

J. Dudley Butler's Blatant Bias On Display At GIPSA

-- Steve Kay for BEEF magazine

It's disturbing how one individual has the potential to cause so much damage to an industry. You might know that Mississippi attorney and one-time cattleman J. Dudley Butler heads USDA's Grain Inspection, Packers and Stockyards Administration (GIPSA). You might not know that Butler spent at least some of his 30 years in the law arguing poultry arbitration cases against processors on behalf of poultry growers.

I don't know if Butler won any cases. No matter. He now heads the agency that regulates the livestock and poultry industry in regard to its marketing practices. Now is his chance to stop all those nefarious practices that his former clients convinced him were going on. So GIPSA comes up with a proposed rule that will put a stop to those practices, and more.

Consider also this. Butler at the time of his GIPSA appointment was a member of grassroots producer group R-CALF USA and a founding member of the Organization for Competitive Markets (OCM). Both organizations have strongly attacked GIPSA in recent years, claiming it hasn't sufficiently protected competitive trading practices in the livestock industry. Guess who praised GIPSA's rule the loudest when it was published in June? R-CALF and OCM. Butler also served on a mandatory price reporting (MPR) task force that led to the passage of the MPR law by Congress.

You might ask how someone with this background could be considered to be an impartial head of a key USDA agency. I asked that when he was appointed in March 2009. But I thought his background, and what it suggested, would be tempered by the responsibility of his office to protect the interests of all, not just a few, livestock producers and growers.

I was wrong. Butler and GIPSA have come up with a rule that threatens to damage the livelihoods of tens of thousands of cattle and hog producers. These producers spent years upgrading their herds through careful genetic selection and utilizing management practices to produce high-quality, uniform livestock. Cattlemen have entered into marketing agreements with feedlots and packers to get rewarded for their efforts. All this is in jeopardy because of a proposal based on unsubstantiated concerns.

All cattle are not equal and Butler and GIPSA refuse to acknowledge this. A large cattle-feeding operation tells me that it still finds a \$400/head difference in the value of cattle it markets. One way to identify poor-performing cattle is for producers to enter into marketing agreements that provide carcass data. GIPSA's rule is set to undermine these agreements and put the industry back 30 years. The industry might be forced to return to buying and selling cattle on the average, with cattle of widely varying quality and value getting the same price.

Several producers, particularly of niche beef, say the rule threatens their businesses because it would force them to reveal (on GIPSA's website) all the things they do to add value to their cattle. They liken it to being forced to give away their trade secrets. I don't know any other industry where this occurs. This part of the rule seems ripe for legal challenge.

The rule will hurt not just producers but consumers, as well. One reason for a 20-year decline in beef demand was that beef lacked consistency. One in four steaks was deemed unacceptable in quality. The

industry tackled this issue, in part by implementing marketing systems that identified carcass quality and rewarded producers for upgrading their cattle.

The result was the industry arrested the decline in demand in 1996, then significantly improved demand in subsequent years. Consumers began to pay more for beef because they were more assured that each cut would provide a satisfying eating experience. I shudder to think what might happen to beef quality and demand if GIPSA's rule takes effect.

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