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MEAT IMPORTS

1462-3

HEARINGS

BEFORE THE

COMMITTEE ON FINANCE
UNITED STATES SENATE

EIGHTY-EIGHTH CONGRESS

SECOND SESSION

ON

Amendment 465 - H. R. 1839

TO RESTRICT IMPORTS OF BEEF, VEAL, LAMB, AND MUTTON INTO THE UNITED STATES

PART 1

MARCH 11, 12, 13, 14, 16, 17, 18, 19, AND 20, 1964

Printed for the use of the Committee on Finance

U.S. GOVERNMENT PRINTING OFFICE

30-082 WASHINGTON : 1964

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WEDNESDAY, MARCH 11, 1964

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to notice, at 10 a.m., in room 2221, New Senate Office Building, Senator Harry F. Byrd (chairman) presiding.

Present, Senators Byrd, Smathers, Anderson, Douglas, Talmadge, McCarthy, Hartke, Williams, Carlson, Bennett, Curtis, Morton, and Dirksen.

Also present, Elizabeth B. Springer, chief clerk.

The CHAIRMAN. The committee will come to order.

The hearing today was called at the request of the distinguished majority leader, Senator Mike Mansfield, on his amendment 465, to restrict imports of beef, veal, lamb, and mutton into the United States, which he intends to propose to a House-passed tariff bill relating to another subject, H.R. 1839. I place a copy of amendment 465 in the record at this point.

(The amendment referred to follows:)

[H.R. 1839, 88th Cong., 2d sess.]

AMENDMENTS intended to be proposed by Mr. MANSFIELD (for himself, Mr. METCALF, Mr. BIBLE, Mr. BURDICK, Mr. CANNON, Mr. CARLSON, Mr. CURTIS, Mr. DOMINICK, Mr. EDMONDSON, Mr. GOLDWATER, Mr. HARTKE, Mr. HAYDEN, Mr. HICKENLOOPER, Mr. JORDAN of Idaho, Mr. LONG of Missouri, Mr. MAGNUSON, Mr. MCGEE, Mr. MCGOVERN, Mr. MECHEM, Mr. MILLER, Mr. MONRONEY, Mr. RANDOLPH, Mr. SIMPSON, Mr. YARBOROUGH, and Mr. YOUNG of North Dakota) to H.R. 1839, and Act to amend the Tariff Act of 1930 to provide for the free importation of wild animals and wild birds which are intended for exhibition in the United States, viz:

At the end of the bill insert the following:

"SEC. 3. The total quantities of beef, veal, and mutton (in all forms except canned, cured, and cooked meat, and live animals) and lamb originating in any country which may be entered, or withdrawn from warehouse, for consumption during any period of twelve months shall not exceed the average annual quantities of such products imported from such country during the five-year period ending on December 31, 1963: *Provided*, That beginning January 1, 1965, there may be an annual increase in the total quantities of such products which may be entered, or withdrawn from warehouse, for such purpose, corresponding to the annual rate of increase in the total United States market for such products, as estimated by the Secretary of Agriculture."

Amend the title so as to read: "An Act to amend the Tariff Act of 1930 to provide for the free importation of wild animals and wild birds which are intended for exhibition in the United States, and for other purposes."

The CHAIRMAN. The Mansfield amendment is identical to bill S. 2525 which he introduced on February 20 for himself and 24 other Senators. It is similar to an amendment proposed last week to the wheat-cotton bill H.R. 6196, and another Senate bill S. 2612 introduced by Senator Hruska which is being referred to the Senate Committee on Finance today after being held at the desk for additional sponsors.

It is a great honor to the Senate Finance Committee that we have the majority leader of the Senate, a man in whom all of us have such great confidence, with us today. Senator Mansfield is accompanied by Senator Lee Metcalf. We are delighted to have you both.

You may proceed, Senator Mansfield.

STATEMENT OF HON. MIKE MANSFIELD, A U.S. SENATOR FROM THE STATE OF MONTANA, ACCOMPANIED BY HON. LEE METCALF, A U.S. SENATOR FROM THE STATE OF MONTANA

Senator MANSFIELD. Mr. Chairman and gentlemen of the committee, it is not very often that I come before this committee.

The CHAIRMAN. This is the first time.

Senator MANSFIELD. This is the first time, as a matter of fact, and it has to be a most important subject as I am sure my colleagues, Senator Metcalf, Senator Hruska, and others will make known to you before these hearings are completed.

First, Mr. Chairman, may I ask permission that there be inserted at the conclusion of my remarks a statement released by the Department of Agriculture under date of February 17 giving the figures on U.S. imports from Australia in millions of pounds, product weight, for beef, veal, and mutton from Australia and beef and veal from New Zealand. These figures take us down to the year 1966, and they indicate that even under the agreement recently entered into, that by 1966 the imports from these two countries will be higher than the year 1963 which is the highest to date and an extremely high one.

Now, Mr. Chairman——

The CHAIRMAN. Without objection, the insertion will be made.

Senator MANSFIELD. I wish to state that one of the reasons for requesting this meeting is the fact that the cattle industry has suffered a most serious period of decline.

In 1962 cattle prices averaged at the Chicago market for choice steers $28.67 per hundred. In early 1963 the price dropped to $23.96 and for the week ending February 27, 1964, the price was $20.83.

Not long ago my distinguished colleague, Senator Lee Metcalf, who is with me at this table, and I addressed a joint letter to the U.S. Tariff Commission relative to achieving some relief for the hard-pressed cattle industry. I would like to read a paragraph from that letter and ask that the letter itself be incorporated at the conclusion of my remarks.

The CHAIRMAN. Without objection.

Senator MANSFIELD. I am quoting from a letter dated March 9, received from Mr. Ben Dorfman, Chairman of the U.S. Tariff Commission, and in the next to the last paragraph he states the following:

> The imposition of higher rates of duty or quotas on imports of beef and beef products cannot be made except by legislation or pursuant to constituted authority. At the present time the United States is committed under the General Agreemen on Tariffs and Trade not to impose or increase duties on imports into the United States except under certain prescribed circumstances which do not seem to apply to imports of beef and beef products. It would appear, therefore, in the

absence of an appropriate modification of our international commitments with respect to import quotas and duties, that the imposition by the United States of import quotas or increased duties on beef and beef products would violate our international obligations.

I am sorry to get this information from the Tariff Commission, but I think it should be made a part of the record because the record should be made clear.

Mr. Chairman, it is a privilege to come before the Senate Finance Committee this morning to discuss an issue of great importance to the economic stability of one of the Nation's most vital industries, cattle and sheep. Before discussing the issue in greater detail, I wish to compliment the distinguished chairman for the speed with which he has recognized the seriousness of the problem at hand and the prompt scheduling of public hearings.

I want to also compliment the distinguished Senator from Nebraska, Mr. Hruska, for offering his amendment at the time the wheat-cotton bill was being considered because he brought home to a large segment of the American public and to certain uninformed quarters in the Congress just how serious this situation was.

On February 20, I introduced S. 2525 on behalf of myself and many of my colleagues in the Senate. The purpose of this legislation was to establish a restriction on imports of beef, veal, and mutton into the United States based on an annual average of these items imported into this country during the 5-year period ending on December 31, 1963. I have reintroduced this proposal as an amendment to H.R. 1839, a tariff proposal passed by the House of Representatives and now before your committee. My amendment has been rewritten to include lamb as one of the meat items to be protected. There is every indication that the lamb industry is deserving of the same treatment as beef, veal, and mutton.

Until recent years, the livestock industry has been blessed with a somewhat healthy economic situation with little interference from outside interests. However, in the past year, and especially in the last 6 months, beef prices have been dropping. Interestingly, during this same period, imports of beef, veal, mutton, and lamb have reached alltime highs. There is a very definite relationship between the price and increased imports, though that is not the complete picture.

Recognizing that the continuance of such a trend might be quite harmful to the domestic livestock industry, some of us began exploring possibilities of some administrative relief through negotiation or implementation of the tariff act. These negotiations were not successful in any substantial degree. The voluntary agreement with Australia, New Zealand, and Ireland did little to relieve the situation. This agreement merely guarantees the importers a future market at levels higher than at any time in history.

In view of the continuing decline in prices, I felt that it was time that Congress intervened. I am not suggesting that we establish a program of supports and controls for the livestock industry. But I do believe that if we can establish a limitation on imports of beef, veal, mutton, and lamb, the industry will then be able to plan, knowing what to expect in the way of foreign imports. To be perfectly frank, if this can be done, the domestic producers will then be responsible for regulating themselves in areas of total production, marketing practices, and consumer sales and preferences.

After consultation with interested parties, it appeared to me that a quota based on the average of the last 5 years, 1959–63, would be most reasonable. This period reflects current trends in imports without giving special consideration to the highest years on record. If the formula in S. 2525 and my amendment were adopted, it would mean that in 1964, foreign suppliers would be able to export to the United States 867,400,000 pounds of beef, veal, mutton, and lamb. This would give the importers about 6.9 percent of the domestic market according to Department of Agriculture statistics. This would be a 33-percent reduction in imports under 1963. In that year, total imports of beef, veal, mutton, and lamb reached 1,204,800,000 pounds. What is even more alarming is that if there are no controls, the imports could easily reach 1,322,900,000 pounds in 1964. The voluntary agreement recently announced will reduce imports this year by about 70 million pounds as opposed to a reduction of 337 million pounds if the 5-year average was adopted.

The provisions of my amendment make allowances for the importers to have their corresponding share of our increase in domestic consumption. The amendment as written excluded canned, cured, and cooked meat, and live animals. However, many representatives of the industry feel that there should be comparable quotas in this area. The committee, I am sure, will check into this situation.

Mr. Chairman, I recognize that the United States will soon be entering into delicate negotiations in conjunction with the implementation of GATT. We do not intend to upset the applecart, but we must also protect the interests of our own, especially those in economic difficulty. I believe that every major importer nation of beef has some form of protective device for its livestock industry. I think that it is reasonable to ask the same for our livestock industry.

Mr. Chairman, I sincerely hope that after reasonable deliberation, that the Senate Committee on Finance will adopt this amendment, or at least one similar to it, in reporting H.R. 1839. My colleague, the able junior Senator from Montana, Lee Metcalf, who is with me today, and I suggest that the Federal Government assume its role of providing reasonable protection for one of its basic industries in a very competitive and complex situation.

(The material referred to follows:)

[For release at 6 p.m. today, Feb. 17]

U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C.

FEBRUARY 17, 1964.

FREEMAN ISSUES STATEMENT ON MEAT IMPORT LIMITATIONS

Secretary of Agriculture Orville L. Freeman issued the following statement on the signing of agreements between the United States and Australia and New Zealand to limit exports of beef, veal, and mutton to the U.S. market:

I am pleased that these agreements have been concluded with our major suppliers. Livestock producers in the United States are now assured that imports of beef, veal, and mutton this year will be limited to approximately the 1962–63 average level, about 6 percent below the record level of 1963.

Future expansion of beef imports will be far below recent levels. This is the most important result of the agreements. Australia's shipments increased by 89 percent in 1962, and in 1963 were 17 percent above 1962. Without these agreements, beef and veal imports this year were expected to increase by 8 to 10 percent. Instead they will decline by about 6 percent in 1964 and will increase by less than 4 percent per year in 1965 and 1966. This will benefit our livestock producers materially.

Beef and veal imports cannot be substantially upgraded by a further shift to primal cuts under the agreements. It is understood that further shipments will be of approximately the same composition as recent shipments.

Other important provisions include—

At least 180 days' notice if either Government wants to terminate the agreement.

Renegotiation of the rate of increase in shipments in 1966.

Assurance of continued efforts by both Governments to improve access to world beef markets in the Kennedy round of trade negotiations.

U.S. imports from Australia and New Zealand

[Millions of pounds, product weight]

Year	Australia		New Zealand
	Beef and veal	Beef, veal, and mutton	Beef and veal
1958	18	32	184
1959	224	262	162
1960	145	177	131
1961	234	274	154
1962	442	505	214
1963	[1] 517	[1] 577	[1] 244
1964 [2]		(542)	(231)
1965 [2]		(562)	(240)
1966 [2]		(582)	(249)

[1] Estimates for 1963 are tentative and subject to revision.
[2] As specified in the agreements.

U.S. TARIFF COMMISSION,
March 9, 1964.

HON. MIKE MANSFIELD,
U.S. Senate.

DEAR SENATOR MANSFIELD: Receipt is acknowledged of the letter from you and Senator Metcalf dated February 17, 1964, in which you state that you support the domestic producers of beef and beef products in their request for the establishment of a quota system or tariff protection based on domestic production and consumption.

Pursuant to a resolution of the Senate Committee on Finance, the Tariff Commission has instituted an investigation of the conditions of competition between domestic and imported beef and beef products and is to make a report to the Senate Committee on Finance not later than June 30, 1964. A copy of the public notice of this investigation is enclosed for your information. The Commission's report will contain as complete an analysis of the competitive conditions in the beef trade as possible. The views expressed in your letter will be given due consideration in conjunction with our investigation.

The Commission's report to the Senate Committee on Finance will not contain recommendations as it is not the role of the Commission to participate in the establishment of international trade policy.

The imposition of higher rates of duty or quotas on imports of beef and beef products cannot be made except by legislation or pursuant to constituted authority. At the present time the United States is committed under the General Agreement on Tariffs and Trade not to impose or increase duties on imports into the United States except under certain prescribed circumstances which do not seem to apply to imports of beef and beef products. It would appear, therefore, in the absence of an appropriate modification of our international commitments with respect to import quotas and duties, that the imposition by the United States of import quotas or increased duties on beef and beef products would violate our international obligations.

There is enclosed a copy of a press release from the Department of Agriculture dated February 17, 1964, which indicates that Australia and New Zealand (the principal foreign suppliers of beef and beef products) have agreed to limit meat exports to the United States.

Sincerely yours,

BEN DORFMAN, *Chairman.*

Senator MANSFIELD. Mr. Chairman, I ask unanimous consent that I may insert in the record a telegram received from the State Executive Board of the Montana Cowbelles.

Also a telegram from George Sinner, chairman, livestock committee, and Clair Michels of the beef study committee representing the First North Dakota Economic Conference which was held in Fargo on February 26 and 27.

Also a letter from Mrs. Shields Sanders of Absarokee, Mont.

And also a letter from Harold Tutvedt from Kalispell, Mont.

(The material referred to follows:)

MILES CITY, MONT., *March 9, 1964.*

Senator MIKE MANSFIELD,
Senate Office Building,
Washington, D.C.:

Financial chaos is being reflected into all areas of our financial structure because of the severe beef price drop.

Beef import limiting legislation is imperative. We urge and insist that you give it your immediate and sincere support.

Montana Cowbelles State Executive Board; Margaret Lee Sisson, Geyser; Lee Rostad, Lennep; Leone Huding, Terry; Mrs. Laura E. Wang, Plentywood; Deloris M. Fagan, Opheim; Lois W. Nelson, Cutbank; Beth D. Mundt, Chinook; Virginia S. Lay, Missoula; Ruth Wilson, St. Xavier; Ursella Bickle, Ismay; Bessie Johnson, Stockett; Betty Maurer, Great Falls; Karen Voldseth, Lennep; Zita E. Burleigh, Lewistown; Carol Mosher, Augusta; Flossie E. Chisholm, Augusta; Jacqueline McDonald, Geyser; Florence E. Keith, White Sulphur Springs; Thelma Shaw, Columbus; Mary Helen Cheney, Helenamary Hill, Powderville.

BISMARCK, N. DAK., *March 9, 1964.*

MICHAEL J. MANSFIELD,
U.S. Senate,
Washington, D.C.:

The first North Dakota Economic Conference was held in Fargo on February 26–27. The beef cattle committee of this conference recommended an investigation of marketing practices employed in the transition of beef from packer to consumer.

Reasons:

1. Retail prices have not followed badly depressed wholesale prices.
2. USDA reports a decided 1963 increase in retail markups.
3. Hence, public has not benefited from plentiful supply and surpluses continue to build up.
4. Historically retail prices have followed sustained wholesale price drops.

We feel the Senate Finance Committee can best investigate the possibility of collusive buying and retail price fixing.

We urge you to pursue this matter as quickly as possible. The situation is critical for the three-State economy.

GEORGE SINNER,
Chairman, Livestock Committee.
CLAIR MICHELS,
Beef Study Committee.

ABSAROKEE, MONT., *March 6, 1964.*

Hon. Senator MANSFIELD,
Washington, D.C.

DEAR SENATOR: Your friends and supporters in Montana are very concerned about the beef import situation. Please do all that you can to prohibit beef importing and all that you can to help the cattleman stand or continue to stand on his own two booted feet.

Sincerely,

MRS. SHIELDS SANDERS.

KALISPELL, MONT., *March 4, 1964*.

Senator MIKE MANSFIELD,
Senate Office Building,
Washington, D.C.

DEAR SENATOR MANSFIELD: If we are going to live with cattle imports we must have the quota set on the average of the last 5 years like the legislation that you have proposed. The recent so-called concession from Australia and New Zealand is not satisfactory. The impact of these imports is really being felt out here in the grassroots.

One of the best aids to a solution to our agriculture surpluses would be to market them in the form of livestock, which would be and is being done. But due to the rising amount of imports this trend is being greatly restricted.

Thank you very much for your efforts in this area. Is there anything we might do to assist you?

Sincerely,

HAROLD TUTVEDT.

The CHAIRMAN. Thank you very much, Senator Mansfield. I want you to know the Chair agrees with you as to the seriousness of the situation which confronts us regarding the importation of livestock. The committee, I hope, will take as prompt action as it can after proper hearings have been held.

Any questions?

Senator CARLSON. Mr. Chairman, I would just like to state this. Our distinguished chairman has been greatly concerned about this for some time. It was on November 20 that this committee by unanimous vote requested the Tariff Commission to make a study of these imports, and so far we have not had a report from them. I sincerely hope that we will get an early report because it showed the concern of our chairman and the committee.

Senator MANSFIELD. Yes, indeed, and I understand that the Tariff Commission is undertaking that study at the moment.

Senator CARLSON. I would like to suggest, Mr. Chairman, that we have some of the agencies up here before the committee before we conclude these hearings, including the Tariff Commission and Agriculture and others.

The CHAIRMAN. The resolution adopted by the committee requires a report not later than June 30, 1964. I hope that some action can be taken prior to that time.

Senator BENNETT. Mr. Chairman——

Senator TALMADGE. Mr. Chairman——

The CHAIRMAN. Senator Talmadge.

Senator TALMADGE. I would like to compliment the distinguished majority leader on the statement he has made. I have a question or two I would like to ask with the permission of the Chair and the committee.

When the Hruska amendment was offered to the wheat-cotton bill in the Senate, you voted against it. Will you give us your reasons for doing so?

Senator MANSFIELD. Well, Senator Talmadge, I am really happy that you ask that question.

Senator ANDERSON. You sound overjoyed.

Senator MANSFIELD. Well, I am. I am really happy, but I am trying to do a little thinking because I am comparing myself in this respect to Senator Dirksen when he was faced with certain complex questions and responsibilities at the same time in his position of leadership.

But it was my considered opinion after judging the facts as well as I could understand them, that had the Hruska amendment carried, it might well have meant the defeat of the wheat-cotton-beef bill with that addition.

I would also call to the attention of the committee the fact that after introducing S. 2525 on February 20 of this year, I visited with the chairman, the distinguished chairman of this committee, Senator Byrd of Virginia, not once but several times to discuss possibilities of hearings. He assured me that hearings would be held and would be held soon. He had made a commitment.

I felt I was honorbound to adhere to my part of that pledge, and I felt also, to repeat, that had the Hruska amendment been adopted, it would have meant that there would have been no agricultural bill this year, and I was interested in passing the wheat-cotton bill. I am interested on occasion in orderly procedure. A promise had been made. That promise is now being kept, and that was the reason or those are the reasons in short why I acted as I did.

There comes a time in the life of every politician when you do face a situation, and it is really difficult to know which way to turn, but all you can do in the final analysis is call them as you see them, and that is what I did.

Senator TALMADGE. Do you know of any country that does not, by one means or another, protect its own domestic producers of beef and meat products?

Senator MANSFIELD. None. As I tried to point out in my statement, they all do.

Senator TALMADGE. I notice in your statement that you made some reference to the delicate situation with reference to negotiations with the Common Market countries which begin, I believe, in May of this year.

Is it not a fact that the Common Market countries have already taken action to protect their own domestic producers in this instance when they did not have sufficient domestic producers to satisfy the demand of their own countries?

Senator MANSFIELD. The Senator is correct, and the record will bear out that statement.

Senator TALMADGE. What I am referring to particularly is poultry. We were exporting a considerable amount of poultry to the Common Market countries, approaching, I believe, some $75 million a year, and they raised their import duties on poultry from less than 5 cents a pound to almost 15 cents per pound, and despite all efforts that have been made by our Government, it has still not remedied the situation.

Senator MANSFIELD. That is correct. Negotiations are still going on, and the Secretary of Agriculture, if my information is correct, is not meeting with too much in the way of success.

Senator TALMADGE. I judge now that your complaint with the so-called voluntary agreements on imports with New Zealand and Australia that have been negotiated is, first, it is too high and second, it places the American cattle producers and meat producers at the mercy of whatever New Zealand and Australia want to do about the situation. Is that the thrust of your argument?

Senator MANSFIELD. Up to the amounts agreed to in the agreement. As I tried to indicate, if this agreement is carried out—it has already been entered into—it will mean that while there will be a drop in 1964 and 1965, that by 1966, the imports will be above what they are this year, this past year, 1963, and my information is to the effect that those imports are in excess of 11 percent.

I believe that in addition to being the majority leader, I am also a Senator from the State of Montana. I believe that this most important segment of our agricultural economy which has stood on its own two feet, and that is why I emphasized that letter from Absarokee, for a long time is entitled to a reasonable amount of protection. I think they have been most considerate and impartial with their dealings with the Department of Agriculture, and they have advocated, if this matter could be settled on a 5-year average basis ending in 1963, that they thought it would create a situation which would support their needs, give their own people the protection they are entitled to, and in that way on a voluntary basis bring about a fairly satisfactory settlement.

May I point out that the national association has also sent representatives to Australia and New Zealand on their own to see if on their own a voluntary agreement could be worked out. Unfortunately they were unsuccessful, and because of those factors, plus the fact that the Tariff Commission says that it will take legislation, my colleague and I and those who have joined us think that this is the only way left to us to approach this most vexing problem for these people who need help at this time.

Senator TALMADGE. Does the Senator fear that because the Common Market countries have raised their tariff on the importation of meat products, some of the exports that formerly went from New Zealand and Australia to the Common Market countries will now be diverted to the American market?

Senator MANSFIELD. I am afraid that is the case at the present time.

Senator TALMADGE. I have no more questions, Mr. Chairman. I thank the distinguished majority leader.

The CHAIRMAN. I will recognize Senator Anderson.

Senator ANDERSON. I will be happy to let Senator Bennett go ahead.

Senator BENNETT. I just have one comment. I was a little shocked at one of the statements in the last letter you read which said something about the cattlemen standing on their own two booted feet. I grew up in sheep country, and the distinction is that the sheepmen walk and the cattlemen always ride. Do you mean the cattlemen have lost their horses in Montana, that things are that bad?

Senator MANSFIELD. Some of them become motorized. Mobile.

Senator BENNETT. That is my only comment, Mr. Chairman.

The CHAIRMAN. Senator Anderson?

Senator ANDERSON. I want to say to the able majority leader when I made my previous remark that I hoped he was getting ready to say the reason he voted against the Hruska amendment was he hoped this would be handled in a legitimate fashion by the committee and not disposed of on the floor.

I agree—I am in sympathy with what the Senator from Nebraska holds. He knows I have great interest in him and in the agricultural problem, but I still think he should come to the committee.

You seem to feel that the voluntary agreement is not sufficient.

Senator MANSFIELD. That is my reaction, it is not sufficient.

Senator ANDERSON. Do you think there are any other factors that have entered into this situation besides the importation of beef?

Senator MANSFIELD. Yes. I think there are questions which should be looked into on the domestic front as well as the question of imports, and I would hope that this committee, as I believe I have tried to indicate, would take into consideration all the factors involved, and I pointed out, I believe, that this was not the only factor but in my opinion the most important factor.

Senator ANDERSON. Well, I think we should have a discussion of this most important factor because for a long time I have been trying to say that the decision to allow capital gains on heifers is the principal factor and the cattle situation for March 6, which is reasonably recent—livestock and meat situation, Department of Agriculture, will give you some clue. The total cows and heifers 2 years or over in 1958 for milk only was 21,265,000, and now it is 18,055,000. The dairy herds are going downward. What is happening elsewhere? The cows and heifers 2 years and over not for milk were 24,165,000 in 1958, and now they are 31,697,000.

Senator MANSFIELD. And fatter probably, too.

Senator ANDERSON. I am going to get to that in just a moment. Numbers are greater and the indication is that this is a financial situation greater to the advantage of certain people not normally cattlemen.

We had a big bidding in New Mexico for land 10 days ago. The two bidders were my good friends, Gus Wortham, from Houston, president of the American General Insurance Co., who bought a piece of land near the home ranch of Albert Mitchell, known to every cattleman, at $60 an acre, that formerly leased for 6 cents an acre. Mr. Wortham is in the cattle business. The other bidder was Robert O. Anderson of New Mexico, largest individual owner of land now in the world, I guess. He is an oilman. He made some $50 million or more out of oil, and he puts money into the land because this is the greatest place for producing capital gains.

The heifers 1 and 2 years old in 1958 were 5,903,000. Now they are 8,287,000.

All those boys are in this type of business. Every time there is a heifer calf drop or she is kept in the herd until she loses her first calf, and then you can get capital gains on it, it is just like eating watermelon. You do not have to turn your head to spit out the seeds. Too soft. That is one of your problems.

I wonder why when we deal with it in the Finance Committee, we do not correct this other situation which constantly leads to trouble for the oldtime cattlemen and is going to continue because of the enormous quantities of feed supplies we have on hand, which I think should never have been accumulated by the Department of Agriculture, but this cattle situation for March of this year says cattle stock has continued high as cattle feeders market the many heavyweight cattle they held on January 1. The number of cattle and calves on feeds on January 1 in 28 States was down 1 percent from a year earlier. Cattle weighing 900 pounds or over, however, were up 11 percent.

Now, you know that a carcass is just a place for planting some beef. If you market that animal fairly thin you get a very limited supply, but if you market it over 900 pounds, you are going to get lots of beef. And this prevalence of extremely large feed supplies which guarantees to a cattle feeder that he knows he is going to have a certain market at a certain price for many, many years and still not going to use up the surplus I think has some part in this.

I would only hope that when we consider it, we would not just try to cut off the one thing, imports, which is a serious thing, and upsets a voluntary agreement which has just been reached, has not been tried, and increase it not by a decrease of about 70 million pounds as the agreement does but 337 million pounds you suggest.

Senator MANSFIELD. That is right.

Senator ANDERSON. That is a terrific reduction, and it would have all sorts of implications for this country, whereas if you might change this income tax situation, you might get your results without making any enemies around the world.

I am for reducing and putting some quotas on, and I would like to support the bill of the Senator from Montana and probably will, but I think 337 million pounds is a very, very drastic reduction, and I think we not only ought to have a few of these other people you mention, but you might invite in the State Department and find out what this does to things we are doing all over the world.

Senator MANSFIELD. Well, I am sure, Senator Anderson, that that will be done. First let me say that I am glad you reemphasize what I tried to say in response to the question raised by Senator Talmadge, that I did believe that in the consideration of this, we ought to go through the orderly procedure, that this committee which has jurisdiction along with the Ways and Means in the House over legislation of this kind should be given the opportunity to hold hearings and call competent witnesses on all sides. That should be undertaken.

Secondly——

Senator TALMADGE. Will the Senator yield at that point?

Senator MANSFIELD. Yes.

Senator TALMADGE. I desire to compliment the distinguished majority leader and also the able Senator from New Mexico for their very legitimate concern for normal committee procedures, and I hope that concern is not lost on all of our colleagues in the Senate.

Senator MANSFIELD. If the Senator would allow me to finish my statement, I said that on occasion I believed in orderly procedure.

Senator ANDERSON. Well, the Senator from Montana was ready to vote when it came up. As soon as he gets the pledge of the Senator from Georgia that he is ready to vote, I think you can give in a little bit and let it go to committee.

Senator MANSFIELD. I think I can give him that assurance.

Senator ANDERSON. Some of us have watched the civil rights effort for a long time, and the committees are the burying ground and could remain that. I only say to the Senator from Montana that I was very happy that he could say to people when the Hruska amendment was before the Congress that there would be an opportunity to discuss this in the committee that has jurisdiction, and I say that without in any way reflecting on what the Senator from Nebraska was trying to do. He succeeded in calling to the attention of this Congress a serious situation, and I compliment him on doing so. But I also believe that the amendment of the Senator from Montana points in the right direction. I just wish it might be amplified to take out what I think is going to be the destruction of a great many cattlemen; namely, this income tax situation. We have not had a bid for a piece of land in New Mexico from what I would call a cattleman in a long, long time. We have got doctors and lawyers and accountants and anybody else who understand this income tax gimmick pretty well. But the oldtime cattle families are disappearing in my State, and I regret it because they were a very wonderful backbone to our own State civilization.

Senator MANSFIELD. Those are the ones who need what protection the Congress can give us and not these speculators, doctors, lawyers, who operate cattle ranches as a sideline and take advantage of the tax benefits. But the people who make their livelihood raising cattle are the ones that should be given prime consideration.

Senator ANDERSON. I want to say to the Senator from Montana that not a single man I know who is a cattle raiser appealed to me for my vote on the Hruska amendment. The most vigorous and constant telephoner I had was a man in the feedlots of the Denver stockyards.

The CHAIRMAN. Senator Williams.

Senator WILLIAMS. I would first like to join my colleague in welcoming the majority leader here before the committee and most certainly this is the committee which has jurisdiction over this problem, and we are going to give it consideration.

I want to compliment the Senator from New Mexico on pointing out what I agree is one of the evils of this problem; namely, the capital gains provision for livestock. Our committee has jurisdiction over that problem as well, and I hope that during the process of these hearings those who are interested in both supporting the capital gains provision and those who oppose it would take notice of this discussion and present their views to the committee. When we go into executive session, we should consider very seriously the advisability of adopting an amendment to this bill which would correct what I think and what the Senator from New Mexico thinks is a basic root of some of these problems which are confronting us today.

Senator ANDERSON. Would the Senator yield?

Senator WILLIAMS. Yes.

Senator ANDERSON. I addressed the National Livestock Convention in Denver while I was still Secretary of Agriculture and discussed this trend that people were trying to advocate. Time after time I have gone back to cattle groups saying you are going to find yourself in a horrible situation if you do not put the cattle business back in the hands of cattlemen. This is where I would like to see it go.

Senator MANSFIELD. Exactly.

Senator WILLIAMS. We can have as witnesses not only the Agriculture Department, the State Department, as well as the Treasury Department to give their views on this legislation.

Senator DIRKSEN. Mr. Chairman, will the Senator yield? The distinguished majority leader mentions in his statement that we will soon be entering into delicate negotiations in conjunction with the implementation of GATT. It seems to me that every time we entertain an import quota bill on the Senate floor, somebody rises in his place and says you must not do this. You cannot do it. We are in negotiations or there is a provision in the General Agreement on Trade and Tariffs.

Mr. Chairman, I would like to make this suggstion. We ought to find out who speaks with authority for those who are going to conduct these negotiations and have them come up before this committee. I would like to find out what, by legislation, we can or cannot properly do where it comes into conflict with some provision in GATT. Unless we do that, we are going to be constantly confronted with the argument, you cannot do it. It would be in violation of an understanding or agreement under this general tariff agreement. And we had better find out now where we stand because our negotiators then ought to be instructed as to what the attitude of Congress is.

The CHAIRMAN. I will say to the Senator from Illinois that there will be full hearings, and the chief tariff negotiators will be summoned before the committee.

Senator CURTIS. Mr. Chairman——

The CHAIRMAN. I think Senator Smathers.

Senator SMATHERS. Mr. Chairman, thank you. I got here late and did not hear the statement of the majority leader. Of course, I, with others, welcome the majority leader to our committee. We are naturally sympathetic to anything that he might want or be interested in. Certainly I am. And I am sure most everyone else is.

I was one of those cosponsors of the Hruska amendment, frankly because of the Florida Cattlemen's Association, and all the cattle interests in my State were very strongly for it. So I naturally would be, from what I know now, very strongly in favor of the position taken by the able Senator, the two Senators from Montana. So I hope that we can go forward and possibly arrive at some solution which will bring some relief to the cattle raisers throughout these United States. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Carlson? Senator Curtis?

Senator CURTIS. Senator Mansfield, I want to express my personal gratitude for your appearance here, and your strong position that we must have legislation is most gratifying. I realize the very heavy burden upon the majority leader and upon the minority leader, and it is with some hesitancy that I ask questions, but I am going to ask a few.

Incidentally, in Nebraska we fatten and slaughter quite a few of your Montana cattle. We, too, have an interest in the industry in Montana because while someone may say it is in competition with our cattle, it is not because you are consuming our grain.

There are many States here that raise more cattle than Nebraska. There are some States that feed more cattle. There is no State that raises and finishes more cattle than Nebraska, and the present situation is so critical for us that I trust you will pardon me if I take a few moments to mention a few points because I know the great help that you can render.

Do you feel that this committee should strive for the actual enactment into law of some proposal dealing with this import problem, or do you feel that these hearings should be conducted by the committee with the idea of merely providing a forum for the injured parties hoping that in some far off distant time something might be done about it?

Senator MANSFIELD. I would say that Senator Hruska did an excellent job in providing a congressional forum or at least a senatorial forum so this matter could be discussed in detail and considered for several days. When I introduce a bill, I do not introduce it for the purpose of just having it discussed.

Senator CURTIS. I am for that.

Senator MANSFIELD. When I attach my name to a measure, I would like to see action taken. That is within the responsibility of this committee. It is up to this committee to decide what action it wants. As far as I am concerned, I would like to see the amendment which my colleague and I and 25 other Senators have introduced reported out favorably.

Senator CURTIS. And we may look toward your support of enactment all the way along?

Senator METCALF. May I respond to that question, too? Senator Mansfield and I have exhausted all our other remedies. We have appeared before the Tariff Commission. We have gone down and interviewed the people at Agriculture, talked to the Secretary of Agriculture. We have done all the things that could be done short of legislation, and that is why we feel that the only remedy that we have left is legislation.

Senator CURTIS. Yes. Well, I did not mean to ask a needling question in the least.

Senator MANSFIELD. Don't worry. Ask any questions that you want. You will get an answer.

Senator CURTIS. I think it is important that we get it on the record that your position is that you are for the enactment of legislation.

Senator MANSFIELD. Naturally. I have introduced a bill.

Senator CURTIS. Yes. Now, do you feel that this committee should proceed to call individuals from the executive branch such as the Secretary of State, because by the very nature of the problem they are interested, so that we could have the benefit of their thoughts and also be aware of the position that they took in finally reporting out legislation?

Senator MANSFIELD. If you do not do so, you would be derelict in your responsibility.

Senator CURTIS. And as I gather from your statement, you are not, and I am not asking you to endorse something sight unseen, but you are not adverse to some amendments. Or to all amendments.

Senator MANSFIELD. No, because after all, all we can do as individual Senators or as group Senators is to propose. When that legislation goes to a committee, it is up to the committee to dispose, and we would anticipate that the committee would give this its considered best judgment and if changes were needed, in its collective wisdom those changes would be made because you would be collectively the repository of far more knowledge on this particular subject from all angles than we would who may look at it more or less from a particular angle with the others incidental.

Senator CURTIS. Yes. Now, every reasonable person is aware that there are many facets to a problem.

Senator MANSFIELD. I think there is something to that.

Senator CURTIS. You still regard the imports as a very serious situation?

Senator MANSFIELD. I certainly do.

Senator CURTIS. Now, do you feel that this is a problem and trend that goes beyond the welfare of the cattle industry? By that I mean the people who raise the cattle and calves and the people who finance them and transport them and the people who feed them as well as the slaughtering?

Senator MANSFIELD. I do, and I would agree with the distinguished senior Senator from New Mexico, a former Secretary of Agriculture, in what he has stated about the ramifications of this particular proposal. It is not just imports. Imports are a part of the problem. In my opinion perhaps the most important part. But you have got domestic questions connected with the cattle industry, processing and producing. That has to be faced up to, too, if you want to get a clear record.

Senator CURTIS. I will come to that in a moment.

Now, my point is, do you feel that this affects agriculture across the board as well as the cattle industry?

Senator MANSFIELD. Yes, to some extent. But primarily the cattle.

Senator CURTIS. Do our grain producers——

Senator MANSFIELD. Yes.

Senator CURTIS. Do our grain producers—and while we must also encourage the consumption of grain right on the farm, and that is where a good portion of it goes, there are many small farmers who produce grain and sell it. Do you think they have a stake?

Senator MANSFIELD. Yes, because feed grains are an important element in the feeding of cattle domestically, and incidentally I think also some of the feeders have a stake, and I think if their particular part in the economic picture is gone into, you will find as the Senator from New Mexico has pointed out that some of them have overfed their cattle and held them off the market too long.

Senator CURTIS. Now, with the exception of wheat, the greatest present available market for grain is to feed livestock, hogs, cattle, sheep.

Senator MANSFIELD. Yes.

Senator CURTIS. Now, if that feeding is done in Australia or New Zealand, it does adversely affect the producer of corn, oats, sorghums, and all the other feed grains in this country, doesn't it?

Senator MANSFIELD. Yes.

Senator CURTIS. And a great many of those if not all of those feed grains are supported with some sort of price support?

Senator MANSFIELD. Yes.

Senator CURTIS. So do you feel that the Treasury of the United States has a direct interest in this import situation?

Senator MANSFIELD. Yes. It is bound to have a direct interest because I would assume that imports would be considered in the gold outflow which has become quite a pressing problem in this country in late years. Speaking of Australia and New Zealand as you have, I would point out that information has come to my attention that we have some Americans who are interested in acquiring large spreads down there, if they have not already done so, and who are entering the Australian and New Zealand markets for the purposes of furnishing imports into this country. I think that ought to be looked into, too.

Senator CURTIS. I agree with you. I think that the import problem in this country is complicated, and it is beclouded by Americans in all lines who are producing abroad, and they have gone to churches, and fine, good meaning organizations, and influenced their attitude upon the control of foreign trade when they did not care a snap of their fingers about the peace of the world. They were producing abroad, and they wanted to sell here. I think you are so right. In fact, on the floor of the Senate during this recent debate, a Senator told me of a very wealthy cattleman from the United States who had ranches all over the world, and he was opposed to these restrictions. The rank and file of the people who are involved in this problem in my State of Nebraska, and I am sure that is true in Montana, have no such holdings. And they are the ones——

Senator MANSFIELD. Correct.

Senator CURTIS (continuing). We are concerned with, isn't that right?

Senator MANSFIELD. Our interest is not the oversea producers but the domestic producers.

Senator CURTIS. Yes. Now, in reference to the sheep industry, are you aware of the great decline in the sheep industry over the last 25 or 30 years?

Senator MANSFIELD. I am.

Senator CURTIS. I think at one time we produced about 56 million sheep and now it is down to about 27 million. Our sheep population is——

Senator MANSFIELD. I am not sure of the figures, but I would assume that would be correct.

Senator CURTIS. Well, I got them from the Omaha World-Herald.

Senator MANSFIELD. They ought to know.

Senator CURTIS. Now, isn't it true that that sheep industry went to Australia and New Zealand?

Senator MANSFIELD. No; I would agree only in part because there has been a thriving sheep industry in Australia and New Zealand for a good many decades now. As we have declined I am sure that they have increased the number of sheep in those two countries as they have the number of cattle on the hoof. But if my memory serves me correctly, and I will have to recollect on this, for a good many years we have been unable to supply much more than a third of our total wool needs in this country, and, consequently, we have been dependent to a large extent, at least in the field of woolen imports, to make up the deficiency which our own producers, due to increased costs and other factors, could not cope with.

Senator CURTIS. Yes. And I will hurry on, but I do want to refer to one of the very many letters that I have received. What Senator Anderson said called to my mind about the families that have been in the cattle business all the time. This man writes from Valentine, Nebr. After saying something about the efforts to curb this, he says the results of these imports in recent years have affected practically every man, woman, and child in these cattle- and beef-producing areas.

I have conversed with many people between here and Omaha in hotels, motels, stores, filling stations, garages, et cetera. All of them lend a very sympathetic ear, especially since the articles were published in the Omaha World-Herald.

He goes on to say:

The beef import situation at this time is almost in exact parallel with the wool situation of several years ago. I was ranching in Wyoming, running cattle and sheep on free range and with low cost. Then the Homestead Act was enacted, which put an end to free range. I then leased ranges on the Pine Ridge Indian Reservation in South Dakota and moved my cattle and sheep to that location in 1918. In 1929 I bought ranches in Todd County, S. Dak., and Cherry County, Nebr., where my son and I have operated up to this time, running considerable numbers of sheep and cattle in both States.

Then he goes on to say:

In the late thirties—

He mentions the reduced tariffs and other matters—

they took over or froze the wool industry at a small advance over the price which then prevailed and all wool had to be sold through the Commodity Credit Corporation.

I realize that has been changed now.

Our costs then advanced to as much as 400 percent, but the price of wool did not advance. When the smoke cleared away, a greater part of the tariffs on wool had been materially reduced, and the British Empire had our wool markets, especially Australia and New Zealand. After many years and many trips to Washington trying to prevail on the administration and Congress for relief, the only thing we got was the American Sheep Producers' Council of which I was one of the original members and also a member of the committee setting up the constitution and bylaws. The industry was given an incentive payment or handout in lieu of proper protection. As a result, the sheep population dwindled from 56 million to about 27 million. As the sheep population has decreased, as in our case, cattle are now grazing that grass and forage, which has helped to increase our cattle population.

I won't burden you with all of it, but he says:

The cattle industry is going to go the same route as the sheep business if Washington fiddles while Rome burns, and the bureaucrats succeed in forcing an incentive payment or some other handout to the cattle business. I am an old man, but I have children and grandchildren who will have to live with this mess. When I think of giving away our industries to countries with much lower production costs, I wonder how we can survive.

Now, I want to ask you a question. Do you feel that this problem can be explained away or minimized by the statement that these imports are a lower grade meat and cheaper cuts, and so on, and that they really do not affect the market?

Senator MANSFIELD. No, I do not.

Senator CURTIS. One of the most concise statements on that was the one by Mr. Floyd Segel, who I hope will testify here. He is president of the Independent Packers Association, and incidentally I do not think any of them have foreign interests. He says, and I quote, "If you've just eaten meatloaf—made of foreign beef hamburger—there's no room in your stomach for beefsteak." And I think that is very concisely said.

Are you aware of the fact that at the time we enacted the last trade agreement law that the tariffs imposed by the Common Market countries on agricultural products were six times as high as the tariffs imposed by this country?

Senator MANSFIELD. I did not think the spread was that great. I did not know.

Senator CURTIS. I made a study of it. I inserted certain tables in the record and that is in my minority report.

Now, I want to ask you this question. In reference to a problem of overproduction in this country, haven't the cattlemen been willing to assume that responsibility with its rewards and its punishments and the need for correcting it pretty well themselves?

Senator MANSFIELD. They have. May I say that of all the segments of our agricultural economy, the cattlemen by and large have stood on their own two feet and have never come to the Congress or to the Secretary of Agriculture except as a last resort. They are a dwindling breed.

Senator CURTIS. In reference to explaining away of imports, because they might not meet the quality of some of our finest beef, Nebraska beef, it is true, isn't it, that the finest beef production in this country still has a great many pounds that do qualify on the market for the choicest steaks and roasts? Isn't that true?

Senator MANSFIELD. That is correct.

Senator CURTIS. And yet it is very fine nutrition, and the wonderful cooks in our homes make a delicious dish out of it.

Some of the importers have contended that the U.S. Department of Agriculture figures imply—they do not say they show— that there is a shortage of cow beef, or, in other words, manufacturing beef, for the purposes of canned, cured, and ground, and others, and that imports are necessary to fill this shortage. Aside from the other arguments that might be made in reference to foreign relations, and so on, casting those aside for a moment, do you believe it is possible for the United States to produce all of its own meat requirements?

Senator MANSFIELD. The best I can do is to make——

Senator CURTIS. Let me confine it to beef and pork and ham.

Senator MANSFIELD. The best I can do is to make a guess and on the basis of the increased cattle population anyway, I would say in that respect, yes. And certainly on the basis of the figures furnished by the Senator from New Mexico, I think that would bear out that assumption.

Senator ANDERSON. But not sheep.

Senator MANSFIELD. Not sheep. I said cattle, not sheep.

Senator ANDERSON. He included sheep in his question.

Senator MANSFIELD. I only answered for cattle.

Senator CURTIS. The sheep would take a long-range proposition.

Senator MANSFIELD. A very long range proposition.

Senator CURTIS. Because that was given to Australia and New Zealand a long time ago.

Now, do you feel, and I know this is a difficult problem—we cannot guess what 99 other Senators will do—do you feel that there will be an opportunity in the next month to take up a bill on the floor of the Senate dealing with this import problem should the committee be able to agree and report it out?

Senator MANSFIELD. In view of the number of witnesses who wish to appear, the type of testimony the committee wishes to hear, my answer would be "No."

Senator CURTIS. Would you have any prediction at all to make on a probable timetable?

Senator MANSFIELD. No. I could not do it because while the Senator may propose and the committee dispose, we can transfer that same type of thinking to the Senate floor, and the leadership can propose, but it is up to the Senate to dispose. If I had my way, I would like to see all committees meet during the course of the civil rights debate. I know that this will not be allowed. And I know also that once we get into the civil rights debate, and we are in it now, that if you attempt to bring up any other type of legislation, there will be objections raised. So there once again the leadership is in a quandary. It will do the best it can. You have asked a question. You have gotten an honest answer.

Senator CURTIS. I know I have gotten an honest answer, and I am so grateful to the majority leader.

Now, in that connection, and again I am not trying to ask you to be a crystal ball—that would probably be easier than to figure out what 99 other Senators wish to do—but should it develop that the Senate would choose to send the civil rights bill to a committee for a definite and limited time, and that that would occur after these hearings were completed, are there any present plans that this would be taken up at that time?

Senator MANSFIELD. That is a very interesting question because I happened to pick up the New York Times this morning, and I read where one of the distinguished Senators from New York made the statement that that is just what I was planning, that I was going to just make a pro forma objection to Senator Morse's proposal to refer the civil rights bill to committee. I shall make a very vigorous objection to Senator Morse's objection to refer the civil rights to the Judiciary Committee for further consideration because it would just lay in limbo and nothing would be done or if something was done, it would be back in an entirely different form.

I hate to see the civil rights involved in a matter of this kind, but I shall object as vigorously as I can to having the civil rights bill referred to the Judiciary Committee, and I would hope that the proposal would be defeated.

If it is not defeated, then, of course, if this or other legislation is ready for consideration, I would bring it up because some way or other the void during the period in which this civil rights proposal would be in the hands of the Judiciary Committee where I hope it will not go, some way would have to be found, and I could think personally of no better legislation, but I am not making this a personal matter as far as I am concerned, and contrary to what the distinguished Senator from New York said—I was not on the floor to hear him—I try to act as honestly as I can. I try to lay my cards on the table, and whether or not anyone agrees with me is immaterial. But all you can do in this profession is to call them as you see them, and whatever the consequences, so be it.

Senator CURTIS. Well, I respect the candor and honesty of the distinguished majority leader, and my sole reason for asking this was not as to its relation to the program on the floor per se. I am faced with many requests of potential witnesses before this committee, and I wanted it for such guidance as we could get on what might be the timetable for this committee.

Senator MANSFIELD. I understand.

Senator CURTIS. I apologize for taking the time of a very busy man. I am going to impose just a few seconds longer.

Mr. Chairman, a report published in the Omaha World-Herald gives a breakdown of Australian shipments of meat to this country. It says:

> Four ships left Australia in late November and early December with 13,865,600 pounds of beef, 2,755,200 of mutton, 29,120 of lamb, and 42,560 of variety meats, for the United States.

It tells how that was distributed on the west coast, Seattle, Portland, Los Angeles, and so on, Tampa, Charleston, Philadelphia, Boston, New York, and Norfolk. I would like to ask unanimous consent to insert in the record at this point the sailings of those four vessels and how they distributed that meat.

The CHAIRMAN. Without objection.

(The document referred to follows:)

AUSTRALIAN MEAT SHIPMENTS TO THE UNITED STATES

Four ships left Australia in late November and early December with 13,865,600 pounds of beef, 2,755,200 of mutton, 29,120 of lamb, and 42,560 of variety meats for the United States.

Ship and sailing date	Destination [1]	Arrival date	Cargo	Quantity
	WESTERN PORTS			*Pounds*
Ellen Bakke, Nov. 30	Seattle	Jan. 19	Beef	293,440
	Tacoma	Jan. 21		
	Portland	Jan. 25	Beef	206,080
	Los Angeles	Jan. 31	do	134,400
	San Francisco	Feb. 5	do	407,680
	EASTERN AND GULF PORTS			
Lake Ontario, Dec. 7	Norfolk	(2)	do	33,600
	Tampa	Jan. 4	do	1,173,760
			Mutton	268,960
			Lamb	29,120
			Various meats	13,440
	Charleston	Jan. 9	Beef	44,800
			Mutton	302,400
	Philadelphia	Jan. 11	Beef	960,960
			Mutton	67,200
	New York	Jan. 14	Beef	3,960,320
			Mutton	1,064,000
			Various meats	8,960
	Boston	Jan. 18	Beef	318,080
			Mutton	224,000
Wharanui, Dec. 11	Houston	Jan. 9	Beef	248,640
			Mutton	201,600
	Charleston	Jan. 15	Beef	147,840
	Norfolk	Jan. 16	do	67,200
			Mutton	67,200
	Boston	Jan. 18	Beef	107,520
			Mutton	56,000
	New York	Jan. 20	Beef	1,276,800
			Mutton	103,040
	Philadelphia	Jan. 24	Beef	235,200
			Mutton	100,800
Cape Verde, Dec. 12	Charleston	Jan. 6	Beef	98,560
	Boston	Jan. 10	do	418,880
			Mutton	64,960
	Norfolk	Jan. 12	Beef	221,760
			Mutton	67,200
	Philadelphia	Jan. 15	Beef	152,320
			Mutton	38,080
	New York	Jan. 17	Beef	3,337,600
			Mutton	109,760
			Various meats	20,160

[1] Cities listed indicate location of purchaser and usually the port of arrival and general market area, but meat may be diverted to other areas for sale.

[2] To be transshipped.

Senator CURTIS. Again I want to express my gratitude to the distinguished member. This is not something that I expected to ask, but the question has been raised about GATT and its power. As I view it, not only the cattle industry but all of its related industries; the grain industry, as well as the mining industry, the fishing industry, the textiles, and everything else, that this Congress is going to have to come to grips with the location of the power over controlling commerce. The Constitution is quite clear. It says Congress shall control, regulate commerce between foreign nations. Now, if an international body is going to do it, influencing the price of cattle and hogs and everything else, if we have to accept the proposition that they will do it, the price of other commodities, including the price of labor, and an alternative that has been followed up to date is to subsidize out of the Treasury, I think that is begging the question. That is my statement, not a question. Again I think you.

Senator MANSFIELD. Thank you, Mr. Chairman and gentlemen of the committee. I ask unanimous consent or the approval of the committee that a statement by Senator McGee may be included in the record.

The CHAIRMAN. It will be placed in the record following the joint statement by you and Senator Metcalf.

Senator METCALF. Mr. Chairman, I want to say that I——

The CHAIRMAN. Very glad to have you with us, Senator Metcalf, do you have anything further to add?

Senator METCALF. I concur completely and wholeheartedly in the splendid statement made by my colleague. I have some additional letters that I would like to supply for the record. I know that from questions asked by the members of this committee that the chairman and members are all aware of the seriousness, the urgency of the situation, and I cannot add anything to what my distinguished colleague has said.

(The communications referred to follow:)

SHAWMUT, MONT., *February 19, 1964.*

Senator LEE METCALF,
Senate Office Building,
Washington, D.C.

DEAR SENATOR: The recent announcement of a beef, veal, and mutton quota agreement between our Government and Australia and New Zealand is a definite disappointment to we Montana stockgrowers. The agreement amounts to a guarantee of the highest import rate ever of these meats from these two countries and I should say is most unrealistic. A quota that is approximately double the average of these substantial imports over the last 5 years.

While some competition in the meat industry is expected, the extensive importation of meats during the past year is large enough to compete a lot of U.S. live meat producers right out of the business. The results, as I am sure you know, permeate our entire society.

Action to bring meat imports to a realistic level that we can live with is imperative. I solicit your best efforts to this end.

Thanking you for previous favors,

Sincerely,

O. A. LAMMERS.

TOWNSEND, MONT., *February 20, 1964.*

HON. LEE METCALF,
Washington, D.C.

DEAR SIR: I am writing in regards to the importation of beef into the United States. We would all appreciate very much if you could use your influence to reduce to a large extent the importing of, what we believe, excess beef in any form.

We believe it has a great defect upon the prices we receive here.

Finished beef, as you no doubt realize, is between 15- and 20-year low price.

We the ranchers, cannot hold out too much longer at these prices when we have to put out such high expenses which are at an all-time high and our beef which is at an all-time low. Using 1962 and 1963 quotas is very unfair.

Our feeders are taking a terrible beating; a number are folding up due to low prices and that reflects a hundred percent back on us; the producers.

Thanking you for your consideration and what you may be able to do.

Yours truly,

D. D. DAVIS.

REED POINT, MONT., *February 18, 1964.*

Hon. LEE METCALF,
U.S. Senate,
Washington, D.C.

DEAR SIR: For more than 40 years I have been engaged in the livestock industry and interested largely in the production of beef cattle.

During the past two or three seasons I have been very much concerned about the unlimited importation of foreign-grown beef and the effect it has had upon the cattle industry in the United States in general, and upon myself in particular.

It appears to me to be poor economics to allow an unlimited importation of an agricultural commodity of which we do not produce an exportable surplus and it should be obvious that the only possible result would be a definite detriment to the beef-producing industry in the United States.

For these reasons I urge you to lend your support to legislation which would limit and restrict the amount of foreign beef which might be imported into this country and sold on the American market in competition with our American beef.

I trust that I can depend upon you for your support and assistance in this matter.

Yours very truly,

FORD BROWN.

TERRY, MONT., *February 5, 1964.*

Mr. LEE METCALF,
U.S. Senate,
Washington, D.C.

Mr. LEE METCALF: For the past 20 years I have been ranching here in eastern Montana. My cattle are my source of income.

I very definitely do not like the United States importing beef "because it is so much cheaper" or because the foreign countries are in need of the U.S. money. If this market keeps on like it is now, how are the ranchers, the U.S. citizens, going to make a living?

We pay taxes and lots of it. Therefore, I feel that we should have our say in this matter. If the market continues as now, we won't be able to pay taxes.

There are quite a few of us that will not buy merchandise from a store that sells meat that has been imported.

Let's get this matter taken care of very soon. No more imported beef.

Sincerely,

ART REUKAUF.

COLUMBUS, MONT., *February 21, 1964.*

Senator LEE METCALF,
Senate Building,
Washington, D.C.

DEAR SIR: Ever since the import of sheep from Australia knocked the props from under the sheepman, we in the cattle business have sat uneasy in the saddle wondering when it would happen to us. Now that it has happened to us in very similar fashion, we are wondering what will be done about it. We cannot delude ourselves that voluntary quotas will give even token relief. We need supportive tariffs to protect us from disaster.

Our operation is not large by comparison to many others in Montana; nonetheless, our farm expenses were a little over $24,000 last year. All of this money was spent in Montana—the bulk of it in the county in which we live. If the cattleman suddenly finds it necessary to pull in his horns it will hurt a lot of people.

The beef industry is the lever which supports not only all other classes of meat, but feed grains as well. If we go under, we take the others with us. It cannot be avoided.

The cattleman is operating on a rigidly narrow margin of profit. What may seem like a small matter to those outside the industry, take on major proportions inside it. A bankrupt industry does not buy goods and services or pay taxes.

We hope, Mr. Metcalf, that you will keep these things in mind.

Thank you.

MRS. ALFRED NELSON.

LAUREL, MONT., *February 3, 1964.*

Hon. LEE METCALF,
Washington, D.C.

DEAR SENATOR: Never before in my lifetime have I wrote to any political officeholder, however, never before have I, as a young farmer and cattle feeder, been confronted with a crisis as exists today. The fact that I have been a Democrat all my life and have always voted that way is the reason I'm writing to you.

For quite a number of years, the county agents, feed manufacturers, and many other facets of our economy have been promoting the feeding of cattle in my area. Being young, ambitious, and determined and also a lover of cattle, I set out to feed cattle 9 years ago. In these 9 years, I used everything in my mental and physical makeup to build credit, reputation, and acquire all the knowledge about buying, feeding, and marketing cattle. In other words, I became a specialist. I went through ups and downs, judged the different price levels and gambled and commenced to build from nothing a plant that turns out 900 fat cattle a year. Three years ago, I purchased the farm I rented for 12 years. My cattle-feeding through the years has seen the taxes on my land and my cattle program go from $200-plus to $1,682 in 1963. I have done my share for my community.

In the 9 years I have fed cattle I have taken the ups and downs in stride realizing the competitive and speculative aspects of the cattle feeding business were what made it a good business and very interesting.

Through the years, the competition has been keen and very fair, but the past year or two I have seen an unexpected large and unfair competitor enter my field that is seriously threatening to demolish my status as a good, efficient cattle feeder, taxpayer, and dedicated Democrat. That unfair competitor is imports. As you know, Senator, we have always had imports of beef but never have we seen such an astounding increase in such a short time of any commodity. It has upset the natural economic trends of the very delicate supply and demand factor of the cattle industry in our Nation, where our economics of fixed costs, taxes, labor, etc., are almost insurmountable as it is. In other words, I'm depressed, the cattle feeding industry is depressed and closing feedlots prove it.

One politician said it was the U.S. cattleman's own fault because he kept cows off the market for herd expansion, thereby creating a shortage of the cheaper beef, yet not too long ago a USDA report stated that in 10 years our beef production would have to increase 40 percent and other countries begin grinding gears to meet this future need for a share of it. I distinctly remember reading where Canada had a tremendous program underway to promote cows number increase to get more marketing in the United States. I assume that the American cattleman had the same idea and why shouldn't he after reading reports such as this.

I will say this, the USDA has on more than one occasion hurt our industry by premature assumptions and predictions and also by making statistical errors.

Now, Senator, you have heard my story I hope you will take it to heart. I am very sad that this chaos had to come during the Democratic administration and I hope that the Democratic administration will remedy this serious problem because it could get worse.

I feel that the countries that have increased their beef exports to us so tremendously be put on a quota basis with adjustments in the futures. This would be the only fair solution to this problem and our own cattle industry which is so very seriously important to our country and each city, county, and State in its boundary.

I truly hope, Senator, that I have clearly presented the cattle industry's dilemma to you and that you will do all in your power to help us back to our normal competitive state of affairs. I figured out that 18-cent fat cattle today are equivalent to 8-cent cattle in the thirties.

I thank you very much.

Yours truly,

HERMAN G. STRECK.

UNITED BROTHERHOOD OF CARPENTERS AND JOINERS OF AMERICA,
LOCAL UNION NO. 1524,
Miles City, Mont., January 29, 1964.

Senator LEE METCALF,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: We are very much concerned about the large amount of imported meat that is being shipped into this country. We feel this directly affects the livelihood of more than just the people involved directly in the cattle industry.

This area of Montana is basically a farming and ranching area and practically all the businesses of the area are directly or indirectly affected by the cattle industry.

We would like very much to have your support to improve the conditions affecting the cattle industry in this Nation.

Possibly some type of limitation should be put on the shipping into this Nation of this outside produced meat and meat products.

The problems involved in any such action would be manifold, but we have faith in your ability to overcome them and help bring about a solution to this very depressing problem.

Without a healthy cattle market for the local people, we feel fairly certain the whole of Montana and all its working citizens will feel the effects in reduced jobs being available and it will eventually affect the tax structure of the State and its services available to the citizens.

Any help you can offer in this matter will be very highly appreciated.

Sincerely,

HILBERT F. SMITH,
Recording Secretary.

MILLIRON RANCH,
Miles City, Mont., September 20, 1963.

Hon. LEE METCALF,
U.S. Senate,
Washington, D.C.

DEAR SENATOR METCALF: We are writing you regarding the vast imports of beef that have been flooding into the United States, with apparently no end in sight or an effort being made to stop this endless flow of foreign beef into our markets.

We are ready to market our cattle and find that there are no buyers—we are one of thousands in this predicament. The importation of beef into the United States so far this year is over 11 percent of the total beef consumed—14 million pounds of beef is arriving or has arrived in New York City this week—carcasses averaging around 600 pounds—so the hoof animals would have to weigh well over 1,000 pounds, and boned bull beef free on board, Australia and New Zealand around 12 cents per pound, and cow beef around 14 cents. Also there are vast tracts of land that are awaiting to be developed in those countries, with the aid of water, which is available, so that they can raise more beef for exportation.

I quote from the September issue of the Montana Stockgrower: "Lowered beef consumption disturbs Australians where the average amount of beef and veal was once 144 pounds and now is reported to have dropped in 1962 to 87 pounds per capita. We know where the former supply went."

As you know, we have built up a large inventory in cattle, and our cattle industry has enough beef for sale to sustain the wants of the people in the United States. We have not asked for supports or favors of any kind from our Government (which is in reality, ourselves), and why haven't we been protected against these vast and hurtful importations of beef from these other countries? This beef is coming in on a cost scale that puts us in an extremely unfair position, as we cannot compete and stay in business on 12- and 14-cent beef, free on board,, Australia and New Zealand. I quote also from the September 18 issue of the Western Livestock Reporter: Following is an excerpt from the Ottawa Report on Agriculture, dated the 6th of September this year. "Four years ago Britain was Australia's biggest beef buyer. In the 1962–63 year ended June 30, the United States bought over 80 percent of Australian beef and veal exports. Britain took 35,000 tons of lamb and mutton from Australia against 86,000 tons to the United States. Most of the beef exported to the United States by Australia is boneless, low-quality meat used for hamburgers and sausages. The big jump in U.S. imports illustrates the continuing growth in U.S. demand for these manufacturing meats and the inability of domestic supply to meet these demands."

Now the concern that is being stressed upon imports is not disclosed in this release. Nothing could be further from the truth, and this no doubt, will give Canada added incentive to increase their imports into the United States also. It has been brought to light that Ireland, too, is enjoying a vast buildup of exports of beef into our country, and we are at a loss to know why these importations have been allowed to increase, when we do not want or need these additional supplies.

The expense of operating a ranch has gone up by leaps and bounds—despite the frugality we are noted for practicing. We have to compete with other industries in order to hire help, and have to pay wages proportionately, and repairs and all materials necessary for the operation of a ranch have gone up, so the expense is fixed, despite the terrific drop in our anticipated income for this year, due to these dreadful imports. May I ask how we can pay these costs and compete against 12- and 14-cent beef, and still stay in business?

Fat cattle have decreased in price to the point where the cattle feeder either isn't going to risk his capital again this year, or his banker has decided for him that he no longer cares to finance him in a venture in cattle feeding.

I am sure you visualize the far-reaching implications that will be turned loose if this importation of cattle isn't stopped. The cattle-producing States are many and represent billions of dollars in revenue. If this importation is allowed to continue without the necessary curtailment, it will ruin the cattle industry as such, and the vast outlying side effects on all segments of industries that depend on the cattleman for this income.

The only thing that keeps Miles City a healthy business center is the cattle industry. We mention this, as this is our home. We live 50 miles south on Tongue River, and have a firsthand view of the devastating effects of this vast importation in our own cattle area. Then, add to this the areas all over the United States that have the same industry for a healthy situation, and imagine, if you can, the ruinous and unnecessary privation caused by this vast importation of foreign beef. It seems such a pity that a fine industry that we are all so proud to be a part of, has to suffer to the point of annihilation. We know this to be true, speaking from the grassroots origin.

May we ask what we owe to these countries that we have to sacrifice our source of livelihood that they may enjoy the fruits of their importations of beef into the United States? Is it right that we on the one hand send millions of dollars for foreign aid, and on the other side of the coin allow foreign countries to destroy the means whereby some of the funds are obtained?

We hope that you will, through your vast experience, do everything in your power to alleviate the situation so that we can sell our beef at a healthy figure and be able to remain in the cattle business. If something isn't done quickly, it could cause grave and disastrous consequences to all segments of the cattle industry, other than the few that are profiteering in this venture. It is our understanding that 80 percent of the funds for these imports are financed by U.S. speculators.

Thank you very much for your sincere and concentrated efforts to get this situation stopped as quickly as possible.

Sincerely,

Mr. and Mrs. R. L. Rhea.

The CHAIRMAN. Thank you very much, sir. It was a pleasure to have you.

(Senator McGee's statement previously referred to follows:)

STATEMENT OF SENATOR GALE MCGEE ON SENATE AMENDMENT 465 TO H.R. 1839

Mr. Chairman, I deeply appreciate the privilege of presenting my statement to the committee. The matter with which this amendment is concerned is one of extreme importance to the State which I represent and to the Nation as a whole.

I support this amendment, and am a cosponsor of it, because I have come to the conclusion that the American domestic meat producer must have increased protection from foreign imports if he is to retain his traditional share of the market, indeed if he is to survive as a vital part of our private-enterprise economy.

The State of Wyoming has a vital concern with this amendment. Our State derives nearly one-fourth of its gross income from agriculture and 79 percent of this income is attributable to livestock and livestock products.

It is a well-known fact of economic life that no overall economy can remain in good health if one segment is in serious trouble; Mr. Chairman, the livestock producers of Wyoming are in serious trouble. And, as is usual in these cases, the small independent operator is the one who feels the pinch the hardest. It is no exaggeration to say that these small operators now have their backs to the wall and if they don't find relief in a short time will be forced out of business. The loss will then spread to the farm communities, the Main Street merchants who supply goods and services, and from them to the wholesalers and producers. The whole economy of the State, and of many other States similarly situated, will suffer a grievous blow unless the tide of imports is stemmed.

These imports have increased drastically in the past 2 years until they are running close to 15 percent of all meat consumed in the Nation. Most imports are from Australia and New Zealand, but increasing amounts, up over 1,000 percent in 10 years, now come from Ireland. I believe that the formula contained in this amendment would allow these nations to retain their traditional share of our markets but would prevent their cattle industries from gaining additional strength at the expense of our own.

However, this amendment is no panacea for all the problems of the cattlemen and sheepmen. None of us are so foolish as to think that this imports formula would end all our troubles. I am also concerned with the marketing practices of some of the large chainstores and with the competition from other protein sources. But the question of imports is certain an area that is responsible for a large share of our current problems. We must do whatever we can do to attack this problem from all angles. I am convinced that this amendment would provide substantial assistance for the meat producer in providing more realistic competition from the heavily subsidized producers from other nations who can produce meat animals at a much lower cost than can the domestic producer.

The American cattleman and sheepman is not looking for a handout or a guaranteed income. He is seeking the chance to continue in his chosen occupation and to compete, on terms of equality, with other producers—foreign and domestic—for a share of the American market. I urge the committee to support this amendment.

The CHAIRMAN. The next witness is Senator Hruska who introduced a similar amendment to the wheat-cotton bill H.R. 6196 which was defeated by two votes last week. Is it the same?

STATEMENT OF HON. ROMAN L. HRUSKA, A U.S. SENATOR FROM THE STATE OF NEBRASKA

Senator HRUSKA. No. There is a difference, Mr. Chairman, which I shall explain briefly.

First of all, I want to add my expression of gratification at the promptness with which this committee is holding these hearings. Also I want to make further public acknowledgment of the very fine treatment that the majority leader accorded us, in terms of parliamentary procedures, during the time the so-called Hruska amendment was considered by the Senate. He was most fair and reasonable in all of the duties that he had to exercise as majority leader.

Mr. Chairman, I have a prepared statement which I should like to submit for the record, and then deal with two major points by way of highlights in the statement which I have submitted.

The CHAIRMAN. Without objection. It will appear following your oral presentation.

Senator HRUSKA. I am confident that this committee is aware of the very serious and critical nature of the problem at hand; namely, the general crisis in the cattle market. I am assuming further that the committee knows that one of the major factors in the entire farm picture is the cattle picture because the cattle industry is the backbone of American agriculture.

Now, when that segment sags, the whole structure sags. There is not any question about it. This past year, the past 14 months or so, the cattle market has sagged, and sagged badly.

I am not going to go into the details. We know what they are. They were debated thoroughly last week in the Senate. The statement I submitted here contains details on those points.

There are two points I would like to discuss with the committee. I do so because I think they are the critical points. I think they will help to bring this matter into good focus.

The first point is this, that imports are a major factor in the cattle market collapse which we have experienced these last 14 or 15 months. It is not the only source, not the only factor, but it is the major contributing factor.

The second point I would like to discuss is that the agreements entered into by the United States with Australia, New Zealand, and Ireland are not only not effective and not helpful, but they are actually injurious to this situation.

By way of conclusion, inasmuch as imports are the major factor, inasmuch as the agreements and the routes indicated by the Departments of State and Agriculture will not afford relief and will not do the job, there is only one way for us to go, and that is by legislative action.

Now, then, as to the first point, the imports of beef and veal are the major factor in the cattle price collapse. Originally the Secretary of Agriculture denied that they were a major factor and did so pretty consistently until about December of last year. His present position, however, seems to be that imports are a heavy factor and must be dealt with.

The fact that the agreements with Australia and New Zealand and Ireland were entered into is a recognition of this fact.

It is the current composite judgment, Mr. Chairman, of the U.S. Senate that the imports of these products are the major contributing factor. That is reflected by the close vote on the amendment, the so-called Hruska amendment which received 44 votes. Also one must remember the large number of Senators who declared themselves as being in sympathy with the amendment, its objectives and its ultimate approval, but not at that time and in that form. We heard the majority leader here today express those very sentiments; members of this committee here have expressed themselves to that effect although they did not vote for the amendment. That is perfectly all right.

That is their prerogative, their honest feeling, and I know they are not in any way being blamed for it.

Now, the concensus of opinion by cattlemen's associations is that imports are a major factor. For example, let me read this very brief passage from the statement made in the Tariff Commission hearings in December of last year by the California Cattlemen's Association. I am quoting now:

Economic analysis and contacts in the meat trade indicate that imported beef used for manufacturing purposes has depressed cow prices from $3 to $4 per hundred pounds—

And then they go on from there.

Another evidence that imports are a major contributing factor is to be found in the November 1963 Livestock and Meat Situation Report of the Department of Agriculture. There, the conclusion was reached that for each increase in imports of about 180 million pounds, on a carcass weight equivalent basis, including live cattle, there is a decrease in the market of about 30 cents per hundred pounds.

Inasmuch as we roughly estimate 1963 imports at about a billion, eight hundred million pounds for all forms of beef, carcass weight equivalent, that would affect prices by about $3 a hundredweight. I submit a table showing imports of beef in terms of carcass weight equivalent.

(The table referred to follows:)

U.S. imports of cattle and beef, compared with U.S. production, by year, 1954–62

[Carcass weight equivalent, cattle and calves and beef and veal]

Year	Imports				U.S. meat production [3]	Imports as a percentage of production
	Live animals		Meat	Total [2]		
	Number	Meat equivalent [1]				
	Thousand head	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Percent*
1954	71	35	232	267	14,610	1.8
1955	296	93	229	322	15,147	2.1
1956	141	43	211	254	16,094	1.6
1957	703	221	395	616	15,728	3.9
1958	1,126	340	909	1,249	14,516	8.6
1959	688	191	1,063	1,254	14,588	8.6
1960	645	163	775	938	15,835	5.9
1961	1,023	250	1,037	1,287	16,341	7.9
1962	1,232	280	1,445	1,725	16,311	10.6
1963 [4]	....	[5] 180	1,679	1,859	17,360	10.7

[1] Estimated at 53 percent of the live weight of all dutiable imports of cattle.
[2] Canned and other processed meats have been converted to their carcass weight equivalent.
[3] Total production (including an estimate of farm slaughter).
[4] 1963 import data are preliminary.
[5] Revised Feb. 12, 1964.

Source: Department of Agriculture.

That was the considered opinion of the Department of Agriculture Livestock and Meat Situation Report. For a reference to that, I would like to cite the Congressional Record for February 7 of this year at page 2358 where there is set out an exchange of correspondence between this Senator and the economist for the Department of Agriculture on that very point.

Now, the foregoing constitutes definite proof that imports are a major contributing factor of collapse of cattle prices.

Now, there are other factors. I have here a list of five which are released by the River Markets Group. Now, that is the organization representing the central public livestock markets along the Missouri, including those at Sioux Falls, Sioux City, St. Louis, Kansas City, and Omaha. They made a splendid report, an analysis of this entire cattle price situation, and they list these five factors. I will run through them hurriedly.

No. 1. U.S. cattle numbers are up around 3 million head as of January 1, 1964.

No. 2. Ranchers again failed to cull their cow herds, and even further increases in numbers seem to be in prospect for 1964.

No. 3. Most feeders readily admit that holding cattle beyond normal market weight has contributed to a tremendous increase of beef tonnage, up 30 to 50 pounds per head.

No. 4. Favorable winter weather has brought on further days on the range that further accentuated this tonnage problem because cattle are weighing another 30 to 50 pounds heavier than formerly.

No. 5. Rapid growth of tonnage of meat imports.

At this point, I should like to deal very briefly with the idea as to whether overproduction in this country is responsible for the collapse in cattle prices.

At present we have a cattle population roughly of about 107 million. The year 1964 is considered by economists as being about the sixth year of a cycle. We are going constantly through cycles in the livestock industry. The previous cycle lasted some 10 years. The cycle before that lasted some 12 years. But even with 107 million head, which is 16 million head more than 1958, there is a slower buildup in this cycle than in previous cycles.

Now, when we reached the crest on previous occasions, the large cattle population depressed prices and there had to be an adjustment. But in each instance the country as well as the cattle industry was able to make that adjustment without too much difficulty or delay. Several factors entered into such adjustment.

What are they? What are they? Well, some of them are: The increase in population, the increase in income, the increase in per capita consumption. These tended after a while to work off the crest of that cycle and then we would go down into a more stable situation.

There is some justification for the increase in our cattle population. In the 41st Annual Agricultural Outlook Conference in November last year, there is this statement, however, which I think is very significant. It says that experience in the past decade suggests that the normal gains in population, income, and the continued preference for beef makes it possible for consumers to absorb an annual increase in beef production in the neighborhood of 3 percent and still maintain relatively stable prices for producers.

So we have that 3-percent increase in beef production which we can absorb and deal with, even with the crest, even with the rise and the fall of the numbers of cattle within our country. But in this cycle we are now in, we have something different and something new. It consists of this import increase as a significant factor, starting about 1958, because at that time New Zealand and Australia were released from furnishing the United Kingdom with their livestock products, particularly beef and veal. So America became the dumping ground—and that is exactly what it is now—for the beef production of all these exporting countries. With a tariff of only 3 cents per pound (it is boneless beef that comes in here, not carcass beef) we became the dumping ground. It is this factor that cannot be overcome in the classic, historical pattern with which this country and the cattle industry have dealt previously at the apex or at the crest of previous cycles. So this brings us right back to the fact that imports are the source of the trouble in largest degree.

Now, imports for 1963 on the basis of carcass weight equivalent, amounted roughly to about a billion, eight hundred million pounds for all forms of beef, fresh, chilled, and the frozen, and the canned, and the cured, as well as the cattle on the hoof. That translates itself. Mr. Chairman, into the equivalent of about 3½ million head of cattle or more. Some figure it as high as 4 million. The figure depends on how many fat cattle you include, how many cows you put in, et cetera. But, of course, that 3½ million head of cattle can be produced only if there is a foundation herd or producing herd of between 8 and 10 million head, located in some other country besides America. So we have a cattle population in America of 107 million to which we must add now under this new order of things somewhere between 8 and 10 million head of cattle located in these exporting countries which we are supporting by reason of accepting their imports at a rate equivalent to about 3½ to 4 million head of cattle each year.

So instead of struggling with the necessity of adjusting on the basis of 107 million head of cattle, the highest in America's history, we are compelled to adjust to a situation of somewhere between 115 and 117 million head of cattle. And in that lies the big trouble.

Now, the agreements that we have entered into with these three countries are not any help to us. They are actually harmful. They are a hurt, because they fasten upon the American farmer and American agriculture the very condition, the very level of imports, which has brought about our present bad situation. The 1962–63 years were the highest in our history and if we are to follow this pattern that is fixed by the Australian and New Zealand agreements, it will mean that there will come into the United States about 923 million pounds, product weight, of imports from all countries if that same formula were applied to all exporting countries the products of which we receive.

Now, will that pattern of the Australia-New Zealand agreements be followed? I am sorry to report that according to my analysis and an analysis made for me by those who know better than I in the field, it will not be held. Because in the case of Ireland there is provided an actual increase of some 3 million pounds in product weight in 1964 over 1963.

Well, that is about 4 percent increase and if we are going to add 4 percent to the Australian level and the New Zealand level and to all other countries with which such import quota agreements will be entered into, instead of imports being at a figure of 923 million, we will have imports in excess of 1 million pounds product weight.

In addition to that, of course, we have the growth factor promised to foreign countries in those agreements. This growth factor is a 3.7 percent increase in 1965 and a similar percentage in 1965. I have already suggested to the committee that we can successfully absorb 3 percent growth and we have averaged that out over the long pull but here these foreign countries are getting the benefit of a 3.7 percent factor by way of growth.

Now, the 1962–63 years are not a fair basis. They are too high. They also represent a time when prices were low and the livestock industry was in a depressed condition. That depressed condition was not given any consideration in selecting the average of 1962–63. And besides, the entry into those agreements shows a lack of understanding as to the impact of the import of manufacturing beef. We had the literature and we had the speeches of the Department of Agriculture repeatedly saying it is not hurting the cattle market because it is manufacturing beef. Well, that isn't the fact at all. There is a direct impact on the cattle market, and my statement as submitted again tells in detail what that is.

So we have all those results which flow from these agreements with the other countries. That is not the road to travel. This situation cannot go on without causing great harm to U.S. agriculture. American farmers are willing to go a long way, Mr. Chairman, to develop international trade. They have demonstrated this through the years by their policies, by their educational activity, and so on, but they do feel that when there converge upon agriculture, and especially the cattle industry, elements which are so disastrous in their consequences as those which we have witnessed these last 15 months, that they are entitled to action by this Congress of the United States for reasonable protection to be given to this very essential agricultural industry.

Now, then, what is my proposal? It is a little different from what was contained in my amendment debated in the Senate last week. Frankly, it calls for less rather than more imports to be brought in.

The Mansfield amendment would permit imports of about 670 million pounds, that is, product weight. There is a different figure in Senator Mansfield's own statement. But the calculation I have is that it would bring in about 670 million pounds a year of fresh, frozen, and chilled beef, and that would be product weight. On a comparative basis I have already given you the figure of 923 million pounds as the limit on imports on the basis of the formula of the New Zealand-Australia agreements.

Now, how much does this amendment of mine permit? About 413 million pounds, product weight, as against 670 million pounds for Senator Mansfield's. Now, then, is that too much of a cut? It is a big cut, but what is it a big cut of? It is a big cut from the 1962–63 imports. That is what it is. Those are abnormal years, and we were headed for ruin by reason of that 1962–63 level of imports. I don't believe it should be used as a basis of comparison.

What we should do is get into pre-1962 figures where we reach a more normal standard of judgment.

Now, my amendment has the same growth factor provision in it that the amendment that we debated last week had, namely, that it is based on population. Currently it would run 1.5 to 1.7 percent per year, rather than being based on estimates of consumption or just on arbitrary figures.

I submit that this amendment is fair. It is moderate. It is more nearly in line with the recommendations of the Cattlemen's Association and the National Livestock Feeders' Association and others who have been active in analyzing this situation and trying to make some progress in dealing with it.

Mr. Chairman, this committee has been very courteous and very patient. These highlights that I have just covered are in my statement but on the basis of what I have suggested here, as well as on the statement, if there are any questions, I would be happy to try to answer them.

The CHAIRMAN. Senator, as I understand it, your amendment permits the importation of 400 million pounds; is that correct?

Senator HRUSKA. The figure is about 413 million pounds, product weight.

The CHAIRMAN. Senator Mansfield's is 600 million?

Senator HRUSKA. 670 million.

The CHAIRMAN. Percentagewise what is that of the total imports?

Senator HRUSKA. Mr. Chairman, the product weight must be converted to carcass weight equivalent, and then allowance must be made for imports of beef in other forms. To convert product weight into carcass weight, multiply by about 1.45, right at that neighborhood. If we use 1.5 as the factor for the 413 million pounds, we would arrive at 600 million pounds carcass weight for the fresh, chilled, and frozen beef and veal. Then allow another 300 million or 400 million pounds, carcass weight equivalent, for canned and cured beef and live animals. Compare that with 1.8 billion pounds which were imported into this country in 1963, all forms of beef, the chilled, frozen, fresh, the cured, the canned, and live on the hoof. So it would be about one-half of what was imported in 1963.

The CHAIRMAN. One-half. And Senator Mansfield's would be larger than this.

Senator HRUSKA. It would be about 25 percent larger.

The CHAIRMAN. Yes. Now, you mentioned New Zealand and Australia. You didn't mention any other countries.

Senator BENNETT. Ireland.

The CHAIRMAN. Did you mention other countries, too?

Senator HRUSKA. I mentioned Ireland because it is only those three countries with which the United States has entered into these agreements, and I presume that those agreements will be the pattern to be followed for other agreements that will be entered into, or the President under section 204 will impose import quotas which he has the power to do.

The CHAIRMAN. Argentina, I suppose——

Senator HRUSKA. Argentina is next in line and Mexico is another big exporter.

The CHAIRMAN. I suppose the committee can get it but I think we ought to have in the record——

Senator HRUSKA. I will be happy to supply it at this point, Mr. Chairman. I will be happy to supply those figures for 1962 and for 1963 or for 5 years of imports from the principal countries exporting beef, if it would be of any help.

(The material referred to follows:)

Mutton: U.S. imports by country, product weight, 1958–63

[In million pounds]

Country	1958	1959	1960	1961	1962	1963
New Zealand	2.3	9.4	4.4	4.4	0.9	2.9
Australia	14.3	37.6	32.3	40.3	63.6	59.4
Other countries	.6	.3	.6	.2	.5	.6
Total	17.2	47.3	37.3	44.9	65.0	62.9

Beef and veal: U.S. imports, fresh or frozen, by country, product weight, 1958–63

[In million pounds]

Country	1958	1959	1960	1961	1962	1963
Australia	16.7	223.7	144.0	231.8	441.3	516.8
New Zealand	182.0	160.9	130.7	154.3	213.5	235.7
Canada	53.2	22.3	18.7	32.1	19.1	16.7
Ireland	23.7	42.0	43.6	61.1	70.7	72.7
Mexico	73.7	48.6	39.0	53.4	59.2	72.9
Other countries	8.9	27.0	37.8	36.5	56.3	72.0
Total	358.2	524.5	413.8	569.2	860.1	986.8

Lamb: U.S. imports by country of origin, 1957–63 (product weight)

[In thousand pounds]

Year	New Zealand	Australia	Iceland	Canada	Other	Total
1957	368	959	21	447	1	1,796
1958	4,703	326	843	929	1	6,802
1959	3,397	3,009	2,473	576		9,455
1960	4,756	6,207	1,445	26		12,434
1961	6,426	4,342	109	63		10,940
1962	10,282	2,293	11	480	72	13,138
1963	11,927	6,290	31	661	15	18,924

Source of all tables: U.S. Department of Agriculture.

The CHAIRMAN. Weren't the imports from Argentina prohibited because of the hoof-and-mouth disease for a while?

Senator HRUSKA. They were for a while. I believe that has in large measure been obviated now. Maybe there are others on the committee better informed on it than I am, but it is my understanding that the limitations for that reason on exports from Argentina to the United States are rather ineffective.

The CHAIRMAN. Under GATT do we give to each country the amount that will be permitted—that they will be permitted to import in this country?

Senator HRUSKA. Under GATT?

The CHAIRMAN. Whatever the arrangements are. Tariff agreements.

Senator HRUSKA. Under these bilateral agreements, of course, there are specific poundages assigned to each country. Under my amendment, Mr. Chairman, it would be a global quota and it would be for the President to work out the division, the allocation of the total among the various exporting countries. He should have some elasticity in it, and that power and that discretion is given him.

Senator WILLIAMS. Would the Senator yield at that point? Am I correct in my understanding that the existing agreements were not made under GATT but that they represent independent agreements between the United States and the respective countries, New Zealand and Australia and——

Senator HRUSKA. It is not under GATT, no. It is by independent agreement. That is correct.

Senator WILLIAMS. Those two countries only?

Senator HRUSKA. No. The same is true as to Ireland. That is not under GATT. That is separate and apart and independent of any GATT provisions or any GATT complications.

The CHAIRMAN. Does your amendment attempt to put them under GATT or not?

Senator HRUSKA. It makes no reference to GATT.

The CHAIRMAN. You leave it to the President, then, to allocate.

Senator HRUSKA. That is right. Leave it to the President to allocate.

The CHAIRMAN. On those three countries.

Senator HRUSKA. Among all countries. Among all countries, sir.

The CHAIRMAN. I see.

Senator Smathers?

Senator SMATHERS. Are you familiar with the sugar agreements we have with other countries around the globe, the quota system?

Senator HRUSKA. Just in general.

Senator SMATHERS. Is it your judgment that what you are seeking to do in the fashion is work out a quota system similar to that which we have with other—we would work quota agreements on beef similar to that which we have with these sugar producing countries? Is that the idea?

Senator HRUSKA. In general the procedure would be that. As I understand it, the sugar quota is a global quota and then it is divided up under administrative action, by administrative action in the executive department.

Now, as to who does the actual work, I don't know, but in general that would be the procedure, yes.

Senator SMATHERS. As I recollect, and I may be wrong—I would defer to the former Secretary of Agriculture—under the sugar agreement don't we, the Congress, make the quotas?

Senator ANDERSON. Part of it. I think the best answer to Senator Hruska is that he has left it to the President to decide what works the best, and I think that is commendable because you may want one time to deal with New Zealand and Australia and not deal with Mexico because of trouble. I think you left it wide open and that is tremendous.

Senator HRUSKA. That was the reason for my reference to this flexibility which I think the President ought to be endowed with.

Senator SMATHERS. I have no further questions.

The CHAIRMAN. Senator Anderson?

Senator ANDERSON. Senator Hruska, first of all I want to commend you on the reasonable and I think sensible way in which you presented this. I have said very frankly I didn't vote for your amendment the other day, as you well know, although I attempted to do so very strongly by my interest in the livestock industry. I hope since you referred to the November livestock and meat situation that you would later on take a look at the table that is published on page 38, and I might ask permission that that be reproduced in the record if it could be. This is the type of table that can easily be reproduced in printing, and it shows quite easily the effect on prices of these very high imports in the last few years.

Now, you dealt with a lot of figures. If you will turn to page 36 now for a moment, is it not quite apparent from that table that the imports in 1954, 1955, 1956, and 1957 were the limit of somewhere around 250 to 300 million pounds? Do you have the November issue in front of you?

(The table referred to follows:)

U.S. beef and veal imports, carcass weight equivalent

[In thousands of pounds]

Year	Beef								Total veal	Total beef and veal
	Fresh and frozen	Pickled and cured	Canned	Sausage	Other beef	Other canned n.s.p.f.	Boneless	Total beef		
1954	7,520	27,416	168,784	398	8,187	5,766	12,537	230,608	1,048	231,656
1955	6,112	6,172	172,498	371	8,305	6,629	28,674	228,761	275	229,036
1956	5,140	9,799	143,999	468	7,338	6,915	36,894	210,553	245	210,798
1957	32,863	12,794	188,624	586	7,976	18,975	128,520	390,338	4,878	395,216
1958	58,880	7,250	224,606	874	12,691	176,753	414,488	895,542	13,506	909,048
1959	39,136	8,407	187,441	1,230	10,439	120,083	680,317	1,047,053	16,138	1,063,191
1960	14,685	1,107	151,538	1,135	8,369	26,636	556,765	760,235	15,275	775,510
1961	25,096	1,115	188,563	1,128	10,010	29,833	764,905	1,020,650	16,474	1,037,124
1962	18,767	620	166,238	1,159	16,223	28,908	1,187,632	1,419,547	25,511	1,445,058
1963 (January-August)	12,255	533	148,626	669	12,123	22,461	876,756	1,073,423	12,100	1,085,523

Senator HRUSKA. I just located the column and the page of the report to which you refer. Would you mind repeating your question, Senator?

Senator ANDERSON. It shows in 1954, 1955, and 1956 the importations of beef were only about 225 million pounds.

Senator HRUSKA. Yes; and they never exceeded 2 percent of——

Senator ANDERSON. Domestic consumption. And then by 1958 you got up to 395 million pounds, and then suddenly jumped to 900 million pounds, and then over a billion pounds. And is that not the problem that we have?

Senator HRUSKA. Yes.

Senator ANDERSON. We didn't worry about these imports when they were at the level of 200 million pounds.

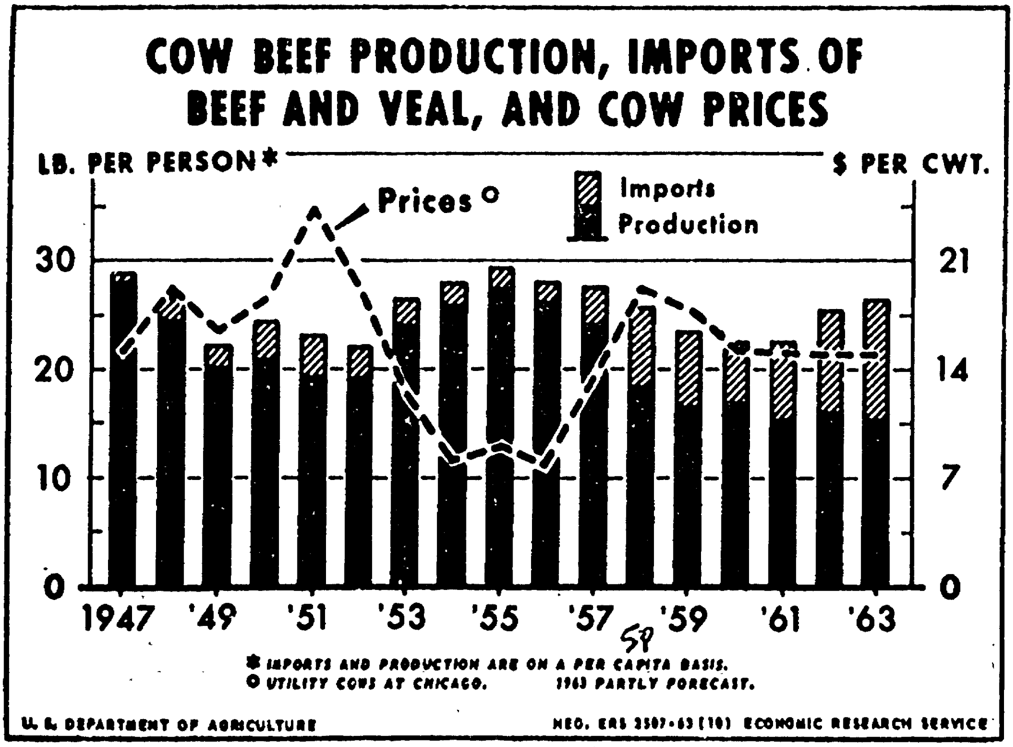
Senator HRUSKA. Right.

Senator ANDERSON. There is some question as to the quality sometimes of the beef, whether it is put in manufactured meat, but nobody worried about it as long as it stayed at a reasonable figure.

Senator HRUSKA. That is true.

Senator ANDERSON. And then in 1962 we got up to nearly a billion and a half pounds, and in 1962, if you would turn again to the chart on the next page, you will see a slump in cattle prices directly reflected in our market, and then in 1963, the first few months of the year, produced over a billion pounds and therefore we continued to have a depressing effect upon prices.

(The chart referred to follows:)



Senator HRUSKA. That is right.

Senator ANDERSON. Now, what you are proposing is a figure of 400 million pounds. I feel that that may be a little low but the Mansfield proposal of 670 million pounds is still well above the figures we used to have in the early 1950's.

Senator HRUSKA. About that; yes.

Senator ANDERSON. It is well above them.

Senator HRUSKA. It is well above.

Senator ANDERSON. Nearly three times what we had——

Senator HRUSKA. That is correct.

Senator ANDERSON (continuing). And the agreement that has been signed with Australia, New Zealand, and other countries for 900 million pounds is larger than anything we have had in the last decade.

Senator HRUSKA. No question about it.

Senator ANDERSON. And it is that problem that has caused you some concern.

I still don't withdraw what I said about the capital gains situation, but it certainly would be untrue if I did not admit that this import situation can very quickly damage the market.

There was a study made by the Department of Agriculture in about 1945 or 1946, maybe 1947, as to the effect of a surplus on existing price structure. While I am not trying to say I can remember that study very minutely, because I worked a long time on it I do recall that if you had an increase of 5 percent in the supply, you had a drop in the price level of about 10 percent. If you had an increase of about 10 or 15 percent, you had a drop in the price level of 25 percent. So the surplus has more than ordinary effect upon prices. And that is one of the things I think that has worried you about this because of the size of the surplus now coming in.

Senator HRUSKA. That is right. Beef imports of all kinds have in 1963 come to almost 11 percent of production in this country. Now, the years to which you refer in the middle fifties were around 2 percent. And the figure that I have here of 413 million, which my amendment calls for, runs about 5 percent. We can cope with 5 percent but I don't think that American agriculture and the livestock industry can successfully cope with 10 to 11 percent of our production from outside sources without having that adjustment take a long, long time and visit its hardships and its harshnesses upon many thousands of cattlemen.

Senator ANDERSON. What I was trying to say to you was that if the Bureau of Agricultural Economics did find that an increase of 10 percent in—surplus of 10 percent of wheat or surplus of 10 percent in some other commodity resulted in a 25-percent drop in prices, then you can understand the present drop in prices in the United States with the large amount of surplus coming in, 11 percent as you mentioned.

Senator HRUSKA. Yes; that is right. That follows very logically.

Senator ANDERSON. I only want to say, Mr. Chairman, that I don't agree with all the proposals that are all the time made, but I certainly agree with the Senator from Nebraska and the Senators from Montana that something needs to be done in this field if we are not going to have very severe impact upon the cattle feeders and upon many segments of our economy.

I want to compliment the Senator from Nebraska on what I think is his very good statement.

Senator HRUSKA. Thank you, Senator.

The CHAIRMAN. Senator Bennett?

Senator BENNETT. Thank you, Mr. Chairman.

Senator Hruska, a point was made earlier that there are a number of facets to this problem, a number of conditions which have resulted in this oversupply and the break in the market.

Can you control the size to which an animal is fed by law?

Senator HRUSKA. If it can be done, it is a law I haven't heard of, Senator Bennett.

Senator BENNETT. In other words, the point I am getting at, what are the avenues open to us to meet this problem?

Senator HRUSKA. It is the forces of the marketplace if they are not unduly weighted by external factors over which our marketplace here in America has no control.

Senator BENNETT. You come before a committee, the matter has been referred to this committee for study. Senator Anderson raised the point earlier that we might have some effect if we change the tax law. I am sure the cattlemen are not going to come before the committee and urge the change in the tax laws which would deprive them of capital gains treatment on their basic herds.

So I am just for a minute or two going to explore other possibilities. I don't think you can regulate the size to which beef cattle can grow by passing laws. So to the extent that some cattle have been overfed, there is nothing that we can do about that.

Do you think we can solve the problem by using the device which apparently was thrown into this debate when it was on the floor of the Senate? Can you solve the problem by having the Federal Government buy the surplus up?

