being processed by local locker plants in nearly every community across the nation. Today the number of local facilities is a fraction of what they were when Daryll and Harwood were growing up. Even if people wanted to butcher their own animal, few have the requisite skills, and even fewer want to do it.

From our perspective, we are between a rock and a hard place when it comes to meat and the short-run. Unfortunately, for the foreseeable future, we will see the slaughter of animals that will not be used to feed people.

In the long-run we need rethink the design of our meat production system and the regulations we use to govern meat processing facilities so we have a process that has significantly increased resilience to events like the COVID-19.

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