

PolicyPennings by Daryll E. Ray & Harwood D. Schaffer

Dealing with "bad actors" in agriculture

If there is one topic we wish would disappear from our column topic radar, it would be food safety. Every time a food recall is activated, farmers end up with egg on their face—we couldn't resist the line—even though most had nothing to do with it.

All it takes is a few bad actors to make everyone look bad. There was a time before the widespread availability of refrigeration that rancid butter was a problem. This problem gave an opening for the development of "oleomargarine." And so to protect their markets and profitability, cooperative creameries began educate and monitor their members so they could consistently provide the public with a quality product. The monitoring was necessary, because rancid cream from a few careless producers would ruin the quality cream delivered by the rest.

While we would be reluctant to classify the industrial-style producers of most of the eggs sold in the US as farmers, there is little doubt that the general public does not make that distinction. Eggs come from chickens and farmers raise chickens; case closed.

As we write this column the US Food and Drug Administration and the US Department of Agriculture have found the strain in the current salmonella outbreak in the feed of the two egg operations in Iowa that have connections to the DeCoster family.

Since we have ties to Iowa and southern Minnesota, the DeCoster name is familiar to us. They made headlines in the 1990s as they sought to become the dominant integrator in the Iowa hog industry. In doing this, it appears that they cut corners on their handling of hog manure allowing it to spew into the waterways of Iowa.

In her Associated Press news article titled "A supplier in egg recall has history of violations," Mary Clare Jalonick writes, "In 2000, Iowa designated DeCoster a 'habitual violator' of environmental regulations for problems that included hog manure runoff into waterways. The label made him subject to increased penalties and prevented him from building new [hog] farms."

That AP article, one in the Washington Post, and an NPR interview by Melissa Block with Philip Brasher of the "Des Moines Register" describe a decade and a half of violations and penalties involving DeCoster

operations in Maine, Iowa, and Ohio.

During the 1990s, "three strike" provisions were adopted by many states to take repeat offenders off the streets. In Las Vegas, those with ties to organized crime are not allowed to sponsor boxing matches or own casinos. Pete Rose was banished from Major League Baseball for betting on games. What about agriculture?

Setting DeCoster aside, how should agriculture handle the bad actors in its midst? Economic theory suggests that regulations are not needed because consumers will see the problems, quit doing business with the offender, and the bad actor will either change or be put out of business. That can work well as long as the customer can trace the product to a given company—witness the problem US auto manufacturers have as they now work to shed their reputation for inattention to quality.

But in the case of certain agricultural products, the production of a single facility can be distributed under a number of different brand names. Even if the consumer could identify the code numbers on various brands, the name of the original producer remains difficult to identify, making it nearly impossible for consumers to single-out bad actors for economic punishment.

That is where legislation and regulation can play an important role. Not only are farmers protected from the actions of repeat bad actors, consumers are better protected from food-borne illnesses.

But to be effective in bad-actor cases, the regulation procedures need to include the authority to shut down operations in the face of repeated, flagrant safety and health code violations and to require its principals to show cause as to why they should be allowed to engage in agricultural production and processing in the future.

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