Senator HRUSKA. No. The supply is far too large, both in terms of our current production, and also in the volume of imports. The quantities are far too large. The purchase program is a good psychological move. I think it is a sop, however, in actuality. I don't think it will have any impact of any lasting quality, any lasting duration.

Senator BENNETT. Actually if you decided that you were going to try this method, you have got to create a storage capacity which you do not now possess.

Senator HRUSKA. That is right. And that type of program would not necessarily increase the consumption at all. It would some, but not a great deal. Not to an appreciable extent. The surplus beef would simply be put in storage.

Senator BENNETT. And if you put it in storage, how long can you keep meat in storage? Indefinitely?

Senator HRUSKA. Not indefinitely, but don't ask me how long because I don't know. In some forms it is nonperishable, I imagine a longer time but certainly fresh, chilled meat would be a very perishable product.

Senator ANDERSON. Would the Senator from Utah yield?

Senator BENNETT. Yes.

Senator ANDERSON. I am one of those that went through the cattle stocking program for Harry Hopkins in 1935 or so and while theoretically you can preserve beef a long time, when you don't run it through the established packing plants, and have to handle it by all sorts of volunteer crews, you lose more of it than you save, and I hope that is the last thing you try to do again. I have got scars all over me from that one.

Senator BENNETT. There is always a limit to the amount of beef you can feed to schoolchildren in school lunches.

Senator HRUSKA. That is right.

Senator BENNETT. So that aren't we left with this approach as the only practical solution to our problem?

Senator HRUSKA. That has been my idea and it is the thought that Senators advanced on the floor, and I did, too, yes. I would say the answer is in the affirmative.

Senator BENNETT. So that—it is either going to be quotas or taking the consequences of the present situation which could be very disastrous for not only the cattle producers but all the related industries.

Senator HRUSKA. And when the Senator says quotas, I know he means import quotas and not production quotas.

Senator BENNETT. Yes. Import quotas. That is the thing we are discussing here.

Senator HRUSKA. Yes, that is right.

Senator BENNETT. But I appreciate your straightening it out for the record.

The CHAIRMAN. Senator Williams?

Senator WILLIAMS. Will the Senator yield?

The alternative to such an approach would be for our domestic cattle industry to curtail their production down to the point whereby we could transfer some of our cattle production to these foreign countries.

Senator HRUSKA. That is right.

Senator WILLIAMS. And to accomodate we would have to reduce our production far below what we recognize as normal domestic supply.

Senator HRUSKA. Exactly, and as I have tried to explain in my statement, we have always been able to adjust to overproduction in this country but we cannot adjust the principle of adding to the cattle population in this country the huge population that is supported outside of this country from which these imports come. We couldn't make that adjustment without inflicting great hardships on cattle raisers and cattle feeders. Also, the adjustment would be a radical drop. We would have to go down to a level of 107 million head of cattle—which Secretary Freeman has contended are too much in themselves. Certainly 117—the 107 plus 10—is too much. If we are going to have to get down to a figure of 107 million, it means we will have to reduce our own cattle population down to about 97 million since imports at the 1963 level amount to the beef output of a foundation herd of 10 million. And to take that many head of cattle out of the cattle economy would inflict permanent damage on the whole economy in the United States.

Senator BENNETT. Just one other brief look from another point of view. The point was made earlier in the discussions here today that we used to have a much larger proportion of our wool and mutton and lamb requirements furnished from the United States. This battle was lost a long time ago partly because of differences in the costs of production. Can the American cattle producer hold his own under present circumstances?

Senator HRUSKA. No.

Senator BENNETT. With the foreign producer of cattle from that point of view?

Senator HRUSKA. No, he cannot because of the costs of production. The costs of production abroad are so frightfully below the costs of production in this country. Take in Australia, for example, under the system they have there even the land cost comes to about 11 cents a head on a longtime lease basis. Our land costs here run around $25 per head.

Now, that disparity in itself is staggering, and yet it is real. It is very real.

Now, in addition to that, of course, the other countries, Australia notably, have very many provisions in their tax laws giving help to the cattle raiser and exporter which we do not have and, of course, there is a difference in our taxes, in our fringe benefits, in our labor costs, the sum total of which would make it impossible for the American cattleman to compete with outside cattle.

Senator BENNETT. It is the impression of the Senator from Utah that over the last generation, the per capita consumption of beef has risen substantially. We are moving more and more in our pattern of diet toward beef.

Senator HRUSKA. That is correct.

Senator BENNETT. If this is true, isn't this an added reason why we should protect our domestic supply?

Senator HRUSKA. I would say it is. Now, the figures on consumption per capita for 1961-63 are about 14 percent higher than in 1953-55. The figures for the last several years run something like this: 1961 is 88 pounds per capita; 1962, 89; 1963, 95. Estimated for 1964 is 97 pounds per capita. So that gives some idea of how this thing is growing by way of consumption, and we feel that inasmuch as this per capita consumption is increased by the efforts and by the education and by the ingenuity of the American cattle industry, we ought to get the benefit out of it and not give it away to some foreign nation who wants to come in here and use this country as a dumping ground for his product.

Senator BENNETT. In the development of our beef slaughtering system, we have developed a lot of collateral materials which are produced that are important in other industries, and particularly in the medical industry in the field of medicine and human health. Do we get those benefits from the cattle that is slaughtered abroad or are they slaughtered——

Senator HRUSKA. No, we do not, because all we get, in the main, is boneless beef from abroad.

Senator BENNETT. Do you know whether these collateral products are actually saved and produced in the slaughtering system abroad or is it——

Senator HRUSKA. I am not informed on that point. I don't know.

Senator BENNETT. Or is their slaughtering system apt to be interested in only producing the beef?

Senator HRUSKA. I am not informed on that point.

Senator BENNETT. Thank you, Mr. Chairman.

The CHAIRMAN. Senator McCarthy?

Senator McCARTHY. Mr. Chairman, I am sympathetic to the efforts being made by the Senator but I think we ought to realize that there are many other industries that have suffered as much or more than the cattle industry. For example, my State, at the end of World War II, was supplying about 90 percent of all the iron ore used in the United States. Imports of iron ore have increased to a point where foreign suppliers now provide between 30 and 40 percent of all of the iron ore which is used in the United States, and I think that if we move into this area, that we must be concerned that there are many other areas in the American economy which are in greater need, if you take the relative standard you are using here, of trade protection of some kind from foreign competition.

Senator HRUSKA. Well, of course——

Senator McCARTHY. I am sympathetic, I say, but I think we ought to move very slowly on these things because we open up a whole set of problems.

Senator HRUSKA. Yes, indeed, and just how slow one wants to go depends on how heartless he can be to the fate of many hundreds of thousands of cattle raisers and cattle feeders.

Now, I suggest to the Senator from Minnesota there is a basic difference between iron ore and cattle. Cattle we can increase or decrease in production and in numbers. We cannot do that with rich iron ore deposits, most of which have been pretty well depleted from the plains and areas of Minnesota.

Senator McCARTHY. No, no. I would say, "Not so."

Senator HRUSKA. Not totally depleted but badly depleted in the form in which they can be removed, and there is a stationary quantity of that. This is not true here. This is a different type market altogether.

I sympathize with the problem of iron ore and other fields, lead and zinc, oil, yes. This is a complicated world but we have to deal with it one at a time.

Senator McCARTHY. Well, the fact is that we have some 7 billion tons of iron ore in the State of Minnesota and that in quality it rates as high as some of the iron ore which is being shipped into the United States.

Senator HRUSKA. That information I would defer completely to the Senator from Minnesota on, because he is an expert in it and I am not.

Senator McCARTHY. The differences are primarily in special tax concessions and tax advantages which are being given to American firms in the Canadian operation. I may come to the Senator some day and say, "Now, let's take a look at iron ore."

Senator HRUSKA. And the Senator will be most receptive. I don't know whether he will be entirely agreeable but very receptive.

Senator McCARTHY. I have no further questions.

The CHAIRMAN. Senator Curtis?

Senator CURTIS. Senator Hruska, with all sincerity I must say I have always been proud to be a Nebraskan and I am proud of the way you have mastered this subject and the facts that you have placed before this committee and in the way that you have answered questions.

I am anxious to get action and get it soon, but I hope that you can come back to the next meeting because you will be one of the best witnesses that we have here.

Considerable mention has been made about cattle producers. Does the direct interest in this very severe problem created by these excessive imports end there?

Senator HRUSKA. No, of course it doesn't. I don't want to be held too closely to these figures. I recite them from memory and recollection. But the cattle that we have in this country use some 1 billion acres of land for pasture and grazing. They consume some 70 percent of the total tonnage of our harvested crops.

Senator CURTIS. Does that include wheat?

Senator HRUSKA. Whatever wheat is fed, wherever wheat is fed.

Senator CURTIS. I mean your 70-percent figure.

Senator HRUSKA. This is an overall figure of all harvested crops. These 3.5 million head of cattle are the equivalent of the imports of all types of beef for 1963. Now, if they were raised and fed in this country, they would consume some 20 billion pounds of feed grain equivalents. If that were translated into corn alone, it would be equivalent to some 360 million bushels of corn. That is 8 or 9 percent of our own production in corn. So this thing goes far beyond just the cattle raiser and the cattle feeder. It also goes into all of the economy in that vast area where the cattle are raised and fed and where feed grains are raised.

Senator CURTIS. Well, now, something has been said about the alternatives to facing up to this import problem and curtailing the imports. I want to inquire what are the alternatives in grain production? With the exception primarily of wheat that goes directly into human feed, if the producers of other grains cannot find a market in the United States for their grain, what are the alternatives?

Senator HRUSKA. They are very few and highly limited. I wouldn't know what they would be.

Senator CURTIS. Well, it would be a subsidized export for one thing.

Senator HRUSKA. Very likely.

Senator CURTIS. A good portion of our exports of grain are subsidized; is that right?

Senator HRUSKA. Yes.

Senator CURTIS. In one way or another.

Senator HRUSKA. Yes.

Senator CURTIS. Either with direct subsidies on a per bushel basis or accepting soft currencies, an actual giveaway. That is an important factor in our——

Senator HRUSKA. Yes, indeed.

Senator CURTIS. In our exports.

Senator HRUSKA. Yes. That is a substantial factor.

Senator CURTIS. Well, now, aside from exporting, if the feeders of livestock do not move into the marketplace and take the grains, that grain is supported by Government loan, and the next step is for the Government to take possession of the grain; isn't it?

Senator HRUSKA. Yes. That follows.

Senator CURTIS. It does follow right along. A producer of corn or sorghums or anything else, he gets the support price loan, the loan operates in order to support the price, and if the grain isn't sold in the market and the loan repaid, the loan is called by the Government and the Government takes possession of the grain.

Senator HRUSKA. That has been the procedure.

Senator CURTIS. Well, does the impact of the livestock industry end with the producers of hogs, cattle, and sheep and the producers of the feed?

Senator HRUSKA. No. I wouldn't think so. I think it goes far beyond that.

Senator CURTIS. Now, assuming that Nebraska is a typical State, are the sale barns, livestock sale barns, an important business activity in the community?

Senator HRUSKA. Of course they are, and the packinghouses, the labor in the packinghouses, trucking companies, the bankers that extend credit, the farm implement companies, they are all affected. That is where the impact finds its weight.

Senator CURTIS. Mr. Chairman, while I am anxious to proceed here, I wouldn't ask the witness to commit himself right now, but I hope he can come back.

The CHAIRMAN. It is with great regret that the Chairman has been advised that the committee cannot meet without permission during the debate which is now going forward.

I want to commend Senator Hruska for making one of the best and clearest statements that I have heard for a long time before this committee.

(Senator Hruska's prepared statement follows:)

STATEMENT OF SENATOR ROMAN L. HRUSKA BEFORE THE SENATE FINANCE COMMITTEE ON THE BEEF IMPORT CRISIS, MARCH 11, 1964

Mr. Chairman, on behalf of the cosponsors of amendment No. 467, I appreciate the opportunity to appear before your committee to urge adoption of the amendment.

The procedure involved here is extraordinary but the urgency of the situation requires an extraordinary procedure.

The committee is aware that the subject of meat imports was extensively debated for several days on the floor of the Senate. The Hruska amendment to the wheat and cotton bill was defeated by a vote of 44 to 46. Among those Senators voting against the amendment were many who objected, not to the substance of the proposal, but to its inclusion in that particular bill. A majority of this committee voted in favor of the amendment.

Today there are two major points I wish to make: The first is that ever-increasing imports of meat and livestock products exert a highly harmful impact not only on this country's cattle industry, but on all of American agriculture and the large segment of the economy which it supports.

The second is that the voluntary agreements entered into last month with the Governments of Australia, New Zealand, and Ireland are not effective to bring any relief or to be helpful. In fact they are actively harmful. They not only fail to roll back the levels of meat imports from those countries, but fasten upon American producers the very import conditions which have all but wrecked the livestock market. Further, they aggravate the situation by allowing an annual compound growth factor of 3.7 percent.

The purpose of my amendment submitted to this committee is the same as that of the amendment which failed to be adopted last Thursday on the floor of the Senate: namely, to provide fair treatment for the American stockman by rolling back imports to reasonable and acceptable levels.

The amendment I now offer differs from the one considered last week in that import quotas would be based on 1960 levels, rather than the 1958–62 average.

There are a number of differences between my amendment and that offered by Senator Mansfield. The key is in the amount of the rollback.

To enable the committee to make a ready comparison, here are the figures on permitted imports of fresh, chilled, and frozen beef and veal under the various proposals:

The Australia-New Zealand agreements formula, 928.4 million pounds.

The Mansfield proposal, 670.9 million pounds.

The Hruska proposal, 418.8 million pounds.

From the level of the Australian-New Zealand agreements endorsed by Secretary Freeman, Senator Mansfield proposes a reduction of about 250 million pounds per year. My proposal would cut back imports 510 million pounds per year.

Mr. Chairman, 1963 was a year of disaster for the American livestock industry. Falling prices have continued into the first 2 months of this year, plunging 25 to 30 percent. Gross cash income from cattle marketings fell more than $350 million last year.

The crisis, of course, extends well beyond the livestock industry itself. Livestock provides the principal consumption of feed grains. Meat imports in the past year represent about 3½ to 4 million head of cattle. Had they been produced in this country, instead of being imported, they would have consumed 20 billion pounds of feed grain, or, in terms of corn, 850 million bushels, enough to make significant reductions in our feed grain surpluses.

For most of last year, Mr. Chairman, the Department of Agriculture and Secretary Freeman rejected the idea that imports, even though they amount to 11 percent of U.S. production, were a major factor in ruining the livestock market.

Mr. Chairman, the plain and incontrovertible fact is that imports do have a measurably significant effect on cattle prices. The Ohio Cattle Feeders Association, in a carefully documented economic study, challenge the oft-heard assertion that domestic overproduction is at fault for the 1963–64 collapse in prices.

The authors of the report point out that the supply buildup in cattle was merely a reflection of desirable increased demand and that moving to meet a large demand was a proper move by cattlemen. They explain that overholding was merely a move by individual feeders to protect their investment. It was a gamble on a better price which did not pay off, but did result in a temporary excess of heavy cattle.

But the study, Mr. Chairman, clearly establishes that neither of these factors would have caused prices to toboggan as they did had these unbearably high levels of imports not been added to the stockman's burden.

Even some of the top officials of the Department of Agriculture concede that imports are the basic cause. Assistant Secretary Roland R. Renne recently said, "When to this heavy increase in domestic production of beef during 1963 is added the increase in imports, it is clear why beef cattle prices were appreciably lower."

Mr. Chairman, the cattle industry in the past has operated in cycles. We have had high population of animals and low prices and vice versa. Always before, however, the market has worked its will and adjustments were made without great damage. But the market cannot balance itself today when the scales are loaded with 11 percent in imports against domestic production.

It was not until after a series of meetings with stockmen and members of the Congress that Secretary Freeman at long last agreed to some action. He promised that, together with the Department of State, he would negotiate voluntary agreements with the principal exporting countries which would roll back the record levels of imports.

This assurance was widely accepted by the industry. But when the agreements were announced, on February 17, there was outrage and indignation from the producers and their representatives in the Congress.

Patently, both the Department of State and the Department of Agriculture grossly misjudged the enormity of the problem and the reaction to their so-called solution.

State Department officials were quoted as believing the agreements would be found acceptable by a substantial portion of the cattle industry as the best that could be obtained.

Secretary Freeman said, "This will benefit our livestock producers materially," and, "I think the net result was a good one. I'm pleased with the result and I think that it's going to be important."

It is perhaps understandable—if not justifiable—Mr. Chairman, that the Department of State could be so out of touch with the thinking of the American stockman and the conditions of the domestic market, but it is incredible that the Secretary of Agriculture could believe that the agreements would provoke anything but the responses they did, namely, charges of "surrender, betrayal, and a sellout."

Mr. Chairman, there have been mass meetings of stockmen and farmers throughout the cattle country since the agreements were announced. In Shenandoah, Iowa, last week, more than 5,000 farmers, ranchers, and stockmen from surrounding States met to protest the damaging impact of imports.

In Omaha, last Thursday, 3,000 stockmen and farmers jammed the Ak-Sar-Ben Coliseum at a similar meeting. Across the West, other gatherings of the same nature were being held.

At some of those sessions, Government spokesmen attempted to minimize imports as a factor in depressing the market. I can report to you, Mr. Chairman, that the men who depend on a healthy agricultural economy for their living were not buying this administration line.

It is clear that the country and the Senate recognize the seriousness of the impact of these imports on our domestic market, and the urgency for prompt and effective action. The Senate's recognition of these facts was shown by the very close vote last Thursday. Senator Mansfield's commendable initiative in introducing legislation is another indication. Today's hearings, together with the committee's earlier action calling on the Tariff Commission for a special investigation, are a third. Altogether, the conclusion is inescapable that there is a consensus that something must be done and must be done promptly.

Regardless of whether the committee approves the Hruska proposal, the Mansfield proposal, or some other version. I hope the leadership will undertake to schedule such legislation for action by the Senate before the end of consideration of the civil rights legislation.

During the debate last week, I suggested that if we did not then adopt my amendment, any Senate action on this subject might be delayed critically by the civil rights legislation. Each day that passes without relief to the stockmen spells further disaster. If floor action on this meat import situation is delayed until after the civil rights bill is disposed of, it means that relief for the cattlemen will be postponed for several months at best, and it means there will be a serious question as to whether we can get legislation through the House and enacted into law this session at all.

The National Livestock Feeders Association at its annual convention held in St. Louis last month, at which I spoke, came out firmly for quotas based on the 1960 period. The Cattle Industry Committee for Legislative Action at Shenandoah also called for limits on imports at the 1960 level. The American National Cattlemen's Association at their convention in Memphis two months ago called for a reduction in imports to a level substantially less than those in recent years, but without proscribing a specific level.

I do not presume to speak for those organizations, since they will have their representatives here to speak for themselves. I am trying to show that my amendment is exactly in line with the positions they have taken.

One other suggestion seems in order. Although my amendment only covers fresh, chilled, and frozen meats, this committee might well wish to consider the need for quotas on canned and other forms of beef, veal, mutton, and lamb and on the live animals. My amendment would grant discretionary authority to impose quotas on these other products, because of the fact that imports of such products have not increased greatly during the last few years. However, I would not want to foreclose the possibility of providing for mandatory quotas on these products if the committee deems it wise.

Mr. Chairman, although this committee has been extremely active in handling vital legislation during the present Congress, I am convinced that the work on which you are now engaged is as important as any subject to come before you. Livestock is the basic industry of a great part of our country. Stockmen are confronted with a kind of competition that they cannot hope to meet. They do not ask to have all imports of beef cut off, but they believe they have the primary claim to the American market. Most important of all is the question of promptness—the urgent need for quick action by you on the committee and the rest of us in the Senate. The problem is here and now. If delay is permitted, there is a grave danger that action will not be taken in time to meet the crisis.

I am confident the committee will respond to the challenge.

The CHAIRMAN. Our next witness today is the Honorable George McGovern, of South Dakota. Won't you have a seat and proceed?

STATEMENT OF HON. GEORGE McGOVERN, A U.S. SENATOR FROM THE STATE OF SOUTH DAKOTA

Senator McGOVERN. Chairman Byrd and members of the committee, I am certain that several hundred thousand producers of cattle and calves, lambs and mutton are grateful to you for holding these speedy hearings on proposals to limit importation of beef, veal, lamb, and mutton into the United States.

As one of those who favors such limitation, but felt called upon to oppose writing a limitation amendment into the wheat and cotton bill on the Senate floor last week, I am especially grateful to you. These hearings confirm the chairman's assurance that the Finance Committee would take up the problem without unnecessary delay. I commend the committee for your prompt passage some time ago of a resolution directing the Tariff Commission to study and report on the effect of imports on the domestic meat industry.

Few commodities in the United States are of more widespread importance to producers than cattle and calves. The geographic spread of cattle raising is indicated by the fact that more than 10 percent of gross farm income in 34 States comes from cattle and calves. Twenty-seven of them get more than 15 percent of income from this source; 20 get 20 percent; 12 States get 30 percent; and 9 States get more than 40 percent of all their farm income from beef.

My own State of South Dakota is one of the nine high States with 48.2 percent of gross farm income from cattle and calves. It is also a high lamb and mutton producer. So the present low cattle and sheep prices are of great concern to me. Totally, livestock and livestock products—and this includes pork, poultry, and dairy—account for nearly two-thirds of South Dakota's receipts from agriculture, which is its biggest business.

Livestock prices, and a stable livestock industry, are not a matter of passing concern to our generation of South Dakotans. I alluded to the fact on the Senate floor last October that the Department of Agriculture has projected a need for expansion of our beef herd from 74.3 million head last year to 99.5 million head in 1970 to meet domestic requirements. At the same time, world meat requirements will rise, with opportunities to export to Great Britain, Western Europe, and such Asian countries as Japan, increasing at a rate comparable to our domestic demand. These countries, with high population density, do not have the land resources to expand meat output sufficiently to fill their own needs. In contrast, one of the greatest growth opportunities which South Dakota has is in livestock production. We have great potentialities for increases in grass, roughage, and grain production through improved water utilization. Thus, we have both a present and future stake in the prosperity and sound development of the livestock industry.

SOUND INTERNATIONAL TRADE PATTERN

One of the causes of movement of meat to the United States is the high tariffs and import barriers which confront Australia, New Zealand, Argentina, and the minor meat-exporting countries everywhere except the United States. One of the objectives of the Kennedy round of GATT negotiations is to attempt to persuade some of these countries with low meat supplies and consumption to remove their barriers. This would mean less pressure for entry of meat products into the United States. I cannot avoid the belief that moderate increases in our import barriers here are not only fully justified, but well advised in terms of both domestic and world resource utilization.

THE LIMITATION PROPOSALS

The committee is going to hear a number of statistical analyses of the importation situation from the witnesses who will appear, including the Department of Agriculture's experts. Last week's Congressional Record is brimful of them. I shall not indulge in many figures.

I would like to file for your records a report prepared by the Legislative Reference Service of the Library of Congress a few days ago on "U.S. Beef and Veal Imports and the Current Livestock Situation."

Also, I ask that the committee include, in its record, table I from the November 1963 issue of the Department of Agriculture publication, "The Livestock and Meat Situation," which I have asked the Department of Agriculture to bring up to date with 1963 totals on imports of cattle and calves and beef and veal, and on lambs, lamb and mutton.

This table contains data demonstrating that the import limitations that are sought by the livestock industry and those of us who are supporting the proposals before the committee, are moderate.

The Department of Agriculture puts beef meat imports in 1963 at 1,678 million pounds. The voluntary limitation agreement which the Department of Agriculture and State negotiated based on the average imports of the last 2 years, would reduce meat imports this year to 1,561 million pounds and allow a 3.7-percent rise in the 2 following years.

The Mansfield amendment No. 465, in which I have joined, would reduce beef imports to 1,199 million pounds based on the 5-year average imports to December 31, 1963.

The Hruska amendment would reduce them another 155 million pounds to 1,045 million pounds by moving the 5-year average back a year to end December 31, 1962.

All of these limitations, as an examination of the USDA table shows, are higher than the actual imports of beef meat in all but 3 years since 1950.

Exporters to the United States will still have a very liberal share of the U.S. market and they may be benefited by a little pressure to seek more permanent markets for their meat in countries which do not have the ability to meet their own meat needs as does the United States.

INTERNATIONAL ASPECTS

The administration has a very deep concern with the possible effect which the imposition of import quotas on beef, veal, lamb, and mutton might have on the Kennedy round of GATT negotiations soon to get underway with a new attempt to lower world trade barriers. I share that concern. But I am not at all certain that American action in relation to meat imports would not be more sobering than disruptive. It would underline the importance of developing sound world trade patterns, which would be stable because they are adjusted to real needs.

Heavy importations of products into a country with the resources to supply itself is not a sound long-term pattern and will not prove stable. It will be a source of friction and difficulty until adjusted. It serves no good purpose to permit such a situation to fester. It would be foolish, for example, for the wheat-exporting countries to gear their wheat programs to a regular Russian market for wheat on a 1963–64 marketing-year basis. Russia has the resources to supply her own wheat needs under a more practical agricultural system. Mr. Jonathan Garst, who has seen her resources firsthand and has followed Soviet agricultural developments closely, thinks Russia will be fully self-sufficient by 1966 or 1967, including capacity to carry some exports. For the United States and Canada to plan production to supply the Soviet Union regularly would be risky indeed, just as it is foolish for Australia and New Zealand to become reliant on a disproportionate share of the U.S. market for meat which we can produce in excess of our own needs for a good many years to come.

SECTION 22 OF THE AGRICULTURAL MARKETING ACT OF 1937

I would like to submit for inclusion in the committee record the text of section 22 of the Agricultural Marketing Agreement Act of 1937.

This is the section of the law which provides that when articles are being imported into the United States in quantities which render ineffective or materially interfere with one of our domestic price support programs or operations, the President may increase tariffs or impose quantitative limitations on the amount entered into the United States. Such limits normally follow a Tariff Commission investigation, but in emergencies the President can act immediately to limit such imports.

We are dealing with an emergency which threatens the solvency of a great many American producers.

Relief through section 22 for the beef and mutton price situation has not been regarded as legally authorized because there has been no established cattle, lamb, or mutton price support program. However, the Department of Agriculture has recently undertaken the purchase of beef both for school-lunch and relief-feeding purposes, using school lunch and section 32 surplus removal funds. Attorneys tell me this constitutes a price support operation within the meaning of section 22, which mentions support by "* * * loan, purchase, or other program or operation undertaken by the Department of Agriculture * * *."

I hope that the committee will look into the applicability of the section and possible usefulness of action under it as a means of early relief from the present depressed livestock markets pending legislative action.

Adjustment of the import situation is not going to cure the cattle price crisis but it can be of real assistance.

Cattlemen and the livestock industry recognize that imports are only one of several forces depressing the markets. What many of them have told me is reflected in an excellent discussion of the import problem which appeared in the February 21 issue of a membership letter by Mr. Hugh Mactier, chairman of the River Markets Group, an association of central public livestock markets along the Missouri River including Sioux Falls, Sioux City, and Omaha.

I would like to read just a brief summary excerpt and file the full letter for your records. The letter says:

The year 1963—and 1964 to date—proved most unprofitable for most livestock feeders. No single cause may be blamed for this situation but numbered among them are these contributing factors:

(1) U.S. cattle numbers are up around 3 million head as of January 1, 1964.

(2) Ranchers again failed to cull their cow herds and even further increases in numbers seem to be in prospect for 1964.

(3) Most feeders readily admit that holding cattle beyond normal market weight has contributed to a tremendous increase in beef tonnage.

(4) Favorable winter weather has brought on per day gains that further accentuated this tonnage problem so cattle are weighing 30 to 50 pounds heavier than normal.

(5) Rapid growth in tonnage of meat imports.

The growth of cattle numbers and production is not entirely a problem of the industry's own making. Low feed prices have stimulated a great many feed producers to raise a few pigs and fatten a few cattle, adding to increased production by regular feeders.

I shared the concern which Senator Jack Miller, of Iowa, and others showed during the debate last week over further pressure on feed prices from wheat. This is one of several reasons that I have been concerned by the possibility of large amounts of unsupported wheat moving into feed markets.

Another factor that deserves investigation by an appropriate committee is the price spread. Farmers got 65 cent of the consumer meat dollar in 1954 but this has now dropped to 55 cents, or 10 cents less. The stimulation to consumption of low consumer meat prices has been blunted. The President's proposal for a study of vertical integration and chain retailing is timely.

A limitation on imports would improve the outlook for livestock prices further. It is not unreasonable for a Nation with excessive production of a commodity, or commodities, within its own boundaries, to ask world neighbors not to add unusual additional amounts to an already burdensome supply.

I appreciate the committee's attention to this problem which is so important to my State.

It is my hope that we may, through a combination of actions, including final passage of H.R. 6196, Federal meat purchases, exercise of authority under section 22 if it is applicable, and some discipline within the livestock industry itself, strengthen livestock markets promptly.

(The material referred to follows:)

U.S. imports of cattle and beef, lambs, and lamb and mutton compared with production, 1950–63

CATTLE AND CALVES AND BEEF AND VEAL

	Imports: Live animals: Number	Imports: Live animals: Meat equivalent [1]	Imports: Meat	Imports: Total [2]	Meat production [3]	Imports as a percentage of production
	Thousand head	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Percent*
Year:						
1950	438	157	348	505	10,764	4.7
1951	220	91	484	575	9,896	5.8
1952	133	47	429	476	10,819	4.4
1953	177	62	271	333	13,953	2.4
1954	71	35	232	267	14,610	1.8
1955	296	93	229	322	15,147	2.1
1956	141	43	211	254	16,094	1.6
1957	703	221	395	616	15,728	3.9
1958	1,126	340	909	1,249	14,516	8.6
1959	688	191	1,063	1,254	14,588	8.6
1960	645	163	775	938	15,835	5.9
1961	1,023	250	1,037	1,287	16,341	7.9
1962	1,232	280	1,445	1,725	16,311	10.6
1963	834	180	1,679	1,859	16,898	10.7

LAMBS AND LAMB AND MUTTON

Year:						
1950	97	3	3	6	597	1.0
1951	14	(5)	7	7	521	1.3
1952	(4)	(5)	6	6	648	.9
1953	1	(5)	3	3	729	.4
1954	1	(5)	2	2	734	.3
1955	8	(5)	2	2	759	.3
1956	3	(5)	1	1	741	.1
1957	18	1	4	5	707	.7
1958	40	1	41	42	688	6.1
1959	76	2	104	106	738	14.4
1960	50	1	87	88	768	11.5
1961	1	(5)	101	101	832	12.1
1962	21	1	143	144	809	17.8
1963	3	(5)	145	145	770	18.8

[1] Estimated at 53 percent of the live weight of all dutiable imports of cattle and for lambs an average 30-pound carcass.
[2] Canned and other processed meats have been converted to their carcass weight equivalent.
[3] Total production (including an estimate for farm slaughter).
[4] Less than 500 head.
[5] Less than 500,000 pounds.

THE LIBRARY OF CONGRESS,
LEGISLATIVE REFERENCE SERVICE,
Washington, D.C., March 6, 1964.

U.S. BEEF AND VEAL IMPORTS AND THE CURRENT LIVESTOCK SITUATION

Throughout most of 1963, attention was increasingly focused on the sharp decline in cattle prices. Although domestic production of beef and veal reached an all-time high of nearly 17 billion pounds—6.5 percent above 1962—most of the blame for the price decline was placed on increased imports of beef and veal, much of which came from Australia and New Zealand (table 1).

TABLE 1.—*U.S. beef and veal imports and domestic production, 1959–63*

Year	Beef and veal imports		U.S. commercial production of beef and veal	
	Million pounds [1]	Change from previous year (million pounds)	Million pounds [1]	Change from previous year (million pounds)
1959	1,063	+154	14,162	−76
1960	775	−288	15,399	+1,237
1961	1,037	+262	15,890	+491
1962	1,445	+408	15,867	−23
1963	1,679	+234	16,898	+1,031

[1] Carcass weight equivalent.
[2] Preliminary.

Source: USDA, Economic Research Service.

By the end of 1963, the price of Choice steers at Chicago had fallen to $22.30 per hundredweight, lower than for any December since 1956. Average prices for the year were down $3.71 per hundredweight (13.4 percent) from the 1962 average—the lowest annual average price since 1957. Through February 1964, Choice steer prices continued to decline (table 2).

TABLE 2.—*Prices per 100 pounds of Choice steers and Utility cows at Chicago, 1962 to date.*

[In dollars]

Month	Choice steers			Utility cows		
	1962	1963	1964	1962	1963	1964
January	26.39	27.27	22.61	14.87	15.07	13.19
February	26.76	24.39	[1] 21.35	15.26	15.00	[1] 13.51
March	27.31	23.63		15.97	15.52	
April	27.45	23.77		16.06	15.74	
May	26.02	22.61		15.91	16.31	
June	25.25	22.69		16.42	16.26	
July	26.50	24.72		15.31	15.33	
August	28.19	24.60		15.20	15.65	
September	29.85	23.94		15.65	15.10	
October	29.50	24.03		15.31	14.64	
November	30.13	23.51		15.22	13.82	
December	28.91	22.30		14.91	12.71	

[1] Preliminary.

Source: USDA Economic Research Service.

This pattern of declining prices also prevailed, although not so severely, for other cattle prices. Prices received by U.S. farmers for steers and heifers averaged 8 percent below 1962, and 11 percent below 1959; beef cattle prices averaged 7 percent below 1962 and 12 percent below 1959, and cow prices, 5 percent below 1962 and 17 percent below 1959 levels.

Total commercial beef and veal production in 1963 was up about 6.5 percent above 1962; production of fed beef increased by over 11 percent. Although the number of cattle slaughtered in 1963 was only 4 percent above a year earlier, average weights of cattle slaughtered increased significantly. At the same time, there was a decrease in the number of cows slaughtered.

Cattle and calves on feed in the 26 major feeding States at the beginning of 1964 numbered 8,865,000 head—about 1 percent below a year earlier; this was the first decline from the previous year in cattle on feed since 1958. Cattle and calves on feed on January 1, 1958, numbered only 5,867,000 head. Cattle feeders reported intentions to market 6 percent more cattle and calves in the January–March 1964 period than a year earlier. The USDA expects that total beef production in the first quarter of 1964 will be about 4 percent above a year earlier. Its January 1964 Livestock and Meat Situation states:

"The prospective supply situation for fed beef does not lend much support to fed cattle prices during the first quarter of 1964. First quarter prices may average somewhat above $23.00 (Choice steers at Chicago), but slaughter supplies are still large enough to prevent any strong price improvement" (p. 19).

More than 1 billion pounds of beef and veal (product weight) were imported into the United States in 1963; this was equivalent to 1.7 billion pounds carcass weight. Imports in 1963 were 16 percent above 1962, and represented about 10 percent of U.S. production of beef and veal; in 1956, such imports were equal to only 1.6 percent of U.S. production. In the past 2 years, about two-thirds of these beef and veal imports have been from Australia and New Zealand, whereas in 1958, these two countries supplied about 22 percent of a much smaller total.

The question of the impact of beef imports on domestic fed cattle prices has produced two general lines of argument: one states that since most of the imported beef is of a grade suitable only for processed products, it has little effect on fed cattle prices. The opposite (and more generally accepted, by late 1963) is that imports of such beef reduce domestic cow slaughter, which in turn, tends to increase the numbers of fed cattle:

"* * * Low-grade imported meat has a subtle but serious effect on cattle production in the United States. Cows are a normal source of manufacturing meat. With cheaper beef flooding the United States, domestic cow prices at the packinghouse have been poor.

"As one result, instead of culling many old cows from their herds, ranchers have left them around for another year to get still one more hundred-dollar calf from them. The result: more calves on the range and, in turn, more animals crowding the feed bunkers."[1]

In its November 1963 "Livestock and Meat Situation," the Economic Research Service (USDA) presented analyses which indicated that when imports were equal to 10 percent of domestic production, as in 1963, the 15 percent increase in imports over 1962 may have depressed Choice steer prices at Chicago by about $0.50 per 100 pounds, and Utility cow prices by about $0.65 per 100 pounds.

Assistant Secretary of Agriculture Renne, speaking to the annual convention of the American National Cattlemen's Association on January 28, 1964, stated:

"Almost without exception an increase in the production of beef has meant a price decline. On an average a 10-percent change in the production of fed beef has been accompanied by a price change of 13 to 14 percent in the opposite direction. In other words, if production of fed beef increases 10 percent there will be an accompanying price decline of 13 to 14 percent. The production of fed beef increased by over 11 percent in the United States in 1963 over 1962 and would cause a significant decline in American beef cattle prices.

"When to this heavy increase in domestic production of beef during 1963 is added the increase in imports (311 million pounds) it is clear why beef cattle prices were appreciably lower in 1963 than in 1962.

"The decline in domestic production of cow beef since the middle 1950's has been largely offset by increases in imports of cow meat. The decline in cow beef production resulted from holding back beef cows from slaughter and building up herds * * *"[2]

Assistant Secretary of Agriculture George L. Mehren, in a statement to the Colorado Cattle Feeders Association on February 6, 1964, outlined steps being taken by the Government to cope with the problem of beef imports. He stated that the Tariff Commission was conducting a review of the beef import situation

[1] Omaha Sunday World-Herald, Feb. 16, 1964. Quoted by Hon. Roman L. Hruska, Congressional Record (daily summary), Feb. 18, 1964, p. 2968.
[2] USDA press release 317–64.

at the direction of the Congress; its report is scheduled for June 1, 1964. Second, in connection with the upcoming "Kennedy round" of negotiations on trade agreements to be held in Geneva this spring, the Government's decision as to whether or not beef would be included on the final "offer list" of items on which the United States would negotiate, will be based on evidence coming out of hearings held in December before the Tariff Commission and the trade information committee.

Third, the Government is working with the GATT meats group in an attempt to get other countries to open their markets to meat exports, an effort which, if successful, might take the beef import burden off the United States.

Negotiations with Australia and New Zealand led to a voluntary agreement with those two countries in mid-February 1964. Under the agreement, they agreed to limit 1964 shipments of beef and veal to the United States to the 1962-63 average; shipments in 1965 and 1966 would be increased by 3.7 percent in each year, after which the 3.7 percent growth rate factor would be reviewed. Canned, cured, and cooked meat, as well as live animals, are exempted from terms of the agreement.

The Australia and New Zealand agreements have been criticized by the livestock trade, as well as by various Members of Congress; disagreement with the use of 1962-63 shipments as a base period has prompted introduction of a number of bills to place quotas on beef and veal imports. One, in the form of an amendment by Senator Hruska to the Agricultural Act of 1964 (H.R. 6196), would have imposed a global quota at a level equal to average imports during the 5-year period 1958 through 1962.[3] The effect of such a quota would be to reduce imports of beef and veal in 1964 to about 703 million pounds product weight.

On February 25 a voluntary agreement between the United States and Ireland was announced. Under this agreement, 1964 shipments of beef and veal will be limited to 76 million pounds (product weight). That agreement has been criticized, inasmuch as 1964 shipments appear to be larger than the 1962-63 average shipments of about 72 million pounds.

During debate on the Hruska amendment in the Senate on March 4, objections to all three of these agreements was made since all three agreements exempt shipments of canned and cured beef, as well as live animals.

HARVEY R. SHERMAN,
Analyst in Agriculture and Conservation.

CENTRAL PUBLIC MARKETS,
RIVER MARKETS GROUP,
Omaha, Nebr., February 21, 1964.

To the Members:

DO MEAT IMPORTS HURT?

* * * * * * *

During the semiannual meeting of our River Markets Group, it was suggested that we pass along to all of our members information relative to the impact of foreign meat imports. We are therefore devoting this entire letter to an analysis of this problem. We can't discuss the matter completely, but can give you some pertinent information in this regard in the following analysis:

The year 1963—and 1964 to date—proved most unprofitable for livestock feeders. No one single cause may be blamed for this situation but numbered among them are these contributing factors:

(1) U.S. cattle numbers were up around 3 million head as of January 1, 1964.

(2) Ranchers again failed to cull their cowherds and even further increases in numbers seem to be in prospect for 1964.

(3) Most feeders readily admit that holding cattle beyond normal market weight has contributed to a tremendous increase in beef tonnage, up 30 to 50 pounds per head.

(4) Favorable winter weather has brought on per day gains that further accentuated this tonnage problem as cattle are weighing another 30 to 50 pounds heavier than normal.

(5) Rapid growth in tonnage of meat imports.

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[3] This amendment failed passage in the Senate, Mar. 5, 1964.

The past year gives clear evidence that we are oversupplying our consuming market beyond our ability to maintain profitable margins at present costs. Based upon past records, we know that with our rapidly increasing population we can absorb approximately a 8-percent increase in beef production annually without sacrificing price. But in 1963 we produced 10 percent more than in 1962. This is a 10-percent increase in domestic production alone, imports notwithstanding.

Imports have played an important role in contributing to increased supply, and the import situation is something that we should be able to do something about. But this import thing involves a strange mixture of affairs—international trade agreements, foreign policy, State Department commitments, tariffs and quotas, etc.

It's well that declining markets of the past year focused attention directly on meat imports or we might have been completely submerged by them at a later date. It took a great hue and cry from the multitude to wake up the Government on this issue. Fact is, Government didn't want this matter to come into the open. USDA contended over and over that imports of foreign meats had no effect on price. Actually, our present administration was committed to a policy of free trade and fought for a systematic reduction of the tariff protection which has been traditional. It lowered the gates to import competition from abroad and producers of foreign meats have eagerly moved in to take advantage of the great U.S. consumer market. Present tariff rates are: beef and veal, 3 cents per pound; mutton 2½ cents; lamb 3½ cents; and pork 1¼ cents.

Prior to 1958, the United States was a net exporter of livestock, meat, and livestock and meat products; however, the last 6 years have seen a complete reversal in the balance of trade on these products. In 1962 the United States imported 2¾ times the dollar volume of our exports. As an example, in 1960 our imports of beef and veal amounted to 775 million pounds and our exports 58 million pounds, in 1962 our imports were 1,445 million pounds and exports 53 million pounds. In 1960 our imports of lamb and mutton were 87 million pounds and our exports 2 million; and in 1962 our imports were 143 million pounds and our exports 8 million pounds. Even more significant is the fact that for the first 6 months of 1963, import tonnage was 22 percent greater than for the all-time high in 1962. While final figures are not yet in, it is conservatively estimated that our imports of all meats would approximate 1,750 million pounds. That's more meat than is produced and processed each year in Omaha, the world's largest slaughtering center.

Another interesting comparison is the percentage of meat imports to our total domestic production and the rapid rate of rise that has been achieved. Imports of beef and veal rose from 3.9 percent of our domestic production in 1957 to 11 percent in 1963, and imports of lamb and mutton leaped from 0.7 percent in 1957 to 22.0 percent in 1963. In fact, in 1962 imports of mutton alone amounted to 80 percent of our domestic production.

Where is all this meat coming from and why the sudden increase? The big increase in imports finds it origin in Australia. Prior to 1958, imports of beef, veal, lamb, and mutton were relatively small. In late 1958, the United Kingdom-Australian Meat Agreement was modified. This agreement had restricted Australia from shipping other than very small quantities of meat to any countries outside the United Kingdom. Since 1958, when Australia was relieved of these restrictions, she has increased both her meat production and exports and concentrated on exporting to the United States. As an example:

In 1958, Australia exported 17½ million pounds of beef and veal to the United States and in 1963 over 460 million pounds. In 1958 they exported 14½ million pounds of lamb and mutton to the United States and in 1963 over 70 million pounds.

New Zealand exported 7 million pounds of lamb and mutton to the United States in 1958 and around 18 million pounds in 1963. In 1962, 98 percent of the mutton imported into the United States came from Australia, and 78 percent of the lamb from New Zealand, and these percentages would be reasonably accurate for 1963.

In 1962 our imports of lamb and mutton rose to 144 million pounds. Of this tonnage, mutton made up 65 million pounds and mutton imports alone increased from 1.7 million pounds in 1957 to 65 million pounds in 1962, an increase of 3,724 percent.

In the case of lamb, imports increased from 8.8 million pounds in 1957 to 79 million pounds in 1962. These imports compete directly with domestically produced lamb. Domestic production of lamb for 1957 was 3.71 pounds per capita compared to 3.34 pounds in 1962. Therefore, without imports, lamb supplies would have dropped 10 percent and there would have been a corresponding increase in the price paid to domestic producers. With the addition of imports, however, per capita supplies were about the same for both years, 3.72 pounds in 1957 and 3.76 pounds in 1962; and live lamb prices actually declined $3 to $4 per hundredweight from 1957 to 1963.

What has happened to lamb prices clearly indicates the direction which cattle prices will take if accelerated beef imports are allowed to continue. Only one conclusion can logically be arrived at: Even though decreasing numbers of sheep and lamb are produced domestically, no price advantage can accrue to sellers so long as imports continue to rise and take up the volume slack that would normally bring a substantial price increase.

Now, it's only fair to ask, "What do we get in return from the countries from which we import the bulk of our meats?" These countries are, in order of importance, Australia, New Zealand, Ireland, Mexico, and Denmark, and every nation with which the United States trades in any volume of livestock and dressed meats provides very effective barriers against our exports to them. As an example:

Australia, the largest exporter of beef and veal and mutton to the United States, prohibits imports of cattle and sheep, and imports of hog and pork products from the United States under health restrictions. Also, the Government's Tariff Board has the authority to impose emergency tariffs or other types of import controls whenever it is deemed necessary to protect domestic producers against competition from imports. In addition, commodity boards exercise considerable marketing control over many Australian agricultural commodities, including meats. This control is particularly applicable to exports, but in many instances the boards operate as monopolies and tend to restrict, if not prohibit, imports.

New Zealand, the largest exporter of lamb and second largest exporter of beef and veal to the United States, prohibits imports of most meat and other packinghouse products.

Ireland, the third largest exporter of beef and veal to the United States, generally restricts all livestock and meat products by requiring import licenses. Tariffs are high.

Mexico has trade barriers which severely restrict U.S. imports of livestock and meat products.

Denmark, one of the largest exporters of pork to the United States, prohibits all entry of such products from the United States under a health restriction. Also, annual "licensing budgets" are set up each fiscal year denoting global import quotas with quantity, value, and items specified.

So you see we get absolutely nothing in return for allowing these countries free access to our market. They will not allow us to ship any livestock or meat products into their markets, but are busily engaged in saturating ours. This foreign trade is a "one-way street" that leads right to our door. We are the only country in the world accepting beef imports on an unlimited basis.

Noteworthy of mention is a rather doubtful benefit of this foreign trade that is pointed out in the USDA's foreign agricultural economic report No. 9, titled "New Zealand's Agricultural Production, Marketing, and Trade Policies and Their Bearing on U.S. Farm Exports." A paragraph on page 49 of this publication reads, "If, however, the United States should continue as a major outlet for New Zealand beef, and if an expanded market for lamb should develop in the United States, it is possible that New Zealand could buy more traditional import commodities such as dried prunes and raisins from the United States with the increased dollar exchange that would be generated." We think this is quite significant.

I believe that all of us are aware of the fact that all nations of the world are interdependent on each other for coexistence in these modern times. No longer may we remain an island unto ourselves. We are pledged to, and must live with, policies of international trade. But certainly, these can be policies that are reasonable and realistic, and grant our Nation's agricultural economy the measure of protection it deserves.

Obviously, then, imports do hurt. It is almost unthinkable that the United States allows a veritable flood of imports of dressed meats, lamb, mutton, beef, and veal from all countries with no restrictions, no quotas, and practically no duty. In return we meekly accept barriers and restrictions which practically prohibit our export of meat and livestock into these same countries who are enjoying profitable foreign trade in our consumer market and at the expense of our livestock industry.

It has been proposed that import quotas be established on the basis of the volume of product received in 1960 which amounted to 4.0 percent of domestic production that year. Certainly this doesn't seem to be an unreasonable request. As our population, production, and consumption increases, the tonnage of imports could be increased correspondingly, but not the percentage. As production decreases, imports would also decrease tonnagewise under this percentage formula.

Currently negotiations are underway with two of the large exporting countries to get them to agree to reduce their exports to the United States. If they or any two nations will agree to voluntarily reduce their shipments to the United States, these same agreements will then be binding—and quotas can be imposed on all world nations without violating GATT contracts. This procedure is authorized under section 204 of the Agriculture Adjustment Act of 1956.

Other than this approach, import quotas could only be imposed by the United States under section 22 of existing law and then only if the cattle and sheep industries were under some form of a production control program. Fortunately, the Secretary of Agriculture has made it quite clear that he is not interested in imposing a supply management program on these industries just so he could then impose quotas on imports.

We are hopeful that this problem may be reconciled quickly and satisfactorily for all concerned. Surely the avowed course to which Government was committed, that of an ever-increasing volume of imports and even further reductions in tariffs or duties on livestock and meat products, must be changed appreciably, either voluntarily or legislatively, and the sooner the better. Possibly the lower livestock prices in 1963 were a blessing in disguise. At least they did serve to wake up a sleeping farm bloc and alert all of us to the dangers that were ahead in foreign trade.

Yours very truly,

HUGH MACTIER,
Chairman, River Markets Group.

P.S.—George: Thought you might be interested—this cattle deal is very serious, and is and will have very serious repercussions, both politically and economically.

Regards,

BILL.

AGRICULTURAL MARKETING AGREEMENT ACT OF 1937

IMPORTS

[SEC. 22. (a) Whenever the Secretary of Agriculture has reason to believe that any article or articles are being or are practically certain to be imported into the United States under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with, any program or operation undertaken under this title or the Soil Conservation and Domestic Allotment Act, as amended, or section 32, Public Law numbered 320, Seventy-fourth Congress, approved August 24, 1935, as amended, or any loan, purchase, or other program or operation undertaken by the Department of Agriculture, or any agency operating under its direction, with respect to any agricultural commodity or product thereof, or to reduce substantially the amount of any product processed in the United States from any agricultural commodity or product thereof with respect to which any such program or operation is being undertaken, he shall so advise the President, and, if the President agrees that there is reason for such belief, the President shall cause an immediate investigation to be made by the United States Tariff Commission, which shall give precedence to investigations under this section to determine such facts. Such investigation shall be made after due notice and opportunity for hearing to interested parties, and shall be conducted subject to such regulations as the President shall specify. (7 U.S.C. 624(a))

(b) If, on the basis of such investigation and report to him of findings and recommendations made in connection therewith, the President finds the existence of such facts, he shall by proclamation impose such fees not in excess of 50 per centum ad valorem or such quantitative limitations on any article or articles which may be entered, or withdrawn from warehouse, for consumption as he finds and declares shown by such investigation to be necessary in order that the entry of such article or articles will not render or tend to render ineffective, or materially interfere with, any program or operation referred to in subsection (a) of this section, or reduce substantially the amount of any product processed in the United States from any such agricultural commodity or product thereof with respect to which any such program or operation is being undertaken: *Provided*, That no proclamation under this section shall impose any limitation on the total quantity of any article or articles which may be entered, or withdrawn from warehouse, for consumption which reduces such permissible total quantity to proportionately less than 50 per centum of the total quantity of such article or articles which was entered, or withdrawn from warehouse, for consumption during a representative period as determined by the President: *And provided further*, That in designating any article or articles, the President may describe them by physical qualities, value, use, or upon such other bases as he shall determine.

In any case where the Secretary of Agriculture determines and reports to the President with regard to any article or articles that a condition exists requiring emergency treatment, the President may take immediate action under this section without awaiting the recommendations of the Tariff Commission, such action to continue in effect pending the report and recommendations of the Tariff Commission and action thereon by the President. (7 U.S.C. 624(b))

(c) The fees and limitations imposed by the President by proclamation under this section and any revocation, suspension, or modification thereof, shall become effective on such date as shall be therein specified, and such fees shall be treated for administrative purposes and for the purposes of section 32 of Public Law numbered 320, Seventy-fourth Congress, approved August 24, 1935, as amended, as duties imposed by the Tariff Act of 1930, but such fees shall not be considered as duties for the purpose of granting any preferential concession under any international obligation of the United States. (7 U.S.C. 624(c))

(d) After investigation, report, finding, and declaration in the manner provided in the case of a proclamation issued pursuant to subsection (b) of this section, any proclamation or provision of such proclamation may be suspended or terminated by the President whenever he finds and proclaims that the circumstances requiring the proclamation or provision thereof no longer exist or may be modified by the President whenever he finds and proclaims that changed circumstances require such modification to carry out the purposes of this section. (7 U.S.C. 624(d))

(e) Any decision of the President as to facts under this section shall be final. (7 U.S.C. 624(e))

(f) No trade agreement or other international agreement heretofore or hereafter entered into by the United States shall be applied in a manner consistent with the requirements of this section. (7 U.S.C. 624(f))]

The CHAIRMAN. Thank you very much for appearing, Senator McGovern.

Senator McGOVERN. Thank you, Mr. Chairman.

The CHAIRMAN. The next witness today is the Honorable Milward L. Simpson, of Wyoming. We are happy to have you with us today, Senator Simpson.

STATEMENT OF HON. MILWARD L. SIMPSON, A U.S. SENATOR FROM THE STATE OF WYOMING

Senator SIMPSON. Mr. Chairman, members of the committee, I thank you for the opportunity of appearing before you this morning to testify on behalf of amendments to H.R. 1839, which is now before your committee. I appreciate the interest that this committee has taken on behalf of the livestock industry. Earlier, this committee requested the Tariff Commission to make a study of the effect beef imports were having upon the domestic market. This study was to be started by the Tariff Commission on April 28 of this year. Preparations have been started by stock growers associations across the Nation, in an attempt to bring forth a clear and dramatic picture which would illustrate the drastic need for legislation—a need that has been present for many months.

Appeals have been made to the administration to act so that relief might be given to the livestock men. Unfortunately, these appeals have fallen on deaf ears.

An agreement was made by this administration with Australia and New Zealand and later with Ireland. The agreement, however, came too late and covered too little, and was of disastrous effect.

It is because of the unacceptability of that agreement that S. 2525 was introduced.

This bill attempts to establish a 5-year base as a quota for beef imports rather than the 2 years of 1962 and 1963 as was adopted in the agreement. I joined as a cosponsor of that bill even though the base period was different than the base period in the legislation which I introduced in January of 1963—S. 557.

My bill, introduced over a year ago, calls for a quota based upon the average imports of 1958 through 1962. I have spoken a number of times on the Senate floor concerning the need for this legislation. I have appeared before the Tariff Commission asking that the administration not reduce the limited tariffs that we do have on our meat commodities and I took an active part last week when several of us attempted to adopt as an amendment to the farm bill, provisions which would create import quotas on meat imports equal to the average imports for a 5-year period of 1958 through 1962. Unfortunately, because of administration pressures, that amendment was not successful.

I appear before this committee now to once again appeal to my colleagues in the Senate for relief for the livestock industry. There is little that can be added to the materials which were supplied to the Senate last week. The debate of last week did conclusively show that there is drastic need for immediate action by the Congress of the United States to pass legislation which will curb the excessive meat imports which are having such a damaging affect upon our domestic livestock markets.

Because of recent events, the need for this type of legislation is far greater than it has ever been in the past. Statistics show that, by product weight, imports for 1962 were up 41 percent over imports of 1961. Imports for 1963 show an increase of 60 percent over the 1961 base.

This is alarming enough, but when we consider the further fact that imports in the last 10 years have increased by 383 percent, we know that imports are having a direct and significant affect upon the local market. This dramatically emphasizes that corrective action must be taken if we are to preserve and protect the livestock industry of America.

The livestock industry in this country has made tremendous growth in the last several years. It provides food and fiber for civilians and military alike. In 1948, cattle numbered a little over 77 million head. January of 1963 saw over 103 million head of cattle on American rangeland. In 1940 we consumed 8.23 billion pounds, carcass weight, and in 1962 we consumed 17.3 billion pounds. The per capita consumption of beef has increased from the 1940 level of 54.9 pounds to an estimated 95 pounds in 1963. While the consumption of beef has made a significant increase and the health of our Nation has, consequently, improved it is interesting to note that, in comparison to our total meat consumption, imported beef consumption has skyrocketed. If we compare the year's consumption in 1960 with the year's consumption in 1962, we find that total consumption increased 4.3 percent. The consumption of imported meat over these same years increased 81.8 percent.

The total of beef and veal imports for 1963 is estimated by the Department of Agriculture to be 1,750 million pounds of beef which is roughly 11 percent of this year's consumption. This poundage represents the beef from 3½ to 4 million head of cattle. Had this number of cattle been produced entirely in the United States they would have consumed more than 20 billion pounds of feed grain equivalent, most of it surplus feed grains. It would be interesting to know how our feed grain surpluses would have been affected and the subsidies we gave for them if we would have reduced the excessive beef imports and produced the needed meat here on our own soil. I think the result would have been an improvement in our economy and in our livestock industry.

Most of last week's debate on the Hruska amendment concerned beef imports. Let me take this opportunity to show that the imports of wool, mutton, and lamb are equally damaging to sheepmen as are beef imports to cattlemen.

It should be noted, at this point, that the amendments presented do protect mutton and should be extended to cover mutton and lamb. Increases of several thousand percent in certain wool cloth imports have driven American workers out of jobs and closed the door to domestically produced wool to the extent that producers in the West and throughout the Nation are suffering severe difficulties. Imports of wool cloth increased from 3 million linear yards in 1947 to 43,250,000 linear yards in 1962. During those same years, wool cloth knit was increasing from 5,000 to 2,272,000 pounds.

Because of these imports, the number of textile mills here in the United States has been reduced from 828 to 500. Thus, there have been 107,000 jobs lost since 1947. We do not need to look far beyond the wage scales to see why imports are so damaging to American workers and producers. The average hourly pay for a textile worker in the United States is $1.83, in Britain $0.64, Italy $0.30, and in Japan $0.26. These are the countries that are hurting us so badly with their wool textile exports.

Not only are wool imports impairing domestic wool producers but the mutton and lamb imports are driving meat prices down. The American sheepman is losing on both fronts.

Let me, at this point, summarize how imports are destroying the domestic sheep producers:

> Poundage of dressed lamb imports has increased 89 percent during the first 9 months of 1963 compared to the same period in 1962.

Poundage of dressed lamb imports is up a thousand percent for the first 9 months of 1963 compared to the same period in 1957.

Poundage of dressed mutton imports is up 13 percent during the first 9 months of 1963 compared to the same period in 1962.

Poundage of dressed mutton imports is up 7,264 percent during the first 9 months of 1963 compared to the same period of 1957.

Total lamb and mutton imports in 1962, converted to an animal basis, equals 3,144,800 head of sheep. Our federally inspected domestic sheep and lamb slaughter in 1962 was 14,691,800 head.

Lamb and mutton imports on a carcass equivalent basis amounted to approximately 22 percent of domestic production during the first 9 months of 1963.

Wyoming sheep producers and cattle growers are being clubbed from both sides by foreign imports. Our cattle-based economy is reeling under imports of beef and veal while sheep producers are being crushed by the pressures of mutton imports, plus the unchecked influx of cheaply produced textile items. We need help. We don't need to study this problem any further to know the people of my State—producers and consumers alike—are reeling under a deluge of foreign imports.

The committee has before it three alternatives it could consider in establishing a quota for meat imports. The three alternatives include the establishment of a quota equal to the average imports for the year 1958 through 1962. I advocate this quota in my bill, S. 557. It was also the basis of the Hruska amendment, which was debated last week If this quota were approved, it would limit beef imports to an amount equal to 6.7 percent of the U.S. production.

The second alternative would be the 1959–63 average which is the quota proposed by the Mansfield amendment. It would limit imports to an amount equal to 7.5 percent of the U.S. production.

The third alternative would limit beef imports to the 1960 figure, or approximately 5 percent of U.S. production.

Specifically, Mr. Chairman, it is my feeling that an amendment should be adopted by this committee which would limit the total quantities of fresh, chilled, frozen, canned, cooked or cured beef, veal, mutton, and lamb which may be entered in or withdrawn from warehouses for consumption for any period of 12 months to an amount not to exceed the quantities of such products imported to the United States during the 12 months ending in December 31, 1960. I feel that if this were adopted, adequate protection would be given to our livestock industries—both cattle and sheep—and sufficient quantities of meat would imported into the United States to satisfy the demand that we have for the cheap-type beef which is imported.

I ask the committee to give this matter its utmost consideration and to act with a full realization of the urgency of the problem so that relief can be given to the industry before it is too late. I thank you for this time.

The CHAIRMAN. Thank you, Senator Simpson.

It is with great regret that we haven't been able to hear Senator Fong, and Senator Miller, but we will meet at 10 o'clock in the morning and hear that testimony at that time.

The committee is adjourned.

(Whereupon, at 12 o'clock noon, the committee was in recess, to reconvene at 10 a.m., Thursday, March 12, 1964.)

MEAT IMPORTS

THURSDAY, MARCH 12, 1964

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to recess, at 10:10 a.m., in room 2221, New Senate Office Building, Senator Harry F. Byrd (chairman) presiding.

Present: Senators Byrd, Long, Smathers, Gore, Talmadge, Williams, Carlson, and Curtis.

Also present: Elizabeth B. Springer, chief clerk.

The CHAIRMAN. The commitee will come to order.

I place in the record a letter from the Honorable James F. Battin, a Representative in Congress from the State of Montana.

(The letter referred to follows:)

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., March 12, 1964.

Hon. HARRY F. BYRD,
Chairman, Finance Committee,
Senate of the United States.

DEAR MR. CHAIRMAN: May I take this opportunity to bring before your committee a report on the most depressed condition of the cattle business in Montana. I could furnish the committee with several hundred individually written letters from ranchers all over the State of Montana, which obviously were not the result of any concerted or organized letterwriting campaign, but all of which tell the same story and ask the same question—the livestock industry is in bad shape, cattle prices are lower than they have been in 18 years, the cattleman has never before asked for Government help but, as one of them put it, "As stockmen we realize that we are dependent on supply and demand for the price we receive for our cattle and that we have to contend with nature, fluctuating markets and cycles. We are aware of the increased cattle numbers in our country but we also feel that supply and demand alone can take care of this, that is we we don't have to compete with too much outside live and dressed beef. We don't mind competing nationally, but competing internationally is out of the question. It is impossible to do this with our high cost of operation and tax structures such as they are." That letter came from Cut Bank, Mont.

I would like to quote another letter from a banker in Great Falls, "I certainly feel, and I am sure that you feel the same way, that the Trade Expansion Act of 1962 is hurting the price of cattle in not only Montana but all over the United States. I might tell you that one feedlot operator recently sold choice fat heifers at 18½ cent here in the State of Montana and this man can certainly not stay in business long with that kind of price structure. I think it is imperative that the Congress of the United States set an import quota based at least on the 5-year period ending December 31, 1962, and I am in complete agreement with your H.R. 5769 (identical bill to S. 557).

"Finally, Jim, we in the banking business know that if the situation continues and the price of livestock remains at the current status or tends to decline even further, we will have to take a very close look at many of the loans we now have on the books. I have lived in Montana all my life, having been in the livestock business, both in the trading of livestock throughout the Western United States and as a rancher myself, and also as an agricultural banker. I cannot see how the State of Montana, which depends primarily on agricultural and livestock production, can go along with the program as it exists today without a serious loss to the Montana economy. If this continues, the $1½ million per month lost to the Montana economy, as stated by the Montana Stockgrowers Association, will be only a drop in the bucket."

Now that was a letter from a man who has raised cattle, traded cattle, and is now vice president of one of the largest banks in Montana.

I could quote at length from other letters but I believe those two are representative of the many expressions of concern and futility I have received during the past year.

Now a cattleman still considers himself a rugged individualist and has not asked for subsidy, price supports, or Government controls of any kind. But when he complains of unfair competition from a flood of cheap and directly competitive imported cattle, beef, veal, mutton, and lamb, what is he told?

Well, here's what I had to pass on to the cattlemen who have asked me to help stem this tide of imports which reached an all-time high last year equal to about 12 percent of domestic beef production.

These are two quotes from reports the chairman of the House Ways and Means Committee received on my bill to set quotas on imports at an average of the 5-year period 1958–62.

The Department of Agriculture said "Any nonnegotiated duty increase would be contradictory to the present U.S. liberal trade policy," and the Department of State had this to say, "The Trade Expansion Act of 1962 expresses the intention of the United States to take a bold step in reducing barriers to the expansion of international trade. Enactment of the proposed legislation would be inconsistent with this declaration of U.S. initiative."

Now those are fine and idealistic statements but, as I believe you can understand, not very realistic to a rancher who has seen his income practically vanish as the cattle market skidded downward.

The letter I quoted mentioned choice grade fat heifers selling in Montana at 18½ cents—that's $18.50 a hundred. In a letter from the Department of Agriculture in reply to one of my several letters about the import situation and dated November 21, 1963, the price of cattle was referred to as follows: "Imports of this magnitude, of course, are of concern to cattlemen as they are to the Department, particularly since feed cattle prices are expected to average about $24 per hundred pounds this year (Choice steers, Chicago) as compared with the 1962 average of $27.67."

Now that's a difference in a little over a year of $9.17 a hundred for choice grade fat steers or heifers and for a 1,000 pound animal that amounts to $91.70 per head.

And a feeder may have bought a calf crop 6 months or a year ago so you can see what happened to him.

This is not only a serious but a critical matter and I compliment you gentlemen for recognizing it as such. After hearing the testimony I am sure you will under the provisions of the Trade Expansion Act of 1962, resolve that the U.S. Tariff Commission shall promptly make an investigation to determine the injury the livestock industry is now suffering from excessive and directly competitive imported cattle, beef, veal, mutton, and lamb.

Sincerely yours,

JAMES F. BATTIN, *Member of Congress.*

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., March 11, 1964.

Hon. HARRY F. BYRD,
Chairman, Finance Committee,
Senate of the United States.

DEAR MR. CHAIRMAN: I have previously entered a statement in the record of the hearings you are now conducting on the problem of meat imports.

I would like to add to that statement the attached copy of the excellent letter I have since received from a Montana rancher.

With best wishes, I am,

Sincerely yours,

JAMES F. BATTIN,
Member of Congress.

BELT, MONT., *March 11, 1964.*

Representative JAMES BATTIN,
House of Representatives,
Washington, D.C.

DEAR MR. BATTIN: It is said that nowadays a person who wants to engage in farming or ranching must either inherit or "marry into" a farm or ranch. This is probably the easy way, but to the few of us who are starting from scratch by purchasing our own ranches the obstacles are such that at times we feel that we are fast becoming the "vanishing Americans."

Competition in agriculture today is extreme. In order to survive a farmer or rancher must have a certain amount of volume and a quality product. In order to have volume he must have land. Land values are at their highest. Investment companies and businessmen buy ranches in order to have deductions from their income tax and still have a sound investment; and corporation farms are paying premiums for all sizes of acreages. And now the unseen competitor, our "friends" from "down under," are selling their wares (red meat) to a point that has hurt the American cattleman. We are still paying property taxes on high land and cattle values and buying equipment that hasn't declined any in price.

Some Congressmen advocate that by restricting beef imports we may endanger our trade with all countries. But many countries have in the past and are now freely trading with the Communist nations. The time has come for a little "America first" policy. Others imply that in the next few years the population expansion will warrant beef imports. Let's wait and see. American ingenuity and research (has in the past and, I believe, in the future) will arise and be able to supply the country with food. In so doing, the agricultural economy will be strengthened and a place will be provided for us "vanishing Americans."

Statisticians say that there is no surplus of meat. Statistics have been proven wrong in the past. Perhaps there is a surplus of statisticians. Some of these experts should get to the grassroots level and try to make a living in the cattle business.

I urge you to continue your fight for restricted beef imports until these imports are truly needed.

Respectfully,

GERALD F. JOHNSON.

The CHAIRMAN. The committee is honored today to have Governor Hansen, of the State of Wyoming, as our first witness, and he will be presented by Senator Simpson of Wyoming.

Senator CURTIS. Mr. Chairman——

Senator SIMPSON. Thank you, Mr. Chairman.

Senator CURTIS. Pardon the interruption. Could I take just 2 seconds to say something in the record for the consideration of the committee before we hear any witnesses?

Speaking as one member of the committee, I would like very much to have the testimony of the Secretary of State, the Secretary of Agriculture, the Tariff Commission, and our chief negotiator in these trade agreements. If we are to enact legislation and not go through the motions of a debating society here, it is important that we know what they have done and what they intend to do in the future in the course of this hearing.

I shall not argue the point now, but I just want to go on record. I thank you very much, and I thank you and your distinguished Governor for permitting the interruption.

The CHAIRMAN. The committee is honored today to have Governor Hansen of the State of Wyoming as our first witness. He will be presented by Senator Simpson of Wyoming.

Senator SIMPSON. Mr. Chairman, it is my privilege to introduce our great Governor from the State of Wyoming, Clifford P. Hansen. He was born and raised in Wyoming. He is a product of our 16 grades. He is a graduate of the University of Wyoming and, just prior to his election as Governor, he was chairman of its board of trustees. He has been on many of the interstream compacts of the State of Wyoming. He is a past president of the Wyoming Livestock Growers Association, and past second vice president of the American Cattlemen's Association.

He is a great Governor. He is a person of unimpeachable integrity. You can believe what he says, and he is articulate and knowledgeable on this subject, and I only wish I could stay to hear him, but I am busy with another committee. It gives me great pleasure to introduce my lifelong friend, Clifford P. Hansen, Governor of the wonderful State of Wyoming, who has won the respect and esteem of friends and foes alike.

The CHAIRMAN. Governor Hansen, we are happy to have you. You may proceed.

STATEMENT OF HON. CLIFFORD P. HANSEN, GOVERNOR OF THE STATE OF WYOMING

Governor HANSEN. Thank you, Senator Byrd, Senator Talmadge, Senator Williams, Senator Carlson, Senator Curtis. I appreciate being given the opportunity to appear before your committee in support of S. 2525 and the amendment to H.R. 1839.

I would like to tell you something of the importance of the livestock industry to the State of Wyoming, to give you an idea of what this legislation means to us.

Wyoming is a State of some 97,000 square miles, and less than 400,000 people. High and arid, unlike the lush, fertile lands most of you may be more familiar with, our grasslands would have little use were they not used for raising cattle and sheep.

Income in Wyoming derives from three major sources: oil and gas production, agriculture, and tourists—in that order. Agriculture contributes nearly one-quarter of our income. And of that figure, livestock and livestock products contribute 85 percent.

There are some 9,700 farms and ranches in Wyoming, with an average value of land and buildings per unit of over $72,000. Those farmers and ranchers employ some 12,000 workers—9 percent of our total labor force.

Many of our small towns are absolutely dependent on the economic welfare of the surrounding agriculture lands. Every one of our 23 counties is affected by it. In at least one county, I am told that 75 percent of all town and county revenues depend entirely on the sheep industry there.

The impact of meat imports has struck a crippling blow to the livestock industry.

Cattle and calves in the 50 States in 1963 were valued by USDA—as they stood on the farm—at $14.7 billion; in 1964, at $13.5 billion; or a drop of nearly $1.2 billion—a drop of 8 percent.

In Wyoming, the drop was even more significant. Despite an increase in cattle numbers of nearly 10 percent on Wyoming farms and ranches from 1963 to 1964, the USDA estimates that there was a drop in total value of some 10.2 percent, or $20 million.

These figures may strike you as unimportant; but to put that $20 million drop in Wyoming cattle values into perspective for you, let me point out that $20 million is just over half the amount appropriated by our last State legislature for the entire operation of State government in Wyoming for 2 years.

Only the State of Texas produces more sheep than we do in Wyoming. Wyoming has some small packing plants going. They provide year-round employment. We are extending our lamb and cattle feeding operations in this State. These operations provide sorely needed wintertime employment. Here we already have something that contributes importantly to our economy, to jobs and income production. To us, it makes no sense at all, on the one hand to undertake area redevelopment programs in order to increase jobs; and on the other, to permit uncontrolled importation of foreign meats to destroy many times that number of jobs.

Wyoming ranks 32d in cattle production in the Nation. But that production amounts to 61 percent of our agricultural income. Because of the drop in values in the past year, 31 other States are also feeling the squeeze. Many of them, however, have an industrial base which Wyoming does not have.

Wyoming is an arid State. High in altitude, with a short growing season, its vast grasslands and praires can be put to economic use only by producing livestock.

As you know, more than half of these lands are federally owned. They are not on our tax rolls. The schools, cities, counties, and State government depend heavily upon taxes from cattle and sheep for their support.

There is no comparing production costs in America, where one-third of the selling price of a calf represents investment in land, and the situation in Australia, where the crown lands cost the average cattleman about 11 cents per head per year.

This legislation is crucial for my State of Wyoming. I ask for your earnest consideration of these reasons to support this amendment.

Thank you for hearing me.

The CHAIRMAN. Thank you very much, Governor, for a very fine and convincing statement. Any questions?

Senator CURTIS. Governor, we are very indebted to you for being here. You regard this import crisis as real serious to our entire economy, do you not?

Governor HANSEN. It most certainly is, Senator Curtis.

Senator CURTIS. Do you feel that the grain producers have a stake in this question as to where our cattle and sheep are raised?

Governor HANSEN. I think it cuts across our full economy. When we reflect that 9 to 10 percent of all the finished products of steel go into agriculture, when we contemplate that 15 billion barrels of petroleum annually is used by agriculture, when we consider the fact that 24 billion kilowatt-hours of electrical energy annually is used on the farms and ranches of America, I am sure that what happens to the livestock industry, being so important a segment of agriculture that it is, that what happens to us in the livestock business affects everybody and most assuredly, as you imply by your questions it does affect the grain producer.

Senator CURTIS. Because with the exception of wheat, the feeders of livestock are his sole market; isn't that right?

Governor HANSEN. That is exactly right.

Senator CURTIS. Either that or sell it to the Government, and they have to pay an export subsidy or take it over and it costs the Treasury.

Governor HANSEN. It has been estimated that for every pound of beef we bring into this country, we are putting in surplus 7 pounds of grain. So I think the price support program on grains is very definitely correlated and tied in with what we do in the way of importing meats into the United States.

Senator CURTIS. In connection with the tax legislation, the distinguished Senator from Montana talked about a multiplier effect. I can think of no tragedy that has struck the American economic situation like this betrayal of agriculture in imports, particularly the last 2 or 3 years—it has been bad for 5 or 6—that illustrates that multiplier effect like this does. Isn't that true?

Governor HANSEN. That is precisely my opinion, sir.

Senator CURTIS. Yes; because if hogs or cattle or sheep are raised and fattened in this country, they have to be transported, insured, slaughtered. The product is packaged, it is advertised, and a tremendous chain is set in motion that we could spend all day here enumerating.

Now, a check sent by the Government to a man sets in motion some things by his purchases, but not a fraction of a part of the chain reaction, multiplier effect, if he produces new wealth, isn't that true?

Governor HANSEN. I could not agree with you more, Senator.

Senator CURTIS. I won't take any longer, but I just want to read to you a couple of sentences from the Polled Hereford World of March 1964. [Reads:]

> From January 14 to January 25 eight huge beef-laden ships eased out of Australian ports bound for various points on the east and west coasts of the United States. Six of them have already begun the process of unloading portions of their cargoes at one or more of the several U.S. ports of destination scheduled for each. Two have yet to arrive.
>
> When these ships have emptied their holds in this country, our supply of beef will have swelled by 13,895,450 pounds, more than 6,947 tons, roughly the equivalent of boneless trimmed beef produced by more than 35,000 head of 1,000 pound steers.

And this will be of interest to you—

> In addition, these same ships are dumping 3,044,324 pounds of mutton misery on an already reeling U.S. sheep industry.

Would you agree with that last statment?

Governor HANSEN. I most certainly would.

Senator CURTIS. It is inflicting misery.

Governor HANSEN. It really is.

Senator CURTIS. I won't take any more of the committee's time, but you certainly have been most helpful here.

I will ask you one other question. Our sheep population has gone down from something like 54, 55, or 56 million to maybe 27 or 28 million in recent years. Isn't it true that Australia and New Zealand got that market?

Governor HANSEN. That is my understanding.

Senator CURTIS. At least largely.

Governor HANSEN. That is my understanding, sir.

Senator CURTIS. I certainly think that the diplomatic arm and the people in charge of our trade policies must be called to account, not for their action just in the last year but this continual war upon the American economy that has gone on.

Thank you very much.

Senator CARLSON. Mr. Chairman—Governor, I am very happy to have you here appearing in behalf of this import of beef and meat legislation. It is always a pleasure to have a Governor of a State come in. We have at least three Governors, past Governors, with us this morning—the distinguished chairman, the Governor of Virginia, the Senator from Georgia, Senator Talmadge, and I had that honor of serving in Kansas for about 4 years. It is a great privilege to have you here. I was pleased about one comment and one that I think wants to be stressed. I notice these eastern financial papers, Wall Street Journal, Barron's Weekly, Financial Weekly, all seem to have stressed the fact that the operators are all multimillionaire people. As a matter of fact, the livestock industry in your State and mine is largely in the hands of small people, small operators. I notice you state you had 9,700 farms and ranches with an average value of around $72,000. Isn't it true that you have thousands of small operators in the ranching business, cattle feeding and cattle grazing and sheep grazing business?

Governor HANSEN. We do indeed. I do not have current figures but when I was vice president of the American National Cattlemen's Association, I was interested in learning at that time that the average forage permit was some 72 head of cattle. Now, certainly no one could conclude from this fact that the cattle business as we know it in this country today is controlled and in the hands of billionaires. The precise opposite is true.

Senator CARLSON. I wanted you to verify that statement and again stress that point because I think it is an important statement and an important factor as this committee considers this problem. It does reach hundreds of thousands of small operators, and while we may read about some, as was mentioned here yesterday, some oilman or some multimillionaire having a great ranch and feeding and grazing cattle, it still is the small operator that is the basis and backbone of the cattle industry.

Governor HANSEN. I agree completely. Occasionally a very wealthy man gets into the cow business, and he gets the headlines, but in my State, and I think it is true the country over, most farmers depend to a greater or less degree upon a diversified operation which includes some livestock. This is certainly true in Wyoming because of our topography and our climate, and anything that hurts the business there will hurt a lot of small people.

It hurts our tax base. It hurts our schools. It hurts our county and our State government, and the most devastating effect of all, of course, is the fact that it puts people out of work, and we are concerned naturally with every effort that might be made to provide more jobs rather than to make for fewer jobs.

Senator CARLSON. Governor, your statement is greatly appreciated. I thank you.

Senator WILLIAMS. Governor, I want to join our colleagues in welcoming you before this committee and I am sure you are interested to know that you are before a very receptive committee because 10 members of our group joined in supporting the so-called Hruska amendment the other day on the floor. So you do have a sympathetic and receptive audience to your views, I can assure you.

Governor HANSEN. We are very grateful, Senator Williams.

The CHAIRMAN. Senator Talmadge.

Senator TALMADGE. The committee is honored to have you appear before us, and I desire to compliment you on your statement.

You testified, I believe, that the value of the cattle in your State alone had decreased by some $20 million. To what extent is that attributable to the imports to which your referred?

Governor HANSEN. Well, I suppose that the debate will continue for a long time trying to pinpoint a figure to suggest precisely what amount of that drop has resulted from imports. My feeling is that it has had a very decided effect, that it is the cause for the major share of the drop.

I say that because I think that people will eat a certain amount of food per day. There is a limit to the capacity of the human stomach, and it occurs to me that if it is filled with beef from Australia, there will be less room for beef from America, and as a consequence, I think there is a very direct correlation between the imports from foreign countries and the drop in the price of livestock here in America.

I would say that it has had a very significant effect.

Senator TALMADGE. Do you think that imports are responsible to a greater degree for the decline in the cattle prices than the increase of domestic cattle numbers?

Governor HANSEN. Yes, I do. I would not minimize the effect of the increased numbers of cattle in this country, but I recognize that were it not for this introduction into the American market of foreign raised beef, the increase in cattle numbers in America would have kept pace with the increase in population. While we may have had some slight fluctuation, in my opinion we have had a far more drastic downward trend in livestock markets because of these very significant importations of foreign beef.

So 11 percent of the total amount of beef consumed in America last year was imported.

Senator TALMADGE. Do you have the figures immediately before you about the rapid acceleration in imports in the last 7 years?

Governor HANSEN. I do not have, sir; I wish I did.

Senator TALMADGE. I believe those were introduced in the record yesterday by the majority leader and perhaps other Senators, but I know it has been substantial.

Now, is it true that a slight overproduction of an agricultural commodity tends to depress the market far more than the increased oversupply?

Governor HANSEN. That seems to be the consensus of the experts in the field. It seems as though you can approach a certain level, and if you go beyond that, then there is an inordinate reaction to further imports. So that really the damage done prices seems to be out of all proportion to the additional imports that come in. And this same thing has been demonstrated in other commodities, and it seems today to be demonstrated in the meat situation.

Senator TALMADGE. Is it true that if you have a shortage of an agricultural product, the price increase tends to go up far greater than the shortage of supply and the converse of that also is true, if you have an oversupply, either of domestic origin or foreign imports, that it tends to depress the market to a far greater degree than the amount of the oversupply?

Governor HANSEN. That is my opinion, Senator Talmadge.

Senator TALMADGE. Thank you, Governor. I have no further questions.

The CHAIRMAN. Senator Gore.

Senator GORE. If I understand you, Governor, you think that one problem is fed by the other. In other words, the increased cattle population is made more acute by the fact of importation.

Governor HANSEN. I do not think that, Senator Gore. As a matter of fact, I think that because of the very depressing effect that imports were having on livestock markets last year, there was a tendency among some growers to hold cattle back hoping for an improvement in prices. I cannot blame them for this, although I think it is a very foolish thing to do because cattle are perishable. You cannot keep them. They consume feed daily, and it does not follow good management practices to hold a product that is ready for the market in anticipation of a price rise. But nevertheless I think that to some extent this did happen so that as imports came into this country last year, it further aggravated the situation by the encouragement it gave to some people to delay a marketing program, and as a consequence, we perhaps had a greater rise in our domestic inventory because of this effect than we might otherwise have had. High prices stimulate marketing.

Senator GORE. Thank you.

Governor HANSEN. And the converse is true.

The CHAIRMAN. Thank you very much, Governor Hansen.

Senator CURTIS. One very brief question. The cattle industry by and large is willing to assume the responsibility to make their own adjustment for overproduction in this country; isn't that correct?

Governor HANSEN. That is right, Senator Curtis. It has been our position that we would fare better working within the framework of markets as we have known them historically in this country. We have not sought direct subsidies as you gentlemen know. And I think that we would like to have the opportunity to work ourselves out of this situation. But we cannot do it so long as we give encouragement to foreign countries to bring ever greater amounts of their produce to America in competition with our own.

The CHAIRMAN. Thank you, Governor, for making an excellent statement.

Governor HANSEN. Thank you.

The CHAIRMAN. We were unable to hear two Senators who were scheduled yesterday, Senator Jack Miller of Iowa and Senator Hiram Fong of Hawaii.

The Chair recognizes Senator Miller.

STATEMENT OF HON. JACK MILLER, A U.S. SENATOR FROM THE STATE OF IOWA

Senator MILLER. Thank you, Mr. Chairman, members of the committee. As you know, I come from a State which with the possible exception of Texas leads in the numbers of slaughter livestock produced. Literally hundreds of thousands of slaughter livestock are marketed in my State each year, produced not only by farmers in Iowa but by farmers in border States, and we receive into Iowa each year literally hundreds of thousands of feeder cattle produced on the ranges in

North and South Dakota, Montana, Wyoming, sand hill country of Nebraska, and many Southern States such as Texas and Oklahoma, Louisiana and Mississippi.

Mr. Chairman and members of the committee, legislation to reduce imports of beef, veal, and mutton is needed—and it is needed now. In fact, several of us who have had personal knowledge of the situation began calling for action over a year ago. It is most regretable that the Senate, by a margin of two votes, neglected to take action when it had a real opportunity to do so last week.

The recently negotiated agreements with Australia, New Zealand, and Ireland are not going to bring about a meaningful reduction. They call for limiting 1964 imports to the average for 1962 and 1963. This is supposed to reduce 1964 imports to a level 6 percent under 1963. For beef and veal, 1963 imports equaled 11 percent of our domestic production. A reduction of 6 percent of this 11 percent means that 1964 imports would equal about 10.4 percent of our domestic production. But it won't turn out this way because the agreements exempt from the limitation such items as canned, cured, and cooked beef, veal, and mutton. All the exporting countries have to do is increase their exports of these items and they can more than make up the difference. In fact, as a result of this exemption, imports may well increase.

The agreements are defective in that the limitation relates only to fresh, chilled, and frozen products, but the base used in computing their limitation, the average imports for 1962 and 1963, includes fresh, chilled, and frozen products and also canned, cured, and cooked items. The base used should have been confined to fresh, chilled, and frozen imports for 1962 and 1963, and the failure to do so will mean an addition of over 100 million pounds of fresh, chilled, and frozen items imported into this country which otherwise would not be coming in.

Back in 1960 when slaughter livestock prices were reasonably good, imports of beef and veal amounted to 5 percent of domestic production. In the last 3 years, our domestic producers had increased their production by 10 percent. No one would be complaining if imports had also increased 10 percent. Such increases would have borne a reasonable and equitable relationship to our increased domestic consumption. Instead, however, major exporting countries—and I refer particularly to Australia, New Zealand, and Ireland—have increased their exports of beef and veal to the United States by 162 percent. They were not content to take an equitable share of our increased consumption. They wanted to take the hog's share of it.

Having done so, it is understandable why they would be content to enter into agreements which literally lock in their hog's share of our increased consumption to the detriment of our own domestic producers. What is inconceivable, however, is that any representatives of the United States would negotiate such agreements.

And so, Mr. Chairman, there is nothing else to do except handle this by legislation.

I am a cosponsor of the amendment filed by Senator Hruska of Nebraska. Its net effect would be to keep 1964 imports at a level of about 6 percent of our domestic production, and it would provide for future increases in pounds of imports so that exporting countries would have an equitable, not a hog's share, of our increasing domestic consumption. I hope the committee will favorably consider this amendment and act promptly in reporting the matter to the Senate. Time is of the essence.

No representatives of the livestock industry claim that the tragically depressed livestock market is due solely to the greatly increased imports. They recognize that marketings of undesirably heavy animals have had a bearing on it. Livestock producers faced with low prices when their cattle were at good weights have held them in the hopes that prices would improve. Instead prices have gone down, and eventually their cattle have had to be sold regardless—and they have naturally been sold at heavier weights. Lower feed prices resulting from dumping of stocks by the Commodity Credit Corporation in 1961 and 1962 are claimed by some to have encouraged higher production. Allegations have been made that price fixing has been engaged in by large purchasing corporations, holding market prices down artificially. But everyone in the livestock business will tell you that the increase of imports from 5 percent of domestic production to 13 percent today—the 162 percent increase in just 3 years—has been a very significant factor in the depressed livestock price situation.

It will not do for representatives of the State Department to say that legislation such as this would place the United States in an embarrassing position in our negotiations with other nations under the General Agreement on Tariffs and Trade; that our efforts to bring about a lowering of trade barriers would be met with the reply that we should put our house in order first.

When I hear such an argument, I wonder what our representatives would say if, indeed, some other nations criticized the United States for having, by law, imposed a reasonable quota limitation on imports of meat. Would our representatives remain mute? Apparently they would, because they do not appear to have enough spirit to fight for the interests of those who are paying the taxes which pay their salaries. One would think that the least they might do is point out to any nation which might raise such an argument that the United States will be pleased to let other nations share fairly in our increased domestic consumption, just as we have been asking the Common Market to let us do; but that we cannot permit other nations to abuse our policy of unlimited imports by being hogs; that an increase of 162 percent in imports over 3 years, as against only 10 percent by our domestic producers, is being greedy, selfish, and unreasonable. And I believe that most of the other nations in GATT would understand.

We may criticize the Common Market for some of its policies which have had an adverse effect on some of our export business. But you will have to give their negotiators credit—they negotiate from a position of strength; whereas it seems that the representatives of the United States feel that we must negotiate from a posiion of weakness—"restraint," I believe is the word they prefer to use.

It will not do to say, as the Secretary of Agriculture unfortunately persisted in saying through almost all of 1963, that the bulk of these imports of beef and veal is of "low quality." If such low quality meat is not available, consumers will buy American-produced meat, which is not priced so much higher as to discourage consumption. Many consumers do not receive the benefit of the lower-priced imports, because some processors mix it in with American-produced meat and sell it at the same price of more expensive meat because the retail purchaser does not realize that the product he is buying contains the low quality import meat. And let us not be so naive as to think that the feed grains consumed by the animals in Australia and New Zealand and elsewhere would not have been consumed out of surplus stocks in the United States by American-produced animals if these imports had not increased so substantially. I find it inconceivable that the Secretary of Agriculture would have taken so long to recognize this fact.

Now, just last week, timed apparently to blunt the effect of the so-called Hruska amendment, was an announcement by the Department of Agriculture that the Government is going to engage in a stepped-up meat purchasing program. That may have a temporary bolstering effect on the market, but it certainly cannot be expected to have a sustained impact, and furthermore, Mr. Chairman, it seems that the taxpayers of the United States should not be forced to pay to try to solve a problem which has been brought about because of the failure of their own representatives in Congress and in the administration to see to it that a reasonable quota is placed on these imports to prevent the abuses.

I have said time is of the essence. For over a year this situation has been growing steadily worse. Hundreds of millions of dollars have been lost by livestock producers. This no doubt accounted in large measure for the decline of 3 percent in net income, nationwide, of the agriculture sector for 1963, and for the drop of parity to 76 last December, the lowest it has been since 1939. Inevitably this will mean lower amounts of money spent by the agricultural sector for goods and services produced in the industrial sector.

Such beneficial effects as may possibly flow from the tax cut which was recently enacted may well be diminished or nullified.

Sooner or later, it will lead to unemployment in our cities. Agriculture is a basic industry, and our national economy cannot be strong if this basic industry is weak. National unemployment is one of our major problems, and when we see national net income of the basic industry of agriculture going down, not up, then I think we have found at least one good reason why we are not solving this problem of unemployment.

In conclusion, I want to make it clear that members of the livestock industry are not isolationists or protectionists in the generally accepted sense of these terms. They do not say that imports should be banned. Most of them believe that the 1960 level, as a percentage of our domestic market—was about right, and they are willing to let the pounds of imports within this percentage increase as our domestic consumption increases. They believe in free trade, but they do not believe trade is free if it is a one-way street.

Mr. Chairman, I have a very small chart here relating to the imports and domestic production of mutton and lamb for the years 1960–63, and, inasmuch as my remarks have primarily been directed at beef and veal, I would ask consent that this small chart be inserted in the record at this point in my remarks along with a resolution from the city of Atlantic, Iowa, which is a typical Iowa town deriving much of its economic structure from livestock operations in the area, and a copy of a resolution, House Concurrent Resolution 3, recently adopted by the Iowa State House of Representatives, and finally, a fairly short article appearing in the March 2 issue of the Sioux City Journal entitled "Cattlemen Say Nation's Beef Herd in Vulnerable Situation," which sets forth cattle population growth in the various States. I believe these various items would be useful to the committee and its staff when it researches this matter.

The CHAIRMAN. Without objection.

(The documents referred to follow:)

Imports and domestic production of mutton and lamb, 1960-63

[In millions of pounds]

	1960		1961		1962		1963	
	Mutton	Lamb	Mutton	Lamb	Mutton	Lamb	Mutton	Lamb
Domestic production	48.0	720.0	48.0	784.0	51.0	758.0	43.0	727.0
Imports	74.6	12.4	89.8	10.9	130.0	13.2	125.7	18.9
Imports as percentage of domestic production	155.4	1.7	187.1	1.4	254.9	1.7	292.3	2.6

Source: Library of Congress.

CITY OF ATLANTIC,
Atlantic, Iowa, March 6, 1964.

Hon. JACK R. MILLER,
Senate Office Building,
Washington, D.C.

DEAR SENATOR: The welfare of the city of Atlantic, Iowa, and its trade and commerce, are largely dependent on the agricultural community which surrounds it. That community produces substantial quantities of beef of fine quality which should be protected from competition of imported fresh and frozen beef.

We are advised that the price of fat cattle has dropped to the lowest level in years thereby causing our cattle feeders to lose on an average of $25 to $80 per head on each and every animal marketed during the past 15 months.

The purpose of this letter is to strangly protest the heavy amount of beef imported into the United States in competition with at least a part of our cattle industry and to respectfully ask you to exert every influence you have to curtail the competition that so drastically affects our community.

HOWARD F. LUNDBERG, *Mayor.*
HARRY HJORTSHOJ, *Councilman.*
HARRY RICHARDSON, *Councilman.*
JACK SCHRADER, *Councilman.*
IVAN LUND, *Councilman.*
FRED WRIGHT, *Councilman.*
IVAN SHEARMAN, *Councilman.*
ROBERT BREDENSTEINER, *Councilman.*

HOUSE CONCURRENT RESOLUTION 3

Whereas the current livestock market prices are disastrously low, resulting in a depression of Iowa's total economy; and

Whereas, the recent red meat imports voluntary agreements with Australia, New Zealand, and Ireland do not contribute to a sound agricultural economy; and

Whereas the President of the United States has the executive authority under the existing law to administer meat imports: Now, therefore, be it

Resolved by the House of Representatives of the State of Iowa (The Senate concurring), That the general assembly respectfully request the President of the United States to base agreements on a level no higher than the import average of the years 1958 through 1962; and be it further

Resolved, That a copy of this resolution be sent to the President of the United States and to the Members of Congress from Iowa.

We, Robert W. Naden, speaker of the house of Iowa, and William R. Kendrick, chief clerk of the house, hereby certify that the above and foregoing resolution was adopted by the house and senate of the sixtieth general assembly in extraordinary session.

WILLIAM R. KENDRICK,
Chief Clerk of the House.
ROBERT W. NADEN,
Speaker of the House.

[From the Sioux City Journal Farm Weekly, Monday, Mar. 2, 1964]

CATTLEMEN SAY NATION'S BEEF HERD IN VULNERABLE SITUATION

The U.S. beef cattle herd, faced with continuing heavy imports and the always present threat of dought, is in an "unusually vulnerable" condition.

This was the conclusion of officials of the American National Cattlemen's Association after study of the Federal estimates of livestock numbers as of January 1, 1964. The report was issued by the U.S. Department of Agriculture February 13.

It showed that cattle numbers had increased during 1963 to stand now at an alltime high of 106,488,000 head, some 3 percent above the 103,736,000 on hand January 1, 1963 and 29,658,000 above the number in 1949 when the current buildup began with only minor interruption in 1956–59.

IMPORTS ARE PROBLEM

"Without the high level of imported foreign beef, this growth would be considered healthy and nearly in line with expanding consumer demand," the association officials said. "However, this domestic beef production potential is unprecedented, when coupled with the high outside supply, and may create additional difficulties for the beef cattle industry."

Increases were substantial in the northern Great Plains and mid-South grazing areas, and most of the jump came in beef cows. While figures for total cattle numbers actually went down in several States—mainly in the dairy areas—all but five major States had increases in beef cattle numbers.

The Nation's beef cattle herd, which only a couple of decades ago almost equaled the dairy herd, now stands at 78,834,000, a 1-year increase of 3,749,000 or 5 percent. Meanwhile dairy numbers, at 27,654,000, continued their decline, dropping 997,000 head, or 3 percent. Increases were noted in every beef category: Cows up 1.8 million; calves up 1,087,000; heifers, 404,000; steers, 384,000; and bulls up 65,000.

MONTANA IN LEAD

Montana led the Nation in added beef numbers, both numerically and percentagewise. The "Treasure State," blessed with unusual feed conditions, absorbed 351,000 additional beef cattle during 1963 to stand now at 2,563,000, an increase of 15 percent in 1 year or 12 percent above the State's previous high year of 1956.

Montana had increases during 1963 in every beef category: 97,000 more cows, 63,000 extra heifers, 166,000 added calves, 20,000 more steers, and 5,000 bulls.

SOUTH DAKOTA GAINS

Other leading gainers in beef numbers were South Dakota, 344,000, a jump of 10 percent; Nebraska, 255,000 (4 percent); Kansas, 235,000 (5 percent); Oklahoma, 212,000 (6 percent); and Missouri, 205,000 (6 percent). North Dakota and Idaho, like Montana in the feed department, had healthy percentage gains. North Dakota went up 203,000 or 12 percent, and Idaho also marked a 12 percent boost with 139,000. Oregon, Washington, and Wyoming, also in the "feed belt," had significant gains.

Kentucky, Tennessee, and Arkansas had substantial increases with 165,000 (11 percent), 138,000 (10 percent), and 116,000 (11 percent), respectively.

GROWTH IN KENTUCKY

While the rest of the Nation was adding to the beef herd, Virginia dropped 61,000 or 6 percent; Arizona went down 45,000, or 4 percent; and Maryland cut back 6 percent, or 9,000 head. Other small cuts came in Georgia and West Virginia.

The region encompassing Kentucky and Tennessee showed some of the spectacular beef growth the Southeast and Gulf States had a few years ago. Kentucky had almost trebled its 1948 beef population and doubled that of a decade ago, standing now at 1,717,000. Tennessee, with 1,439,000, follows Kentucky's growth pattern. Oklahoma, Idaho, Washington, and Oregon, also show similar steady climbs.

Meanwhile such States as Alabama, Mississippi, Louisiana, Arkansas, Florida, and the Carolinas show little substantial change over the plateau reached in the 1953–57 era which followed their tremendous spurt from 1948.

TEXAS THE GIANT

Texas remains the giant with 9,494,000 beef cattle, an increase of 166,000, or only about 1 percent.

Beef cows stood on January 1 at 31,779,000, 6 percent of 1,809,000 more than a year ago. Although the increase was the greatest for any 1 year in the buildup beginning in 1958 (during 1962 it was 1.6 million), it falls short of the big jumps in 1951 and 1952 when 2.3 and 2.4 million, respectively, were added. Beef cow numbers, incidentally, have almost doubled since 1949, start of the cycle interrupted only briefly in 1957–59.

American National officials also observed that the rate of increase in beef cows has far exceeded any offsetting change in numbers of cows for milk. Back in 1949 there were 39,781,000 cows of both types on hand, with dairy cows substantially in the majority. Now there are 49,852,000 mamas, with beef cows outnumbering dairy cows by 13.7 million head.

NEBRASKA GAINS

Nebraska gained 170,000 beef cows, or 10 percent, during 1963, followed by Texas, 153,000; South Dakota, 127,000; Oklahoma, 103,000; Montana, 97,000; Kentucky, 91,000; North Dakota, 77,000; Louisiana and Missouri, both at 76,000; and California, 73,000. Kentucky's 13 percent increase was the largest among the major gainers.

Florida dropped 25,000 beef cows, followed by Virginia, 7,000, and Maryland, 5,000. Several New England States barely changed.

The number of heifers has not increased as substantially as that for beef cows. The January 1 estimate places beef heifers at 8,313,000, an increase of 5 percent or 404,000. Only a few States had large boosts in heifer numbers, whereas several, especially those noted for feeding heifers, remained the same or had reductions. Montana went up 63,000; Iowa, 50,000; North Dakota, 46,000; South Dakota, 42,000; and Kansas, 36,000. Colorado dropped 24,000; California went down 15,000; Virginia, 13,000, with small decreases in Nebraska, Missouri, Maryland, and West Virginia.

STEER INCREASES

Calf numbers, at 24,417,000, were increased by 1,087,000, or 5 percent. Boosts were noted in almost every State but 9, with Texas actually having a reduction of 99,000. However, any cuts obviously were offset by such increases as Montana's 166,000, South Dakota's 128,000, or Kansas' 111,000.

There were 12,513,000 steers on January 1, up 384,000 or about 3 percent. Leading in steer increases were Minnesota, 84,000; Missouri, 53,000; California, 48,000; Kansas, 44,000, and South Dakota, 39,000. Illinois, with a drop of 50,000, led the cutbacks, followed by Arizona, 46,000; Iowa, 26,000; Virginia, 21,000, and 9 other Western and Southern States.

Bull numbers grew by 65,000 (4 percent) to stand now at 1,812,000, the highest since 1955. Every State was up except Florida, down 2,000, and Kansas. Virginia, and New York, each down 1,000.

Senator MILLER. That concludes my statement, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Miller. Are there any questions?

Senator TALMADGE. Mr. Chairman, I desire to congratulate the distinguished Senator for his statement.

Australia and New Zealand have traditionally exported their meat products to England and the Common Market countries. Do you have any information as to whether or not the protectionist policies of some of the Common Market countries have diverted their exports to this country in lieu of Common Market countries?

Senator MILLER. Senator, I have no proof of this, but I have heard this from so many sources, I would say knowledgeable sources, that I would be strongly inclined to believe that this is exactly what has happened.

I am sure that the committee will have ready access to information from the sources available to it to substantiate this, but I believe from the information I have received that this is responsible at least for a good part of it, that Common Market nations have increased their tariff barriers, and Australia and New Zealand have apparently felt that they need not worry too much about it as long as Uncle Sam would make up the difference to the detriment of its own domestic producers.

Senator TALMADGE. Thank you, Senator. I have no further questions.

The CHAIRMAN. Senator Carlson?

Senator CARLSON. No questions.

The CHAIRMAN. Senator Curtis?

Senator CURTIS. Mr. Chairman, I want to compliment the distinguished Senator from Iowa. You have been very helpful. You have been helpful to your home people and everybody in the United States.

You alluded to the fact that the Department of Agriculture as an arm of the executive attempted last week to interfere with and thwart the action of the legislative branch when they were considering the Hruska amendment. In that connection I would like to ask you didn't you make a speech on the floor of the Senate pointing out that in school lunches in Iowa they were serving imported meat?

Senator MILLER. Yes, I did, Senator, and I noticed in a newspaper clipping that just came across my desk yesterday that the Secretary of Agriculture apparently had been questioned on this point by some members of the press, and that his answer was that there was no activity by the Department of Agriculture which would mean that the Department, the Federal Government, was directly purchasing imported meats for the school lunch program; but he did point out that some 80 percent of the purchases in the school lunch program are handled, at the local level, at least at the State and local level, and, rather than receiving commodities from the Department of Agriculture stocks for the school lunch program, they receive money and that these local agencies are then able to turn around and use that money for purchases for the school lunch program.

Senator CURTIS. Well, now, that does not add up. The school lunch program is a Federal program, isn't it?

Senator MILLER. It is a Federal program, but according to this article, the Secretary pointed out that while it is a Federal program the Federal dollars, say 80 percent of them, go to the local agencies which in turn can then make their own procurements, and they do not have to buy surplus agricultural commodities from the Commodity Credit Corporation and the like.

Now, I inferred from this article that the Department of Agriculture has indicated that they would prefer to have these local agencies buy American-produced products, but the thing seems fuzzy enough to the extent that I can tell my friend from Nebraska that my staff is now engaged in drawing up a proposed bill which would require that no one at such a local level be permitted to use these Federal dollars to buy imported beef and veal and mutton for school luncheon programs.

Senator CURTIS. I do not want to belabor the point, but the fact remains that the Secretary's position is indefensible. It is a Federal program, administered by the Department of Agriculture. And he says the answer to this problem is to increase Federal purchases. Purchases of what, foreign meat? I have here a letter signed by 20 or more young Americans in the 8th grade at Lomis, Nebr. I will read one paragraph.

> We thought you might be interested in knowing that our hot lunch program has been using canned beef from Argentina. This is sort of strange since Loomis and Phelps County has beef as its major crop.

I do not want to take any more time, but I do commend the Senator for his statement.

Senator MILLER. I thank the Senator from Nebraska for his comments, and let me say that I found it inconceivable that such a thing could occur. The Senator will remember that on the floor I called attention to a similar instance in one of the towns in northwest Iowa. I do not know whether the Secretary of Agriculture is powerless in this situation or not. It seems that the least he might do would be to have some investigations made of the matter and bring some pressure to bear, but if he is powerless, and if he has got to have some authority from the Congress, then I am sure that we will be very quick to give him that power and to make it mandatory so that this type of business will not occur. It is an inconceivable situation. Personally I would think that it could be handled by administrative discretion and regulation, but perhaps the Secretary does need this power. If he does, I want to see that he has it real fast.

Senator CURTIS. Well, I think he has the power. Congress has never directed him to buy foreign products. The school lunch program was instigated to help assist in relieving surpluses in this country.

Senator MILLER. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Miller, for a very fine statement. I don't believe Senator Fong is here now so we will proceed with the next witness, Senator Aiken. Senator, we are very happy to have you, sir.

STATEMENT OF HON. GEORGE D. AIKEN, A U.S. SENATOR FROM THE STATE OF VERMONT

Senator AIKEN. Mr. Chairman, I join with those who advocate a more gradual approach to an increase in beef imports.

Not only will the rapid increase of the past year, if sustained, be harmful to those who feed beef cattle only, but it will also be harmful to the dairymen of the United States.

It is not generally known that 20 percent of the animals going into the production of beef and veal consumed in this country are the product of dairy herds.

When the beef price is low, dairymen do not cull their herds as closely as when the price is reasonable.

They have a tendency to keep the cows for milk a year or two longer than they would normally like to do.

This results in a greater production of milk, often on an unprofitable basis.

Dairy herds have already been seriously affected by the rapid increase in the importation of beef.

As of May 1963, the price of slaughter cows was $16.31 per hundred; by December, this had dropped to $12.71 per hundred.

While I realize the importance of trading with other countries and increasing that trade as fast as we can, I do insist that this ~~increase~~ be at such a rate that the damage done will not exceed the benefits.

Although Vermont is primarily a dairy State, ranking 13th or 14th among the 50 States, we do have a cattlemen's association and I submit for the use of this committee a letter dated November 14, 1963, from Mr. S. R. Gallagher, president, Vermont Cattlemen's Association; also, my reply to Mr. Gallagher's letter dated November 20, 1963.

I wish to say that the third paragraph of my letter to Mr. Gallagher is based on "grapevine intelligence," but, as members of this committee know, "grapevine intelligence" is often as reliable as some of the documented representations which Congress receives from departmental officials.

(The letter referred to follows:)

VERMONT CATTLEMEN'S ASSOCIATION,
St. Albans, Vt., November 14, 1963.

Senator GEORGE D. AIKEN,
Senator from Vermont,
Senate Office Building, Washington, D.C.

DEAR SENATOR AIKEN: This letter is also being written to Senator Prouty and Congressman Stafford, and the purpose of this letter is to call your attention to the fact that the beef industry of the State of Vermont is suffering considerably because of the competition which it is getting from dressed beef imported from various foreign countries.

At the annual meeting of the Vermont Cattlemen's Association on November 1, 1963, this matter was discussed. I was directed by this meeting to call this to your attention and to inform you that the foreign beef was selling in the same wholesale market that the Vermont producers sell at a rate less than the cost to the Vermont dealer when delivered to the same market.

This competition is such that the Vermont beef industry is in a serious situation. I understand that a number of other States have made the same complaint to their congressional delegation.

I would like to know what the Government's policy is generally in regard to this matter, and I would also like to know if there is any possibility of congressional action to eliminate this unfair competition.

We realize that in some other industries the Government has not taken steps to protect American industry from foreign imports, but this problem in Vermont is so severe that we feel the matter must be called to your attention, and I would appreciate hearing from you in regard to it, and I would appreciate any information which you may send me in regard thereto.

Yours truly,

S. R. GALLAGHER, *President.*

NOVEMBER 20, 1963.

Mr. S. R. GALLAGHER,
President, Vermont Cattlemen's Association,
St. Albans, Vt.

DEAR MR. GALLAGHER: I have been gravely disturbed over the administration policy of encouraging the importation of beef and other agricultural products in direct competition with U.S. farm products. In my recent address to the Vermont Farm Bureau, I emphasized that "one of our major agricultural problems right now is to keep our farm economy from being traded off in the bartering going on among the nations."

This morning the Senate Finance Committee adopted a resolution directing the Tariff Commission to conduct a study of beef imports to determine the effects on the domestic economy. The Commission must return its findings by June 30. There are also eight bills pending in the House Ways and Means Committee, and one in the Senate Finance Committee, to curtail excessive beef imports. However, even if a bill were passed by the Congress, it would almost certainly be vetoed.

I understand the administration is committed to a policy of encouraging further beef imports. This is being done to trade off beef for increased foreign orders for our American airplane factories and other manufacturers. Beef is now on the list of items to be bartered off in the coming tariff negotiations to be held next spring. This administration policy is encouraging foreign producers to increase their herds in hopes of taking over as much as half of the U.S. market.

If the Tariff Commission study shows that critical inroads are being made into our beef and cattle industry, strong representation can be made to the President to bring about a change in this policy.

Sincerely yours,

GEORGE D. AIKEN.

The CHAIRMAN. Thank you Senator Aiken. We appreciate your appearing before this committee. The next witness is Senator Gordon Allott. Senator Allott, you may proceed:

STATEMENT OF HON. GORDON ALLOTT, A U.S. SENATOR FROM THE STATE OF COLORADO

Senator ALLOTT. Mr. Chairman, the welfare of the domestic livestock industry is of vital interest to the people of Colorado and to this Nation. The basic industry of Colorado is livestock. Eighty percent of the land in Colorado is grazing land. Colorado ranked 11th in the Nation in the total number of cattle marketed in 1962—marketing 1,523,000 head—and ranked 5th in the Nation in marketing fed cattle—with a total of 822,000 head in 1962 and 900,000 head in 1963.

On January 1, 1964, the cattle and calf inventory in Colorado kept for beef purposes totaled 2,616,000 head, and the sheep inventory totaled 1,706,000 head. In 1961 there were 49,000 family workers and 19,000 hired workers engaged in farming in Colorado, but in 1963 those figures had dropped to 45,000 family workers and 17,000 hired workers.

The extent to which massive red-meat imports has contributed to this exodus from the farm cannot be accurately determined, however, the fact that it has contributed cannot be denied.

In 1962, the gross income in Colorado from the sheep industry, including the sale of sheep, lambs, and wool, was approximately $41,165,000. In only one county in Colorado—Moffat County—the total income from the sale of sheep, lambs, and wool was $2,528,185.

From this it is obvious that anything that affects the cattle and sheep industries has a direct bearing upon the stability of the whole economy of Colorado.

Imports have been increasing rapidly for many years, but they have skyrocketed since 1956. In 1956, 8 years ago, the imports into this country were 30.8 million pounds, and the exports were 68.8 million pounds; in other words, we were exporting 38 million pounds more than we were importing. Imports in 1960 were 413.8 million pounds, and the exports 10.2 million pounds. We were then importing 403.6 million pounds more than we were exporting; whereas only 4 years before we had been exporting 38 million pounds more than we were importing. In 1963 we find that the figures have drastically changed. The 413 million pound figure of imports has jumped up to 1,123 million pounds, and the exports were only 27.5 million pounds. Therefore, we had net imports in 1963 of 1,095.5 million pounds.

The lamb and mutton picture is no brighter. Net imports in 1956 were only 800,000 pounds. In 1960 we were importing 49.7 million pounds of lamb and mutton, and we were exporting about one and a half million pounds. We were importing 48.2 million pounds more than we were exporting.

Within 3 short years we find that we are importing not 49.7 million pounds, but 81.8 million pounds. Our net imports increased from 48.2 million pounds to 80.8 million pounds.

From 1956 to 1963 fresh or frozen beef and veal imports have increased by 3,546 percent; or to put it another way, the 1963 imports were 36 times as great as the 1956 imports. In the same period lamb and mutton imports increased by 5,743 percent; or to put this another way, the 1963 imports were 58 times as great as the 1956 imports.

Lamb and mutton imports have had a devastating effect upon the sheep industry. It is generally conceded that the sheep industry is now in the process of being liquidated within the United States. The sheep population in this country for the period 1931 through 1946 averaged 51,684,000 head; in 1963 it had dropped to 30,170,000 head—a net loss of 21,514,000 head. In other words, over 41 percent of the domestic sheep flocks have been liquidated.

The per capita consumption of imported beef increased by 81.8 percent between 1960 and 1962—from 4.4 pounds per person in 1960 to 8 pounds in 1962—an increase of 3.6 pounds per person. During those same years the per capita consumption of all beef increased by only 4.3 percent—from 85.2 pounds per person in 1960 to 89.1 pounds per person in 1962. Therefore, of the 3.9 pounds per person increase in consumption of beef, 3.6 pounds of it was foreign beef.

Today the United States is the world's largest importer of beef, importing 1,679,000 pounds, carcass weight, and importing 145 million pounds of lamb and mutton, carcass weight, in 1963. Our domestic producers believe that they are entitled to share equitably in the market created by increases in consumption. From 1961 to 1962 our civilian consumption of beef increased by 432 million pounds, or from 15,871 million pounds in 1961 to 16,303 million pounds in 1962; yet during that same period our domestic production did not increase. It remained at 15,296 million pounds for both 1961 and 1962.

In Colorado alone, the Colorado Cattlemen's Association estimates that 160,000 pounds of foreign boned beef is received each week. Imagine this, in a territory which from its inception has been one of the greatest suppliers of meat and meat products in the United States. Most of this imported meat is used to make hamburgers, hot dogs, and other fresh beef products.

The Department of Agriculture minimized the effects of this flood of foreign beef, taking the position that the imported beef was of low quality and therefore, had little or no effect upon the price of our quality fed beef. The fundamental rule of economics is that bad money drives out the good. Just as bad money drives out the good, so does poor quality beef and poor quality meat products drive out the good quality products which we have been educated to accept, and which we have demanded from the U.S. producers.

As the price disparity between grades becomes greater, more and more people shift to a lower grade, thus bringing down the price of quality beef, as well. About 40 percent of the processing beef consumed in the United States is imported, and it is estimated that roughly 30 percent of domestic cattle production winds up as hamburger.

Fat cattle prices are off up to $8 per hundredweight; feeder cattle are off $4 to $6 per hundredweight; utility cattle are down $2 to $4 per hundredweight; and calves were down about $6 per hundredweight in Denver during 1963. The facts simply do not substantiate the assertions of the Department of Agriculture that the imports are of low-quality beef and therefore have little or no effect on our quality fed beef. As the level of beef imports has increased, the live weight prices of domestic beef have declined, and the price drop has been substantial. It has meant the difference between operating in the black or operating in the red, for the producers and feeders in this country.

Secretary Freeman has said that the price decline on beef has cost the cattlemen $170 million in the last 2 years. I presume he is basing his figure on the revenue lost to stockmen on cattle marketed for slaughter. This is only part, only the beginning of the picture, and it distorts the real underlying facts. No consideration was given to the loss in value to the inventory of cattle on farms and ranches. A more realistic picture is presented by the following: Assuming the average weight of the farm animal will range near 800 pounds, and assuming an across-the-board price decline of 5 cents per pound live weight, this will result in a loss of $40 per head. I know that many cattlemen in the West today would be happy to get out from under their losses at $40 per head, if only they could.

The 1963 U.S. Department of Agriculture estimated census of cattle in the United States is approximately 103 million head. The most recent figure which has come to my attention is 106 million head. But, based upon the 103 million head figure, there would be a loss of $4,120 million—about 24 times the loss the Secretary acknowledges. When this loss is extended to the stockmen, the ranchers, and further, to all those with whom they do business—the picture becomes much more shocking. If this total loss were shown in terms of the loss for each of the small stores, filling stations, garages, machine shops, drugstores, grocery stores, and the small merchandise marts all over the country, we could better understand the total impact of the $4 billion loss the ranchers and feeders have suffered.

Feeders and ranchers attribute this loss of revenue and loss of inventory value to the heavy import we have been experiencing. If the delicate balance of supply and demand is tilted by an excess of supply, the market is broken. This is what happened in wheat and cotton—excessive supply broke the market. But, with wheat and cotton the excesses in supply were of domestic origin. The beef and lamb excesses are from external sources.

Australia and New Zealand together account for over 75 percent of all beef imports to the United States—a total of 753 million pounds in 1963. Beef and veal imports from Australia increased by 2,772 percent from 1958 to 1963, and lamb and mutton imports increased by 4,583 percent from 1957 to 1963. The question is—and it is the question we are now debating—shall we tolerate such a situation—shall we tolerate the destruction of this industry?

The stockmen have pleaded for relief, and much quota legislation has been introduced, including S. 2612 which is now offered as an amendment—No. 467—to H.R. 1839. I have cosponsored S. 2612, S. 557, and the Hruska amendment to the farm bill, H.R. 6196.

So far the only relief, if it can be called that, that has been offered are the executive agreements with Australia and New Zealand of February 17, 1964, and the February 25 executive agreement with Ireland.

Under the executive agreements of February 17, beef imports to the United States, including mutton from Australia, are set at 773 million pounds in 1965, and 830 million pounds in 1966. The provisions of these agreements not only assure Australia and New Zealand that their position in U.S. markets will not be impaired in the future by increased imports from other nations, but also grant an executive guarantee that no new tariffs or levies will be imposed. Both of these agreements use 1962–63 average imports. It is somewhat ironical that the 2 years with the highest import levels were used as a base.

Under the February 25 agreement, similar guarantees and assurances were granted. Irish beef imports were set at 76 million pounds for 1964, 79 million pounds for 1965, and 82 million pounds for 1966. Ireland was given even a better deal. It appears that the negotiators took the 1963 level of imports, which was the highest historical level of imports, and added approximately 8 percent for the 1964 quota. Obviously, the net effect of all of these agreements is to carve out a substantial part of our market and grant it to a foreign country in what amounts to perpetuity.

The United States is the only major country which has neither tariff nor adequate nontariff protection for its domestic producers. Let us compare how Australia and New Zealand protect their livestock industry. New Zealand protects its livestock industry 100 percent, while ours has none; and Australia protects its livestock industry to the extent of 41 percent, while ours has none. Furthermore, Australia prohibits the importation of live sheep and cattle from the United States under health restrictions.

Ireland, the third largest exporter of beef and veal to the United States, restricts entry of livestock and meat products by requiring import licenses, and also has high tariffs.

Mexico is one of the two largest exporters of feeder cattle to the United States. However, for cattle going into Mexico an import permit is required, and Mexico also has a high tariff. Mexico has a high tariff, not only on beef imports, but on everything that we produce that goes into Mexico. The importation of slaughter livestock to Mexico is prohibited.

Let us examine the policies of the Common Market. These countries are using import duties, gate price systems, import certificates, and deposits, and intervention measures as protection for the domestic beef industry. The following policy statement concerning the forthcoming Kennedy round of GATT trade negotiations is quoted from the official publication of the Common Market, "European Community," for January 1964, No. 68:

A community target price for beef and veal will be established. Member countries will use price supports and, in intracommunity trade, a levy system. Imports from nonmember countries will be controlled by tariffs and levies. Import certificates will be issued for certain products and quotas will be applied to imports of frozen meat.

The Common Market has announced that "quotas will be applied to imports of frozen meat" in the very shadow of the Kennedy round of negotiations. It is certain that we will be expected to make concessions to gain an open door for Australian and New Zealand meat.

With every other major nation granting protection to its domestic producers, fairplay demands that we do no less for our stockmen. With the cattle industry on its knees and the sheep industry almost "bellyup," now is the time to act. This amendment does not prohibit imports; it merely rolls them back to a reasonable level, and restores to our domestic stockmen their fair share of the market.

Mr. Chairman, I believe that amendment No. 467, which I am pleased to cosponsor, will give to the cattlemen and sheepmen of this country the protection they require to remain independent. It establishes the import quota based upon the 1960 level of imports. It includes lamb and mutton. The executive agreements are totally silent on lamb, and only include mutton in the agreement with Australia. This amendment also grants discretionary power to the President to impose restrictions on imports of cooked, canned, and cured meats in the event such imports should become unreasonable. It also grants a reasonable growth factor.

The 1960 level of imports was selected as a reasonable compromise. Considering that the 1960 level of beef imports was nearly 14 times as great as the 1956 level, and that the 1960 level of lamb and mutton imports was over 36 times as great as the 1956 level, I believe that this is quite a liberal concession to the foreign importers. Hence, anything less than what is proposed in this amendment would, in my judgment, be a betrayal of our domestic livestock industry.

I therefore respectfully urge that the committee adopt amendment No. 467 to H.R. 1839, now pending before you.

Attached to my statement are two charts which will help to illuminate the seriousness of the meat import situation. I will not attempt to read them but I would appreciate their inclusion at this point in the record.

Also, I would appreciate the inclusion of two wires I received from the Honorable John Love, Governor of the State of Colorado, urging the support of amendment No. 467, and emphasizing the damage beef and mutton imports have wrought upon the Colorado livestock industry. In addition, I would appreciate the inclusion of a telegram received from Donald Hamil, president, Colorado Cattle Feeders Association, indicating his support of quota legislation and his preference for the formula contained in amendment No. 467 to H.R. 1839.

(The documents referred to follow.)

TABLE I.—*Balance-of-trade table*

[Product weight, millions of pounds]

Product and year	Imports	Exports	Net imports
Beef and veal, fresh or frozen:			
1956	30.8	68.8	(−38.0)
1957	126.4	70.9	55.5
1958	358.2	6.8	351.4
1959	524.5	8.5	516.0
1960	413.8	10.2	403.6
1961	569.1	10.6	558.5
1962	863.3	9.9	853.4
1963	1,123.0	27.5	1,095.5
Lamb and mutton:			
1956	1.4	.6	.8
1957	3.5	1.3	2.2
1958	24.0	.7	23.3
1959	56.8	.8	56.0
1960	49.7	1.5	48.2
1961	55.8	1.6	54.2
1962	78.1	2.2	75.9
1963	81.8	1.0	80.8

TABLE II.—*U.S. imports from Australia and New Zealand*

[Millions of pounds, product weight]

	Australia	New Zealand
Beef and veal:		
1958	18.0	184.0
1959	224.0	162.0
1960	145.0	131.0
1961	234.0	154.0
1962	442.0	214.0
1963	517.0	244.0
Lamb and mutton:		
1957	1.4	1.7
1958	14.6	7.0
1959	40.6	12.8
1960	38.5	9.1
1961	44.6	10.8
1962	65.9	11.1
1963	67.5	14.8

[Telegram]

DENVER, COLO., *March 11, 1964*.

HON. GORDON ALLOTT,
U.S. Senate,
Old Senate Office Building, Washington, D.C.:

Strongly urge the Senate Finance Committee to adopt amendment No. 467 to House Resolution 1839. Of approaches now pending before Congress amendment No. 467 would offer most immediate relief to livestock industry now suffering substantial losses in Colorado, which, in turn, is creating serious losses to the entire economy of the State. State of Colorado would prefer the approach proposed in amendment No. 467 basing the quota on 1960 import levels. However, any restriction below the 1962–63 import levels would be an improvement over existing situation.

JOHN A. LOVE,
Governor, State of Colorado.

[Telegram]

DENVER, COLO., *March 4, 1964*.

HON. GORDON ALLOTT,
U.S. Senate,
Old Senate Office Building, Washington, D.C.:

Colorado's economy is being seriously affected by excessive levels of foreign imports of beef, veal, lamb, and mutton. Estimated losses in marketings were $50 million in 1963. Loss of this basic income to Colorado has resulted in an estimated $200–$300 million loss in our economy. Outlook for 1964 even more disastrous unless relief obtained. Strongly urge that all efforts be made immediately to correct inequities. Suggest that realistic base period be selected for a quota and that appropriate legislation be enacted to offer reasonable protection thus minimizing losses to small businessmen, laboring force, and general economy of Colorado, plus many other dependent industries and communities.

JOHN A. LOVE,
Governor, State of Colorado.

[Telegram]

DENVER, COLO., *March 12, 1964.*

Senator GORDON L. ALLOTT,
Senate Office Building,
Washington, D.C.:

Agricultural economy of Colorado and Nation is dependent upon meat industry to channel its product into consumption. High percentage of domestic meat market should be reserved for domestic production. We do not feel recent U.S. agreement with Australia, New Zealand, and Ireland is in best interest of American economy and particularly of agricultural industry of the United States.

We are particularly interested in seeing amendment passed that would represent the thoughts in amendments 465 or 467 to H.R. 1839, as amended, by American National Cattlemen's Association. We especially favor amendment No. 467. We could live with No. 465, as amended by American National. Neither President Hamil nor Chairman Harmon can be present; therefore, would appreciate you presenting our views at Senate Finance Committee hearing under chairmanship of Senator Harry F. Byrd.

DON HAMIL,
President, Colorado Cattle Feeders Association.

The CHAIRMAN. Thank you, Senator Allott. That was a fine statement. We are happy to have had you. The next witness is Senator Monroney. Senator Monroney, won't you take a seat and proceed?

STATEMENT OF HON. A. S. MIKE MONRONEY, A U.S. SENATOR FROM THE STATE OF OKLAHOMA

Senator MONRONEY. Mr. Chairman, thank you for letting me present this statement to you on this very urgent matter. Your willingness to give this amendment a high priority is deeply appreciated. The Finance Committee has a very heavy agenda, but I believe it will be fully justified in acting upon this matter with all possible speed. An economic crisis has developed in the meat-producing sections of our country as the direct result of increasing imports of foreign meat. This crisis grows more severe each day. I urge the members of this committee to incorporate this amendment in H.R. 1839 and to seek earliest possible consideration of H.R. 1839 by the Senate as a whole.

You have already been supplied with the statistical details which prove beyond a doubt that the greater and greater volume of imported meats is principally responsible for this grave situation which threatens the economy of a vast section of the country. The livestock industry accounts for more than half of Oklahoma's farm income. The production of meat is a complex process involving many citizens in every community where it is important, in addition to the cowboys who actually ride the ranges. Other segments of our agricultural economy cannot long avoid difficulty if our cattlemen are bankrupted. Cattle feed producers have a great stake in this issue. In fact, the cost of feed has a great bearing on whether the rancher gains or loses, and feed has continued to increase in cost. A continuing decline in our domestic cattle markets will have profund adverse effects upon our steel industry, our farm equipment industry, and upon all of the businesses that produce the fuels, the fencing, the fertilizer, the materials for barns, seed, and other farming and ranching essentials.

An accurate, up-to-the-minute report on conditions in the cattle industry in the Southwest will be given to the members of this committee Friday by Mr. W. R. Brannan of Marietta, Okla., the president of the Oklahoma State Cattlemen's Association. Mr. Brannan recently was one of the 22 experts selected by the Secretary of Agriculture as members of his new Advisory Committee on Cattle.

Only yesterday we were reminded in an official release from the Department that the average per capita income of our U.S. farmers and ranchers remains less than 60 percent of the average income per capita of our nonrural population. But for the many legislative efforts that have been undertaken here on Capitol Hill to establish Government programs to bring economic equity into our farming and ranching areas, this unfortunate gap between the income of our rural people and the income of our urban dwellers would be even greater. The Congress has ample evidence to support the type of action contemplated by this amendment. It has ample precedent to take decisive action to defend a vital segment of the U.S. economy from the decay caused by inflated imports.

Imports are now supplying about 11 percent of the beef consumed in the United States. Yet, foreign suppliers are building up their herds in anticipation of a still greater share of the U.S. market. This amendment provides the means of bringing this insidious trend to a halt. This amendment will encourage the foreign suppliers to seek markets in other parts of the world where there is no local supply and where there are plenty of hungry people.

This trend of ever-growing imports has not resulted because of a shortage of production within the United States. In fact, for many years our U.S. growers not only supplied this country's wants, but also exported to many countries of the world. It could be granted that limited amounts of imported manufacturing beef, which is used in the many kinds of prepared cooked meats that find important uses in the kitchens of America, might be imported. The farmers of the United States are not complaining about any reasonable amount of imports. However, it is now noted that imports of manufacturing beef amount to about 40 percent of our consumption. This is entirely too much—it is a ruinous amount and is very seriously affecting domestic prices and the whole future of the industry.

The price of canner and cutter cows dropped more than $4 per hundred since 1959, and the price of choice steers dropped about $5 per hundred during the same period. It is no coincidence that this occurred during a sharp upward spiral in imports. The price of choice steers held firm for a while, but in 1963 it could hold no longer and the sharp decline was accentuated by the attempt to hold the line in the face of heavy imports.

There is no question about the desirability of foreign trade. There should be a maximum of beneficial foreign trade, in beef as in a thousand other items. However, a long and careful look should be given what is already happening in the industries affected by this great influx of beef and beef products, and the possible results of further reductions should be weighed carefully. It is felt by many that the costs will be incalculable. If sales of domestic cattle fall off still further, millions of bushels of feed grains will increase the already great surplus. Hundreds of thousands of acres of land may be added to the millions now idle because of surpluses. Farm income will decline below the already shamefully low level.

In the final analysis, however, it must be emphasized that the greatest danger in further encouraging foreign cattle growers and processors to take over the market here is the heavy cost to the farmers and cattle growers of the United States. No matter who benefits, it would be dangerous to the economy of the United States to subject its farmers to a still lower standard of living and greater losses in the sale of their beef, veal, and other meats.

The amendment now before you will provide a means of reestablishing the supply and demand balance that is essential to the survival of our vital meat-producing sections.

It will be another crucial step to restore equity within our Nation as between our urban and our rural areas. Our cattlemen don't expect to lead a soft life. Theirs is a rugged lot at best. Though "home on the range" is still as pleasant as ever, making a living on the range is getting awfully tough—"where seldom is heard a discouraging word" doesn't apply these days. Our cattlemen are becoming discouraged and for good reasons. This committee by favorable action upon the pending amendment can rectify what has now become a gross and unjustified encroachment upon a fundamental segment of the U.S. economy. The fact that our economy in this country generally is booming is a tribute to the skill of the members of this committee in riding herd on it. This amendment will enable you rescue one of the stragglers. I urge its approval.

The CHAIRMAN. Thank you for appearing, Senator Monroney.

Our next witness is Senator Howard W. Cannon. Have a seat, Senator Cannon.

STATEMENT OF HON. HOWARD W. CANNON, A U.S. SENATOR FROM THE STATE OF NEVADA

Senator CANNON. Mr. Chairman, I appreciate the opportunity to appear and testify and commend you for your willingness to hold hearings whereby an amendment could be considered to the House-passed tariff bill, H.R. 1839.

I am cosponsor of that amendment, as I am a cosponsor of S. 2525, a bill identical to it, as I was a cosponsor on the amendment to the tax bill which was essentially the same as this amendment.

Farmers and ranchers in Nevada have repeatedly petitioned me to lend my assistance to stop the devastating tide of beef imports. There has been considerably more concern in Nevada about this import problem than there is about other farm legislation. This is understandable when it is realized that beef production is the backbone of Nevada's agricultural economy and comprises over two-thirds of the total farm income in the State.

In 1962 beef represented $27,950,000 of the total agricultural income for my State. The department of agricultural economics at the University of Nevada has further estimated that such income supports $82,058,980 worth of related business activity in the State.

A typical Nevada rancher supplying beef to 1,130 people per year at an average consumption rate of 100 pounds per person and supplying 26,000 people with an average consumption of lamb and about 11,000 people with their yearly requirements for wool has an investment in tractor and automotive inventory alone, not counting real estate, of about $70,000. It is any wonder that he must have more than the current 5-percent return on his investment if he is to maintain his operation and survive economically?

I have long advocated that positive, meaningful steps be taken to assure the continuance of this vital American industry. Several months ago I wrote the Secretary of Agriculture, the Chairman of the Tariff Commission, and the President of the United States pointing out the urgency of the situation as expressed to me by Nevada cattlemen. All expressed sympathy and a willingness to take responsible action. To date, however, that action has been pitifully inadequate. Indeed, the voluntary agreements with Australia, New Zealand, and Ireland do little more than express a recognition of the problem.

With imports from Australia and New Zealand totaling 11 percent of the total American consumption as compared to 1.6 percent in 1956, it seems pathetically inappropriate to suggest that a rollback of 6 percent from peak-year figures with provision for a substantial increased based on the increase in U.S. consumption would provide any meaningful relief to the cattle industry. Stated another way, the imports have increased from 18 million pounds in 1958 to 517 million pounds in 1963. Most of these imports are of manufactured or cow beef types. Nevada cattle operations are almost wholly of a cow-calf type operation and so those operators are particularly distressed by the problem.

With utility cow prices reduced by $3 to $4 per hundredweight, there has been a tendency to carry over old cows for 2 or 3 years to try to get another calf or two rather than culling these cows as should be done.

It seems, Mr. Chairman, that the problem really began when late in 1958 the United Kingdom-Australian meat agreement which had restricted Australia from shipping other than token quantity of meat to countries other than the United Kingdom was modified. Since then, Australia has accelerated its production as has New Zealand relying largely upon American markets. Production costs are probably at least twice as high in the United States as in those countries, and the present duties of 3 cents per pound on meat and 1½ cents per pound on live cattle does little to adjust the imbalance for competitive purposes. I would point out further that Australia has a total ban on U.S. frozen pork and chickens.

The Nevada cattle industry, along with the National Cattlemen's Association, is not seeking to totally restrain imports; but they are hopeful that congressional action can be taken to provide reasonable and meaningful assistance. The action taken to date by the executive department has not been at all satisfactory and the cattlemen of the country generally seem to feel that their interests were ignored.

In fact, as a result of meetings between the Secretary of Agriculture and the beef industry organizations on January 8 and 28, it was understood by the industry that (1) a meat import agreement of the type finally negotiated would not be accepted by the Government; (2) that the livestock industry would be consulted and advised by the USDA and endorsement received prior to the acceptance of any foreign trade agreement; (3) that a Cattle Advisory Committee would be established to recommend and advise on such policy matters as the February 17 agreements.

Mr. Chairman, even the cattlemen and public from the exporting countries seem to realize the ineffectiveness of the voluntary agreements as evidenced by the following excerpt from the Sydney Daily Telegram:

> Most of the relatively small cut—$15,680,000 out of last year's $179,200,000 exports to the United States—should be recouped through the 3.7-percent increase allowed for in 1965 and 1966.

The article further quotes:

> In any case, experts are confident Australia can sell "lost meat" elsewhere—probably at a higher price.

Quite frankly, Mr. Chairman, I had hoped that adequate measures could be found short of legislation to accomplish the result required. I am fully appreciative of the criticism which will be made by other countries to any congressional action. Further I believe that we need to move toward those trade arrangements which will expand our own outlets and thus improve our own economy. But we cannot purchase free trade at the expense of a vital American industry and I therefore most strongly urge this committee to take action along the lines embodied in amendment No. 465 and recommend such legislation to the Senate for final action.

Thank you very much.

The CHAIRMAN. Thank you, Senator Cannon. We are happy to have had you. Our next witness is Senator Quentin N. Burdick. We are pleased to have you, Senator Burdick. Please have a seat and proceed.

STATEMENT OF HON. QUENTIN N. BURDICK, A U.S. SENATOR FROM THE STATE OF NORTH DAKOTA

Senator BURDICK. Mr. Chairman, a strong case will be developed before your committee on the need for legislation to place a reasonable limitation on imports of beef, veal, lamb, and mutton. As a cosponsor of S. 2525 and of amendment 465 to H.R. 1839, I wish to add my voice to those who are building the case.

The basic facts are that beef and veal imports have increased from 3.9 percent of domestic production in 1957 to 10.7 percent in 1963 and that cattle prices have tumbled 25 percent in the past 15 months. Last year, beef and veal imports totaled 1,859 million pounds, carcass weight, including meat equivalent of live animal imports, exceeding the amount of beef and veal produced and marketed in both North and South Dakota.

Imports of this scale are causing damage to the agricultural economy. Many farmers and ranchers from my State have contacted me expressing concern, and I think they have good reason to be concerned. Mr. Chairman, I ask unanimous consent that several communications be inserted at this point in the hearing record from the following:

1. Mr. Karnes Johnson, president, North Dakota Stockmen's Association, Bismarck, N. Dak.
2. Mr. Cal Foss, president, North Dakota Beef Council, Bismarck, N. Dak.
3. Mr. and Mrs. Ralph Mosser, Beach, N. Dak.
4. Mr. Brooks Keogh, American National Cattlemen's Association, Keene, N. Dak.
5. Mr. Leslie T. Connell, president, North Dakota Grazing Association, Medora, N. Dak.

You will recall that the Finance Committee last November 20 unanimously approved my resolution calling for an investigation of beef imports by the Tariff Commission. That study is underway and I am hopeful it will underscore the need for corrective action.

Already, however, we have persuasive evidence on the need for action, and I feel the Congress has a responsibility to move ahead. I urge favorable action at the earliest possible date on amendment 465 to H.R. 1839. Injury already has been done to the domestic cattle industry; action must be taken without delay to forestall further injury.

I am deeply appreciative of your courtesy in permitting me to present my statement today.

(The communications referred to follow:)

VALLEY CITY, N. DAK., *March 11, 1964.*

Senator QUENTIN BURDICK,
Senate Office Building, Washington, D.C.:

North Dakota Stockmen's Association is in complete support of S. 2525 and urges passage at earliest possible date. Import agreement is only temporary relief and of insignificant benefit against staggering import potential therefore, urgently need legislation to fix permanent quotas to help stabilize domestic beef market. Beef cattle industry of vital economic importance to North Dakota high-fixed costs and uncertainity of income have caused feeders and producers alike to fund deficit last 2 years. Think it very unwise to jeopardize sound domestic industry for the purpose of enhancing foreign relations. Your all-out effort for passage of S. 2525 urgently solicited.

KARNES JOHNSON,
President, North Dakota Stockmen's Association.

VALLEY CITY, N. DAK., *March 11, 1964.*

Senator QUENTIN BURDICK,
Senate House Building, Washington, D.C.:

The North Dakota Beef Council requests your support for passage of Senate bill 2525.

CAL FOSS,
President, North Dakota Beef Council.

RALPH MOSSER,
Beach, N. Dak., March 8, 1964.

Senator QUENTIN N. BURDICK,
Washington, D.C.

DEAR MR. BURDICK: We were disappointed in the 6-percent cutback in beef imports. It isn't enough, we aren't the only people who are being hurt. Many of our small town business people are concerned too.

I am sending you a report I took from the Western Livestock Reporter, Billings, Mont. Here are the places, arrival dates, and amount shipped. This report came from the USDA:

[In pounds]

City	Date	Beef	Mutton
Everglades	Mar. 3	763,840	
Charleston	Mar. 5	418,880	
Norfolk	Mar. 7	360,640	160,000
Philadelphia	Mar. 8	676,480	67,200
Boston	Mar. 9	445,760	33,600
New York	Mar. 13	2,300,480	224,000
San Francisco	Feb. 23	33,060	
Los Angeles	Feb. 28	246,400	
Do	Feb. 27	663,040	163,520
San Francisco	Mar. 2	224,000	112,000
Seattle	Mar. 6	120,960	
Portland	Mar. 13	190,400	

This is an awful lot of meat to come into our country in less than a month's time. We hope something can be done to stop these excessive imports.

Yours truly,

Mr. and Mrs. RALPH MOSSER.

AMERICAN NATIONAL CATTLEMEN'S ASSOCIATION,
Denver, Colo., February 28, 1964.

Hon. QUENTIN N. BURDICK,
Senate Office Building,
Washington, D.C.

DEAR SENATOR BURDICK: The enclosed resolutions were unanimously adopted at the 67th Annual Convention of the American National Cattlemen's Association. The American National represents thousands of individual cattlemen throughout the country and includes 38 State cattlemen's associations as well as hundreds of local and regional associations.

These resolutions are indicative of the increased concern on the part of the domestic beef cattle business of the alarmingly increasing amounts of beef and veal coming into this country. Knowing of your recognition of the needs and the contributions of the dynamic beef cattle business to the total economy, we respectfully call your attention to the enclosed resolutions.

Sincerely,

BROOKS KEOGH, *President.*

RESOLUTION ON IMPORTS, 1

Whereas imports on beef are at an alltime high; and

Whereas these heavy imports are seriously depressing our domestic cattle markets; and

Whereas a portion of these imports is of primal cuts which severely damage our domestic price structure; and

Whereas the production potential of beef in certain countries exporting beef to the United States is virtually unlimited; and

Whereas the American producers and feeders are obligated to pay high fixed costs associated with labor, land, local and Federal taxes, and other expenses over which he has no control, which are higher than those of his foreign counterpart; and

Whereas the stability of the American beef industry is essential to the growth and welfare of the entire American economy in all States; and

Whereas continued price depression will inevitably result in removal of capital from the United States to foreign points with concurrent employment losses; and

Whereas the American producer taxes himself to develop an expanded market for his product; and

Whereas in recent years the foreign producer has benefited from our expanded market out of proportion as compared with the benefits derived by our domestic suppliers; and

Whereas quotas so large as to be disastrous to the American producer and feeder, and unacceptable to the American public, may well set into motion restrictive forces which in the long run will have unfavorable impact upon exporting countries: Therefore be it

Resolved, That the American National Cattlemen's Association in convention at Memphis, Tenn., January 29, 1964, recommend to the Congress, the State Department, and the Department of Agriculture that quotas on imports of beef and beef products into the U.S. ports of entry be established with principal exporters at levels substantially less than those in recent years; and be it further

Resolved, That composition of imports be considered so as to embrace in future quotas cooked and cured meats and sharp reduction in importation of primal cuts; and be it further

Resolved, That should a growth factor be involved in any negotiations, it be at substantially less than the full amount, a provision to encourage the American producer on a continued basis to use his own funds, time, and energies to develop the domestic market for beef and use of our surplus feeds; and be it further

Resolved, That copies of this resolution be sent to the President, Members of Congress, the Cabinet, and all affected agencies, Government and non-Government, together with heads of government of exporting countries.

RESOLUTION ON IMPORTS, 2

Whereas our present import duties on beef products are inadequate as a protection for our domestic cattle industry; and

Whereas the duties on beef and beef products are scheduled for consideration at the upcoming trade negotiations at Geneva this year: Therefore be it

Resolved, That we urgently request our negotiators at Geneva entirely to delete beef and beef products as items for consideration at the forthcoming negotiations.

RESOLUTION ON LABELING

Whereas meat imports are becoming a substantial supply of our meat consumption; and

Whereas the American consumer needs to be made aware of the origin of such products: Therefore be it

Resolved, That the American Cattlemen's Association in convention at Memphis, Tenn., January 29, 1964, demand that proper legislation be enacted to insure labeling of all imported meats and meat products as to their point of origin.

FEBRUARY 13, 1964.

Hon. Senator BURDICK.

DEAR MR. BURDICK: I want to commend you and Senator Mansfield for your new beef import bill which would take the past 5-year average instead of the 2-year average the Agriculture and State Departments settle for. In the best interest of our State and our agriculture industry if something is not done to limit the import of this foreign beef it will certainly have an effect upon our agriculture industry which already has felt the effects of this high import of beef these past 2 years.

I believe that a lot of our farmers who have been raising mostly cash grain crops have started to convert to feeding and raising more cattle and these depressed prices will have its effect upon them. It will destroy the small farmer-feeder, and will enlarge the commercial feeder when the line of profit is small or not any. Our agriculture industry is one of the most important industries and it certainly should be protected from foreign markets which can produce beef much cheaper than we can.

We want to thank you, and if there is anything we can do to help in getting this bill passed we will certainly try and do our part. Please keep us advised on this bill.

Sincerely,

LESLIE T. CONNELL,
President, North Dakota Grazing Association.

The CHAIRMAN. Thank you very much, Senator Burdick. The next witness is Senator Len B. Jordan. We are pleased to have you before our committee again, Senator Jordan. Please have a seat and proceed.

STATEMENT OF HON. LEN B. JORDAN, A U.S. SENATOR FROM THE STATE OF IDAHO

Senator JORDAN. Mr. Chairman, members of the Finance Committee, I appreciate the opportunity to appear before you today in support of the reduction of quotas on the imports of beef, veal, and mutton into the United States.

No matter what argument may be given for the overall favorable balance of trade the United States has with the rest of the world, the fact still remains that for the past few years, foreign trade policies of the United States have worked to the disadvantage of the economy of many of the 50 States, including my State of Idaho. It was just about a year ago that I last appeared before this committee in a similar situation dealing with the depressed lumber industry in my State. I am here today to present to you Idaho's case for urging that some sort of restriction be imposed on the imports of beef, veal, and mutton into this country.

Cattlemen all over the country are gravely concerned about the current low level of beef prices. And they have cause for such concern. There are several reasons for the currently low level of beef prices which I shall discuss briefly.

First. One important reason is the expansion of cattle numbers which has provided the basis for a substantial increase in annual beef production. And, in this same connection, the cattle going to market weigh more. This is true because a cattle feeder, when prices are low and he faces a loss on the sale of his cattle, is inclined to hold them on feed a little longer in the hope that the prices will rise in the meantime and he will recoup some of his losses. Moreover, when the prices of cow beef are depressed, the dairyman will keep a "border" cow that should be culled from the herd, and the beef cattleman will be inclined to keep his aged cows another year--simply because the salvage value is too low.

Second. The seasonal pattern of beef prices through the years—at least during the 1950's—shows relatively low prices existing toward the end of each year. Therefore, the approach toward a cyclical low has probably been coinciding with a seasonal low.

Third. Furthermore, supplies of pork are at a cyclical high. This tends to lower the price of pork providing the basis for a further softening of beef prices.

These three factors are normal hazards of the livestock business and, back through the years, have brought about wide swings in prices which eventually stabilize in the free and unregulated climate of the marketplace. In this area, livestock producers work out their own problems.

Fourth. A fourth factor of increasingly greater concern and outside and beyond the area of self-help for the industry is the ominous factor of foreign imports. This is the one area in which producers and feeders are helpless. No effort on their part can bring relief. More and more meat and meat products are being imported to this country. However, at the same time other countries, notably the members of the Common Market and the United Kingdom, have been imposing restrictions on their own meat imports.

Mr. Chairman, the livestock people do not ask Congress for handouts or for subsidies. But, because it lies beyond their power to change the rising import picture, and because help from the executive branch is too little and too late, stockmen must ask the Congress to deal with this matter.

Across the country, 1963 was a good crop year. But the U.S. Department of Agriculture reported farm income declined 3 percent while at the same time the general consumer income climbed 5 percent. And the Department of Agriculture is predicting that agricultural income will take another plunge this year. The estimate is a further decline of 5 percent. Why is this further decline predicted?

The sickness of the livestock industry is largely responsible—and something must be done about it.

In a survey made by the University of Idaho in 1960, it was determined that the capital investment in our State in the beef cattle industry was $441 million, including land, buildings, machinery, feed, supplies, and cattle. Our sheep industry in Idaho is carried on by some 2,000 owners with a similar capital investment of around $150 million. These capital investments for cattle and sheep operations in Idaho furnish much of our property tax base, which maintains our schools, road system, and county governments. The cattle and sheep industry is an integral part of our whole economy. Particularly since 65 percent of the State of Idaho is owned by the Federal Government, we in my State must maintain and enlarge our tax base. We cannot long afford to have an industry as basic as the livestock industry in a depressed condition. The recently passed tax cut—even if it were twice as large—could not possibly give a big enough boost to the Idaho economy to offset the effects of the depressed livestock industry.

Last week I placed in the Congressional Record a letter from one of my constituents who is suffering badly in the livestock business. In summary, he wrote me that he is losing $56.40 a head in his present operations this winter, and he is no exception. As a matter of fact, I would say that his situation is about the same as that of many of the feeders in my State, and I want to emphasize that losing $56.40 per head per year soon puts a man out of business. Also, it should go without saying that he would not be the only one hurt by his personal loss. The livestock industry is the basis for many jobs in my State, those both directly and indirectly connected with it.

Mr. Chairman, I know the livestock business. I was in it for years, and I understand what these people are up against. In the Omaha livestock market, the largest and most important in the United States, the average price of fat steers during the week ending February 6 was down 15 percent from the level of the same week in February 1963. The average price of feed heifers was down 12½ percent. And, most cattle feeders say they lost money—or just barely broke even—on cattle they sold a year ago in 1963. The situation is much worse today.

But this situation did not develop recently or abruptly. It has been growing worse for some time. The first big increase in meat and meat products imported into this country came in 1961. Since that time, these imports have increased dramatically, to the point where in 1963 we imported some 1,750 million pounds of foreign beef alone. One and three-quarter billion pounds of beef is a great deal of beef, and amounts to about 11 percent of our total domestic consumption.

Depending on who does the calculating, it is the equivalent of between 3,500,000 and 4 million cattle on the hoof. Had those animals been produced entirely in the United States, they would have consumed more than 20 billion pounds of feed grain equivalent, mostly surplus feed grain. Moreover, had those cattle been produced in this country, the process would have provided more than 100 million additional man-hours of gainful labor in a nation which is fighting a serious unemployment problem.

Also, experts advise us that we have in this country some 50 million acres of farmland in excess to our present needs. The feed reqiured to produce 1,750 million pounds of beef would make a sizable reduction in this excess farm acreage.

A year ago, in order to provide effective protection of the livestock market for the American producer and feeder, I joined with the Senator from Wyoming, Mr. Simpson, in cosponsoring corrective legislation. Our bill was introduced on January 28, 1963, and would impose additional duties on cattle, beef, and veal imported each year in excess of annual quotas. This bill, S. 557, which is still pending before this committee, has received adverse reports from the Departments of Agriculture, Treasury, Commerce, State, and the Bureau of the Budget, and no action has yet been scheduled on it by this committee. We were told by these executive agencies that imports have little effect on prices.

As we all know, most of the imports into this country which are hurting our domestic industry are those coming from Australia and New Zealand. On February 17 of this year, the Secretary of Agriculture announced that the United States had reached agreements with these two countries which provide for a small cutback in imports in the first year of the agreement.

These agreements, however, actually freeze imports at the high volume which triggered the present situation, and they fasten on our livestock men the very situation which has brought them to the condition they are now in.

The growth factor in these agreements imposes another intolerable burden. Last year, the Agriculture Department forecast an annual growth in the U.S. market at only 3 percent. And yet, in these agreements, the growth rate as applicable to imports from Australia and New Zealand is figured at 3.7 percent. This is inconceivable to me, because what our Government is doing is guaranteeing to these importers a steadily increasing share of our domestic market in the future.

This is a good deal for our neighbors "down under." But it is a very bad agreement for our domestic livestock industry. Stockmen are aroused. They regard it as a "sellout" of our own industry, and they are entitled to relief.

I should like to quote from a newspaper article published in Australia, which indicates that the Australians believe they made a fine bargain when they induced us to enter into trade agreements with them to import their meat. The headline of the article is "Meat Pact With United States Announced," and the subhead reads as follows: "Australia and New Zealand Have Signed 3-Year Meat Agreements With the United States Which Temporarily Restrict Their Exports Slightly, but Allow for Progessive Increases."

The article itself states in part:

The Minister for Trade, Mr. J. McEwen, commenting in Canberra last night, said the agreement met fully Australia's objectives in the negotiations.

But, Mr. Chairman, it certainly did not meet the objectives of the cattle-producing industry in the United States. I would like to have this entire article reprinted at this point in my testimony.

(The article referred to follows:)

TEMPORARY LIMIT: MEAT PACT WITH UNITED STATES ANNOUNCED—AUSTRALIA AND NEW ZEALAND HAVE SIGNED 3-YEAR MEAT AGREEMENTS WITH THE UNITED STATES WHICH TEMPORARILY RESTRICT THEIR EXPORTS SLIGHTLY, BUT ALLOW FOR PROGRESSIVE INCREASES

The Minister for Trade, Mr. J. McEwen, commenting in Canberra last night, said the agreement met fully Australia's objectives in the negotiations.

The United States is Australia's best market for meat, taking about 70 percent of all our exports last year for a return of 70,000 pounds.

Under the agreements the 1964 import figures set for Australia and New Zealand represent a cutback of about 6 percent from the record year of 1963.

Mr. McEwen said the agreement covering Australian exports represented a new phase in the trading relations with the United States.

The agreement, announced yesterday, follows discussions which began in the United States in January after American beef producers complained that foreign supplies were damaging their markets.

QUOTAS TO INCREASE

The agreement limits Australian exports of beef, veal, and mutton to 242,000 tons in 1964, compared with shipments of 132,000 tons, 221,000 tons, and 257,000 tons in each of the past 3 years.

But Australia's quota will rise to 251,000 tons in 1965 and to 260,000 tons in 1966.

In eacl ucceeding year the increase is to correspond to the estimated rate of increase the total U.S. meat market, at present put at 3.7 percent annually.

Under the agreement, Australia undertakes to—

Use its best endeavors to limit its exports to the United States, of the better quality cuts, such as steaks and roasts, to about the current proportion of present exports to the United States; and

Maintain the present relationship between beef and mutton exports.

The agreement is for an indefinite time, but is subject to review every 3 years. Either Government may end it at the end of a calendar year on 180 days' notice.

The agreement with Australia covers beef, veal, and mutton in all forms other than canned, cured, and cooked meats and live animals.

The agreement with New Zealand covers only beef and veal.

New Zealand has agreed to limit its exports in 1964 to 103,000 tons, in 1965 to 107,000 tons, and in 1966 to 111,000 tons.

In an exchange of letter with the U.S. Government, the Australian Ambassador, Sir Howard Beale, accepted the limits on the understanding that Australia's access to the U.S. market was not restricted by an increase in duties.

Mr. McEwen said in Canberra yesterday it was the first time the Australian meat industry had secured a firm assurance of continued access into the U.S. market.

The industry also had a guarantee that it would enjoy a proportionate share of the rapidly expanding American market, which over the past 10 years had grown by about two-thirds.

Mr. McEwen said that in recent years the United States had become Australia's major market for beef and mutton.

Over the past 6 years Australian exports of these commodities to the United States had grown from virtually nothing to about 70,000 pounds in 1963.

These exports of beef represented about 87 percent of Australia's total beef exports and the beef and mutton together about 70 percent of all Australian meat exports.

"Because of the predominance of the U.S. market in our meat exports it is of tremendous importance to all sections of the Australian industry that continued access to this market should be secured and that prices should continue to be profitable," Mr. McEwen said.

BREAKTHROUGH FOR EXPORTERS

Mr. McEwen said the provision for growth in the world's largest meat market represented the first major breakthrough for agricultural exporting countries in their fight to get an assurance of expanding access to major world markets.

The precedent established in the United States would be important to Australia and other meat-exporting countries.

It would help them in their efforts in the meat group of the General Agreement on Tariffs and Trade to negotiate improved conditions of access to world markets as part of the Kennedy round of international trade negotiations.

The United States had shown by example that practical arrangements could be worked out which would assure agricultural exporting countries of expanding access to world markets while taking into account the problems of domestic producers.

The Minister for Primary Industry, Mr. C. F. Adermann, said the agreement would give added confidence to meatworks proprietors, who had to spend more to meet new U.S. inspection requirements.

Senator JORDAN. Mr. Chairman, I mentioned a few moments ago that the soundness of the livestock industry is an integral part of our whole economy, and its depression affects the jobs of many people only very indirectly involved. I should like to make another point which should be given careful consideration.

The President has only recently set up a group, headed by Mrs. Esther Peterson, to be a watchdog for the protection of the American consumer. By and large, this idea has some merit, and I would suggest to this group that one of its first duties might be to look into the quality of the imported meat, particularly the frozen and canned varieties, which is coming into this country.

We know that cheap-quality meat comprises the bulk of our meat imports. I believe it is highly unethical for some processors or packers to mix this inferior meat with good quality U.S.-produced meat as a cost-cutting device, leaving the customer oblivious to the fact that what he is purchasing is a mixture when he assumes that it is not. Any meat or meat product, either wholly or partly comprised of imported meat, should be clearly marked so that the consumer will know exactly what he is buying.

It is my belief that if Americans knew what they were buying, they might buy considerably less of it. Requiring the labeling of meat imports with the country of origin might go a long way toward cutting down the growing imports of meat into this country.

Mr. Chairman, by and large I believe that the best legislative answer to our meat import problem would be the passage of S. 557, which I previously mentioned. But I am not too proud to accept other action. I am appearing before you today to urge only that some action be taken by this committee dealing with this problem. I am, and have been, willing to back any proposal which would offer adequate relief from our present situation.

In addition to my sponsorship of S. 557, I cosponsored the Hruska meat import amendment to the wheat-cotton bill, H.R. 6196, which only failed to carry by two votes in the Senate last week. I have joined with Senator Hruska in his bill, S. 2612, and his identical amendment to H.R. 1839, being considered by you today, which would roll back livestock and meat imports to the 1960 level. To have all avenues covered, I have also joined with Senator Mansfield in his bill, S. 2525, and his identical pending amendment.

I only urge that this committee give favorable consideration to the most effective plan for a workable solution to the plight of our livestock industry brought about by foreign imports.

(Senator Jordan subsequently submitted the following for the record:)

COTTONWOOD, IDAHO, *March 11, 1964.*

Senator LEN JORDAN,
Senate Office Building,
Washington, D.C.:

Suggest years 1957 to 1961 as 5-year period for determining amount of meat imports.

LEO H. NUTTMAN,
Director of Idaho County Cattlemen's Association, Keuterville, Idaho.

TWIN FALLS, IDAHO, *March 12, 1964.*

Hon. LEN B. JORDAN,
U.S. Senate,
Washington, D.C.:

DEAR LEN: 70 ranchers, broadly representing Magic Valley, Monday night, wholeheartedly endorsed Mansfield amendment No. 465 to House passed bill H.R. 1839.

Temporary committee: Jerry Callen, Ray Bedke, Bob Brailsford, Joe Hansen, Don Ramseyer, Noy Brackett, George Juker, Ralph Olmstead, Joe Wurst, Curtis Eaton.

LEWISTON, IDAHO, *March 11, 1964.*

Senator LEN JORDAN,
New Senate Building,
Washington, D.C.:

Beef imports in the last 3 years have ruined the cattle industry in the area. It is important that imports be cut back at least to the year prior to 1962. In order for the industry to survive.

NEZ PERCE COUNTY CATTLEMEN'S ASSOCIATION,
WALTER WOOD, *President.*

COTTONWOOD, IDAHO, *March 11, 1964.*

Senator LEN B. JORDAN,
Senate Office Building,
Washington, D.C.:

We strongly urge cutback of beef imports of 1961 and prior levels. This is necessary to save the local livestock industry.

ELVIN H. TACKE,
President, Cottonwood Chamber of Commerce.

STATEMENT OF HON. PETER H. DOMINICK, A U.S. SENATOR FROM THE STATE OF COLORADO

Senator DOMINICK. Thank you, Mr. Chairman. It is a privilege for me to be able to come here and testify before you.

Mr. Chairman, the situation in which the domestic livestock industry finds itself today is perilous and unless quick and effective remedial action is taken by this committee and this Congress, this situation will become worse. It is my belief that the provisions of amendment 467 to H.R. 1839 are sufficiently important to warrant rapid and favorable action by this committee in order that we may prevent further economic catastrophe from striking our domestic meat industry.

I have had the opportunity of reading the statement on this matter made by my senior colleague, Senator Allott, and wish to associate myself with his detailed and factual argument. As he points out very clearly, the effect of declining livestock prices is an extremely serious matter to a State such as Colorado which marketed over 1½ million head of cattle in 1962 alone.

The seriousness of this situation to the cattle and livestock producing western part of our Nation is further pointed up in a telegram I received from the Governor of Colorado last week. Governor Love states in his telegram, which I would like included, if I may, in the record at the conclusion of my statement, that the estimated losses in livestock marketing to Colorado's economy resulting from excessive meat imports is $50 million in 1963. He further points out that the loss of this basic income results in an overall dollar loss to the Colorado economy of $200 to $300 million, and that unless steps are taken now to prevent further deterioration of the market, the effects will be even more disastrous in 1964.

I might add at this point, Mr. Chairman, that during a meeting with the livestock industry in which all segments were represented and our Governor in Colorado, it was estimated that the direct loss based on a $34 million loss to Colorado would be naturally between $2 and $3 billion a year. This is only the direct loss, not counting the related losses to other industries. So with this estimate having been raised to $50 million, and with an overall loss of $200 to $300 million in Colorado alone, I think you can see naturally what this may involve.

The economy of Colorado, or of any other State for that matter, cannot afford to take such staggering financial setbacks every year. Such a loss is obviously not restricted to livestock producers alone, but multiplies and affects the feeders, the merchants, the bankers, and consequently, the entire community.

The executive agreements on meat imports made between this administration and the Governments of Australia, New Zealand, and Ireland have placed the domestic meat producer in the position of being forced to accept foreign priority in certain areas of a domestic market. I strongly objected to these agreements at the time they were announced, as did many of my colleagues, on the grounds that they would hamstring our own producers while guaranteeing a large slice of our market to foreign producers. No other nation in the world, that I am aware of, creates such difficulties for its own economy through executive agreements. It is all well and good to aid foreign nations in their efforts to become economically independent and strong, but it ceases to be a sensible thing to do when it weakens our economy.

It has been suggested that such agreements are in line with our foreign policy as enunciated by the Department of State and that we should, therefore, not adopt a parochial attitude on this issue. Perhaps this is the case, but it certainly seems strange, if not incomprehensible, that the State Department should have the power to implement a policy so potentially devastating to our internal, domestic economy. The State Department has certainly become as powerful as the Congress itself if this is the case.

I would like to mention also that I have received a statement in the form of a resolution from the Colorado Cattlemen's Association which I would like to have included in the record at the conclusion of the statement. This organization represents over 4,000 cattle producers who are bearing the initial brunt of the loss to our economy through declining livestock prices.

I might say at this point, Mr. Chairman, that I have another telegram from the Governor of the State of Colorado which arrived just last night, and I would also like to have this included as a part of my statement. In this he urges the adoption of amendment 467, if possible, but if not, he also says he would like any restriction below the 1962-63 import levels adopted and included as an improvement over the existing situation.

The CHAIRMAN. Without objection.

Senator DOMINICK. Now, Mr. Chairman, early last year I joined a group of my distinguished colleagues in cosponsoring S. 557, to amend the 1930 Tariff Act to impose additional duties on cattle, beef, and veal imported each year in excess of an annual quota. The departmental reports were all adverse. All of them suggested that domestic producers are eligible to seek relief under the Trade Expansion Act of 1962. At the very most, relief under this act would not only be inappropriate for the livestock industry but inadequate and undesirable. Briefly, I shall try to outline the reasons why I say this.

At the outset, I should make it clear that I opposed the passage of the Trade Expansion Act of 1962 while a Member of the other body. The act imposes no requirement of any kind that a foreign country must reduce its trade restrictions on comparable goods or items in return for our reductions. The act has done nothing to increase employment in this country and, in fact, has been a detriment to many affected industries. Even so, we have had some experience under title III, section 301, of the act. The following parties have petitioned the U.S. Tariff Commission for relief: Lumbermen's Economic Survival Committee (softwood lumber), New Jersey Zinc Co. (unmanufactured zinc, certain workers), Hatters' Fur Cutters Association of U.S.A. (hatters' fur), American Fine China Guild (chinaware), American Ceramic Products, Inc. (china dinnerware), U.S. Potters' Association (earthenware), Publicker (whisky), Philco Corp. (transistor radios, certain workers involved), U.S. Steelworkers of America (iron ore, certain workers involved), Textile Workers Union of America (corded cotton sheeting, certain workers involved), Industrial Biochemicals, Inc. (sodium gluconate).

Mr. Chairman, I should say right here that I am reciting these solely to indicate the scope of the problem which this country as a whole is involved with in implementing the trade and tariff—the tariff reduction provisions of the trade act.

None of these parties, not a single one, have been able to obtain an iota of relief. Not only is the law tightly worded, but the Commission has adopted rules and policies which make recovery or any kind of remedial action virtually impossible. The pertinent rules of the Commission read as follows:

SEC. 206.10 CONTENTS OF PETITION.—A petition under this subpart B shall include concrete information in support of petitioners claim that, as a result in major part of concessions granted under trade agreements, the named or described foreign article is being imported in such increased quantities as to cause or threaten to cause serious injury to the domestic industry producing the named or described domestic article.

That is the first thing you have to put in the contents of the petition.

Then under section 206.14, you have the following provision:

* * * that increased imports * * * have resulted in major part from trade agreement concessions (b) * * * factors * * * causing * * * serious injury and (c) * * * the extent to which increased imports of the named or described article are believed to be such a factor.

The Commission has held that all three of the above-mentioned standards must be found or no affirmative relief can be given. In the Petition for Adjustment by American Ceramic, Inc.; T.C. Pub. 85, page 5 (1963), the Commission held that:

* * * If the Commission finds in the negative with respect to any one of these three requisites, it is foreclosed from making an affirmative finding.

Moreover, in the petition of Softwood Lumber, T.C. Pub. 79, page 5 (1963), the Commission held that:

* * * Unless the Commission finds that the concessions are, in fact, the major cause of the increases in imports, it is foreclosed from ultimately making an affirmative finding, irrespective of the contribution which the increase in imports makes toward causing or threatening serious injury to the industry.

Nowhere in the act or the Commission's regulations is it stated that all three factors must be present. So we can only conclude that the Commission has imposed these additional requirements on its own. The effect is to deny relief to almost any industry or affected party.

In fact, the Secretary of Agriculture has already admitted that the act would not be available to the livestock industry in most instances.

But even more significant is the fact that the livestock industry has through many years maintained its independence and its freedom from Government subsidies. It is the last major segment of our agricultural community which has not been forced to knuckle under to Government supply-management control. The Agriculture Department is always quick to point out that they are not suggesting any kind of subsidy program for the livestock industry. However, if our livestock people are forced to go to the Tariff Commission for relief, this would be the first step in that direction.

This is a proud industry—one of the last vestiges of our pioneer spirit. They are being "sold out" by virtue of the agreements negotiated by our State Department with Australia, New Zealand, and Ireland. We are not now asking for the protection that other countries afford their livestock industry.

In that connection again, Mr. Chairman, Senator Allott's statement sets forth the exact figures of the protection which is given to the livestock industry by Australia, New Zealand, and Ireland, and they are so far in excess of what we have, that there is no comparison.

As you all know, the United States is the only country in the world which has not erected trade barriers for the benefit of the livestock people. All we ask is that some reasonable restrictions be imposed which will allow our domestic producers to occupy and serve their fair share of our meat market. The unrealistic base years of 1962 and 1963 used in the recent trade agreements are a real blow to our cattlemen and sheepmen. They deserve far better treatment, and we can afford it to them by the early adoption of amendment No. 467.

(The documents previously referred to follow:)

PETER H. DOMINICK, DENVER, COLO., *March 11, 1964.*
Old Senate Office Building, Washington, D.C.:

Strongly urge the Senate Finance Committee to adopt amendment No. 467 to House Resolution 1839. Of approaches now pending before Congress amendment No. 467 would offer most immediate relief to livestock industry now suffering substantial losses in Colorado which in turn is creating serious losses to the entire economy of the State. State of Colorado would prefer the approach proposed in amendment No. 467 basing the quota on 1960 import levels. However, any restriction below the 1962-63 import levels would be an improvement over existing situation.

JOHN A. LOVE,
Governor, State of Colorado.

DENVER, COLO., *March 4, 1964.*

Hon. PETER H. DOMINICK,
Old Senate Office Building, Washington, D.C.:

Colorado's economy is being seriously affected by excessive levels of foreign imports of beef, veal, lamb, and mutton. Estimated losses in marketings were $50 million in 1963. Loss of this basic income to Colorado has resulted in an estimated $200 to $300 million loss in our economy. Outlook for 1964 even more disastrous unless relief obtained. Strongly urge that all efforts be made immediately to correct inequities. Suggest that realistic base period be selected for a quota and that appropriate legislation be enacted to offer reasonable protection thus minimizing losses to small businessmen, laboring force and general economy of Colorado, plus many other dependent industries and communities.

JOHN A. LOVE,
Governor, State of Colorado.

COLORADO CATTLEMEN'S ASSOCIATION'S STATEMENT BEFORE THE SENATE FINANCE COMMITTEE, MARCH 11, 1964

Colorado's cattle industry during the past 12 months has suffered conservatively a $45 to $46 million loss. In translating what this loss means to Colorado's general economy, again conservatively, it means a $230 million loss. A generally accepted thumbrule formula, developed by the economists for the Colorado Publicity and Advertising Department now know as the Colorado Department of Commerce and Development, advertising and publicity section, is that any new dollar received in Colorado that originates from one of our natural resources or from outside of Colorado, such as tourism, means $7 to $8 to Colorado's general economy, since each of such dollars turns over from seven to eight times. The cattle industry converts a natural resource of grass and feed crops into new wealth. Therefore, the loss of the cattle industry means a great loss to Colorado's economy. Again conservatively speaking, instead of using the ratio of $1 to $7 to $8 in trade, let us figure each dollar that is lost to the cattle industry means only to Colorado's general economy $5 (or each dollar only turning over five times).

Therefore, the $46 million loss to the cattle indutry means to Colorado's general economy a loss of $230 million. A loss that is suffered by the retailers, the wholesalers, the bankers, and most of all the laborers.

How is the $46 million loss determined? The agricultural statistics show that on January 1, 1963, our cattle inventory for Colorado amounted to 2,562,000 head. Excluding dairy cattle and the yearling cattle from this industry the loss amounts to the following:

	Each	Loss (millions)
Fed animals at market time	800,000	$32
Head of calves at market time	1,000,000	16
Cull cows at market time	200,000	8
Total	2,000,000	56

NOTE.—The preceding losses are determined on the following basis:

Fed cattle over the past 12 months have lost $4 per hundredweight or $40 per head—average weight 1,000.

Yearling calves over the past 12 months have lost $4 per hundredweight or $16 per head—average weight 400.

Cull cows over the past 12 months have lost $5 per hundredweight or $40 per head—average weight 800.

For the past several years the U.S. cattle numbers have been at an alltime high. During this period 4 percent of this total production was imported.

The American public during recent years has consumed the total domestic output plus the 4-percent importation at a fair market price to the feeder and consumer.

In 1962–63, imports jumped to a total of 11 percent of our total production, an increase of 7 percent in imports. In our opinion this 7-percent increase has definitely created a surplus in the total pounds of beef that can be consumed by the U.S. public. Such a surplus has placed the livestock producer, the feeder, and the packer at the mercy of the retail buyer and the price that he desires to establish. The price and loss received by the livestock industry during the past 12 months is ample proof that we do have a surplus. This surplus can be accredited primarily to imports for the following reasons:

1. That 7-percent increase of imports were definitely consumed by the U.S. public during the past 12 months.

2. While domestic cattle numbers have remained at an alltime high a great percent of these numbers are still being held in the feedlots or are being held on the range within our beef States yet to be consumed or marketed. Another reason why beef imports should be reduced to the 4-percent figure.

Following a detailed study on the effect that imports are having on Colorado's general economy and the livestock industry, summarized in the previous statement, the Colorado Cattlemen's Association's Board of Control took the following action: Be it

Resolved, That the Colorado Cattlemen's Association's 4,454 members unanimously urge legislation that would establish beef quotas on the average of beef imports over the past 5 years accompanied with a realistic adjustment of tariff rates; and be it further

Resolved, That the Colorado Cattlemen's Association favors the approach taken relative to imports as proposed by Representative A. S. Herlong's bill titled, "Meat and Meat Products Import Limitation's Act of 1964"; and, therefore be it

Resolved, That this resolution and statement be forwarded to Senator Peter H. Dominick and that he be respectfully requested to submit this resolution in the record during the March 11, 1964, import amendment hearings.

The CHAIRMAN. Thank you, Senator Jordan. We appreciate your testimony. Our next witness is Senator Dominick. Senator we are happy to have you, sir.

Senator DOMINICK. Mr. Chairman, that concludes my prepared statement. I did think, and I might say to Senator Talmadge in response to a question which he asked Senator Miller, as to whether or not Australia and New Zealand were sending imports in here because of added restrictions from the Common Market, that at least I have been informed reliably by members of the Agriculture Department and by people in the industry that the State Department, during the process of our support of England's entry into the Common Market, took the position that to the extent that this would hamper New Zealand's and Australia's exports to England, that the United States would assume responsibility and would absorb those added exports.

This apparently was a commitment which was made without knowledge or acquiescence certainly of Congress, and even though England was not admitted to the Common Market, I gather that the State Department still feels it is bound by this informal type of agreement which certainly Congress has not seen fit to enforce. So I did think that I would add that: that we are hooked by this effort made some time ago to get England into the Common Market, or at least this is one of the positions which the State Department seems to be taking.

Senator SMATHERS. May I ask a question of the Senator? Do you have any documentation or anything to this effect that we might make part of the record?

Senator DOMINICK. I wish I did, Senator Smathers. I do not. This is information which came to me, as I said, from some members of the Agriculture Department. It is backed only by articles that I have read in various trade journals, various newspapers, not referring to this but pointing out the shift in the destination of livestock exports out of New Zealand and Australia.

Senator SMATHERS. There obviously was a marked jump in the amount of imports at just about that particular time; that is, into the United States.

Senator DOMINICK. Plus a diversion from England.

Senator SMATHERS. That is right. The other side of the coin; diversion from England.

The CHAIRMAN. Are there any questions?

Senator CARLSON. Mr. Chairman, I just want to compliment the Senator from Colorado for his statement and for the fact that he has called our attention again to the difficulty of getting some relief through the U.S. Tariff Commission in view of some of their regulations and rulings that they operate under. I think many of us in years past have had some experiences in appearing before them and asking for relief for industries that we were confident were injured, and I think that the Senator has rendered a real service when he mentions these regulations because it is a further indication the only way to get some relief is through congressional action.

Senator DOMINICK. Thank you. I certainly concur with that feeling.

Senator CURTIS. Mr. Chairman, I wish to join in complimenting the distinguished Senator.

Isn't it true that if any group were to properly present their case to the Tariff Commission, there would be an item of considerable expense in preparation for it?

Senator DOMINICK. There is absolutely no doubt that this is an extremely expensive and tedious problem and program.

Senator CURTIS. With practically no hope of a favorable result.

Senator DOMINICK. No; and I would say that even before we got the present act and the present Commission in, the lead-zinc industry has had specific findings from the Tariff Commission that imports have been seriously jeopardizing their industry, and we have never gotten any help out of it yet. So this is liable to happen to the cattle industry.

Senator CURTIS. And I commend the Senator for his opposition to the 1962 Trade Act. That was the first trade act that had as its intention, its admitted intention, to hurt the American economy. It admitted it, and it set up a special unemployment compensation system and also provided for other economic relief from the Government. Isn't that correct?

Senator DOMINICK. That is absolutely correct.

Senator CURTIS. It proceeded on a premise that it was out to injure this country, and you would be interested in knowing that in addition to opposing it in the Senate, I offered an amendment—the Senator was not here to vote for it—to hold imports of competitive agricultural commodities to the 1957 level. Quite a number of Senators voted for it. In 1957 we were importing 2½ percent of our beef production. It jumped way up in 1958 and 1959. It was back down to about 4.9 in 1960 or roughly 5 percent. But I also recall that when the feed grain bill was up in the spring of 1963, I offered an amendment to impose a 25-percent additional ad valorem duty or tariff on imports of livestock, meat and meat products, when they exceeded the 1957 level. The distinguished Senator from Colorado along with 27 other Senators supported me, and I commend you on your foresight on this thing.

This disaster did not occur overnight. The seeds have been sewn in months gone by. Do you agree on that?

Senator DOMINICK. I certainly do.

Senator CURTIS. Now, the national commander of the Veterans of Foreign Wars, a very distinguished gentleman, Joseph J. Lombardo, an attorney in New York, made a speech out at Hastings, Nebr., on the last day of February which was carried in the paper on March 1. The news report says:

> Taking note of depressed cattle prices and the large volume of beef imports, Mr. Lombardo said much of the beef served in the U.S. Armed Forces messhalls in Europe and adjoining areas is bought from Yugoslavia.

Yugoslavia under Tito is a Communist country. Isn't that true?

Senator DOMINICK. It certainly is. This is one of the things that I have been fighting along with the distinguished Senator from Nebraska ever since I have been in Congress, and it just does not make any sense to me at all.

Senator CURTIS. I thank the Senator.

Senator DOMINICK. I would like to say this to the Senator from Nebraska just as one additional thing. When the trade bill was being debated in the House, when I was then a Member of the House, I presented to several members of the House Ways and Means Committee and again tried to get it in on the floor an amendment which would say that we could not lower tariffs or reduce trade restrictions on an industry in this country until the comparable industry that was sending products into this country had a unit cost at least 65 percent of ours. This still gives them a 35-percent leeway, and you could not get it in because the other side took the position that this was a restriction on free trade.

Senator CURTIS. We used to have a tariff of 6 cents a pound on this category of meat we are talking about, and in 1948 under the trade agreement law they reduced it to 3 cents which compared to modern costs is not protection at all, isn't that right?

Senator DOMINICK. That is correct. Absolutely. Again I thank the chairman.

The CHAIRMAN. We thank you for a very able and clear presentation.

Senator DOMINICK. Thank you.

The CHAIRMAN. I see that Senator Fong is now in the audience.

STATEMENT OF HON. HIRAM L. FONG, A U.S. SENATOR FROM THE STATE OF HAWAII

Senator FONG. Mr. Chairman, I wish to support the amendment proposed by the distinguished senior Senator from Montana establishing the maximum quantities of meat products which may be imported into the United States.

In addition, I wish to propose an amendment to the amendment offered by my distinguished colleague, the able senior Senator from Montana. My amendment will authorize the President to establish the maximum quantity of meat products which may enter any of our ports of entry. This authorization is to prevent the dumping of excessive amounts of meat products by foreign meat producers at any of our ports of entry; for example, to prevent the dumping of excessive meat products into ports of entry such as Honolulu, Los Angeles, San Francisco, New York, New Orleans, or any other ports which may be convenient to the foreign shipper.

Mr. Chairman, in support of the general amendment offered by my distinguished colleague, the able senior Senator from Montana, I wish to say that recent imports of foreign beef into the United States have precipitated a serious crisis in our cattle industry. Beef production, we all know, is the most important single farm enterprise of our country. It stands No. 1 in terms of farm income, surpassing that of any other farm product.

U.S. Department of Agriculture figures show that in the last decade we have imported into the United States, to the detriment of our cattle industry, tremendous amounts of meat products from foreign countries. Beef imports have risen nearly 700 percent, from 267 million pounds in 1954 to the recordbreaking figure of 1.8 billion pounds in 1963. I ask that table 1, compiled by the U.S. Department of Agriculture, showing U.S. imports of cattle and beef compared with U.S. production, by year, 1954–62, be printed in the record at this point; 1963 figures have been added to the table.

Table 1 shows that beef and veal imports were only 1.8 percent of domestic production in 1954. By 1963 our beef and veal imports rocketed to 10.7 percent of our domestic production.

Mr. Chairman, about 80 percent of this tremendous increase comes from Australia and New Zealand. In 1958 these two nations shipped 201.4 million pounds of beef and veal into this country, and in 1962 they shipped over three times that amount—a staggering 655.3 million pounds. For the year 1963 I have the figure for only 8 months, from January to August. The 8-month figure is 482.3 million pounds, and if extended at the same rate would mean 723.6 million pounds for the year 1963. I ask that table 2, showing the total quantity of beef imported into the United States and the amount imported from Australia and New Zealand, 1958–63, taken from U.S. Department of Agriculture figures, be printed in the record at this point.

Table 2 figures show that the Antipodes area—Australia and New Zealand—supplied the United States with an overwhelming proportion of all imported meat products: two-thirds to four-fifths of the total in the years 1958–63.

In Hawaii, the cattle industry, well-established for over a century, has long been an important source of meat for our dinner tables and has furnished employment and income for many Hawaii citizens.

Next to our two primary agricultural commodities—sugar and pineapple—cattle ranks as the third leading Hawaii agricultural industry.

Beef production in Hawaii rose to 26.2 million pounds in 1963, an increase of 7.8 percent over the 1962 level of 24.3 million pounds, according to the Hawaii Department of Agriculture.

In the same 1962–63 period, imports of beef into Hawaii from Australia and New Zealand rose 22.2 percent, to the record level of about 16.7 million pounds. Over the past 10 years, these imports to Hawaii increased by more than 1,000 percent, from a total of 1.5 million pounds of carcass equivalent in 1954 to 16.7 million pounds in 1963.

In 1954, Australia and New Zealand beef represented only 4.6 percent of the State's total supply of beef, but in 1963 this figure had increased nearly six-fold, to about 30 percent. I ask that table 3, showing the State of Hawaii market supply of beef, compiled by the Hawaii Department of Agriculture, be printed in the record at this point.

This substantial increase in beef imports into Hawaii and other sections of the United States has wreaked havoc with our beef prices. In the Nation as a whole, as measured by prices of choice steer in Chicago, prices plunged $6 from $28.75 a hundredweight on January 23, 1961, to $22.75 on February 24, 1964.

Mr. Chairman, from these figures, it can clearly be seen that Federal legislation is imperative if we are to cope with the sharply increased imports of foreign beef which threaten to undermine our Nation's primary agricultural industry.

Congress needs to act. The executive agreements recently negotiated between the United States and Australia, New Zealand, and other countries, to limit the imports of beef, veal, and mutton into the U.S. market falls far short in helping our greatly distressed beef industry. These agreements are very inadequate, as the negotiated quotas are based on the high imports of the years 1962 and 1963, during which period there was a 17-percent increase in meat imports to this country.

Under these agreements, Australia and New Zealand will send 773, 801, and 803 million pounds to the United States in 1964, 1965, and 1966, respectively. These are excessively high import figures and if allowed to stand will have a most disastrous effect on our deteriorating beef industry.

Mr. Chairman, legislation authorizing the establishment of protective quotas on importing foreign meat products into the country is no different from the establishment of import quotas on sugar—another important American farm product—as well as other agricultural products. It is no different than imposing reasonable tariffs on hundreds of items of foreign manufactured goods. Their basic purpose is the same: to protect American industry and labor from destructive foreign competition. If protective quotas and tariffs are necessary to restrict foreign imports of many agricultural and manufactured products, certainly it is even more vital that our basic cattle industry be protected in the same way.

Under the Mansfield amendment, the total quantities of meat products which may be entered into the United States is limited to the annual average quantities of such products during the 5-year period ending on December 31, 1963. A proviso will permit an annual increase in foreign meat imports beginning in 1965 corresponding to the annual rate of increase in the U.S. market, as estimated by the Secretary of Agriculture.

According to USDA figures, the average annual quantities of imported foreign meat products for the 1959–63 period was 735.3 million pounds. This figure of 735.3 million pounds is the proposed quota for the year 1964, 333 million pounds less than 1963 level of 1 billion 68.7 million pounds.

The quota under the Mansfield amendment will represent 6.1 percent of domestic production, a reduction of nearly 3 percent from the 1963 figure of 9.0 percent. If the Mansfield amendment is not adopted, under the executive agreements imports of foreign meat products in 1964 will total about 1 billion 18.1 million pounds, or 8.4 percent of domestic production.

Mr. Chairman, as I ask for a quota for the importation of beef products, I am also wholly cognizant of the interest of our consumers. To the consumers who wish to have unlimited imports of meat products so that they might purchase more cheaply, I wish to point out that excessive importation of foreign meat products has destructive ramifications in other parts of our economy which vitally affect them.

An unrestricted flow of foreign beef imports into the country would seriously undercut, and eventually close down, many of our slaughterhouses and meat processing plants. It would hurt our fertilizer industry, our feed grain industry, our trucking industry, our food processing industry, as well as the banking, insurance, and marketing segments of our economy. Many employees in this interdependent and integrated web of economic activity would necessarily lose their jobs.

As the cattle industry is a basic farm industry, its collapse on the agricultural side of the economy may be comparable to the collapse of the steel industry on the industrial side. The havoc would certainly be widespread, and the economic losses would be great.

In such an integrated national economy as ours, there is little doubt that the consumer has a large stake in the success of our basic industries such as the cattle industry. So long as the cattle industry is thriving and profitable, the agricultural and, indeed, the national economy will grow and prosper. Its collapse could seriously undermine the national economy.

The importation of huge amounts of foreign beef certainly is not a stimulant to our economy. For foreign cattle producers do not employ American labor; they do not buy our feed grain and fertilizers; they do not use our slaughterhouses; they do not use our truckers; they do not invest in or borrow from our banks; they do not buy our insurance; they do very little to stimulate the national economy.

By protecting the cattle industry, the approximately 2 million workers engaged in cattle production, processing, marketing, and the millions of workers in all other allied fields also would be protected.

Besides being inadequate generally, these agreements recently entered into with Australia, New Zealand, and other countries are most inadequate from a regional point of view. They do not establish import quotas for American ports of entry. My city of Honolulu is the first American port of entry from Australia and New Zealand. We are therefore faced with a threat of the most serious proportions, as the agreements do not prohibit Australia and New Zealand from dumping, without limitation, their beef in Honolulu.

Australia and New Zealand may well keep within their quotas and yet be able to destroy our Hawaiian cattle industry by dumping substantial amount of their quota into Hawaii.

A port of entry quota is necessary if Hawaii and, indeed, other regional markets around ports of entry are to be spared the ravages of destructive foreign dumping.

Hawaii, as the only island State located in the mid-Pacific, is especially vulnerable to destructive flooding of the market by imported foreign beef. Our geographic location, which puts us directly in the path of the trade routes between Australia and New Zealand on one end and the mainland United States on the other, renders us an ideal spot for wholesale dumping of Australian and New Zealand meat products.

Hawaii is a pocket market whose economic structure is uniquely pregnable and defenseless against onslaughts of foreign dumping.

Unless a port of entry quota is imposed to stem the mounting importation of foreign beef into Hawaii, our beef industry will be left wide open to flooding, ultimately leading to the ruin and collapse of our cattle business, which now supplies 47 percent of our total consumption.

One of the effects of the tremendous increase of over 1,000 percent of beef and veal imports from the antipodes area to Hawaii in the last decade has been to seriously depress the market and reduce the prices received by Hawaiian ranchers from 42 cents per pound for grassfed steers and heifers to 32.5 cents. This 23.8 percent reduction in price has come while production costs for land, labor, supplies and marketing have continued to spiral upward.

Because of the limitation of area and the high cost of land in Hawaii, the cost of producing Hawaiian beef products has been predicated on the California price plus the freight differential from California to Honolulu. This higher priced Hawaiian market was a bonanza to the Australian and New Zealand exporters in two ways. Not only were Hawaiian beef prices significantly higher than west coast prices, the lucrative market was 2,400 miles closer.

Hawaiian cattlemen say they cannot possibly match the prices being charged for Australian and New Zealand beef—which wholesales in Honolulu for 10 to 15 cents less a pound than locally produced or mainland beef, according to 1962 figures.

My amendment will effectively stabilize and protect domestic beef markets located around American ports of entry such as Honolulu.

Under my amendment, the supply of beef and veal products from the antipodes will be limited to the 5-year, 1959–63 average, or approximately 13.3 million pounds of carcass equivalent. This would be a reduction of 3.4 million pounds from the 1963 figure.

As a supporter of a port of entry quota, I do not ask for an absolute prohibition of the entry of foreign beef; I ask only a reasonable limitation of such imports to a quota equal to the average annual quantity of imported meat products during the 5-year period ending on December 31, 1963. Such a quota is necessary to expand regional markets around our ports of entry. It will also help to keep meat prices at a reasonable level and assure our consumers of a dependable supply of good quality meat products.

Mr. Chairman, I urge that this committee give serious consideration to the amendment which I have proposed. Otherwise, Hawaii will be at the mercy of New Zealand and Australia in the dumping of beef. This only gives to the President the authority if in his estimation there has been excessive dumping of beef into a certain port of entry.

The CHAIRMAN. Thank you very much, Senator Fong, for a fine statement. Any questions?

Senator CARLSON. Mr. Chairman, I just wish to say that we appreciate very much the distinguished Senator's outstanding and comprehensive statement with regard to the beef imports.

Do I understand that 22 percent of the meat that is used in the Hawaiian Islands is from New Zealand and Australia?

Senator FONG. No. It has now risen to 30 percent. Whereas it used to be only 4.6 percent in 1954, it spiraled to 30 percent in 1963. Whereas we used to import 42 percent of our beef products from the mainland of the United States, we are now importing only 23.1 percent; so there has been a considerable loss of market by the mainland producers. Whereas Hawaiian producers used to supply 53.4 percent of our State market, now we only produce 47 percent because of the tremendous increase of imported meat products from Australia and New Zealand.

Senator CARLSON. In other words, the mainland of the United States lost about 50 percent of their market of beef in the last few years to the State of Hawaii.

Senator FONG. Yes.

Senator CARLSON. And New Zealand and Australia gained more than 50 percent.

Senator FONG. The percentage increase of imported meat products from the Antipodes area over the last 10 years into Hawaii was over 1,000 percent—an extraordinary growth which has had very deleterious effects on our State's cattle industry.

Senator CARLSON. Thank you very much, Senator Fong. That is all, Mr. Chairman.

Senator CURTIS. Mr. Chairman, I want to highly commend the Senator on his presentation here and the help he has given. I think there is a point that most of us have overlooked in your special amendment here, and I would like to say your amendment should be enacted, and I would favor it to be enacted into law on a mandatory basis rather than made permissive on the part of the President. But it is true that your amendment is in the best interest not only of Hawaii but all the United States. Isn't that correct?

Senator FONG. Yes, Senator, it is, because it could wreak havoc at our ports of entry. As you fully realize, meat products are a very unique item, unlike manufactured products, in that meat products require refrigeration and considerable care and expense in their transshipment. Therefore, Australian and New Zealand producers are dumping their meats at the port nearest the Antipodes area. Since Honolulu is 2,400 miles closer than San Francisco or Los Angeles, they can simply unload their meat products there and still be within the quota negotiated under the executive agreements.

Senator CURTIS. And whatever they dump there, if we have no legislation at all, Hawaii will be hurt disastrously, and it will also very seriously hurt the rest of the United States.

Senator FONG. Yes. Hawaii will not be able to import any substantial amount of beef from the U.S. mainland to supply our State market. Moreover, foreign meat producers can dump their quotas of meat products into any other U.S. port of entry. All ports of entry are vulnerable.

Senator CURTIS. Of course, they do not stop there. They are serving foreign imported meat in Omaha, the largest meatpacking center in the world.

Thank you very much, Senator Fong.

That is all, Mr. Chairman.

The CHAIRMAN. Any further questions?

Senator FONG. Thank you.

The CHAIRMAN. Thank you very much, Senator.

(The documents previously referred to follow:)

[H.R. 1839, 88th Cong., 2d sess.]

AMENDMENT Intended to be proposed by Mr. Fong to the amendment numbered 465 intended to be proposed by Mr. Mansfield (for himself and others) to the bill H.R. 1839, an act to amend the Tariff Act of 1930 to provide for the free importation of wild animals and wild birds which are intended for exhibition in the United States, viz:

On page 2, before the quotation marks at the end of line 11, insert the following: "Whenever the President deems it necessary in order to prevent the entry at any port of entry in the United States of excessive quantities of such products, he is authorized to prescribe, within the total quantities provided by this section, the maximum quantities thereof which may be entered at such port of entry during any specified period or periods."

TABLE 1.—*U.S. imports of cattle and beef, compared with U.S. production, by year, 1954–62—Cattle and calves and beef and veal*

[From the Congressional Record, Mar. 5, 1964]

Year	Imports				U.S. meat production [3]	Imports as a percentage of production	Per capita supply of beef and veal [4]
	Live animals		Meat	Total [2]			
	Number	Meat equivalent [1]					
	Thousand head	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*		
1954	71	35	232	267	14,610	1.8	91.3
1955	296	93	229	322	15,147	2.1	93.2
1956	141	43	211	254	16,094	1.6	96.8
1957	703	221	395	616	15,728	3.9	95.0
1958	1,126	340	909	1,249	14,516	8.6	90.1
1959	688	191	1,063	1,254	14,588	8.6	89.2
1960	645	163	776	938	15,835	5.9	92.8
1961	1,023	250	1,037	1,287	16,341	7.9	96.0
1962	1,232	280	1,445	1,725	16,311	10.6	96.7
1963 [5]	....	180	1,679	1,859	17,360	10.7	....

[1] Estimated at 53 percent of the live weight of all dutiable imports of cattle.
[2] Canned and other processed meats have been converted to their carcass weight equivalent.
[3] Total production (including an estimate of farm slaughter).
[4] Commercial beef and veal production plus beef and veal imports per capita.
[5] 1963 import data are preliminary.

Source: U.S. Department of Agriculture.

TABLE 2.—*Importation of beef to the United States, showing quantity imported from Australia, New Zealand, and total from all countries, 1958–63*

[In millions of pounds]

	Australia	New Zealand	Total imports	
			Product weight	Carcass weight equivalent
Beef and veal:				
1958	17.7	183.7	619.2	909
1959	224.0	161.6	722.3	1,063
1960	144.7	130.7	512.6	775
1961	233.9	154.4	689.2	1,037
1962	441.7	213.6	967.5	1,445
1963 [1]	309.9	172.4	722.5	1,087

[1] January to August.

Source: U.S. Department of Agriculture.

TABLE 3.—*State market supply of beef and veal*

[Carcass weight in thousands of pounds]

Year	Hawaii		Mainland [1]		New Zealand Australia [2]		Total
	Carcass weight	Percent of total	Carcass weight	Percent of total	Carcass weight	Percent of total	
1954	17,851	53.4	14,037	42.0	1,538	4.6	33,426
1955	19,445	54.5	13,738	38.5	2,474	7.0	35,657
1956	20,426	52.7	15,919	41.0	2,437	6.3	38,782
1957	22,788	54.0	14,678	35.0	4,631	11.0	42,187
1958	23,970	55.4	10,587	24.4	8,762	20.2	43,279
1959	24,749	52.6	10,838	23.1	11,425	24.3	47,012
1960	24,618	50.6	11,423	23.5	12,577	25.9	48,618
1961	24,960	48.4	12,254	23.8	14,330	27.8	51,544
1962	24,345	50.2	10,426	21.7	13,662	28.1	48,430
1963 [3]	26,235	47.0	12,883	23.1	16,694	29.9	55,812

[1] Includes beef for USDA school lunch program.
[2] Converted to carcass equivalent from import data on boned frozen beef, at 1.4[illegible].
[3] Preliminary data, subject to minor changes.

Source: State of Hawaii Department of Agriculture.

(For additional material submitted by Senator Fong, see pp. 167–170.)

The CHAIRMAN. The next witness is Senator Milton Young.

STATEMENT OF HON. MILTON R. YOUNG, A U.S. SENATOR FROM THE STATE OF NORTH DAKOTA

The CHAIRMAN. Have a seat.

Senator YOUNG. Thank you, Mr. Chairman and members of the committee. It is a pleasure to appear before you on legislation to curb beef imports. I want to thank you for considering this legislation at a most appropriate time when imports are of such great significance in the cattle industry. If I may, I would like to file my statement and just make a few brief comments.

The CHAIRMAN. Without objection. It will appear at the conclusion of your remarks.

Senator YOUNG. The largest and most important single segment of our agriculture economy is being ruined. Imports have doubled what they were 2 years ago. Fed cattle prices now are about half what they were 10 or 15 years ago. There has been a drop of from 25 to 30 percent in the last year. Prices are now at the point where many producers will go broke unless something is done.

To make matters worse, the future of the cattle industry would be very bad unless something is done to restrict imports. Increasing cattle production in countries from which we are receiving most of the imports is almost unlimited. Cattle production as you know can be greatly increased in Australia and New Zealand, Mexico, Canada, and also Central America. The cattle industry in the United States could absorb normal imports without being hurt badly, but we cannot stand these unlimited imports, which may well be the case unless something is done.

To make matters worse, much of our own land is coming out of land retirement programs. This will increase the pressure on cattle production. Presently, or, rather last year, we had some 31 million acres diverted from production under various land retirement programs. These programs probably will not be continued, especially this program, next year—this year this 31 million acres may well go back into production.

We have left about 21 million acres in the soil bank program. Some 7 million acres of this land will be coming back into production this year. Cattle, perhaps more than anything else, would probably be produced on this land. The future of producing wheat is not too good. The production costs are almost double what they used to be. The farmers are going to have to find some new means of utilizing this land. I never knew a farmer yet who left land idle because prices were low. He has high taxes, and he has a lot of money invested in equipment, so he has to produce something. In the Great Plains area where I come from, the natural thing for farmers to do when grain prices are poor is try to raise more cattle no matter what the price.

Mr. Chairman and members of the committee, I think it is very important that we do something to curb these beef imports. If we do not, I do not know what the future of the cattle producers in this country would be. Very dim indeed. It is so uncertain. You cannot tell how high these imports may go in the future years if nothing is done to curb them.

Mr. Chairman, I would like to have inserted as part of by remarks a telegram I received this morning from Mr. Karnes Johnson, president of the North Dakota Stockmen's Association, in support of this legislation.

The CHAIRMAN. Without objection, that may be inserted.

(The telegram referred to follows:)

VALLEY CITY, N. DAK., *March 11, 1964.*

Senator MILTON YOUNG,
Senate Office Building,
Washington, D.C.:

North Dakota stockmen's association in complete support of S. 2525 and urge passage at earliest possible date. Import agreement is only temporary relief and of insignificant benefit against staggering import potential therefore, urgently need legislation to fix permanent quotas to help stabilize domestic beef market.

Beef cattle industry of vital economic importance to North Dakota. High fixed costs and uncertainty of income have caused feeders and producers alike to run deficit last 2 years. Think it very unwise to jeopardize sound domestic industry for the purpose of enhancing foreign relations. Your all-out effort for passage of S. 2525 urgently solicited.

KARNES JOHNSON,
President, North Dakota Stockmen's Association.

The CHAIRMAN. Thank you very much, Senator Young.

Any questions?

Senator TALMADGE. Mr. Chairman, I would like to compliment the distinguished Senator on his statement. I have the honor of sitting with him on the Agriculture Committee. I do not think there is any more dedicated, hard working man serving the interest of America. It is an honor to welcome him to this committee.

Senator YOUNG. Thank you.

Senator SMATHERS. I would like to concur in those remarks, if that is permissible, too.

The CHAIRMAN. I would, too.

Senator LONG. I want to make it unanimous on this side of the aisle.

Senator CARLSON. Mr. Chairman, I am sure there will be no dissent on this side of the aisle. I do not know of anyone more familiar and hard working than the distinguished and able Senator from North Dakota. It has been demonstrated after years and years of service in this Congress.

I was interested in your comments about the price of cattle. It just happens here I have the Western Livestock Journal, February 27, published in Denver, Colo., and I had not realized this myself. This article states:

When the top on prime steers dropped to $22.25 in Chicago last week, it was the lowest paid since 1946 when OPA price controls were removed. The average cost of all steers purchased by packers at Chicago last week was $20.75 and was $3.28 below a year ago.

Now, the Senator mentioned a reduction. I do not know if he had even thought it was that low.

Senator YOUNG. Yes, I did, and in fact, my sons are in the cattle feeding business, and the price out there for prime steers last week was only $21 a hundred. And if this were the bottom, I would not be quite so concerned, but if imports are permitted to increase, and we have all these other high costs for production domestically, the prices could go much lower than this year before there would be a turn for the better.

Senator CARLSON. Is it not a fact that last year the agricultural income was down at least $400 million as a result of reduced livestock prices?

Senator YOUNG. Yes. This is a most important segment of our whole agricultural economy. Even in my State where wheat is the biggest source of income, cattle is the second.

Senator CARLSON. Is it not true also that the cattle industry reaches into small operations. There has been some testimony around here—I heard it yesterday—that there were oil operators and multimillionaires in the cattle business, and one would gather from some of the testimony that they were the ones that were not only responsible for the great increase in number of cattle, but is it not true that there are small operators, family-sized farms, that are in the cattle business, and it reaches literally hundreds of thousands of people?

Senator YOUNG. This is very, very true. Cattle is an important part of the operation of all small farmers in my State. Indeed, there are very few farmers that do not have any cattle at all. They usually have a few head of cattle, and diversified farming has been their mainstay.

Senator CARLSON. That is all, Mr. Chairman.

The CHAIRMAN. Senator Curtis.

Senator CURTIS. I wish to commend you very highly for your presentation here, Senator Young. Now, you have mentioned land retirement and the small farmer. Isn't it true that our smallest farmers who keep going usually have a few cattle and a few hogs to sell every year?

Senator YOUNG. That is true. They used to have a few chickens, too.

Senator CURTIS. Now, take the farmer who sells nothing but grain. With the exception of wheat, primarily who can the grain farmers sell to? Who is the ultimate consumer of this product? It is the feeder; isn't it?

Senator YOUNG. That is correct.

Senator CURTIS. And beef produced abroad is a detriment to our grain farmer who has no livestock; isn't that correct?

Senator YOUNG. Yes; that is absolutely right. You have a problem of about 50 million acres diverted from crop production here now, and if we increase imports from foreign countries, what we are actually doing is adding the equivalent of additional acres to production here and taking more of our own out of production which just does not make sense.

Senator CURTIS. That goes clear across the board—hay, alfalfa land, cornland, oatland, and everything, doesn't it?

Senator YOUNG. That is certainly correct.

Senator CURTIS. That is all.

The CHAIRMAN. Senator Long?

Senator LONG. I was just thinking about this part of it, Senator Young. It seems to me once in awhile we ought to be looking down the road as to where we are going with our trade policies, and with the kind of aid program that we have had to help countries to industrialize and mechanize, a lot of these nations with low wage costs are becoming able to produce a great number of things, even good electronics equipment, cheaper than this Nation. So over a period of time would it not appear that we are going to have to decide which industries we wish to keep in business, and protect those based on the things we want to produce for ourselves and what we think we should export and let the increase in imports come in those areas where we would think it made better sense for the other fellow to produce them?

Now, if that is the case, isn't food one of the things that this Nation would be best in position within the next 15 or 20 years to help the rest of the world with its problems, with the population explosion that is occurring in all these undeveloped areas? There are a lot of things they can produce without much land, but that is one thing the good Lord is not making anymore of, and so it would make good sense that we should produce, insofar as possible, our requirements of food and export a surplus of that. These people, if they are going to produce food, in the main it would make sense to this Senator—

and I would ask if you tend to agree with this—if they ought to export to areas like Japan, Western Europe, to these overpopulated areas where these people are not able to produce enough food to meet their requirements.

Senator YOUNG. I do not know anything that would be more important to the future of this Nation if we want to remain a great nation and leader of the world than to continue to be able to produce our food requirements plus some exports. Not very many countries in the world remain great for long when they become short of food. We are going to have to make a basic decision as to what commodities we are going to protect against excessive imports. We cannot compete with cheaper labor, cheaper taxes, and cheaper land of foreign countries with respect to cattle and many other things we produce in the United States.

Senator CURTIS. One brief question: As the foremost student of agriculture in the Senate, I mean that sincerely, I would like to ask you——

Senator YOUNG. Thank you.

Senator CURTIS. Do you think that this depression in prices was directly caused and in a major way by the imports?

Senator YOUNG. Yes; I do almost entirely. It is true that we have been increasing our production some here, but we have been increasing the consumption of meat a great deal, too. So we already had a saturated market not only of beef but pork and poultry as well, and when you have a substantial supply of any perishable commodity—the Senator from Virginia knows with apples—if you have a 5-percent surplus, you have a depressed price, and if you have a 5- or 10-percent shortage, you have good prices. And this is what happened with beef. We already had a saturated market. It did not take much increased imports to wreck prices.

The CHAIRMAN. Thank you very much, Senator Young.

Senator YOUNG. Thank you.

(The prepared statement previously referred to follows:)

STATEMENT OF SENATOR MILTON R. YOUNG, REPUBLICAN, NORTH DAKOTA, ON S. 2525, THURSDAY, MARCH 12, 1964

Mr. Chairman and members of the committee, I am gratified that you are holding hearings on amendment No. 465 to H.R. 1839, a measure which, if adopted, will restrict imports of beef, veal, and mutton into the United States. This legislation is aimed at providing a measure of stability to the domestic livestock industry, stability which, under present conditions, cannot be attained within the framework of a free, economically sound industry. As a cosponsor of this proposal, I urge that it be favorably reported to the Senate with the least possible delay.

As the biggest and most important segment of our agricultural economy, meat production has always been a healthy industry. Cyclical changes have resulted in price difficulties in the past, but internal adjustments have made it possible to restore the earning capacity and forward momentum. The American cattleman is now faced with a situation which has prevented him from taking part in the general advance of the economy. In fact, through no fault of his own, he is now watching his returns decline and is faced with further income losses if prompt action is not taken.

This situation is brought about by the rising level of imports of meat and meat products. In 1960 imports of fresh chilled or frozen beef amounted to 414 million pounds. This rose to 816 million pounds in 1962, and in 1963, 960 million pounds of foreign beef of this type entered the United States. Total beef imports in 1963 represented 11 percent of the domestic consumption. This great increase in the level of imports and the possibility of further market losses is, indeed, cause for concern among the cattlemen of America.

The present high level of imports is not a phenomenon which will disappear with the passage of time. Three of the four leading exporters of fresh carcass beef, Australia, New Zealand and Mexico, have vast areas in which to expand their industry. Further, there is room for great improvements in the technology of animal agriculture of these nations. This is the same technology that has been employed in our domestic industry for years, and it is now rapidly becoming a part of the operations in these countries. These factors indicate an expanding industry in Australia, Mexico, and New Zealand. C. W. McMillan, executive vice president of the American National Cattlemen's Association, recently returned from an inspection tour of Australian and New Zealand beef industry. Mr. McMillan stated in an interview with the Omaha World Herald, "The Aussies haven't even shifted into second gear where cattle production is concerned. In Australia, only about 25 percent of the potential has been achieved. They've got more than 13 million head of cattle now—for a human population of 12 million."

As the situation now exists, the American cattleman is forced into competition with producers who face lower production costs, lower taxes, and have a much smaller investment in land and cattle. This is not to say that the domestic producer is inefficient. The cattle industry of the United States has played its full share in making American agriculture the model for the world. The cattleman has availed himself of new technologies as they have become available in efforts to reduce his per unit cost. Nevertheless, domestic production costs have remained above those of foreign producers.

My own State, North Dakota, derives approximately 80 percent of its annual income from agriculture. The beef industry now contributes almost one-fourth of this amount. North Dakota cattle producers and feeders, together with all others in the country, currently face record beef production in this country while imports also climb to alltime highs. A large portion of North Dakota is rather typical of the high Great Plains area. Crop production in this region has traditionally centered on wheat. We are all well aware of the surplus problems of this crop. Farmers and ranchers, faced with these surpluses and narrowing operating margins, have sought greater income possibilities and stability through beef production. It has been estimated that cattle and calves, through well-ordered expansion, could provide 50 percent of North Dakota's farm income, double the contribution they now make. Accompanying such expansion would be a further reduction in surplus wheat stocks as wheatlands are converted to the production of feed and forage to support the newly established and enlarged herds and feedlots. Further, beef production is one of the few alternatives the dryland farmer of the Great Plains has to wheat production. Therefore, to insure the economic stability and progress of the economy of these areas, it is necessary that the orderly development of this industry be allowed to continue. If steps are not taken to allow this, the industry will be reduced to a marginal, subsistence-type operation which will leave the consumers of our Nation reliant on foreign beef production for their steaks, roasts, and hamburger.

Problems of this type which other agricultural commodities, notably sugar and wool, have resulted in broad, strict Federal subsidy program to insure the survival of a domestic industry. By and large, farmers and ranchers have been justifiably opposed to the imposition of supply management programs on this segment of agriculture. Such programs, it is felt, would place an unnecessary burden on the American taxpayer and would be extremely difficult, if not impossible, to administer.

Under the recently negotiated voluntary agreement, Australia and New Zealand agree to limit their imports to the average of the 1962–63 level for 1964. This is wholly inadequate. Such an agreement simply insures foreign access to our markets at a level which is too high to permit normal development and operation of the domestic cattle industry. It is difficult to understand how one segment of a basic American industry can be expected to guarantee such a large share of his market to foreign production.

The United States is virtually the only nation in the world with such liberal foreign trade terms. Under the present arrangements, the United States could become the dumping ground for excess beef produced under conditions of cheaper labor, lower taxes, and lower land costs in the above-mentioned countries and others with similar capabilities. Much of this foreign beef is produced behind tariff walls which are among the highest in the world.

I do not question the need of the exporting nations to trade with the United States. I believe all who have joined in sponsorship of this proposal recognize this fact. The adoption of this measure would allow a reasonable level of trade and future expansion of that amount exported to this country.

Again, I cannot urge too strongly that the proposed limitations be approved. They are not unduly harsh. They allow for growth of our import market. More important they would insure the continuation and prosperity of a vital segment of American agriculture.

The CHAIRMAN. The next witness is Mr. Brooks J. Keogh; accompanied by C. W. McMillan, American National Cattlemen's Association.

Take a seat, please, and proceed.

STATEMENT OF BROOKS J. KEOGH; ACCOMPANIED BY C. W. McMILLAN, AMERICAN NATIONAL CATTLEMEN'S ASSOCIATION

Mr. KEOGH. Chairman Byrd, members of the committee, my name is Brooks Keogh, from Keene, S. Dak. I am president of the American National Cattlemen's Association and in behalf of this organization I certainly want to extend our appreciation to you, Chairman Byrd, Senator Mansfield, and other members of this committee for prompt action in holding these very important hearings.

Several times Senators and others who have appeared yesterday and today have referred to the serious situation that exists now and the need of prompt action.

I would like to say just a few words about our organization which has 39 State cattlemen and cattle feeder associations, affiliated with the American National Cattlemen's Association, including the States of Hawaii and Alaska.

Senator Dominick referred to the Colorado Cattlemen's Association, Senator Fong mentioned the Hawaii Cattlemen's Council, Senator Young to the North Dakota Stockmen's Association, and Governor Hansen referred to the Wyoming Stockgrowers Association. These are typical affiliates of the American National Cattlemen's Association. In addition, we have over 100 breed and local associations, including the largest national breed associations also affiliated with our organization. Additionally, we have thousands of individual members from throughout the Nation. Our association through its affiliates and individual members speaks for approximately 500,000 beef cattlemen.

I have with me Mr. C. W. McMillan, who is our executive vice president. He is headquartered in Denver and spends quite a lot of time here in Washington.

At this time, being from North Dakota, I would like to express my appreciation for the kind remarks toward Senator Young. I have known Senator Young for a good many years. I think he is well deserving of these remarks and we appreciate his assistance very much.

I am a practicing rancher in North Dakota. In producing cattle, I personally do not do any drylot feeding, but we do have lots of feeding done in our State. This year we are feeling the results of the price depression which occurred last year and continues. From our associates, and other people we talk to, we know the beef import problem is an extremely serious situation that needs attention immediately.

I might tell you that the American National Cattlemen's Association did attempt to work out on a producer-to-producer basis, voluntary talks about these imports. We thought it would be well if we talked particularly to the New Zealand and Australian people. As a result, they came to our country in October 1962. We talked about a voluntary rollback on their part to try to stop a situation that has developed to the present point.

As a result of these meetings, our people paid their own expenses to travel to New Zealand and Australia this past fall to visit with these people. This group included Mr. McMillan.

We asked these people to hold back voluntarily their beef shipments to the United States. We particularly were concerned at that time about the situation in Hawaii which Senator Fong from Hawaii has indicated to you. It continues to very badly hurt their industry. But at the conclusion of all these talks, we realized that we had no other alternative but to seek legislation, and that is exactly what we are here for today.

I would like to just say that I am sure that much is stated here regarding the overproduction, you might call it, or the number of cattle we have on inventory in the United States. The cattlemen of this country are perfectly willing and capable of adjusting their production to our domestic consumption which is the only market we have. But you can imagine the situation that exists in the minds of the cattlemen when, regardless of how much he might adjust his production, to fit this market or how much money he might spend in the way of beef promotion through the help of such organizations as the Cowbelles, to improve the consumption of beef, none of these efforts are going to do any good if we have no deterrent on the imports. And from the travels of our people in Australia, we know that the future production potential is tremendous.

We know that their cost of production is approximately half of ours. Consequently, we cannot see any other method but a quota system of realistically reducing these imports. We also feel a deep obligation to the public. We feel that it is our job to produce a fine, high-quality beef at a reasonable price. We take this obligation very seriously and I can assure you gentlemen that is the intention on behalf of the American public.

We want them to have this fine product available in quantities and quality at a price that is right to them.

Now, Mr. Chairman, I am going to call on our executive vice president, Mr. McMillan, from Denver.

Mr. McMILLAN. Thank you, Mr. Chairman and members of the committee. I apologize—we do not have a written testimony for the members of the committee to refer to.

You have a great deal of statistical information that has been very ably presented by the Senators and others who have appeared which adequately establishes the point that the import situation is extremely serious.

I do not intend to refer to many statistics, as I am only going to refer to notes with an off-the-top-of-my-head discussion with the committee today. On top of this, I have heard it said that if all the statisticians were laid end to end, it might not be a bad idea.

The American National Cattlemen's Association does endorse the concept of amendment offered by Senator Mansfield and other Senators, amendment No. 465, to H.R. 1839 pending before your committee.

In order to establish a more firm point from which we will move, I will try to bring into perspective at the outset the importance that the beef cattle business has in the total agricultural economy of the United States.

It is rather startling, for example, to know that the sale of cattle and calves for the past several years represents more total dollar income to the agricultural economy of the United States than the combined sales of all of the wheat, corn, cotton, rice, tobacco, and peanuts. As you are well aware, these are the so-called six basic commodities.

In addition to that, the sale of cattle and calves for the past several years represents more total dollar income to the agricultural economy of the United States than the combined sales of all the hogs, sheep, wool, and all poultry and eggs. So we are talking here of a very serious problem confronting the largest single segment of the U.S. agricultural economy.

We estimate in 1963, with the great quantities of imports that came in, piled on top of the record-breaking domestic production in the United States, that cattle prices on a live basis were depressed between $3 and $4 per hundredweight. I want to also make it clear that we are not attempting nor do we wish to seek any type of legislation which would fence out all of the imported beef and veal products coming into the United States. We only are seeking a degree of reasonableness to provide a stability to the domestic beef cattle industry that we do not feel can exist with the uncertainties that lie ahead of us with the ever-increasing quantities of beef and veal coming into the United States.

We feel that we are fully capable of increasing the production of beef in the United States to provide a very high quality, wholesome product for the consumers of this country. We have not reached the full production potential that does exist domestically.

Now, there have been a number of statements appearing in the press and elsewhere that we must have ever-increasing quantities of so-called manufacturing-type beef that is entering the United States. We also have heard the statement that this manufacturing beef is only competitive with cow beef.

We disagree with this point. We in the beef cattle industry know that if you import 1 pound of beef from some foreign nation, it is going to compete directly with that beef that is produced domestically.

If Mrs. Homemaker, when she goes to the retail foodstore, has a dollar and she is going to buy a dollar's worth of beef, and she should buy hamburger, for example, that is made out of imported product, then she is not going to buy a dollar's worth of beef, say a chuck roast, or something of this type that is produced domestically.

On top of that, we estimate that approximately 60 percent of all domestically produced manufacturing beef of the type that goes into hamburger is derived from fed beef animals. Putting it another way, approximately 25 to 30 percent of a fed beef carcass does find its way into ground beef or as it is commonly referred to, hamburger.

In a study that was financed by the Australian Meat Board of the

United States Market for Beef, they discovered that fully 60 percent of the lean, boneless beef, or so-called manufacturing-type beef that is being shipped to the United States from Australia, goes directly into ground beef.

With this background, I think you can readily see that there is a direct competitive effect on all beef cattle whether they be grass cattle or cattle out of the feedlot.

In this vein, I think it also is important to point out that it has been stated that there is a shortage of this type of lean beef here in the United States. We contend that the shortage of this type of beef in the United States is being caused by imports themselves. Cattle that at one time, for example, went off of grass to slaughter are now going into feedlots because there is not an aggressive buyer in the market as formerly. This is the domestic packer who formerly would buy this type of beef, slaughter it, bone it out, put it into freezer storage, and then pull it out at some later time when there was a demand for it and hopefully make a profit on it.

Today, the packer is not aggressively bidding on this type of animal. He cannot "stick out his neck" in terms of risk that is involved in buying this type of animal because he knows fully that the imported product can be used to depress the price of the domestic product and thus he has every possibility and likely would stand a loss on this type of product once it did come out of cold storage at some future date.

We also attribute this very same phenomenon to the rapid cattle buildup that we have here in the United States in terms of our "factory" or our cows. This type of beef, as you are aware, also is used as manufacturing beef or is ground for hamburger, and so forth. Again there is not a buyer aggressively in the market in the form of a packer to purchase this type of beef because he knows that the price of the imported product could sufficiently depress that price if he were to buy it and assume the risk on it. As a consequence, he will not aggressively go out and bid on these cows as he formerly did.

If he were to take a ranch operation such as Mr. Keogh's in North Dakota, you will find that he likely has continually been culling his herd at approximately the rate of 20 percent each year in order that he may maintain a youthful and maximum productive-type herd. These cattle formerly went to slaughter, but again because the packers are not aggressively in the market to buy this kind of meat, these cows are going back out in the country. Coupled with this are generally favorable grass growing conditions that have prevailed over the past several years.

What I am saying is that the imports by themselves and the utilization of these imports does depress the domestic prices of that product. The imports by themselves are contributing in major part to the cattle buildup that we do have here in the United States.

I would like to refer briefly to the matter of production costs. We often hear the statement made, "if they can produce it cheaper in Australia or someplace else, let them produce it down there and send it into the United States and we will use this land here for something else."

Here again fully 50 percent of the land that is available in the United States is in grass and that grass has only one economic value, to utilize it through livestock and convert it from blades of grass in the ground, if you please, to pounds of grass on the hoof. If our people are forced out of business, then this is going to have a very serious economic impact on the countless thousands of communities throughout the United States who rely entirely upon the beef cattle business for their major livelihood and also for the major part on the tax base to support the local and county governments.

We know, for example, from our trip to Australia, that we are in a tough position from the standpoint of costs. We know that we have higher labor, land, and overall tax costs here in the United States. We estimate that countries such as New Zealand and Australia, Argentina, and many of the others can produce the product for approximately half what we can here in the United States. We have our beef cattle operations basically geared to feedlots because we know this is one major means we have built up a strong demand among the consuming public for our product because we are supplying the consumer with a high quality product on a consistent quantity basis 52 weeks out of the year at reasonable prices. You can only achieve this end by running the animals through the feedlot. So we have geared our range operations for these cattle basicaly to go to the feedlots.

This operation in itself is higher cost of production than that existing in other countries where grass is the basis of their production of cattle. But there is another major factor involved in the costs which I would like to call to your particular attention. It is the factor of land costs.

In our visit to Australia, for example, we found that a good share of their land is in Government ownership, what they call Crown land. They are able to lease this land for as little as 77 to 99 cents a square mile per year, and on this land they can under certain circumstances carry as many as seven to nine animals per square mile. It is easy to figure out that you then have a land cost that equates into 11 cents per head per year. Let's compare that to the U.S. land costs. In reference to these land costs I mean the raw land itself. You have taxes on this land, you have the cost or investment in the land, you have interest on that land. We do not include improvements on the land such as buildings. We estimate, and we are on the very low side here, that fully one-third of the total cost of production of a range type or grass beef animal, comparable to what we are talking about in Australia, is chargeable to land.

Let's assume that it costs a rancher $22 a hundredweight to produce a 400-pound calf, and again we consider this to be on the low side. This would include all his costs. It means that he would have to get back a total $88 for this animal just to break even with no profit left over.

Referring again to the figure of one-third of this total cost of production being chargeable to land, we find that we have in the neighborhood of $29 per head for land costs charged to the production of that animal as contrasted to our contemporaries across the ocean of 11 cents per head per year. This is a startling figure and rather insurmountable when you are dealing with the matter of land which in itself is not flexible in terms of its costs.

We have a number of amendments that we would like to propose to the Senate amendment No. 465 pending before your committee. We are satisfied with the 1959–63 average of imports as called for in the bill. We believe that the legislation, however, should include beef, veal, mutton, and lamb including canned, cooked, and cured; but excluding live animals.

Senator CURTIS. Mr. Chairman, may I interrupt there? The bell may ring and we can't ask any questions after that. I ask unanimous consent that if this meeting closes before the witness finishes, that I may submit to him certain questions and he may supply the answers and they be printed in the record as delivered.

The CHAIRMAN. Without objection.

Mr. MCMILLAN. Thank you, Senator. I might also add that i will be here tomorrow. I will be available for further testimony if the committee so desires.

Senator CURTIS. With that understanding. We won't do it if he can come back.

Mr. MCMILLAN. Thank you, sir.

We also feel that the bill should be amended to make it clear that imports for any calendar quarter should not be any greater than the quantity in the other calendar quarters.

Another part that we feel extremely important, and this relates itself to Senator Fong's amendment which is presented to the committee this morning, is that the consist of the imports, that is, the proportion of canned, prime cuts, lean boneless beef, et cetera, should not exceed the average of the consist of imports coming into the United States in the base years of 1959 through 1963. We feel this ties nicely into the Port of Entry provision as discussed in the case of Senator Fong's proposal to you this morning.

We know a very serious situation that does exist in Hawaii and we are strongly of the opinion that the beef industry should be saved in that State. Beef cattle rank third in Hawaii in terms of economic importance, agriculturally—ranking next to sugar and pineapple. As a consequence, it is very important that the industry should be preserved by means of reasonable quotas. Senator Fong very ably spelled out the plight of the beef cattle industry in Hawaii.

The CHAIRMAN. We do not have permission to sit when the Senate is in session so we must recess the hearings.

Senator CARLSON. I would like to suggest if it is agreeable to the chairman that Mr. McMillan is in town, Mr. Keogh is in town, and if they could come back tomorrow morning I would appreciate greatly—or else have them come back at a later date before we conclude the hearings.

Senator CURTIS. I will withdraw my request if that can be done.

Mr. MCMILLAN. We will be extremely pleased to do so.

The CHAIRMAN. You will be recognized the first thing in the morning for further questioning.

Thank you.

(Whereupon, at 12 noon, the committee was in recess, to reconvene at 10 a.m., Friday, March 13, 1964.)

MEAT IMPORTS

FRIDAY, MARCH 13, 1964

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to recess, at 10:07 a.m., in room 2221, New Senate Office Building, Senator Harry F. Byrd (chairman) presiding.

Present: Senators Byrd, Anderson, Gore, McCarthy, Williams, Carlson, Bennett, and Curtis.

Also present: Elizabeth B. Springer, chief clerk.

The CHAIRMAN. The committee will come to order.

The first witness will be Mr. McMillan who was on the stand when we adjourned yesterday. You may proceed.

STATEMENT OF BROOKS J. KEOGH; ACCOMPANIED BY C. W. McMILLAN, AMERICAN NATIONAL CATTLEMEN'S ASSOCIATION—Resumed

The CHAIRMAN. Had you finished your statement?

Mr. McMILLAN. Thank you very much, Senator.

At the outset, Mr. Chairman, let me express our deep appreciation for the opportunity to return today to persent the rest of our oral testimony.

As you may recall, yesterday I was offering and suggesting certain amendments to Senate amendment 465 relative to the importation of meat and meat products. Rather than go back over all of the points that were made relative to the amendments, I had one additional suggested amendment that I did not have the opportunity to present and will start at that point.

In addition to the other points that we had mentioned in our testimony of yesterday, we think that there should be some type of an adjustment factor built into the bill which relates itself to the, shall I say, economic health of the domestic beef cattle industry. We have in mind a factor which involves the average livestock prices for the various species of animals affected, whether they be beef or mutton or lamb.

It is our proposal that as a reflection of the economic health of the domestic industry, perhaps a fair way of making an adjustment upward, as far as importations into the United States are concerned, is to take the average livestock prices for that particular species, say beef cattle, these figures being readily available from the Department of Agriculture, and apply to them a factor of parity.

Let me rephrase that by saying we propose that perhaps a fair way of providing the adjustment factor would be to take the average price of cattle, and when that price reaches effective parity as published by the Department of Agriculture, then an increase in imports would be allowed above the base.

Now, we feel this is very important because it does reflect, as I stated earlier, the economic health of the beef cattle industry. Our choice of parity is because these are readily available figures, and we refer to it only as it relates to a measuring device, so to speak.

Basically these points and suggested amendments that I have stated, with the exception of the consist of the product which would include primal cuts, carcasses or retail cuts, on a proportionate basis related to the 1959–63 average, are embraced in a bill that was introduced by 54 Congressmen on Wednesday of this week, on the House side, the bill number being H.R. 10334. These are the same basic points that I have outlined in terms of my amendment with the exception that there is not included in the bill pending before the House the matter of the consist of the products coming into the United States.

Hurrying along and concluding my comments, I would like to call attention to something that basically——

Senator CURTIS. Before we leave that adjustment of quotas involving a parity factor, in order to assist the committee and its staff, I would like to have inserted in the record at this point some language from bill H.R. 10334 beginning on page 2, line 21.

Mr. MCMILLAN. All right, sir.

Senator CURTIS. And continuing through and including line 13, page 4. That would explain the parity factor, would it not?

Mr. MCMILLAN. Yes, sir; it would.

Senator CURTIS. I ask unanimous consent, Mr. Chairman, that that language go in the record at that point.

The CHAIRMAN. Without objection.

(The document referred to follows:)

(b) ADJUSTMENT OF QUOTAS.—

(i) BEEF AND VEAL.—If, for any 6-month period ending on September 30 or March 31, the average price received in the United States for cattle (not including calves) equals or exceeds the average parity price for such cattle, then for the second and third calendar quarters beginning after the close of such period the quotas specified in paragraph (a) with respect to the categories set forth in subparagraphs (i), (iv), and (v) of such paragraph are hereby increased. The amount of the increased quota for any such category shall be the amount which bears the same ratio to the amount specified in the applicable subparagrph as the number of pounds of the total commercial slaughter of cattle (not including calves) in the United States during such 6-month period bears to 7,852,000,000 pounds.

(ii) MUTTON.—If, for any 6-month period ending on September 30 or March 31, the average price received in the United States for sheep (not including lambs and yearlings) equals or exceeds the average parity price for such sheep, then for the second and third calendar quarters beginning after the close of such period the quota specified in subparagraph (ii) of paragraph (a) is hereby increased. The amount of the increased quota shall be the amount which bears the same ratio to the amount specified in such subparagraph (ii) as the number of pounds of the total commercial slaughter of sheep (not including lambs and yearlings) in the United States during such 6-month period bears to 35,000,000 pounds.

(iii) LAMB.—If, for any 6-month period ending on September 30 or March 31, the average price received in the United States for lambs (including yearlings) equals or exceeds the average parity price for such lambs, then for the second and third calendar quarters beginning after the close of such period the quota specified in subparagraph (iii) of paragraph (a) is hereby increased. The amount of the increased quota shall be the amount which bears the same ratio to the amount specified in such subparagraph (iii) as the number of pounds of the total commercial slaughter of lambs (including yearlings) in the United States during such 6-month period bears to 350,000,000 pounds.

Mr. McMILLAN. I might add, Senator, on that particular point, this also reflects the actual quarterly figures of the various products for the various tariff schedules.

Senator CURTIS. I did not insert that part of the bill in the record.

Mr. McMILLAN. That is correct. But these poundage figures as a matter of explanation are a reflection of the actual entry weights on the 5-year average. I just wanted to add that point.

Senator CURTIS. These poundage figures in here are relatively a pound relation or statement of the Mansfield proposal.

Mr. McMILLAN. Yes, sir.

Senator CURTIS. And the language we inserted about parity is written geared to the poundage nomenclature and on a quarterly basis.

Mr. McMILLAN. Yes, sir; that is correct.

Now, continuing on, Mr. Chairman, there is another bit of phenomena that we think is very important in terms of consideration by the Finance Committee. We often talk in terms of Australia, New Zealand, Ireland, et cetera, these probably being very much in our minds as a result of voluntary agreements that have been enterd into, but I have before me some figures that have been published and are available through the Foreign Agricultural Service dating back to 1957 showing by country of origin of beef and veal imports. I call particular attention to many of the Central American countries, Nicaragua, Costa Rica, Guatemala, Honduras, and Haiti. Many of these countries did not even ship beef into the United States as recently as 1957, and yet they have shown a remarkable increase in their products coming in.

Senator CURTIS. Mr. Chairman, could I ask you about these other countries? You stated that you had gone to Australia.

Mr. McMILLAN. Yes, sir.

Senator CURTIS. In an attempt to see if the industry could work out something.

You were not successful, is that correct?

Mr. McMILLAN. That is correct, sir.

Senator CURTIS. Now, to your knowledge has any foreign country, any of our neighbors—the producers, not the Government, the cattle producers—expressed a willingness to take a cut in imports here in the United States, of their exports to the United States?

Mr. McMILLAN. Let me say that the Australians show a very cooperative attitude but nevertheless a difficulty in getting the job done. Specifically, Senator, the Mexican cattlemen, the beef cattle producers of Mexico, have come to us, attended our annual convention in Memphis, and we more recently visited with others. As a matter of fact, Mr. Octavio Elias is here in the hearing room today officially representing the cattlemen of Mexico, the Mexican National Cattlemen's Association, and he has expressed to me that they would be willing and would voluntarily go on a 5- or a 10-year average of past history on shipment of live animals as well as dressed products to the United States, but rather than take words out of his mouth——

Senator CURTIS. Let me see if I get it straight. Do you mean to say that the organized cattle industry of Mexico is stating that they are willing to limit their exports to the United Staes of live animals, of meat and meat products, to a base period based on either 5 or 10 years?

Mr. McMILLAN. That is my understanding, Senator. Now, Mr. Elias, as I say, is in the hearing room today and perhaps it might be better if you had this confirmed directly from him, but he has related this to me.

Senator CURTIS. Mr. Chairman, I shall not try to bring in an extra witness here. We have got such a big crowd. But I wonder if Mr. Elias could stand up and identify himself for the record and state whether or not what has been said here is true. Would you give your name to the reporter.

STATEMENT OF OCTAVIO R. ELIAS, REPRESENTING THE MEXICAN NATIONAL CATTLEMEN'S ASSOCIATION

Mr. ELIAS. Yes. It is true but I wish I had an opportunity to make it more clear, if possible, what I was sent to Washington for.

Actually we are willing and actually we are going to try to get our Government to do it officially, too, not only the cattlemen. I represent, as Mr. McMillan said here, the Mexican National Cattlemen's Association, and we are about 80,000 members in Mexico, and we are willing, and we told our Government we would be willing, to cut our exports into the United States if New Zealand or Australia, the biggest countries, go on an average of 5 years that the American cattlemen are asking for. But also we would like to apprise that we have told our Government that we have seen—my English is not very good—very bad feeling in the United States when it made an agreement of 2 years without consulting a nation like Mexico and Canada who have been the oldest importers of beef, and animal products, to the United States.

Senator CURTIS. Do our prices in our market here affect yours?

Mr. ELIAS. One hundred percent.

Senator CURTIS. And that is the reason that you would rather take a cutback in livestock and meat and meat products sent to this country if it is applied to everybody else.

Mr. ELIAS. If it will apply to everybody else.

Senator CURTIS. Than to have the market ruined.

Mr. ELIAS. That is right. And we would like also to say that we have told our Government that we would not accept the 2-year plan. Mexico will come forward in the next week I hope and say we will not accept a 2-year plan, and we will back the American cattlemen for the 5 years.

Senator CURTIS. I think if he wants anything further he can put it in the record, but I do not want to impose on the staff or the chairman who are having such a struggle here.

(The following letter from Mr. Elias was subsequently placed in the record by Senator Curtis:)

NOGALES, ARIZ., *March 13, 1964.*

Hon. CARL CURTIS,
New Senate Office Building,
Washington, D.C.

DEAR SENATOR CURTIS: As representative of the Sonora Cattle Grower's Association, and the Mexican National Cattlemen's Association of Mexico, I wish to elaborate and confirm our point of views as presented in the matter of importation of beef into the United States, before the Senate Finance Committee on March 13, 1964.

The Sonora Cattle Grower's Association has a membership of more than 9,000 cattlemen, and the Mexican National Cattlemen's Association has more than 100,000 members.

Last week when a Parliamentary Group of Mexican Senators and Congressmen came to the United States to discuss mutual problems concerning both countries with the Senators and Congressmen of the United States, one of the points that was discussed was that Mexico will be willing to cut their imports of beef into the United States, based on the average of the last 10 years, if all other countries importing beef will do the same. Compared with 1963, Mexico would have to cut its imports approximately 30 percent, Ireland 30 percent, New Zealand 33 percent and Australia 60 percent. Most of the Mexican cattlemen were disappointed when they heard about the agreement that the Department of Agriculture of the United States had made with New Zealand, Australia and Ireland allowing them to ship to the United States the same tonnage, based on their average imports for the years 1962 and 1963, which were the 2 highest years for those countries. Why not take the year 1958 when Mexico, Canada and Argentina had their largest years in regard to tonnage? The Mexican cattlemen have asked their Government not to accept the same agreement as the Department of State and the Department of Agriculture of the United States made with these countries, but have asked their Government to accept the proposed agreement contained in the Senate bill S. 2525, sponsored by Senator Mansfield, which is based on the average importation of beef and beef products over the last 5 years for each individual country.

Mexico depends on its cattle industry, which is one of the largest revenues of our country. Our cattlemen have gone through serious hardships and almost complete extinction. First, by the revolutions, second by the hoof and mouth disease, and now the tremendous imports from Australia and New Zealand.

The American cattle market has been considered by the Mexicans as their own market, so any downturn of this market would directly affect the Mexican cattle industry, who depend almost entirely on this market.

To summarize, I would like to state that the Mexican cattlemen will stand behind the American cattlemen 100 percent on this matter, because the protection of this market is the livelihood of our own people.

It would be appreciated if this letter be incorporated in the records, as an addition to my own testimony of today.

Respectfully submitted.

OCTAVIO R. ELIAS.

STATEMENT OF BROOKS J. KEOGH; ACCOMPANIED BY C. W. McMILLAN, AMERICAN NATIONAL CATTLEMEN'S ASSOCIATION—Resumed

Mr. MCMILLAN. Yes, I fully appreciate that, Senator. It is just coincidental that he is here today, and I am very pleased that he did have an opportunity to express this point of view.

Now, in conclusion, the cattlemen of the United States are vitally concerned about its economic health but in addition to that, they are concerned just as much with the consumers of this country. We have done a remarkable job of supplying the public with the type of product that will satisfy them on a 52-week basis, and we feel that we have an obligation to see that this product is continued to be supplied to them. But if the economic health of the beef cattle industry is such as we are experiencing now, that would literally force people out of the business with the unstable situation caused by unlimited imports coming into the United States, then we are not only jeopardizing the economic aspect of the total of agriculture, but we will be jeopardizing the future domestic beef supplies of this Nation.

We are fearful that if we are forced out of business, and many of our people are on a marginal basis right now, that it is going to be the consumers of this Nation also who will suffer at the mercy of the exporting nations and the importers in this Nation as far as their supply of beef is concerned.

In addition to the total agricultural economy, an adverse effect is relating to this. For example, I think it is rather startling, in 1963. we calculate with the quantities of beef and veal that came into the United States, this represented in the neighborhood of 3.8 million head of cattle. In other words, we converted the dressed cattle to a live basis and estimate this to be an equivalent of 3.8 million head of cattle.

Had those cattle been fed and slaughtered here in the United States, this would have consumed in the neighborhood of 30 billion pounds of corn and barley and grain sorghum. So imports, as you can see, also affect the framework and the structure of the total agricultural community.

We also recognize that, as we were emphasizing yesterday, the direct relationship that we feel imports have on the cattle buildup here because there is not a strong buyer in the market for these cows to go to slaughter. We are subjecting ourselves to extreme difficulty and perhaps disaster with the buildup, should we have a very widespread drought which would force liquidation.

Mr. Chairman and members of the committee, we deeply appreciate this opportunity we have had to appear before you and present the point of view of the American National Cattlemen's Association. Thank you.

The CHAIRMAN. Thank you, Mr. McMillan and Mr. Keogh. You made very fine statements.

Are there any questions?

Senator CURTIS. Just very briefly. You said 30 billion pounds of feed?

Mr. McMILLAN. We estimated this to be the equivalent of live animals as related to the dressed product that arrived in the United States in 1963. Had those animals been produced and fed here, this would have utilized 30 billion pounds of corn and barley and grain sorghums.

The CHAIRMAN. 30 billion?

Mr. McMILLAN. Yes.

Senator CURTIS. That would be 600 million bushels.

Mr. McMILLAN. Approximately, yes. You would have a different weight per bushel in each of these categories, but it would represent approximately 600 million.

Senator CURTIS. It would go a long way to wipe out surplus.

Mr. McMILLAN. It certainly would have quite an effect on it. This, by the way, also represents in the neighborhood of 12 million acres of these feed grains, estimating that half of it would be in corn, a quarter in barley, and a quarter in the grain sorghums with the average yield considered in each one of those categories.

Senator CURTIS. Now, in order to shorten time, and I want you to correct me if I am wrong. Is it fair for me to summarize your position as this, that you state that these imports have been excessive for several years.

Mr. MCMILLAN. Yes, sir.

Senator CURTIS. That they ought to be curtailed, that a substantial curtailment would be for the general good of all agriculture.

Mr. MCMILLAN. Yes.

Senator CURTIS. But as an organization you will settle for the greatest curtailment that it is felt can be actually enacted into law, passed by both Houses and signed by the President. Is that the thinking of your organization?

Mr. MCMILLAN. That is correct, sir.

Senator CURTIS. But as a matter of principle, you agree that it has been excessive for some time and that to curtail that excessiveness would solve a lot of agricultural and economic problems in this country?

Mr. MCMILLAN. We feel this way strongly, sir. We are really seeking a reasonableness as it might be summed up.

Senator CURTIS. As a matter of fact, you would add to that you are willing to yield beyond your own preference.

Mr. MCMILLAN. Yes, sir.

Senator CURTIS. Because you want to be practical and get something done.

Mr. MCMILLAN. Yes, sir.

Senator CURTIS. So you would not object if the committee works out something here that tends to meet the requirements and principles you have set.

Mr. MCMILLAN. Correct, sir.

Senator CURTIS. Is that your view, too, Mr. Keogh?

Mr. KEOGH. Yes, sir, Senator. That is exactly my view.

Senator CURTIS. That is all.

Mr. KEOGH. I would just like to add, Senator, we thank you for this time, especially the courtesy extended our affiliates who will testify here.

Senator CARLSON. Mr. McMillan, I regret I was unable to be present this morning. You represent a great organization that is very important to our economy, and I know that our Kansas group are very happy to be associated with you. As a matter of fact, I am advised that Glenn Pickett is going to testify next Friday.

You mentioned the consumers. I think we ought to explore that a little bit. How about the consumption of beef? Has it been going up?

Mr. MCMILLAN. Yes, sir. We show an increase in beef consumption for many years past, up to the point where it is estimated in 1964 we will be consuming, of domestically produced products, approximately 97 pounds per person. This used to be around, oh, in the early fifties it was only down around 60 pounds. So what we say, then, and what we have proved, is that the domestic industry is doing a tremendous job of supplying the consumer with ever-increasing quantities at reasonable prices. But, we are now confronted with a problem of the future stability of the industry with the uncertainties that exist because of the import situation.

Senator CARLSON. I have noticed recently, and it has concerned me so, that the President's Consumer Council, or whatever organization is set up on the consumer prices, has at least threatened or suggested they check into the meat prices. Now, I assume that meat prices are high. In fact, I do not know whether they are too high or not, but they are certainly high compared to what the livestock man gets for the fattened product of the animal off the farm; isn't that correct?

Mr. McMILLAN. Yes, sir.

Senator CARLSON. And it is one of the problems I think concerns not only me but the industry, and when I realize the importance of the consumer, I think it is important that we at least stress the fact that while beef may be high, it certainly isn't the result of the man that is feeding the cattle.

Mr. McMILLAN. This certainly is true, Senator. As an adjunct to this, statements have been made that because of the voluntary agreements with New Zealand and Australia, which is really not going to do anything in relation to the level of imports that will be coming in since they still will be coming in at very high quantities, this is going to have to be reflected in higher beef prices to the consumers. They have got to show me if there has been any lowering of beef prices to the consumer as a result of quantities of imported beef that have been coming in to date.

Senator CARLSON. It is an amazing thing. We all receive mail on this problem, so we know personally. And those of us who have fed cattle—I am an old cattle feeder. I think I know what I have been talking about. As a matter of fact, I have had some experience. When I was out on the farm feeding cattle, I sat on the stockyard fence in Kansas City in the early 1930's, with fairly fat steers, and we got $4.25. So I have been through that period. I know something about the problem of cattle feeding.

Here I have a letter that just came in from Abilene, Kans. A lady writes me they are feeding 300 head of cattle, and they have been shipping to the market enough to keep the banks satisfied, she says, and they have been getting $19.50 a hundred, and the top was, the highest they had received was $21.75. They just went down with some loads and got $19.

As a cattle feeder in my own right it takes pretty good cattle to get $19.50 now.

Mr. McMILLAN. It certainly does.

Senator CARLSON. Then she sent in some chain slips from one of our national chainstores, the sale price of meat, and I just wondered about this great differential. I have them here. For instance, this is a chainstore at Abilene, Kans. Beef T-bone steak, $1.39 a pound. Here is another slip, the same price, and here is ground beef, $0.59, and baby beef rump roast, $0.79.

When this particular feeder gets 19 cents a pound live weight, they begin to ask questions.

Mr. McMILLAN. They certainly do, Senator.

Senator CARLSON. And there is a problem confronting the industry as a whole. We hope nothing happens to the consumer because we are certainly dependent on them.

Mr. McMILLAN. Well, this is absolutely true, Senator. We have got to have the consumer buy our product or we will not have any customers, that is all.

Senator CARLSON. What about this great differential? Have you ever made any studies, the cattlemen's group made any studies of this differential between live product and the consumers' price?

Mr. McMILLAN. We have been very conscious of what is commonly termed margin between the price of live cattle and that of the retail price, wholesale price and the other relationships. To date, we have not been able to come up with anything that would be of a concrete nature that would show any particular blame anywhere along the line. We have studied the thing, but our conclusions to date are inconclusive, I would say, Senator, in terms of just exactly what is wrong along the line from the live price up through the retail price.

Senator CARLSON. Well, all I hope is that these folks who are greatly concerned about the prices to the consumer, and they have a right to be, would not go so far as to get this great industry into further difficulty by having some folks I do not say boycott the beef counters but stop purchasing beef which is a very fine food product.

Mr. McMILLAN. I concur 100 percent, Senator.

Senator CARLSON. That is all, Mr. Chairman.

The CHAIRMAN. Senator Gore?

Senator GORE. In reading the amendment on page 1, line 3, I notice the amendment says in parenthesis:

> In all forms except canned, cured, and cooked meat and live animals.

How do you interpret that?

Mr. McMILLAN. We are talking about amendment No. 465, Senator? Starting at the bottom of page 1, on section 3, is this—so that we are——

Senator GORE. Yes; that is right.

Mr. McMILLAN. Which reads:

> The total quantities of beef, veal, and mutton in all forms except canned, cured, and cooked meats—

and then on the next page, "live animals."

Senator GORE. Yes.

Mr. McMILLAN. If I understood your question, you asked my interpretation of the exclusion?

Senator GORE. Yes.

Mr. McMILLAN. We would interpret this as meaning that the amendment introduced by Senator Mansfield and others would only apply to fresh chilled, and frozen beef, veal, and mutton coming into the United States. We have discussed and have offered to the committee a suggested amendment which would include canned, cured, and cooked but exclude live animals. We feel that there is too much—well, there is a considerable quantity of this product coming in from given countries, such as, say, Argentina, which is the only form it can come in because of the foot and mouth disease that they do have down there. If they are going to apply any kind of an agreement such as the voluntary agreements that was agreed to a few weeks ago between New Zealand, Australia, and Ireland, then as far as fair play is concerned, they should apply it all the way across the board to all of the exporting countries. But in addition to that, by excluding canned, cooked, and cured, who is to define what is canned. Isn't there a possible loophole, perhaps, of shipping, say, fresh, cured, or frozen products that might be surrounded by a can, and it might come in as a canned product, or airtight container or something like that?

We feel the application of this should be made basically, then, on all of the dressed products coming into the United States.

Senator GORE. Well, you suggest the possibility that canned might include a container large enough to be lifted by a derrick?

Mr. McMILLAN. Well, perhaps not that large, Senator, but let us use as an illustration——

Senator GORE. Well, is that your point? I may have——

Mr. McMILLAN. Let me say it this way——

Senator GORE. I may have made it appear a little ridiculous by the question, but I did not intend to. If I understand your suggestion, it is that the word "canned" might not necessairly have the same legal meaning as most of us generally think of, involving a can the size of this glass which we can pick up in one hand.

Mr. McMILLAN. Yes, sir.

Senator GORE. It might be a canned boxcar.

Mr. McMILLAN. It is possible, or an 80-pound can, using this

Mr. McMILLAN. It is possible, or an 80-pound can, using this illustration. This product, lean, boneless product, basically comes in in approximately 80-pound cardboard cartons. It is possible that they could take that same block of 80 pounds of beef and put it in a can of some sort, and it would have the connotation of being a can. I do not know that this is true, that it would happen legally, but it appears to us that since a can is an airtight container, it might come in in a type of plastic or cryovac-type pack, you see, that does not have any air in it. But more important——

Senator GORE. You are not saying this would necessarily be true, but you are raising questions about it.

Mr. McMILLAN. Yes, sir; that is correct. But more important than that is the point I made earlier, that there is a sizable quantity that does come in in the commonly referred to form as you showed the illustration of the glass, in a can that you would buy off of a retail food store shelf. Sizable quantities of that does come in already, so we feel that this should be applied across the board to all exporting nations.

Senator GORE. Do you think that somewhat similar questions could be raised about the term "cured"?

Mr. McMILLAN. Yes. This is also a factor. In relation to this phase, the tariff schedules that the customs people and others follow do not use the exact terminology of canned, cooked, and cured. They have a different category, as it is termed, TSUS category set up in each one of these cases. It is rather broad language to use in terms of canned, cooked, and cured.

Senator GORE. Now, since you raised these questions, I would like to ask you if you think these possibilities could be eliminated or at least minimized by a legal definition either contained in the bill or spelled out in the report?

Mr. McMillan. Yes, sir. We think—we are positive this can be done, and it can be done by specific reference to the particular tariff schedule affecting that product. This can be nailed down in specific terms, in other words.

Senator Gore. Thank you, Mr. Chairman.

The Chairman. Thank you very much.

Mr. McMillan. Thank you, Mr. Chairman and members of the committee.

The Chairman. The next witness who was originally scheduled yesterday is Edwin E. Marsh, National Wool Growers Association.

Mr. Marsh, have a seat.

STATEMENT OF EDWIN E. MARSH, EXECUTIVE SECRETARY, NATIONAL WOOL GROWERS ASSOCIATION

Mr. Marsh. Mr. Chairman and members of the committee, for the record, I am Edwin E. Marsh, executive secretary of the National Wool Growers Association. This statement is presented in behalf of our organization which in 1965 will have completed 100 years as the recognized national spokesman for the farmers and ranchers of the United States who produce sheep, lambs, and wool.

Our principal membership is composed of 19 affiliated producer organizations, which in turn have members in 23 States where approximately 75 percent of the Nation's sheep, lambs, and wool are produced.

First of all, here are the facts on lamb and mutton import poundage on a carcass weight basis:

Dressed lamb imports in 1963 were up 955 percent over 1957, the year when import volume started its rapid increase. Mutton imports increased 7,300 percent during this same 1957–63 period. Furthermore, dressed lamb imports in January of this year were 100 percent above the same month last year; dressed mutton imports were up 80 percent during the same period. The increase is continuing. Lamb and mutton imports amounted to approximately 19.2 percent of domestic production during 1963.

You have heard a great deal the last 2 days about imports of beef and veal but, up to this point, not too much about imports of lamb and mutton. However, several of the Senators who for various reasons have had to file their statements instead of presenting oral testimony have gone into some detail on the problem relating to lamb and mutton imports. I am happy that their statements will be in the record of these hearings.

The problems of the cattle and sheep industries with regard to meat imports are very similar. One difference is that the problem hit the sheep industry earlier. We first faced the problem in 1960 and, as we predicted at that time, the problem since then has grown considerably worse.

In March 1960, we appeared before the Tariff Commission in the escape-clause investigation on lamb and mutton imports. This followed 3 years of substantial growth in these imports. In a part of our testimony at that hearing, we used import data for the year 1959. Imports of dressed lamb for our most recent calendar year, 1963, were double the 1959 volume.

It is interesting to note that we predicted at the Tariff Commission hearings that this increase would take place in that period of time under the present extremely low tariff rate and with no controls as to volume imported. Under present conditions we strongly predict another doubling in 3 years—and possibly sooner.

Now let us look at the latest data available, the first month of this year. Dressed lamb imports in January of this year were exactly double the imports of January a year ago. So the increase continues.

Even though escape-clause investigations are brought on the basis of injury or threat of injury, the 4-to-2 decision of the Tariff Commission in this 1960 case was against us principally on what I term an absurd technicality. The decision was based on a provision of the law through which the Commission declared that we were not "interested parties" in the investigation because our members grow live sheep and lambs while the imported product about which we were complaining was dressed lamb and mutton. Fortunately, a new provision in the Trade Expansion Act does away with this technicality.

Senator CURTIS. I want to ask you there, was it necessary that they raise that technicality? Was it an inescapable roadblock or was it used as a reason to decide against the industry?

Mr. MARSH. That was the interpretation of one of the attorneys at the Tariff Commission, and it was one of the bases of the decision. I do not know whether it was an inescapable roadblock. Certainly two of the Commissioners dissented.

Senator CURTIS. Attorney for some importers?

Mr. MARSH. No. An attorney for the Tariff Commission.

Senator CURTIS. All right. Go ahead.

Mr. MARSH. However, as I say, that provision has since been amended, and I think it was amended party through this situation in the lamb case.

One of the major problems with foreign imports of lamb is the price differential compared to the domestic product. The price U.S. wholesalers have to pay for foreign lamb is frequently considerably below the price domestic producers must receive to meet their costs of production. In recent years many domestic producers have not been meeting their production costs and have progressively gone further in debt. The two tables attached to this statement show a difference between the cost of foreign lamb landed at east coast ports and domestic lamb prices at New York of from 5.22 cents to 19.70 cents per pound. Without the slightest doubt this price differential does create an adverse influence on our domestic lamb market.

Mr. CHAIRMAN. I would appreciate it if these two tables can be made a part of the record.

(The documents referred to follow:)

Comparison of the cost of frozen New Zealand lamb and domestic chilled carcasses

[In cents per pound]

Year and date	New Zealand price [1]	Costs: Freezing charges	Freight	Duty	Miscellaneous costs	Total costs [2]	Domestic fresh lamb prices New York [3]
1962							
Oct. 27	19.26	3.49	6.00	3.50	1.50	33.75	45.04
Dec. 1	19.26					33.75	42.46
Dec. 15	19.26					33.75	42.46
1963							
Feb. 2	19.84					34.33	40.34
Mar. 2	19.84					34.33	39.55
Apr. 6	18.67					33.16	42.90
May 4	20.13					34.62	47.31
May 25	21.59					36.08	50.85
July 6	21.59					36.08	46.98
July 22	21.59					36.08	46.98
1963							
Oct. 1	22.17					36.66	42.40

[1] Schedule price, South Island (except Southland) 29-36 pounds.
[2] East coast ports.
[3] Choice carcass 45-55 pounds, monthly average price.

Source: Livestock and Meat Products Division, Foreign Agricultural Service, USDA, November 1963.

Comparative costs fresh dressed lamb, New York, and frozen Australian lamb, New York, monthly, 1960-63

[In cents per pound]

	Imported frozen Australian lamb: Price [1]	Freight	Duty	Miscellaneous costs	Net cost east coast	Domestic fresh lamb, New York [2]	Difference
1962							
January	17.27	6.00	3.50	1.50	28.27	41.02	12.75
February	19.13				30.13	38.96	8.83
March	16.80				27.80	38.26	10.46
April	18.20				29.20	39.55	10.35
May	20.07				31.07	41.82	10.75
June	27.06				38.06	51.32	13.26
July	[1] 25.20				36.20	49.20	13.00
August	23.33				34.33	49.02	14.69
September	17.55				28.55	48.25	19.70
October	15.17				26.17	45.04	18.87
November	14.84				25.84	43.24	17.40
December	16.24				27.24	42.46	15.22
1963							
January	19.32				20.32	42.10	11.78
February	22.96				33.96	40.34	6.38
March	21.84				32.84	39.55	6.71
April	21.84				32.84	42.90	10.06
May	22.96				33.96	47.31	13.35
June	26.88				37.88	50.85	12.97
July	26.69				37.69	46.98	9.29
August	22.59				33.59	44.85	11.26
September						43.91	
October						42.40	

[1] 1st and 2d export quality at Newmarket, Melbourne, 29-36-pound lamb.
[2] Choice carcass, 45 to 55 pounds, 1960-62; Prime and Choice, 1957-59.

Australian Meat Board.
New York Prices: USDA Livestock Market News.
Source: Livestock and Meat Products Division, Foreign Agricultural Service, USDA, November 1963.

Mr. MARSH. While these tables point out vividly the need for a higher tariff, I realize that this committee is considering an amendment which involves quotas, to which we also strongly subscribe. I point out these price differentials between the foreign and domestic product to show that under these conditions the uncertainty as to how much is coming in is a depressing factor on our market, and quotas are needed.

Certainly it is important to restore confidence to the industry by drawing the line at some reasonable point on the quantity that can come in. We feel that theaverage covering the last 5 years is most reasonable, especially since they are the 5 largest years of import volume in our history.

The New York City area, the New England States and the west coast, consume approximately 70 percent of the lamb sold in the United States. Our situation is somewhat different from that of beef and pork in that we must depend on these three areas for over two-thirds of our consumption. One carload of lambs too many for the demand in the New York City area frequently breaks that market. And when the dressed lamb market in New York City breaks it can very easily and usually does break the live lamb market in a large area of the United States. New York City is the sensitive price-basing point. It is also the port through which a substantial volume of our imports arrive.

Now with regard to mutton, I have already pointed out to you the tremendous increase in the volume of mutton imports since 1957. When the Tariff Commission held hearings in 1960 on lamb and mutton imports, a statement was made by a representative of the importing countries that the sale by domestic sheepmen of older ewes (mutton) is not an important factor in our sheep production. While the sale of older ewes which are no longer suitable for use on the range is not the most important part of domestic sheep operations, it is nevertheless a factor in returns to the sheep producer. It is highly essential that a domestic sheep producer secure every possible source of income from his operation in order to stay in business today. The sale of older ewes provides one necessary source of income. Certainly, imports of boneless mutton, constantly increasing, reduce the outlet for domestic mutton. Furthermore, boneless mutton is used interchangeably with boneless beef in manufactured meats. It therefore needs control to protect our domestic beef markets.

In 1954, the Tariff Commission in a section 22 investigation recommended a 10-cent-per-pound increase in the tariff on imported raw wool. That recommendation was not carried out by the President, but in its place the National Wool Act was passed, through which tariff duties on wool were held at existing levels and the equivalent of 70 percent of these duties was applied to make incentive payments to domestic producers whenever the average domestic price fell below a level established by the Secretary of Agriculture. One of the purposes of the National Wool Act, as stated by Congress, is to encourage production annually of 300 million pounds of shorn wool as necessary for our defense needs and for the welfare of the Nation. Due to economic conditions in the industry, wool production has been decreasing the past several years instead of increasing. This is due to a decrease in our sheep population caused largely by a lack of profit in the sale of lambs in the last few years. Sheep producers have to depend on sale of their lambs for over two-thirds of their income. Under these circumstances, we do not need and cannot stand constantly increasing imports of lamb and mutton.

It seems entirely indefensible and illogical to have the National Wool Act on the one hand to encourage wool production and then to have uncontrolled and constantly increasing imports of lamb and mutton as an important factor encouraging liquidation in our industry.

Before I close I would like to say that we in the sheep industry are interested also in beef because a number of our sheep producers also raise cattle. Certainly we are interested in the total red meat supply, and in considering some means of controlling meat imports, it seems to us logical and necessary to consider controlling imports of all red meats. We are interested in seeing that beef is controlled; also veal, also lamb, and also mutton. I am sure the cattlemen want to see lamb and mutton controlled along with beef and veal, because if beef and veal are controlled, and lamb and mutton are not, then they are losing ground.

Therefore, I contend that the total red meat picture should be considered—a picture which shows that for the year 1963, we produced 18,155 million pounds of beef, veal, lamb, and mutton, and we imported 1,823 million pounds, or 10 percent of our production of these four meats.

Speaking once again for the sheep industry, the amendment which Senator Mansfield proposes would remove uncertainty as to quantity of both lamb and mutton which could be imported into the United States each year. We strongly endorse this approach.

We also endorse and recommend quotas with growth factor based on the parity concept which Mr. McMillan has set forth, as covered in the House bill just introduced, H.R. 10334. We found respectfully urge that this committee give favorable consideration to amending H.R. 1839 to set up reasonable quotas on dressed lamb and mutton. Removal of the present uncertainty as to quantities that come in would also remove a depressing economic factor which is aiding in the present liquidation of our industry.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Mr. Marsh. Any questions?

Senator BENNETT. I would like to ask Mr. Marsh a question or two.

H.R. 1839, in section 3, reads: "The total quantities of beef, veal, and mutton." Do you think it should be amended to put the words "lamb" and "mutton" in there to make absolutely sure that——

Mr. MARSH. Senator Bennett, I was under the impression that lamb is included. Senator Mansfield mentioned in his testimony the other day that lamb had been added.

Senator BENNETT. I am sorry. It says "and lamb."

Mr. MARSH. Yes. Very definitely we want both lamb and mutton included.

Senator BENNETT. OK.

For your testimony you mentioned the percentage by which dressed lamb imports have increased since 1957. You say they are up 955 percent.

Mr. MARSH. Yes.

Senator BENNETT. If you are willing to accept as the quota basis the 5-year—average of the last 5 years—by how much would the quota be reduced under the 1963 figure?

Mr. MARSH. You mean on the total quantity of lamb and mutton?

Senator BENNETT. Well, yes, or any—on the total or by individual types, if you can give it to us.

Mr. MARSH. On the lamb I believe the average would be around 13 million pounds per year, and I would have to figure the mutton. I can give you the figures on mutton for the last 5 years. I would have to calculate the average. In 1959 we imported 95 million pounds of mutton; in 1960, 74.6 million; 1961, 89.8 million, 1962, 130 million; and 1963, 125.8 million.

Now, I should add that the mutton poundage is on a carcass weight basis. The Department of Agriculture has converted mutton from a product weight to a carcass weight basis so that we can compare it with domestic production.

Senator BENNETT. I think the committee would be interested in knowing by how much the last year's import figures would be reduced if we used the 5-year-average calculation.

Mr. MARSH. I will be glad to calculate that and furnish it for the committee.

Senator BENNETT. Both on lamb and mutton.

Mr. MARSH. Yes.

(The following was later received for the record:)

NATIONAL WOOL GROWERS ASSOCIATION,
Salt Lake City, Utah, March 14, 1964.

HON. HARRY F. BYRD,
Chairman, Senate Committee on Finance,
Senate Office Building, Washington, D.C.

DEAR SENATOR BYRD: In the questions following my testimony March 13 on Senator Mansfield's meat import amendment to H.R. 1839, Senator Bennett asked me to give the data on the average imports of lamb and mutton for the 5 calendar years ending with 1963. While I had figures with me on a yearly basis, I told Senator Bennett I would calculate the 5-year average and furnish it for the record.

The two figures that are to be supplied for the record at the proper place in my testimony are these: Yearly average of importation for 5 years, 1958 to 1963 inclusive: Lamb, 13 million pounds; mutton, 51.5 million pounds.

The two figures above are on a product weight basis. They are calculated from data furnished by the Livestock and Meat Products Division, Foreign Agricultural Service, U.S. Department of Agriculture. The USDA does calculate the boneless mutton on a product weight basis and also on a carcass weight basis. The latter calculation is to give a fair comparison with domestic production. If calculated in a carcass weight basis, average imports of mutton for the 5-year period would be 103 million pounds.

If any further information is needed, I can be reached in Washington at Lincoln 6-6611, extension 410.

Sincerely,

EDWIN E. MARSH, *Executive Secretary.*

Senator BENNETT. Of course, I come from a lamb-producing State which also houses the headquarters of your national organization, and this is a very serious problem for us. In total volume it may not be as serious as the beef problem, but the combination of the two hitting us at the same time completely threatens the continuance of our livestock industry.

Mr. MARSH. That is correct, Senator.

Senator BENNETT. And I think we have got to face up to it while there is still a livestock industry to be saved.

I have no other comments, Mr. Chairman.

The CHAIRMAN. Any further questions?

Senator CURTIS. Mr. Marsh, I would like to ask, What States feed the lambs?

Mr. MARSH. There is some lamb feeding in the Imperial Valley of California. There is lamb feeding in northern Colorado, in your State of Nebraska, in Kansas, Iowa, South Dakota, and some in Minnesota. I would say those are the main feeding areas.

Senator CURTIS. Now, while the population of the United States has increased probably 80 or 90 million, the sheep population has been about cut in half.

Mr. MARSH. That is correct. It has been cut about in half, I would say, since 1940.

Senator CURTIS. This increase of mutton imports by 7,300 percent over 1957 has very definitely cut across the board to affect all red meats very much, hasn't it?

Mr. MARSH. Yes, it has, because as I pointed out, it is used interchangeably with beef and it has also affected the price which our producers receive for their older ewes.

Senator CURTIS. Had your group won your contention, back prior to 1940, with the sheep population that the United States had then, with an opportunity to grow, would it have made a material contribution to solution of our overall agricultural problems? I mean in feed grain consumption, pasture required?

Mr. MARSH. Very definitely. It would have helped those problems.

Senator CURTIS. And the bulk of that business then went to New Zealand and Australia, didn't it?

Mr. MARSH. Certainly some of it has. There have been other factors but——

Senator CURTIS. I am not asking about what caused it, but I say the market that we did have has gone to New Zealand and Australia primarily, hasn't it?

Mr. MARSH. Yes.

Senator CARLSON. If I may, Mr. Marsh, the import duty as I remember it on lamb imported from Australia at $3 or $3.50——

Mr. MARSH. The present rates are 3½ cents per pound on lamb and 2½ cents per pound on mutton. Duties on both lamb and mutton were cut 50 percent from the 1930 tariff rates.

Senator CARLSON. That is the point I was getting at. Would that same duty rate apply to all lamb and mutton that is imported from other countries if there were imports? The $3.50 does apply.

Mr. MARSH. Yes, Senator, these rates of duty apply to all the fresh, chilled, and frozen dressed lamb and mutton imported regardless of country of origin.

Senator CARLSON. Now, would these rates be available for reduction as we get into what is known as the Kennedy round of GATT in May of this year?

Mr. MARSH. Yes, they will be. We testified before both the Tariff Commission and the Trade Information Committee in December asking that both lamb and mutton be removed from the list of items that will be considered for further tariff reductions.

Senator CARLSON. But they will be eligible for cuts. I mean, it is a part of the discussion, at least when we get into this Kennedy round, which is supposed to permit an overall reduction of 50 percent.

Mr. MARSH. Yes; that is correct.

Senator CARLSON. It seems to me there is another situation that we will have to be concerned about as far as agriculture is concerned, and I am concerned about the agricultural concessions that may have to be made and may be made at the Geneva meeting in May. I think this is one other phase of our agricultural——

Senator CURTIS. Would you yield? Isn't it true that under the 1962 act they could go to zero?

Mr. MARSH. I do not believe so on these particular items, Senator.

Senator CURTIS. You are right.

Mr. MARSH. I think on an ad valorem percentage basis the duties have to be quite low before the duty could be completely removed.

Senator CURTIS. Under five?

Mr. MARSH. Yes. Before they can be cut to zero.

The CHAIRMAN. Thank you very much, Mr. Marsh.

The committee is honored this morning. We have with us Senator Hickenlooper. The Chair recognizes Mr. Hickenlooper.

STATEMENT OF HON. BOURKE B. HICKENLOOPER, A U.S. SENATOR FROM THE STATE OF IOWA

Senator HICKENLOOPER. Thank you, Mr. Chairman.

First I want to apologize for invading the committee at this time without previous arrangement.

The CHAIRMAN. Always glad to have you.

Senator HICKENLOOPER. Thank you. I assure the committee I shall only take 2 or 3 minutes because I think the case has been very well documented up until now, and I want to endorse the statements of my colleague from Iowa and my other colleagues who have presented the statistical case and the economic situation.

I only want to add that, as a representative of probably the largest beef-marketing State in the Union, it is a life-and-death matter with us there as it is with other beef-marketing States, and the feeder cattle-producing States as well as lamb and mutton.

We do produce a substantial amount of fed lambs, some mutton. It is more of a specialized industry in our State, but it has a great impact on our economy. Beef and pork are our two great volume production areas so far as red meat is concerned. But meat in this country maintains a delicate balance. It has always been noted that price and supply have a direct effect upon the meat to which people will turn for food. Under certain circumstances they will eat more lamb and mutton. Under certain circumstances they will go more into beef purchases. Under certain circumstances they will go more to pork. And the impact which restrictions or oversupply has on any one product carries through the other product automatically.

Now, I cannot contend with the committee that these import quotas are the sole responsibility for the bankrupting effect which present disastrous prices for hogs and cattle and perhaps for sheep have on our economy as a sole factor. There are two important factors, I think, that are affecting us at the present time.

First, in 1962, as a result of a determined and announced policy, when corn began to be dumped on the market out of CCC stocks to maintain the market prices below a dollar a bushel, it meant cheap corn and corn during that period of time, 1962 and 1963, was selling on a net basis to the farmer of somewhere around 80 cents to 90, 92, which is cheap corn.

Farmers have been accused of being greedy because they may have increased their stocks. It was not greediness at all. It was a natural law of meat production. Cheap feed means increased animals through which this feed must be put for utilization.

And the only way you can use corn, for instance, with some very minor exceptions, is putting it through hogs and cattle and sheep in the main. I think the two factors, one, the cheap feed as a result of the dumping operations on the market in 1962, late 1961, 1962, and early 1963, provided this great volume of cheap feeds which caused an increase in animal population through which this feed would be put. That is one.

No. 2, the greatly increased imports of competitive products, beef and lamb, had a direct impact upon the supply, and no one can convince me that an 11- to 12-percent volume impact of outside products on the meat supplies of this country does not have a directly depressing effect on the price.

Taken together with the cheap feed and the increased animal numbers we have this disastrous situation which we have today.

Now, I join with Senator Mansfield and others in this bill. I do believe that the purpose of the bill is not to try to take away all imports, but it is to establish a period or a yardstick for measurement of volume of imports. Now, while this amendment upon which my name appears includes the 5-year period ending December 31, 1963, I believe that it should go back to not later than 1960. The reason I say that, for some reason 1962 and 1963 were years of enormous increase in our imports and that in order to get a reasonable answer of the flow of trade, we should end this period not later than 1960 and the 4 preceding years prior to that time.

I want to emphasize, as others have emphasized, that our farmers in the cattle and hog production area are literally going broke. They cannot sell cattle today, finished cattle. They cannot sell cattle today in the range of $20 a hundred, and a great deal of it is going for less than that; they cannot sell cattle in the range of $20 a hundred and hogs in the range of $13.50 to $14 a hundred—and I am talking about what the farmer gets for them—they cannot sell those cattle and keep even with the game. They are losing money on every head they sell, whether it is cattle or hogs, and the same can apply to the prices on lamb and mutton.

And it is a most desperate situation that we face.

I know from letters that I receive from farmer after farmer that if he cashed out today, and he is going to have to cash out because you can only feed animals about so long until you have to sell them, but I know from letters that I receive from farmer after farmer, if he cashed out today, he is bankrupt. And many farmers will be losing the results of their life saving and their life accumulations because of these prices.

Now, I think the restrictions on imports, getting back to the level of 1960 and the 4 years prior to that, will be a definite step in the direction of curtailing this impact upon our market.

Now, I realize that most of the beef that comes in is manufacturing beef according to all the statistics that I get. It is hamburger beef and cheaper cuts and cheaper quality of beef, but by the same token it is exactly in the same position that we have in the pork industry or in the soybean industry. The trouble with soybeans often occurs and usually occurs with the surplus of oil that develops and is produced in connection with the crushing of the bean. We do not have too much trouble of getting rid of the soybean or cottonseed cake. It is the oil byproduct or sometimes main product which build up in surplus.

The same thing occurs in pork production. Usually when you find pork prices very low, you find a surplus of lard and fat.

Now, when we import meat products which directly compete, and in many instances take the place of, the cheaper quality of beef which we would otherwise put into this manufacturing beef in this country, we find that the impacts on prices all through the structure are serious and we have this disastrous situation which is threatening the very integrity and the economy of the whole agricultural area. Corn doesn't mean much to us unless we can put it through hogs and cattle in the main, and if hogs and cattle come to a disastrous point of operation, where they are at the present time, then that affects basically the whole agricultural economy and the prosperity of the system; that is, the food production system which is basic to any country.

And therefore, Mr. Chairman, in order to curtail what I have to say, in the shortest possible time, I earnestly urge the committee to seriously consider this rollback provision and also to seriously consider fixing the time of measurement, the time of the yardstick as not later than 1960 and the 4 preceding years.

I have joined on some other amendments and some other proposals to do this job, but I have confidence that the committee will give every consideration to the facts and the evidence and especially the disastrous condition which is increasing in our agricultural area rather than decreasing.

I thank you for this opportunity.

The CHAIRMAN. Thank you very much, Senator Hickenlooper. Glad to have you with us.

There are several other Senators present now who I know would like to make short statements.

Senator Inouye, will you come forward and take the stand?

STATEMENT OF HON. DANIEL K. INOUYE, A U.S. SENATOR FROM THE STATE OF HAWAII

Senator INOUYE. Mr. Chairman, I appreciate this opportunity to appear before this committee to testify in support of the amendment (465) introduced on March 9 by the senior Senator from Montana, Mr. Mike Mansfield, to H.R. 1839. I have read his testimony as presented before this committee on March 11, and I wholeheartedly endorse the statements he so ably presented and would like to urge favorable consideration of the proposals contained in the amendment.

I am attaching a letter I received from the Hawaii Cattlemen's Council, Inc., dated December 16, 1963. It spells out in detail many of the problems discussed by Senator Mansfield in his testimony as they apply to the cattle industry in Hawaii. I would like to call special attention to the fact that the recent upsurge of beef imports has had an impact on Hawaii three times more severe than for the mainland United States. Imported beef today accounts for about a third of all beef consumption in Hawaii in contrast to about 11 percent for the United States as a whole and 3.2 percent for Hawaii only 10 years ago. In other words, beef imports to Hawaii has increased tenfold in 10 years. As it was so elsewhere, the big wave of imports from Australia and New Zealand occurred over the last 2 years.

Hawaii's geographic location in the middle of the Pacific Ocean is such that its close proximity to Australia and New Zealand makes the Hawaii meat market a prime target for these exporters. In all fairness to our own cattle industry, I doubt whether any domestic industry can withstand this kind of concentrated foreign onslaught. In desperation, the cattle industry in Hawaii has urged me to seek beef import limitation on a port-of-entry basis or on a per capita basis. During the past several months I have discovered how complicated and confusing these proposals can be. And, it should be noted that our administration has not looked too kindly upon these proposals. The use of a 5-year base as suggested in this amendment, instead of the most recent 2 years as a base used in our recent voluntary agreement, will not completely solve our problem. However, I am hopeful that this rollback will help stabilize the meat market in Hawaii as well as elsewhere in the United States.

I am mindful of our consumer's interests, as well as our basic national policy of encouraging free trade. Under this new formula contained in this amendment, beef exporters will still be permitted to export to us more than they have prior to 1962 as well as sharing in the growth of our domestic meat consumption. Effective competition will prevail instead of cutthroat competition. As in all other industries, some stability must be assured domestic producers if they are to survive in our free enterprise economy.

(The letter referred to follows:)

HAWAII CATTLEMEN'S COUNCIL, INC.,
Honolulu, Hawaii, December 16, 1963.

HON. DANIEL K. INOUYE,
U.S. Senator from Hawaii,
U.S. Senate, Washington, D.C.

DEAR SENATOR INOUYE: Foreign imports of beef from New Zealand and Australia have been the main factor in bringing the price of Hawaii's cattle to the lowest point in relation to production cost in its history.

In the past 10 years the amount of these imports has increased from 1,061,000 pounds, or 3.2 percent of our domestic consumption in Hawaii, to 8,345,000 pounds, or over 40 percent of our domestic consumption during the first quarter of 1963, an increase of 20 percent.

In 1951 we received 51 cents for steers and heifers that are presently priced at 32.5 cents. The price of cow meat in 1951 was 45.6 cents, and presently is 24.5 cents, an 18-cent drop. It should be pointed out that one way or another we have been able to change our production methods, increase marketing outlets through feeding our cattle and better merchandizing, and generally increase the efficiency with which the ranching industry operates. However, the increased efficiency which has cut down on our operating overhead can no longer offset the price drops on our cattle. In 1963 alone the price dropped 7 cents, which is 38 percent of the total drop since 1951.

We have moved all the grass fed meat into the feedlot that the market will absorb. To further illustrate this point, the price of U.S. Good feedlot beef has dropped 5 cents within 1963 because this market is saturated.

The industry is doing its part in trying to help itself. We have sent several delegations to New Zealand and Australia to attempt to work out voluntary restrictions on their exports of beef to Hawaii. However, we have been unsuccessful and imported beef continues to take over a larger and larger portion of our local market.

We ask that you support measures that would help protect the Hawaii and mainland U.S. beef industry from further economic hardship caused by the imports of foreign beef from New Zealand and Australia. We ask that you support U.S. Senate bill 2168, which provides for the negotiation of international agreements limiting the exportation of beef, veal, lamb, and mutton to the United States.

Secretary Freeman has contended that these imports have had no significant effect on fed cattle prices. This was only true until the fed cattle market was filled. It is a well-known marketing fact that substitution by consumers of one meat product for another has important effects on the price of both. Prices have fallen to postwar lows while imports have climbed to record heights.

It is time our Government changed its policies in connection with meat imports. Last year Congress enacted laws to deal with imports of cotton textiles (Public Law 87-488). The beef industry should be entitled to expect the same consideration of its problem as other industries. The time of necessity is here.

The cattlemen would, along with the present administration, like to see world trade free from restraint. However, this objective is getting further away from us. While we relax controls, other countries are tightening theirs. The Department of Agriculture just completed a study on agricultural protection by nontariff trade barrier, which shows that all our major trading partners practice a higher degree of agricultural protectionism through nontariff barriers than does the United States.

It must be noted that Hawaii's cattle industry is basic to the State. Cattle utilize land area that can be used in no other way. One-fourth of the State's total acreage is utilized by grazing beef cattle. There are 422 commercial cattle ranches comprised of 20 or more head of cattle with an annual income of $10 million. The future of the industry has no potential with the present increase in imports. With a bright future the industry can improve productive land, develop unused land, increase herds, employ more men, and buy more equipment, and open up now unproductive State and private lands.

Sincerely,

HAROLD F. RICE, Jr.,
Chairman, Legislative Committee.

The CHAIRMAN. Thank you very much Senator Inouye. We appreciate your appearing.

The next witness will be Senator Alan Bible. Won't you have a seat and proceed, Senator Bible.

STATEMENT OF HON. ALAN BIBLE, A U.S. SENATOR FROM THE STATE OF NEVADA

Senator BIBLE. Mr. Chairman, I appreciate the opportunity to present my views on the current high rate of imports of beef and lamb products.

The domestic producers of these products have suffered a severe economic strain since 1958. Without adequate protection the competitive position of this important segment of our economy will continue to deteriorate.

The Department of Agriculture and the administration have not, in my opinion, yet taken adequate steps to protect the interests of our domestic producers. The voluntary agreement recently concluded by the U.S. Department of Agriculture and Australian-New Zealand exporters, which reduces the 1964 quota 6 percent below the previous year, is a step in the right direction. While it gives recognition to the serious problem, it does not set the quota at a limit at which our cattle industry will benefit sufficiently. The years 1962 and 1963 upon which the quota is based were years of soaring imports. These were years the domestic livestock industry more and more felt the depressing pressures of rising imports.

We cannot expect our domestic livestock industry to benefit from the yearly 3.7-percent quota increase provided in the agreement for years after 1964. The 1962–63 base from which this guaranteed increase is provided is already excessively high. The percentage increase allowed is also much too high. It, in effect, allows foreign exporters to fill the domestic meat consumption increase. I believe we can do better than freeze our own domestic production at any level.

The recently announced domestic beef buying program for school lunch programs and relief purposes is likewise inadequate. While it is of limited relief to the cattlemen who I am sure welcome the program, it causes loss of business to the meat retailer. I have received letters from several of my Nevada constituents in opposition to this program for this reason.

I believe we can and should attack the basic problems of excessive imports.

Neither the Mansfield nor the Hruska proposal being considered by this committee is extreme in this regard. The proposals attempt to bring quotas to a level that will allow growth of legitimate competition without causing the severe disruptions to our domestic producers which is now imminent.

Agriculture is a huge customer of industrial equipment in the United States. It spends billions for goods and services each year. Depressing prices and loss of markets for the cattle industry, resulting from high import competition, has put this industry in trouble and has become a major problem in our American economy.

The statistics of meat imports during the past 6-year period illustrate the source of our domestic industry's problem. Beef imports from Australia and New Zealand increased over 457 million pounds during 1958 through 1962. Lamb and mutton imports increased over 55 million pounds during the same period. This constituted an import increase of more than 300 percent for both products. Import prices for lamb and mutton averaged $13.80 less per hundred pounds during the period 1957 through September 1963. Imports continued to increase during last year.

In my own State of Nevada the livestock industry is one of the most important income producers in the State. It has been estimated by the Agricultural Economics Department of the University of Nevada that livestock income supports over $82 million worth of business activity. Cattle operations are primarily of the cow-calf type, producing a weiner calf or yearling to go into feedlots and old cows be be culled. Foreign imports of low-grade beef have had the most distressing effect. They have caused a tendency to keep the cow longer than usual to produce a few more calves which again increases the cattle population and further depresses prices.

Land resources of Nevada are not the kind that can be shifted to other uses. The only immediate potential is the production of cattle or sheep. When this industry is depressed, therefore, it stays depressed until the situation again becomes favorable.

As we all know, the domestic producer is unable to compete with foreign imports because the unit cost per animal, reflecting the higher standard of living in the United States, is considerably higher than for his foreign competitor. The only alternative to attacking the problem at its roots is to attack the standard of living of the livestock producer or drive him out of business altogether.

It has been suggested that to enact such a quota now would jeopardize the upcoming tariff negotiations. Even if I felt this were true, I believe we should act with considerable haste to afford badly needed relief to any adversely affected industry when the need is apparent, and not at a later date when it will be too late to help those already out of business. I do not believe a move to extend this needed protection to the threatened livestock industry is a basis of jeopardy to the tariff negotiations. Tariff agreements could make trade negotiations of value but should not involve further jeopardy to an already ailing industry.

In view of the overwhelming evidence of need, I hope and trust this august committee will report a bill providing reasonable protection for this industry. Thank you.

The CHAIRMAN. Thank you, Senator Bible. We are glad to have you.

The next witness will be Senator Frank E. Moss. Won't you come forward, Senator Moss, and proceed with your statement?

STATEMENT OF HON. FRANK E. MOSS, A U.S. SENATOR FROM THE STATE OF UTAH

Senator MOSS. Mr. Chairman, I appreciate the privilege of appearing before the Senate Finance Committee this morning to discuss a subject which is of crucial importance to the Nation's cattle and sheep industry. Only the fact that this committee is considering amendments to restrict imports of beef, veal, mutton, and lamb is keeping up the morale of our livestock producers.

I returned only a short time ago from a visit to my State of Utah which took me into 21 of our 29 counties. Most of them were rural counties in the southern, central, and eastern part of the State, where livestock is a principal industry. I made a point of talking with cattle and sheep men everywhere I went; and when I didn't find them, they found me. I discussed with them, from every angle, the distressing situation in which they find themselves, and I am convinced that we must move to cut down meat imports if our livestock producers are not to be bankrupt. In Utah, this would be a catastrophe not only to the men directly involved in the raising of cattle and sheep, but to the stability of many areas in which the livestock industry is the most important economic segment. It is of substantial importance in all of our counties.

In general, I favor tariff reductions and freer trade. But it is apparent to me in this instance that excessive importation of meat is the main factor in the drastic drop in prices to the growers of sheep and cattle. There is nothing to do but act to stem the tide.

I am a cosponsor of the amendment offered by the Senator from Nebraska, Mr. Hruska, to establish the quota on all imports from foreign sources of fresh, chilled, or frozen beef or veal, mutton or lamb. The import quota for 1964 would be set at 463.4 million pounds—the quantity of such products imported into the United States during the 12-month period ending December 31, 1960. Under this amendment the President of the United States would be allowed to provide an increase in the quota by a percentage not greater than the percentage increase in population over the present year.

Use of the 1960 base would provide tight imports, and the method of percentage increases is sound.

Yesterday I was advised by the Utah Cattlemen's Association that its members favor the amendment offered by the Senator from Montana, Mr. Mansfield. This amendment would also roll back imports on beef, veal, mutton, and lamb, but its quota base would be the annual average of these items imported into this country during the 5-year period ending December 31, 1963. This base would allow more liberal imports than the Hruska amendment—something in the neighborhood of 735.4 million pounds, I believe.

If the committee, after full consideration of all factors involved, feels that it is wiser to accept the 1959–63 period as a base, I could support this conclusion. Using the annual average during a 5-year period would reflect current trends in imports without giving special consideration to a single high year, or to the highest or lowest year on record.

The Utah Cattlemen's Association has, however, suggested some adjustments in the Mansfield amendment, the most important of which would be the use of the years 1958–62, rather than the years 1959–63 as a base.

Since no member of the Utah Cattlemen's Association can be here to testify personally in these hearings, I ask that a copy of the letter I received from Mr. Sherman D. Harmer, secretary-manager, be made a part of the record of these hearings, and given committee consideration.

Before concluding, I wish also to strongly endorse the recommendations made yesterday in behalf of the National Wool Growers Association by Mr. Edwin E. Marsh, executive secretary, and to commend to the committee the revealing figures on lamb and mutton imports he presented.

I do not want to leave the impression that I feel reducing imports will solve all of the problems of the cattle and sheep industry, but there is no doubt that the import situation is a most important factor. I believe also that action can be taken to reduce these imports without effecting an increase in meat costs to American consumers. I am hopeful, therefore, that the Finance Committee will adopt an amendment which will deal realistically with the import situation when H.R. 1839 is reported.

The Federal Government has a responsibility to provide reasonable protection to one of our basic industries in a situation which daily grows more complex and competitive. Its impairment is dangerous to our economic well-being.

(The letter referred to follows:)

UTAH CATTLEMEN'S ASSOCIATION,
Salt Lake City, Utah, March 10, 1964.

Hon. FRANK E. MOSS,
Senate Office Building,
Washington, D.C.

DEAR SENATOR MOSS: In line with the sudden change in the imports situation in Washington on Monday, March 9, we would now appreciate your support of H.R. 1839, with amendment 465, as introduced by Senator Mansfield. We would, however, urge the following amendments be placed in amendment 465 as follows:

1. The average of meat imports for the years 1959–63 would be the base.
2. Legislation would include beef, veal, mutton, and lamb including canned, cooked, and cured but excluding live animals.
3. Imports for any calendar quarter may not be any greater than the quantity in the other calendar quarters.
4. They consist of imports (proportion of canned, primal cuts, lean boneless, etc.) shall not exceed the average consist of the imports coming into the United States in the base years of 1959–63.
5. The effective date of the legislation would be the succeeding calendar quarters after December 31, 1964.
6. An adjustment factor will be provided to give the exporting nations a share of the anticipated increase in consumption in the U.S. market only when effective parity price is achieved for the average live price of that species. Current average beef cattle prices are at 75 percent effective parity. Explaining this further, if at any time the average price of live beef cattle reaches the effective parity price, the exporting nations would be entitled to an additional quantity above the 1959–63 base to come into the United States. The figure involving parity price does not include calves and it is our understanding that a calf is any animal under 500 pounds.

The only other change that we believe would make these amendments even more desirable would be to include the years 1958–62 instead of 1959–63.

We understand several Senators and Congressmen are scheduled to appear before the Senate Finance Committee, expressing the opinion of their States on beef import legislation. We strongly and respectfully urge you to appear before this committee and express our views before it, inasmuch as we will be unable to send anyone to Washington to appear before this committee.

We certainly appreciate the splendid support you have given us in the past to this very important item of legislation and will very much appreciate your continued help.

Very truly yours,

SHERMAN D. HARMER,
Secretary-Manager
(For the Executive Committee).

The CHAIRMAN. Thank you, Senator Moss. That was a fine statement.

The next witness is Senator James B. Pearson. Senator Pearson, will you take the stand and proceed?

STATEMENT OF HON. JAMES B. PEARSON, A U.S. SENATOR FROM THE STATE OF KANSAS

Senator PEARSON. Mr. Chairman, I know the committee has listened to several hours of testimony this past week from other Senate colleagues who support Senator Hruska's amendment No. 467 to H.R. 1839, which would establish limitations on beef imports. The record contains extensive evidence in support of this amendment and, therefore, I will not expand the testimony unnecessarily.

On February 6, I called to the attention of the Senate the results of my own analysis of the depressed cattle prices. I attempted to identify the several factors which are already affecting the market.

I believe we all recognize the imports are not solely responsible for the deterioration of the domestic beef price structure, but it is important that we understand that these imports are an integral part of the supply picture and consequently affect cattle prices. They are thus an important consideration when we search for a solution to the problem.

I would emphasize here, Mr. Chairman, that other actions must supplement any quota legislation which may be created if we are to erase the crisis in the beef industry. It is my hope that we do not lose momentum in our search for an answer to this complicated situation with formal action on this amendment.

I share concern with those who have expressed dislike for restrictive trade legislation and the effect it might have on the upcoming GATT negotiations. In the past I have supported the enlargement of trade through the Trade Expansion Act and I recognize that future development of this country, and especially of the developing countries of the world, is closely interwoven with our international trade policies. Restrictive trade agreements are not in the best long-term interests of our farmers, our Nation, or the world.

However, we are now faced with a condition which results from changes in other nations' policies designed to protect their own industries. We must assure the future of our own cattle industry. We must impress these other nations that we, too, have an obligation to our economy. The United States cannot become a prime market for dumping excess foreign beef. We must make it clear that we are fully capable of supplying our domestic needs and that we cannot permit our domestic industry to go down the drain simply because we do not like to be firm in our negotiations with other nations.

The February 17, 1964, rollback of beef imports from Australia and New Zealand was a fanciful diplomatic action which failed completely to meet the problem. The subsequent proposal of the Federal Government to purchase beef for various Federal programs is nothing more than a temporary pacifier and is the first step toward spawning future Government surpluses and market manipulation.

There are many interwoven problems associated with this issue. While I recognize the quota legislation will not solve them all, I, nonetheless, give my full support to the Hruska amendment because I believe it to be the most effective means of demonstrating our intention to protect our domestic industries. I do, however, have great concern about the future of this legislation, and am not optimistic about its ability to make an impact on the problem at a sufficiently early date to relieve the pressures on our domestic industry. It may well be 2 or 3 months before Congress can complete action on this matter. In the meantime, our beef industry continues to slide further downward and producers continue to suffer as they haul their cattle to market to be sold at a loss.

I urge, Mr. Chairman, that this committee and the leadership of the Senate proceed with this legislation as expeditiously as possible in the earnest hope that we can shorten the depression in the beef industry.

Furthermore, Mr. Chairman, I urge that the administration take cognizance o fthe interest being expressed by members of both parties in both Houses of Congress concerning this problem. In so recognizing the concern, I hope the administration will see the wisdom of using all of the executive power at its disposal to effect as much immediate relief as possible.

At this point, Mr. Chairman, I want to introduce into the record conclusions and recommendations of my own study, which appeared in the Congressional Record of February 6, 1964.

In this material, I call attention to other actions which must be considered in addition to this immediate action in question.

CONCLUSIONS

A careful analysis of this very complicated subject leads invariably to certain rather clear conclusions.

First. The domestic livestock industry is currently the victim of both a long-term downward price trend and a short-term cyclical situation. The causes of and the solutions to these conditions are different and need to be distinguished if the industry's desire to remain free of Government control is to be protected.

Second. The long-term downward trend appears to be more directly associated with increased productivity in the livestock industry, as well as in competitive meat lines.

Third. The short-term cyclical situation appears to be more directly associated with the increase in annual domestic beef supply, larger supplies resulting from imports, an unsettled and discriminatory foreign market for U.S. products, and finally, a failure of the retail market price of beef to quickly parallel declines in slaughter prices.

Dissected in this fashion, it is quite clear that there is no common remedy for all the individual ailments.

RECOMMENDATIONS

There are four areas which require attention to relieve the short-run cyclical condition which is currently so troublesome.

First. The long-term trend in cattle supply shows an increase in the size of the national beef herd. However, the size of the herd and the rate of slaughter varies over cycles of 7 to 8 years. Prices of cattle, barring external influences, reflect these same cycles. Because of increases in population and per capita consumption, and more especially because of better market data communication and transportation, these extremes in the cycles appear to be lessening in severity.

I believe that increased emphasis on market reasearch and market data will be necessary to further diminish the negative impact of these cycles on the producers. The Department of Agriculture and the industry should give added attention immediately to practices which can further reduce the severity of the cyclical conditions.

Second. The preference of American consumers for beef, and the sensitive nature of price to demand emphasizes the important role the consumer can play in stabilizing cattle prices. When retail prices decline, consumer demand increases and adds some degree of stability to the market. The drop in slaughter prices is often hardly noticeable in retail prices and then only in relatively small and belated adjustments. The relationship of the farmers' sales price to the consumers' purchase price is a complicated one. Our marketing system has under-gone significant changes, as recently pointed out by the President in his agriculture message. This area needs extensive analysis. The marketings investigations initiated as a result of the President's proposal should include this particular problem. If not included, I will consider the introduction of legislation instructing a congressional committee or the proper agency to embark on such a study.

Third. Efforts should be increased to stimulate the demand for and use of domestic beef. I would urge that the Department of Agriculture review our exports of meat under Public Law 480. This approach to stabilizing beef prices would be preferred to further compounding our agricultural problem by direct subsidies to producers of Government production controls.

I would suggest that the Department of Defense review its meat buying programs. Between 1960 and 1962, our Armed Forces increased by 200,000 persons but meat purchases by the Department of Defense declined by $1.2 million.

Fourth. It is time that this administration took a firm position on its trade and foreign policy. Congress, in good faith, responded to administration demands for a free-wheeling trade bill in 1962. We have been retreating and vacillating ever since. The administration must finally realize that it cannot make everyone in the world happy and prosperous with its policies, but it does have an obligation to its own citizens. It must state its policy for all to know and then press forward with its negotiations. Unless we open up these markets which have been unjustifiably closed for selfish national reasons, the beef problem—and a whole host of other problems—will be with us for a long, long time. The forthcoming round of trade negotiations, which begin in Geneva in May, offers a first opportunity to deal effectively with the problem.

Mr. Chairman, I wish to thank you and the other members of this committee for permitting me to present this statement in support of Senator Hruska's amendment No. 467 to H.R. 1839.

The CHAIRMAN. Thank you Senator Pearson. We appreciate your giving the committee the benefit of your views on this legislation.

The next witness is Mr. Lyle King, director of marine terminals of the Port of New York Authority. You may proceed Mr. King.

STATEMENT OF LYLE KING, DIRECTOR OF MARINE TERMINALS, THE PORT OF NEW YORK AUTHORITY

Mr. KING. Mr. Chairman, on behalf of the American Association of Port Authorities and the Port of New York Authority, I wish to thank you and the members of the committee for this opportunity to appear before you in opposition to amendment No. 465 to H.R. 1839, the proposal to limit the total quantities of beef, veal, and mutton (except canned, cured, and cooked meat, and live animals) which may be imported into the United States in any future year.

The American Association of Port Authorities includes in its membership all of the major ports of the United States. The executive committee of that association has authorized me to represent them at this hearing. The public investment in these ports collectively represents a current cash value exceeding $3 billion.

The Port of New York Authority is a bistate agency created by the States of New York and New Jersey, by compact between them. It is charged by the States with the duty to protect and promote the trade and commerce in and through the New Jersey-New York port district.

We are aware that many witnesses have presented or will present various arguments in opposition to this amendment including but not limited to arguments based on the uses to which the meat is put, its effect on prices of processed meat products and its effect on the cold storage industry. It is my purpose, on behalf of the two organizations I represent here, to point out to you a facet of this problem which might not otherwise be called to your attention. As indicated below, the port industry and its activities in a port area are a major factor in the economy of the area. This amendment if adopted, would significantly impair the economy of port communities in the United States and especially that of the New York port district which includes Metropolitan New York and northern New Jersey.

As a result of our studies on the subject we estimate that one out of every four persons residing in our port district derives his or her financial support either directly or indirectly from the port's commerce. This figure can be viewed as generally representative of the situation in other major port cities in the United States. The income supporting this segment of the population of a port area is earned by persons engaged in many kinds of occupations including longshoremen, checkers, clerks, carloaders, truckers, watchmen, tugboat operators and crews, customs and other Government personnel, bankers, freight forwarders, merchants who supply vessels with provisions, ship repairmen, and many others.

Imported meat is one of the most important volume commodities contributing to the financial welfare of port communities. It is responsible for thousands of jobs both in the ports and around them. In the year 1963, U.S. ports handled an estimated 441,425 long tons of imported meat of the type that would be directly affected by the quota established by this bill. The port of New York alone handled 185,000 tons in that year. The proposed amendment would result in a reduction of about 144,000 tons per year from the 1963 overall tonnage level, or about a 30-percent decrease. When applied proportionately to the port of New York, it threatens a loss of about 62,000 tons per year. With one out of every four persons in port communities depending upon the waterfront activity for his livelihood, it is perfectly obvious that the loss of jobs in U.S. ports which would result from any such import limitation would be a severe blow to the ports. The port of New York alone would suffer the direct loss of all the jobs dependent on the 62,000 tons per year which it would lose, and the consequent curtailment in the income derived directly or indirectly from this tonnage.

In summary, therefore, the ports of the United States including the port of New York feel very strongly that any curtailment in the quantity of imported meat such as is proposed in amendment No. 465 to H.R. 1839 would clearly result in a loss of ship calls at U.S. ports and a serious loss of jobs and income to workers and their families in all major port communities. Therefore, the American Association of Port Authorities and the Port of New York Authority urge the committee to reject amendment No. 465 and any similar proposal to restrict or limit meat importation. May I again express my sincere thanks for the opportunity to appear before you.

The CHAIRMAN. Thank you for coming Mr. King. The next witness is Mr. Don F. Magdanz, of the National Livestock Feeder Association.

STATEMENT OF DON F. MAGDANZ, EXECUTIVE SECRETARY, NATIONAL LIVESTOCK FEEDER ASSOCIATION

The CHAIRMAN. Take a seat, sir. Proceed.

Mr. MAGDANZ. Mr. Chairman, members of the committee, I am Don F. Magdanz, Executive Secretary of the National Livestock Feeder's Association.

The CHAIRMAN. Do you have a prepared statement, sir?

Mr. MAGDANZ. I do not have a prepared statement, sir, and I will explain why.

I appreciate the privilege of appearing here this morning, and I do beg the indulgence of the committee for not having prepared testimony, but we did come to Washington in haste in order to take part in the hearings beginning Wednesday. Part of my testimony will be extemporaneous and part of it will include just a few excerpts from previous analyses we have made of this situation. In that way I think we will be far more flexible and conserve the time of the committee. We certainly do not intend to be repetitious.

The committee has already and will receive a great deal of actual factual information supporting the necessity for more restraint on imports. However, I would like to touch on several areas that have either not been brought to the attention of the committee or perhaps should be elaborated upon.

Our compliments to the committee for holding this hearing. Also to Senator Mansfield and others who have joined him in legislation and to Senator Hruska and others who have subscribed to legislative provisions he has introduced.

It is clearly evident there is much concern over the problem at hand, and we certainly are encouraged over the intensity of the desire to correct it.

First of all, may I briefly state our interest in this matter. The National Livestock Feeder's Association is a voluntary, nonprofit, nonpolitical trade association of domestic livestock farmers, as they are often called, engaged in the businesss of feeding and finishing livestock, cattle, hogs, and sheep for the——

Senator BENNETT. Mr. Magdanz, where is your headquarters?

Mr. MAGDANZ. Our headquarters are in Omaha, Nebr.

The association is sustained entirely by membership dues. Our membrship does exist today in 22 States, and there are over 100 State and local livestock feeder associations affiliated with our national association.

Almost a third of the total cash receipts from farming come from the sale of meat animals. Typically members of the National Livestock Feeders Association own the livestock they grow and finish in the production phase of preparing meats, beef, pork, and lamb, for the American consumer. Replacement animals in the framework——

Senator GORE. Did you say that almost one-third of agricultural income comes from sale of livestock?

Mr. MAGDANZ. Almost a third of the total cash receipts from farming come from the sale of meat animals. This is according to the Meat Consumption Trend and Pattern, Agricultural Handbook No. 187, July 1960, U.S. Department of Agriculture, page 1.

Senator GORE. Mr. Chairman, since I must go to another committee, I wonder if I could interrupt at this point to ask one additional question?

The CHAIRMAN. Senator Gore.

Senator GORE. I wonder if you or your organization has estimated the influence of the practices, particularly the buying power, of the chain groceries in forcing down the price of meat.

Mr. MAGDANZ. No, sir; I would have to confess that we have not conducted a study nor are we able to estimate any effect of this kind. I would be happy to comment on it, though, and that is that there are a great many more services being performed today by retail stores in the nature of consumer or shall we say homemaker services. In other words, more of our foods have some steps, some preparation, prepared by the processing industry before it reaches the housewife, and, of course, when this is done by businesses such as retail stores, it becomes very expensive.

Another thing that enters into this picture is the fact that more consumers are demanding that their meat be trimmed far more closely than heretofore, and I would like to give you an example of how this influence is spreading and how it applies.

I went into a local store myself just the other day to buy a piece of sirloin steak. I asked the meatcutter to cut one specially for me because there happened to be none in the bin with which I was satisfied. He cut it off and immediately started to trim all of the fat around the outside off of it, and I had to stop him because I personally do not want it trimmed that way. I did not stop him in time, however, to cut out the bone.

But this is a thing that is being demanded by more and more consumers. The retailers and their meatcutters are becoming in a habit of doing so. This product has to be produced along with—rather, these bones, fat, and so forth, must be produced along with the meat and when they are purchased in the live animal and then must be trimmed off before sale to the consumer, it is definitely going to have an effect on the retail price of the product.

Senator GORE. Well, I, too, have seen this practice but this does not in any sense bear upon the problem I raised. I have been under the impression, rightly or wrongly, that the large chains; particularly the buying power and other practices of the chain supermarkets has had more effect in depressing the price of beef than imports. I think this is a subject, Mr. Chairman, to which this committee will want to give attention. Perhaps it is a subject to which the Antitrust Division of the Department of Justice should give attention, but I wonder—since your organization has taken no position on this, I will not press the question further at the moment.

Senator ANDERSON. Could I ask a question?

Mr. MAGDANZ. Yes, sir.

Senator ANDERSON. This is the National Livestock Feeders Association.

Mr. MAGDANZ. Correct, sir.

Senator ANDERSON. Is Safeway Stores a member of it?

Mr. MAGDANZ. No, sir.

Senator ANDERSON. Well, don't they feed more animals than any individual feeder in America?

Mr. MAGDANZ. I believe if you will check with Safeway Stores themselves, you will find that they are not feeding one hoof of cattle today nor do they own or operate any processing plants. This is according to the information they gave to me. Now——

Senator ANDERSON. I knew at one time—I admit I get behind the times, but I knew at one time when they were very large.

How about Kroger?

Mr. MAGDANZ. I could not answer the question in regard to Kroger. May I comment further, though, on what you just said?

Senator ANDERSON. You are real sure about Safeway, though?

Mr. MAGDANZ. I am very sure because they have confirmed this information to me on more than one occasion. Now, I must say this, however, that the time was when they were rather heavy cattle feeders, particularly following World War II, and I cannot give you the years when they finally discontinued this, but it has been within, I am sure, the last 5 years.

Senator ANDERSON. Well, I had some little connection with the Department of Agriculture after World War II, and they were very substantial feeders at that time. I thonght that may have some bearing on Senator Gore's question.

Mr. MAGDANZ. They were at that time.

Senator ANDERSON. They are not now.

Senator GORE. Maybe they concluded they could do better by getting out of the business themselves and depressing the prices for the other fellow.

Mr. MAGDANZ. I think very definitely, sir, if they were engaged in the feeding operation today, it would certainly be no advantage to them.

Senator ANDERSON. Of course that is the evidence of business smartness. Let somebody else carry the load.

Senator BENNETT. Somebody else take the loss.

Senator CARLSON. Mr. Magdanz, right on that point, is it not true that—I mention Safeway since the name has come up here this morning, but they do have contracts with rather large operators that feed continuously several thousand head, that they are direct suppliers to the Safeway Stores, and the Safeway Stores are assured of beef from these large feeder operations?

Mr. MAGDANZ. Well, Senator, it is my understanding at this time they do not.

Senator CARLSON. Well, that is——

Mr. MAGDANZ. However, I would not be able to speak authoritatively on that point.

Senator CARLSON. Well, I have been advised they have, but there again I do not know either.

Mr. MAGDANZ. May I continue, sir?

Senator McCARTHY. Could I at this point—is the record of Safeway and the large chains one of going in and out of the cattle business as prices rise and fall? Is there a pattern in their feeding practices?

Mr. MAGDANZ. I have not detected any——

Senator McCARTHY. They are now out.

Mr. MAGDANZ. Any such pattern, sir.

Senator McCARTHY. If prices rise they might come back in, but as long as they can buy from people producing at a loss, it is better than feeding cattle themselves, I presume.

Mr. MAGDANZ. It would be impossible for me to predict if prices do rise that they might not go into it or that they might. However, I have a feeling that they did not necessarily go out of the feeding business because of the economic desirability or undesirability of feeding cattle.

However, that does not mean they might not get into it some day if they are able to do so.

Senator CURTIS. Mr. Chairman—whether or not the chains get in or out, it won't be upon a decision made by or an invitation extended by the individual farmers over the country who raise and feed cattle, will it?

Mr. MAGDANZ. No, sir, Senator, it will not, and——

Senator CURTIS. And they are the ones who are bearing the brunt now of the depressed prices of which imports are an important factor.

Mr. MAGDANZ. That is correct.

Senator CURTIS. So I am inclined to think that in any activity of our economy—we have got to watch out for too much power, various methods that do not keep the market fair to everybody, but certainly that should not be injected into this issue of what should be our level of imports. Do you agree with that?

Mr. MAGDANZ. Yes, sir.

Senator GORE. Well, Mr. Chairman——

Senator CURTIS. I do not mean that as any reflection on the question asked.

Senator GORE. I do not know why, if we are undertaking to examine the unhealthy condition of the beef industry and the feeding of beef, the causes of that unhealthy condition should not be examined. I think it would be highly unrealistic to confine the consideration of this committee to only one facet of it. I am not at all sure that the monopolies, particularly the practices followed by and the power of the chain supermarkets, do not have a greater influence on imports. This does not mean that I am unsympathetic with dealing with the import problem, but you cannot cure this malady by the treatment of only one ailment.

Senator CURTIS. I had no intention of criticizing any Senator on the scope of their inquiry, but I have in mind the individual farmer who does not make the decisions about chainstores going to an activity or staying out of it. Perhaps a separate study should be made of the role of chainstores in the overall meat marketing field. The individual farmer does have a tremendous stake in what we do about this particular legislation that is pending before us.

Senator GORE. I agree on that, but he has an equal stake in being—in saving himself or having the Government protect him from the growth of monopolistic power and practice to his detriment.

Senator ANDERSON. Can I ask you, do you have many members in Iowa?

Mr. MAGDANZ. Yes, we do, sir.

Senator ANDERSON. A substantial number?

Mr. MAGDANZ. Yes, substantial numbers. I am sorry I could not give you an exact figure at this moment because this is the time of year when memberships are coming in, and not having been in the office very much for about 3 weeks, I could not tell you what that number would be at the moment.

Senator ANDERSON. I am not current on all my statistics, but is Iowa still the largest cattle feeding State?

Mr. MAGDANZ. Yes, it is.

Senator ANDERSON. What is the average number fed by each farmer?

Mr. MAGDANZ. I am sorry. I could not answer that.

Senator ANDERSON. Is it under 10?

Mr. MAGDANZ. What is that?

Senator ANDERSON. Is it under 10?

Mr. MAGDANZ. Under 10?

Senator ANDERSON. Under 10.

Mr. MAGDANZ. Oh, I am sure it is much higher than that, the average number.

Senator ANDERSON. You had better take another look at your figures.

Mr. MAGDANZ. Well, now; sir, I think that when you get down to that low a figure, doesn't that include all of the farmers in the State divided into the total number of cattle in the State which, of course, would include people who may have one or two cows and would hardly in the general sense of the word be classified as a cattle feeder. That may be the reason that we——

Senator ANDERSON. If a man only has enough money to get two cows and is feeding those cows, he knows he is feeding cattle.

Mr. MAGDANZ. Well, from a statistical standpoint perhaps he would be considered as a cattle owner. From a practical operating standpoint in the industry, and our interpretation, he would hardly be considered a cattle feeder.

Senator ANDERSON. I am not going to argue the point. I only know at one time in history—this dates me—the average number on feed in Iowa was under eight, and it was the largest cattle feeding State. It is a wholly different situation in the commercial feeding lots that you are probably dealing with.

Mr. MAGDANZ. Not entirely, sir. We have I am sure by far the largest percentage memberships who are what we call farmer-feeders who are the modest-sized operators that may feed 100, 200, 300, and up to 500 head a year. Of course, when we start talking about commercial feeding lots, we are generally speaking in the thousands.

Senator ANDERSON. Do you think that fattening cattle to higher weights has had anything to do with this problem?

Mr. MAGDANZ. Very definitely it has.

Senator ANDERSON. Aren't they fattened to higher weights?

Mr. MAGDANZ. Yes; they have been in the past year or so, and I would——

Senator ANDERSON. Substantially above 900 pounds?

Mr. MAGDANZ. Substantially, yes. The average weight of cattle slaughtered is above 900 pounds. I would hasten——

Senator ANDERSON. About 1,200 pounds?

Mr. MAGDANZ. Yes.

Senator ANDERSON. That is unusual, isn't it?

Mr. MAGDANZ. It has for some time been running around 1,000 pounds if my memory serves me correctly. However, in the past year or so the average weight on all cattle slaughtered has gone up some 30 or 40 pounds. I believe 30 is more nearly accurate. However, in order to have that increased weight, we have had a percentage of cattle fattened or finished, shall we say, and carried to the point where they weigh as much as 1,300, 1,400 pounds, and unfortunately a few higher.

I would hasten to inject, if I may, Mr. Chairman, at this point that this association and, I do not believe, any of the witnesses so far have contended that the import problem is the sole cause of the situation we are in today. I think we must be completely honest in saying that we have increased our own slaughter in 1963, and in addition to increased numbers of cattle slaughtered, we have also increased the average weight which contributed some additional tonnage to our total domestic beef production. This has been part of our problem. We always have these self-inflicted problems, and the members of my association, in fact, the entire livestock industry, to the best of my knowledge, is willing to live with the problems that we create ourselves. We have had them before, and we always worked them out. We are unable, as has already been ably presented to this committee, we are unable to compete with the one factor in our market which has become a grossly increased factor in the past 5 years, and that is the factor of imports of the same type of product. We simply cannot compete with this situation.

Senator ANDERSON. The Department of Agriculture study for March of this year is that cattle on feed is down about 1 percent, but the cattle being fed above 900 pounds is up 11 percent.

Mr. MAGDANZ. I think that is entirely correct.

Senator ANDERSON. That makes some difference in the volume of meat.

Mr. MAGDANZ. Correct, sir.

Senator CURTIS. Mr. Chairman—does one problem affect another problem in the livestock business, and do the imports have any effect on cattle selling at increased rates?

Mr. MAGDANZ. Yes, certainly it did, because of the fact that we were having some competing products come in that were being offered in the market at several cents less than our domestic prices for a similar type product. As a result, our market became depressed, and the people in the livestock business, a really high risk business, recognize that fact, and they are constantly looking for ways and means of improving their position, and there is always the hope that the situation will recover, and consequently holding cattle an extra 30 days will tend to add from 70 to 100 pounds extra weight on these cattle. So——

Senator CURTIS. Well, now, Mr. Magdanz, you have been in this activity for a long time. You have been very helpful, not just recently but through the years, and we do appreciate your honesty in replying to these questions about other problems. I want to ask you something more or less on the technical side. Would this proposal that we are considering be a violation of GATT, for instance?

Mr. MAGDANZ. Senator, it is my understanding that it would not. Now, then, we often hear whenever legislation is proposed by the Congress in the area of quotas or in the areas of increased tariffs or anything of that type that you cannot do that because it is going to violate the GATT agreements. I believe that this is a mistake, and this committee could very easily find out the exact status of this situation by calling people from the Tariff Commission or perhaps the Department of State. I would suggest that this would be the best source of your information, but I would be glad to say this, that if a petition was made to the Tariff Commission or the Tariff Commission recommended to the President under certain circumstances that tariffs be increased on a particular product or that there be quotas imposed, the President would then be able to carry out these instructions or this recommendation if he chooses, and it would not be considered a violation of the GATT agreements because it is also our understanding that these GATT agreements all have provisions in them whereby different arrangements can be made, and it is also my understanding that other countries are taking advantage of the situation right along.

It is entirely possible that some reparation may need to be paid by the participating countries, but it could not be in the form of retaliation which is often connected with an accusation of violation, and it can be done.

Senator CURTIS. And from the standpoint of the international organization arrangement, clearly the American Government has a right to take protective action.

Mr. MAGDANZ. Certainly. The American Government is the American people, and I think we have every right to do that.

Senator CURTIS. So if the executive branch would take action and not be in violation of international agreements, certainly the Congress can.

Mr. MAGDANZ. I could not agree with you more, sir.

Senator CURTIS. Because the Constitution is so clear not only on where taxes are to originate, and a tariff is a tax, but it specifically says Congress shall have the power to regulate commerce among foreign nations. I do not care whether it is a violation or not. I think the foreign countries went into GATT knowing the provisions of the American Constitution.

Do you know anything about this article that appeared in the Washington Star recently? "Ask Argentines To Go Meatless 2 Days a Week."

BUENOS AIRES, Associated Press.—Argentina's meat packers have urged President Arturo Illia to tell Argentines to abstain from eating meat 2 days a week.

The meat packers called for an emergency meeting with Dr. Illia to tell him that home consumption must be cut 30 percent so more meat can be exported abroad. They also claimed that unless rationing is ordered, many meatpacking houses will close, and up to 60,000 workers could be laid off.

Drought and excessive slaughtering last year—the best in the decade for exports—has reduced cattle herds to new lows, the meatpackers said.

Well, now, the longer we let this problem go, the more difficult it will be to deal with so far as our own people are concerned; isn't that true?

Mr. MAGDANZ. That is true. I am sure it will be.

Senator CURTIS. Because there is a mad rush the world over to get a sizable portion of the market here. So it would seem to me that instead of just facing the serious situation we have now, that it is going to grow much worse if Congress does not act.

Mr. MAGDANZ. We are equally concerned with the future of this entire situation as a possible threat to our industry as we are with the situation today.

Senator, I am acquainted with the article that you referred to only having read it. We are not importing very much beef and veal from the Argentine today. Most of it is in the form of cooked, cured, or canned, due to the restrictions we have imposed because of the existence of foot-and-mouth disease in that country. But one of our recommendations that I would like to make before I am through is that the products cured, cooked, and canned should be included in any legislation that may be enacted, not because of the volume today but because of the possible future volume and also because it does provide an avenue whereby quotas on fresh beef and veal and fresh lamb and mutton could be circumvented.

The CHAIRMAN. Thank you very much.

Senator BENNETT. Mr. Chairman, the Senator from Nebraska had to go answer a phone call.

He is back. He wanted to ask more questions.

Senator CURTIS. Mr. Magdanz, have you finished with all of the matters we started to question you on?

I think probably I was responsible for starting to question you before you were through. Did you have a further statement?

Mr. MAGDANZ. Yes, I do, Senator, but I am glad to have questions interjected at any time you wish.

Senator CURTIS. Proceed.

Mr. MAGDANZ. Would you like to have me continue?

Senator CURTIS. Thank you.

Mr. MAGDANZ. I will be very brief. I wanted to touch on the world situation. That is, first of all, in the comparative nature of tariff protection between the United States and foreign countries, that has already been brought to the attention of the committee, so I will not do anything more than mention the fact that tariffs on products imported into this country are pitifully low compared to tariffs imposed by foreign nations; but also in that connection, I want to emphasize that the United States and Canada are the only two major countries which provide no nontariff protection for domestic producers of livestock and meat. And I would like to emphasize the only two countries who provide no tariff protection.

Senator ANDERSON. What is the Argentine protection?

Mr. MAGDANZ. I am referring, Senator, to a table that I have here, and I must confess that the Argentine protection is not listed in this table that we proposed. However——

Senator ANDERSON. Is your statement correct?

Mr. MAGDANZ. Pardon?

Senator ANDERSON. Then is your statement correct?

Mr. MAGDANZ. Yes, because we merely did not list all of the countries. The information comes from—first of all, it was used by Senator Hruska in the Congressional Record on September 25, 1963, and is compiled from data in the "Agricultural Protection by Non-Tariff

Trade Barriers," Economic Research Bulletin, Foreign, No. 60, September 1963, U.S. Department of Agriculture. And that is where this information is taken from.

And this information——

Senator ANDERSON. You have had more chance for homework than I have had.

Senator McCARTHY. I suggest that it is good he went back to the Department. To cite the Congressional Record as a source of information is to cite what may be a very unreliable source.

Mr. MAGDANZ. I have always regarded the information in the Congressional Record to be very reliable, sir.

Senator McCARTHY. Well, I would suggest that you be a little more skeptical of it, but I see you have gone a little beyond the Record.

Senator ANDERSON. We are discussing beef. Are you sure the Argentines have tariff protection on imports of beef in this country?

Mr. MAGDANZ. Excuse me, sir. In this case I am talking about nontariff protection, nontariff barriers, and these may be in the form of quotas, restrictions.

Senator ANDERSON. Let me go back to the—didn't you say the United States and Canada were the only two countries that——

Mr. MAGDANZ. Only two major countries which provide no nontariff protection.

Senator McCARTHY. Nontariff.

Senator ANDERSON. Nontariff.

Mr. MAGDANZ. And if I may, Mr. Chairman, I would like to have inserted a table that we have prepared, and I will hand it to the reporter, which shows that the proportion of the value of domestic production protected against imports by nontariff trade barriers and from selected countries, and this happens to be the reason Argentina is not in there, and I will just mention a few. France protects to the extent of 95 percent. The Netherlands to the extent of 95.2 percent. Australia to the extent of 72.1 percent. New Zealand, 100 percent. And if I may, I would like to have this table inserted in the record.

The CHAIRMAN. Without objection, insertion will be made.

(The document referred to follows:)

Livestock and meat: Proportion of the value of domestic production protected against imports by nontariff trade barriers, selected countries[1]

[In millions of dollars]

Country	Total value	Protected value	Percent	Country	Total value	Protected value	Percent
France	2,470	2,355	95.0	Portugal	102	102	100.0
West Germany	2,349	2,231	95.0	Switzerland	242	232	95.9
Netherlands	475	452	95.2	United Kingdom	1,355	456	33.7
Italy	1,136	1,136	100.0	Canada	854	0	0
Belgium	341	156	45.7	Australia	531	383	72.1
Greece	109	109	100.0	New Zealand	312	311	100.0
Austria	310	310	100.0	Japan	618	355	57.4
Denmark	600	600	100.0	United States	9,255	0	0
Norway	112	106	94.6				

[1] "Agricultural Protection by Nontariff Trade Barriers," ERS, Foreign, No. 60, September 1963, U.S. Department of Agriculture.

Mr. MAGDANZ. May I conclude—I see our time is running short, Senator—may I conclude my statement by saying that we would like to comment on the various legislation that is before this committee. You have legislation that would call for import restrictions to the extent of about 7½ percent of the domestic production in the years 1959 to 1963. Also legislation that would reduce the quantity coming in to the 1960 level or about 5 percent of domestic production. I am sure that the committee is going to have ample data and information and, of course, it is going to be the committee's prerogative to recommend the level at which it is felt will be most desirable.

Let me say that the National Livestock Feeders Association feels that it would be most advantageous if we can return the volume of imports on an annual basis, on an annual figure, I should say, to the 1960 level which would approximate 800 billion pounds of beef and veal carcass weight. And then may I merely emphasize several conditions or provisions that we would like to see included in legislation. They have been mentioned to you by a previous witness, but I would merely like to have the committee know that we concur completely in them.

And one, of course, as has been mentioned, is that cooked, cured, and canned meat products should be included.

Another is that restrictions should be in an annual amount but only one-fourth of the annual quota should be entered on release from warehouses in any one quater.

Another point, since this would be an import quota, and we feel that this is quite important, an import quota instead of an export quota from specific countries, there would necessarily be some intense competition between countries to fill the quota, and provisions ought to be provided to prevent importers from dumping an entire quarterly quota on the market the first few days or in the first week of each quarter.

An then the final one——

Mr. ANDERSON. How would you go about that? Are you going to watch every ship that loads?

Mr. MAGDANZ. I think it would be best to include the authority to do it, but not to set up the machinery for licensing to begin with. This, I believe, could be handled administratively and probably could best be handled by the Secretary of Agriculture. However, I would hardly be——

Senator ANDERSON. He cannot have a rowboat out in the Atlantic and stop the ships from coming in, you know.

Mr. MAGDANZ. I do not believe, Senator Anderson, he would need to do that because the ships come in through Customs, and they are either unloaded and the product disbursed or they may seek permission to put the product in a warehouse, I believe I am correct in saying under these circumstances they will warehouse this product even before the duty is levied, and the duty would be levied at the time they are withdrawn from the warehouse.

However, that is a technicality that I would suggest we check out because I am not certain of it.

Senator ANDERSON. This arises each time on sugar quotas. The Secretary of Agriculture is not able to sit there and say only so much sugar can come in today, so much tomorrow. They have an annual quota they can supply, and they have a right to supply it. How do you propose to regulate it so they cannot do that and still keep it legal?

Mr. MAGDANZ. First of all, as I mentioned, an annual quota we feel ought to be divided into quarterly——

Senator ANDERSON. Once divided into quarters, then you have got a 90-day quota. How are you going to keep that from coming in the first or second day for all 90 days? These vessels unload when they are ready, don't they?

Mr. MAGDANZ. They unload when they are ready, correct, sir, but they can also be warehoused so they would not have to be put on the market.

Senator ANDERSON. Is it an inexpensive method to handle twice at the port of entry?

Mr. MAGDANZ. It is not inexpensive, but I am sure there is a good deal being handled in that manner that way today. I do not think it would be a deviation from common practice today.

May I add, Mr. Chairman, our last point has also been mentioned to you and that is that instead of a growth factor which would give the exporting countries an increasing percentage of our domestic market, we feel that an adjustment factor should be provided that would come into, as has always been mentioned, that would come into play at any time that our average price of beef cattle, all beef cattle, excluding calves, reach the figure of parity or above.

With that, Mr. Chairman, may I conclude by merely saying this, that the members of this association want it to be clearly understood that we are not isolationists in any sense of the word. We are not interested in having imports of beef, veal, and mutton cut back to nothing. We are merely interested in seeing them reduced to a reasonable figure so that we can look forward to protecting our American market for domestic producers, domestic citizens, and for American taxpayers.

Thank you for allowing me to appear.

Senator MCCARTHY. Do the cattlemen have any special reason for suggesting quotas instead of an increase in the tariff on imported beef of various kinds, mutton, et cetera?

Mr. MAGDANZ. Yes; we do, Senator, for the reason that we feel increased tariffs will not satisfactorily answer the problem, and allow me to explain it in this way. Assume that we were to raise tariffs from the present 3 cents a pound on beef and veal to 9 or 12 cents a pound. Let us say 9 cents a pound.

Senator MCCARTHY. How high does it have to go to keep it out?

Mr. MAGDANZ. The question would immediately arise. How high would we have to go to keep it out, and I think that would be a difficult decision to make because we might even find this has some precedent, I am sure, that the product could continue to be exported to a country such as the United States even at a loss in an effort to hold the market.

Senator MCCARTHY. Well, we have some antidumping provisions which would probably prevent that if they were selling it at a loss in this market, at a price which would not compare to a price at which they were selling in other markets. The quota system, as you know, creates lots of problems. To which countries are we going to give the quotas? We went through this thing 2 years ago on sugar. The executive branch of the Government decided not to make allocations.

Congress was called upon to make allocation of quotas, and we had all kinds of trouble. I can see the possibility of similar trouble in making allocations in the share of the quota of imports of meat products into this country which might not arise if you simply raised the tariff on beef and let the world—the Argentine who wants to get back into the market—are we going to use a historic base of the last 5 years for the countries to which we are going to give the quotas or will we set up something new, an arbitrary basis for making the allocation? If we had no duty, then the Argentines, if they are able to effect this 2 days of abstinence that they are proposing in Argentina, they would probably want to come into the American market. And other Latin American countries. As you know, they are expanding beef and cattle production. And we have got a coffee agreement which this committee is now considering the way it is worked out, the export-import balance of a lot of other Latin American countries, and this is in the nature of a quota arrangement, too, and each of these becomes more and more complicated and difficult to administer.

Mr. MAGDANZ. We realize, Senator, that expediting a program of that kind is not going to be easy.

Senator MCCARTHY. I just think it might be easier to use the tariff approach on meat products as it is in the case of sugar, for example, and coffee which are products which are produced in a very limited number of countries, where in the case of beef products, we have some of the European nations that are supplying us, wish to supply us; we have Australia, New Zealand; we have the whole development of the cattle industry in Latin America.

We are going to have to set rather arbitrary distinctions here, make some arbitrary choices when we get around to assigning the quota.

Mr. MAGDANZ. It may very well be—I am sure you have studied this extensively—that this would be the easier way to do it. All I can say in answer is this, that we have also looked it over very carefully and came to the conclusion that we would rather see a quota system than merely increased tariffs.

Senator MCCARTHY. That is all.

Senator ANDERSON. Could you repeat that last proposal you made there that got tied into parity somehow?

Mr. MAGDANZ. Yes; I do not know that I can repeat it verbatim, Senator.

Senator ANDERSON. Well, state it again, then.

Mr. MAGDANZ. I can repeat the thought, that we would like to see an adjustment quota used instead of an annual growth factor, which adjustment quota or adjustment factor would come into play only when the average price of all beef cattle excluding calves reached parity or above.

Senator ANDERSON. Do you know where beef prices are now with reference to parity?

Mr. MAGDANZ. Parity price on all beef cattle exclusive of calves today is about $24.70 a hundred, and the effective price on all beef cattle I believe is $18 and some cents a hundred, although the monthly publication of the Department of Agriculture, under "Agricultural prices" gives this as of the 15th day of each month, I have not checked it in the last few days, so I do not recall what the price is, but it is in that neighborhood.

Senator ANDERSON. Then no beef could come in until the price got up to $24.

Mr. MAGDANZ. That would be average price, Senator, which would include the entire spectrum from slaughter cows through choice and prime fed cattle.

Senator CURTIS. Would you yield right there? I believe there was a misunderstanding. The distinguished Senator said there would be no beef come in until the price came up but you mean there would be no growth factor added to the foreign——

Mr. MAGDANZ. I am sorry. I did not happen to catch that; that is correct. The basic quota would have to come in regardless of price.

Senator CURTIS. But they could not increase the quota to the foreign countries at a time that we have depressed prices.

Mr. MAGDANZ. The increased amount is the thing that we are talking about that would be governed by whether or not our beef cattle prices reach parity.

Senator ANDERSON. Thank you. I did not understand the situation.

The CHAIRMAN. Thank you very much, sir.

Mr. MAGDANZ. Thank you, Senator.

Senator CURTIS. I want the record to show we are very happy to have you with us.

The CHAIRMAN. We will recess until 10 o'clock tomorrow morning.

(The additional material submitted by Senator Fong, referred to on page 112 follows:)

Senator FONG. Mr. Chairman, the Hawaii State Legislature, the County of Maui Board of Supervisors, and the County of Hawaii Board of Supervisors recently adopted resolutions requesting that a port-of-entry restriction be imposed on beef shipped into Hawaii under the voluntary agreement between the United States, Australia, and New Zealand.

I ask that these resolutions be made a part of the hearing record and that their texts be printed in the record.

I also ask that a memorandum on the constitutionality of my port-of-entry amendment from the office of the Senate legislative counsel be printed in the hearing record.

SENATE CONCURRENT RESOLUTION NO. 14

SENATE CONCURRENT RESOLUTION REQUESTING THE PRESIDENT AND THE SECRETARY OF AGRICULTURE OF THE UNITED STATES TO IMPOSE A PORT-OF-ENTRY RESTRICTION ON BEEF SHIPPED INTO HAWAII UNDER THE VOLUNTARY AGREEMENT BETWEEN THE UNITED STATES, AUSTRALIA, AND NEW ZEALAND

Whereas the U.S. Government through the Department of Agriculture and the Governments of Australia and New Zealand have entered a voluntary agreement limiting meat imports into the United States; and

Whereas the State of Hawaii receives 80 percent of its total meat demands from Australia and New Zealand as compared to mainland States which are receiving an average of 11 percent of their total production; and

Whereas this voluntary agreement does not provide a schedule of allocations to various State markets; and

Whereas such continued competition with foreign imports will produce devastating effects on the Hawaii cattle industry and the State's economy; and

Whereas the Legislature of the State of Hawaii and cattlemen in the State in recognizing reasonable competition recommend any one of the following formulas as a means of establishing fair allocation to Hawaii of meat imported from Australia and New Zealand:

1. Limit the share imported into Hawaii on a per capita basis.
2. Restrict Hawaii's imports to 11 percent of its total production, such production to include that product received from the U.S. mainland.
3. Permit processing beef to flow unrestricted into Hawaii, but restrict primal cuts on a per capita basis: Now, therefore, be it

Resolved by the Senate of the Second Legislature of the State of Hawaii, budget session of 1964, the House of Representatives concurring, That the President and the Secretary of Agriculture of the United States be and are hereby respectfully requested, to establish a port-of-entry formula on the importation of beef into the State of Hawaii under the voluntary agreement; and be it further

Resolved, That the members of the Hawaii congressional delegation be and are hereby respectfully requested, to actively support the purposes of this concurrent resolution; and be it further

Resolved, That certified copies of this concurrent resolution be transmitted to the President and the Secretary of Agriculture of the United States, to Members of the Hawaii congressional delegation, and to the department of agriculture of the State of Hawaii.

Honolulu, Hawaii, March 7, 1964.

Resolution No. 38

INTRODUCED BY MARCO M. MEYER, SUPERVISOR

Whereas the U.S. Government through the Department of Agriculture and the Governments of Australia and New Zealand have entered a voluntary agreement limiting meat imports into the United States; and

Whereas the State of Hawaii receives 80 percent of its total meat demands from Australia and New Zealand as compared to mainland States which are receiving an average of 11 percent of their total production; and

Whereas this voluntary agreement does not provide a schedule of allocations to various States markets; and

Whereas such continued competition with foreign imports will produce devastating effects on the Hawaii cattle industry and the State's economy; and

Whereas cattlemen in the State in recognizing reasonable competition recommend any one of the following formulas as a means of establishing fair allocation to Hawaii of meat imported from Australia and New Zealand:

1. Limit the share imported into Hawaii on a per capita basis.
2. Restrict Hawaii's imports to 11 percent of it total production, such production to include that product received from the U.S. mainland.
3. Permit processing beef to flow unrestricted into Hawaii, but restrict primal cuts on a per capita basis: Now, therefore, be it

Resolved by the Board of Supervisors of the County of Maui, That the President and the Secretary of Agriculture of the United States be and are hereby respectfully requested, to establish a port-of-entry formula on the importation of beef into the State of Hawaii under the voluntary agreement; and be it further

Resolved, That the members of the Hawaii congressional delegation be and are hereby respectfully requested, to actively support the purposes of this resolution; and be it further

Resolved, That certified copies of this resolution be transmitted to the President and Secretary of Agriculture of the United States, to members of the Hawaii congressional delegation, and to the department of agriculture of the State of Hawaii.

Board of supervisors, county of Maui, Wailuku, Hawaii

Members	Tam, chairman	Bulgo	Crockett	Hokama	Lee	Meyer	Molina	Morisaki	Tagawa
Ayes	x	x	x	x	x	x	x	x	
Noes									
Absent									
Excused									x

Adopted on the 20th day of March 1964.

G. N. TOSHI ENOMOTO,
County Clerk, County of Maui, State of Hawaii.

I hereby certify that the foregoing is a true and correct copy of Resolution No. 38, the original of which is now on file in the office of the county clerk, County of Maui, State of Hawaii.

Dated this 23d day of March 1964.

———————,
County Clerk, County of Maui.

RESOLUTION NO. 383

COUNTY OF HAWAII, STATE OF HAWAII

Whereas the increased allowance for the importation of Australian and New Zealand beef into the United States will be respectively: 1964, 773 million pounds; 1965, 801 million pounds; 1966, 830 million pounds; and

Whereas said allowance places no limitation on where the beef could be distributed in the United States and conceivably may be marketed at any port of entry, including Honolulu, State of Hawaii, their closest market; and

Whereas in the State of Hawaii, foreign imported beef has risen from 1,538,000 to 16,694,000 pounds in the past decade and has reduced the producers' price for grass-fed steers and heifers by more than 23 percent; and

Whereas foreign beef imports now captures 30 percent of the State's beef market as compared to 11 percent for the continental States; and

Whereas the county of Hawaii is the largest beef-producing county in the State of Hawaii and, therefore, would be seriously affected if the imported Australian and New Zealand beef is permitted to be sold in the manner presently allowable: Now, therefore, be it

Resolved by the Board of Supervisors in and for the county of Hawaii, That the U.S. Senators from the State of Hawaii, the Honorable Hiram L. Fong and the Honorable Daniel K. Inouye, and the Congressman, the Honorable Thomas P. Gill and the Honorable Spark M. Matsunaga, be and they are hereby requested to use the powers of their good offices to insure the equitable distribution of the projected increase of Australian and New Zealand beef throughout the United States so that the impact of foreign imports may not be a detriment to regions primarily in the environs of the ports of entry; be it further

Resolved, That the county clerk be and she is hereby directed to forward copies of this resolution to the Honorable Hiram L. Fong, U.S. Senator; the Honorable Daniel K. Inouye, U.S. Senator; the Honorable Thomas P. Gill, Congressman; and the Honorable Spark M. Matsunaga, Congressman.

Dated at Hilo, Hawaii, this 18th day of March 1964.

HELENE H. HALE,
Chairman and Executive Officer, County of Hawaii.
SHERWOOD R. H. GREENWELL,
HAROLD H. HIGASHIHARA,
IKUO HISAOKA,
ELROY T. L. OSORIO,
HERBERT T. MATAYOSHI,
ELIAS P. YADAO,
Supervisors, County of Hawaii.

I hereby certify that above is a true and correct copy of the original now on file in my office.

———————, *County Clerk.*

NOTES ON CONSTITUTIONALITY OF FONG AMENDMENT TO MANSFIELD BILL ON MEAT IMPORTS

Article I, section 9, clause 6 of the Constitution of the United States provides that—

No preference shall be given by any Regulation of Commerce or Revenue to the Ports of one State over those of another * * *.

An examination of the cases in which the courts have had occasion to consider this provision does not disclose any case involving the allocation of a quota among ports in order to prevent the entry of excessive quantities of a product at any port or ports, as would be authorized by the Senator's amendment to the Mansfield bill.

The following dicta may be useful, however, in your consideration of this problem:

In *State of Pennsylvania* v. *Wheeling and Belmont Bridge Co.* (18 How. 421), objection was made that an act of Congress regulating the height of a bridge over the Ohio River at Wheeling resulted in discrimination against the port of Pittsburgh by providing an obstruction to navigation that discouraged vessels from proceeding beyond Wheeling. In disposing of this objection the court said (p. 435):

Besides, it is a mistake to assume that Congress is forbidden to give a preference to a port in one State over a port in another. Such preference is given in every instance where it makes a port in another State a port of entry, and refuses to make another port in another State a port of entry. No greater preference, in one sense, can be more directly given than in this way; and yet, the power of Congress to give such preference has never been questioned. Nor can it be without asserting that the moment Congress makes a port in one State a port of entry, it is bound, at the same time, to make all other ports in all other States ports of entry. The truth seems to be, that what is forbidden is, not discrimination between individual ports within the same or different States, but discrimination between States; and if so, in order to bring this case within the prohibition, it is necessary to show, not merely discrimination between Pittsburgh and Wheeling, but discrimination between the ports of Virginia and those of Pennsylvania.

Louisiana Public Service Commission v. *Texas and New Orleans Railroad Co.* (284 U.S. 125) involved the validity of certain freight rates fixed by the Interstate Commerce Commission. It was contended that the addition of 8 cents per ton for ferrying traffic across the Mississippi River in Louisiana offended against the above constitutional provision in that it resulted in a benefit to ports in Texas to the incidental disadvantage of ports in Louisiana. In its discussion, the court had the following to say (p. 131):

The specified limitations on the power of Congress were set to prevent preference as between States in respect of their ports or the entry and clearance of vessels. It does not forbid such discriminations as between ports. Congress, acting under the commerce clause, causes many things to be done that greatly benefit particular ports and which incidentally result to the disadvantage of other ports in the same or neighboring States. The establishing of ports of entry, erection and operation of lighthouses, improvement of rivers and harbors, and the providing of structures for the convenient and economical handling of traffic are examples (*Pennsylvania* v. *Wheeling & Belmont Bridge Co.*, 18 How. 421, 433-5). And see *Armour Packing Co.* v. *United States*, 209 U.S. 56, 80. The construction for which appellants contend would strip Congress of much of the power that it long has been accustomed to exert and which always has been held to have been granted to it by the commerce clause. It is clear that the Constitution does not forbid the allowance for ferrying the Mississippi at Louisiana ports.

Although these cases are not in point, the above quotations suggest that the following arguments might be made in support of the validity of the Senator's amendment:

1. The establishment under the amendment of the maximum quantity which may be entered at a particular port does not (so long as it is not applied on a State basis) amount to a preference in favor of the ports of other States, and that any discrimination which may result would be among ports and not among States.

2. Any preference which might result to other ports would be only incidental to the exercise by the Congress of its power to regulate foreign commerce.

(Whereupon, at 11:58 a.m., the committee was in recess, to reconvene at 10 a.m., Saturday, March 14, 1964.)

MEAT IMPORTS

SATURDAY, MARCH 14, 1964

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to recess, at 10 a.m., in room 2221, New Senate Office Building, Senator Harry F. Byrd (chairman) presiding.

Present: Senators Byrd, Anderson, Gore, Talmadge, Carlson, Bennett, and Curtis.

Also present: Elizabeth B. Springer, chief clerk.

The CHAIRMAN. The hearing will come to order.

Our first witness is Mr. Carl F. L'Orange of the Virginia Beef Cattle Association.

Senator CARLSON. Mr. Chairman, would you mind if I put a resolution in before the witness takes the stand? I have here a resolution which was passed unanimously by 350 members who attended an annual meeting of Producers & Texas Livestock Marketing Association in Kansas City, Mo., on March 6. The resolution expresses their interests and concern about the present situation. I ask that it be made a part of the record.

The CHAIRMAN. Without objection.

(The document referred to follows:)

RESOLUTION

Whereas the members of the Producers & Texas Livestock Marketing Association assembled at it's 41st annual meeting in North Kansas City, Mo., on March 6, 1964, who are producers and feeders of cattle, hogs and sheep, in the States of Missouri, Kansas, Oklahoma, Nebraska, and Texas, are deeply disturbed over the disastrous prices of live cattle, hogs, and sheep, adopt the following resolution; Be it

Resolved, That we direct the president of this organization to advise the Members of Congress that the recently negotiated agreement to limit imports of beef, veal, and mutton, in whatever form, is unsatisfactory to the livestock interests of this Nation and will not relieve the pressure on our markets; and that we urge them to continue their efforts to greatly reduce the tonnage of imported meats to a more realistic basis.

PRODUCERS & TEXAS LIVESTOCK
MARKETING ASSOCIATION,
R. T. SPANGLER, *Secretary-Treasurer.*

The CHAIRMAN. Mr. L'Orange?

I just want to say that Mr. L'Orange is a great friend of mine. He is one of the outstanding Virginians in the beef cattle industry. We are very delighted to have you today.

Senator CURTIS. Mr. Chairman, may I say to the witness that no man ever appeared before any congressional committee in the history of the Republic who had a better Senator than you have.

Mr. L'ORANGE. Thank you, sir, very much. We in Virginia appreciate that fact. I am sure the country as a whole does.

Senator CURTIS. The people in Nebraska do.

The CHAIRMAN. You may proceed, sir.

STATEMENT OF CARL F. L'ORANGE, VIRGINIA BEEF CATTLE ASSOCIATION

Mr. L'ORANGE. Mr. Chairman, gentlemen of the committee, for the record I am Carl F. L'Orange of the Virginia Beef Cattle Association, and I should like to talk to you very briefly of the importance of the beef cattle industry to the economy of Virginia and show how it has been hurt by excessive imports of foreign beef.

Virginia's cattle herd numbered 1,363,000 head on January 1, 1964, with an estimated value of $156,745,000. These figures are down from 1,450,000 head, worth $192,850,000 January 1, 1963. That is due to the critical drought and lowering of cattle values.

We had a total of 832,000 beef cattle of which 425,000 of them were beef brood cows as of January 1 this year.

These numbers, though modest in comparison with some of our western friends and neighbors, are nonetheless substantial and are very important to us. Virginia has over 100,000 farms, and beef cattle is produced on 71,465 of them.

There obviously are a great many people involved in that kind of an operation. Virginia is a little unique in that it is primarily mountain country, the cattle producing area, that is, and we have a great many small operations. That is why we have such a great number of farms involved in the production of the number of beef cattle that are involved.

The cash receipts from all cattle sold in 1962 amounted to $71,802,000. The figure for 1963 has not yet been compiled. But over the last 5 years average cattle marketings have amounted to 12.5 percent of Virginia's total agricultural income.

I do not think you gentlemen want me to lay down a barrage of figures and statistics. I trust you will recognize from what I have told you that Virginia cattlemen contribute substantially to the State and local taxes and are obviously important customers of the utilities, transportation companies, and all types of business establishments in cities and towns. The good health of Virginia's cattle industry can do much to assure the good health of the entire economy of the Commonwealth.

In our efforts to study, cope with, and find causes of and solutions to falling cattle prices, we find that the average price of standard grade steers and utility grade cows on Virginia auction markets and over the country as a whole remain reasonably steady, in a straight line, if you will, through 1959, and that this line was closely paralleled by the volume of beef imports. Then the lines began to spread. Imports up, prices down. And that has continued to this day. Prices have continued to decline, and imports have gone right on up.

Using hindsight, we were likely stupid, but criticize us not too harshly for our human nature. Over the country as a whole, as cow prices declined, the temptation was strong to gamble on keeping an old cow to get one more calf which likely aggravated an already difficult situation. Perhaps that is why the Lord in his wisdom afflicted us benighted Virginians with the worse drought we have had in 30 years in 1963. Hence, we are down 7,000 cows for 1964.

Now, gentlemen, using the formula published on page 41 of the November issue of the Livestock and Meat Situation, the bimonthly publication of the Economic Research Service of the USDA, I will attempt to give you some idea of what it is doing to us at the marketplace.

In 1963 we sold 185,000 culled cows, averaging 950 pounds in weight. Using this formula, as I said, it figures out that imports, total imports, cost us $4 a hundredweight on those cows, or an average of $38 a head, for a total of $7,030,000 on the cows we sent to market in 1963. On fed cattle, only 64,000 head of them, averaging 1,000 pounds in weight, the loss on those was $2.45 cubic weight for a total of $24.50 a head. On unfed cattle, 58,000 head averaging 700 pounds, the loss on those was $3 a cubic weight for a total of $21 a head—271,000 calves averaging 300 pounds at a loss of $2 cubic weight for $6, giving a total loss of $11,442,000 directly attributable to imports.

Now, we realize that we do not want to cut out all imports. We have gotten along for a great many years, with our domestic market, slightly above 6 percent of imports and getting along very nicely doing so, and we are perfectly willing to continue that basis and share our market to that extent with our foreign counterparts. But we cannot live with the kind of imports we have had in the last couple of years. So recognizing that fact, we took 1961 as the year that imports amounted to 60 percent of the 1963 imports, and we continued this study on out further, that using those figures, instead of the $4 per cubic weight and the $38 per head on cows, we would wind up with $1.60 and a $15 price on cows.

On fed cattle it was 0.98 cents and $9.80 a head, and on nonfed cattle, $1.20, $8.40 a head, and on calves 0.80 cents and $2.40 a head, which gave us what we consider would have been fair treatment had we been working on a basis of 40 percent less imports than we received. And that would have cut our loss to $4,539,000. We are willing to go along on that basis.

We went a little further and applied that to inventory using the same formula for figuring losses. January 1, 1963, we had 1,450,000 head of cattle with an estimated value of $192,850, and a per head value of $133. January 1, 1964, we had the 1,363,000 as we previously stated, with an estimated value of $156,745,000, or $115 a head, there being a minus $18 between those figures.

Well, then, applying that formula to that $18, we come up with a $9,813,000 loss in inventory. That, of course, can naturally be recouped by correcting the present situation, but assuming that we would go on out, that would amount to a little over $14 million; and that is only one State, gentlemen.

Not included in the above figures is the fact that the production of feeder cattle is by far the largest segment of beef cattle business in Virginia. Last year we marketed roughly 400,000 head, and they were about $2.50 per hundredweight under 1962. But, alas, we have not yet felt the full force of the unfavorable fed cattle prices. They will inevitably reflect back with serious damage to our production of feeder calves and yearlings. Now, your respected colleague, Senator Robertson of Virginia, released to the press a letter which he had written to Secretary of State Dean Rusk. Mr. Robertson, certainly a recognized authority in the field of foreign trade, stated, and I quote:

> I have been convinced through years of study of foreign trade that whenever imports exceed 5 percent of the domestic market, they constitute a threat to domestic prices. I understand that last year edible beef imports reached 11 percent of the domestic market, and while it is true that we have increased domestic production and there was some distressed marketing last fall on account of drought conditions, it is also true that the free imports of beef had a depressing effect on our domestic market.

Well, having personally experienced the impact of imports, we were very impressed by the words of Senator Robertson.

Gentlemen, we do appreciate very much the courtesy that has been shown us here. We fully endorse the testimony presented by those representing the American National Cattlemen's Association of which we are affiliated and appreciate their efforts in our behalf, and we earnestly ask that you thoughtfully and favorably consider fully and favorably the legislation which is before you.

Thank you very much.

The CHAIRMAN. Thank you very much for a very fine statement.

Mr. L'ORANGE. I can only say thank you, Senator.

Senator BENNETT. Mr. Chairman, I have one question. I tried to follow your arithmetic. I did not have the figures before me. As I remember it on your last page you said you have a cattle population of something like 1,056,000 head of cattle.

Mr. L'ORANGE. Yes, sir. It was 1,163,000 I believe is the figure, sir, if I can find it here. I am not sure of my memory—1,363,000.

Senator BENNETT. 1,363,000—you also said you had an inventory loss on each of those of $18.

Mr. L'ORANGE. Yes.

Senator BENNETT. And yet you only added that up to $9 million.

Mr. L'ORANGE. Yes, sir.

Senator BENNETT. In my book it should be something like $20 million.

Mr. L'ORANGE. Well, I also said that I was using this formula to get the effect of imports. In other words, we are not taking the full $18 as attributable to imports. We are using this formula as prepared to establish the damage that imports were doing.

Senator BENNETT. I see.

Mr. L'ORANGE. That is the part of it that is directly attributable to imports.

Senator BENNETT. I am glad to get that straightened out. The rest of it you attribute to drought.

Mr. L'ORANGE. And the various conditions that we usually have in the cattle business and we have to live with from day to day and are perfectly willing to live with from day to day.

Senator BENNETT. I appreciate straightening this out. The arithmetic did not seem to add up.

Senator CURTIS. Mr. Chairman——

The CHAIRMAN. Senator Curtis.

Senator CURTIS. This total loss you mentioned, that is confined to Virginia alone?

Mr. L'ORANGE. Yes, sir.

Senator CURTIS. And the year is 196——

Mr. L'ORANGE. 1963.

Senator CURTIS. 1963—and is that the comparison with 1962 or did you make a comparison?

Mr. L'ORANGE. We did not make a comparison with 1962. What we did was to go back, as I stated, and take 1961 as a reasonable year which amounted to approximately 60 percent of the total of 1963.

Senator CURTIS. I see.

Mr. L'ORANGE. And assumed that we could live with that 60 percent that existed in 1961 if we could get rid of that 40 percent above that that we had to contend with in 1963.

Senator CURTIS. In other words, you have been very lenient in arriving at that estimate because there are a lot of people that would like to go back prior to 1961. I would say that your estimate of loss is very modest and careful.

Mr. L'ORANGE. Sir, we were trying to be reasonable and realistic.

Senator CURTIS. It is not my purpose to go into other agricultural commodities, but you would agree, I am sure, that with many other agricultural commodities, so far as trying to find a solution for it, cotton and wheat as two examples, and so on, there is a multiplicity of problems involved. Isn't it true that in this problem facing livestock people, producers of cattle, hogs, and lambs, we have an opportunity for a workable solution that is, after all, rather a simple solution. That is just to reduce the excessive imports. Isn't that right?

Mr. L'ORANGE. We feel so, yes.

Senator CURTIS. It does not call for great elaborate plans, because cattleman after cattleman has stated here that as for the usual problems, including the one of overproduction domestically, the cattlemen are willing to face them and iron them out in the long run themselves, aren't they?

Mr. L'ORANGE. It will right itself, given a little time. That we can cope with.

Senator CURTIS. You are not asking for any help on that.

Mr. L'ORANGE. What is more important also is it isn't going to cost the U.S. Treasury any money to get this thing straightened out.

Senator CURTIS. It will save them a tremendous amount.

Mr. L'ORANGE. It will save them a lot of money because if the beef cattle industry is in a more healthy position, we will use more and more of the surplus grains which are costing money.

Senator CURTIS. It will save them tremendous amounts of money. Now, in Omaha meatpacking is a tremendous industry; the largest in the world. One little item, the electricity for the meatpacking industry, is tremendous. I had before me—I do not have it now—the figure of what was spent on refrigeration in the Omaha meat industry; it is just tremendous. And there is what Senator Douglas calls the multiplier effect. When this production is in a foreign country instead of here it is a loss of jobs and payrolls and the spending of those wages, the loss of taxes. Even if the Government would be so foolish as to send farmers checks instead of letting them produce, which no one has asked here, they do not want them—it still would not create the same amount of activity because when hogs or cattle or lambs are produced, they have to be financed. That creates business. They have to be transported. They have to be fed. They have to be slaughtered. The meat has to be processed. It has to be packaged. It is advertised. It gives tremendous employment at the wholesale level and the retail level, and when the foreigners get all of that, it is a tremendous loss to the country; isn't that right?

Mr. L'ORANGE. It is, sir.

Senator CURTIS. Now, I do not want to hold you too long here, but does Virginia feed quite a few of their cattle?

Mr. L'ORANGE. No, sir; we are primarily a feeder cattle producing area.

Senator CURTIS. What feeding you do, where do you get the feed?

Mr. L'ORANGE. There is some grain produced in Virginia, in the Tidewater section of Virginia. We get down into some flat country that is very fertile in Tidewater and what is known as the Northern Neck going back which is a strip of land coming up between the Potomac and Rappahannock Rivers, which is very fertile flatland that produces a lot of grain. Over and above that we use grain coming out of the Midwest.

Senator CURTIS. These cattle that are produced abroad, the grain producers lose tremendously in this country, do they not?

Mr. L'ORANGE. That is true.

Senator CURTIS. I think actually that the producers of grain have got as much at stake here as the livestock people, because with the exception of wheat, substantially all of our grain, our corn, our sorghums, our oats, and everything else, is fed to livestock. If they lose that market, they are hurt; and that in turn creates the pressure on the wheat producers if the marekt for feed grains is cut out.

Mr. L'ORANGE. You are so right, Senator Curtis, and you put it so beautifully.

Senator CURTIS. Now, Mr. Chairman, we have had a great many tables placed in the record. I do not want to duplicate, but here is a rather concise table prepared by the Stockman's Journal in Omaha on March 10, 1964, which among other things breaks 1963 imports down by months and also under the categories of fresh, cured, canned, and cooked meats, and then gives the figures by years back from 1963 to 1960. I ask that it be incorporated in the record at this point.

The CHAIRMAN. Without objection.

(The document referred to follows:)

[From the Stockman's Journal, Omaha, Mar. 10, 1964]

HOW BEEF IMPORTS COMPARE

During 1963, a total of 910,440,000 pounds of fresh beef and veal was inspected when offered for importation into the United States. This was a new record that compared with the former record of 860,566,000 estimated in 1962. The 1961 total was 555,150,000, and in 1960 a total of 419,979,000 pounds was inspected. This class, of course, made up the bulk of the meat imports and a large percentage of all meat imports.

The amount of canned beef inspected when offered for importation in 1963 was 110,312,000 pounds. This compared with 85,685,000 in 1962, with 91,684,000 in 1961, and with 77,594,000 in 1960.

Cooked beef inspected for importation in 1963 amounted to 11,315,000 pounds, against 12,654,000 in 1962, and 9,960,000 in 1961. The 1960 total was 5,404,000.

Cured beef totaled 886,000 pounds, compared with 1,123,000 in 1962 and with 1,833,000 in 1961. The 1960 total was 1,918,000.

Beef and veal imports

[Figures in thousands of pounds]

	Fresh	Cured	Canned	Cooked
1963:				
January	41,365	307	4,961	1,626
February	69,257	37	5,906	223
March	79,655	93	12,278	1,155
April	43,500	20	5,292	976
May	68,330	55	10,583	671
June	62,354	30	9,289	1,491
July	85,767	26	7,618	1,170
August	116,956	74	16,229	1,519
September	85,747	58	11,811	215
October	108,907	97	8,563	450
November	90,150	32	6,764	291
December	63,453	57	11,073	1,526
Total, 1963	910,440	886	110,312	11,315
1962	860,566	1,123	85,685	12,654
1961	555,156	1,833	91,684	9,960
1960	419,979	1,918	77,594	5,404

Senator CURTIS. We certainly thank you for your helpful information.

The CHAIRMAN. Senator Talmadge?

Senator TALMADGE. I would like to compliment you on your statement. It was brief, lucid, clear, and to the point.

Mr. L'ORANGE. Thank you.

The CHAIRMAN. That is exactly what I wanted to say, but you said it first.

Mr. L'ORANGE. Thank you, Senator. I cannot tell you how much we appreciate the courtesies you have shown us personally and the committee as a whole.

The CHAIRMAN. The next witness is Mr. W. R. Brannan of the Oklahoma Cattlemen's Association.

Mr. Brannan, take a seat, sir, and proceed.

STATEMENT OF W. R. BRANNAN, PRESIDENT, OKLAHOMA CATTLEMEN'S ASSOCIATION

Mr. BRANNAN. Mr. Chairman, members of the committee, I am W. R. Brannan, president of the Oklahoma Cattlemen's Association, an organization speaking for over 5,000 cattlemen in the State of Oklahoma. I should like to say at this time that I as an individual am a member of the American National Cattlemen's Association as well as the Oklahoma Cattlemen's Association, and our State association is affiliated with American National, of whom we are very proud in their efforts to support the needs of the beef industry.

May I thank you for this opportunity of appearing before you in behalf of our association in our effort to have fair quotas placed on imports of beef.

In this effort, gentlemen, we seek not to eliminate foreign production or competition, but to put a reasonable limit on imports so that domestic producers may have an orderly market, and so that we may participate in the standard of living commensurate with that enjoyed by the majority of the citizens of this great country.

You will, I am sure, have from other sources information as to the wide margin between production costs in this country and those costs in our competing countries. It shall be my effort to show you the value of beef industry to our economy in our State, the production costs, and the possibilities for growth, given a domestic competitive position rather than open competition with cheaply produced, foreign government-subsidized beef.

I quote a recent report by Clyde M. Reed, a very able man, an extension livestock specialist, connected with Oklahoma State University. It gives a summation of the livestock industry in Oklahoma as follows:

There are approximately 44 million acres of total area in the State of Oklahoma. While 20 million acres have been cultivated at one time or another, it is estimated that less than 8 million acres were utilized as harvested cropland in 1963. Approximately 26 million acres of the area is classified as grazing land, which is comprised of 21 to 22 million acres of native grasses, including grazed timberland, and 4 to 5 million acres of bermuda grass and other improved pastures. There is an estimated 4 million acres of brushland which can be profitably converted into grazing land. The remaining 6 million acres are occupied by cities, towns, roads, highways, timberland, recreational areas, rivers, lakes, forests, et cetera.

Therefore, approximately 76 percent of the agricultural land in the State is grazed by cattle. According to the 1959 census, 47 percent of all harvested cropland in the States was utilized for feed grain and forage production, the majority of which was consumed by cattle. Wheat comprised 45 percent, or more than 4 million acres, of the total harvested crops in 1959. The winter grazing of wheat by cattle provides a major source of income from this crop. Hence, at least 40 cents of every agricultural dollar earned in Oklahoma starts with cattle.

We are moving rapidly into a grass farming, beef cattle economy. Cattle numbers have increased 85 percent since 1950. Cattle and calf numbers reached an alltime high of 4,029,000 head on Oklahoma farms, January 1, 1964. Oklahoma beef cattle numbers were up 5 percent for the year 1963, but the total value of all cattle was down 10 percent from January 1, 1963. This represents a loss of $72,522,000 to the industry in Oklahoma in a single year.

Oklahoma has approximately 4 percent of the Nation's cattle and 6 percent of the Nation's cows. No other State, except Texas, has more beef cows. No other State exceeds Oklahoma in cow numbers per square mile.

It is estimated that approximately 50 percent of the State's beef production is in direct competition with imported beef, since it is of similar grade and quality. Oklahoma will normally replace one-sixth, or 17 percent, of its cow herds each year. With nearly 2 million cows, this results in approximately 160 million pounds of cow carcass beef annually. This amount, plus the high percentage of cattle of less than U.S. Good grade of beef produced in Oklahoma, adds up to an estimated 50 percent of our total production. Therefore, imports are particularly significant to the economy of Oklahoma.

In ascertaining costs of production, may I refer you to exhibit A, giving figures based on data from the Southern Plains Experimental Station at Woodward, Okla. This, gentlemen, is second from the last page, and exhibit B, then, is a copy of an article in the Farm & Ranch magazine, of June 1959, compiled by beef cattle specialist, J. K. Riggs, of Texas A. & M. College.

(The documents referred to follow:)

Cow-calf costs and returns [1]*—8-year average*

	Heavy stocking	Moderate stocking	Light stocking
Average investment per cow [2]	$155.00	$160.00	$160.00
Acres per cow	12	17.4	22.35
Income:			
Average weight per calf weaned	404	481	511
Selling price, calf per hundredweight	$22.87	$22.13	$22.00
Value of weaned calf, 4 percent shrinkage	$88.75	$102.22	$107.95
Percent cows that weaned calves	81	92	89
Value of calf per cow	$71.89	$94.04	$95.46
Costs:			
Drugs	$0.65	$0.80	$0.80
Salt	.25	.25	.25
Protein supplement	10.83	10.83	10.83
Alfalfa hay	2.72	1.86	.98
Interest, 6 percent average investment per cow	9.30	9.60	9.60
Interest, 6 percent, ½ operating costs	.50	.64	.61
Taxes on cow	1.18	1.18	1.18
Labor	14.63	15.90	16.72
Land charge	18.11	26.17	33.59
Depreciation on cow	10.00	11.50	11.50
Death and injury, 2 percent salvage value	2.40	2.40	2.40
Bull costs	4.22	4.22	4.22
Total costs	74.69	85.25	92.58
Returns to—			
Management per head	−2.80	8.80	2.87
Management per acre	−.23	.51	.13
Land, labor, and management per head	29.62	50.88	53.15
Land, labor, and management per acre	2.46	2.92	2.38

[1] Based on data from Southern Plains Experimental Range, Woodward, Okla., for the period 1952-60. Calves sold as low as $62 and as high as $141 during this period.

[2] The heifers in the heavy stocked pastures were wintered at a lower level prior to calving which accounted for the lower investment.

Cow-Calf Costs and Returns

As tabulated by beef cattle specialist, J. K. Riggs, at Texas A. & M. College. Published in Farm & Ranch magazine, June 1959.

Value of pasture.—About $35 per cow per year, under average Texas conditions. In sections where pastures are better and carrying capacity is higher, it would be less. (The Texas figure is based on a carrying capacity of only one cow for 20 acres—at $1.75 per acre. That is considerably less than the carrying capacity in some areas, but is also based on a lower value of land per acre.)

Value of supplemental feed.—In addition to pasture, $9 a year for roughage, $7 a year for protein supplement, and $1.75 a year for mineral supplement. Total for feed: $17.75 per cow.

Labor.—Really should be counted, even if you do your own work. $10 per cow per year.

Overhead expenses.—About $8 per cow per year.

Breeding costs.—Expense of owning and feeding bulls, divided up among the number of cows bred—about $8.80 per cow per year.

Interest paid on value of the cow and annual expense.—About $14. (You've invested about $240 in the cow and her first calf during the 3 years or so before you get your first return from the cow. You would be paying 6 percent interest on this investment if you borrowed it.)

Death loss.—About $1.50. "Spreading" the value of the expected death loss of 1 cow out of 100, over the entire herd.

Veterinary costs.—$1.

Total.—Estimated cost per cow per year—$70 to $90.

Estimated average.—About $86.

Expected income.—If you want an average per beef cow, you can start with a figure of a 70 percent calf drop. (Average is about 70 calves weaned for each 100 brood cows. Natur[illegible], if you are an efficient cow man, you will do better than that, and improve the income per cow.) At that rate, you would be weaning only about 300 pounds of calf for each brood cow, and at 30 cents a

pound (for weaning-weight calves) that would figure up to a little less than $89 gross income per cow per year.

Mr. BRANNAN. You will note that though figures for individual items of production in these two exhibits may be at variance, Mr. Riggs comes out with a total cost figure per calf of $86, and the Oklahoma experiment arrives at a figure of $85.25, with moderate stocking, that is.

Of concern to cattlemen is the fact that with average prices of calves from 1952 to 1960, as referred to in this exhibit A, the cost figures give the owner $50.88, for land, labor, and management. According to Mr. Clyde M. Reed, the average cost of a cow unit, or land for a cow in the State, is $1,010. It figures, then, that if a rancher is to get even 5 percent on his investment in land, nothing is left from this $50.88 for his management. Bear in mind that these are 1952–60 averages, but present prices approximate those figures. And, if a man is leasing land, he may well have nothing left for his efforts.

It is both interesting and alarming to note, then, that if a cattleman is to have a $5,000 per year income, he must have an investment of $100,000. And, in which event, he only gets a nominal interest on his investment. This paradox, we cattlemen suggest, is not due to poor management, but to the fact that we live in a country with high standards of living, thus creating high costs in our business.

We should not overlook the fact that we, as cattlemen, are converting a natural resource—grass—into a major source of wealth for this State and our Nation. Fundamental economics points up the fact that a nation's wealth depends upon its development of natural resources.

In that line of thought, you will remember that Oklahoma has some 4 million acres of scrub timberland which can be converted to pasture. This, we feel, could be added to our great wealth of natural resources, and could strengthen the economy of the State, as well as the Nation. By a conservative estimate, this conversion would cost around $50 per acre, thus stimulating the economy to the extent of $200 million, aside from its annual return thereafter. The majority of the $200 million would be used for heavy machinery, labor, and chemicals. This great wealth has been awaiting only a demand for our product, but now that the demand is sufficient, we find our market flooded with the foreign product.

The cattle business has historically been a cyclical industry, and we are frank to admit that we are near a peak in that cycle, numerically. The peak of the cycle is further aggravated by imports of beef competing with our canner and cutter grades. Had imports not depressed that market so severely, more cows would have been sold, thus alleviating, not only the situation as to numbers of cows, but providing a simultaneous decrease in the number of feeder animals. Unlimited or high level imports will always fill the void in our cycle, thus leaving no means of recuperation.

Though we have dwelt on cow business, our main source of revenue in Oklahoma, this is not to say that fed cattle are not an important item in our State. Thousands of feeder cattle are shipped from our State annually, as are millions of bushels of feed grain. It is only natural, then, that this exodus should be halted, and that the animals be fed at home on homegrown grain. As of January 1, 1964, there were 115,000 head of cattle on feed in Oklahoma, and growth of this phase of our industry is assured with control of imports. We should ever be aware that as much as one-third of a fed carcass is used in hamburger and processed meats, thus putting fed cattle also in competition with the low-grade foreign product.

I have, gentlemen—this was hurriedly prepared, and I have a little other information which I should like to give before closing, if I may, and introduce some more evidence.

In the report giving exhibit A, the man uses a 92-percent calf crop in figuring his cost of calves, and I have here the U.S. Department of Agriculture statistical report showing that the Oklahoma average for 1963 was an 87-percent calf crop which thus I think, figuring in my head, would increase that cost of the calf about $5 per head. Also I should like to mention the fact that with 4 million head of cattle in the State of Oklahoma, I have data presented from the Department of Agriculture census—I mean from the 1959 census, which indicates that 49.2 of the cattle in Oklahoma are grown by producers with less than 100 cattle per farm. In other words, we have a majority of the cattle being grown by small producers in Oklahoma. If you can consider 100 head and below small producers which I think is a very significant factor, due to the fact in my mentioning the $5,000 a year income, none of those producers would be able to attain that income even with the figures that we have.

And then I think, gentlemen, it was mentioned here yesterday that we will be concerned and will have testimony probably from consumer angles as to the necessity of imports. I think that there is no segment of the Nation's people that are more aware of the fact that high prices can hurt our industry than is the cattleman himself.

I should like at this time to introduce from the Beef Situation, B.A.E., Canberra, Australia, their consumption, beef production, consumption, and export figures.

It is interesting to note that in 1957 and 1958, their per capita consumption was one of the highest in the world, 125 pounds per capita. At that time they were shipping to us 19 million pounds of beef.

That consumption has decreased until in 1961–62, according to these figures, their consumption had decreased to 92 pounds per capita per year. I think the main reason for that decrease being that they found such a much better market in the United States for their beef that it had raised the price in their own country to the extent that their people could not afford to buy the beef. I think significantly along that line is the fact that in any eating we tend to form habits and that those people, should we be able to cut down their exports to our country, those people will have a hard time talking or getting their people back into the habit of eating beef and thereby raising their consumption back up to the point that it was in order to use their surplus beef.

We as producers in the Nation, I think throughout, are aware of that fact. We do not want prices to get too high due to the fact that we realize that the consumers would be crowded away from the meat table, and therefore we would be the losers in the end. So we are very cognizant of the fact that high prices are as bad for us as are low prices.

I think, then, gentlemen, one more statement which I gathered yesterday in talking to a friend of mine at home who, since I left home, had been gathering some information. This is in Ardmore, Okla. He talked to the Ford dealer there who says that his used car sales are down 50 percent in the last 6 months. He talked to the Chevrolet dealer there, who says that his new and used car sales are down 35 percent. And, mind you, this is an agricultural community. He talked to a gasoline dealer who says that his gasoline sales are off one-third and that his collections are hard.

Ardmore is 18 miles from my hometown of Marietta. Marietta has a population of 2,500. Last year—I do not know for certain the cause of it, but our International Harvester dealer went out of business. Our Ford dealer went out of business, leaving nothing—we have one automobile dealer left in town at this time.

I know that imports as well as some other factors have affected our prices—but the poor condition of the livestock industry has been instrumental in the failing of those businesses, and I know that it is instrumental in the poor business of the automobile dealers and the gasoline dealers and the tractor dealers in my neighboring town of Ardmore. And with that, gentlemen, I appreciate very much your time and would be glad to answer any questions that you might have.

(The material previously referred to follows:)

U.S. trade with Australia, New Zealand, and all countries, fiscal year 1961-62

[In thousands of dollars]

	Exports to—		
	Australia	New Zealand	All countries
Agricultural exports	35,360	6,138	5,140,650
Nonagricultural exports	318,483	49,042	16,247,832
Total exports	353,843	55,180	21,388,482
	Imports from—		
	Australia	New Zealand	All countries
Agricultural imports	168,444	131,381	3,766,910
Nonagricultural imports	61,685	4,524	11,879,562
Total imports	230,129	135,905	15,646,472

Australia—Beef production, consumption, and export

Year	Beef and veal					Total exports to United States
	Per capita	Total production	Total exports [1]	Total production exported	Total exports	
	Pounds	*Thousand pounds*	*Million pounds*	*Percent*	*Percent*	*Percent*
1957-58	125.1	1,772.9	402.1	19.7	19.9	5.0
1958-59	117.5	2,030.3	739.2	32.7	186.2	25.1
1959-60	97.4	1,684.0	610.2	35.3	285.4	46.8
1960-61	87.3	1,438.1	425.0	29.6	247.7	58.3
1961-62	92.0	1,614.2	665.6	41.2	491.1	78.8

[1] Carcass weight equivalents.

Source: The Beef Situation, B.A.E., Canberra, Australia.

Calving percentage of cows and heifers 2 years and over

	Oklahoma percent	U.S. percent
Year:		
1959	88	87
1960	87	86
1961	86	86
1962	85	86
1963	87	86

Source: Calf Crop, by States, U.S. Department of Agriculture Statistical Reporting Service.

The data presented below represent distribution of cattle herd since in Oklahoma. These data were computed from census and relate to all cattle and calves in 1959.

Herd size	Number farms and ranches	Number cattle	Percent	
			Farms and ranches	Cattle
1	1,760	1,760	2.2	.1
2 to 4	8,359	25,077	10.3	.9
5 to 9	10,626	74,382	13.0	2.7
10 to 19	17,410	261,150	21.4	9.4
20 to 49	26,061	911,785	31.9	33.0
50 to 99	11,447	85,826	14.0	3.1
100 +	5,884	1,405,781	7.2	50.8
Total	81,537	2,765,760		

The CHAIRMAN. Thank you very much. Any questions?

Senator CURTIS. In reference to the per capita drop in beef consumption in Argentina——

Mr. BRANNAN. Australia.

Senator CURTIS. Australia, you are not contending that was entirely due to price, are you?

Mr. BRANNAN. I should think so, sir, because this——

Senator CURTIS. Well, hasn't there been a conscious effort to increase the imports into the United States before the door was closed, and they froze it at a certain level?

Mr. BRANNAN. Well, I understand that that is true.

Senator CURTIS. I do not think there is any question about it. Within the last day or so I inserted into the record a news article from Argentina that they are asking people to cut back on meats and are raising meat for export.

Mr. BRANNAN. Yes, sir.

Senator CURTIS. They have seen the opportunity here where, when tariffs are cut down to nothing, no quotas, and they can build it up and then have it frozen at the high point with a lot of loopholes and growth factors——

Mr. BRANNAN. Amen.

Senator CURTIS. That is what has been done. A constituent of mine who is a shortwave radio fan got a broadcast from Australia after this agreement was entered into by the administration and Australia. They were just gloating over the fact that they have a permanent place in the U.S. market for meat.

Mr. BRANNAN. I should think they would have gloated.

Senator CURTIS. This increase of production in Oklahoma, would you say that various branches of the Government, and by that I mean county agents who are, after all, Federal employees, land-grant agricultural colleges, the Department of Agriculture itself, federally supported experimental stations, they have encouraged the increase in production of cattle, haven't they, and livestock?

Mr. BRANNAN. They have encouraged it, sir, but I think a lot of it has been due to the fact that they were gradually crowded out of the cotton business and with limitations on the amount of cotton, wheat, and——

Senator CURTIS. But the best sources of information have encouraged people to produce a little livestock, isn't that right?

Mr. BRANNAN. That is true.

Senator CURTIS. Yes. And that has been an arm of our Government largely. I think the State Department and the diplomats and the others who spend their time giving markets away should take cognizance of what the branch of the Government at the working level is doing to really help farmers.

Now, your costs of production as shown in exhibits A and B, those costs are way over the costs of production, say, in Australia, aren't they?

Mr. BRANNAN. Yes, sir.

Senator CURTIS. Many, many times?

Mr. BRANNAN. Most all of them.

Senator CURTIS. That is all, Mr. Chairman.

Mr. BRANNAN. Very many times.

The CHAIRMAN. Thank you very much.

Mr. BRANNAN. And thank you very much, Senator, for holding the meeting on Saturday.

The CHAIRMAN. Yes, sir.

Our next witness is Mr. Harry Batt of the Boneless Meat Dealers Association.

Take a seat, sir, and proceed.

STATEMENT OF HARRY BATT, PRESIDENT, PHILADELPHIA BONELESS BEEF CO., REPRESENTING THE PHILADELPHIA BONELESS MEAT DEALERS ASSOCIATION

Mr. BATT. Mr. Chairman and Senators. I am Harry Batt, president of Philadelphia Boneless Beef Co., Philadelphia, Pa. I am here as a representative of the Philadelphia Boneless Meat Dealers Association. We have been hurt. However, I would like the committee to know that this condition exists throughout the United States, and I feel certain I am speaking for the entire boning and wholesale industry.

The effect the imported meat has had on the Philadelphia boners and wholesalers of the meat industry has been devastating. In 1956, as you all know, 250 million pounds of imported meat came into the United States; in 1963 it was almost 2 billion pounds. This astronomical increase has disrupted the normal method of doing business. It has caused plants to be idle, or volume sharply curtailed; and many businesses have closed their doors. Unemployment in the industry has risen drastically.

In 1963, 11 percent of the meat consumed in this country was imported. Of the lean boneless beef used domestically, 60 to 65 percent was imported. When the steel industry complains that 7 percent of the U.S. usage in steel is dumping, imagine what 60 to 65 percent can do to an industry.

The fact that so much lean beef is coming into the country has discouraged the farmer from producing lean type cattle, because when he has sent these cattle to the market, he has had to take substantial losses because of the dwindling demand for domestic product of this type. As you know, when a boatload arrives in port, it usually carries tens of millions of pounds of boneless beef. This goes to the various processors at prices undercutting the going level domestically. These processors, because they buy this imported meat in quantity, are not in the market for any domestic meat. As a result, when the farmers' cattle come to the market, who is there to buy them? The slaughterers and boners virtually do not have any buyers left of large quantities of boneless beef. As a result, the farmer has diverted the cattle that he can make into lean meat into fed beef cattle. The cow population for lean beef declined 3 percent in 1963, whereas the cows for fed beef increased 6 percent.

There have been statements made by various so-called "schoolroom" authorities on agriculture that the imported meat does not affect the price of fed cattle in this country. These statements are erroneous. First, there is a great deal of imported steer meat coming into this country at prices from 30 to 50 percent below domestic prices for the same grade which is produced out of domestic cattle.

Now, yesterday, one of the people giving their presentations mentioned it was only slightly lower, but they did not have all the facts. I have it because we deal in it.

Since our firm fabricates a considerable amount of steer beef of all types which is directly affected by the imported steer meat, I will now give you several illustrations:

Good average quality steer top rounds, or insides, as they are called, the imported price is around 47 cents per pound, whereas the same grade of meat out of domestic cattle we have to get 78 cents a pound for it in this country in order to be able to break out.

The good average quality bottom round or outsides are 48 cents against 78 domestically.

Good average quality steer cube rolls, 62 cents coming into this country. We have to get $1.25 for the same thing out of what we produce in this country.

Good average quality steer knuckles, 44 cents imported versus 68 cents domestically.

Hindquarters, 28 cents versus 41, and flanksteaks, 47 versus 67.

As you can imagine, our volume on these cuts has declined considerably, since the customers that we formerly sold are now using mostly, if not all, the imported beef in their processing. This, of course, reverts back to us as buyers of the domestic product. The little that we buy must be bought at extremely low prices, in order to make ends meet and believe me, it is practically impossible.

Cattle prices at the present time are back to 1945, despite the fact that we have been in a rising economy every year. This has caused a depressed market, a depressed industry, and could result, as it has in many cases, in a lower standard of living. Why is the United States allowing itself to become a dumping ground for every country in the world, when we have a surplus here? The big question is should the United States reduce domestic products, as has been advocated by some and increase its reliance on oversea sources of meat? For example, Australia is exporting to the United States 62 percent of her total amount annually. Suppose this was cut off in time of emergency? The boning companies here were an important part of supplying the Armed Forces with meat during the last war.

The Government has been constantly trying to curtail the flow of dollars out of the country. By allowing its imported meat in such quantities, it is not helping the situation. The voluntary limits agreed to between the United States and Australia and New Zealand provide no relief in an already depressed cattle industry. It is not realistic economics to help other countries at the expense of the domestic industry.

If a committee would like to make a visit into the field, I will be glad to take them around to the plants in Philadelphia and show them the quantities and how this imported meat is affecting the industry.

Our association is recommending to your committee that quotas be established on imported meat, based on the amount imported in 1958 or 1959.

I have a few more notations here that I made in the course of the hearing if you do not mind that I mention them.

Since the imported meat started, there have been hundreds of brokers that have sprung up all over the country selling this imported meat, and of course, they have no problem selling it. All they have to do is go in and give a substantially better price to the processor, and they buy it.

Another thing, there is a New York broker, to whom I would like to call your attention, who has bought his third slaughtering plant in Uruguay. He is killing, boning, and shipping this meat up to the United States. And why? Evidently the cattle is so much cheaper down there. The labor is probably one-eighth to one-tenth of what it is in the United States, and he has found a windfall in the United States to get rid of the meat from Uruguay.

Now, this is true of other Central American States and other countries.

We have heard the State Department say that we would have bad relationships with other countries if we cut off the imported beef. I do not think we are advocating cutting it off completely. I think the fact that in 1956 and 1957 the amount of imports was so low that if they would arrive at a figure of 1958 or 1959, they would have half a plum, and they would not disrupt the economy or the agricultural industry of this country.

I did mention this before, but all this meat that is being boned in these other countries, of course, is being boned at substantially lower labor levels than our country.

Senator BENNETT. What about the sanitary situation?

Mr. BATT. Senator, the Department of Agriculture I think has looked into that, and even though they do not get the scrutiny and the strict supervision that we get in this country, they have more or less approved of the plants of those countries as being sanitary.

Senator BENNETT. Do they inspect them regularly?

Mr. BATT. I could not tell you that. I think there is an agreement between their department of agriculture and our Department that they will keep up the inspection. But I assure you that their inspection would not be one, two, three with the type of inspection we have in this country. Ours is tops; it is the best in the world. I must say the Department of Agriculture is doing a magnificent job, because we have Federal inspection, and we know.

Another point I would like to mention, if it is in line with your questioning of yesterday, and that had to do with the prices at retail. I think this might give a little bit of light from our point of view. I do not think it is entirely true that all prices are high at retail, and the reason for that I say is that the chains have done a magnificent job in pushing the meat that is produced in this country by their specials, their competition in trying to get the housewife into their market, because beef is a drawing card. But the cost of handling, labor, selling, shipping, cost of equipment, has gone up every year, so that there is a wider spread between the live cattle price and retail price. Now, there is another point which must be considered, and that is the retail items sold, like steaks and chops and roasts is the heart of the cattle. Now, the fatty cuts have been depressed mostly by the imported meats like the navels and briskets. This past week they were sold in Chicago at 12¾ cents per pound out of the better trade fed cattle. That is the lowest that that has been since 1941.

Now, you take as an example—let us work from cattle that sells at 19 cents on the hoof in a midwestern market. When that cattle is killed, it costs us up to maybe, in round figures, 32 cents. The shipping is another 2 cents. That is 34 cents. Handling, et cetera, and packaging, trimming, and everything in the retail store, brings it up to the prices at which they sell it.

Now, if you sell the cut of brisket and navels at 12¾ cents a pound, that loss on that has to be taken up on the other end. So that naturally you are going to have to pay more for your primal cuts and your steaks than the public wants.

I am not more or less taking up for the chainstore. I know that they are powerful groups in buying. There is no question about it. But they need the farmer and the slaughterer just as much as the farmer and slaughterer need them. With proper control I think it can be worked out.

Thank you, gentlemen. I think I have concluded my remarks. If there are any questions——

The CHAIRMAN. Thank you very much, Mr. Batt. You have made an excellent statement.

Mr. BATT. Thank you.

The CHAIRMAN. Are there any questions?

Senator CURTIS. Mr. Chairman, I want to say that I am delighted we had a Saturday session.

Mr. BATT. Thank you.

Senator CURTIS. You have made a statement here that merits the gratitude of every rancher and farmer and feeder, every grain producer as well as all the other people who live off of agriculture, in so con-

concisely point out how these increasing imports really are destroying our economy. I think that your second paragraph:

The effect the imported meat has had on the Philadelphia boners and wholesalers of the meat industry has been devastating. In 1956, as you all know, 250 million pounds of imported meat came into the United States; in 1963 it was almost 2 billion pounds.

It is just unbelievable, but I know it is true.

This astronomical increase has disrupted the normal method of doing business. It has caused plants to be idle, or volume sharply curtailed: and many businesses have closed their doors. Unemployment in industry has risen drastically.

It so clearly shows that this fight over a reasonable curtailment on meat imports is the fight of the whole American economy. Isn't that right?

Mr. BATT. Definitely. There is no question about it.

Senator CURTIS. Well, I do not want to prolong this Saturday session too long and ask you a lot of other questions, but I am certainly glad to hear your statement. Mr. Chairman, I would like to insert in the record a resolution adopted at Kansas City, Mo., February 28, 1964, at a joint meeting of the American Stockyard Association, the River Markets Group, the Certified Livestock Markets Association, and the National Livestock Exchange.

The CHAIRMAN. Without objection, it will be inserted.

(The document referred to follows:)

RESOLUTION ON BEEF IMPORTS

Whereas the recent alarming increase in beef imports has had a serious adverse effect on the American livestock producer; and

Whereas a continued depressing influence on the livestock producer will make it impossible for him to remain in a competitive position and will lead to subsidies and quotas which have been the curse of other agricultural commodities and have placed an enormous burden on the taxpaying customer; and

Whereas, in our opinion, the agreements between foreign importers and the Tariff Commission and Department of Agriculture will not adequately remedy the problem: Now, therefore, be it

Resolved by the joint committee representing the American Stock Yards Association, the River Markets Group, the Certified Livestock Markets Association, and the National Livestock Exchange, That we support any action that will effectively curb the imports of beef so as to preserve to the American producer a competitive position and not impose a burden of additional agricultural subsidies on the American taxpaying consumer; and be it further

Resolved, That each member of the joint committee be urged to have its members, as well as the livestock producers which they represent, make their wishes known on this matter to their representatives in Congress; and be it further

Resolved, That copies of this resolution be forwarded to the members of the Committees on Agriculture of both the House and Senate.

Adopted at a joint conference of the competitive livestock marketing trade associations in Kansas City, Mo., February 28, 1964.

The CHAIRMAN. Thank you very much, Mr. Batt.

Mr. BATT. Thank you very much, and don't forget that invitation. If the committee would like to come up to Philadelphia, I will take them around and show them at firsthand.

The CHAIRMAN. I wish we had time to do it. Thank you very much.

The committee will adjourn until 10 o'clock Monday morning.

(Whereupon, at 11:20 a.m., the committee was in adjournment, to reconvene at 10 a.m., Monday, March 16, 1964.)

MEAT IMPORTS

MONDAY, MARCH 16, 1964

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to recess, at 10 a.m., in room 2221, New Senate Office Building, Senator Harry F. Byrd (chairman) presiding.

Present: Senators Byrd, Gore, Talmadge, Williams, Carlson, Curtis, and Morton.

Also present: Elizabeth B. Springer, chief clerk.

Mr. CHAIRMAN. The meeting will come to order.

The first witness is Senator Mundt. We are very much honored to have him. He is one of our most distinguished Senators.

STATEMENT OF HON. KARL E. MUNDT, U.S. SENATOR FROM THE STATE OF SOUTH DAKOTA

Senator MUNDT. Thank you very much, Mr. Chairman.

The CHAIRMAN. Proceed.

Senator MUNDT. May I say, first of all, Mr. Chairman, as an American and as a Senator, and as a Republican, that I was delighted to read in the newspapers over the weekend that our distinguished chairman is going to run for another term of office.

The CHAIRMAN. I certainly appreciate that.

Senator MUNDT. I think you have had enough experience now so that it stands you in mighty good stead, and I applaud your decision.

Senator TALMADGE. Will the Senator yield at that point?

Senator MUNDT. Yes.

Senator TALMADGE. I think the statement of the distinguished Senator from South Dakota is shared by every member of the Finance Committee.

Senator CURTIS. I agree with that.

Senator MUNDT. And it is shared in by all of the U.S. Senate. It is a great tribute to an apple farmer, believe me.

The CHAIRMAN. Thank you very much.

Senator MUNDT. Mr. Chairman and members of the committee, I appreciate the courtesy and expedition which this committee is showing in its hearings on these very important problems involving restrictions on meat and meat product imports into this country because these products are having an adverse effect on the economy of the American livestock producers now. So we are dealing with an urgent problem, and I hope this committee can report, and will report, legislation at an early date so that the bill can be brought upon the Senate floor for action at the earliest available opportunity.

This committee is to be commended, in my opinion, by the manner in which it has moved through the Congress some of the most important bills which we have had before us. However, I do not feel that any legislative proposal which you have considered or will consider in this Congress is any more important to the overall economy of all our 50 States than is the proposal which you are considering here this morning. In fact, Mr. Chairman, I feel that if we are really to wage a war on poverty, that an amendment to limit imports of meat and meat products must be considered as a major battle in that war because a sustained continuation of the prevailing intolerable avalanche of meat imports will create new areas of poverty where none have existed before.

Amendment No. 467, introduced by Senator Hruska and others to H.R. 1839, which is the subject of these hearings today, is similar to many other amendments which have been introduced to this legislative proposal, all of which make provision for the placing of limitations on imports of certain livestock products.

I am happy to support this amendment since it establishes the year of 1960 as the base for the setting of quotas on these imports. This proposal, according to figures which have been made available to me, would permit the importation of some 413 million pounds of certain types of meat products. This would be some 510 million pounds below the amount which is now being imported under the Australia-New Zealand agreements formula. Thus amendment 467, in my opinion, is the most effective and the most desirable of all of the amendments and proposals now before you dealing with these emergency conditions created by today's high level of imports.

First of all, may I say that I believe it is unfortunate that this committee must sit here today listening to the testimony on legislation to regulate imports of these meat products. I have been deeply disappointed that the administration, through the Department of Agriculture and the President, have not taken action under authorities at their command to meet this problem head on.

I frankly feel that many, many months ago, the Secretary of Agriculture should have invoked the emergency provisions of section 22 of the Agricultural Adjustment Act of 1935. For the information of the members of this committee and the record this section contains a provision which reads as follows, and I quote:

> In any case where the Secretary of Agriculture determines and reports to the President with regard to any article or articles that a condition exists requiring emergency treatment, the President may take immediate action under this section without awaiting the recommendations of the Tariff Commission, such action to continue in effect pending the report and recommendations of the Tariff Commission and action thereon by the President.

That is the end of the quotation of the pertinent section.

While I realize that section 22 applies mainly to price-supported crops, I am convinced that with the imagination of this administration they could have, or still could for that matter even as of today, determine that livestock imports would come under this interpretation in view of the fact that the Department buys, every year, meat and meat products for the school lunch program and for distribution under certain welfare programs, and the dairy program. In fact, I believe statistics would support the fact that the Secretary has to buy more dairy products because of the imports, and we are all aware of the recent announcement by the Department of Agriculture that they are accelerating and stepping up their current program of meat purchases.

The Secretary of Agriculture evidently has not made the emergency recommendations for the imposition of such restrictions, and the President has not acted, so we are here today making a legislative history with the hope in our hearts that this committee, in all of its wisdom, will report H.R. 1889 with an amendment which will impose fully effective restrictions in imports of meat and meat products, and thus provide some encouragement for the future of those in this country who are engaged in livestock production.

Mr. Chairman, the record is replete with statistics on the increase of these imports and the effect which they are having on the economy of our livestock people.

However, let me point out that on March 11, 1964, a very recent date, in a publication entitled "Farm Income Situation" issued by the Department of Agriculture, it states on page 6 that:

> Receipts from livestock and livestock products dropped about 2 percent in 1963. This decline was due primarily to lower meat animal prices at the farm.

The same publication reports that South Dakota income was down 12 percent in 1963, and again indicates the loss occurring because of declining receipts in the livestock industry. Since about 70 percent of the income, agricultural income, in South Dakota, the State which I am privileged to represent, since about 70 percent of that agricultural income comes from livestock production, it is most apparent that our farmers in South Dakota have been seriously hurt economically because of the lack of any effective action to curb these imports.

In fact, Mr. Chairman, last year in South Dakota alone livestock producers suffered a $56 million devaluation in their assets in livestock.

I believe that the members of this committee should realize, and I am sure you do, that it is imperative that this committee and this Congress now take expeditious action to approve legislation which would impose needed restrictions.

According to Assistant Secretary of Agriculture Roland R. Renne, in an address to the American National Cattlemen's Association in Memphis, Tenn., on January 28 of this year, he said:

> Today the United States is the only major beef market without any quantitative restrictions and with a very nominal fixed import duty.

Mr. Chairman, here we have an Assistant Secretary of Agriculture saying we are the only major beef market in the world without any quantitative restrictions on it. We had an opportunity in the Senate on March 5, if we had adopted the Hruska amendment, to have corrected this situation, but for reasons which are varied and sundry, the Senate failed to adopt that amendment by the meager but effective margin, effective and disappointing margin, of two votes. Had our efforts succeeded then, you would not need to be meeting here today considering this serious problem which remains unsolved.

We are now taking this route in an attempt to get the job done. The livestock industry is the basic industry of a great segment of our country. The livestock men are desperate for help against a kind of competition smiled on by the administration which we cannot hope to have corrected without help directly from Congress. We, who are supporting the various amendments providing for these limitations on imports, do not ask to have all imports cut off, but we do believe that our American producers have a primary claim on the American market.

Congress, in my opinion, cannot fail the American livestock producers and I, therefore, urge this committee to report H.R. 1839, with the necessary amending language set forth in amendment No. 467, providing for the imposition of quotas on certain meat imports which will be affected and which will make for an optimistic economic climate in which the livestock men can operate so that they, too, can then participate in our national economic growth.

May I say, in conclusion, that it is very difficult at best to get Congress to act on matters of this kind. We do not have frequent opportunities to strike while the iron is hot, to do something of lasting and enduring and significant value for such an industry as the livestock industry in America.

May I, therefore, urge you with all the sincerity at my command that the action that you take—and I know you are going to do something—be done in a manner which is effective enough to be of major and enduring value to the livestock industry. To simply approach this problem by slapping it daintily on the wrist and deluding ourselves by doing too little in the solution of a problem in which we are already attacking too late, it seems to me is going to be a waste of a wonderful opportunity. I think now is the chance to write legislation which will truly and significantly and fully help to meet the problem confronting the livestock industry.

May I urge you, therefore, in the appealing language of an old school commencement speaker to aim high when you tackle this problem. Thank you very much.

The CHAIRMAN. Thank you very much, Senator Mundt, for an excellent statement.

Are there any questions?

Senator TALMADGE. I desire to compliment the distinguished Senator from South Dakota for an outstanding statement.

Senator MUNDT. Thank you very much indeed.

Senator CURTIS. Mr. Chairman, the Senator has made a very fine statement here. I would like to raise one question with him. You have talked about the livestock people. Hasn't this had its impact clear across the board with agriculture in toto?

Senator MUNDT. There is no question about that; and statisticians are pretty well agreed that the new wealth of this country—and part of it is generated by the livestock industry—turns over seven times in pyramiding up toward our total national income, and what has hurt the livestock people has hurt the businessmen of the communities, large and small, in the entire agricultural area.

Senator CURTIS. But how about the farmer who raises grain? With the exception of wheat, his only market is to sell it for livestock, or else have the Government take it over; isn't that correct?

Senator MUNDT. Certainly it has a flowback on all farm prices involving feed, and may I point out that even farmers raising grain sometimes have a few cattle around the place or a few hogs or a few sheep, and this is cutting deeply into the income of what we call the typical family-type farmer in America as well as the fellow with the big ranch spread, that we call a cattleman.

Senator CURTIS. Yes.

Senator MUNDT. I suppose in the final analysis the fellow who gets hurt the first and the most seriously is the family-type farmer with just a few head of cattle or with just a small amount of livestock because this is the main source of his income. The fellow with the big spread can duck around and dodge around and borrow money and maybe come out of it. But he now also is being seriously hurt, and some of the big important cattle outfits are being forced into bankruptcy because we have left to continue too long a situation which has grown alarmingly worse.

As the doors have been closed against meat imports in every other country of the world, and when they bump against that obstacle, they turn back, look for a place to go, come to the United States which has become the great dumping area, the great dumping jungle, for meat raised all over the world. There is no place else to sell it, and they will sell it here at any price if we let them bring it in.

Senator CURTIS. If we import the equivalent of a million cattle over a given period, that represents a lot of feed grain and a lot of hay and a lot of pasture.

Senator MUNDT. Indeed it does.

Senator CURTIS. So, in addition to the impact upon the business in our towns and cities, there isn't any branch of agriculture that escapes the injury, is that correct?

Senator MUNDT. Right. And what the Senator has so correctly and effectively pointed out becomes even more significant. Instead of importing a million head of live cattle we import the products from a million head of cattle abroad, because then we also lose the employment in processing the meat. We lose the income from transportation and moving the livestock into the areas where it is turned into the finished product and sold again, so that this thing ramifies out to hurt the whole economy.

Senator CURTIS. Now, the Senator is well familiar with the economy of South Dakota. You travel over the State, you go to the sale barns, you drop into the country banks and do all the things that the rest of us do.

The Omaha World-Herald quotes L. M. Stuckey, the president of the Lexington, Nebr., State Bank as saying:

> The slump is here. Our retailers are feeling it. The lumber dealers are hurting. Nobody is modernizing, improving. And you find younger farmers anxious to leave the farm and get a salaried job.

Is that what your mail reveals, too?

Senator MUNDT. Indeed it does. We have many areas where there is real serious economic slowdown because of basically what is happening to the cattle products. As you pointed out, 70 percent of the agricultural income from our State comes from livestock and what happens to the 70 percent has a great impact on the other 30 percent, so this is something which has developed with almost startling speed, as inevitably meat can go nowhere else in the world, and as it is in excess supply, they dump it at low prices in competitive areas in the United States.

Senator CURTIS. Are you familiar with the publication "The Cattle Crisis" which was compiled by Howard Silber and Darwin Olofson of the Omaha World-Herald?

Senator MUNDT. I cannot say I have memorized it and say that I will be able to answer every question on page so and so.

Senator CURTIS. They point out something in here, this assault on American farmer by the administration in stopping the Hruska amendment, and in agreements they have entered into. They point out facts that show the administration is not helping downtrodden foreigners by any means. I will read a few sentences:

> A case of matrimony is building the beef boom down under.
>
> An Australian source in Washington told the World-Herald about it: "In just the last 4 or 5 months the Australian Government has received at least 20 inquiries from American cattlemen or cattle interests about the possibilities of ranching in Australia."
>
> There seems to be a lot of interest.
>
> Big-money people from the United States are in Australia already—the King Ranch of Texas, the Kern County Land & Cattle Co. of California, and other American giants.
>
> It is a marriage—a marriage of Australian land and other resources with American capital, experience, and resourcefulness.

So this involves a flow out of the United States of gold and other things in many ways; isn't that true?

Senator MUNDT. Yes. It is hard to find the limits of the outside periphery of this problem originating in the fact that the livestock industry—and while beef is at the moment the major sufferer, it will move very quickly into the fields of competitive meats, lamb and veal, and into poultry and into fish products and everything else which is competing for the food market of this country, and the situation has gotten so desperate that some of my farmer and rancher friends have ceased asking for correctives which are effective, and simply said, "Please do something," and that is why I added the little post script to my remarks, let us just not do a little, let us do something now that we have before us, when we have an opportunity of doing something, do something that is effective before this committee, and I plead with this committee not to just put a patch on this problem so that you perpetuate the pain without curing the disease, but let us get to the source and find out what is wrong, and then do something truly effective so that it will get the kind of American market for the livestock industry to which American citizens should be entitled for any of their products at any time.

Senator CURTIS. That is all, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Mundt.

Are there any further questions?

Senator GORE. Yes, Mr. Chairman.

The CHAIRMAN. Senator Gore.

Senator GORE. Although a general investigation of the difficulties of the beef industry might more properly be within the jurisdiction of another committee, this bill nevertheless is before this committee, and I have been impressed with articles I have read and discussions in which I have engaged with respect to the widely held view, supported by some substantial information, it would appear to me, that the difficulty in depressed prices of beef may stem more from the monopolistic buying power and monopolistic practices of the chain supermarkets than from imported beef.

However the facts may be, this looms as such a large part of the problem, that I would like to ask, would you think it proper that this committee make some inquiry of the Department of Agriculture and Justice Department in that regard?

Senator MUNDT. Certainly there would be nothing improper about that. We are attacking a disease, and you sit here as doctors with a patient, and the patient is a long-suffering American livestock economy.

If you will deal with each symptom as we know it develops, effectively, you eliminate that problem, and then you can—and the patient still survives—you can continue to look for another cause, and maybe this other cause will develop.

But may I point out this emphasizes the importance of doing enough on the tariff matter when you deal with it, doing something effective, so that you eliminate all suspicion of the tariff contributing to the problem, because you meet that effectively, and then if the situation continues, and the Senator may be entirely correct that among the reasons the cattle industry and the farmers and ranchers are suffering is because of monopolistic practices; but we will never even know how much of that is fact and how much of that is fiction until we stamp out entirely the problem which we do know exists, and that is the one which is the influx of imports.

Senator GORE. Now, this bill does not propose to stamp it out entirely.

Senator MUNDT. It stamps out the problem, it does not stamp out the disease. It stamps out the problem by cutting them back to the level where we know they did not contribute to a disastrous price level to the farmer and the rancher, because when they were coming in at that level the farmer and rancher were still getting a reasonably good price for their products.

Of course, we do not want to stamp out the imports entirely. But let us stamp out this particular cause of the problem, lock, stock, and barrel and bury it and put a tombstone on it, and then if there are other problems, and there may be, let us go after them with equal vigor.

Senator GORE. I think the Senator and I understand what the bill would do. The passage of this bill will in no sense stamp out the problem completely. It would curb the threat of imports; it would not only curb the threat of increased imports, but would bring about a reduction, some reduction, in imports. It would not necessarily stamp out the problem completely and bury it with a tombstone.

Senator MUNDT. It depends upon what this committee does. It has the power to limit those imports sufficiently to stamp out the problem and make available room for the tombstone.

Senator GORE. Be that as it may, is not the first act of a good doctor an accurate diagnosis?

Senator MUNDT. That we have provided for the committee, the Department of Agriculture has provided it, and they have come up with at least one verdict. They say this patient is suffering seriously from a plethora of imports. That comes directly from the Department of Agriculture itself, and I cited the authority, I believe before the Senator was in the committee room. So that much of the diagnosis has been there.

You are going to let the patient die unless you do something about this one, let us take care of this one and keep the patient alive for a while, and if he seems a little bit anemic and does not have energy enough and gets tired in the afternoon, let us take a look and see what else is wrong with him.

We all want to maintain good agricultural economy, and so does the Senator from Tennessee because he is very much of a beef farmer himself, and a high-class beef farmer, and a high-class livestock farmer, he is in the business, and I know he is going to be sympathetic when he gets to marking up the bill.

Senator GORE. I hope the Senator will be careful there. I will be sympathetic from the standpoint of the fact that a vast number of people are affected by this problem, not because I happen to have a small herd of purebred cattle.

Senator MUNDT. Please believe me, I was not suggesting a conflict of interest. I was suggesting that this would enable the Senator to have some personal knowledge of the problem.

Senator GORE. I thank the Senator.

Senator MUNDT. Unhappily, from the Senator's standpoint, he is not a big enough operator so that he would have any personal economic interests involved.

Senator GORE. But to get back to the subject on which I started to interrogate you, if we make an accurate analysis or diagnosis of the malady of the beef industry, and find monopolistic practices by the chain supermarkets as constituting as much of a depressant on the beef industry, if not more, than the imports, does not the Senator think we should proceed to do something to deal as quickly as possible with both of these causes of the malady?

Senator MUNDT. Yes, sir. But I do not want to let the patient die while we are making further diagnostic interpretations. We known now that he is suffering seriously and desperately and perhaps fatally, from the malady of too many imports. There is no reason in the world why you should not begin tomorrow or 15 minutes ago studying other reasons and other problems, but let us deal with this one effectively now, and as the evidence rolls in, if in fact it rolls in, to indicate that the Senator's supposition is based upon fact; let us go after that particular problem with the same degree of energy and vigor and finality with which I hope this committee will deal with the import problem which we know is serious, and which we never will know whether or not the rest of the problems are the cause or partial cause of the disastrous situation in the livestock area until we completely stamp this part of the problem out; and that is why I am urging that the committee bake a whole loaf of bread now and not just a half a loaf when it stamps out the problem.

Senator GORE. In other words, if the patient is found to be suffering from both malaria and appendicitis, you would want to proceed with an appendectomy, but wait a good while before treating the malaria.

Senator MUNDT. I do not say that I would want to wait a good while, but if the appendix would burst I would certainly want to save the patient before he dies so that I have an opportunity to treat his malaria. I want to do this in this case. This thing has burst so far as the import appendectomy is concerned, and the patient is in serious condition. Let us correct this evil now and deal with the malaria of chainstore problems if the patient survives the operation.

Senator GORE. Well, let us take a hypothetical patient, and I think this might be a more appropriate analogy, who was suffering acutely from both a gallstone attack and appendicitis. When you open him up, would you remove both the gallstone and the appendix or would you remove the appendix and sew him back up and wait a while and let him suffer and, perhaps, die with the gallstones?

Senator MUNDT. Well, you are getting the patient pretty sick now; you are getting rid of him pretty fast.

Senator GORE. I am not sure that this patient isn't pretty sick, and from two major causes.

Senator MUNDT. It could well be. But I think this points out the problem enunciated by the Senator's supposition. We know that in the form of import problems that this patient has appendicitis. A lot of wise doctors have diagnosed that. We all do not know, as the Senator does not know, whether he also may have gallstones, and whether he may also have malaria and a bad case of whooping cough. Your doctors have not agreed on this sort of problem yet. The "doctor" from Tennessee feels this is a problem that he has not brought in from any outside authority any people who have made up his diagnosis, so I do not want to wait while they are dreaming up some new diagnoses. We know he has got this other ailment, and let us cure that, and then when the "doctor" from Tennessee has decided which other ailment it is, let us operate on him.

Senator GORE. Let us not dream up any diagnosis. Dr. Byrd is now prepared to make the incision, and when the abdomen of this patient is opened, we discover that indeed he does have a bad appendix which is in the acute condition, but we also discover a cancerous——

Senator MORTON. Lung. Go ahead and hit tobacco while you are at it. [Laughter.]

Senator GORE (continuing). We discover a small cancerous ulcer. Now, would you have Dr. Byrd remove the appendix and sew this patient back up or would you have him attempt to do something about the cancerous ulcer which, if removed now, might save the life of the patient, but if left to grow and spread would surely kill him?

Senator MUNDT. Well, so that the Senator from Tennessee will understand the position of the Senator from South Dakota, let me state my position clearly on both points. I want this committee to remove any and all of the ailments which they are positive are suffered by the livestock industry and which can be corrected by the "men of medicine" sitting around this committee. They know and I know and the doctors have agreed that the importation problem is one which is creating a fatal condition with the livestock industry. There may be other reasons. The Senator has suggested a lot of other possible maladies running all the way from malaria to cancer, but no doctors have agreed on that yet, and I do not want them cutting the patient all up and throwing some parts away until they know what part is necessary to cut out.

Now, I know they are going to cut out the import products, and then, as additional diagnosticians come up with scientific knowledge to meet the additional problem, then they will act on that.

Senator GORE. I think if you will do us the honor of attending the hearings of the committee when the Department of Agriculture testifies and, I hope, the Department of Justice, which I shall suggest to the chairman of the committee, that we shall view the innards of this patient after the incision is made, and we may be able to find a second acute malady. I believe we will, with my inexperienced medical terminology.

Senator MUNDT. In all events, I want to help the Senator eliminate all of the evil problems from which the patient suffers, but I just want to get this one corrected fast that we know is moving in so fatally against him now.

Senator GORE. Well, you come back to the operating room, and be sure to be sterilized.

Senator MUNDT. I will be there if you keep the patient alive until I get there. [Laughter.]

Senator GORE. I mean sterilized in an exterior surgical sense.

Senator MUNDT. May I suggest to my old friend, with whom I served in the House and Senate so long, I think he is a much better Senator than he is a "doctor." [Laughter.]

Senator GORE. I thank the Senator. I invite him to come to Tennessee later on this year.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Mundt.

The committee has another very distinguished Senator, Senator Jordan of Idaho, who will present a witness.

Senator JORDAN. Mr. Chairman, I come this morning not to speak for myself because my testimony is already in the record, but I would like to present to the committee Henry Jones of Eden, Idaho. He is one of our leading citizens, a livestock man of broad experience. He is a feeder who has been in the business back through the years, I do not know how long.

Henry, when did you start feeding cattle?

Mr. JONES. In 1938.

Senator JORDAN. A long time, and at the present time, Mr. Chairman, he has 7,000 head of cattle in his feedlot, and he speaks with the knowledge and background of a man of long experience, and I commend him to you for the attention you will give him.

The CHAIRMAN. The Chair would like to remind the committee that we have 16 minutes, under the rules of the Senate, left, and we would like to hear as much as we can during that time.

STATEMENT OF HENRY JONES, STATE VICE PRESIDENT, IDAHO CATTLE FEEDERS ASSOCIATION

Mr. JONES. Mr. Chairman and committee members.

My name is Henry Jones from Eden, Idaho. I am the State vice president of the Idaho Cattle Feeders Association. I am a cattle feeder finishing cattle to specifications for the slaughtering market.

The Idaho Cattle Feeders Association is a group of some 500 individuals and firms engaged in the finishing of cattle or in the business of supplying feeds and services to our industry.

The past 10 years has seen a remarkable growth of the feeding business in our State. We finished 287,000 cattle to the choice grade in feedlots last year together with some 100,000 in lower grades.

The large percentage of our product is slaughtered and shipped to markets in Los Angeles, San Francisco, Seattle, and Portland where it finds a ready market as a distinctly preferred product. This has been achieved through advertising efforts and the grain rations used almost exclusively by our feeders. Our feeder cattle are supplied by Idaho ranches and are well known as high-quality cattle.

Idaho is dependent largely on its cattle industry, which is the largest segment of the agriculture business and Idaho is an agriculture State.

The total beef cattle inventory for 1963 is 1,123,000 head.

Testimony before your committee has certainly revealed statitically that the depressed cattle market has reached proportions of great economic loss to everyone in the cattle business. This, of course, we feel is directly attributable to the excessive importation of red meat, and particularly beef from foreign countries.

This is particularly true in Idaho where the cattle industry operates on an economic plateau that is compatible with our State's cost structure or standard of living.

It is impossible for our products to compete with beef that is produced at a fraction of our cost; in this instance, our high-quality Idaho fed beef is competing directly with imported variety meats and chilled beef.

Our association, on February 8, at the annual meeting of our total membership, unanimously resolved to support legislation in the Congress of the United States which would limit to a realistic level the inflow of foreign meat and particularly beef.

Our State Senators, the Honorable Len B. Jordan and the Honorable Frank Church are totally aware of our depressed situation in Idaho and have testified before your committee.

Our concern is understandable when you realize that the total investment in cattle operations, according to a survey by the University of Idaho, Department of Economics, indicates that our total investment is $500 million.

The feeding segment has been valued by surveys conducted by our association to have a total investment of approximately $250 million. The income returned to our State by the combined industry is tremendous.

The average prices of all classes of cattle on a national basis are down about 10 percent below last year. Predicated on investment figures and income figures, this 10-percent loss is disastrous in our area.

Our board of directors, at a special meeting called last week, has indicated dissatisfaction with the voluntary agreements recently reached by the U.S. Department of Agriculture with Australia, New Zealand, and Ireland, and authorized me to enter for the record our objection to voluntary agreements, and to lend our support, wholeheartedly, to Senator Mansfield's proposed amendment 465 to amend H.R. 1839, which is now being considered by this committee.

The language now incorporated in this amendment has our support, and we strongly urge that your deliberations will result in the enactment by the Congress of this limiting legislation. We feel that such a bill is a realistic middle position between the extremes of possible protectionism and free trade.

I started feeding cattle in 1938. I fed 12 head that year, and increased the business until we fed up to 10,000 or 12,000 cattle a year.

When I started feeding cattle in 1938 in Idaho, many of the cattle were killed as grazing and high-feed steers at that time in the Western States, and the cattle feeding industry was very small, there were very few cattle fed.

Now, I think they fatten around 3.5 million cattle a year in the Western States throughout the year. That has really been some expansion.

One thing I think is wrong with this deal is that some of us who didn't have to go into the service, we maybe got pretty well fixed during the years following the war, but the young men who came out and were just getting started, now they have children in school, and it is sure hitting them very hard, that is both the cattle feeders and the cattle growers.

Then the dairy business, this affects the dairy farmer very much because he has cull cows to sell, and they make hamburger or processing meat.

You know, they criticize us because we are not producing enough of this manufacturing meat. But during the middle 1950's, remember we had a very bad drought, and there was a lot of breeding stock that had to be slaughtered. Then in 1957 when the good years came, they had to hold back breeding stock and build the numbers up, and that naturally did cut down on the amount of processing meats, but not as bad as the figures, I think you have probably seen, because there are lots of low-grade animals put over the block, Holstein steers that have very little fat, they could be used in processing meat.

One of the most wonderful things I think has happened in the last few years is something that has hit practically every State, and that is these poor farms that have been put to pasture. You have many of them in the South, you have them in the East, in the North, the marginal farms have, so many of them have been put back to pasture, and I think it is a shame to take this business away from these people. It is a healthy deal for the whole of this country and future generations to conserve the soil.

Senator GORE. Mr. Chairman, may I ask a question?

The CHAIRMAN. Senator Gore?

Senator GORE. Doesn't it seem strange to you that at the same time that an argument is made for increasing imports on the ground that the U.S. beef industry does not produce enough manufacturing-type meat, one of the principal causes said to depress the price of beef is an oversupply of cattle? Either the American livestock breeder has achieved the goal, long sought both by the breeders and by the Government, of producing a good quality of meat product or the manufacturers simply do not want to manufacture hamburgers and hot dogs from quality meat.

Mr. JONES. Well, this meat isn't killed under very strict inspection like our meat is here in this country. We have the very highest grade standards for butchering beef.

Senator GORE. Is there any reason why that does not make good hamburger?

Mr. JONES. No. It certainly does make good hamburger. In the West we feed very many steers without too much fat, and if they would use that it would take so much pressure off of the other choice animals, if they would do that.

Senator GORE. If beef with a little fat content and marbling quality should be used in the manufacture of beef, of hamburger and baloney, et cetera, it would be a better product, would it not?

Mr. JONES. I am sure it would be.

Senator GORE. Now, when you go to the Senate restaurant there are two ground beef items you can buy. One is a hamburger, the other is ground whole beef. The ground whole beef is, in my view, far superior.

Mr. JONES. Well, I think that is right. But now we have the numbers of cattle built up, it looks to me like it is a dirty deal to give our business away while they were trying to build the cattle up back from the drought, and now we have plenty of cattle, and if this thing would be left to work, there would be plenty of every kind of beef. We have to start killing these cows. If we wait for a drought to force the liquidation of these cows, this is going to break the whole industry, it is going to be worse than the middle fifties were.

Senator GORE. Well, in view of the fact that we have these two complaints: one, that the United States has too many cattle; and, two, that the U.S. beef industry does not produce enough of the real cheap quality, would it not be beneficial if the consumers insisted, and Government agencies insisted, upon the manufacture and the sale of a better product?

Mr. JONES. I think that would be right. I think in the long run if we do not protect the industry the consumer is the one that will be hurt the most.

Senator GORE. We have just read in the last few days where millions of pounds of horsemeat may have gone into hamburgers. Was the consumer warned?

Mr. JONES. I think if you would investigate in Australia, I think you would find some of these animals are shot on the range and hauled in and butchered. I believe if that was investigated thoroughly you would find that was the case. These animals were wild, and that would not be very good butchering meat.

Senator GORE. As a matter of fact, if you go to the cheap hamburger joint, don't you buy hamburgers that have a large content of materials other than meat, such as soybean meal, for instance?

Mr. JONES. Some make it and some do not.

Senator GORE. Thank you, Mr. Chairman.

Mr. JONES. Well, I think if we do not protect the beef industry, I think we are going to be in for lots of trouble. Up to date the cattle feeders have taken the brunt of this deal. The cattle feeding industry in the United States expanded at such a tremendous deal in the last 10 years that there is way too much capacity to feed cattle, and they have about broken themselves. The cattle feeding industry is really in a serious lot of trouble.

Senator GORE. You might be interested to know that I just overheard a lady member of the audience say that you and I had cured her appetite for hamburger. I think, as a matter of fact, if the American consumer comes to realize that this cheap manufactured meat that is imported goes into hamburgers, that they may well be disturbed.

Mr. JONES. I kind of believe that is wrong. I believe most of this meat goes into wieners and cold meats; I believe more of it goes into that than does into hamburgers. Let's don't stop anybody from eating hamburgers, because that has been a real growing deal in the last 20 years, even before we had lots of imported meat.

The CHAIRMAN. We have 6 minutes left for our hearing today. We will be unable to continue the hearing beyond 11 a.m. because when the Senate goes into session we are not permitted to sit as a committee. I do not want to cut you off. I was wondering if you could not divide the remaining time to allow the next witness to make a short statement.

Mr. JONES. Yes. Thank you very much.

The CHAIRMAN. Thank you very much, sir. You have made an excellent statement, Mr. Jones.

The CHAIRMAN. Mr. Nohr, take a seat, please.

STATEMENT OF DAN NOHR, REPRESENTING THE YANKTON LIVESTOCK FEEDERS ASSOCIATION, YANKTON, S. DAK.

Mr. NOHR. Mr. Chairman, I am Dan Nohr. I am an average farmer from Yankton, S. Dak. I represent the Yankton Livestock Feeders Association. The mayor of the city has asked me to include the city also. For the situation is hurting our town business. For example, one elevator has always claimed that he had no poor accounts, and now he finds he is unable to collect over $100,000. The bankers are extending loans, hoping the future will be better. With the more than normal amount of calves held back on the ranches last fall, and instead of the cull cows being slaughtered, our buildup this year will be tremendous. We could have the $15 choice cattle a year from now.

We all realize that there are several things wrong. We have an excessive number of cattle, an excessive number of overfat, overweight cattle, and the retail price remains too high for beef. This is still no reason why the imports should not be cut back. I think that the Government should believe us when we say that this is a bankruptcy situation, and should be dealt with accordingly. I think that this situation should be dealt with now, otherwise it will be too late and our economy will suffer greatly.

Mr. Chairman, my purpose for coming this 1,500 miles is to tell you that we farmers are in grave trouble, and recommend that the imports be rolled back to a more reasonable amount.

Thank you.

The CHAIRMAN. Thank you very much, sir.

Are there any questions?

Senator CURTIS. Mr. Chairman, I just want to say that the last two witnesses have presented some very valuable information here. It is regrettable that time does not permit to develop what they have said more fully. They have come a considerable distance, and we hope that your trip here will not be in vain. We thank you.

The CHAIRMAN. The Chair wants to express appreciation, especially to Mr. Jones.

Senator GORE. Mr. Chairman, I would like to request that the Antitrust Division of the Justice Department be invited to testify following the Department of Agriculture, on the possible effect on beef prices of the buying power or practices of the chain supermarkets, chainstores.

The CHAIRMAN. The Chair would simply like to call the attention of my friend from Tennessee that we only can sit for 1 hour every day when the Senate goes in session at 11 o'clock each morning. It will be right hard to go into any exhaustive investigation in that time unless he can get permission from the Senate for this committee to sit.

Senator GORE. Even though they present a written statement, I would like to know what, if anything, the Department of Justice is doing on this problem which, I think, is a very real one.

First, I want to know if they recognize the problem, and the extent to which they have recognized it. We have a new consumer appointee to look after the consumer's interest. Maybe she would—

The CHAIRMAN. Perhaps the Senator can file questions which the committee will submit, but I know that he has been in the Senate so long and as a very extremely valuable member of the committee, acknowledges that to conduct an investigation of the broad scope that he contemplates can only be done if we have more than an hour per day under our existing Senate procedures. There are 35 more witnesses to be scheduled after this week. That will take some time, but I would suggest to the Senator that he and I discuss the matter with Senator Mansfield. We will adjourn then until tomorrow morning at 10 o'clock.

(Whereupon, at 11 a.m., the committee was in recess, to reconvene at 10 a.m., Tuesday, March 17, 1964.)

MEAT IMPORTS

TUESDAY, MARCH 17, 1964

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to recess, at 10:05 a.m., in room 2221, New Senate Office Building, Senator Thruston B. Morton presiding.

Present: Senators Morton, Gore, Carlson, Bennett, and Curtis.

Also present: Elizabeth B. Springer, chief clerk.

Senator MORTON. The committee will come to order.

Our first witness this morning will be the Honorable John Stennis, a U.S. Senator from the State of Mississippi.

Please proceed, Senator Stennis.

STATEMENT OF SENATOR JOHN STENNIS, A U.S. SENATOR FROM THE STATE OF MISSISSIPPI

Senator STENNIS. Mr. Chairman, I appreciate the opportunity of expressing my strong support of amendment No. 465 to H.R. 1839, now being considered by your committee, and I commend you for prompt and careful attention to this most urgent matter.

There is no need for me to recite the facts and figures which so graphically illustrate the tremendous increase in the amount of beef, veal, mutton, and lamb products that have been imported into this Nation in the past few years. We are all familiar with these statistics, and I know the committee has been presented with a detailed study of these increases. There is no question about the fact of this increase and its significant effect on our domestic market. The only question to be resolved by the Congress is what action is appropriate and necessary if we are to prevent a further disastrous depression of the market price of these items and the possible eventual collapse of an entire American industry.

I want to emphasize that if relief is secured for the cattle and sheep industry it will be through action of Congress. Events of recent months have convinced me that neither the U.S. Tariff Commission nor any other agency of the executive branch is going to take the necessary action. I specifically refer to the agreements which have recently been concluded with Australia and New Zealand. Although spokesmen of affected industries and numerous Members of Congress had urged that adequate protection from these imports be secured, these agreements with the two major foreign producers of beef and related items are wholly unsatisfactory in that the quota established therein for imports of these products is based on the 1962–63 average, the highest level of any previous year. In addition to this fact, our trade representatives will no doubt go to the forthcoming international negotiations in Geneva with authority to further reduce or completely remove the existing tariff levied on these imports. So it is clear to me, Mr. Chairman, that action must be taken by Congress and this action must be taken immediately.

There has been an effort on the part of the Department of Agriculture to minimize the effect which these imports have had on our domestic market. On numerous occasions the Secretary or his representatives have stated that these increased imports are largely canned beef and boneless frozen meat used principally in processing and they therefore have little effect on the price of our choice fed beef. While there is no doubt some validity to this position, the importation of this type of products nevertheless has a significant effect on the entire market when the imports are of such terrific volume. In addition, we cannot minimize the importance of our production of these products with which these imports are in direct competition. For example, in my own State of Mississippi, which ranks 11th in beef cattle production, we market beef in two main forms: Feeder calves and cull breeding animals. Approximately one-third of all cattle income in Mississippi is derived from the sale of this latter type, so the effect of these imports is very significant to our producers. This, in turn, damages the calf market because feeders who have failed to break even on fed cattle for the past 2 years are reluctant to refill their stocks. The net result for Mississippi producers has been an approximate $5 per hundred weight drop during the past 6 months in the prices received both for killer cows and feeder calves. Results of a continuation of this trend are obvious both for the economy of our agricultural State and our beef cattle development program.

As early as December of last year, Mr. Chairman, I pointed out the importance and urgency of this problem through a statement on the floor of the Senate and a letter to President Johnson. A copy of the letter is attached for inclusion in the record. In that letter, I respectfully requested that the administration take immediate action through the negotiation of voluntary agreements limiting imports from the major foreign producers. I concluded my remarks to the President by stating that: "Should negotiations initiated for this purpose fail to produce satisfactory results, however, appropriate action must then be taken to protect our domestic industry." I regret very much that these negotiations, in fact, did not produce satisfactory results.

It is now incumbent on Congress to afford our domestic industry the protection to which it is entitled from the unfair competitive position of the foreign producers. That protection, in my opinion, acn be secured by the enactment of Senator Mansfield's amendment to H.R. 1839. Several changes to that amendment have been suggested to the committee by industry representatives, however, and I urge the committee to give these suggested changes and amendment No. 465 your closest consideration and attention. I hope the committee will promptly report and recommend the immediate passage of this measure.

Senator MORTON. Thank you, Senator Stennis. In order to accommodate our two senatorial colleagues who are here, and who have other committee meetings, I will ask them if they would like to make a brief statement introducing their constituents, and then we will take the witnesses, however, in the order in which the agenda has been made up, which is first Mr. Barthelmess from Montana.

Senator Mundt, if you would like to introduce Mr. Glover now, you may, because I know you have a pressing matter.

Senator MUNDT. I would appreciate it. Would you stand up? I would want to introduce Mr. Merton Glover, who is president of the South Dakota Stock Growers Association and a director of the American National, and he has been very active as long as I can remember dealing with the problems of stockmen, and he himself, of course, is a rancher, is a livestock man, and he makes his living at it, and speaks with authority representing the point of view of the cattle industry of South Dakota. So I know you will be interested in hearing his grassroots report sometime this morning when you appropriately get to him.

Senator MORTON. Thank you, very much.

Senator MUNDT. Thank you.

Senator MORTON. Senator Simpson, we know you have a meeting.

Senator SIMPSON. Thank you, Mr. Chairman.

Mr. Chairman and members of the committee, I want to introduce two of our men from Wyoming, Mr. Burke—will you stand up—and Mr. Prosser.

Mr. Chairman and members of the committee, this is Mr. Dean T. Prosser, executive secretary of the Wyoming Stock Growers Association, who was born and raised in Cheyenne, Wyo., who has a ranch near there, which has been held in the family some three generations.

This is Joe Burke, president of the Wyoming Wool Growers Association and a member or a director of the National Sheep Producers Council, and also born at Casper, Wyo., and who has been in the sheep business all of his life. These two gentlemen will testify.

I want to take the opportunity, Mr. Chairman, and I do not know whether they are going to testify or not—Mr. Budd, will you stand up, and Mr. Hayes. These are Mr. Budd and Mr. Hayes. Mr. Budd is a member of our State legislature, as is Mr. Burke, and Mr. Budd comes from Big Piney, Wyo., where they have the altitude there, you recognize, Mr. Chairman. Laurie Hayes is from Thermopolis and is another member of the sheepgrowers association. Whether or not they are going to testify I do now know, but thank you very much.

Senator MORTON. Thank you very much.

Senator SIMPSON. Incidentally, the attractive lady is Mrs. Joe Budd.

Senator MORTON. The first witness will be Mr. Robert Barthelmess of the Montana Stock Growers Association.

STATEMENT OF ROBERT BARTHELMESS, PRESIDENT, MONTANA STOCK GROWERS ASSOCIATION, INC.

Mr. BARTHELMESS. Mr. Chairman and members of the committee, my naem is Bob Barthelmess. I am president of Montana's 5,000-member stockgrowers association. It is comprised mostly of small ranchers and is affiliated with the American National Cattlemen's Association. It is an organization of cowmen who believe in their ability to think clearly and work freely in honoring their obligations to society and country.

This is the fourth time in 5 months that I have carried their cudgel to Washington on the matter of multiquantity beef imports. It is in absolute sincerity that I speak for them for it is under conditions of utmost urgency that they be heard. Their business is in a serious state of affairs, their actual living is being jeopardized, and their future destined adversely by this uncontrolled reason. To allow an industry of prideful history, ambitious responsibility, and faithful patriotism to fall due to encouraged, promoted, and limitless imports is an injustice of major proportions.

I am one of six children born to parents who homesteaded near Powder River in southeastern Montana. It was through the grace of a cow that we were raised there. My elementary education was acquired in a one-room rural school. I attended high school but graduated from no college. I operate a ranch that runs 300 cows, am married to a ranch-raised girl, and we have four children. We do our own work, operate within our means, and depend on our neighbors when I am away. We are proud of our way of life, grateful to those who made it, and have a desperate and hopeful will to retain it.

It should not have been necessary for me to come here for the cause should not be. My place is home, being the head of our household providing for my family. I am here, however, here for them, here for our industry, and here for all people whose living depends upon us. I am here for a cause that is proper, just as our freedom is proper, just as our Bill of Rights is proper, and just as our Constitution is proper. I am here to help plead the case of a basic and necessary industry and its rightful status in our free enterprise system. I beg of you to judge our cause on its worth, its worth to those in it, its worth to our economy, but most of all its worth to the United States of America.

Last year, 1963, we imported into this country more beef and veal in live equivalent—3.5 million head— than all the cattle on all the farms, in all the feedlots, and on all the ranches of my State. These imports, as cattle, would have used more feed and more grass than consumed within the boundaries of Montana, and would have serviced the beef-consuming needs of our entire Nation for one-twelfth of a year, a complete month.

Consider, if you will, that this volume of imports, and it is capable, could completely replace Montana's livestock production. This could mean that our industry's labor force would be unemployed, its machinery and equipment would not be purchased nor used, its insurance and taxes would not be paid, its contribution to our education would fail, its feed requirements would not be raised, and its overall quality and worth to our communities would be rendered useless. The amount of imports unloaded in the United States last year then could conceivably and completely eliminate Montana from the Nation's livestock industry. This should show certainly and in a revealing sense the impact of the quantity of this product on our business nationally.

Our market last year and largely due to cheaply produced, low-quality imports dropped more than 27 percent. On an average this amounts to a loss of $28 per head including calves, heifers, steers, bulls, and cows. Montanans sold nearly a million head of cattle last year, so consequently received nearly $28 million less than the previous year. Compound this as to its effect on jobs, main street trade, taxes, schools, welfare, and living standards, and the result is devastating. Much of this meat is produced at a ratio of 250 to 1 on oversea land costs against domestic costs. It is produced at less than half the labor cost of ours and is dispatched under much less rigid conditions in processing plants over there than are our packers allowed to slaughter here in this country. Australia has cut per capita consumption 20 pounds to meet export abilities, and Argentina packers have asked their Government to declare 2 meatless days a week on their consumers to meet shipments to the United States. Foreign suppliers have more liberties than we do on our own market.

The continued level of present imports thrusts a dark future on the sky over the American cattle industry. On February 17, the U.S. Department of State announced the signing of voluntary agreements with our two major suppliers. This agreement without sincere consideration for all concerned guaranteed the same high base which is so injurious to us now. It provided not only for continued access levels but stipulated increased use of our markets for the future. Montanans wonder of the word "voluntary." Who does it apply to? The livestock industry was refused in their willingness to furnish counsel for the negotiating team, and apparently its big trust, the Congress, was not extended a warranted view. We are becoming alarmed at the indifference some Government officials hold for our elected representatives in these halls of authority. Congress is the guardian of our people and Nation. If it is bypassed our greatest arm of Government is not the function it was meant to be.

With significant timing the Department of Agriculture announced its intention to purchase surplus beef to service school lunch and other needs. This is well and good, but to use the program to dull the edge of a "will" by Congress to pass required and constitutional legislation is a blow far below the belt. Our market has been critically low for many long months. Why, then was this gesture held until now? It seems unfair and ill advised that the American taxpayer in such a deal would be required to tail up, it would seem, a foreign industry which is not down but enjoying great prosperity. In reality for our Government to buy beef to make room for imports doesn't seem consistent or sound. It taxes one's intellect to find the reason for such a move without protection.

Great Britain knows what it is to face a loss of food from destroyed import routes. They have been there and gone without. Today they are building a food-producing island, protecting it against excessive imports and stabilizing their self-sufficiency. Here, on the other hand, we are on the verge of crippling our domestic meat plant, depending more on foreign supply lines and putting the Nation in such time of an emergency out on a meatless limb.

Serious consideration has been given by our industry to an accelerated promotion program on meat consumption. Tremendous increases were sustained when in 1953 stockmen took the bull by the horns and with assistance began their self-help campaign to get beef as a food of quality before the public. Thanks to a Congress-passed checkoff bill, this selling idea was legally and solidly financed. Today the industry would like to again concentrate on this avenue of retrieve. It cannot, however, reconcile itself to spending $1 out of every $10 used to promote consumption of a foreign competitive product. Irrespective of which way you look the barrier looms large and formidable. Legislation provides the only consistent, substantial, and lasting remedy. Again, as it should be, we turn to Congress.

This legislation on imports is a very graphic step in the democratic function of Government. It provides the framework for remedial action which can give stockmen the protection so vitally needed. It does not entail a draft on the taxpayer in undesirable and unwanted subsidy but gives the industry the freedom to operate in some measure of equality with foreign competition. Montanans are consistent with national cattlemen. They approve the 5-year base, they favor inclusion of beef, veal, lamb, and mutton, they sanction equal quarterly shipments, they need the effective date of December 31, 1964, and they feel the growth should be shared only after a parity price domestically is reached.

Our deepest hope and most urgent want is that our Congress will turn tables on Government agreements outside its consideration and approval. We cannot see how an act by a department can commit an industry, Congress, and the entire country to a guarantee when it is not in accord with satisfaction. We look to this body to reclaim its jurisdiction over all the Nation, place itself in judgeship over its industries, and protect the basis of enterprise which has put us on top in progress, respect, and responsibility. The great historical statements of "a Government of, by, and for the people" has real and strong application here.

I have stated Montana's case and its feelings as they are, in fairness I hope to all related to it. All we ask is a fair verdict to our industry, to its people, and to the Nation. In this instance I think our children too are entitled to strong and just consideration. You will disclose their destiny.

Senator MORTON. Mr. Gore.

Senator GORE. I find your statement very interesting. I take it you support the bill which has been introduced by Senator Mansfield, Senator Metcalf, Senator Bible, a number of Senators; but you suggest a change in the date; is that correct?

Mr. BARTHELMESS. I am trying to be, and the people of Montana are, consistent with the views of the American National. The date, I think they indicated, was December 31, 1964, who nthis legislation would become effective, and we want to be consistent with the National Cattlemen's Association.

Senator GORE. The effective date, do you think that is early enough?

Mr. BARTHELMESS. It is not early enough, but my understanding is there might be a problem, that this legislation cannot be retroactive.

Our position is this: That there is no date too early. The people of Montana, the ranchers in Montana, that live around me are going toes up at the present time, and our position in Montana is not as grave as it is some other States, and I say this because the feeders tell me they are on the fourth set of cattle now, that they are losing money on.

I talked to a feeder the other day who has come to Montana every year for his feeder cattle, and he said he is not coming back unless there is some straightening up done on the situation.

Senator GORE. I take it from your statement that you operate a ranch with a herd of 300 cows, that you are in the cow and calf portion of the industry.

Mr. BARTHELMESS. That is correct.

Senator GORE. Your principal product is feeder calves.

Mr. BARTHELMESS. That is correct, sir.

Senator GORE. How many acres do you find necessary in Montana to support a 300-cow herd?

Mr. BARTHELMESS. The ranches in Montana depend, of course, on carrying capacity, vary in size as to a 300-cow outfit. Our ranch is in an area where we do not raise a great amount of hay, practically little. We use our grass to summer on, we have our ranch cut practically in two parts; we use half of it for wintering purposes, half of it for summering purposes, we cake our cattle in the winter as supplementary application to their food diet in addition to grass; we run approximately, I would say, 400 head of stock totally, and our ranch is composed of 12,000 acres of land.

Senator GORE. You mean totally, that includes——

Mr. BARTHELMESS. That includes everything, replacement cattle, bulls, the horses that are used to operate our ranch, and we are at approximately total capacity, I would say, for that ranch.

Senator GORE. So you would market on the average, say, 250 steers and heifers.

Mr. BARTHELMESS. Yes; we market approximately 250 heads of calves every fall, steers and heifers.

Senator GORE. Steers and heifers; and you keep, then, about 25 heifers for replacement, and sell about that many cows?

Mr. BARTHELMESS. Ordinarily, yes; 2 years ago we incurred a serious drought, and we sold about 60 head of cows, and since then we have kept more replacement heifers to make up the difference.

Senator GORE. What price have you been getting for your feeders?

Mr. BARTHELMESS. In 1962 we sold our calves for 31 and 33 cents, which meant 31 cents for the heifers and 33 cents for the steers. Last year, or 1963, we sold them for 24 and 26 cents.

Senator GORE. What is your prospect this year?

Mr. BARTHELMESS. We cannot tell. It depends on what is going to happen with the fat cattle market. We are looking for considerably less.

Senator GORE. Now, did this reduction from 33 and 31 to 26 and 24, being an approximately 30-percent reduction in the price you received, represent a 30-percent reduction in profit or did it wipe out the profit?

Mr. BARTHELMESS. It wiped out our profit. Our overhead increases and our income decreases, that is the way it is working right now.

Senator GORE. How does your overhead go up?

Mr. BARTHELMESS. Increased costs of the things that we use.

Senator GORE. This is not affected by the price of cattle?

Mr. BARTHELMESS. Not on overhead.

Senator GORE. Yes; I understood you to mean that there was some relationship between reduction in the cattle price and increase in overhead. But this increase in overhead occurs, has occurred, and is occurring, irrespective of changes in cattle prices.

Mr. BARTHELMESS. That is correct.

Senator GORE. How many people do you employ on your ranch?

Mr. BARTHELMESS. We do not employ anyone. I and my wife and my children operate our ranch except this, that we will help our neighbors brand calves and they will help us brand calves. When they get their cattle ready to ship or sell, we will help them gather their cattle and they help us gather our cattle in the same instance.

Senator GORE. About what weights, at about what weights, do you sell your calves?

Mr. BARTHELMESS. 1963 our calves weighed the heaviest in 6 years. We sold our steers at 392 pounds, our heifers at 362. Of course, we had an exceptional grass year, the largest amount of precipitation in our area for 30 years, in a comparable period; and since the first of August we have had the driest 6 months in many years.

Senator GORE. Isn't this a little on the light order?

Mr. BARTHELMESS. The calves in eastern Montana are considerably lighter. We do not calve or start calving until the 15th of April, which gets us out of the storm period of a winter, and we sell between the 15th of October and the 1st of November. In western Montana the calves weigh 450 to 475, and some as high as 500 pounds.

Senator GORE. When you sell your calves, do you sell them at an auction market or do you have customers who come to your ranch?

Mr. BARTHELMESS. We sold our calves for 5 years to a buyer, a feeder in Atlantic, Iowa; last year we sold through the auction market at Miles City.

Senator GORE. What is your view of the market in the fall of 1964?

Mr. BARTHELMESS. All indications are that it is not going to be good. It is going to be less than last year by considerable. The people who are supposed to know tell us this.

Senator GORE. So; except for the purebred breeders who furnish seed stock, you are at the base of this cattle industry. From your ranch the steers move into the feedlots in the Dakotas or Iowa, and then from there to the packers.

Mr. BARTHELMESS. Yes, sir.

Senator GORE. Thank you, Mr. Chairman.

Senator MORTON. Senator Bennett?

Senator Curtis?

Senator CURTIS. Do you do any feeding to any great extent in Montana?

Mr. BARTHELMESS. I would have to say our feeding industry in Montana is young.

Senator CURTIS. Where do you send most of your cattle?

Mr. BARTHELMESS. They go to the Midwest. In late years there have been considerable going to the South. A lot of the cattle have gone as far south as Texas as feeder calves.

Senator CURTIS. You have sent a lot of them to my State of Nebraska.

Mr. BARTHELMESS. Yes; I appreciate that. Our cattle have gone to Nebraska.

Senator CURTIS. Now, do you feel that the price you receive is very directly dependent on what the chances are of a feeder to make money on them?

Mr. BARTHELMESS. There is no question about it. That is why I say we haven't felt the brunt of the situation to the extent that the feeders have.

Senator CURTIS. Yours will come later.

Mr. BARTHELMESS. We are already incurring this depleted market. But this summer and fall it will crucify the people in Montana who are producing feeder cattle unless something is done, except that there is an increase in the domestic market.

Senator CURTIS. I have something here, it won't take me, Mr. Chairman, more than 40 seconds to read, and I would like to have the witness' opinion on it. These articles on the cattle crisis prepared by Howard Silber and Darwin Olofson of the Omaha World-Herald are quite interesting. They interviewed a great many people, and I read as follows:

> Don Foster is a burly, powerful, willing man of the soil. He has farmed near Indianola, Nebr., for 17 years. He has worked hard. For the most part he has made a living. But Don, who is 36 and the father of four, has yearned for something more than just a living. As a tenant former who rents the land he tills, he realized long ago that one way to achieve this modest ambition would be to increase the value of his share of the grain he raises. This could be done by feeding it to cattle, processing the grain into beef.
>
> Last year Don Foster became a cattle feeder. With bank loans, he purchased over a period of months about 200 head fresh from the range. Each weighed between 600 and 700 pounds. He paid an average of 26 cents a pound. Using grains he raised and commercial feed supplements, Don built up the size and quality of his animals. When their weight approached 1,100 pounds he marketed them. He was paid between 20 and 21 cents a pound. Don Foster was the victim of a severely depressed fat cattle market. He took an average loss of $40 an animal. His cattle feeding venture resulted in an $8,000 deficit.

With losses occurring like that in every community in the Corn Belt, and it is talked about at the sale barns and various meeting places as well as in the local banks, it has a most direct effect upon the producer of range cattle; isn't that true?

Mr. BARTHELMESS. Absolutely, last year he bought those cattle in Montana or Wyoming or somewhere else. Will he be back this year?

Senator CURTIS. I do not know.

Mr. BARTHELMESS. I think I can probably answer. Unless there is something that shows him a brighter future and a much brighter future, he is not coming back. He is going to turn to something else, some other way to market his grain and try to come out and make a living.

Senator CURTIS. Now, this question is not confined to Montana only. Do you feel that the grain farmer has a real definite stake in this battle over whether or not we curb these excessive imports?

Mr. BARTHELMESS. I think, Senator Curtis, in that same pamphlet that you quote from, if the total number of cattle that were shipped into the United States last year were not shipped here, that if that number of cattle were produced here, they would have consumed 20 billion pounds of feed grains, and that should answer the question, I would think.

Senator CURTIS. Yes. A lot of pasture in hay and winter feed of various types also are involved.

Mr. BARTHELMESS. Absolutely.

Senator CURTIS. And it reflects the producers' gain.

Mr. BARTHELMESS. The reason I tried to apply the total import quantity to Montana is because the numbers in the live equivalent would replace Montana's industry. So all the grass and all the feed that is produced in Montana, and all the money that is spent from the profit could conceivably not be spent, and that would show that

Montana's cattle industry and its contribution to the Nation is, in a sense, could be replaced by the imports that are coming into this country.

Senator CURTIS. Now, you mentioned selling your cattle sometimes at Miles City. What people or businesses in Miles City, Mont., are directly affected by the price you get for your cattle?

Mr. BARTHELMESS. I would say this about Miles City: That of all the cities in Montana, Miles City will be affected the greatest because it is a cow town. Their economy in that city depends on the cattle industry and farming or related businesses.

Senator CURTIS. But in addition to the money that it releases, there are many businesses that are very closely related.

Mr. BARTHELMESS. Absolutely. Main Street depends on the country, and the whole economy is retroactive to the stability of the agriculture that surrounds it.

Senator CURTIS. I thank you.

Senator MORTON. Thank you, Mr. Barthelmess.

We will now hear from Mr. Merton Glover, South Dakota Stock Growers Association.

STATEMENT OF MERTON GLOVER, SOUTH DAKOTA STOCK GROWERS ASSOCIATION

Mr. GLOVER. Mr. Chairman and members of the Senate Finance Committee, on this St. Patrick's Day, when we see so much green about us, I appreciate very much the opportunity to appear before you and discuss the problems of the major industry of my State of South Dakota. And while the cattle industry's problems are not so simple as to be black or white, I am motivated to be here today simply because of the alarming number of people in my State and other States who are in the red financially, and until proper action is taken by Congress, face a widespread and explosive economic dislocation because of depressed cattle prices.

My suggested remedy for this situation to your committee is the same as my suggestion to the Tariff Commission and the Trade Information Committee during hearings held in December 1963.

The recommendations made to those groups included these remarks:

> This problem of beef imports must be resolved at the national congressional level. Largely I believe, by taking a realistic look at the price-depressing effect imports have on the cattle industry, I think we have no alternatives to the problem. We can protect our cattle industry by flexible tariffs, quotas, and negotiate sound trading competition.

I want to direct my main thrust to this as a problem of national concern. Let me refer the committee's attention to the fact that, in doing what it can about this problem, the State Legislature of South Dakota during its 39th session of the legislative assembly passed House bill No. 621 which will, beginning on July 1, 1964, require the display of signs and marking of imported meats when sold and provides a penalty for violation of this law. A State law similar to this also is operational in Wyoming and Colorado.

Many hundreds of petitions have been forwarded by both urban and rural citizens of my State to the President of the United States, urging the President with the power vested in the executive branch, both by law and by the agreements announced by our Government on February 7, 1964, to "rescind this agreement and replace this agreement with a mandatory import quota agreement with Australia and New Zealand which will not destroy the vigor and growth of the South Dakota cattle industry."

Also we expect to testify again before the Tariff Commission in hearings ordered by this Finance Committee to commence on April 28, 1964, and others testifying will be chambers of commerce from Rapid City, Sioux Falls, Aberdeen, and Watertown.

Agriculture is a worldwide industry that is basic to any economy, and certainly is basic to both the United States and South Dakota. Livestock production is the dominant part of our agriculture. If we assume that the United States must have a steady rate of economic growth to provide job opportunities, and a strong base of support for the defense of the free world, and foreign assistance commitments, then we must recognize that Government policy related to agriculture is one key to meeting these goals.

We suggest that the failure to put reasonable quotas on meat imports will deter a large segment of this basic part of this country's agriculture, and bring about Government agencies' proposals for subsidies for livestock agriculture, a policy which has been used and failed in many other segments of agriculture.

We know that importing and exporting, buying and selling, is vital to the high standard of living in this country which in turn enables us to assist the progress in underdeveloped countries. However, we cannot agree in our interrelated economy in this country we must sacrifice livestock agriculture—a basic industry—for the opportunity of exporting some $17 billion annually of such items as transportation equipment, machinery, and fabricated metal products. Two-thirds the counterbalancing imports—such as toys and cameras—do not compete directly with our exports. Over $2 billion of imports of agriculture products directly compete with our own production.

The U.S. market represents to the world an artificial standard laboring under steadily mounting cost of production increases which are a direct result of this country's world commitments in defense, foreign aid et cetera. In the short run, the cattle industry's answer to keeping pace with these demands has been a steady increase in production to keep pace with a steady increase in these overheads.

Now, due to widespread economic failure in segments of the meat team we urge reasonable action which will work toward the advantage of both America and the underdeveloped countries and not result in our Government having to subsidize our cattle industry in the future.

As a spokesman for the cattle industry of South Dakota, let me add, we recognize a large part of those in the cattle business in the United States in 1964 are competing and in the cattle business as a direct result of Government agricultural policy. Federal feed grain programs, diverted acre programs, quota legislation on cotton and wheat and others have resulted in many people converting to cattle and livestock production as an alternative. We point this out, not to justify for ourselves subsidies, but rather to relate the irrefutable effect those programs have had in speeding up within the cattle industry the record production cycle we find ourselves with on January 1, 1964.

This domestic production, stimulated by improper Federal agricultral programs, plus recordbreaking imports have produced our economic dilemma. We stand willing to make competitive domestic adjustments without suggestion of Federal remedy. We do make the following suggestions, however, for foreign competition adjustments through amending Senate amendment 465, and urge speedy and prompt action on this legislation.

We urge this legislation:

1. Average meat imports for the years 1958–62 to establish a base for future import allowances.

2. Cover beef, veal, mutton, and lamb, including canned, cooked, and cured products but excluding live animals.

3. Require imports for any calendar quarter not to exceed the quantity in the other calendar quarters.

4. Require the proportion of classes of meat products not to exceed the average imported in 1958–62.

5. Become effective immediately upon passage and signing of this bill.

6. Provide an adjustment factor giving export nations shares in the anticipated increase in U.S. consumption only when effective parity price is achieved for the average price of a livestock species.

In summary, we are willing and capable of taking care of domestic adjustments in the livestock industry without Federal subsidies and programs—in fact we could do an even better job at home if existing Federal subsidy programs on agricultural commodities were reduced or eliminated.

We do need congressional action though to deal with the international problems created through improper use of livestock as a pawn for world trade bargaining. We need this action primarily because of our Nation's major role in world peace commitments and foreign aid programs which place all phases of our Nation's productivity at a disadvantage.

Thank you.

Senator MORTON. Thank you very much, Mr. Glover.

Senator Gore?

Senator GORE. No questions.

Senator BENNETT. No questions.

Senator CURTIS. I will confine it to one question. While there are many factors involved in the business problems of any group, the cattlemen could get realistic relief from these excess imports. Is it your opinion that the cattlemen themselves are willing to face the issue voluntarily within their own ranks, and solve the question of whatever domestic overproduction might exist?

Mr. GLOVER. Well, sir, I think they would. I have been in this business all my life. We went through a number of these cycles. When it is a matter of normal or natural oversupply, this industry has always expected to shift gears and correct that situation. We expect it to be rough maybe for a while. When you are competing against fair competition we have no quarrel or no fuss to make.

Senator CURTIS. In the long run you have done that in the past, in cycles of overproduction, and have adjusted yourselves.

Mr. GLOVER. Yes, about four different times in my lifetime.

Senator CURTIS. That is all.

Senator MORTON. Thank you very much, Mr. Glover.

Senator GORE. Mr. Chairman, before you call the next witness, could I ask the gentleman from Montana one question? I am trying to get to the economics of your own operation, if you do not mind.

Your 400 head which you regularly run in order to keep a breeding herd of 300 cows, would average in value, say, $250 a head?

Mr. BARTHELMESS. At this time, no, sir.

Senator GORE. What would their value be?

Mr. BARTHELMESS. I would say the average would probably be less than $200 a head.

Senator GORE. Less than $200 a head. That includes your bulls?

Mr. BARTHELMESS. Yes, sir.

Senator GORE. Now, about what would—not at what you would sell it—be the going price per acre of this 12,000-acre ranch, or the total value?

Mr. BARTHELMESS. The land around it that is identical is selling for approximately $20, $25 an acre, so you have a——

Senator GORE. So you have an overall investment, with your equipment of around $300,000.

Mr. BARTHELMESS. That is correct.

Senator GORE. And you market approximately 300 head of calves and cull cows per year?

Mr. BARTHELMESS. I would say around 275.

Senator GORE. Then you would have—is this your total income?

Mr. BARTHELMESS. Yes, sir.

Senator GORE. Then you would have a return on this investment under present prices, counting the labor of yourself and family, plus other expenses, of a rather small amount, would you not?

Mr. BARTHELMESS. Economists at the State college tell us that the averge ranch in Montana has a return on its investment of 2 or less percent.

Senator GORE. Do you think yours is—this is net, of course?

Mr. BARTHELMESS. Yes, sir.

Senator GORE. Do you think your operation is typical or are you suffering more or less?

Mr. BARTHELMESS. The people that we negotiate with when we want to borrow money tell us that our operation is above average.

Senator GORE. Well, Mr. Chairman, excuse me for this further interruption or further questioning, but it seemed to me that here is an actual feeder calf producer with a more or less average size unit. Is this larger than the average size unit?

Mr. BARTHELMESS. I would say it was probably average.

Senator GORE. So I wanted to get these actual economics of the problem in the record.

Senator MORTON. All right.

Now we will have Mr. Joseph Burke, Wyoming Wool Growers Association.

Do you have copies of your statement?

STATEMENT OF M. JOSEPH BURKE, PRESIDENT, WYOMING WOOL GROWERS ASSOCIATION

Mr. BURKE. Yes, Mr. Chairman.

Mr. Chairman and members of the Senate Finance Committee, my name is M. Joseph Burke. I am president of the Wyoming Wool Growers Association, and I come from Casper, Wyo. Our family has been in the sheep industry since 1901, the year my father came to Wyoming and entered the business. It has never been an easy business, what with varying markets, predators, and adverse weather conditions consisting of hard winters and periods of severe drought.

Sheep numbers have been greatly reduced in the past 25 years due to the unavailability of labor, the cost-price squeeze, and foreign imports of lamb and mutton coming into this country in ever-increasing volume. I appear before you today on behalf of the 3,000 sheepmen in Wyoming, urging that realistic quotas be implemented on the lamb and mutton imported into the United States in competition with our own domestic industry.

Wyoming is the second largest State in the Nation in sheep population. Currently, 20 percent of Wyoming's agricultural income is derived from the sheep business. Because the $31 million cash income from the sheep industry is new money, it goes back into the various business segments and generates $73 million worth of business in Wyoming. Were this industry to be eliminated, new pockets of unemployment and poverty would be created. Much of Wyoming's county and city governments, as well as schools, is dependent on the income from the sheep industry. For example, the latest USDA figures indicate that in Sweetwater County of Wyoming approximately 75 percent of the agricultural income is derived from the sale of sheep, lambs, and wool.

In citing these examples I wish to stress that, while the sheep industry is economically important to Wyoming, it is an industry now struggling for survival, not only in Wyoming but in all the other States as well. This is caused in a large measure by the ever-increasing amount of imported dressed lamb and mutton, as well as the heavy increase in wool cloth imports which are replacing the use of domestic wool, and the constant rise in operating costs with no corresponding rise in income. Latest preliminary import figures show January 1964 dressed lamb imports at 1.8 million pounds compared to 0.9 million pounds for the same month a year ago. Dressed mutton imports for January 1964 total 7.6 million pounds compared to 4.2 million pounds for the same month a year ago.

I wish to point out that the increasing imports of mutton has, in my opinion, been an important factor in cutting the market value of aged sheep in two. Six or seven years ago the sale of old ewes amounted to about 18 percent of the gross sales of the average sheep outfit, whereas today these sales represent 6 to 8 percent of the gross sales.

I call these figures to your attention because my State, Wyoming, due to its topography, high elevation, and arid land, is limited in the kind of industries which support the economy of the State. It is, therefore, of vital importance that this land be utilized for which much of it is best suited—the grazing of sheep.

When sheep are eliminated from a given range, they are replaced with cattle which increases the overall production of cattle and contributes to falling cattle prices. The economy of our State is much stronger when we have a good balance between sheep and cattle numbers and the various types of our Wyoming ranges are better utilized by maintaining that balance.

I should also like to point out that the farming States that produce a surplus of hay and grains need our feeder lambs and ewes to help them to market their produce. The domestic sheep industry cannot compete with imported lamb and mutton from low-wage and low-tax base countries. Therefore, I strongly urge that immediate action be taken to implement legislation to limit lamb and mutton imports in any year to the 5-year average ending with 1963, and we would recommend that this legislation authorize a growth factor in imports only when our domestic farm prices for sheep, lambs, and cattle are at or above parity.

On behalf of the Wyoming Wool Growers Association, I thank you for the privilege of appearing before you, and we urge your serious consideration in establishing realistic quotas on imported lamb and mutton.

Senator MORTON. Thank you, sir.

Senator Gore?

Senator GORE. No questions.

Senator MORTON. Senator Bennett?

Senator BENNETT. No questions.

Senator MORTON. Senator Curtis?

Senator CURTIS. Where are most of your lambs fattened?

Mr. BURKE. Around Scotts Bluff, Nebr., and Fort Collins, Colo.

Senator CURTIS. And the sheep population is going down, is it not?

Mr. BURKE. It has been cut in half in the last 25 years, since 1940.

Senator CURTIS. I have asked this question of many other witnesses, and maybe you know and maybe you do not. Is it not true that we used to have sheep and lambs in this country, at one time we had about 55 million sheep, and now it is down to less than half that; that industry has gone largely to New Zealand and Australia, has it not?

Mr. BURKE. That is absolutely correct.

Senator CURTIS. If we still had a thriving sheep industry, it would make a big difference in our overall agricultural situation, would it not?

Mr. BURKE. I think it would make a tremendous difference, and I think it would make a big difference in the surplus of feed grains that would have gone into these lambs.

Senator CURTIS. And the production, particularly the feeding of sheep, is a soil-building activity, is it not?

Mr. BURKE. That is right, Senator.

Senator CURTIS. While the Treasury of this country has spent great sums in subsidizing soil banks, another arm of the Government has followed a policy with respect to the sheep industry that has curtailed it and cut it in half.

Mr. BURKE. That is absolutely correct.

Senator CURTIS. I thank you.

Mr. BURKE. Thank you, gentlemen.

Senator MORTON. Mr. Dean Prosser, Jr., Wyoming Stock Growers Association.

STATEMENT OF DEAN T. PROSSER, JR., EXECUTIVE SECRETARY, WYOMING STOCK GROWERS ASSOCIATION

Mr. PROSSER. My name is Dean Prosser, Jr., I am secretary of the Wyoming Stock Growers Association, 113 East 20th Street, Cheyenne, Wyo. I not only represent the membership of nearly 2,500 Wyoming ranchers in the Wyoming Stock Growers Association but am also an operating rancher in my own right. I operate a cattle ranch south of Cheyenne, Wyo., which would class as a middle-size ranching unit in the State of Wyoming.

I am very pleased to have this opportunity to express the views of our association, as well as my own personal views, in regard to the economic implications of the recent voluntary import levels established last month.

Mr. Chairman and members of the Senate Finance Committee, I have a pamphlet by the Wyoming Council for Economic Development, and I would like to speak very briefly about this. This is a very powerful council in the State of Wyoming composed of a number of very important trade associations in our State economy. The council operates upon the basis of 100-percent approval of any resolutions passed. In other words, there is a veto power. No resolution may be passed unless all approve. The following resolution was passed in Casper last week, and I bring it with me:

Resolved, That the Wyoming Council for Economic Development oppose the voluntary meat import quotas signed last month by the U.S. Department of State and foreign exporting countries, and hereby urges that the Congress set quotas on the importation of beef, mutton, and lamb; said quotas to be based on the 5-year average for the years 1959–63 and that there be no growth factor applied until such time as these products reach the equivalent of parity prices.

As you will notice, the members of this association are the Associated General Contractors of Wyoming, the Rocky Mountain Oil & Gas Association, the Wyoming Automobile Dealers Association, the Wyoming Farm Bureau Federation, the Wyoming Mining Association, the Wyoming Oil Industry Committee, the Wyoming Retail Merchants Association, the Wyoming Stock Growers Association, the Wyoming Water Development Association, the Wyoming Wool Growers Association, with advisory members of the Wyoming Chamber of Commerce Executives and the Wyoming Taxpayers Association.

This briefly summarizes our position of the Wyoming Stock Growers Association.

(The pamphlet referred to follows:)

RESOLUTION

Resolved, That the Wyoming Council for Economic Development oppose the voluntary meat import quotas signed last month by the U.S. Department of State and foreign exporting countries, and hereby urges that the Congress set quotas on the importation of beef, mutton, and lamb; said quotas to be based on the 5-year average for the years 1959–63 and that there be no growth factor applied until such time as these products reach the equivalent of parity prices.

Wyoming Council for Economic Development

BUSINESS UNITED FOR A BETTER WYOMING

What is the WCED

The Wyoming Council for Economic Development is a federation of Wyoming trade organizations representing agriculture, business and industry. Organized in April 1962 the Wyoming Council for Economic Development is dedicated to the promotion and preservation of the free enterprise system, and seeks to effect coordinated action on Federal and State issues significant to the prosperous and progressive growth of Wyoming. The WCED serves as an agency for coordinating the common interests and efforts of the participating associations in actions that will build a more prosperous and dynamic Wyoming economy.

Who are its members?

The following statewide Wyoming associations comprise the current membership of the WCED:

Associated General Contractors of Wyoming.
Rocky Mountain Oil & Gas Association (Wyoming division).
Wyoming Automobile Dealers Association.
Wyoming Farm Bureau Federation.
Wyoming Mining Association.
Wyoming Oil Industry Committee.
Wyoming Retail Merchants Association.
Wyoming Stock Growers Association.
Wyoming Water Development Association.
Wyoming Wool Growers Association.

Advisory Members:

Wyoming Chamber of Commerce Executives.
Wyoming Taxpayers Association.

What are the council's objectives?

To provide a forum for the exchange of information, opinions, etc.

To develop plans and policies, in which the member associations have a mutual and unanimous interest, for the economic well-being, growth and progress of Wyoming and its citizens.

To serve as a common voice and action team on Federal and State issues of mutual interest relating to the promotion and protection of Wyoming's natural resources, its economic development and Wyoming's cultural and human resources and other related economic endeavors.

To serve as a vehicle for securing maximum interests, understanding, support and action on issues of paramount importance, to the orderly and dynamic growth of all Wyoming.

To serve as the combined voice of free enterprise in Wyoming's economic development and growth.

How does the council function?

The programs and policies of the council are established through action of the council's board of directors, which is composed of two representatives from each of the affiliated associations. All council policies and actions taken require the unanimous approval of all members of the board of directors. Council policies generally result from action taken by the policymaking bodies of the individual member associations. The council's board of directors meets periodically to study, and review proposed (1) State and Federal legislation, (2) rules and regulations promulgated by State and Federal agencies, and develop council policy regarding them in relationship to their effect upon the economic well-being of Wyoming.

IMPORTANCE OF CATTLE INDUSTRY TO OUR ECONOMY, AND THE INDUSTRY'S GROWTH IN OUR STATE

Mr. PROSSER. Agriculture accounts for almost one-fourth (22.8 percent) of the basic gross income in the State of Wyoming and of this one-fourth gross income, livestock and livestock products contribute 79 percent of the income. Livestock and livestock products produced total gross income of $118,920,000 in 1961 of which 58.9 percent or

$86,007,000 was derived from cattle and calves. It is common knowledge that nearly all dollars received by farmers and ranchers are spent in the State's economy, while in contrast only a small portion of many other sources of gross income stays within the State. It is upon this premise that I intend to build my case as to the importance of the cattle industry to the general economy of the State of Wyoming.

There are 9,744 farms and ranches in Wyoming totalling 36,200,000 acres with an average value of land and buildings per unit of $72,528 or $22.23 per acre. Realized net income per unit in Wyoming averaged $4,461 in 1962 or up 9 percent from 1961, and although figures are not available for 1963, I feel sure that because of violently depressed prices in the cattle market that average realized net income will show a decided downward trend in 1963. On January 1, 1963, there were 1,148,000 cattle and calves on Wyoming farms and ranches, showing a 3-percent increase over the previous year, with the number of replacement heifers up 10 percent and number of held over calves up 4 percent over 1962. I point out these statistics merely as a means to emphasize that the cattle industry in Wyoming is not only able to help meet present beef requirements of our American people, but is also ready, willing and able to bring about increased production of beef to meet the future needs of the American people for many years to come.

I would also like to point out at this time that thousands upon thousands of acres of Wyoming lands are suitable for grazing and grazing only, and it is our contention that the domestic livestock industries must be able to survive if any economic return is to be realized from these lands. The future growth and general stability of the economic welfare of the State depends upon this livestock industry.

LIVE MARKET TRENDS

We of the Wyoming Stock Growers Association are particularly concerned at this time about the general trend of the cattle market for this year of 1963. We have seen fat cattle prices slide better than $8 per hundredweight at the marketplaces since mid-January 1963 and as a result of this catastrophe, our feeder markets this fall of 1963 have also declined from $5 to $10 per hundredweight on various classes of livestock. We have watched a rather orderly system of year-round marketing, which has gradually been developed over the past 10 years, disturbed materially, and for the first time in many years, cattle have concentrated in overabundant numbers at the sales barns and central markets of our area, ofttimes with insufficient buyers present to clear the receipts. This situation has developed in the face of ideal weather conditions and overabundant feed crops and range grass. I shudder at the thought of the condition our markets would be in if and when substantial drought becomes a factor in our Western States, as it surely will at some time in the years ahead. There is a decided feeling among our cattle producers that 11 percent of our domestic consumption is by far too large an importation of foreign beef if the domestic producer is to be able to survive.

COSTS OF PRODUCTION

The ranchers of Wyoming are caught in a very definite cost-price squeeze in that operating costs are on the annual increase, and as of 1963, the gross income is turning lower. There seems to be very little chance that ranchers will be able to reduce their operating costs in the years ahead, in fact, it is my belief that production costs are bound to increase yearly.

The enclosed chart taken from statistical information supplied by our State statistician shows a definite trend toward increased cost of production. This situation will only be sharply accentuated if the beef cattle market is forced to lower levels, and it is our belief that increased foreign imports can only drive our domestic markets lower. The modern rancher of 1963 can no longer live apart from the balance of our economy, but instead must depend upon specialized services and increased labor costs in order to maintain his operation. This, coupled with his inclusion in such programs as social security and increased tax valuations, and mill levies upon his real and personal property, tends to create a very hazardous situation regarding net income. It is a very commonly accepted fact among working ranchers that if a true market value were to be placed upon capital assets of a ranch, it would be not only unlikely, but nearly impossible, to show a net return on the investment of 2 percent per year. And this I think you will agree is not a fair return on money invested in the year 1963.

NEED FOR PROTECTION AGAINST FOREIGN DISEASES

The domestic livestock industry has enjoyed rather complete and good protection against foreign diseases over the past years, and although this does not have any particular bearing on the Geneva trade talks, we should like to emphasize at this point the continuing necessity of such protection. Our domestic cattle and livestock industry is very vulnerable to any of the so-called foreign diseases that run rampant in other countries because of the lack of natural immunity to these diseases, and should they ever get introduced into the United States, it could easily cause catastrophic conditions to the livestock industry. We would like to urge the U.S. Government and Department of Agriculture to maintain a continuing vigilance against the importation of diseases to our domestic livestock industries.

GENERAL RECOMMENDATIONS AND SUMMARY

We of the Wyoming Stock Growers Association definitely feel that the commodities to which we refer in the request for oral testimony that are now on the preliminary list for possible negotiations in reducing tariffs from present levels to 50 percent to 0 of present levels, must be removed from such consideration. Any reductions of present tariff levels wou'd only bring about increased incentive for our foreign competitors to send additional tonnages of beef into the United States.

It is our belief that the present import level of 11 percent of our domestic beef consumption is acting as a decided depressant of prices at our livestock markets. When we consider the economic importance of the livestock industry to the general economy of the State of Wyoming, we must then realize that any governmental action that would further reduce livestock prices to the producer, would also bring immediate repercussions upon the total economy of our State. We are particularly apprehensive of the situation when we view the facts that our own domestic cattle population is now in the eighth year of increasing numbers, and we know that should widespread drought occur in our western livestock producing areas, that liquidation of cattle numbers would begin, and our livestock price levels would suffer severely. In this case, many thousands of canner and cutter cows would enter upon our domestic markets and would then be in very direct competition with foreign processing meats, and would have to sell at the lowest level that imported beef could economically sell for. The damaging effect of these huge and increasing imports falls heavily upon the cattle States, because with foreign beef consistently underselling domestic by 5 cents a pound, the packer who uses domestic beef has no choice but to put pressure on the price he pays the producer, and packers who bone beef for processing, work on a profit of about one-fourth cent per pound, thus obviously they must pay less to the farmer or rancher who raises the beef. The consequence is reduction in the ranchers' income and value of livestock which is collateral for his loans, and continuation of the depressing effect of cheap foreign meat will force further liquidation of herds and will bankrupt many producers, just as it has already bankrupt many small packers.

The need is not for total exclusion of foreign meats, but rather a combination of quotas and tariffs that will limit imports to the amount needed to satisfy domestic needs while assuring a market for domestic beef products, and discourage the favoring of foreign meats over domestic products.

The Wyoming livestock industry can and will be able to compete with livestock produced and marketed from the various sections of the United States where the standards of living, wages, and cost of production are similar, but they cannot compete with foreign imports of unlimited quantity that have been produced and marketed under different conditions and much lower natural cost of production.

Therefore it behooves us to recommend that there be no further reductions in tariff rates on livestock and livestock products. It is our belief that to protect our domestic livestock industries, increases in tariff rates should be considered and this action should be coupled with the institution of a quota system which would allow nominal amounts of importation, but would prohibit the complete ruination of an industry so vital to the economy of the United States as well as the State of Wyoming.

As of March 1, 1964, we are witnessing the fourth consecutive round of financial losses among the feeders of finished cattle here in the United States. It has been stated that this has been the longest continuous downward movement of fat cattle prices that has ever been recorded, and the expected results are now beginning to show. Several large feed yards have been completely shut down during the past few months, and the operating financial margins have disappeared on many other feeding operations. The feeder is now dipping into capital reserves in order to stay in business and this situation is bound to reflect on to the producer next fall. It is very difficult for the average rancher or farmer to understand why it is necessary to allow this large importation of foreign meats at a time when there is obviously a domestic oversupply of beef. Any meat competes with all other meats and in a situation such as we are now in, an additional supply of 5 or 6 percent of our domestic meat consumption could easily tip the balance enough to make the difference between a strong or a weak live animal market.

It is the feeling of the Wyoming Stock Growers Association that a reasonable quota should be based perhaps on the 5-year average of imports starting with the year 1959. The growth factor involved should, in our opinion, be limited quite severely as it is our contention that the future growth of our markets should rightfully belong to the domestic producers. The livestock producer has always operated under a free supply and demand marketing situation; but if the future growth factor is taken away from us, it seems to me that supply and demand factors could only continuously work against the producer and the marketing advantages of a supply and demand situation would be forever lost. I can truthfully state that I have never seen the people within the livestock industry so deeply concerned as they are today. This heavy importation of foreign beef has developed so fast that most of our producers did not fully realize what the situation was, and now that we are in our present position, they are looking to the U.S. Congress to draw up the necessary laws to put this whole situation in proper focus.

Our present recommendation for a proper quota system would be to set the base period as the average of 1959–63 importation or roughly 7.5 percent of our domestic beef consumption. We should like to see the future expansion of imported meats tied to our parity calculations. Whenever the domestic producer has received 100 percent or more of parity for his product over a 6-month period, then and then only would we allow increased foreign importations. This type of quota system would provide considerable security for our domestic producers and I feel that enactment of such a law would lend a very healthy psychological boost to our demoralized domestic markets, and would substantially aid in the prevention of financial ruin to many of our domestic livestock interests.

On behalf of the Wyoming Stock Growers Association, I should like to take this opportunity to thank the committee for allowing us this time to present our views on a subject very vital to us as livestock producers here in the United States. We trust that you will study our statistical data and give due consideration to our problems before arriving at your recommendations on this very important subject.

(Matter referred to follows:)

EXHIBIT A

State of Wyoming.—DATA FROM WYOMING STATE STATISTICIAN

CASH RECEIPTS EXCLUDING GOVERNMENT PAYMENTS

In 1962, sales of live cattle and calves accounted for 61 percent of the total cash receipts from sales of agricultural products in Wyoming.

Sixty-One out of every $100 in sales in 1962 for Wyoming agriculture were derived from cattle and calves.

Agriculture contributes almost one-fourth of the basic income in Wyoming.

From 1949 to 1962 realized gross income to agriculture in Wyoming has increased 30 percent while production expenses increased 46 percent.

Population—Wyoming:	
1940	250,742
1960	330,066
Percent change from 1940	+32
Number cattle and calves Jan. 1, 1940	811,000
Number cattle and calves Jan. 1, 1960	1,175,000
Percent change from 1940	+45

In 1940, 216,365,000 pounds liveweight of cattle and calves were marketed by Wyoming producers. In 1962, producers marketed 420,810,000 pounds liveweight, almost double the 1940 marketings.

The most recent agricultural census of Wyoming found 8,134 farms and ranches had cattle on 88 percent of all farms and ranches in Wyoming.

EXHIBIT B

DATA FROM WYOMING STATE STATISTICIAN, LESTER HOFFMAN

WYOMING AVERAGES

The average cost of feeder steers shipped at the Denver market in August 1963 was $1.14 per hundredweight below August 1962. September, this year, was off $2.60 per hundredweight and October was down $3.07 from a year earlier. At the Omaha market, August this year, was off $1.32 per hundredweight, September down $2.54 and October down $3.12 per hundredweight from a year earlier.

Wyoming 1963 midmonth prices for beef cattle for August, September, and October, were down from a year earlier by similar amounts. Wyoming calf prices in October 1963 were down $4.30 per hundredweight from a year earlier.

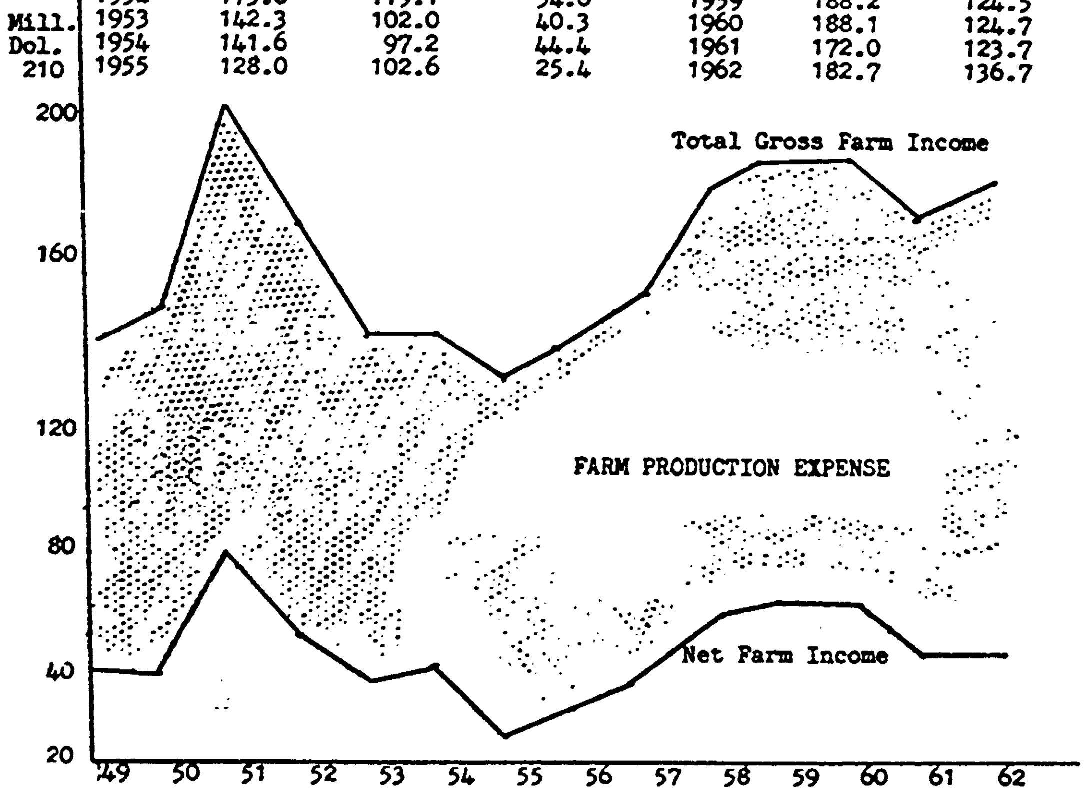
WYOMING CATTLE

On January 1, 1963, there were 1,148,000 cattle and calves on Wyoming farms and ranches. This is 3 percent above the previous year despite a 7-percent decline in cows and heifers kept for milk. The number of stock cows kept primarily for beef was about the same as 1962. However, the number of replacement heifers was up 10 percent and the number of calves held over was up 4 percent. Inventory value of all cattle and calves on January 1, 1963, was $189,420,000; up 9 percent from a year earlier. Wyoming is 33d among the 50 States in numbers of all cattle and calves. Beef production in 1962 totaled 366,810,000 pounds, live weight, compared with 345,930,000 pounds in 1961. Marketings in 1962 of 420,810,000 pounds were 7 percent above 1961 and average prices received were somewhat higher. This elevated cash receipts 13 percent to total $98,918,000 for the 1962 marketing year. The 1962 cash receipts from marketings of Wyoming meat animals were $117,766,000. Thus, beef cattle marketings accounted for 84 percent of the cash receipts from these marketings.

WYOMING

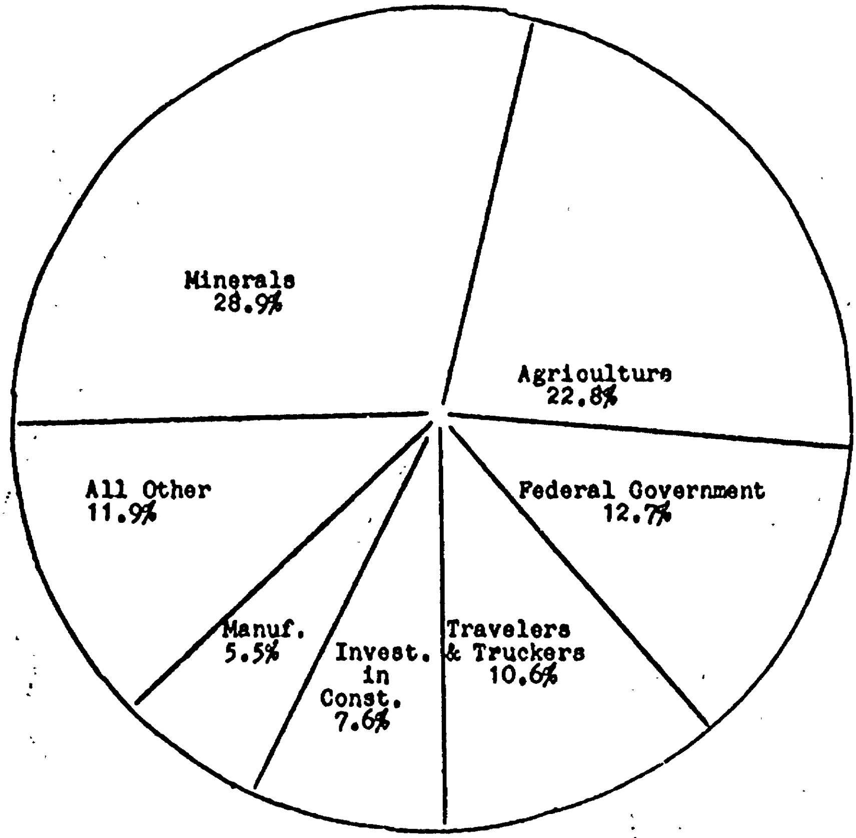
(Million Dollars)

Year	Realized Total Gross Farm Income	Farm Prod. Expenses	Realized Net Farm Income	Year	Realized Total Gross Farm Income	Farm Prod. Expense	Realized Net Farm Income
1949	140.5	93.6	46.9	1956	137.5	105.4	32.1
1950	151.4	107.5	43.9	1957	153.9	112.2	41.7
1951	208.5	131.1	77.4	1958	182.4	122.6	59.8
1952	173.6	119.1	54.6	1959	188.2	124.5	63.7
1953	142.3	102.0	40.3	1960	188.1	124.7	63.4
1954	141.6	97.2	44.4	1961	172.0	123.7	48.3
1955	128.0	102.6	25.4	1962	182.7	136.7	46.0



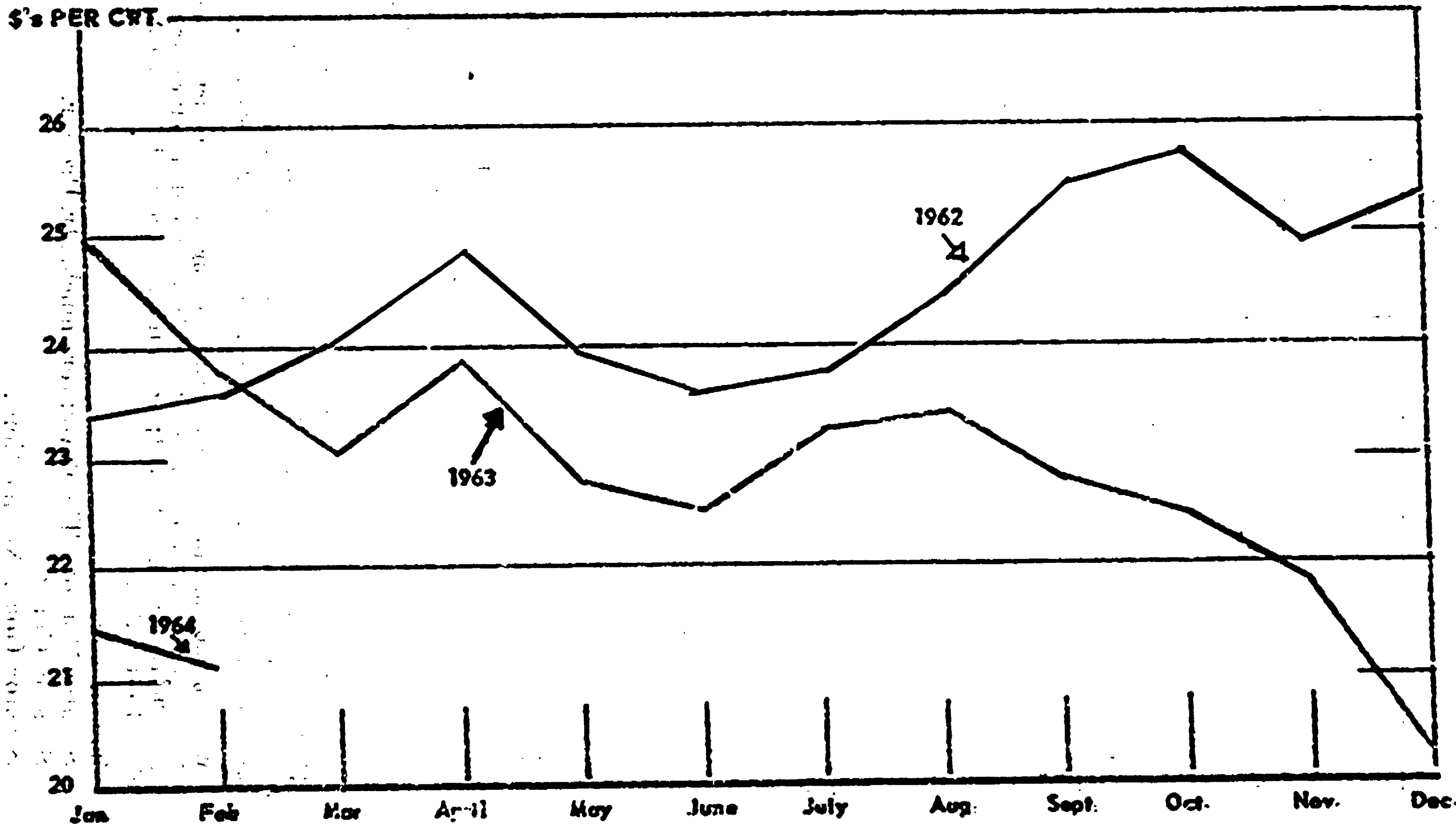
Farm Income (in million dollars For Wyo. 1949-1962

VALUE OF SOURCES OF BASIC INCOME
1960



Statistics furnished by
Wyoming State Statistician

AVERAGE COST OF FEEDER STEERS - 10 MARKETS - 1962-1964



U.S. imports from Australia and New Zealand

[Millions of pounds, product weight]

	Australia		New Zealand
	Beef and veal	Beef, veal, and mutton	Beef and veal
Year:			
1958	18	32	184
1959	224	262	162
1960	145	177	131
1961	234	274	154
1962	442	505	214
1963	[1] 517	[1] 577	[1] 244
1964 [2]		(542)	(231)
1965 [2]		(562)	(240)
1966 [2]		(582)	(249)

[1] Estimates for 1963 are tentative and subject to revision.
[2] As specified in the agreements.

Cash receipts to Wyoming agricultural production, 1954 and 1961

[Dollars in thousands]

Product	1954		1961	
	Amount	Percent	Amount	Percent
Livestock and products:				
Cattle and calves	$65,616	49.8	$86,007	53.9
Sheep and lambs	16,350	12.4	14,292	9.0
Wool	9,069	6.9	8,690	5.4
Dairy products	6,292	4.8	5,772	3.6
Hogs	1,757	1.3	1,395	.8
Eggs	2,140	1.6	1,614	1.0
Other [1]	1,571	1.2	1,150	.7
Total	102,795	78.0	118,920	74.4
Crops:				
Wheat	6,746	5.1	7,957	5.0
Sugarbeets	5,245	4.0	7,657	4.8
Dry edible beans	4,561	3.5	6,347	4.0
Hay	3,166	2.4	4,295	2.7
Barley	1,026	.8	1,169	.7
Potatoes	1,020	.8	639	.4
Oats	638	.5	653	.4
Alfalfa seed	1,095	.8	187	.1
Other [2]	2,104	1.6	1,534	1.0
Crops subtotal	25,591	19.5	30,438	19.1
All commodities subtotal	128,386	97.5	149,358	93.5
Government payments	3,293	2.5	10,182	6.5
Grand total	131,679	100.0	159,540	100.0

[1] Includes chickens, turkeys, other poultry, beeswax, honey, and horses.
[2] Includes dry field peas, crested wheatgrass seed, corn, rye, sweet clover seed, flaxseed, brome grass seed, truck crops, apples, berries, plums, cherries, grapes, and strawberries, forest, greenhouse and nursery.

Source: Wyoming Department of Agriculture and U.S. Department of Agriculture, SRS.

Wyoming appears to be in a transitional stage where returns from mineral extraction and travel are increasing at a faster rate than returns from agriculture. The economy has changed; agricultural dominance has been challenged by mineral extraction.

Thank you, sir.

Senator MORTON. Thank you very much, Mr. Prossor.

Senator Gore?

Senator GORE. No questions.

Senator BENNETT. I just have one question, Mr. Chairman.

With respect to your statement in which you say that whenever the prices, domestic prices, exceed parity for more than 6 months then and then only would you allow increased foreign importations. Would you take away that right if subsequently the prices dropped below parity or would you allow these people to establish a new base?

Mr. PROSSER. I think it would be taken away when they dropped below parity.

Senator BENNETT. After another 6-month period? You are going to have 6 months on the way up. Would you have 6 months on the way down?

Mr. PROSSER. This would be fair, I would think; yes, sir.

Senator BENNETT. OK. Thank you.

Senator MORTON. Mr. Curtis.

Senator CURTIS. We do appreciate your testimony. It is very valuable.

Mr. PROSSER. Thank you very much.

Senator MORTON. The meeting will stand in adjournment until 10 o'clock tomorrow.

(Whereupon, at 11 a.m., the committee adjourned to reconvene at 10 a.m., Wednesday, March 18, 1964.)

MEAT IMPORTS

WEDNESDAY, MARCH 18, 1964

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to recess, at 10:05 a.m., in room 2221, New Senate Office Building, Senator Harry Flood Byrd presiding.

Present: Senators Byrd, Hartke, Williams, Carlson, Curtis, and Morton.

Also present: Elizabeth B. Springer, chief clerk.

The CHAIRMAN. The committee will come to order. We are honored today by having Senator William Proxmire. We will be delighted to hear from you, sir.

STATEMENT OF HON. WILLIAM PROXMIRE, A U.S. SENATOR FROM THE STATE OF WISCONSIN

Senator PROXMIRE. Mr. Chairman, I am very grateful for this opportunity to appear. I will make my statement as brief as I can.

I am in support of legislation which will give effective control over the continuing damaging imports of meats and meat products. Our livestock producers need immediate relief.

I voted for an amendment to the cotton-wheat bill which would have helped our livestock industry.

However, Mr. Chairman, there is another group of producers who deserve favorable consideration by your committee. I have reference to our dairy farmers.

Dairy farmers are hit twice in connection with imports: (1) meat imports and (2) dairy products imports.

I found that a number of Senators have wondered about how dairy farmers are hit. The first week in January I made an intensive series of speeches around my State. I made 38 farm speeches, and they were all to farmers, and I spoke to several thousand farmers, and I found the one issue which most concerned them more than anything else, more than dairy prices or anything, was the price of beef, and they were especially concerned about the beef import situation, very indignant about it.

The fact is that beef imports compete with cow beef which goes into wieners and hamburgers. The heavy imports of beef have driven down the price of culled cows. The result is hat a source of income which dairy farmers rely on very heavily has dropped sharply.

Furthermore, the beef imports have caused lower dairy farm income, and an increase in cost to the taxpayer, inasmuch as farmers are now less willing to cull their cows. They keep them producing. They do so because the price of the slaughtered cow has been driven down by imports of cow beef. The continuation of this production of cows that should be culled increases the production of milk and the burden on the taxpayer.

The senior Senator of Vermont, Mr. Aiken, stated the situation very succinctly in his statement to the committee. He said:

It is not generally known that 20 percent of the animals going into the production of beef and veal consumed in this country are the product of dairy herds—

and of course, much of the beef that is being imported, I understand a very disproportionate amount, competes with this particular kind of beef.

When the beef price is low, dairymen do not cull their herds as closely as when the price is reasonable. They produce more milk, and, of course, the result is the Commodity Credit Corporation has to buy more to support the price of milk to the 75 percent parity level.

They have a tendency to keep the cows for milk a year or two longer than they would normally like to do.

This results in a greater production of milk, often on an unprofitable basis.

The import of dairy products is a problem of increasing concern to the dairy farmer, and of direct and serious consequence to the American taxpayer.

The effect of dairy imports, as distinguished from meat imports, is twofold. First, so long as the Government is supporting milk prices, each pound imported means that the Government in turn must buy a pound of domestic production to support the price. Second, imports add to supplies, and, with or without price supports, serve to depress dairy products in the United States.

Authority to regulate imports of dairy products is contained in section 22 of the Agricultural Adjustment Act. In the administration of this act, specific quotas have been established, limiting the import of specified products, but quota limitations can be circumvented through the shipment of other products meeting other standards of identity.

It was circumvented though the butter quota, for example. That lead to the importation of butter oil. Subsequently, a quota was established for butter oil. That in turn was circumvented through the importation of Exylona, and following that, Junex.

The same type of circumvention occurs with respect to all other products, particularly with respect to the various types of cheese. The figures of dairy products imported are less than precise, because many products are imported which contain substantial quantities either of butterfat or solids not fat. An example of this would be a new product presently coming in as "chocolate crumb."

At this point, Mr. Chairman, I would like to insert a table on dairy imports into the record.

The CHAIRMAN. Without objection.

(The table referred to follows:)

Dairy products: Imports and established import quotas, United States, fiscal years

[In pounds]

Product	Quota	Imports	
		1961-62	1962-63
Quota products: [1]			
Cheese:			
Cheddar	2,780,100	2,815,570	2,618,837
Italian-type cow's milk	11,600,100	8,470,858	9,284,880
Edam and Gouda	9,200,400	5,832,812	6,105,099
Blue-mold	[2] 5,016,999	4,345,618	4,700,778
Total	28,497,599	20,964,858	22,704,094
Butter	707,000	661,615	672,709
Butteroil	1,200,000	1,200,000	1,200,000
Dried cream	600	0	0
Dried whole milk	7,000	6,000	5,950
Dried skim milk	1,807,000	1,802,834	1,803,954
Dried buttermilk	496,000	469,412	379,948
Malted milk	6,000	5,992	5,992
Nonquota products:			
Cheese:			
Swiss:			
Emmenthaler		11,589,835	12,544,362
Gruyere		4,580,255	5,031,690
Pecorino		16,076,489	19,498,741
Roquefort		2,263,228	2,378,511
Gjetost		76,180	87,370
Bryndza		60,706	71,651
Colby		6,829,274	12,861,548
Other		12,867,628	6,021,644
Total		53,333,545	58,485,517
Condensed milk		23,888	274,918
Evaporated milk		2,850	1,876
Casein		100,352,655	87,610,080
Frozen cream		0	4,740,762
Junex		4,084,829	3,300,600

[1] Imports under license.
[2] Quota increased in March 1962 from 4,454,000 pounds.

Source: Dairy situation, November 1963, Economic Research Service, U.S. Department of Agriculture.

Senator PROXMIRE. In 1962–63, for example, the admitted imports, when taken in the aggregate, displaced a market for nearly 1 billion pounds of milk. This is a substantial percentage of the surplus dairy products purchased by the Commodity Credit Corporation to support the farm price of milk in the United States. In the aggregate, imports of dairy products have reached 40 percent—I stress that—of Commodity Credit Corporation purchases for price support.

I stress the point that I am referring to the purchases for price support, not all purchases. That does not include, of course, school milk; but when we recognize that 1 billion pounds of imported milk is such a huge percentage of our price support operation, it can be seen how directly and expensively this contributes to the cost of the dairy program.

One of the greatest pressures on the price support program has been its alleged cost. When this is considered, it can readily be seen that when the cost of imports is included, the dairy program is adversely affected in the eyes of the public and Congress as well.

During the past year, we have experienced imports of frozen cream. For the most part, this cream went into the ice cream market. In many cases, it destroyed the price differential which we normally can expect as a premium for butterfat used in the production of ice cream as contrasted to the price received for butterfat if made into butter.

The problem of import control is a never-ending one, and one that is becoming very tough to handle. Even though imports could be controlled under present law, the State Department and the administration, both Democratic and Republican, have been moving in the direction of increased foreign trade.

As a measure short of enforcing tight quota limitations, at present the Government is entering into voluntary agreements with exporting countries to limit their shipments to the United States. However, such voluntary agreements normally check, but do not serve to reduce, imports. Furthermore, under voluntary agreements, there is provision for increasing shipments on a gradual basis from year to year.

It is essential that the record show loud and clear that the present importation of dairy products is evading section 22, is costing the taxpayer millions of dollars a year, is adding to the dairy surplus, and is putting downward pressure on the cruelly low present price support for milk. At this point I would like to submit some material on the difficulties with respect to section 22, or four pages on the difficulties with respect to section 22.

(The document referred to follows:)

IMPORT CONTROLS

Effective import controls are essential to the success of any agricultural program for dairy farmers.

Supplies of dairy products available to U.S. consumers include imports as well as domestic production. As long as domestic production exceeds demand, imports merely add to the volume of the surplus and to the Government cost of supporting prices paid dairy farmers for milk as required by the Agricultural Act of 1949.

Domestic dairy prices, even at minimum levels prescribed by law, are far above world price levels. At the same time, large supplies of foreign-produced dairy products are available at world price levels. In the absence of import controls, surplus dairy products of other nations are attracted to the U.S. market. The imports, however, displace outlets for domestic production, and the domestic production is purchased by the Commodity Credit Corporation under the support program.

Any attempt to stabilize domestic dairy prices above prices at which products are traded in world markets, unless accompanied by import controls, would, in effect, be a price support operation for foreign producers as well as for U.S. dairy farmers.

It is interesting to note that the European Common Market contemplates a program to improve markets for its own agricultural producers. One of the objectives is to raise agricultural prices to more equitable levels. This also will result in internal price levels which will be above world price levels.

Thus the Common Market is confronted with the same problem described above. Internal prices cannot be maintained above world price levels unless imports are controlled and exports are subsidized.

The Common Market nations are meeting this problem effectively. They are setting up import levies to offset the difference between internal and external prices, and export subsidies to enable a fair share of their production to move into world export trade at competitive world price levels.

Ironically, some of these same nations are the same nations that in the past have strongly opposed any attempt by the United States to impose import restrictions or to subsidize exports for the same purpose.

At the present time our domestic agricultural programs have some protection against imports by quotas established under section 22 of the Agricultural Adjustment Act.

Under this section, whenever imports interfere with a price support program, the Secretary of Agriculture can request the President to limit imports. The President, in turn, can refer the matter to the Tariff Commission for a hearing and recommendation. If the Tariff Commission finds that controls are needed, it makes a recommendation to that effect to the President. If the President agrees with the Tariff Commission finding and recommendation, he may impose controls.

Imports may not be reduced under section 22 to a level lower than 50 percent of the volume imported during a prior representative period.

The following import controls are currently in effect under section 22:

Products:	Annual quota (pounds)
Butter	707,000
Butteroil	1,200,000
Dried cream	500
Malted milk	6,000
Dried whole milk	7,000
Dried skimmed milk	1,807,000
Dried buttermilk	496,000
Other products containing minimum of 45 percent butterfat	----------
Cheddar cheese	2,780,100
Edam and Gouda cheese	9,200,400
Blue mold cheese	5,017,000
Italian-type cows milk cheese	11,500,100

In addition to the above limitations, voluntary agreements have been reached between certain exporting nations and the United States, limiting shipments to the United States to the following amounts:

Colby cheese (11.2 million pounds during fiscal 1963-64):	
New Zealand	6,720,000
Australia	3,360,000
Ireland	1,120,000
Total, Colby cheese	2,240,000
Junex (butterfat-sugar product containing not more than 44 percent butterfat) (during 1964 calendar year)	2,240,000
Frozen cream (during 1964 calendar year) New Zealand	1,500,000

Most of the section 22 quotas were established in 1953 when controls under section 104 of the Defense Production Act of 1950 expired.

Prior to 1953, import controls had been used under the Second War Powers Act and under the Defense Production Act. During the period 1942 to 1948, controls were used to conserve shipping and prevent fats needed by allied nations from being drawn to the higher priced U.S. market. Controls on butter were continued from 1948 to 1951 to permit liquidation of Government stocks, and from 1951 to prevent an unnecessary burden on the price support program.

The Department of Agriculture recommended, in 1953, that the butter quota include also the butter equivalent of butteroil and cream containing 45 percent or more of butterfat.

The Tariff Commission rejected this recommendation and thus left open a hole in the dike for the circumvention of quotas as intended by U.S. law.

In 1956, a pilot shipment of butteroil cleared customs, and by the end of the year 1.8 million pounds had been imported. Before controls were imposed, another 600,000 pounds were imported. These imports were equivalent to 3 million pounds of butter, and which far overshadowed the butter quota of 707,000 pounds. Furthermore, the result was increased purchases of butter by 3 million pounds and an unnecessary $1,800,000 cost to the U.S. Government under the price support program.

In 1957, an annual quota of 1.2 million pounds of butteroil was established. This action established a continuing annual drain on the U.S. Treasury and on the price support program of nearly $1 million a year ($900,000).

The butteroil proclamation likewise was weak and provided an invitation to further circumvention of quotas on dairy products. It applied only to butter substitutes, including butteroil, containing 45 percent or more butterfat.

A month after the butteroil proclamation was signed, the President had to start a new proceeding before the Tariff Commission on exylone.

Exylone is a slight variation of butteroil. It contained 76.6 butterfat, 15.2 percent moisture, 8.2 percent sugar, and a trace of flavor. These ingredients do not affect the use of the butterfat in ice cream.

This time the Tariff Commission refused to grant a quota. Approximately 9 million pounds of exylone entered the United States before the shipments were stopped. It is estimated that the cost of removing an equivalent amount of butter from the market resulted in an added and unnecessary cost to the support program of approximately $5 million.

The exylone proclamation, like its predecessors, was weak and incomplete. It applied to articles containing 45 percent or more of butterfat, thus inviting imports of products containing less than 45 percent butterfat.

Two months after the exylone proclamation was signed, the importers were working on another product called Junex. It contains 44 percent butterfat and more sugar, 42 percent, and about 14 percent moisture.

About 2.5 million pounds of Junex were imported in 1961 and about 2.9 million pounds in 1962. This represents imports of the equivalent of approximately 3 million pounds of butter. It is estimated that these imports already have added an unnecessary cost to the support program of about $1.8 million.

The Tariff Commission has not established import limitation on Junex. This product is shipped as of this time from Australia. The Australian Government entered into a voluntary agreement with the United States limiting shipments to the United States of Junex to 2,240,000 pounds in 1964.

Another product not subject to quota limitation is Colby cheese. Colby cheese in the market replaces Cheddar cheese and other cheeses made in the United States. The Cheddar cheese quota, it should be remembered, is 2,780,100 pounds. Colby cheese has been entering the country in such great quantities that voluntary agreements have now been reached with New Zealand, Australia, and Ireland limiting shipments to 11,200,000 pounds for the current fiscal year. The voluntary limitation, however, permits shipment of nearly four times the amount authorized for Cheddar cheese by the Tariff Commission. In addition to the circumvention of cheese quotas, quotas have been increased in recent years, when they logically should have been reduced. For example, the quota on Edam and Gouda was increased from 4.6 to 9.2 million pounds, Italian-type cheese quota from 9.2 to 11.5 million pounds, and the blue cheese quota from 4.167 to 5.017 million pounds.

Another product that has had serious effect on the domestic dairy industry has been the importation of frozen cream. Frozen cream displaces U.S. butterfat used primarily in the ice cream trade. This in turn depresses the market for all butterfat used in the production of ice cream. Furthermore, each pound of U.S. butterfat that is displaced in turn is purchased by CCC as butter. The importation of cream, like Colby cheese and butterfat, was limited by voluntary agreement with Australia and New Zealand to a total of 3 million gallons for the current calendar year.

The Congress of the United States for years has struggled with the farm problem. We have been concerned with low farm income and with surplus production. We have supported prices and we have spent billions of dollars in making food available throughout the world. If our problem is low farm prices and surplus production in the United States, there can be no justification for continually providing the opportunity for foreign nations to ship their surplus production into this country. But this is exactly what is being done.

What I have described with respect to the dairy industry is equally true with respect to the livestock industry. In this connection it should be noted that approximately 20 percent of the marketings of livestock in the United States are represented by veal calves and dairy cattle. Thus, imports of meat products again adversely affect dairy farmers—to say nothing of their effect on livestock farmers.

Livestock growers have not had a price support program, but the industry has been supported by substantial purchases of meat and meat products for use in the school lunch program and for welfare distribution. In addition the meat industry is making considerable effort, and at great expense, to promote the sale of meat and meat products. This effort, too, is supported by the Government.

The efforts to strengthen the market for meat, like milk and dairy products, are being thwarted every step of the way by increased imports. And the executive branch of the Government, particularly the State Department, has been a party toward encouraging the movement of dairy products, meat products, and other agricultural products into the United States, while the Congress is making every effort to eliminate the surplus problem and to strengthen the price structure within agriculture.

If it is necessary to purchase surplus dairy and meat products from foreign nations, it would be more logical to appropriate money for that purpose, and then give away the products in food deficit areas, rather than do the same thing through the guise and at the expense of our price support program. Such a proposal, I am confident, would be laughed out of the U.S. Congress, when, in fact, we are doing the same thing.

Senator PROXMIRE. And finally, Mr. Chairman, even though it may be argued that the voluntary agreements are of some value and that the quota limitations under section 22 give some protection to our price support efforts, it is evident that the administration of these programs are not consistent with the aims of Congress insofar as the agricultural issue is concerned. Congress, however, can effectively change this inconsistency between our agricultural program and our trade program through the passage of my amendment No. 468 to the bill H.R. 1839.

The amendment is similar to that introduced by the majority leader, Mr. Mansfield. I have added dairy products to the commodities on which a limitation on imports shall be placed.

My amendment also differs from the amendment of Senator Mansfield with respect to the growth factor for future imports.

My amendment provides for increased imports on the basis of population increase. This is a more reasonable basis for increase, rather than the basis of consumption, because if imports are related to the increase of consumption—this is especially true of meat imports—the new market, as it opens up, is likely to be taken over entirely by foreign farmers. We are getting into the most unfortunate position of having a price-support program, not for American farmers, but for farmers all over the world. Even this rich country cannot afford that.

The passage of this amendment would at least make our import program consistent with the intent of section 22 of the Agricultural Adjustment Act and would protect U.S. agriculture from further deterioration due to imports. It would not, however, eliminate imports or even stem the growth of imports, since we would share our market on a reasonable basis as between U.S. farmers and foreign farmers as our population and market grow.

I might just summarize in a sentence or two, Mr. Chairman, by pointing out that this 1 billion pounds of milk equivalent in foreign dairy products, as I say, is 40 percent of the purchases of the CCC of dairy products for price-support purposes, and when you recognize that the cost of acquisition is $4.50 a hundredweight, this means that the taxpayer is required to pay $45 million a year more to support dairy products because we import such a tremendous amount, 1 billion pounds, of dairy products a year.

The CHAIRMAN. Thank you very much, Senator.

Senator PROXMIRE. Thank you, Mr. Chairman.

Senator CARLSON. Mr. Chairman, I am sure the Senator from Wisconsin is familiar with these figures, but I was a little amazed to note, and I have here the statistics on the number of cows and heifers 2 years old and older by every State in the Union, and, of course, Texas leads the list by having on January 1, 1963, 5,509,000, but to my amazement, Wisconsin was second in this Nation with the number of cows and heifers 2 years old or older with 2,548,000. Third was Oklahoma with 1,979,000. Fourth was Iowa, 1,967,000, and fifth was Kansas, 1,859,000. I had not realized that the great numbers of cows and calves, would place Wisconsin second, but I assume that is based largely on it being one of our great dairy States.

Senator PROXMIRE. That is right. We are the largest dairy State, as the Senator from Kansas knows, in the country. We export more milk than the next five exporting States combined. We are also a big beef State, especially the southwestern part of our State. We rely very heavily on the sale of beef, particularly our dairy farmers, not only the beefmen. If the dairyman cannot get a good price for his cow when the cow should be culled, he won't cull it. He just keeps producing milk, and it adds to our taxpayers' burden.

Senator CARLSON. The dairy stock in this Nation does add much to the beef supply.

Senator PROXMIRE. Yes, indeed; and particularly in the area where the imports are most heavy; that is for wieners and hamburger and that type meat.

Senator CARLSON. I appreciate the Senator's statement.

Senator CURTIS. Senator Proxmire, I am sorry I did not get in for the very first part of your statement. Do you regard this excessive importation of meat and meat products as adding to the problems of the dairy farmer?

Senator PROXMIRE. Yes, indeed; directly and seriously, in two ways:

In the first place, it adds the problems to the dairy farmer in terms, as I said, of what he gets for the cow he sells when he culls it.

In the second place, because he does not cull his cow, it increases the production of milk which is already in surplus, and it anchors the price he receives at the very bottom, the lowest level at which prices can be supported, 75 percent of parity, which is cruelly low.

Senator CURTIS. And in so doing, increases the number of domestic cattle held.

Senator PROXMIRE. That is absolutely correct.

Senator CURTIS. So the imports of meat have a very adverse and direct effect on dairy products, but it also is a very significant contributing factor toward whatever oversupply of cattle we have domestically.

Senator PROXMIRE. No question about it, and it directly contributes to the cost of dairy price-support programs. I am sure it adds millions of dollars a year.

Senator CURTIS. I think that the Congress of the United States is going to have to assert its constitutional right. The Constitution is clear that Congress shall have power to regulate commerce among foreign nations. In the field of agriculture, we cannot control production at home or even encourage the lower production in any manner, maintain anywhere decent American prices, and give foreign producers a place in this market. It cannot be done.

Senator PROXMIRE. The Senator is so right because what we are doing is engaging in a price-support program that is worldwide, and we have had enough trouble with the price-support program we have within America. That has been an enormous burden, and I think to some extent a great failure.

Senator CURTIS. Yes.

Senator PROXMIRE. If we try to do it on an international basis, it is going to be impossible.

Senator CURTIS. I think research will show that in any commodity, whenever the American consumer has been gouged, such as at one time three pounds of sugar for a dollar, it has been because he has been at the mercy of the foreign producers and never has the consumer been victimized by American producers of anything. The consumers have a great stake here, and I am quite weary of having this defended in high places, this free trade, as an aid to peace.

They are 100 percent wrong.

Senator PROXMIRE. Yes; particularly true in view of the obvious fact—it is well-known—that our farmers are the most efficient in the world by far without comparison, and that much of this meat, much of the food that comes in often is being dumped. It is controlled, the price is controlled by foreign governments, and, of course, the supply is as unstable as the political situation.

Senator CURTIS. A few clever freetraders over the last 35 or 40 years have sold a great many unsuspecting people on the idea that there was something evil about regulating foreign commerce, placing some restrictions on it. They totally ignore the facts of history. There never was a shooting war that was the result of a trade war. When the Japanese dropped the bombs on Pearl Harbor, we were the best customer Japan ever had. In the case of Cuba, no nation in the world ever had the favored trade treatment the United States gave Cuba. Yet Cuba was the first country in the Western Hemisphere to go Communist.

The hypothesis of the freetraders as a means of peace not only does not stand up but the opposite is true.

Senator PROXMIRE. Well, I am not so sure on the general subject of free trade. I think a strong case can be made, but I think in this particular area where we have a price-support program, we do not have it directly o meat, but we have it obviously in these other areas, dairy which is so closely related, and we just have to be practical and realistic, and also in any kind of a free trade program you have to recognize whether the trade is free or whether the meat being imported into this country is subject to government manipulation abroad and control abroad and therefore does indeed in fact constitute free flow of commerce. In this case, I do not think it does.

Senator CURTIS. That is all.

The CHAIRMAN. Senator Hartke?

Senator HARTKE. I have no questions, thank you.

The CHAIRMAN. Any further questions?

Thank you very much, Senator Proxmire. We are always glad to have you, sir.

Senator PROXMIRE. Thank you.

The CHAIRMAN. Our next witness is the Honorable Edwin L. Mechem, of New Mexico.

Please proceed, Senator Mechem.

STATEMENT OF HON. EDWIN L. MECHEM, A U.S. SENATOR FROM THE STATE OF NEW MEXICO

Senator MECHEM. Mr. Chairman, New Mexico's livestock people are suffering severely. While no single factor is wholly responsible, one of the most important is competition from the mounting flood of imports from other countries.

Our ranching citizens are among the most self-reliant in the country. They have never asked for Government subsidies, controls or regulations, but have always stood on their own feet.

They need help and they need it now. But they are not asking for crutches in the form of supported prices or other forms of assistance at the expense of the taxpapers.

All they ask—and all I ask in their behalf—is an even break against competitors from overseas. If Congress will establish sufficient protection by imposing reasonable import quotas on beef, veal, and mutton, our livestock people will do the rest.

For months their appeals have received a deaf ear from executive agencies. Developments to date give no assurance that these agencies are willing to face the facts even now.

I respectfully urge approval by this committee of legislation to reduce imports of these items to reasonable and tolerable levels. Contined inaction may well drive a segment of America's sturdiest, most self-sufficient citizenry to the wall—a tragedy for which we all must ultimately pay.

The CHAIRMAN. Thank you, Senator Mechem.

Our next witness is Mr. Larry Erickson, former rancher from Ward County, N. Dak.

Please proceed, Mr. Erickson.

STATEMENT OF LARRY ERICKSON, FARMER-RANCHER FROM WARD COUNTY, N. DAK.

Mr. ERICKSON. Mr. Chairman, it is a privilege to have this opportunity to express the point of view of a small farmer-rancher to the problem created by large-scale meat imports.

My name is Larry Erickson. In partnership with my father, I have 14 quarters of land in Freedom Township, Ward County, N. Dak., near Minot; half of which is devoted to the raising of beef cattle, with the remainder in small grains. We have a normal cowherd of 100 head; at the present time we have 80 calves in feedlots.

My father and I are extremely concerned about the price of beef. Our concern is shared by many of our neighbors; in Freedom Township alone, 5 farmers, each with more than 100 cows, are worried about what the future may bring.

If the present price trend continues and income continues to drop, weakened purchasing power is going to depress the local economy.

What is true for farmer-ranchers like myself in Ward County, N. Dak., must be true for other farm operators in nearly every State. The losses to operators like myself and my father multiplied many times cannot help but have a negative impact on the national economy.

A key factor in the price declines without a doubt is the increasing level of imports. The problem is obvious when we consider that beef and veal imports in 1963 are nearly three times higher than in 1957.

Clearly, a realistic limitation on meat imports is needed. The United States is the only Nation which currently has only a nominal tariff on meat imports. There is no reason we should be the only Nation that holds our doors wide open to meat imports. Action should be taken, and I urge your favorable consideration of the formula proposed in amendment 465 to H.R. 1839. In basing imports of beef, veal, lamb, and mutton on the level of the past 5 years, it would reduce imports for 1963 by 25 percent. This formula represents a reasonable solution to the problem; it would provide significant relief for the domestic cattle industry.

Another aspect of the meat-price situation should be investigated—the huge price differential between the prices received by the farmer and the prices consumers must pay for meat at the grocery. I was pleased to note that President Johnson, in his agriculture message on January 31, recommended Congress establish a bipartisan commission to study the marketing structure for the distribution of food and related matters. I hope Congress will act favorably on the President's recommendations.

Mr. Chairman, I am certain others will give strong documentation to the case for a limitation of meat imports. I will conclude my remarks simply by emphasizing that many farmer-ranchers like myself are worried about the excessive import levels and that we would be greatly relieved if Congress would place limitations on imports, such as are proposed in amendment 465.

The CHAIRMAN. Thank you, Mr. Erickson.

Mr. Harry Gamage, of the Sioux City Livestock Exchange, who was scheduled to testify today, has asked that his written statement be inserted in the record in lieu of appearing.

(The statement referred to follows:)

THE SIOUX CITY LIVE STOCK EXCHANGE,
Sioux City, Iowa, March 16, 1964.

MRS. ELIZABETH B. SPRINGER,
Chief Clerk, Senate Finance Committee,
Room 227, Senate Office Building,
Washington, D.C.

DEAR MRS. SPRINGER: Enclosed herein is testimony that I would like submitted in Senate Finance Committee hearings on Mansfield amendment 465.

Yours truly,

SIOUX CITY LIVE STOCK EXCHANGE,
HARRY GAMAGE, *Secretary.*

STATEMENT ON MEAT IMPORTS SUBMITTED BY HARRY GAMAGE, SECRETARY OF THE SIOUX CITY LIVESTOCK EXCHANGE IN REGARD TO H.R. 1839

This statement is submitted on behalf of the Sioux City Stock Yards, located at Sioux City, Iowa.

For your information, the Sioux City livestock market is the Nation's third largest central public market. Gentlemen, at the present time the Nation's livestock producers are facing a serious financial crisis. The year 1963 was a bad year, in fact, almost calamitous for the cattlefeeders. Prices went down steadily.

The feeder received little, if anything, for his time, his investment, his labor and even more important his feed. The first 2 months of 1964 have certainly brought no improvement in this serious situation. Sioux City is located in the heart of the Corn Belt. The raising, fattening and selling of cattle is one of the midland's big industries. This depressed market has had a farflung effect. Unless the trend is somehow reversed the entire economy of the region will feel severe repercussions.

Now many people have singled out the importation of meat from foreign lands as the sole reason for the sharp decline in the cattle market. In all fairness, it should be pointed out that there are other factors involved. Among contributing factors are: (1) Buildup of cattle in Western States; (2) Alltime record number of cattle being fed in the Corn Belt area; (3) Cattle withheld from markets for too long a period of time and as a result increased tonnage.

Now, while imports are not the sole reason for the current situation, they do have a definite effect. The question is: Just what is the effect and how important?

It is our contention that the main effect that imports have played on the current situation is that they have contributed to increased supply and at a time when production is at a record level. In 1963, there were 27,235,000 head of cattle slaughtered. This is an increase of 1,152,000 head over 1962. At the same time the average weight of slaughter steers increased from 1,005 pounds per head to 1,057 pounds per head.

The increase in total domestic beef and veal production was accompanied by a substantial change in the composition of the slaughter. In 1963, on the seven major central public markets, we had 41 percent more prime grade steers; 13.5 percent more choice grade steers, and 19 percent fewer good grade steers as compared to 1962.

Prior to 1958, the United States was a net exporter of livestock, meat, and livestock and meat products. During the last 6 years, we have seen a complete reversal in the balance of trade of these products. The dollar volume of our exports in livestock and meat from the United States in 1962 amounted to $320 million, whereas our imports were $850 million. During 1962, the United States imported 2⅔ times the dollar volume of our exports. Imports of beef and veal rose from 3.9 percent of our domestic production in 1957 to 11 percent in 1963 and imports of lamb and mutton leaped from 7 percent in 1957 to 22.9 percent in 1963. In fact, in 1962 imports of mutton alone amounted to 80 percent of our total production.

From the above figures, it is our contention that imports have had a depressing effect on the current cattle situation. The United States is the most lucrative fresh meat market on the face of the earth. Even with prices at a disastrous low level for our own producers, suppliers from Argentina and New Zealand can make more money selling to us than to anyone else.

Slaughter cattle on today's market are losing from $20 to $90 per head, depending on the weight and the amount of time that the cattle have been fed. As an example of the overriding effect of a poor cattle market on the economy of our area, one banker I talked to estimated that an individual who farms and feeds 100 head of cattle spends approximately $18,000 during a 1-year period in a local community. It doesn't take much of a mathematician to figure what 100 such farmers would spend. Take away the spending power from the farmers and you take away a healthy midwestern economy.

During the last decade 2,500,000 people have left the American family farms of our Nation. If this drastic economic situation is allowed to continue, we face the grim prospect of the rapid elimination of the family farm and individual livestock feeder from the Nation's scene.

It is our contention that there are two possible approaches that the legislative and executive branches of our Federal Government can take. First off, it is imperative that our legislators cut back the unrestricted importation of beef, veal, and mutton into this country. We urge the adoption of the amendment to H.R. 1839, introduced by Senator Roman Hruska. We further urge that the Federal Government in purchasing beef for the school lunch program and the Nation's Armed Forces, buy heavy beef carcasses that weigh over 800 pounds. This would certainly aid in moving overfat carcasses off of the market.

The above two steps would certainly assist in solving the problem facing the midwestern cattle feeder.

The CHAIRMAN. The next witness is Mr. Brett Gray, Colorado Wool Growers Association.

STATEMENT OF BRETT GRAY, EXECUTIVE SECRETARY, COLORADO WOOL GROWERS ASSOCIATION

Mr. GRAY. Mr. Chairman, members of the committee, we deeply appreciate the opportunity of presenting the position of the sheep industry of the State of Colorado with regard to the amendment before the committee.

The Colorado Wool Growers Association represents the owners of well over half of the sheep of the State. Colorado produced more dollar sales from the sheep industry than any other State in 1963.

We cannot urge too strongly that the Senate Committee on Finance adopt this amendment and favorably report H.R. 1839 with the amendment attached to the Senate floor at the earliest possible moment. We recognize, as do many other people, that imports of lamb and mutton are not the only serious problem with which the sheep industry must deal, but we do maintain very strongly that the great increases in imports in recent years have had a serious negative impact on our price structure. Without relief from these imports we can see little hope of maintaining an industry long enough to attempt to correct some of our other difficulties.

It has often been pointed out by those negative to our viewpoint that the volume of imports of lamb are small when compared with our total production of lamb in this country. We believe that the impact is far greater than the cold statistical data would indicate on initial appraisal. For example, we are often told that imports only amounted to 2.8 percent of our 1963 production of domestic lamb and was therefore insignificant and worthy of discussion. When looked at in a realistic manner, however, it can be shown that a substantial volume of imported lamb has been introduced into our market at those times of year when our own marketings are heavy.

An understanding of the basic structure of the lamb market in the United States is necessary to fully comprehend the practical impact of these imports. New York City is the price basing market for the eastern two-thirds of the United States. Any long-term series of data will show that the wholesale market in New York City is a guideline followed almost identically by all major slaughtering areas as far west as Ogden, Utah. Minor peculiarities in supply conditions occasionally permit the west coast market to deviate from the New York price pattern. In the main, however, it is entirely correct to say that the New York market controls prices in the sheep industry of the United States.

With this fact in mind we must also recognize that the bulk of the imports against which we must price our product are landed in the New York area. It is thus evident that a relatively small tonnage of lamb imported at cutthroat prices can and does have an impact far beyond the statistical percentage involved.

During 1963, approximately 22.5 percent of the Nation's total slaughter of lamb was shipped into or killed in the New York area. It would seem safe to assume, though data is not available at the moment, that at least one-half of the imported lamb was also put into the New York market. Therefore, instead of a 2.8-percent factor, we are talking about a 16.1-percent factor. When we further compound this situation with the great fluctuation that has occurred on a month-to-month basis in the volume of imports, the comparative percentage of imported lamb against domestic lamb in our major price setting market becomes tremendously important.

Mutton imports are also a negative factor in the well-being of the domestic sheep industry. We have been told repeatedly that imported mutton does not compete with our own product, yet no one has explained why the value of our old ewes is so critically low. During this season, we have seen better prices for old ewes than for several years, but the reason does not lie with the value of the meat as much as the value of the wool on the pelt. It can be safely said that since September about half the value of an old ewe has been involved in the pelt credit alone. The meat value of these animals has actually been between $2 and $4 per 100 pounds—a figure reminiscent of prices paid before World War II.

There seems to be a callous disregard for the livestock industry in the dealings of our own State Department. We readily recognize the need for good international relations, but we are also vitally concerned with a domestic economy healthy enough to maintain an international program as costly as the one we have. Some people seem to think that a sharp reduction or even the elimination of the sheep industry would make little difference in the economy of a State such as Colorado. These people apparently expect that sheepowners will convert to another occupation. The only conversion possible in most cases is to cattle, and we hear considerable criticism, however unjustified, with regard to the "overexpansion" of cattle numbers. There are many areas of the State where conversion would not be practical because of the type of range involved. Many acres would cease to produce primary income which is so important to Colorado and to the Nation.

There is more than $150 million invested in the plant required to produce the sheep of Colorado. Last year sheep industry sales in our State approached $35 million. This is the kind of income that economists say multiplies itself seven times within the domestic economy, so the value was $245 million to the Nation. What the sheep industry has produced in local and State tax revenues to support schools, roads, county governments, and State revenue is incalculable. What our industry can produce in future years for our State and our Nation depends entirely upon the economic health of the industry.

In considering this measure, the members of this committee should seriously think about the psychological impact on our people if they come to the final belief that the U.S. Senate does not care whether they are sick or healthy. Gentlemen, I am afraid that would be the interpretation they would place upon negative action. We suffered a 6-percent decline in sheep numbers in Colorado between 1963 and 1964. With a thin financial margin today, lack of confidence could compound this trend toward liquidation. We seriously need a domestic sheep industry in Colorado and in the United States.

Rapid favorable action by this committee and by the Senate on this amendment could do much to restore the needed confidence.

I learned yesterday, too late to put into my testimony, a rather significant and interesting fact, and the members of this committee may be aware of this; that most if not all of the meat that has been imported into the United States was not slaughtered under the same rigid specifications required of most domestic packers. I am advised that humane slaughter of livestock in New Zealand and Australia is on an experimental stage, at best, while our own packers, of course, must comply with the humane slaughter law if they want to bid on any Government business. It seems probably that imported meat may be finding its way into Government meat orders, and that is contrary, I believe, to the expressed intent of Congress.

Gentlemen, I appreciate very much the opportunity to be here.

The CHAIRMAN. Thank you very much, Mr. Gray. Any questions?

Senator CURTIS. At about what weight is a lamb marketed?

Mr. GRAY. Most of the lambs at this time, Senator, go from 95 to 110 pounds.

Senator CURTIS. Live weight?

Mr. GRAY. Live weight at slaughter; yes, sir.

Senator CURTIS. And how about the older ewes?

Mr. GRAY. In your State and in mine I would say they would go about 125 to 140 pounds average.

Senator CURTIS. What will that dress out in the way of lamb and mutton?

Mr. GRAY. Our national average on lamb is about 49½ percent. In other words, it could be said that a 102-pound lamb would yield a 50-pound carcass. Ewes, it depends a good bit upon their condition. However, most well finished ewes would dress 52 to 55 percent.

Senator CURTIS. So to take two together, it is roughly half.

Mr. GRAY. Yes, sir. That would be a very close guide.

Senator CURTIS. Earlier in the hearings I inserted a table referring to four ships which left Australia from the last day of November, up through the 12th of December. They carried in addition to 13,865,600 pounds of beef, 2,755,200 pounds of mutton, and 29,120 of lamb, just those four vessels. The first vessel, the *Ellen Bakke*, stopped along the west coast; but the *Lake Ontario*—that is the name of the vessel—left on December 7, peddled this meat, including the mutton and lamb, at Norfolk, Tampa, Charleston, Philadelphia, New York, and Boston. The *Wharanui* sailed on December 11, and that meat was peddled at Houston, Charleston, Norfolk, Boston, New York, and Philadelphia. The *Cap Verde* left the next day, on December 12, and that meat was sold at Charleston, Boston, Norfolk, Philadelphia, and New York.

Due to the fact that lamb and mutton are so much lighter than beef for marketing, that represents quite a few head, doesn't it?

Mr. GRAY. Yes, sir, as a matter of fact, it is further complicated in the case of mutton because this is boneless mutton where you would probably have a 25-percent yield rather than a 50-percent yield. I believe it would be entirely safe and proper to say that for every pound of boneless mutton that comes in, you are talking about 4 pounds of live ewe. So at the very least, the tonnage that you first mentioned, the 2,755,000, would probably be in the neighborhood of 140,000 live animals.

Senator CURTIS. 140,000 in 13 days' shipping.

Mr. GRAY. Yes, sir.

Senator CURTIS. You have made a very fine contribution to our hearings.

Mr. GRAY. Thank you.

Senator CARLSON. Mr. Gray, you, of course, are appearing here in regard to the import of the meat products; that is, lamb and mutton. How about the wool situation in the sheep industry at the present time?

Mr. GRAY. Well, of course, we produce only approximately a third of the wool that is consumed here in the United States. We have been under continual pressure as you know for many, many years in this regard. We came to Congress and were most agreeably treated when the National Wool Act of 1954 was passed. We used that approach because it permitted tariff to do a double duty. We could see that it was useless to attempt to achieve a raise in tariff. Yet we felt that with the changing of times, prices, base costs, and so on, that the tariff which had amounted to approximately 75 percent of the value of the imported product suddenly was less than 25 percent.

It is still not a good situation, though I will say that in the present season wool is moving rather rapidly right now, and it is moving at better prices than we have seen for several years.

It is a continual worry to us. There is no point in evading that fact. But we also have to be realistic and recognize the importance of our international situation also.

Senator CARLSON. The reason I brought it up, Kansas produces quite a number of sheep; not the number that Colorado does, of course, but we have quite an industry. So recently I had heard nothing about the wool problem. That is the reason I wanted to know if it was satisfactory or how you are getting along.

Mr. GRAY. We, of course, will be coming to you gentlemen next year for an extension of the National Wool Act.

Senator CURTIS. That is all, Mr. Chairman.

The CHAIRMAN. Any other questions? Thank you very much, Mr. Gray.

Mr. GRAY. Thank you, sir.

The CHAIRMAN. The committee will adjourn until 10 o'clock tomorrow morning.

(Whereupon, at 10:40 a.m., the committee adjourned to reconvene at 10 a.m., Thursday, March 19, 1964.)

MEAT IMPORTS

THURSDAY, MARCH 19, 1964

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to recess, at 10 a.m., in room 2221, New Senate Office Building, Senator Harry Flood Byrd presiding.

Present: Senators Byrd, Talmadge, Williams, Curtis, and Morton.

Also present: Elizabeth B. Springer, chief clerk.

The CHAIRMAN. The committee will come to order.

Our first witness this morning is Congressman James E. Bromwell of Iowa.

Please proceed, Mr. Bromwell.

STATEMENT OF HON. JAMES E. BROMWELL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA

Congressman BROMWELL. Mr. Chairman and members of the committee, I hope that what I have to say may prove to be new or cumulative rather than repetitious, but I am prepared to carry a few coals to Newcastle if it will be of any help at all—even if only for emphasis—in the creation of a law which will bring the importation of meat under control.

Mr. Chairman, I have devoted time and study to this question for over a year. You are all too familiar with the massive livestock production of the State of Iowa and the statistical evidence as to events of the past few years as it has affected the livestock industry, for me to add to your knowledge. I have visited with stockmen, with farmers, with producers of lambs and calves, with feeders of cattle and sheep, the breeders of purebred animals, in the feedlots and sales barns, with trade associations, and economists and public officials in both the State and National Departments of Agriculture, with commission men, with packers, with representatives of producers' and feeders' associations, with the representatives of general farm organizations; in short, with the representatives of every phase of the livestock industry. Concurrently, I have read and studied all that has come to hand and penetrated the problem as deeply as possible for me. I shall continue to do so.

What was true 6 months ago is now unquestionably true: There is a uniform consensus in every area of the production of livestock, that the importation of red meat to the United States is a significant factor in currently low livestock prices; that quota legislation is needed and desirable.

Throughout the past year, grassroots efforts to obtain quota legislation have been characterized by two things: Expressions of indignation and the production of vast quantities of statistics, the interpretation of which depends upon one's point of view. It occurs to me that perhaps the whole cause can best be aided by a few unrelated observations which in my opinion have merit and which have not been sufficiently restated. I offer them as my own views only and hence I shall spare you supporting documentation. But I believe them to be sound, amply supported by evidence, and I offer them as mortar between statistical bricks in an effort solely to be of help.

The first of these has to do with the fallacy here that legislation under consideration represents retrograde protectionism, a return to a foreign trade policy which this Nation is in the process of leaving behind and by this token is undesirable. While the word "protectionism" summons recollections of the Smoot-Hawley tariff, I think we can afford, indeed we cannot afford otherwise, to be more sophisticated than to permit the idea to remain in the public mind that the livestock industry wants to halt the importation of meat. In my months of conversations and study, I do not find this point of view reflected in the trade.

What is being sought, what is most earnestly desired, is to be sure, protection, but it is limited protection. What is desired is the right of the American people to blend foreign and domestic supplies in a manner which will assure wholesome trade relations with other nations and at the same time protect the American consumer from unconscionable prices and the American producer from disaster. The longer one works in this field the more one is astonished by the fact that this great livestock-producing Nation does not have on its books at the present time the means, however to be used, of protecting this basic American industry. We can't put the lid on imports, absent this legislation, because we don't even have a lid. And the American people have a right to a lid. The paltry tariff which we have, in view of the disparity in cost of production between foreign producers and American producers, is negligible and cumbersome if not impossible to work with. What is being sought here is the right to apply restrictions at the point at which the inflow of livestock and livestock products threatens life earnings, employment, land tenures, bank credit, in short, the industry itself.

Considered objectively and apart from the current crisis, it would seem that such a proposal would need no advocates, so obvious is its soundness.

Secondly, I recall a statement of a highly regarded professor of economics that agriculture is not a business, it is a way of life. While many industries are adversely affected by imports, none has the same characteristics that agriculture does. The farmers of America no longer speak with one voice, if indeed they ever did. There are no spokesmen for the agriculture industry as there are for example for the steel industry or the railroads. I firmly believe that as a result the case for the livestock producer in the United States is being understated rather than overstated; that if the multitude of producers could in fact speak with one voice, the critical nature of their present circumstances would give rise to a demand for action in which the entire Nation would join.

Thirdly, seemingly there has been no connection made in appealing to the general public in the urban centers of America between the current livestock market and the feed grain program. One who comes from cattle country, or hog country, is impressed by the tendency on the part of even informed people and groups to regard feed grain as a crash commodity. This committee, of course, need not be reminded that feed grain is simply a raw material which combined with young animals produces the mature and finished animal but one step removed from the table. The success of the current feed grain program, or of any program for the control of feed grain surpluses, depends upon the livestock market. People in our centers of population complain, and there is some merit in their complaints, of the high costs of sustaining the feed grain market. But with 80 percent of our feed grain being fed to livestock it is a truism that if the farmer cannot watch his grain walk off the farm at a profit then the generous support of the feed grain market by the American people will have failed. If we have a glut of feed grains at the present time, we can well anticipate that the next step on the cattle feeder's road to poverty will be the abandonment of the livestock business and the increasing production of supported surplus feed grains. The best way for the American people to avoid an oppressive burden of stored feed grains is for us to consume the American farmer's meat product. Failing this, we shall have a new complex of problems almost inconceivable in nature and completely inconceivable in terms of their solution.

Fourthly, there is a fallacy in the way we handle our statistics on meat importation. We persist quite naturally in taking a look at a single figure as of a particular date rather than watching the movement of imports and the long sweep of events leading from the past into the projected future. If the legislation which this committee is considering were enacted at once its effective date would find the situation much changed from the present. With the swift and steady rise of importation in the last 5 years projected figures are frightening. This legislation is not designed to meet a figure on beef importation, for example, of 5 or 8 or 12 percent—it is designed to meet the problem created by importing 15 or 20 or 25 percent of beef consumed, of half our lamb.

And this brings me to a fifth point. We have become accustomed to thinking in terms of cattle cycles, and relying upon past experience; we know that this cycle is simply the ebb and flow of supply which, combined with relatively stable demand, has in the past controlled the rise and fall of cattle prices. The price of beef in the past has been controlled by the domestic supply. Against this background we are doing our present thinking. Well-informed men and women closely familiar with the livestock business predict with some measure of confidence that when our cattle numbers fall from their present peak, prices will stiffen, and they believe this because it has happened in the past. Try as I will, I cannot believe that such will be the case this time because under present tariff circumstances with increased overseas investment, and livestock production facilities, with the introduction there of improved production techniques, with the introduction there of improved breeding stock, with the investment of capital in packing and processing plants overseas, the control exercised by American cattle numbers will be vitiated, perhaps even neutralized by a steadily increasing supply of meat from abroad. I cannot believe that a simple drop in American cattle numbers will create the expected rise in prices. And so long as these imports can come into this Nation at a cost substantially below American costs and the profit incentives abroad remain high, the American livestock producer will find himself between the hammer of imports and the anvil of American demand.

There has been a great deal of talk which continues to be circulated concerning the quality of foreign beef imports. Because these imports have been of lower grades of beef, the submission is that an increase in the domestic supply of grades below good will straighten the situation out. Once again, I see no reason to believe this because the foreign beef will still be available and at a competitive price. But over and beyond this, once again, we are not justified in believing that what has been the pattern in the past will necessarily be the pattern in the future. As the foreign livestock-producing industry gains capital and confidence, it can and will produce higher grades of beef for the American market and the problem we shall confront down the road with which this bill is designed to deal, is a problem virtually across the board of livestock production. The nations which are producing cutters and canners for the American market today will be able to produce tomorrow, perhaps grass-fed, high, good, to low Choice beef which is now so extensively in demand in the American market. At least we as stewards of the interests of the American people must accept this as a premise as we handle the problem.

Sixth, out in our feeder areas, there have been expressions in the past that the solution to the problem of the price of market cattle lies in paying less for calves. Once again, I do not believe the evidence supports this supposed opportunity. There may be some profit in raising calves, but I for one do not believe that our ranchers in the South and west of the Missouri River are in any position to absorb the feeder's losses by lowering the price of calves. American land costs are high. They have reached a point, as a matter of fact, where land in the Mississippi Valley and east and west of there which in the past has been considered too valuable for other purposes to justify calf production, is now being placed at the use of stock cowherds. The livestock business whether it is the raising of calves or the feeding of cattle is a high-fixed-cost, low-profit-margin business. The ranchers' land costs, labor costs, and equipment costs do not fall because of a drop in the price of fat cattle. And if the feeder attempts to solve his problem by buying calves cheaply, he may succeed in the very short run but his success will become compensated for by depression of the market for calves and widespread losses in the range States.

Lastly, we are interested in the consumers. We all are consumers—not only of meat but of other commodities as well—and we all seek to keep consumer prices down. But it is entirely possible for the administration to set a course which, while watching out for the interests of consumers on the seaboards, neglect the interests of the producer-consumers between the Appalachians and the Rockies. I sincerely believe it is very possible that the present trade policies of the administration can lead to a situation in which the agriculture industry of the United States can remain permanently depressed while the consumers in the centers of population buy their meat abroad with credits earned from the export of industrial products. Were such a policy to evolve through a series of inadvertent acts it would be tragic, and for it to evolve as a matter of calculation would be fatal.

Congress is currently the sole source of possible action in this area. Most assuredly those who conceive and administer our trade policy have had ample opportunity to discover the facts and to act upon them. Giving those in the administration every bit of credit for their good faith, we can no longer exercise the stewardship vested in the Congress by tolerating further delay.

I have heard it said by discouraged persons that these hearings are a mere exercise in futility, that the passage of legislation now under consideration by the Senate, by the House, would be likewise futile because of the possibility of a Presidential veto. But we were not elected to make President's decisions. We were elected to make our own, and to act in the interests of the people as we believe them to be. In my brief experience of 3 years in the Congress, we have never had a more direct or forceful mandate.

For us, the advent of spring this year carries new meaning. Already the 1964 calf crop is appearing in the fields and the last of the 1963 crop has reached the feeding stage and is entering the feedlots. If action were taken today it would be another year before the effects of it would begin to be felt in the livestock industry. Farmers who suffered in 1962 and who had a bad year in 1963 are going to have another bad year in 1964, regardless of the assurances which have been given us by occasional economists.

I cannot more sincerely urge the prompt and favorable consideration of this legislation.

Mr. Chairman, I deeply appreciate this opportunity of being heard and congratulate the committee for undertaking this desperately needed work.

The CHAIRMAN. Thank you, Mr. Bromwell, for a fine statement.

Our next witness is Representative Walter S. Baring of Nevada.

Go ahead, Mr. Baring.

STATEMENT BY HON. WALTER S. BARING, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEVADA

Representative BARING. Mr. Chairman, for many years I have been aware that our domestic cattle industry has been faced with crippling controls and regulations. Back in November of 1963, Mr. Peter E. Marble, president of the Nevada State Cattle Association, wrote me that the Tariff Commission and the Committee on Trade Negotiations had scheduled important hearings affecting international trade of live and dressed beef beginning December 2, 1963. Certain representatives of the cattle industry from the State of Nevada would be in attendance.

On December 12, I addressed a letter to Mr. Donn N. Bent, secretary of the U.S. Tariff Commission. I explained to him that it was not a pleasant thing to witness a devastating attack on the industries supporting Nevada's economy. Mining, which was one of Nevada's two basic industries, is today almost nonexistent despite the concerted efforts of the western mining States representatives to lend legislative support to a sick industry to prevent its demise. The importation of foreign-produced minerals and metals was responsible for its condition today. The other basic industry I refer to is the western domestic livestock industry which constitutes approximately 70 percent of the agricultural income of Nevada.

When, on February 17, 1964, I read the Department of State press release titled "United States Concludes Meat Agreements With Australia and New Zealand," I was somewhat heartened until I learned that the 1964 export quotas from both Australia and New Zealand were based on the total imports from these two countries, using the average of 1962–63 as the base period, and progressively increasing from 1964 to 1965 and from 1965 to 1966. The American livestock industry cannot possibly survive this agreement entered into by the State Department in behalf of the Department of Agriculture with Australia and New Zealand. Our problem today is to give further support and protection to our livestock industry rather than further endanger its very existence through trade concessions under the Trade Expansion Act.

I have talked to a number of representatives of the cattle areas, and the information they receive from their cattlemen's associations is at considerable variance with statistical information furnished by the Department of Agriculture. Grafts and statistical conclusions furnished by the Department appear to be loaded with misleading conclusions. One further observation of some interest is a release dated March 1 by the Department of Agriculture in which Secretary Freeman announced a two-way purchase program to assist cattle producers. He stated that the Department would buy substantial quantities of USDA choice grade beef for distribution primarily to schools, and purchase substantial quantities of canned beef in natural juices for distribution to needy families.

The cattle industry is not the least bit interested in participating in Government-subsidized programs. They seek an opportunity to supply meat and meat products on the open market without unfair competition from foreign countries. At this point, the National Cattlemen's Association in cooperation with the State cattle associations decided to draft a bill which would conform to the following outline:

1. The average of meat imports for the years 1959–63, would be the base.
2. Legislation would include all meats, including canned, cooked, and cured (beef, veal, mutton, lamb) excluding live animals.
3. Imports in any calendar quarter may not be any greater than the quantity in the other calendar quarters.
4. The consist of imports (proportion of canned, prime cuts, lean boneless, etc.) shall not exceed the average consist of the imports coming into the United States in the base years of 1959–63.
5. The effective date of this legislation would commence succeeding calendar quarters after December 31, 1964.
6. An adjustment factor will be provided to give the exporting nations a share of the anticipated increase consumption in the U.S. market.

I do not oppose the Mansfield and others' amendments now before your committee which would restrict importation of beef, veal, mutton, and lamb, as amendments to a bill now under consideration by your committee which would provide free importation of wild animals and wild birds into the United States. I would, however, prefer the Herlong bill, H.R. 10334, together with some 49 or 50 similar bills introduced by other Members of the House, of which my bill, H.R. 10408 is one. These bills were drafted by the cattlemen themselves. They are realistic and would give much-needed protection to the cattle industry. The base quota is the average of meat and meat products imported by the United States from New Zealand and Australia, using the base period 1959–63. Sections of the bill relate to base quotas on meat and meat products including beef, veal, mutton, lamb, and so forth. There is a built-in provision for quota adjustments due to national emergencies, natural disasters to livestock, and adjustments to conform to economic parity levels.

Mr. Chairman, I have discussed the content of this presentation with not only the cattlemen of the State of Nevada but members of the National Cattlemen's Association, and I can assure you that it fairly represents their interests, and I do hope it will have the committee's able consideration.

Thank you.

The CHAIRMAN. Thank you, Mr. Baring.

Our next witness is Walter A. Hasty, assistant director, Legislative Services Division, National Farmers Union.

Please proceed, Mr. Hasty.

STATEMENT OF WALTER A. HASTY, JR., ASSISTANT DIRECTOR, LEGISLATIVE SERVICES DIVISION, NATIONAL FARMERS UNION

Mr. HASTY. Mr. Chairman and members of the committee, my name is Walter A. Hasty, Jr. I am assistant director of Legislative Services Division of the National Farmers Union. I appear here today in behalf of 750,000 farm family members of our organization.

I would like to begin by thanking the committee for taking this action to look into the depressed cattle price situation which has concerned us greatly for the past year. Our concern which reached a point of provocation last fall resulted in our National President James G. Patton's visit to Secretary of Agriculture Orville Freeman to request that something be done to determine the causes of this situation and to work out a suitable solution.

An analysis of beef imports and the cattle industry was developed by our legislative division in February of this year which I would like to make a part of the record at this point for your study and perusal (legislative analysis memorandum No. 64–1, Feb. 10, 1964).

As we have testified many times in the past, Mr. Chairman, National Farmers Union believes that trade is a two-way street. It is best carried on where a well-defined set of rules govern the flow. Such a set of rules is necessary in a world where all the major agricultural producing nations have domestic price-support programs as well as restrictions on imports of agricultural and industrial goods.

It is a matter of commonsense to realize (1) that everybody would be better off if we produced and distributed more goods and services, in the most economical manner possible and (2) that people all over the world have common aspirations, needs, and vested interests similar to our own.

In terms of the total economy of the free world, this means that each country should produce what it can produce more efficiently, trading the excess for goods produced more efficiently by other countries. This is the premise underlying the regional market arrangements.

We know it is out of this need that the General Agreement on Tariffs and Trade was established and that the U.S. Congress has enacted the Reciprocal Trade Agreements Act and further simplified customs procedure.

It is due to the need for even greater economic cooperation that we in National Farmers Union have supported an international food and raw materials reserve, or world food bank, additional international commodity agreements on the order of those in effect for sugar and wheat to buttress and operate in conjunction with the international food and raw materials reserve and U.S. membership in the Organization for Trade Cooperation, the administrative arm of the General Agreements on Tariffs and Trade.

Farmers want the United States to follow intelligent, enlightened, and humanitarian foreign economic policies. But they do not want to see the total cost of such policies loaded upon their already sore backs.

In the case of both exports and imports, programs and policies should be established as they have been in the case of the International Wheat Agreement and the Sugar Act, to spread the costs to all the people instead of putting all of them directly on the small number of producers concerned. If this is not possible in the case of beef then we feel there is no alternative but to establish quota restrictions.

We in National Farmers Union have long felt that in trade negotiations we should guide our negotiations:

(1) As a general principle, we urge that no U.S. farmer (or other producer), whom we expect to remain in production, be required to produce for export or to meet the competition of imports, at any price less than full parity.

(2) There are probably some industries in which the entire U.S. need and demand can be met continuously and safely through complete dependence on imports. In such cases, we urge that these injured domestic industries be helped to make adjustments by means other than excluding imports, such as through conversion to other lines, extension of unemployment insurance, assistance in retraining workers, and outright purchase, where required. We know of no domestically produced agricultural commodity to which this applies.

(3) Program and policies affecting agricultural imports and exports should be designed to provide full parity returns to domestic producers in ways that will be consistent with minimum hindrance to international trade and economic cooperation, and preferably by methods that will spread the costs to all people in accordance with ability to pay, rather than through increased retail prices to consumers.

Since the present beef import provisions do not uphold these principles, it is obvious that remedial action must be taken. We believe it is in the interest of the American farm economy to protect domestic price patterns which enable farmers a fair economic return.

RECENT LEGISLATIVE DEVELOPMENTS

BEEF IMPORTS AND THE CATTLE INDUSTRY

SUPPLEMENT NO. 1—LEGISLATIVE ANALYSIS MEMORANDUM 64-1

During the last several months we have been receiving numerous communications about the depressed cattle and beef price situation. Many producers felt that low prices were due to excessive imports. As a result James G. Patton visited Secretary of Agriculture Orville L. Freeman on November 6, 1963, asking that the Secretary give this problem his immediate attention to determine causes and to work out a suitable solution. If as suspected, one of the causes was found to be excessive imports it was suggested that some sort of control for allocation of imports be arrived at through negotiations with the countries involved.

The Secretary did initiate negotiations as requested and reported to Mr. Patton on November 29, that the Department of Agriculture was considering the possibility of some new arrangement in connection with the importation of beef, both under existing authority to secure voluntary import restrictions through negotiations with suppliers and in the longer run through negotiations under authority of the Trade Expansion Act. The Secretary went on to point out that it should be possible both to moderate the importation of beef and to maintain a relatively liberal trade policy at the same time.

The investigation further revealed that imports are an important factor influencing current beef prices. The U.S. Department of Agriculture and the administration now recognize this and are taking prompt steps to improve the situation.

The main approach in finding a solution has been U.S. negotiation with chief suppliers (Australia and New Zealand) to secure voluntary agreement for them to limit their exports to the United States to the level of a recent period. Results to date, although short of reaching final agreement, are encouraging.

The basic principle of market sharing is sound. Other nations that have had access to our markets under the General Agreement on Tariffs and Trade (GATT) have certain access rights just as we have such rights of access to other markets for the sale of our products. If agreement can be reached voluntarily concerning a given amount of access, then both importer and exporter have a firm basis on which to operate. The importer is protected against disastrous flooding of the market and the exporter is assured of a market for a specified amount of his product.

The main problem in negotiating market sharing is agreement on the basis on which the share to be allotted is determined. In the case of beef imports our largest supplier is Australia and her exports have increased phenomenally since 1958, from less than 18 million pounds to 517 million pounds in 1963. Obviously, Australians would like to have the most recent year or years used as a basis for determining her share of our beef market. In addition, since the U.S. beef market is growing as a result of both an increase in our population and a rising per capita consumption of beef, Australia would like to share in this growth, and we agree that they should. We are insisting on this right for ourselves in dealing with nations to whom we export agricultural products. The key question is how much should Australia or any other country share in the growth of our beef market? One suggestion is to renegotiate periodically on the basis of what is happening to our population numbers, income levels, and livestock prices.

A further factor which should be kept in mind in negotiating market shares is the quality of the product. In the case of beef, if a certain proportion of the imports were made up of primal cuts during the base period, then this should be considered in the share allotment for future years or until renegotiation of the market share is undertaken.

The current beef import situation in the United States illustrates the modern complexities and interdependence of international trade relationships among major nations. The U.S. share in world beef imports increased from one-fourth (26 percent) in 1950 to over one-half (51 percent) in 1962. Further increased imports in 1963 raised the U.S. percentage of the total world import figure still higher.

This great increase in beef imports has been encouraged by the increase in import restrictions in other major markets. Today the United States is the only major beef market without any quantitative restrictions and with a very nominal, fixed import duty.

More than 1 billion pounds of beef and veal (product weight) were imported by the United States in 1963. This was equivalent to 1¾ billion pounds (carcass weight). This was an increase of 20 percent over 1962 and represented 11 percent of U.S. production in 1963. This is in sharp contrast to a few years earlier (1956) when imports were equal to only 1.6 percent of U.S. production. (See table 1.)

Not only have beef imports increased at a faster rate than domestic production since 1956, but they have increased more in absolute terms. Imports in 1962 were more than 1 billion pounds over the amount imported in 1957, whereas domestic production in 1962 was only 583 million pounds more than in 1957. However, in 1963 domestic production increased by 1 billion pounds over the 1962 level while imports increased only 311 million pounds.

Imports of live animals (feeder cattle) in sharp contrast to imports of meat, were lower in 1963 than in 1962 by some 23 percent. Moreover there has been no marked trend in the increase of imports of feeder cattle over the years.

Almost without exception an increase in the production of beef has meant a price decline. (See table 2.) On an aveage a 10-percent change in the production of fed beef has been accompanied by a price change of 13 to 14 percent in the opposite direction. In other words, if production of fed beef increased 10 percent there will be an accompanying price decline of 13 to 14 percent. The production of fed beef increased by over 11 percent in the United States in 1963 over 1962 and would cause a significant decline in American beef cattle prices.

When to this heavy increase in domestic production of beef during 1963 is added the increase in imports (311 million pounds) it is clear why beef cattle prices were appreciably lower in 1963 than in 1962.

The decline in domestic production of cow beef since the middle 1950's has been largely offset by increases in imports of cow meat. (See table 3.) The decline in cow beef production resulted from holding back beef cows from slaughter and building up herds. The number of cattle and calves on farms January 1, 1964, is estimated at 107 million compared with about 104 million the year before, 100 million January 1, 1962, and 91 million January 1, 1958.

Utility cow prices (Chicago market) have been quite stable until this past fall and averaged between $15 and $16 per hundredweight in each year since 1960. However, between August and December of 1963 utility cow prices broke by about $3 per hundredweight declining from an average of $15.65 in August to $12.71 in December. Since much of the imported meat is cow meat, it is believed that increased imports along with increased domestic slaughter in 1963 accounted for the sharp decline in utility cow prices last fall.

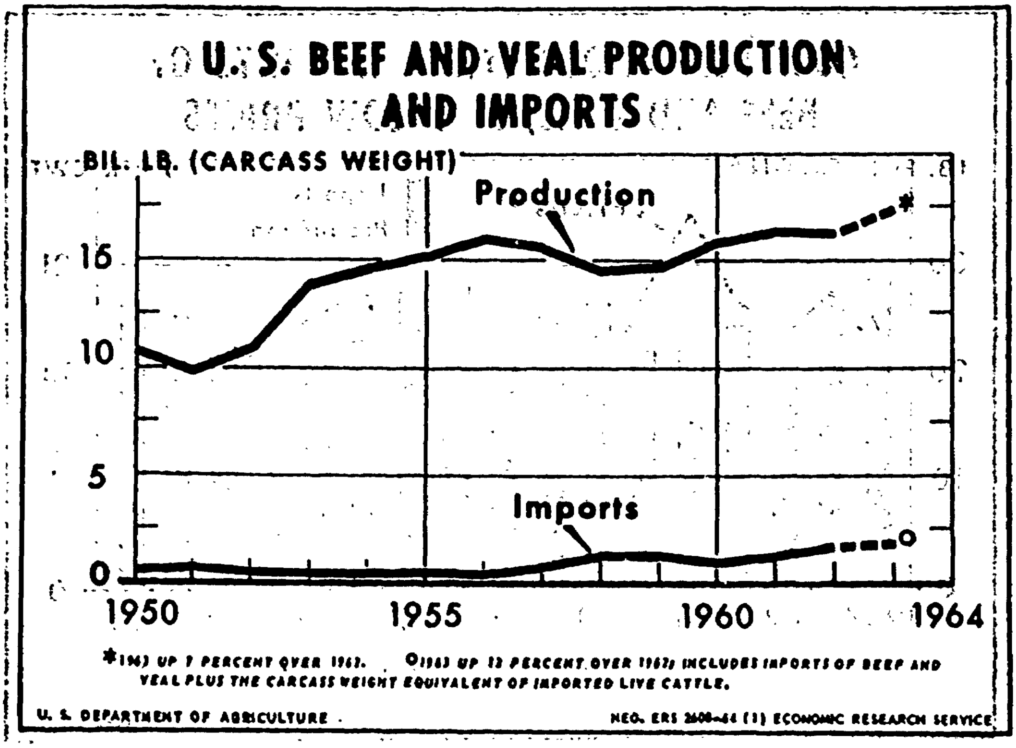
There is evidence that beef prices are turning upward from their recent lows. On Friday, January 27, prices of choice slaughter steers in Chicago ranged from $22 to $23.75 and averaged $22.88. This is 59 cents above the average for December 1963. Utility cow prices ranged from $12 to $13.75 and averaged $12.88. This is 17 cents per hundredweight above the December figure.

The meat price situation is further complicated by the heavy U.S. supplies of meats other than beef. In 1963 beef and veal production reached an alltime high; broiler production reached an alltime high; pork production was larger than in any previous year since 1944, and total meat showed a major increase over 1962 and reached an alltime high. Total U.S. meat production was 37.7 billion pounds (carcass weight) in 1963 compared with 36.1 billion in 1962. This is an increase of about 4½ percent in total meat production. In 1964 total meat production is estimated at 38.1 billion pounds or a further increase of 1 percent over 1963 and about 5½ percent above 1962. Beef and veal production are largest with about 18 billion pounds, pork second with some 12 billion pounds, poultry third with about 7½ billion pounds, and lamb and mutton last with 750 million pounds. (See table 4.)

Australia is the leading shipper of beef to the United States and accounted in 1963 for nearly half of total beef imports (44 percent), New Zealand one-fourth (23 percent), with Ireland, Argentina, and Mexico each supplying about 6 percent, and Canada, Brazil, Denmark, West Germany, Poland, the Netherlands, and other countries supplying the remaining 15 percent. (See table 5.)

Although the United States is the world's largest importer of meat ($360 million) our exports of livestock and meat products were almost as large as imports. We exported $347 million worth of livestock and meat products in 1963 or only $13 million less than our imports. Wheat and flour are our largest export item ($1.2 billion in 1963) with feed grains ranking second with nearly a billion dollars ($977 million) followed by oilseeds and oilseed products, cotton, fruits and vegetables, and tobacco, all exceeding in value our total livestock and meat product exports. (See table 6.)

CHART 1



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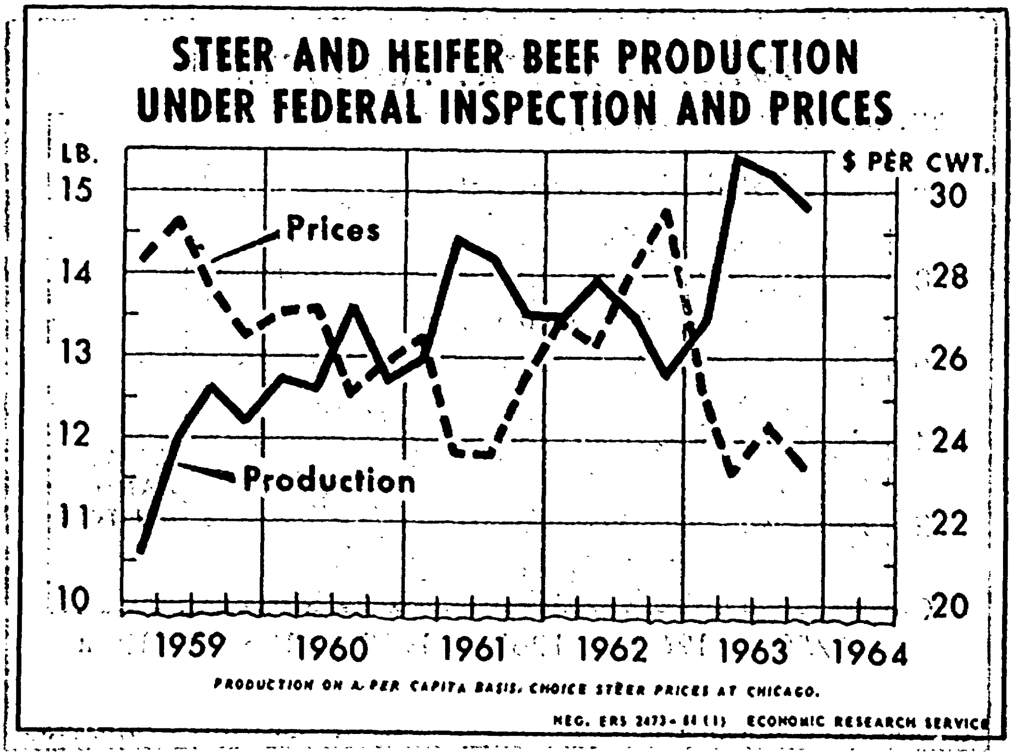

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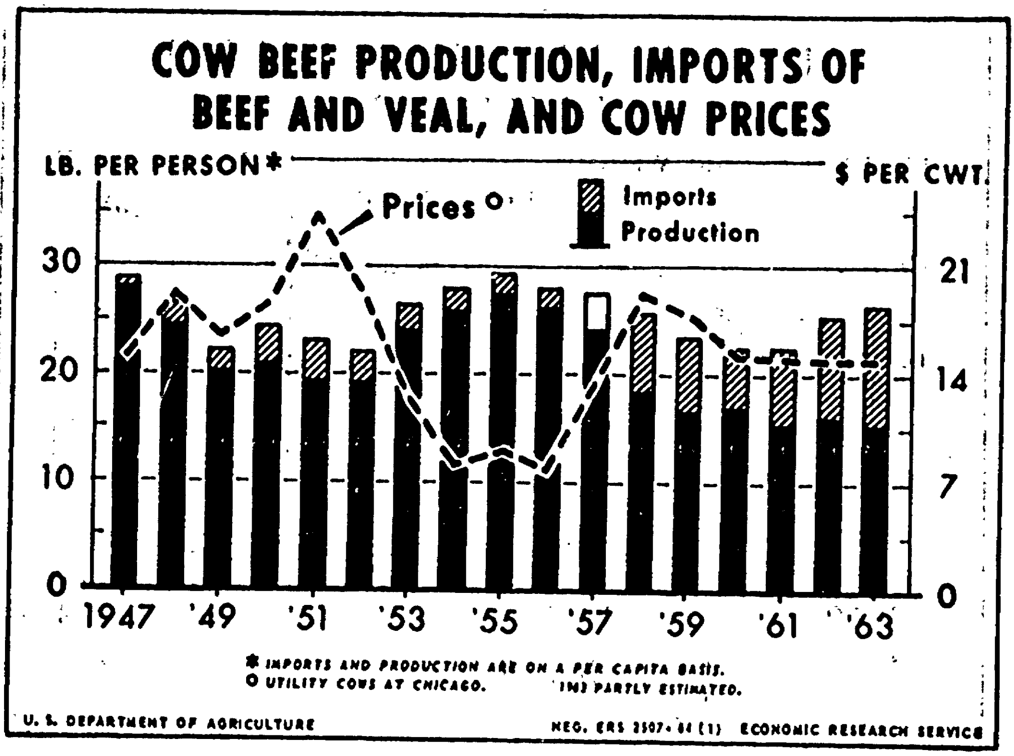

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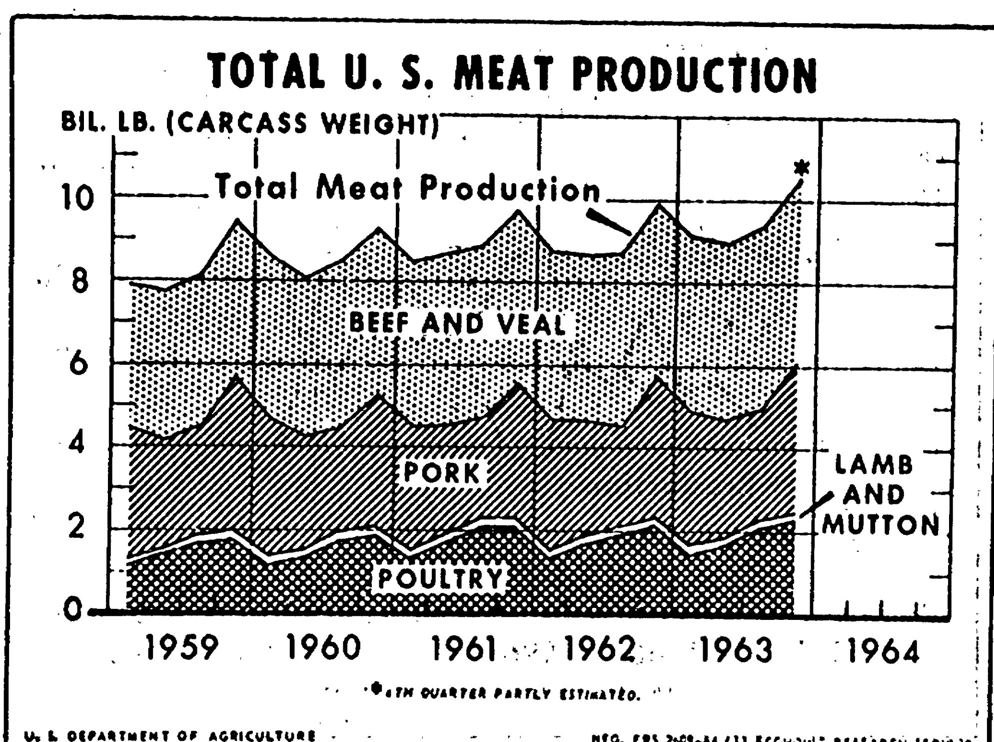


CHART 5

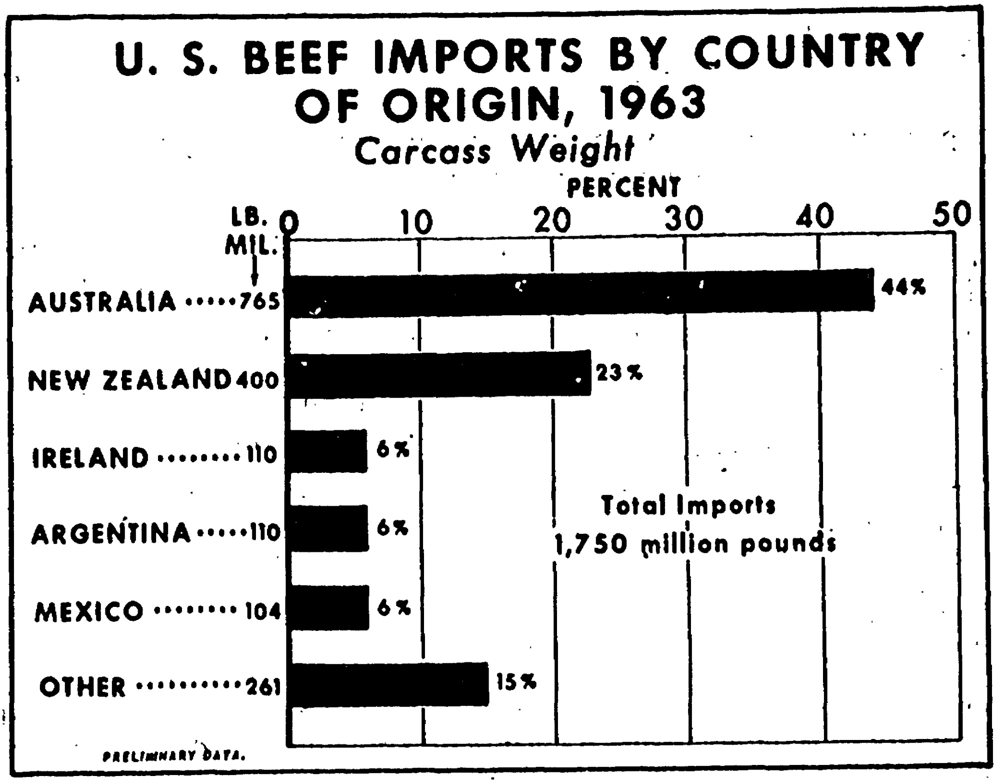
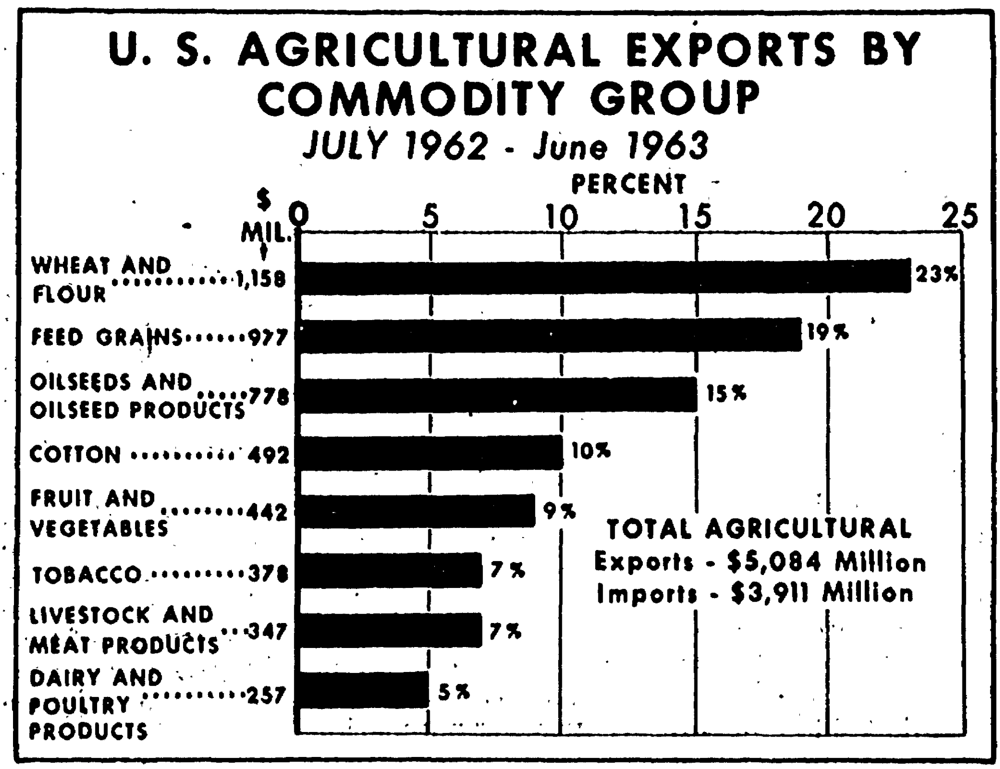


CHART 6



The CHAIRMAN. Thank you, Mr. Hasty.

Our next witness is Charles B. Jennings, president of the American Stock Yards Association.

Go ahead, Mr. Jennings.

STATEMENT OF CHAS. B. JENNINGS, PRESIDENT, AMERICAN STOCK YARDS ASSOCIATION

Mr. JENNINGS. Mr. Chairman and members of the committee, the American Stock Yards Association is a trade association representing the terminal livestock markets of the United States. The principal function of these markets is to bring livestock supplies and demand together and under open competitive conditions to establish livestock values. At this time livestock markets are finding it increasingly difficult to function as they were intended for several reasons, one of which is the introduction of foreign meats for domestic consumtpion in ever-increasing amounts. This is especially true of the cattle and lamb markets. As long as imports were held to a reasonable level, supply and demand worked very satisfactorily in determining livestock values. With the tremendous increase in imports of both beef and lamb in the past year in particular, our domestic prices are being reduced well below the cost of production of the live animal. Currently, because of the heavy increase in imported processing meats, our cow market has declined to a point where many cows which should be going to slaughter from our markets are being bought by farmers and ranchers to go back into production to further complicate an already serious situation. Because of the reduction in fed cattle prices, many feeders have held cattle in feedlots longer than normal hoping for an improvement in price and further increasing the tonnage of beef produced, resulting in still lower prices. These are but two of the many serious effects resulting from the increase in imports.

We recognize the value of and the need for continuing trade with the various countries shipping meat to the United States. However, this of necessity must be a two-way street. As long as imports were held to approximately the average of what they have been for the past 5 or 6 years there were no serious difficulties nor complaints. However, when imports increased to a level in excess of 11 percent of our domestic production, as they did in 1963, it then became apparent that imports could in time destroy not only our livestock industry but could also seriously damage all of agriculture. This is especially true in our feed grain industry which depends almost entirely on livestock as the consumer for their production.

Considering the long-range results from continuing our meat import policies, the American Stock Yards Association strongly urges your favorable consideration of Senate amendment 465 to H.R. 1839. This will permit nations now shipping meats to this country to continue to ship to us but on a more reasonable basis and at the same time maintain a healthy producing and feeding livestock industry in the United States. In making such a recommendation it is our belief that the adoption of this amendment is also in the best interest of the consuming public who need to be assured of domestic production in future years to supply our rapidly growing population.

I thank you, Mr. Chairman and committee members, for giving me an opportunity to appear before you and express the views of the American Stock Yards Association on this subject which is so vital to the future welfare of our Nation.

The CHAIRMAN. Thank you, Mr. Jennings.

Our next witness is Mr. Vestal Askew of the Texas Sheep & Goat Raisers Association.

Mr. Askew, take a seat, sir, and proceed.

STATEMENT OF VESTAL ASKEW, PRESIDENT, TEXAS SHEEP & GOAT RAISERS ASSOCIATION

Mr. ASKEW. Mr. Chairman, members of the committee, my name is Vestal Askew. I am president of the Texas Sheep & Goat Raisers Association, with headquarters at 233 West Twohig Street, San Angelo, Tex. This association represents the sheep industry of Texas, and these producers grow approximately 20 percent of the Nation's sheep and wool. The Texas Sheep & Goat Raisers is also affiliated with the National Wool Growers Association, and the executive secretary of that organization has already presented a full statement of the sheep industry's views before your committee.

The sheep industry is a major industry in Texas and Texas sheep producers own some 5½ million sheep. The economy of a large segment of west-central and southwestern Texas is basically geared to this agricultural enterprise. Any economic reverses in this industry seriously affect a large portion of my State.

During the past 5 years there has been a slow but steady decline in the sheep numbers of Texas, as well as in practically all other sheep-producing States—despite the fact that our Government has recognized sheep and wool production as an essential industry and has provided a wool incentive payment program to encourage and increase production. The reasons for this decline in production are several and it would require a great deal of time to elaborate on them; however, it is my opinion, and many others in the industry, that excessive imports of cheaper produced foreign wools, finished textiles—and meats, are the chief contributing factors.

We recognize the necessity and importance of trade between all nations, and we recognize the desires of consumers everywhere to purchase foods and other needs at as low a cost as is possible; however, we believe that producers and consumers in this country cannot maintain a favorable overall economy, as well as the strength of our Nation, unless domestic producers and consumers recognize the need for each other and support an economy geared to our own standard of living which includes a higher wage scale, higher taxes, and other higher costs of production.

The domestic sheep grower cannot meet these lower costs of production in many foreign countries. The increasing imports of cheaper produced lamb and mutton, and wool textiles, are combining to seriously curtail and depress the profitable production of sheep raising in the United States.

In 1957 only 1.8 million pounds of dressed lamb were imported into the United States. In 1963 there was approximately 19 million pounds of dressed lamb imported into this country. In 1957 there was imported into this country only 1.7 million pounds of dressed mutton. In 1963 mutton imports were 62.9 million pounds on a product weight basis and 125.8 million pounds on a carcass weight basis.

Because of the tremendous jump in imports during the past 3 years, we do not feel that the import quotas negotiated in recent voluntary agreement with Australia and New Zealand will relieve our present problem—especially with no quota restrictions being included on lamb.

We feel that quotas on both lamb and mutton based on the average imports of the past 5 years would be more favorable to profitable domestic production and at the same time give our foreign neighbors import quotas that would be much greater than their imports of only a few short years ago. I therefore urge, on behalf of the sheep growers of Texas, that this committee favorably report the meat import quota amendment here under consideration.

In conclusion I wish to state that I am not submitting any further brief or statement. I enorse and urge your most serious consideration of the statement and information submitted by the National Wool Growers Association. I wish to stress to the committee that although my statement has been brief, my travel from Texas to appear before you personally is to impress, on behalf of my industry, the immediate value and need for this legislation.

Thank you.

The CHAIRMAN. Thank you very much, Mr. Askew.

Any questions?

Senator TALMADGE. Mr. Askew, I judge from your testimony that what you are saying is that the sheep growers in America get hit both ways, one by the importation of meats, and two, by the importation of woolens from overseas. Is that correct?

Mr. ASKEW. That is correct, Senator. It so happens that our industry subsists on a two-way production. That is, we produce both wool and lamb. And it so happens as you have clearly stated that imports in both of these fields are certainly a factor in our business today.

Senator TALMADGE. Did I understand you correctly to say that the importation of mutton had increased some 50 times in the last 6 years?

Mr. ASKEW. Yes, sir. Probably more than that.

Senator TALMADGE. An the importation of wool I believe now amounts—that is, woven woolen fibers—now amounts to about 20 percent of the domestic consumption, does it not?

Mr. ASKEW. Correct, sir; yes, sir.

Senator TALMADGE. And it is continuing to go up year by year.

Mr. ASKEW. It has, sir.

Senator TALMADGE. I know in my own State in 1962 we lost a woolen mill at Mountville, Ga., that employed 2,000 people. Last year another textile mill at Covington, Ga., that employed 500 people. And just last week another mill at Cedartown, Ga., that employed 500 people.

I take it that your opinion of how to fight poverty is to begin by protecting the jobs of the people that alrady have them, is that correct?

Mr. ASKEW. I certainly agree, Senator.

Senator TALMADGE. Thank you, sir.

The CHAIRMAN. Any questions?

Senator CURTIS. We do appreciate your appearance here, Mr. Askew.

Do you feel that these excessive imports are the most important factor in the depressed price situation?

Mr. ASKEW. Yes, sir; I do so when you consider both the wool and meat features of it. The two combined together are the most serious problem I think we have today.

Senator CURTIS. And do you feel that these excessive imports, if frozen permanently at the rate which they would be if Congress does not act, have a bad effect on all agriculture?

Mr. ASKEW. Yes, I think so.

Senator CURTIS. It involves the consumption of feed grains.

Mr. ASKEW. Correct.

Senator CURTIS. Very much, doesn't it?

Mr. ASKEW. Yes, sir.

Senator CURTIS. And of course that creates a pressure on wheat and everything else.

Mr. ASKEW. Yes, sir, it sure does.

Senator CURTIS. Now, I was rather astounded to find a member of the diplomatic corps of a foreign country meddling in the domestic affairs of Congress. The Australian Ambassador to the United States in a speech at Rochester, N.Y., said yesterday—this was apparently on March 17 because it is dated March 18—attacked the meat import amendment to H.R. 1839 now before the Senate Finance Committee. He said:

> If we are to be restricted in this way, what are we to use for money. We already have a dollar deficit because of a heavy tariff on Australian wool and a severe quota on Australian lead.

Now, it is bad enough to have him meddling in a domestic legislative matter pending before Congress. On that principle alone he ought to retreat. But he should at least be more accurate.

In the first place, our tariff on imported wool is far from heavy. Due to the cut in the wool duties commencing in 1948 plus inflation, the present tariff on imported wool is 20 to 25 percent ad valorem, while in the 1930's it was 80 to 85 percent. The Tariff Commission in 1954 recommended that the wool tariff be increased. While the present tariff is not high enough to meet differences in costs of production here and abroad, it does offer us some protection which we certainly do not want to lose. Furthermore, any additional cuts in this tariff would cause the National Wool Act to be underfinanced, probably requiring direct appropriations from Congress. The National Wool Act was passed in lieu of a tariff increase and is based on holding the tariff at least at present levels.

The Australian Ambassador's remarks also convey the impression that under the meat import amendment, Australia would be given practically no access to our market, while the "severe" quota he speaks of is based on the 5 largest meat import years in our history.

Do you agree that if they should come out of this with a quota based on a 5-year average, it is still the highest 5 years in history, isn't it?

Mr. ASKEW. It certainly is, Senator, and it would still give them a market for a large quantity of meat in this country.

Senator CURTIS. How long have you been in the sheep business?

Mr. ASKEW. About 20 years.

Senator CURTIS. When you started, we had about 55 million sheep, didn't we?

Mr. ASKEW. Yes, sir.

Senator CURTIS. Down to half now.

Mr. ASKEW. Down to about half.

Senator CURTIS. And Australia and New Zealand have the industry.

Mr. ASKEW. Yes, sir.

Senator CURTIS. That is all, Mr. Chairman.

The CHAIRMAN. Thank you.

Next witness is Mr. Milton T. Jones, Idaho Cattlemen's Association.

Senator JORDAN. Mr. Chairman, may I be permitted to have 30 seconds to introduce my distinguished friend from Idaho.

Mr. Chairman, I am grateful to you as chairman and members of the committee for accommodating our Idaho witnesses who have come a long way. Today we have two representatives, one cattleman, one sheepman, from my State and both of these men are leaders in the most important industry of my State.

Mr. Milton T. Jones here represents the Idaho Cattlemen's Association. He is from Malad, Idaho. And Mr. Ray Lincoln is from Twin Falls. Both of these gentlemen are members of the PLM Resources Advisory Board, and I commend their testimony to you for your consideration.

The CHAIRMAN. All right, Mr. Jones, take a seat and proceed.

STATEMENT OF MILTON T. JONES, REPRESENTING THE IDAHO CATTLEMEN'S ASSOCIATION

Mr. JONES. Mr. Chairman, members of the committee, my name is Milton T. Jones, Malad, Idaho. I am a cattle rancher and I am representing the Idaho Cattlemen's Association. The Idaho Cattlemen's Association was founded in 1915 and has approximately 2,500 members.

We feel that the voluntary agreement between the United States, Australia, and New Zealand to accept the 1962 and 1963 levels of imports, is not fair to the cattle industry in this country. We feel that the prices of our products, beef and veal, have been depressed due to the level of imports during those years. The proposals in the agreement for increases in imports of livestock products for 1965 and 1966 will, we feel, bring about further depressed meat prices in the United States.

Since the substantial flow of imports has been and is seriously depressing our beef and cattle markets now, with the 1963 imports of beef and veal representing 11 percent of U.S. production, we cattlemen could not expect to gain by agreeing that imports continue at such high levels. We have been advised that the 1963 increase of imports is 20 percent over the year before, 1962.

Our only other recourse is to request Congress to set import quotas which will protect the American livestock producer retain his usual domestic market. We believe imports should be rolled back to about the 1960 level. We therefore support these amendments to H.R. 1839 to give us needed protection.

We are not asking that imports be stopped but we cannot continue to operate under existing import levels.

The present depressed agricultural economy, mostly caused by the decline in livestock prices, has been reflected in reduced profits of most every businessman in our State. We cannot buy the needed machinery and equipment, nor can we hire the number of persons we would like to employ. It is difficult, if not impossible, to keep our taxes current so we can maintain our schools, roads, and other needed public services.

We all know it is costing us more and more each year to raise and feed cattle for market—taxes are up, machinery and tool prices are up, pickups, trucks, and cars are up; everything is up in cost to us, yet it would appear that the Department of Agriculture and the State Department ignore the domestic livestock producer in their agreement with other countries. If we cannot rely on our Government departments to protect us, then we feel this lack of consideration will only result in alienating the beef cattle industry, and we think when other countries are raising their tariffs on our products, it is about time we had some protection for the beef cattle industry.

We appeal to you as our Senators to expedite needed legislation.

I thank you.

The CHAIRMAN. Thank you very much, Mr. Jones. Questions?

Senator CURTIS. Are you personally in the cattle business?

Mr. JONES. Yes, sir.

Senator CURTIS. I have a letter here just received in the last day or two from a man at Naponee, Nebr. I won't burden the record with all of it, but there are a couple of sentences in here that I wish the Department of Agriculture would take time to find out about, and if it is not placing my hopes too far beyond the horizon. I wish our State Department would find out what is going on in America. I will read it.

> I marketed all of the produce from this farm of 1,200 acres last year through 700 head of cattle. I also purchased over 30,000 bushels of grain. As a result of the losses, the banking institutions I do business with demanded a mortgage on $20,000 worth of equipment and $20,000 worth of land in order to continue to operate.
>
> I realize all of this was not caused by imports, but it certainly was the straw that broke the camel's back. Please continue to support tariff legislation to roll imports back to a reasonable figure of 5 percent domestic consumption.

Do you think that is an exaggerated instance?

Mr. JONES. No, I do not. That sounds OK.

Senator CURTIS. That is what the people that make up America are really facing.

Mr. JONES. That is right.

Senator CURTIS. And individuals like this are not traipsing over to Australia and elsewhere and establishing big ranches, are they?

Mr. JONES. Yes, sir.

Senator CURTIS. Well, you have been very helpful.

Mr. Chairman, on a previous occasion I made reference to the steady flow of entire fleets of merchant vessels coming from Australia to this country, and I have a little article here that tells about what has happened in the last few days. I would like to insert it in the record. It says, for instance, the *Lake Eyre* sailed February 14 to arrive in New Orleans March 13 with 2 million pounds of beef, 212,000 pounds of mutton. Tampa, March 15, with 1,172,000 pounds of beef and 459,000 pounds of mutton. Philadelphia, March 20, with 435,000 pounds of beef and 33,000 pounds of mutton. New York, March 22, with 3 million pounds of beef and 138,000 pounds of mutton. Boston, March 24, with 499,000 pounds of beef and 112,000 pounds of mutton. In addition, 35,840 pounds of beef would be transhipped from Norfolk.

The Chairman, I ask that this article be inserted in the record in lieu of the figures that I recited because I cited them in round figures, but they are all contained——

The CHAIRMAN. Thank you. That will be inserted.

(The article referred to follows:)

[From the Drovers Journal, Chicago, Mar. 11, 1964]

MORE AUSTRALIAN MEAT IMPORTS ARE ANNOUNCED

The Australian Meat Board reported the *Gudrun Bakke* sailed February 2 to arrive Seattle, March 22 with 192,640 pounds beef; Tacoma, March 23 with 114,240 pounds beef; Portland, March 25 with 351,680 pounds beef; Los Angeles, April 4 with 425,600 pounds beef and 44,800 pounds mutton; and San Francisco, April 6 with 358,400 pounds beef and 56,000 pounds mutton.

The *Pioneer Isle* sailed February 11 to arrive in Houston, March 18 with 185,920 pounds beef and 33,600 pounds mutton; Charleston, March 18 with 33,600 pounds mutton; New York, March 24 with 174,720 pounds beef; and Baltimore, March 28 with 201,600 pounds of beef.

The *Rockhampton* sailed February 12 to arrive March 7 with 537,600 pounds beef; Norfolk, March 10 with 828,800 pounds beef; Philadelphia, March 12 with 770,560 pounds beef, 123,200 pounds mutton and 73,920 pounds lamb; New York, March 15 with 4,791,360 pounds beef, 459,200 pounds mutton and 17,920 pounds offals; and Boston, March 19 with 492,800 pounds beef and 69,440 pounds mutton.

The *Lake Eyre* sailed February 14 to arrive New Orleans, March 12 with 2,007,040 pounds beef and 212,800 pounds mutton; Tampa, March 15 with 1,172,760 pounds beef and 459,200 pounds mutton; Philadelphia, March 20 with 434,560 pounds beef and 33,600 pounds mutton; New York, March 22 with 3,176,320 pounds beef and 138,880 pounds mutton, and Boston, March 24, with 499,520 pounds beef and 112,000 pounds of mutton. In addition 35,840 pounds beef will be transhipped from Norfolk.

The CHAIRMAN. Any further questions? Thank you very much, Mr. Jones.

Mr. JONES. Thank you, gentlemen.

The CHAIRMAN. The next witness is Briant H. Stringham, president of the Utah State Woolgrowers Association of Vernal, Utah. Proceed, sir.

STATEMENT OF BRIANT H. STRINGHAM, PRESIDENT, UTAH STATE WOOLGROWERS ASSOCIATION OF VERNAL, UTAH

Mr. STRINGHAM. My name is Briant H. Stringham. I am presently president of the Utah State Woolgrowers Association, Vernal, Utah. I have lived in Utah all my life and have spent my lifetime in the livestock business.

I am also a director in a loan company that specializes in loans to stockmen and consequently I am familiar with the difficult circumstances in which both the sheep and cattlemen find themselves.

Because of the testimony already given to this committee in support of action to limit imports of lamb, mutton, and wool, I will not make a lengthy statement which would necessarily duplicate what has already been said. I would, however, like to add my voice and that of the Utah Woolgrowers Association to those that have gone before.

Sheep raising is one of the chief industries in my State. This is particularly true of some specific areas of the State which depend very heavily on the income derived from the sheep industry. There are presently about 3,500 persons in the sheep business in Utah and they own approximately 1,200,000 head of sheep. Most of our producers are what would be considered small producers.

Sheep numbers in Utah have declined steadily over the past three decades. Some men have been forced out of the business while others have gone into the cattle industry.

This condition has been brought about to a great extent, because of imports of lamb, mutton, and woolen fabric from foreign countries, where labor is cheap and sheep are run in large numbers in fenced areas at much less expense per head than is possible in our own country.

Only those of our number who had a healthy reserve and were exceptionally keen, thrifty operators have survived in the business over the years and many who are left, are on the verge of bankruptcy.

This problem exists in all phases of the sheep industry, not only at one stage. I am connected with a company that purchases lambs for a feeder in western Colorado. Most all of the feeders in this area have either gone broke or have quit the business and are advertising their feed yards for rent.

One of the chief answers to our present problems is a reasonable limitation on imports from foreign countries. We do not ask they they be stopped altogether. We realize that it is necessary to give and take in trade negotiations. We have not recommended that foreign imports be denied access to our market. We only request that they be limited so that our market will not be depressed by imports at a price lower than it is possible to meet in domestic production.

You honorable gentlemen are in a position to help a dying woolgrowing industry to survive and at the same time revitalize the cattle industry.

Thank you for your courtesy and time.

The CHAIRMAN. Thank you, Mr. Stringham.

The next witness is Ray Lincoln of the Idaho Wool Growers Association.

Please proceed, Mr. Lincoln.

STATEMENT OF RAY LINCOLN, PRESIDENT, IDAHO WOOL GROWERS ASSOCIATION

Mr. LINCOLN. Mr. Chairman and members of the committee, my name is Ray Lincoln; I am president of the Idaho Wool Growers Association. This association is made up of approximately 2,000 people engaged in the raising of lamb for meat. Expenses in this line of endeavor, as in most businesses, have been increasing steadily for many years. Prices received for our product have been declining. This, of course, resulted in very low profit margins, or nonexistent profits, in many cases. The reasons for this are many and varied. On the cost side, of course, this rise is due mainly to increased costs of labor and materials. If these increased costs contribute to a higher standard of living for our country, as we are led to believe, then we have no quarrel with them. On the price side, we recognize the main reason for the decline is increased competition from other domestic red meats, poultry, and imported meat. We welcome competition in the marketplace for the first two. Domestic producers of other red meat and poultry are subject in general to the same costs as we are; and, in general, to the same tax structure. Success of their business contributes to the well-being of our country. Therefore, we look upon them as fair competition. Not so the foreign producer. His costs, due primarily to lower labor and material costs, are much lower than ours. He is not taxed in the same way to run our local, State, and Federal Governments. We are proud of our country, our Government, and our standard of living. To maintain these, we, as producers, must have some protection from unfair foreign competition.

It is contended by some that the percentage of lamb imports to the total domestic production is so small that it could not have any material effect on our price. I submit to you, gentlemen, that one boatload or even one carload of lamb at a certain time and certain place can have a materially depressing effect upon the price of lamb. The price of lamb is so sensitive that even a few hot days, during the peak of the lamb marketing season, can result in a drop in the price of several cents per pound. We realize that there is not too much the Congress can do about the weather, but the power to regulate imports is in your hands. We hope that you use it, and set up realistic import quotas. By realistic we propose the average of the past 5 years.

We realize that these are trying times for our country, and many problems are called to your attention. We, therefore, are very grateful that you have seen fit to hear ours. We endorse this amendment and hope that it receives the support of this committee as well as the rest of Congress.

The CHAIRMAN. Thank you very much, Mr. Lincoln. Any questions?

Senator CURTIS. I will just ask one. What do you think will happen if no legislation is enacted?

Mr. LINCOLN. Well, I think that many of our people will go out of business.

Senator CURTIS. You were here when I read a bit ago about one of my ranchers having to place a mortage on his equipment of $20,000 this year and on his land an additional $20,000 because of losses taken.

Mr. LINCOLN. Yes.

Senator CURTIS. And I have a clipping here of March 14, headlined: "Cash receipts from livestock off about half billion dollars in 1963, despite larger volume." Rural America cannot stand very much of that, can they?

Mr. LINCOLN. I do not believe they can.

Senator CURTIS. That is all, Mr. Chairman.

The CHAIRMAN. Thank you very much, Mr. Lincoln.

The committee will recess until 10 o'clock tomorrow morning.

(Whereupon, at 10:30 a.m., the committee recessed, to reconvene at 10 a.m., Friday, March 20, 1964.)

MEAT IMPORTS

FRIDAY, MARCH 20, 1964

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to recess, at 10 a.m., in room 2221, New Senate Office Building, Senator Harry Flood Byrd presiding.

Present: Senators Byrd, Williams, Carlson, Bennett, Curtis, Morton, and Dirksen.

Also present: Elizabeth B. Springer, chief clerk.

The CHAIRMAN. The committee will come to order. Our first witness this morning will be Senator Case, of New Jersey.

Please proceed, Senator.

STATEMENT BY SENATOR CLIFFORD P. CASE, A U.S. SENATOR FROM THE STATE OF NEW JERSEY

Senator CASE. Mr. Chairman, I want to state my opposition to amendment 465, introduced by Senator Mansfield, to H.R. 1839, now under consideration by your committee.

In essence, I believe it is a disguised and ineffective subsidy to the cattle interests, the high cost of which would be borne by consumers, particularly those who could afford it least.

The Department of Agriculture has just informed me that this proposal will drive the price of hotdogs, hamburgers, luncheon meets, and other mixed or processed meat products up by 4 to 6 percent and bring a 2- to 3-percent rise in the price of the higher grades. It is significant that the less expensive products constitute some 90 percent of all meat imports.

Our domestic cattle producers are interested in sales revenues from the more expensive cuts of beef. The import quotas they advocate would reduce imports by some 325 million pounds, causing shorter supplies and higher prices of the less expensive meat products. The producers hope this will in turn lead to a higher demand for steak and other expensive cuts and a rise in their prices, too.

The producers are in effect saying of the consumers of the less expensive products, "Let them eat steak." But many people can't afford more steak, even at present prices.

I voted against the similar Hruska amendment to the wheat-cotton bill which was recently defeated by the Senate. The Mansfield amendment, too, is a disguised subsidy for cattle producers which would be paid for by increases in the family food bill.

I am also disturbed that the Mansfield amendment would violate recently negotiated agreements with Australia, Ireland, and New

Zealand. Under the terms of our agreement with Australia, for example, we have undertaken to provide notice 6 months before the end of the calendar year if we wish to cancel the agreement for the following year. This amendment would reduce meat imports from Australia some 30 percent for 1964 as opposed to the reduction of 6 perecnt provided for in our agreement, and it would do so without giving notice.

The Mansfield amendment would reduce employment at east coast ports and meatpacking establishments through the substantially smaller quantity of imports of meat suitable for processing at these plants. The Port of New York Authority has let contracts for constructing at Port Newark, N.J., a modern cold storage warehouse for the purpose of accommodating imported meat on a more efficient basis. I have been advised by the executive director of the port authority that a reduction in meat imports could seriously affect this project.

For all these reasons, Mr. Chairman, I hope your committee will reject this amendment.

The CHAIRMAN. Thank you, Senator Case. The Chair recognizes Senator Carlson from Kansas.

Senator CARLSON. Mr. Chairman, we are pleased to have such a fine delegation in from Kansas this morning headed by our Governor Anderson.

One reason they are here, I can assure you, is that 53 percent of the agricultural income of Kansas is from livestock and it is in a very depressed condition at the present time.

I am now going to turn this over to Senator James Pearson to see that these folks are presented.

The CHAIRMAN. Senator Pearson.

Senator PEARSON. Mr. Chairman, prior to this day I filed a statement with this committee which is now part of the record and I appreciate the limitation of time today, and with the permission of the chairman and members of the committee, I should like very briefly to present the Honorable John Anderson, Governor of the State of Kansas, who in his very active participation in all phases of Kansas life and activity brings a great knowledge on this subject, not only from his experience of public service but also from his personal experience.

Also today at the table, witness table today, is Mr. Bill House, president of the American Hereford Association; Mr. Paul Swaffar, who is the executive secretary of the American Hereford Association; Mr. Pickett, who is executive secretary of the Kansas Livestock Association; Mr. Jay Dillingham, who is president of the Kansas City Stockyards.

The CHAIRMAN. Senator Pearson, thank you very much, sir. We are happy to have you here.

Governor, we welcome you and we are delighted to recognize you.

STATEMENT OF HON. JOHN ANDERSON, GOVERNOR OF THE STATE OF KANSAS

Governor ANDERSON. Thank you, Senator Byrd, and Senator Carlson, Senator Curtis, Senator Dirksen.

I am very pleased to be permitted to appear this morning before your committee with these other gentlemen in the interests of amendment to House Resolution 1839.

We feel that the livestock industry has more than its share of the problems today, and while there has been a good deal said about it and much written in recent weeks and months, there has been little relief and the problem has been growing worse year by year for the livestock people. Different opinions are expressed and different reasons given; but the two facts, we think, which have contributed to the price decline are undisputed, and they are principally the increased imports and increased production.

The imports principally from Australia and New Zealand have increased to more than 11 percent of our domestic production, and last year the domestic production increased about 11 percent over that of 1962.

We think that in reviewing the beef problem, Mr. Chairman, over the last few years it is readily apparent that beef imports have increased faster than the domestic production since 1956. There are other factors, of course, involved and I know that this committee has gathered much evidence and is in possession of it.

But to Kansas, this is very, very serious business, because in Kansas we now have a record total of 5,431,000 head of cattle and calves. We are the fourth largest producing State in the Nation in livestock, and the total agricultural income last year in Kansas from all sources of agricultural income exceeded a billion dollars, but 36 percent of this was attributable to the beef industry.

So, when there is a decline in the price in the production of beef, you can readily see that it touches more than a third of this total agricultural business in the State.

It exceeds even that of wheat in our greatest wheat-producing State in the Nation.

But the plight of the livestock farmer and producer in Kansas is one which reaches into all other facets of the economy. I think this was very vividly pointed out only recently by the periodicals that have been distributed through the country, wherein it was stated that the cost to consumers of a basket of groceries since 1947 has increased 18.3 percent, and yet the income to the farmer since 1946 has gone down 15.6 percent, so our livestock people are caught in between a rather forceful squeeze.

Many factors are involved in this, too, but we think that the problem of import of red meat is one which only Congress and the administration can do something about to give ready relief to the livestock people.

Now, I would say that it has been acknowledgable nationwide that the livestock people have maintained perhaps the strongest adherence to a free enterprise system of any of our economic facets in this country.

They have neither asked for regulation nor received subsidy through the years of any kind. But this doesn't mean that the livestock industry can remain strong working in the system that we have, if the Government is in any way going to be a party to international trading, in world trade where beef becomes a part of the trading stock. This is the problem today.

So, we respectfully submit, Mr. Chairman, that your committee can be of help. To my knowledge, the livestock industry doesn't ask for a complete barrier. They ask for moderation, and moderation in the area of trade is going to be required to give some help today.

Let me now just make one reference to one isolated instance that I think gives a real picture of what is going on in my State. During the last few days one of our legislators who has served in the Legislature of Kansas for 30 years, and is a substantial farmer and livestock man, came into my office.

He told me that he had two feedlots full of cattle that had been running to self-feeders for 150 days on full feed and that they had now reached the weight when he had to sell them.

If he brought the top prices on the market that day he would sell 200 head of cattle at a loss of $50 per head. This is a picture that not only goes all over our State but throughout the cattle-producing area.

I thank you very much for hearing me.

Thank you.

(The prepared statement of Governor Anderson follows:)

STATEMENT BY JOHN ANDERSON, JR., GOVERNOR OF KANSAS

The livestock industry has more than its share of problems today.

There has been a good deal said about it and many words written, but very little relief has been forthcoming. The problem has been growing worse year by year.

Different opinions are expressed as to reasons, but the facts are not disputed. Perhaps the two factors which have contributed to the price decline are increased imports and increased production.

Imports, principally from Australia and New Zealand, have increased to the amount of more than 11 percent of domestic production in 1963.

Also, last year's production of fed beef in the United States increased by more than 11 percent over 1962.

But in reviewing the beef problem over the last few years, it is readily apparent that beef imports have increased faster since 1956 than domestic production.

Now other factors such as increase in cow herds, holding of fed cattle for higher prices and increased weights, the internal revenue's rulings, and participation in both cow herd business and fed cattle business by investors and many others contribute to the problem and sharpen the need for relief.

To briefly point out the importance of this problem to the Kansas economy, I would mention that in Kansas we now have a record total of cattle and calves on the farms and ranches in Kansas of 5,431,000 head. Kansas is fourth in the Nation in the production of beef. The total agricultural income exceeds $1 billion of which 36 percent is now attributed directly to the cattle industry. It is surprising to some that this percentage of the agricultural income in Kansas exceeds even that derived from wheat, which has now reached 35 percent of the total agricultural annual income.

Now the plight of the livestock producer is one with other ramifications when we look at the big picture of our economy.

A review of facts and figures comparing the prices paid by consumers for foodstuffs, and the amount the producer gets for the same, shows that since 1947 the cost to consumers has risen 18.8 percent while the income to the farmer has gone down 15.6 percent.

Again, many factors are involved. In more than 15 years cost of production through mechanization has been reduced, use of new developments and improved methods through research has contributed much.

But if what we hear and read means anything, we still need a lot of help. What kind of help and how do we get it?

In the first place, the livestock industry has consistently maintained a position of strong adherence to a free enterprise system. It has not asked for nor received governmental regulation or subsidy. This doesn't mean, however, that the livestock industry can remain strong working in a free enterprise system in this country when the U.S. Government is a party to international trade with beef as the trading stock.

This raises the question of need for governmental support where international trade is involved.

We do not ask for a complete barrier, but certainly moderation is required.

The whole problem of trade control is one of maintaining proper balance in the public interest.

Free trade internationally as a proper policy shouldn't be allowed on a short-term exchange to destroy a segment of our great agricultural industry.

The public understands this and even though the number of people in the livestock industry may be small, when their cause is just, the people and their representatives in government will come to support it.

The CHAIRMAN. We are very honored to have you, Governor. You have made a very strong and convincing statement, and I thank you on behalf of the committee.

Any questions?

Senator CURTIS. I want to commend the illustrious Governor on his appearance here. Coming from a neighboring State, I know what this means. This individual that you mentioned would be losing $50 on 200 head of cattle; that is a loss of $10,000, isn't it?

Governor ANDERSON. That is correct.

Senator CURTIS. And those are not isolated instances; are they?

Governor ANDERSON. Is is commonplace throughout the State and, indeed, throughout the country today.

Senator CURTIS. I have read into the record the last week or two a number of instances like that. A young man suffered a loss of $8,000 on his feeding operations. He had just been in it a little while, but he is an experienced farmer and feeder as far as that goes.

Also on yesterday I put in a portion of a letter from an individual not too far from the Kansas line, south of my home in Nebraska, showing that the losses that he took on his operations caused him to have to place a mortgage of $20,000 on his farm machinery and $20,000 on his land just in recent weeks.

Those things are happening out in the livestock belt; isn't that true?

Governor ANDERSON. It is very true, and many of the livestock producers and feeders, particularly in the feedlots, are simply closing shop.

Senator CURTIS. They are the big buyers of the feed grains, aren't they—corn, sorghum, or so on?

Governor ANDERSON. Yes, they are.

Senator CURTIS. This individual I mentioned purchased some 30,000-odd bushels of grain last year and it is either to sell it for livestock or turn it over to the Government.

Isn't that about the way it works out, the production of feed grain?

Governor ANDERSON. That is right. It operates like falling dominoes, really the problem.

Senator CURTIS. And I believe our wheat farmers have a very definite stake in this because, when we lose this market for feed grains and pasture and hay to Australia and New Zealand, that will create pressures on the wheat people and get them more problems.

You certainly have made a splendid appearance here and I want to commend you for it.

Governor ANDERSON. Thank you.

The CHAIRMAN. Senator Carlson?

Senator CARLSON. Thank you. We have other witnesses.

The CHAIRMAN. Governor, we certainly thank you very much, sir.

Senator CARLSON. I think we should mention, Mr. Chairman, that Congressman Joe Skubitz has come in and is at the table with the witnesses this morning.

The CHAIRMAN. Yes. The next witness will be Mr. Bill House, president of the American Hereford Association.

STATEMENT OF BILL HOUSE, PRESIDENT, KANSAS LIVESTOCK ASSOCIATION AND AMERICAN HEREFORD ASSOCIATION, ACCOMPANIED BY A. G. PICKETT, EXECUTIVE SECRETARY

Mr. HOUSE. Mr. Chairman, this morning, to the Senators and Congressmen and friends gathered here, I would like to appear both for the Kansas Livestock Association as its president, and the American Hereford Association as its president.

I had a good deal of trouble getting here. I missed a plane in Kansas City on account of overcast, and was delayed about 4 hours, and then last night I got into Chicago and missed another plane, the generator went out and I was wandering around the lobby in the airport in Chicago, and you know, bad news always runs in great amounts when you get it, it piles up on you and I just happened to pick up the U.S. News & World Report, to try to kill a little time and it says, "Is it to be a real boom?", and I said, "Well, that is the third ship that the stockmen in the United States are going to miss tonight because there is not going to be any boom in the livestock business, I can guarantee you."

To make matters worse, I turned over to page 37, and it pretty well explains why we are appearing here today.

On page 37 it says:

> Dean Rusk and diplomats of the State Department are described as exercising more influence over U.S. policy on beef imports than Orville Freeman, Secretary of Agriculture. These U.S. diplomats, it is said, prefer not to offend cattle raisers abroad by import restrictions to help American cattlemen.

Now, that is exactly why I am here this morning, and that is exactly why the cattlemen throughout the United States and in my State have insisted that we appear before this committee.

In the last 15 years, we have witnessed a tremendous expansion of the beef industry in the United States. Producers increased their herds from 77 million head to over 106 million head during this period of time. Feeders on family-sized farms converted to efficient mechanized equipment in order to feed more cattle at a lower cost. Huge industrial-type feedlots were constructed and operated close to the centers of population. New and modern packinghouses and processing plants followed the feedlots in order to be near a dependable supply of slaughter cattle.

Was this expansion of the beef industry within the United States justified? We think that it was. The consuming public accepted the product and voluntarily entered into the market and purchased it in ever-increasing amounts. Consumption of beef per person jumped from 63 to 96 pounds during this period, an increase of 50 percent. The industry improved the quality of its product with more grain feeding, processors improved their methods, and retailers put beef on the counters in more desirable cuts and in attractive packages. It is a true American success story.

Suddenly we find the entire industry grinding to a halt. The expansion period seems to be over. Prices of fed cattle have dropped below the cost of production and unless there is a remarkable recover within the next few months we will see the decline reflected in the demand for feeder and stocker cattle next fall during the peak movement of cattle from the range to the feedlots.

Prices alone would indicate, a necessity to bring production more in line with active demand. However, today the great question is not whether or not we can adjust production to a desired level within the borders of this country, it is to clearly determine the attitude of the Federal Government toward its own citizens engaged in the producing and feeding of beef cattle. More dramatically stated, the question becomes this: Does the American market belong to American stockmen, and if the answer is "no," then what percent of the American market is to be reserved for us and what percent will be guaranteed to producers and feeders in foreign countries?

Today the entire industry is restlessly awaiting the signal from Washington. Shall we go ahead or shall we slow down. Do we supply the market or shall we depend on other countries? We can adequately supply the entire domestic demand from our herds and feedlots and at a reasonable price. An hour's work will buy more beef here than any other place in the world.

KANSAS

Kansas is typical of the Midwestern States in the Greater Kansas City trade territory. Cash receipts from the sale of livestock exceed those from the sale of grain. Kansas now ranks fourth in the Nation in cattle population, with a January inventory of over 5 million head for the first time in the State's history. We have seen the number of cattle on feed multiply four times in a few short years. Family farm feedlots have contributed a great deal to this capacity and many commercial lots are now in operation. New and expanded packinghouses with their employment capabilities have been a great boon to many of our Kansas cities. To say that we are unhappy with recent developments which tend to retard or destroy this growth is an understatement. This industry took grain which was in surplus and made it into a product the public desired and was willing to spend money for. To reverse this trend will damage the economy of Kansas immediately and permanently.

TODAY'S MARKET

The average price for fat cattle has dropped below 20 cents per pound for the first time in many years. You have to go back to 1947 to find the price of prime grade cattle as low as it is today. Losses have been the rule in the cattle feeding business for three consecutive feeding periods, which covers a period of about 18 months. The end is not yet in sight. There are individuals in the business today that will give you title to their cattle if you will pay the feed bill. They will donate the cost of the animal at the time he was placed in the feedlot if you will pick up the check for his more recent indulgence. The decline has resulted in losses of income of over $1 billion in 1963.

THE IMPACT OF IMPORTS

Imports present a difficult problem for the industry for the first time in history. This is the "new factor" that many feeders failed to recognize and many people tend to minimize. We have been through periods of declining prices when all of the other factors of supply and demand were thoroughly examined and discussed. In 1956 imports were running 1.6 percent of domestic production. In 1963 imports were 11.3 percent of domestic production, a significant factor in the total picture. And this time imports increased during a period of declining prices in the United States.

Boned beef imported into the United States is taking the place of domestic beef in the markets in Kansas. It competes with both ground beef and stew meat of domestic origin. Some is mixed half and half with domestic beef, some is used as manufacturing beef. Imported beef competes directly with our cow beef and also that part of a fed animal carcass not used for steaks and roasts. A minimum of 15 percent of this type carcass is ground and 38 percent can be used in this manner. The average seems to be 20 to 25 percent.

Economists have recognized that the demand for food is inelastic, that when supply increases it takes a relatively large drop in price to move the larger quantity. Willard W. Cochrane, in his book "Farm Prices—Myth and Reality" deals with aggregate demand for food and finds it severely inelastic. On page 41 appears the statement:

> Other things being equal a 2-percent decline in the overall amount of food products offered on the market will drive farm prices up by 25 percent, and a 2-percent increase in the amount offered will drive prices down by 25 percent. The farmer is truly at the crack end of the whip.

And on page 54 he concludes—

> the finest of lines separates the conditions of too much and too little in agriculture.

Examined under the light of these revealing statements an increase in imports from 6 percent in 1960 to 11.3 percent in 1963 on top of increased domestic production could well have caused major part of the price decline in the last 2 years. The effects of imports on market prices is now a matter of speculation. However, it could be measured accurately by placing an embargo on imports for a period of 6 months and measuring the results. It is my opinion that we would see a remarkable recovery in the prices received for beef cattle under such circumstances, and an improvement would be consistent with the economic theories of Mr. Cochrane concerning the aggregate demand for food.

WHY CAN'T WE COMPETE WITH BEEF FROM FOREIGN COUNTRIES?

Our high standard of living has set our wages and prices far above the world market. It costs as much to ship beef from Omaha to the east coast as it does to ship beef from Australia to the east coast. Both agricultural wages and industrial wages run from 4 to 10 times as high in the United States as they are in competing countries. It costs more in taxes alone in Kansas to keep a cow than the total production costs for the full year in Australia.

The differential in production costs will not disappear in the near future. Other industries facing these same circumstances can and are moving their factories to other lands and shipping their product back to the United States. Agricultural lands cannot be moved and we have no alternative but to stand and fight for an opportunity to produce in this country under reasonable protection.

SHOULD WE CUT PRODUCTION?

Producers and feeders in this country face a dilemma. If we cut production and prices improve it will justify more imports into this country. If we hold production at a level sufficient to supply the total demand for beef within the United States, and imports are permitted to run at present levels, the present unsatisfactory price level will become permanent. As we retreat our economic competitors will advance until they become the major suppliers to this country.

Closely connected with the problem of whether or not to cut production is whether or not to continue to promote the sales of beef as we have in the past, only to have the resulting benefits handed to producers in foreign countries. The industrywide promotional efforts of the meat board are well known and it is credited with much of the rise in consumer acceptance of our product. But the wives of producers and feeders that joined the Cow Belles organization and ably assisted in selling our product are also asking if this is the reward for their good work.

THE THEORY OF FREE TRADE

Free trade in the world today consists mostly of letting other countries dump what they don't want or need on the market in the United States. You can ship beef in but there is no place in the world that we can market our beef. Each country makes an effort to become self-sufficient within and then export what it can spare in order to maintain a favorable balance of trade.

Many industries have been granted the protection necessary to keep their production facilities within the United States. Those that don't receive adequate protection move out of this country. The oil industry is protected by quotas so that crude oil brings twice its world market value in the United States. In the national interest the defense industry and its suppliers are completely protected from foreign competition. We have no free movement of labor. Rather we prevent bidding for jobs in this country with immigration quotas, minimum wage laws, and organized bargaining. If these restrictions can be justified then it should be no problem to justify the protection of agriculture in this country. Other governments make this their No. 1 policy and offer no concessions to outsiders.

LEGISLATION

There are few products today that cannot be grown or manufactured cheaper somewhere else in the world today, and cheap transportation opens our markets to them. Protection against the differentials in costs that resulted from deliberate governmental policy is an absolute necessity if we are to retain our production in this country and the benefits of full employment. There is little value in seeking a customer abroad if in so doing you lose two here by weakening his economic position.

As citizens of this country we offer no apology for asking for protection from countries where production costs including wages are far below that of the United States. Protection was contemplated when article I, section 8, was incorporated into the Constitution. The first and third grant of power to Congress handed the authority to impose duties and imposts and to regulate commerce with foreign countries directly to the legislative branch. To regulate is defined as "to bring under control" and "fix the amount" and no other words would better describe what our industry desires of Congress today.

The basic industries of this country were developed and preserved by protection through the use of duties, quotas, and even embargoes when necessary in the best interest of this country. The exercise of this authority can be reviewed at every session of Congress. To permit our markets to be placed on the trading block by the State Department runs counter to welfare of the entire country. Prosperity is difficult to maintain for only a few. The long range dependable supply of food has to be developed and maintained within a country if it is to be strong and independent.

The producers in agriculture are also the greatest consumers of manufactured goods. Any policy that denies them the profits necessary to permit the purchase of these goods will be felt throughout the Nation. At this time our markets are below the cost of production and the imports of beef added to heavy domestic production have undoubtedly contributed to the decline in prices of cattle. It is within the power of Congress "to bring under control" the factor of imports by imposing quotas. To cut them in half would leave a larger share of the market for foreign countries than they were formerly accustomed to.

The industry is entitled to the assurance of production that can come only with legislation. We must have long-range planning and a reasonable expectation of profit in order to attract capital and credit necessary to continue in business. If Congress will fulfill its obligations under the Constitution then the industry itself will make a determined effort to solve its internal problems in the best interest of this country.

The CHAIRMAN. Thank you, Mr. House, for a very able statement. I congratulate you.

Any questions?

Senator CARLSON. Mr. Chairman, just this.

We have consumed more than our time because the chairman was so kind to hold these hearings, and other witnesses are here this morning. I, as a member of the committee and as the Senator from Kansas, I am proud of the presentation which has been given here this morning by our Governor and Mr. House.

There are other members, our secretary, Mr. Pickett, I assume has some information that he would be willing to put in the record if he would, and Congressman Skubitz, did you want to make a statement?

Senator DIRKSEN. Frank, before time runs out on me, I wonder if I could ask Mr. House a question.

Senator CARLSON. I didn't want to close anybody out. I would be delighted to have them here all morning but I think we have used more than our share of time this morning.

Senator DIRKSEN. I notice before the Commerce Committee of the Senate there will be an investigation of the impact of the chainstore buying practices on the livestock market. It starts with the presumption, I suppose, that they will buy from the livestock industry when it suits their purpose, and then if they feel that they want to beat the price down they resort to their own supply.

I would assume from that that the intimation is that the large retail marketers of the country maintain cattle ranches and they can produce beef out of their own ranches until they beat the price down.

Now, all this would have to proceed on the assumption that somehow or other they can control this, and, therefore, the importation from Australia and New Zealand and elsewhere is not the real mischief in this business.

Have you any comment on that?

Mr. HOUSE. Well, I would like to say this: of course, we recognize that we are in a tremendously weak position economically to force a higher price to the chainstores or any retailer, for that matter.

And imports that doubled have certainly doubly weakened our position.

But I have with me here a paper from Kansas City yesterday showing that you can buy beef sides wrapped and frozen for 39 cents a pound and we know that those sides are costing them around 34 to 35 cents.

Now, in the second place, the chainstores don't control enough ranches to in any way, in my opinion, affect the price of cattle. The thing that they can do is pile up beef either in a feedlot already purchased for food or in their warehouse and put some economic pressures on us, and I would certainly be one to be willing to have this looked into.

But unless we solve the import problem that has so weakened our position there is no reason at all to do this or make this investigation. This one should come first, this import quota thing. This other one should be second, in my opinion.

Senator CURTIS. Mr. House, do you have any ranching interest in Nebraska?

Mr. HOUSE. No, sir, I don't. My ranching is all in Kansas.

Senator CURTIS. Four distinguished individuals interested in the American Hereford Association urged me to be here, Francis Bloom, Dwight Dam, Ralph Baker, and W. B. Quigley, all of Valentine, Nebr., and you have made a tremendous statement.

Mr. HOUSE. Thank you, Senator.

(At the request of Senator Carl Curtis the following letter was inserted in the record following the statement of Mr. House:)

BAKER RANCH,
Valentine, Nebr., March 17, 1964.

HON. CARL CURTIS,
U.S. Senator From Nebraska,
Senate Office Building, Washington, D.C.

DEAR CARL: Due to the geological formation of the Sandhills of Nebraska, known as "Gods own cow country," one of the choice ranch areas of the United States exists. An abundant water supply, grass, and favorable climate make this possible.

The Sandhills of Nebraska act as a wafflelike sponge that stores and accumulates the moisture received to a present quantity which would equal a lake over all of Nebraska 30 feet deep, providing this water were pumped to the surface.

This is a highly desirable range area although the Sandhills have proven profitable only for livestock production and this principally for beef production. The sand and sand loam underlying this great sea of grass, the natural covering of the Sandhills, is not tillable because of the very fine texture of the soil and the prevailing winds. Therefore cattle continue to be our harvesting machines for the 40 varieties of grasses embracing more than 15 million acres of the Sandhills.

The present cost of production in this area, as reported by various ranchers, is from 23 to 25 cents per pound.

With our fixed costs of production if we attempt to compete with the present imports of beef it would force the cattle producer and other business people in this area to a very low standard of living.

The cattleman is asking that quotas and tariffs be adjusted so that he has a fair opportunity to progress in the production of feeder cattle.

Sincerely,

RALPH A. BAKER,
Past President, Sandhills Cattle Association.

The CHAIRMAN. Thank you.

Congressman Skubitz, do you wish to make a statement?

STATEMENT OF CONGRESSMAN JOE SKUBITZ, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF KANSAS

Representative SKUBITZ. Kansas is one of the leading States in the Nation in the production of cattle. It ranks fourth in cattle population with an inventory of 5,222,000 head on January 1, 1963. Ours is an agricultural State and livestock production makes up the largest segment of agricultural in Kansas. Cash receipts from livestock and livestock products in 1962 totaled $683,102,000. This equals 53 percent of all cash farm receipts during 1962.

Four of the top cattle producing counties in Kansas are in my district. Five others have a total population of over 50,000 head.

Beef imports have increased the last 2 years far beyond anything we have ever seen in the past. The quantity of beef imports have doubled since 1960 and figures indicate that these imports represented 11 percent of the total quantity of beef consumed in the United States during 1962. This rapid rise in imports has continued through 1963. U.S. Department of Agriculture figures show that these imports totaled 712.5 million pounds the first 8 months in 1963. Actually imports of beef and veal during the first 8 months of 1963 were 17 percent above the first 8 months of 1962. The red meat imports for 1962 exceeded imports in 1961 by nearly 39 percent.

When we compare these import figures to domestic production of manufacturing beef, we find that they equal approximately 40 percent of our total consumption. The major concern of beef producers in Kansas is the fact that we are becoming a dumping ground for world surpluses for meats, particularly beef and veal. Authorities who have studied this situation firsthand are confident that the situation will continue to grow worse unless we proceed to do something about it.

The economic well-being of the livestock producer and all agriculture is vital to the entire economy in Kansas. Agriculture is the largest user of steel, fuel oil, and other petroleum products. Without the market furnished by agriculture for supplies and services, business in Kansas could not prosper. This all means a profitable livestock industry is essential if Kansas is to prosper.

Thirty years ago, the tariff on beef was 6 cents a pound. In 1947, this import tariff was reduced to 3 cents. The tariff on live cattle and other meat products were also reduced comparably. During this same 30 years, livestock prices and production costs soared to well over double the figures at that time. As result of this tremendous increase in the price level, present tariffs are not effective and offer little or no protection to the cattle industry from foreign imports. Rather than further reduction in tariffs at this time, we should have substantial increases as well as quotas. We should point out that it would take an increase of several hundred percent applied to the present tariff rates to catch up with the present economic levels and requirements.

In spite of the fact that the U.S. tariffs offer little or no protection to the livestock and meat industry, records show that other countries have not only maintained but have increased their import duties, as well as using other import controls.

The American livestock producer is willing to compete on a fair and equitable basis but with the U.S. cost of production much higher than costs in our importing nations, and with these nations maintaining relatively high import controls, he realizes that he is at a disadvantage.

Last December, along with a number of my colleagues in the House, I introduced H.R. 9526, a bill to amend the Tariff Act of 1930 to impose additional duties on cattle, beef, and veal imported each year in excess of annual quotas.

It has been impossible to get the Secretary of Agriculture or the State Department to take positive steps to remedy this situation. This can only be done by legislative action by the Congress.

The CHAIRMAN. Thank you, Congressman Skubitz.

The next witness is Senator Herbert S. Walters, of Tennessee.

Please proceed, Senator.

STATEMENT OF HON. HERBERT S. WALTERS, A U.S. SENATOR FROM THE STATE OF TENNESSEE

IMPORT QUOTAS ON BEEF, VEAL, MUTTON, AND LAMB

Senator WALTERS. Mr. Chairman, thank you for giving me the opportunity to present my views on Senator Mansfield's amendment affecting import quotas on beef and other meats. I have been particularly interested in this problem since it is a matter of great importance to the farmers and livestock producers of my own home State of Tennessee. But it is not only a question that needs to be resolved for Tennessee, it is one that needs to be worked out for the entire Nation.

Our livestock industry has been classified, and rightly so, as the balance wheel of American agriculture. Yet, this vital industry is now faced with an economic instability which could bankrupt our farmers and ranchers and which could have a drastic effect on our agricultural economy. From statistics furnished me I found that the livestock industries provide a market for some three-fourths of the total tonnage of harvested crops on our farms, and almost 25 percent of cash farm receipts come from the sale of cattle and calves in the United States. Furthermore, cash income from the sale of cattle and calves is almost as large as the sale of dairy products and more than twice the income from the sale of hogs.

Mr. Chairman, in the Volunteer State it is estimated that the sale of cattle and calves brings Tennessee farmers over $100 million per year. For example, the income from the sale of cattle and calves accounted for 16 percent of cash farm receipts in 1961 and 19 percent in 1962. This vividly demonstrates how the price of livestock in our Nation vitally affects the economy of Tennessee.

Certainly in a free enterprise system we can expect prices to vary from year to year, but the farmers and ranchers of our country cannot be expected to remain in business when they are faced with rising costs and a sharp decline in cattle prices as was evident throughout 1963 and which is continuing in 1964. Although domestic production of beef and veal alone in 1963 increased 6.5 percent above 1962, the sharp decline in the prices of these two items cannot be wholly attributed to the increase in production. Choice steer prices at Chicago had fallen lower in December 1963 than for any other December since 1956. Average prices for the year 1963 were down 13.4 percent from the 1962 average—the lowest annual average since 1957 and these prices continue to decline. The pattern of declining prices also prevailed in other markets. Prices received by U.S. farmers for steers and heifers in 1963 averaged 8 percent below 1962 and 11 percent below 1959.

What precisely was the cause of this great decline in cattle prices in 1963 and early 1964? Most authorities now admit there is a very definite relationship between the lower price and increased imports. Imports of beef, veal, mutton, and lamb have reached alltime highs. Imports of beef and veal in 1963 were 16 percent above 1962 and represented about 10 percent of the U.S. production of these items. In 1956 such imports were equal to only 1.6 percent of U.S. production. Further emphasizing my point, it is interesting to note that in the past 2 years about two-thirds of the beef and veal imports have been from Australia and New Zealand, whereas in 1958 these two countries supplied only about 22 percent of a much smaller total importation of beef and veal.

The Economic Research Service (USDA) has presented an analysis in its November 1963 Livestock and Meat Situation which indicates that when imports were equal to 10 percent of domestic production, as was the case in 1963, the 15-percent increase in imports in 1963 over 1962 may have depressed choice steer prices at Chicago by about 50 cents per 100 pounds, and utility cow prices by about 65 cents per 100 pounds.

With these facts in mind, Mr. Chairman, Tennessee farmers and livestock producers waited anxiously to receive the result of recent negotiations with Australia and New Zealand, which led to voluntary agreements with these two countries. As you know, they agreed to limit 1964 shipments of beef and veal to the United States equal to the 1962–63 average; shipments in 1965 and 1966 are to be increased by 3.7 percent in each year, after which the 3.7-percent rate factor would be reviewed. After reviewing their agreements, it is evident that they merely guarantee the importers a future market in the United States at levels higher than at any time in history. Also, the voluntary agreement with Ireland in February 25, 1964, limits shipments of beef and veal to 76 million pounds (production weight), which is larger than the 1962–63 average shipments of about 72 million pounds.

Mr. Chairman, we must take affirmative action to halt the continuing decline in meat prices. The recent voluntary agreements I believe will do little to resolve the cattle industry's problems. We must take action now on reasonable and effective legislation so that we can assure our farmers and ranchers that they will be given some guarantee of a stable and reasonably profitable market. I believe Senator Mansfield's amendment is a good answer to our problems, and I therefore recommend a favorable report. It would seem to be very feasible to base an import quota on the average of the last 5 years, 1959–63, with a provision which would also allow importers to have their corresponding share of our future increase for domestic consumption. This proposal reflects current trends in imports withouut giving special consideration to the highest years on record.

Mr. Chairman, I sincerely hope that the Senate Committee on Finance will adopt Mr. Mansfield's amendment in reporting H.R. 1839.

The CHAIRMAN. Thank you, Senator Walters.

The next witness, Mr. Harry L. Graham, of the National Grange has indicated he would be willing to come back at another time to allow the last witness, who resides out of town, to make his statement in the remaining 15 minutes. Mr. Graham will be rescheduled to allow him sufficient time to present the views of the National Grange.

The next witness is Mr. Reed C. Culp of the National Lamb Feeders Association.

Senator BENNETT. Mr. Chairman, while Mr. Culp is coming up I would like to express my appreciation to Mr. Graham because Mr. Culp has made the trip all the way from Salt Lake to appear here today and he hoped to be able to return this afternoon so I am delighted that he is going to have a chance in the limited time to make his statement.

Mr. CULP. Thank you, Senator Bennett.

Senator CARLSON. Mr. Chairman, before Mr. Culp starts, that gets back to a Kansas family that is very old in our State and we are proud of the Culp family and I am delighted that Mr. Culp is testifying.

Mr. CULP. Senator Carlson, I still operate the old Culp farm in Kansas.

Senator CARLSON. Thank you. We are delighted.

Senator BENNETT. You can keep sending folks like the Culps to Utah.

STATEMENT OF REED C. CULP, VICE PRESIDENT, NATIONAL LAMB FEEDERS ASSOCIATION, SALT LAKE CITY, UTAH

Mr. CULP. Mr. Chairman and gentlemen, I appreciate this courtesy of making a little shift here so I could testify this morning. I will more or less keep it close to the statement I have here because of the time element. This statement is presented on behalf of the National Lamb Feeders Association. My name is Reed C. Culp, vice president of this association. My residence is in Salt Lake City, Utah.

This association represents lamb feeders in 24 States who are feeding this year approximately 7 million lambs. It has on its board of directors men from Ohio and Michigan to California and from Texas to the Dakotas. We do not represent any selected area but do speak for the industry in all localities.

We regret that we have found it necessary and advisable to ask permission to appear before you but it has become apparent that our only source of relief from this serious damage of excessive importation of red meats lies in your honorable body.

Over the years, and as late as last December, we have appealed to the U.S. Department of Agriculture and the U.S. Tariff Commission for consideration. As you know these appeals have been denied. As late as this January we met with a representative of the USDA in Denver, Colo., to discuss our problems and to endeavor to work out a fair and acceptable basis for red-meat imports at the time voluntary agreements were signed by the State Department.

These agreements we feel were hurriedly conceived and completed without an opportunity for our industry to be heard or recognized. Now, we come to you, our elected representatives, asking that you give thoughtful and considerate study to our problem. We ask no favors but seek assistance that is just and proper.

Our industry fully recognizes that world trade is necessary to the well-being of this country but we also contend that when imports become so excessive and increase so rapidly that they become a serious deterrent to our domestic industry, reasonable restrictions should be imposed that would permit us to have a chance of survival.

We have been deeply disappointed that the administration through the USDA has not taken action to protect this domestic industry under the authority they now have. It is our feeling that the Department of State and the USDA will also oppose this and any other amendment.

Today the United States is the only major red-meat market in the world that does not have any quantitative restriction where our commodity is involved. This statement was made by an Assistant Secretary of Agriculture. You have already received in your record detailed charts and statistics which have already been supplied and we concur with these presentations.

We would, therefore, seek to add and emphasize three areas that are of major importance:

1. In 1940 the available lamb crop in the United States was 31,082,000 head. In 1963, our lamb supply was 19,298,000, a decrease of about 12 million head.

It is generally accepted by the trade that about 60 percent of this lamb crop is in feeder flesh and must be fed to a condition that is acceptable for processing and distribution for consumer use. It is also generally accepted by the trade that it requires about 8 pounds of feed to produce 1 pound of lamb.

If we then examine how much feed it would take to fatten these feeder lambs to a finished product, the result could be a partial answer to the excess grain problem.

For example, in 1940 to fatten the number of feeder lambs available we would have used approximately 3.7 billion pounds of feed. With the decrease of lambs in 1963 the amount of feed required would be about 2.3 billion pounds or a loss of feed used of almost 1.5 billion pounds. This, of course, is in addition to all the pasture, weeds, and forage that is good only for livestock.

The amount saved in subsidies, storage, etc., would add up to quite—as you might well imagine—a sizable sum.

2. Today and during the past few years the industry has initiated many studies and research programs seeking to find new ways of breeding, growing, and fattening our product to make it even more desirable to the consumer. No place in the world does the consumer have before him red meat of such high quality as he does here, bred, grown, fed, and processed under the finest and most exacting inspection and slaughter requirements.

Such production efforts cost money. To me, it does not seem reasonable that these efforts should be hampered or undermined by foreign countries with lower costs of production and little research. Lamb is a selective meat; its acceptability depends on freshness and palatability. Imports of frozen lamb that must be thawed out and then sold to the customer without identification are damaging to our excellent American-produced lamb.

3. It has been pointed out by the USDA and the State Department that the lamb imports are not large enough to be a problem. Let us point out two separate areas that are existent today.

(*a*) A few years ago, all agreed that sheep production was essential to this country for food and fiber. The Congress put into operation in 1954 an incentive program rather than increasing or raising any restrictions on foreign wool imports. The incentive program was to promote increased production. What has happened? Imports of lamb have jumped 1,000 percent since 1957 and mutton better than 7,000 percent.

You have the detailed records already submitted to you. Down go our values with the resultant decrease in sheep numbers. This is completely contrary to the original purpose of the incentive program.

This trend we cannot accept as it is entirely possible that this country could find itself dependent upon foreign imports to sustain its people. A change of policy, a conflict, or any other possible stoppage could place us in serious jeopardy.

We must have sufficient domestically produced food and fiber to be self-reliant and self-sufficient.

(*b*) The import of foreign lamb upon the domestic market is not the amount of imports in the overall picture but where it hits our domestic market. It is generally conceded that between 60 and 70 percent of all lamb processed is distributed in the New York-New England area and the west coast. New York dressed-lamb prices are so sensitive that they reflect within minutes clear back to the lamb producer or feeder immediately. A ship having frozen lamb for New York or Boston is known to arrive on a given day. The impact on domestic lamb is immediate. The dressed market could change and drop sharply.

It is our position that the effect of lamb imports at these points multiplies itself many times. We are continually at the mercy of cheaper foreign lamb. When it arrives our markets are affected. No producer or feeder should be put at the mercy of a foreign meat importer.

In conclusion, let me state, in general most people seem to think this problem is entirely a western livestock problem. This is not so, as it is a national problem. Two brief examples: for example, Kentucky had 937,000 lambs in 1940; today 254,000, 1963. Tennessee had 306,000 in 1940; today 125,000. Virginia in the same period dropped from 336,000 to 235,000. These and all the others together would account for the decrease of almost 12 million lambs.

We sincerely urge you to accept this proposed amendment as a realistic position, giving to the domestic producer and feeder a chance to survive, an opportunity to plan his operations, to increase quality and again build the lamb industry into a valuable asset to our economy.

Thank you, gentlemen, very much.

The CHAIRMAN. Thank you very much. I see that Senator Yarborough has come in. Would you like to make a statement Senator Yarborough?

STATEMENT BY SENATOR RALPH YARBOROUGH, A U.S. SENATOR FROM THE STATE OF TEXAS

Senator YARBOROUGH. Yes, sir; Mr. Chairman, your committee is currently studying an amendment which is designed to regulate the importation of meat into the United States. I am happy to say that my name is on the list of cosponsors of this very important measure which was introduced as S. 2525 in the Senate last month by our distinguished majority leader.

As you know, this measure would limit the annual importation of beef, veal and mutton to an amount equal to the 1959–63 average of such imports. Specifically, it would limit imports of beef and veal to 1,119 million pounds, and lamb and mutton to some 117 million pounds.

I shall not at this time go into details of the livestock situation and the recent sharp increases in beef and veal imports, more than to repeat some of the most salient statistics. Beef and veal imports in 1963 totaled nearly 1.7 billion pounds—an increase of 16 percent over 1962, and nearly 50 percent above 1959. Last year, these imports were equivalent to 10.7 percent of our domestic production of beef and veal; 5 years ago, they were equal to only 8.6 percent of domestic production. The deep concern which compels us to seriously study this situation rises out of the sharp declines in nearly all livestock prices, particularly in the past year. Prices of choice steers at Chicago last month averaged only about $21.35 per hundred—more than 12 percent below a year ago, and 20 percent below February 1962; last month, utility cows at Chicago brought 10 percent less per hundredweight than a year ago.

The livestock industry is no longer a sectional industry. More than 10 percent of the gross farm income in 34 States comes from the sale of cattle and calves; in 27 others, more than 15 percent comes from this source; in 20 States, 20 percent; in 12 States, 30 percent; and in 9 States, more than 40 percent.

Last year, in my own State, cash receipts to Texas farmers from the sale of livestock and livestock products was nearly $1.1 billion—44 percent of total cash receipts. Of this $1.1 billion, more than 60 percent—nearly $660 million—came from the sale of cattle and calves. Texas farmers in 1962 and 1963 marketed an average 3.6 million beef cattle—13 percent of the Nation's total. Apply this percentage to the $170 million which Secretary Freeman estimates was lost by American farmers in the past 2 years due to the drop in beef prices, and the loss to Texas livestock producers exceeds $22 million.

In the past few years, foreign livestock producers have been confronted by growing import restrictions in the major consuming nations of the world as those countries strive to protect their own livestock economies. The United States is the only market left open to them. While most of us are in agreement with the national policy of freer trade, as expressed in our negotiations with other nations under the General Agreement on Tariffs and Trade, we cannot allow unlimited imports of beef to jeopardize the solvency of our own producers.

The measure under consideration is not an unreasonable one; it would still allow foreign exporters a very liberal share of the U.S. markets. Moreover, there is the growing belief that such an action by the Congress might have a beneficial effect in the forthcoming GATT negotiations by emphasizing the importance of adjusting the pattern of world trade to the actual requirements of the member nations.

The United States has recently effected voluntary agreements with our principal foreign beef and veal suppliers—Australia, New Zealand, and Ireland. While these efforts are to be commended, they nevertheless fall far short of a solution to the problem. In the first place, the use of 1962 and 1963 as base years means that combined shipments from Australia and New Zealand in 1964 will be less than 7 percent below 1963 shipments; the built-in growth factor of 3.7 percent per year will soon negate even the moderate gains made by these agreements. Moreover, the efforts by Latin American producers to overcome hoof-and-mouth disease, which has limited imports of beef from those countries in the past few years, appears to be bearing fruit; Mexican shipments of beef and veal to the United States in 1963 rose 23 percent over 1962, nearly equaling 1958 shipments of 75 million pounds. Argentine shipments of 87 million pounds are still short of 1958 levels when that country shipped 217 million pounds of beef to us, but last year Argentina shipped 55 percent more beef to us than in the previous year. The beef-producing—and export—potentials of Argentina and Mexico—not to mention Brazil—are great, and voluntary agreements such as those concluded with Australia, New Zealand, and Ireland would be totally inadequate in dealing with shipments of the magnitude these countries would be capable of shipping.

Mr. Chairman, the affection of Texans for the cattle industry is legendary, and rightly so. The Texas economy, to a large extent, was founded on livestock. Texas is the largest cattle-producing State in the Nation. On January 1, 1964, beef cattle and calves on Texas farms numbered 9,404,000 head—12 percent of all beef cattle and calves in the United States. Agriculture is a $2.5 billion business in Texas, and the sale of cattle and calves constitutes some 27 percent—second only to cotton—of that enormous business. In several other States, as I have just mentioned, the cattle industry is an even more critical sector of the agricultural economy.

I believe, therefore, that this measure deserves the support of every Member of Congress. It will afford a degree of protection to the most important sector of our agricultural economy. It does not "shut out" foreign exporters of beef to the United States. In the forthcoming "Kennedy round" of negotiations under the General Agreements, it will serve to illustrate that the United States never intended—

as I am sure other contracting parties never intended—that it become a wide open market for unrestricted imports so great as to disrupt its internal economy, and cause distress in our domestic industry, upon which so much support for the entire free world is dependent.

The CHAIRMAN. Thank you, Senator Yarborough.

The committee will recess until further notice.

(By direction of the chairman, the following are made a part of the record:)

U.S. SENATE,
COMMITTEE ON LABOR PUBLIC WELFARE,
March 17, 1964.

MRS. ELIZABETH SPRINGER,
Chief Clerk, Senate Finance Committee,
Washington, D.C.

DEAR MRS. SPRINGER: Here is a statement of the Texas and Southwestern Cattle Raisers Association and a letter from the Wisconsin Packing Co. which Senator Tower requests be presented to the committee and made a part of the record of the current meat import hearings.

Thank you.

JERRY FRIEDHEIM,
Special Assistant to Senator John G. Tower.

WISCONSIN PACKING CO.,
Milwaukee, Wis., March 12, 1964.

Hon. JOHN G. TOWER,
U.S. Senate, Washington, D.C.

DEAR SENATOR TOWER: Mr. Gordon Sessions has sent me your telegram requesting comments on the Government beef-buying program to take the place of import limitations. Frankly, sir, I don't think much of the program. In the first place the buying program amounts to only $15 million and will buy only 30 million pounds of meat, more or less. Thirty million pounds of meat is insignificant when compared to the 1½ billion pounds of meat imported. The action of the Government was meant to pacify producers, but last week when I was in Omaha, Nebr., to address 3,000 livestock producers, I had an opportunity to talk with these men, and I get the feeling that the Government beef-buying program is a poor substitute for import limitations.

The principle of buying beef to support a market is sheer folly. The evil still exists and will not be cured. I agree that "trade is a two-way street" and that if we want to sell our manufactured products abroad, we must buy the products from these foreign countries. However, the volume of imports has grown to such proportions that they represent in excess of 11 percent of our domestic production, and because of cheap land costs and cheap labor costs, this meat is being sold in the United States at prices from 3 to 5 cents below domestic cost, and this 11 percent in volume at this lower price has a continuing downward pressure on domestic cattle prices. I was sorry to see the Hruska amendment to the farm bill defeated in the Senate but eagerly look forward now to hearings before the Senate Finance Committee with the expectation that legislation will be passed restricting the amount of imports. I feel the State Department sold out American agriculture in negotiating so high a level for these voluntary agreements.

I appreciate the work you have done and the support you have given the American beef industry.

Sincerely,

FLOYD A. SEGEL, *President.*

STATEMENT PRESENTED BY SENATOR TOWER ON BEHALF OF TEXAS & SOUTHWESTERN CATTLE RAISERS ASSOCIATION

The president of the Texas & Southwestern Cattle Raisers Association, Mr. Leo J. Welder, has requested that I present this statement regarding Senate amendment 465 to amend H.R. 1830. The Texas & Southwestern Cattle Raisers Association represents more than 13,000 cattle producers and cattle feeders in Texas and adjoining States. Officers of the association express their regret that they were unable to appear in person at the hearing. The 87th annual convention of the association convenes in Dallas, Monday, March 16, 1964, and of course, this prevents them from appearing here.

The cattle industry in Texas is extremely important to the total economy of Texas and contributes directly to the livelihood of a vast portion of the population.

Texas A. & M. University estimates that 40 percent of the total population of Texas is engaged in agri-business. This includes not only those in the production phase, but also suppliers and those in marketing and distribution. The beef cattle industry accounts for a major portion of this highly important agribusiness segment of the economy.

The livestock inventory released January 1, 1964, indicates that Texas farms and ranches had 10,342,000 head of cattle and calves on hand. This is approximately 10 percent of all cattle and calves in the United States. If you consider only beef cattle, the percentage is even higher. Sale of cattle and calves represent approximately $650 million per year in cash receipts to Texas farmers and ranchers. There are many areas of the State that are entirely dependent on the beef cattle industry. Land resources in these areas are suitable only for cattle production. The depressed condition of the cattle industry has been particularly detrimental in these areas.

Through the development of the cattle-feeding industry, many other agriculturally produced products, such as feed grains, cottonseed, and hays now find a market in Texas. The cattle-feeding industry has grown during the past decade from less than 200,000 head of cattle fed each year to cover 900,000 head fed in 1963.

The cattle industry, through improving of the quality and distribution of their product and improving the efficiency of their production, have provided the U.S. consumer with increased amounts of quality beef at reasonable prices.

Other segments of the economy benefit through an expanded demand for labor, equipment, and other production resources.

Due to the low tariff rates and relatively no other import restrictions, countries in all areas of the world have taken advantage of the domestic market the U.S. cattle industry has built. In 1956, shipments of foreign beef and veal into the United States totaled only 211 million pounds and were equal to 1.3 percent of the domestic beef production. This has grown steadily and in 1963, the shipments of foreign beef and veal into the United States had reached 1,679 million pounds which was equal to 9.6 percent of the total domestic beef production.

Because of much lower land costs, lower tax levels, and generally lower production costs in the countries exporting beef to the United States, the U.S. beef cattle industry cannot compete on strictly a price basis.

The U.S. beef cattle industry has in the past, and continues to make every effort to improve its efficiency of production. However, with the cost of production advantages that exist in the major beef exporting countries, the U.S. producer will be forced to greatly reduce the production if some relief from the ever-increasing beef imports is not forthcoming.

Slaughter steer prices today are approximately $3 below levels of a year earlier and even at that time, prices were hardly at a break-even level.

For the 5-month period ending February 1964, the average prices received for beef cattle in the United States were $18.46 per hundredweight. The average parity price during this same period was $24.28 per hundredweight.

The domestic market for beef has been developed by domestic beef producers by providing a dependable supply of quality beef. Maintaining and improving this market requires the continuation of a uniform quality product which cannot be assured with the present beef price levels at less than 75-percent parity.

The negotiations with the principal countries exporting beef to the United States are of little benefit at the present time and offer virtually no protection from the very real possibility of greatly expanded shipments of foreign beef into the United States in the future.

The USDA's announced program for beef purchasing for the school lunch program and needy families will be of benefit to these programs, but cannot be expected to alleviate the serious depressed cattle price situation that exists.

We favor the approval of Senate Amendment 465 to amend H.R. 1839. This legislation would provide the U.S. cattle industry with reasonable protection from the dumping of foreign beef in the U.S. market. The legislation provides foreign countries with a fair share of our domestic market for beef, and provides for an increasing volume of our market as our population grows and the demand for beef is expanded.

We urgently request that you give favorable approval to Senate Amendment 465.

TEXAS & SOUTHWESTERN CATTLE RAISERS ASSOCIATION,
Fort Worth, Tex., March 20, 1964.

Hon. HARRY F. BYRD,
U.S. Senator, Chairman, Senate Finance Committee,
Old Senate Office Building, Washington, D.C.

DEAR SENATOR BYRD: We are attaching, hereto, a resolution passed at our 87th annual convention, held in Dallas, Tex., on March 18, 1964.

This resolution concerns legislation that has been introduced, to curb beef imports into the United States.

We appreciate the assistance you have given us in this matter, and trust that you will continue to lend your support to this legislation.

With kindest personal regards.

JOE S. FLETCHER,
Secretary-General Manager.

RESOLUTION No. 3

Whereas the beef cattle industry is of major importance to the economy of Texas and the Southwest; and

Whereas current levels of foreign beef shipments to the United States are causing adverse economic impact on our domestic beef cattle industry resulting in substantial monetary losses to producers and to the Nation's general economy; and

Whereas this situation places in jeopardy the economically stable and efficient domestic beef cattle industry and the industry's ability to continue to supply the consuming public with wholesome beef at reasonable prices: Therefore be it

Resolved, That this association reconfirms its recommendation that no tariff concessions be granted on livestock, meat, and meat products at the forthcoming Geneva trade talks; and therefore be it further

Resolved, That this association reconfirms its strong endorsement and support of House Resolution 10334 and Senate amendment 465 to House Resolution 1839.

U.S. SENATE,
COMMITTEE ON APPROPRIATIONS,
March 17, 1964.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: I would appreciate your having the enclosed memorial added to the hearing record on any legislation restricting meat imports.

Yours very sincerely,

CARL HAYDEN,
U.S. Senator.

[State of Arizona, House of Representatives, 26th legislature, 2d regular session]

HOUSE MEMORIAL 5

A MEMORIAL URGING THE CONGRESS OF THE UNITED STATES TO ADOPT IMPORT QUOTAS BASED ON A MOVING 5-YEAR AVERAGE AND TO IMPOSE AN ACCELERATED RATE ON IMPORTS ABOVE THE AVERAGE

To the Congress of the United States:

Your memorialist respectfully represents:

Whereas the livestock and meat trade industries are one of the major industries in the United States and a proper balance within these industries is important to the economy of this country; and

Whereas developments in the livestock industries reveal that larger quantities of beef and cattle are being imported to the United States with the passing of each year; and

Whereas the U.S. Tariff Commission and the Trade Information Committee opened hearings in December 1963, on a list of commodities, including beef, with existing tariffs; and

Whereas the U.S. Senate Finance Committee has, by resolution, requested the Tariff Commission to investigate the conditions of competition in the United States between beef and beef products produced in the United States and in foreign countries; and

Whereas it is of the greatest importance that our domestic industries be protected so that our economy will not suffer unduly, but at the same time it is recognized that it is desirable to continue the import of beef and veal to the United States; and

Whereas the continued annual increase of beef and veal products imported into our country from countries with a lower cost of production poses many serious problems.

Wherefore your memorialist, the House of Representatives of the State of Arizona, prays:

1. That the Congress of the United States adopt a quota system which would impose existing tariff rates on imports based on an amount equal to a moving 5-year average and that any amount in excess of this quota should carry an accelerated rate.

2. That the secretary of state of Arizona is directed to send copies of this house memorial to the President of the Senate of the United States, the Speaker of the House of Representatives of the United States, and to each member of the Arizona congressional delegation.

(Adopted by the house March 2, 1964, by the following vote: 65 ayes, 0 nays, 6 not voting.)

(Approved by the Governor, March 2, 1964.)

(Filed in the office of the secretary of state, March 2, 1964.)

CANTON, OHIO, *March 17, 1964.*

Hon. HARRY FLOOD BYRD,
U.S. Senate,
Senate Office Building, Washington, D.C.:

Respectfully urge Congress maintain present levels imported processing beef. Low prices for finished steers and heifers completely unrelated to importation of boneless bull and cow meat which used only for hamburgers and wieners. Danger of pricing popular consumer items entirely out of market if packers forced to rely on inadequate domestic production. Letter follows.

SUGARDALE PROVISION CO.,
CARL H. LAVIN, *President.*

THE SUGARDALE PROVISION CO.,
Canton, Ohio, March 17, 1964.

Hon. HARRY FLOOD BYRD,
U.S. Senate, Senate Office Building,
Washington, D.C.

DEAR SENATOR BYRD: Please allow me to explain in more detail the argument of my telegram of March 17, 1964:

"Respectfully urge Congress maintain present levels imported processing beef. Low prices for finished steers and heifers completely unrelated to importation of boneless bull and cow meat which used only for hamburgers and wieners. Danger of pricing popular consumer items entirely out of market if packers forced to rely on inadequate domestic production. Letter follows."

There are two completely different kinds of beef, unrelated as to both source and consumption. One is processing beef which is too tough to eat as a steak or roast. It comes from bulls and cows, and is used for such items as hamburger, wieners, and bologna; it must be processed in some way in order to be acceptable to the American consuming public.

The other kind comes from what we call finished, or fed, or fattened cattle—steers and heifers—and is eaten as steak, roasts, etc.

The U.S. market is presently suffering from a shortage of the first kind and an oversupply of the second. Attempts to rectify an oversupply of finished cattle by reducing imports of processing meat would be tantamount to trying to help steel producers by banning importation of aluminum or copper.

Domestic production of processing beef has declined to 14 pounds per capita in 1963 from 27 pounds per capita in 1955. The reasons are threefold: the widespread growth of artificial insemination has drastically reduced the numbers of bulls, long-term improvement in yields of milk cows has reduced the number of dairy cows per capita, and third, beef cows have not been marketed in expected numbers the last few years because beef cattle breeders have been keeping cows longer than normal to increase their herds.

Processors are able to fill only about half their needs for processing beef from domestic sources. If foreign sources of processing beef were eliminated, there would be a volatile market reaction and such popular mass consumer items as wieners and hamburgers would be priced out of the supermarket meat case.

However, this situation has absolutely no bearing on the fact that American feeders of finished cattle have at present an extremely weak market. Heavy cattle, over 1,000 pounds, were 11 percent more numerous in January 1964 than they were a year ago. The beef cow herd is now one-third larger than it was 6 years ago. The feeders have had a series of prosperous years and steadily increasing herds; they have finally overstocked the market.

It is my contention that not only would U.S. farmers be doing themselves no benefit by action to curtail or eliminate the importation of beef, but they would be doing themselves great economic harm. The United States exports several times as much agricultural goods as it imports and the American farmer is in a vulnerable position and risks retaliation when he raises the question of embargo.

I am enclosing an editorial from the Des Moines (Iowa) Register, an editorial from "Barron's" and a news release from the American Meat Institute giving further arguments to my position.

Very truly yours,

CARL H. LAVIN, *President.*

[From the Des Moines Register, Mar. 1, 1964]

BEEF PRICES AND IMPORTS

The mayor of Corning, Iowa, Lyle Silsby, issued a proclamation prohibiting the sale of imported fresh or frozen beef in his town, saying violators would be punished with fines up to $100 a day. Even if the mayor had legal authority to regulate the sale of beef which he does not (the U.S. Constitution reserves to Congress the power to regulate commerce with foreign nations and among the several States), this would be a futile gesture.

Beef consumption in Corning, or in the whole State of Iowa for that matter, has little effect on the price of cattle. The low level of cattle prices worries beef producers—and Mayor Silsby—and they are reaching for a handle to try to raise prices. The cattleman seems to be fascinated with the old bogeyman of "imported beef" as the crux of his problem. Mayor Silsby is helping to focus attention on that issue, even though his action has no practical value.

This heavy emphasis on imports as the source of the trouble may be emotionally satisfying. It puts the blame on some "durn furriners," and the solution is simple—just shut off the imports.

Unfortunately, however, this single-minded concern about imports neglects the main cause of the low cattle prices, which is large domestic production.

Shutting off the imports would help prices, of course. But it would alienate much of the trading world in which the U.S. farmer is a big exporter. It would invite retaliation against U.S. pork, lard, corn, wheat, soybeans. The Corn Belt farmer would be cutting his own throat if he succeeded in barring beef imports from this country.

The Federal administration already has reached an agreement with Australia, New Zealand, and Ireland which calls for a substantial reduction in beef imports this year (about 6 percent) on a voluntary plan. To go further than this would be not just a simple solution to the cattle price problem but a simple-minded solution.

The Government has announced a plan to buy beef for school lunch and relief distribution. This ought to add some support to the cattle market this year. But it is unlikely that the Government can buy enough beef to prop up prices very much. Beef is a perishable commodity. It would be unwise for the Commodity Credit Corp. to acquire a huge inventory of fresh and frozen beef. Even to take on a large supply of canned beef would be an expensive proposition.

Cattle growers and feeders who have been among the sharpest critics of the grain price support programs in the past ought to think hard before they advocate a big price support program for cattle. The same arguments they use against grain price supports apply to beef, only more so. But a wisely conducted beef buying plan on a modest scale could be helpful in ironing out some of the low spots in the cattle market, and we believe this should be done.

The trouble with the cattle market is shown by the Government figures of cattle on feed. The number on feed weighing over 1,000 pounds on January 1 was 11 percent larger than on that date a year earlier, and cattlemen stated their intentions of marketing 6 percent more cattle in the first quarter of this year than they did a year ago. As these burdensome supplies of cattle now in feedlots are sold, however, prices should begin to rise later in the year.

In the long run the prospects for cattle are good. The demand for beef is growing faster than the demand for other farm products. The unfavorable returns from cattle feeding in the last couple years (after a long string of good years) do not justify a drastic import quota on beef, nor do they justify a big cattle price support program.

[From Barron's National Business and Financial Weekly, Mar. 9, 1964]

DECLINE OF THE WEST—THE CATTLEMEN'S PLEA FOR IMPORT QUOTAS IS MOSTLY BALONEY

As one who has seen perhaps more than his share of old movies, not to mention such television favorites as Rawhide, Bonanza, and Lawman, this observer lately has been struck by what he can only describe as the decline of the West. Time was when gunslingers, gamblers, and cowboys were faithful to tradition; however, these days, especially on 23-inch screens, their once-sharp images all too often tend to blur. Instead of villains who are mean clean through—like blackgloved Jack Palance in the unforgettable Shane—we now have repentant badmen. Redskins frequently wind up as heroes, while the U.S. Cavalry, like today's much-maligned Air Force, is loaded with hate-filled neurotics. Even the legendary cattle baron no longer runs true to form: from an evil old man who loves to gun down squatters and nesters, he has somehow turned into squareshooting Ben Cartwright, neighborly owner of the Ponderosa.

Myths, so the saying goes, die hard. Yet even a true believer in the legends of the West must admit that recent history has shaken his faith. From every corner of the Old Frontier—from Dodge City, Tombstone, and other places fabled in story and song—the Nation's cowpokes have been raising a wholly uncharacteristic cry for help. While their rugged forebears were willing to go it alone against all kinds of hazards, natural and manmade alike, today's cattlemen are evidently a different breed. Threatened by a mounting flood of imported beef, they have sought to stampede Congress into coming to the rescue. Last Thursday, indeed, on the issue of whether or not the United States ought to decree strict quotas on imports of meat, they lost the showdown on the Senate floor by only two votes.

The thin margin of defeat—which, by the way, may not be final—suggests that ranchers swing plenty of weight on Capitol Hill. However, their political muscle is more impressive than either their economic wisdom or devotion to principle. On the first count, the industry today is suffering less from competition abroad than from overproduction (spurred by an artificially cheap supply of feed) at home. The cattle cycle right now is running against the producers; sooner or later, in the natural course of events, it will turn. Meanwhile, by their misdirected drive, the cattlemen are threatening to undercut the Nation's bargaining position in future tariff negotiations. They also have shown an alarming willingness to ride roughshod over such cherished American precepts as free markets and free trade.

What they are beefing about, of course, is the recent drop in cattle prices. In Chicago last week, for example, choice steers sold at $23 per hundredweight, down from $25 a year ago. During the past 15 months or so, quotations have fallen by over 20 percent. The price decline, which has coincided with a sharp rise in imports of lower grade beef and veal, has triggered demands for action from all over the range. (One Nebraska community decided to take the law into its own hands; it recently passed an ordinance banning the sale of foreign beef.) Washington has been equally quick to respond. Last month the Department of Agriculture launched two fresh beef purchase programs. The State Department hurriedly negotiated agreements under which Australia, Ireland,

and New Zealand, three leading exporters, pledged to limit shipments in 1964 to the 1962–63 average, a move which will cut back U.S. imports roughly 5 percent from current levels. On Capitol Hill Senator Hruska, Republican, of Nebraska, with fine bipartisan support, introduced an amendment to the pending farm bill which, in effect, would have cut meat imports in half. As noted, his proposal was narrowly beaten. However, it is still very much alive in the form of a bill now before the Senate Finance Committee.

Throughout the running debate, which covers hundreds of pages in the Congressional Record, virtually every Western lawmaker took a pot shot at imports. Yet, so more dispassionate authorities agree, they are not the villain of the piece. One man has had the courage to say as much in public, to an audience of cattlemen to boot. At the 16th Annual Livestock Conference in Omaha last week, Herrell DeGraff, president of the American Meat Institute, laid the facts on the line. "Seldom in the history of the cattle business," he reminded his hearers, has there been a more flourishing era than the years since 1957. Consumption has increased steadily, to a recordbreaking 95 pounds per head in 1963. Prices have generally been high—"the retail value of the per capita supply rose from about $40, 10 years ago, to about $55 in each of the last 2 years." Such unparalleled prosperity, Mr. DeGraff went on to observe, "perhaps was too good to be true and too good to last." For it stimulated a vast expansion in what might be called capacity—from a low of 24 million in 1958, the number of beef cows had risen at latest count to nearly 32 million head. (Total U.S. cattle inventory on January 1, 1964, stood at a recordbreaking 106.5 million head.) Ranching became a profitable sideline for such unlikely beef barons as Jack Benny, the Hunt Oil Co., and the Mormon Church.

As for imports, the recent surge is merely another consequence of all the fat years. According to the AMI official: "Our demand for fed beef has resulted in just about every feedable critter going into the feed lot." Hence the domestic supply of what is known in the trade as lean, manufacturing beef, the lower grades which go largely into products like wieners and hamburger, has been chopped nearly in half. Naturally foreign sources emerged to fill the gap. Even with the huge increase in imports, however, the total supply of this kind of beef last year actually fell short of the quantity available a decade ago. "It seems to me," summed up Mr. DeGraff, "that the very success—the fantastic success—of beef in the consumer market in recent years has, of itself, built up much of the trouble that the cattle industry is now facing."

In Mr. DeGraff's knowledgeable view, then, some adjustment is inevitable; after the fat years must come the lean. While perhaps unpalatable to those who raise livstock, his down-to-earth ideas make far more sense than anything we have read on the issue in the Congressional Record. In rushing to succor the ranchers, sound conservatives like Senators Hickenlooper, Lausche, and Goldwater have added not a whit to their laurels. In seeking to appease powerful interests at home, the State Department has merely succeeded in undercutting its position abroad. In the forthcoming Kennedy round of tariff negotiations, after all, the U.S. Government is supposed to be a champion of free trade. Its quick surrender to the cattlemen will scarcely enhance its global image.

Meat quotas, finally, make hash of some of the administration's favorite pretensions. President Johnson, as everyone knows, has declared war on poverty. He also has named a special commission to protect the consumer. However, if they prove effective at all, restrictions on foreign beef and veal, which go largely into low-priced meat products, can only work at the expense of the general public. In political wheeling and dealing, the consumer sooner or later winds up as the forgotten man. Only the free market can or will look out for his interests.

[For afternoon release, Thursday, March 5]

AMERICAN MEAT INSTITUTE,
Chicago, Ill.

OMAHA, March 5.—The Nation's voracious appetite for hamburgers and hotdogs currently requires substantial imports of manufacturing-type beef, Herrell DeGraff, president of the American Meat Institute, told the 16th Annual National Livestock Conference at Ak-Sar-Ben Coliseum here today.

Dr. DeGraff, a widely known agricultural economist and food industry analyst, said that domestic production of cow and bull meat dropped from 27 pounds per person in 1955 to 14 pounds in 1963—an almost 50 percent decline. Including current annual imports of approximately 1.5 billion pounds of manufacturing-type beef, the per capita supply of this hamburger and frankfurter beef is still down about 15 percent from 1955, he said.

He cautioned that sharp cutbacks in imports would have adverse impact on supplies of hamburgers and wieners, which account for nearly one-third of beef consumption.

"If the hotdogs, hamburger, and other processed meats are to be in our markets in anything approaching stable quantities, it can be accomplished during years of low cow slaughter only with imported processing beef. This situation, in degree, will continue to be true until our domestic production of manufacturing-type beef again turns upward.

"Since 1955, we have had an increase of 10 million tenagers alone. And these youngsters, of course, are the big hamburger and hotdog consumers.

"I believe that it is better to keep people eating these products made from beef than it is to surrender this market to alternative foods to which the consumers could and would have to turn," Dr. DeGraff said.

Current beef imports, he said, are a relatively minor factor affecting cattle prices compared with domestic overproduction of fed cattle and the competition of other foods.

He quoted U.S. Department of Agriculture figures that average cattle prices are down about $3.70 per hundredweight compared to a year ago. The USDA estimated that about 20 cents of the drop was due to increased supplies of poultry and pork, about 50 cents due to increased imports, and about $3 due to increased domestic beef production.

"While I hold no brief for the precision of these figures, I do think that they are roughly in line with the facts," Dr. DeGraff said. "And if this is true, it indicates that there are matters of concern to the cattle industry that run deeper than the single question of imports."

Emphasizing that his purpose was to try to bring imports into proper perspective, Dr. DeGraff listed four steps for cattlemen which he said would help solve the current price squeeze:

1. Tighten up ranch operations by culling old and barren cows.
2. Quit overfattening of cattle in feed lots.
3. Avoid bunched marketings.
4. Support expanded beef promotion programs directed toward consumers.

Dr. DeGraff predicted a continued rise in consumer demand for beef. "Prospective population growth and the continued rising level of consumer income indicate that by 1970 we will need in this country some 25 percent more beef production potential than we have at the present time. The tougher part of the outlook is some intermediate years of adjustment—a time when we have temporarily overproduced," he said.

He pointed out that meat packers traditionally have been neutral in questions of tariff and trade.

"This is certainly not for lack of interest in such questions, as they may affect our domestic livestock industry. Rather, the policy is recognition that trade is a two-way street. We have an enormous amount of tallow and grease—$150 million worth last year— that must be sold abroad. Other exports last year included $80 million worth of hides and $25 million worth of variety meats. There are still other slaughter byproducts for which we need export markets.

"It is certainly true that in recent years, meat imports have considerably exceeded the value of slaughter-product exports. But this has never yet been true over the whole of a cattle cycle. Trade is, and still must be a two-way street—and even the present imports problem cannot be regarded as all white or all black, as all good or as all bad," Dr. DeGraff said.

GALVESTON, TEX., *March 11, 1964.*

Senator RALPH YARBOROUGH,
Senate Building, Washington, D.C.:

Referring to Mansfield 465 H.R. 1839 designed to curtail meat imports presently before Senate Committee on Finance, we as party vitally interested in transportation industry desire to register our opposition to Mansfield amendment 465 which if enacted would be very detrimental in all phases to the port of Galveston.

As question of meat imports under general investigation by U.S. Tariff Commission with public hearing scheduled April 28 next, we prefer Senate Finance Committee withhold action to await result Tariff Commission hearings. As constituents we respectfully solicit your opposition to Mansfield amendment 465 H.R. 1839 and request this telegram be read and incorporated in Senate Finance Committee hearings now being held.

RICE KERR & CO.

STATEMENT OF RAY OBRECHT, MASTER, COLORADO STATE GRANGE

Mr. Chairman and committee, we are aware that other imports and exports enter into the picture. We are aware of the GATT meetings coming up and the Common Market problems. We are also aware that wheat is not allowed to be imported in large quantities into the United States, that sugar has used quotas in the past, and we are not setting a precedent by proposing realistic quotas for beef.

Here are a few facts that seem to be overlooked by those who do not make their living from raising cattle. The South has taken cotton and other crops out of production under farm programs, and has gone into cattle. The Southern States are outproducing the West in many cases, and continue to increase. Colorado had a 1-percent increase in beef cattle in 1963. Although the investor-farmer operation is a deplorable one, it is not increasing production, since he buys ranches and farms. The legitimate farmer could probably run these more efficiently, if he could buy these lands at prices he could afford. The city farmer is using the farm as an income tax writeoff, and does not necessarily need to profit. Something should be done to plug this loophole. As the sheepmen have been forced out of business by low prices and large imports, they have also gone into cattle.

Thus, the beef industry had an increase in 1963 of 6 percent, although the dairy cattle decreased 3 percent. So the overall increase in cattle in the United States is little over 3 percent, which is also our population increase. If it were not for the 26 percent increase in meat import inspections in 1963, we would not be in trouble. We feel it is only right we limit imports to 5 percent of our domestic per capita consumption, and thus let an industry which had stayed away from direct subsidies, continue to get its fair share at the domestic market place. In Colorado the cattle industry leads all others in creation of new wealth, and we urge consideration of quotas as we suggest in our statement.

Respectfully submitted.

RAY OBRECHT,
Master, Colorado State Grange.

HAMDEN, CONN., *March 11, 1964.*

MRS. ELIZABETH SPRINGER,
Senate Committee on Finance,
Senate Office Building, Washington, D.C.:

Object to Mansfield amendment S. 2525 to H.R. 1839 and request permission to file written statement to be included in written record of hearing.

THE YANTIC GRAIN & PRODUCTS CO.,
ROBERT ADNOPOZ.

YANTIC BEEF CO.,
Mt. Carmel, Conn., March 17, 1964.

MRS. ELIZABETH B. SPRINGER,
Chief Clerk, Senate Finance Committee,
Senate Office Building, Washington, D.C.

DEAR MRS. SPRINGER: I would like the following statement entered in the printed record of the current hearing of the Senate Finance Committee.

I, as a sales representative of imported meat, feel strongly that the Mansfield amendment 465 to H.R. 1839 should be defeated. The reasons for the above statement are as follows:

The initial reaction of the restriction of import quotas would be an increase price to the consumer of manufactured and processed meats, mainly hotdogs, cold cuts, and hamburg. The use of imported meats by the retail food markets enables the store to utilize high quality domestic steer beef by absorbing the excess fat, and thus bring his average cost of beef cuts down to a realistic price level.

The reduction of imported meat supplies would also immediately raise the price of the remaining quantities of this product, and would result again in the spiralling of prices at the consumer level. The end result of the increase in these commodities would drive the consumer to purchase other nonmeat products.

A final result of the reduced supplies of imported beef would be the loss of employment to those now actively working in the sale, transportation, and processing of this commodity.

Once again, I strongly recommend continued cooperation to this amendment.

Very truly yours,

ROBERT ADNOPOZ.

THE CLEVELAND UNION STOCK YARDS CO.,
Cleveland, Ohio, March 16, 1964.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
U.S. Senate, Senate Office Building, Washington, D.C.

DEAR SENATOR BYRD: Understanding that you have under consideration amendment 465 to H.R. 1839 by Senator Mansfield to limit importation of beef and other meat products, we urge you to support the measures which are vitally necessary for the protection of the livestock and related industries in this country.

The cattle industry has been able to produce a supply of beef sufficient to satisfy a growing consumer demand at prices well within reason. The per capita consumption of beef in the United States increased from 54.9 pounds in 1940 to 89.1 pounds in 1962, and is now at its highest level.

Prior to 1958 the imports of beef were nominal, but with the change of conditions in Australia and New Zealand, a flood of beef and mutton has inundated our markets creating a perilous condition in the cattle and sheep industries.

The situation is particularly desperate in the regions where considerable lower grade cattle are produced for meat purposes, particularly as a byproduct of the dairy industry or as a complementary enterprise during the period of depressed milk prices.

In Ohio the beef and dairy cattle producers are especially affected since they market a large volume and proportion of livestock usable in competition with imported meat. The future of the industry is threatened. Other industries which supply or serve livesock producers are already suffering from the price depression.

A reasonable limit, not to exceed an average of the last 10 years should be established to insure continued existence of a dependable livestock industry and healthy rural community in this country.

Respectfully yours,

A. Z. BAKER, *President.*

LIBBY, MCNEILL & LIBBY,
Chicago, Ill., March 16, 1964.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D.C.

MY DEAR SENATOR BYRD: We should like to take this opportunity to make known to the members of the Senate Finance Committee our views with respect to the proposal to amend H.R. 1839, now pending before your committee, to restrict the importation of beef into the United States.

Libby, McNeill & Libby has been engaged in the production and marketing of canned food products, including canned meat products, for almost 100 years and is presently one of the world's largest processors of a diversified line of canned and frozen foods. It operates one of the world's largest plants exclusively devoted to the production of over 20 different canned meat items at its plant located at Morgan Park, Chicago, Ill.

The company does not engage in the slaughtering or boning of cattle and relies principally on the domestic market for its supply of fresh meats for processing into canned meat products, with approximately 7 percent of its requirements obtained from foreign sources.

We are fully cognizant of and sympathetic with the pricing problem confronting the cattle industry, but we frankly do not believe that the proposed restriction on the importation of beef, as contemplated in the proposal being considered by your committee, is an effective or justifiable resolution of the cattle industry's problem.

As pointed out in Barron's on March 9, 1964:

"* * * the industry today is suffering less from competition abroad than from overproduction (spurred by an artificially cheap supply of feed) at home. The cattle cycle right now is running against the producers; sooner or later, in the natural course of events, it will turn. Meanwhile, by their misdirected drive, the cattlemen are threatening to undercut the Nation's bargaining position in future tariff negotiations. They also have shown an alarming willingness to ride roughshod over such cherished American precepts as free markets and free trade."

It is well established that the production of manufacturing of cow and bull beef for manufacturing purposes has substantially declined from 4,121 million pounds in 1954 to an estimated 2,835 million pounds in 1963.[1] The per capita supply of available manufacturing beef has declined from 29.9 pounds in 1954 to an estimated 15.5 pounds in 1963. We believe these statistics to be especially significant for us as a manufacturer of canned meat items, since it demonstrates the need to be constantly concerned with an available supply of manufacturing beef to adequately and properly supply the consumer market throughout the year. We wish to emphasize for your consideration that, since 1957, it has been necessary, because of the dwindling domestic supply of manufacturing beef, to rely on foreign sources of supply in order to adequately meet our requirements.

Despite the assertion by some members of the cattle industry that the importation of foreign beef is directly responsible for the price break with which it is confronted, we think your careful analysis of all of the pertinent information and data available to you, will clearly demonstrate that the cattle industry as a whole is benefited rather than hindered by the importation of present amounts of foreign beef.

We should like to call your attention to the carefully considered and incisive statement of Dr. Herrell DeGraff, a widely known agricultural economist and food industry analyst, now president, American Meat Institute, in an address before the 16th annual livestock conference at Omaha, Nebr., on March 5, 1964. We quote the following excerpt from Dr. DeGraff's address:

"In all of the discussions about beef importation—discussion which I fully understand from the cattlemen's viewpoint—I have heard very little explanation of why the sharply increased quantity of imports has been flowing into this country. The major reason is of course the reduced quantity of domestic supply of manufacturing beef."

This substantiates our need for reliance on the importation of foreign beef to supply our requirements of manufacturing beef for some canned meat products.

We have said that the importation of foreign beef will help rather than hinder the overall meat industry. We say this because, as Dr. DeGraff again pointed out in his address:

"In other words if the hot dogs, hamburgers, and other processed meats are to be in our markets in anything approaching stable quantities, it can be accomplished during years of low cow slaughter only with imported processing beef and this situation, in degree, will continue to be true until our domestic production of manufacturing-type beef again turns upward. I still believe, as I did when I wrote the book 'Beef Book' for the American National a few years ago that it better to keep people eating these products made from beef than to surrender this market to alternative foods to which consumers could and would turn."

We think this is extremely important to note in your consideration of the restrictive proposal before your committee.

Further, with increasing supplies of fat trimmings and secondary cuts from the increasing table beef supply, the domestic supply of cow and bull beef was quite inadequate for blending purposes. Moreover, this combined domestic supply of fat and lean beef was greatly inadequate to meet the demonstrated increasing demand for processed meat products.

As a manufacturer of processed meat products and a substantial user of fresh meats, particularly beef, we are mindful of the problem confronting the cattle industry, but are convinced it is deeper and broader than the present imports problem. Our imports of fresh and frozen beef are primarily of lean, boneless

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[1] Source: Adapted from data appearing in "Livestock and Meat Situation," issues LMS-134 and LMS-135, published by U.S. Department of Agriculture.

beef for manufacturing purposes with which Libby, McNeill & Libby is exclusively concerned. The amount of such beef marketed for table use is insubstantial and insignificant and even that small amount is competitive only with the lowest grades of beef for table purposes and not with prime, choice, and good fed beef. As such a processor, if import restrictions were made effective on our utilization of foreign beef for manufacturing purposes, the price of the canned meat products marketed by Libby, McNeill & Libby would be substantially increased. Such an increase in price, our marketing history shows, would drive consumers from the canned meats market and thus adversely affect the entire meat industry.

Further, the proposed restriction on imports cannot and will not resolve the cattle industry's concern with fed beef as is pointed out by the U.S. Department of Agriculture:

"With the introduction of large-scale fedlot finishing fluctuations in fed cattle prices may occur somewhat independently of the general cattle cycle. Prices of the various classes of cattle often move independently of each other."[2]

For the foregoing reasons we respectfully urge that amendment No. 465 to H.R. 1839, to restrict imports of beef, veal, mutton and lamb into the United States, be opposed and that our views be made a part of the record before your committee upon its consideration of this proposal.

Sincerely,

JOHN H. EHRENFELD.

BOARD OF COUNTY COMMISSIONERS,
MEAGHER COUNTY,
White Sulphur Springs, Mont., March 16, 1964.

Senator HARRY BYRD,
Senate Finance Committee,
New Senate Office Building,
Washington, D.C.

DEAR SENATOR: I urgently request your favorable action on Senator Mansfield's amendment No. 465 to H.R. 1839, on limiting imports of beef from foreign countries.

On my own behalf and that of this county and State, I feel that something has to be done to protect us from these imports which will be ruinous to our industry. We cannot long withstand our prices going down and our costs going up. Already prices have dropped to several cents below our bare minimum costs of raising a pound of beef.

Why should the United States have a lower tariff than other countries, when our economy prohibits our competing on beef prices?

Please consider the protests of an industry which has always preferred to stand on its own feet, but is finding that the ground is being cut from under it.

Yours very truly,

BURT L. HURWITZ, *Chairman.*

MARCH 16, 1964.

Senator HARRY BYRD,
Chairman, Senate Finance Committee,
New Senate Office Building,
Washington, D.C.
(Attention of Mrs. Elizabeth B. Springer).

DEAR SENATOR: As president of the Producers Commission Association of Sioux City, Iowa, I, Charles F. Beermann, farmer and livestock feeder of Dakota City, Nebr., hereby present for your consideration the following resolution proposed and unanimously accepted by approximately 1,000 members of the association at their 40th annual meeting, January 16, 1964.

"*Be it resolved,* That the membership of the Producers Commission Association of Sioux City, Iowa, does at this, our 40th annual meeting in Sioux City, Iowa, January 16, 1964, take a position in regard to imports of meat and meat products as follows:

1. That quotas be set on imports of meat and meat products of beef, pork, and lamb, into the United States at such levels that there will not be a depressing effect on prices of domestic beef, pork, and lamb.

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[2] Source: Livestock and Meat Situation, LMS–136, March 1964, U.S. Department of Agriculture.

2. That tariffs on meat and meat products imported under these quotas shall not be lowered to levels below those now in effect.

3. That when any imported meat or meat products are offered to consumers in fresh or frozen form, or as an ingredient in manufactured foods that the fresh, frozen, or manufactured food carry a label which sets out clearly that it is in fact an imported meat item or includes imported meat items.

And further, that the manager and officers of this association be instructed to make known this three-point position on meat imports to the Secretary of Agriculture, the Office of International Trade of the United States, State Department, and all U.S. Representatives and U.S. Senators serving the trade territory of this association and finally, that they communicate with and work with the National Live Stock Producers Association, American Farm Bureau Federation, American Cattlemen's Association, and related organizations to make known this position and affect its acceptance as policy.

The members of this association are deeply concerned. Their operating capital in many instances has been severely reduced or completely wiped out. Veteran cattle feeders of many years experience have suffered losses beyond comprehension. The young farmers of today who will, in the future, become America's agricultural mainstays, have, in many cases, lost their entire equities. More and more of these young farmers are facing foreclosure at a time when a strong agricultural foundation is sorely needed to supply our ever-increasing demand for food and fiber.

The Producers Commission Association, in addition to serving the marketing needs of nearly 10,000 owner-members, provides several million dollars credit to the livestock producers. This brings us very close to the feeders financial situation. Although many similar examples are available, the following are typical:

Feeder A in northeast Nebraska fed out around 3,000 cattle in 1963 sustaining a loss of over $50,000 due solely to the continuing drop in feed beef values. In this case, it is difficult for a lender to offer further financing for the coming year. As a result, this highly efficient producer will no longer be helping to fill the Nation's dinner plates. Many thousands of dollars worth of equipment and facilities will be left to decay.

Feeder B is located in northwest Iowa, and has been finishing out some 600 cattle annually. While this is a much smaller operation, the financial picture is the same. A decline of $12,000 in net worth occurred. Real estate refinancing will be required to pay current obligations. Further operations on this farm will require more indebtedness. It will be difficult for a lender to justify financing without assets that once were available.

Feeder C is a younger farmer in southwestern South Dakota who has been operating only a few years. He was able, with considerable financial aid, to work his feeding operation up from a 20- or 30-head-a-year basis to around 500 head. His previous earnings were plowed back into the business as facilities, production equipment, machinery, etc. The year long price decline puts this man on the verge of bankruptcy.

Many millions were lost in this trade area alone. Let's look at just another fact. During the week ending January 3, 1963, the price of choice steers at Sioux City was 26.87 per hundredweight. During the same week in 1964, choice steers sold at an average price of $21.29 at Sioux City, a drop of $5.58 per hundred. The average weights for the two periods were within 8 pounds per head, or an average for the 2 years of 1,168 pounds. At $5.58 per hundred, the loss runs into $64.17 per head. During the week in question, 6,275 choice steers were marketed at Sioux City for a total loss of $402,666.75 as compared to year earlier figures. It is important to realize that each of these is not merely a statistic, but is representative of a great deal of effort and hard work. It must be emphasized too that these losses are due strictly to the price decline. Other conditions generally were normal, and the people concerned were excellent, efficient farmers, feeders, and managers. What has happened is in the past. The actions taken now by the Nation's leadership to maintain imports at a level not higher than the 1958–63 average is of paramount importance to every citizen.

As a representative of the Producers Commission Association and the National Live Stock Producers Association, and of farmers and cattle feeders throughout the entire Midwest, let me point out the necessity of action, not in several months or several weeks, but now. It is imperative that the administration act without hesitation on this crucial situation. Waiting until the market has made its slow and painful recovery, leaving countless numbers of crippled producers in it's wake, will only compound the already alarming situation.

It is also imperative that you, as leaders in a position to initiate action on the situation, realize the profound influence of the depressed livestock markets on the general midwestern economy. The midwestern section of the United States is virtually dependent upon one and only one source for its lifeblood. Yes, the farmer and livestock feeder is the key to the entire midwestern economy. In this area, business and industry depends, almost entirely, upon the agriculturalist for survival.

Gentlemen, in view not only of the losses sustained by the nearly 10,000 members of the Sioux City Producers Commission Association, but also those of the entire livestock feeding population in the Midwest, and on behalf of that group of cattle feeders, I implore you to do, with the powers vested in you, all that is possible to alleviate this disastrous situation by reducing meat imports to a level not to exceed the 1958–63 average.

Yours truly,

CHARLES F. BEERMANN, *President.*

SIOUX CITY, IOWA, *March 13, 1964.*

Mrs. ELIZABETH E. SPRINGER,
Chief Clerk, Senate Finance Committee,
New Senate Office Building, Washington, D.C.:

Will be unable to appear as witness personally at beef import hearings. Written statement will follow.

CHARLES BEERMANN.

MARCH 13, 1964.

Mr. CHARLES BEERMANN,
Sioux City, Iowa:

Do not understand your telegram of March 12 addressed to chairman. We do not have a representative of National Livestock Producers Association listed Did you intend telegram to be request that you be scheduled as a witness?

Mrs. ELIZABETH B. SPRINGER,
Chief Clerk, Senate Finance Committee.

SIOUX CITY, IOWA, *March 12, 1964.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D.C.:

Expect to be represented at beef import hearing by National Livestock Producers Association or cooperative counsel.

CHARLES BEERMANN.

FISHTAIL, MONT.

A RESOLUTION

Whereas the importation of beef and beef products into the United States now accounts for at least 11 percent of domestic consumption as compared to 2 percent some 12 years ago; and

Whereas the livestock producer received at least 3 cents per pound less for the 1963 crop as compared to the 1962 crop; and

Whereas the prospects for 1964 are for a further price decline; and

Whereas the prices paid by livestock producers for supplies and equipment have steadily increased over the years: Now, therefore, be it

Resolved, That the Beartooth Stockgrowers Association strongly urges the adoption of a beef import quota system as proposed by Senator Mansfield; and be it further

Resolved, That we urgently and respectfully are looking for an early passage of such an import quota system in order to forestall any further decline in livestock prices; and be it further

Resolved, That a copy of this resolution be forwarded to Senator Harry F. Byrd, chairman of the Senate Finance Committee, Senator Mike Mansfield, Senator Lee Metcalf, and to the Montana Stockgrowers Association.

I hereby certify that the foregoing is an exact copy of the resolution passed at the meeting of the Beartooth Stock Association held at Absarokee, Mont., on March 14, 1964.

VERNON KELLER, *Secretary*.

U.S. SENATE,
COMMITTEE ON APPROPRIATIONS,
March 16, 1964.

Hon. HARRY FLOOD BYRD,
Chairman, Committee on Finance,
U.S. Senate, Washington D.C.

DEAR MR. CHAIRMAN: Peter E. Marble, president of the Nevada State Cattle Association, has mailed me a statement for inclusion in the hearings on amendment 465 to H.R. 1839.

While your committee has scheduled time for Mr. Marble to appear in person on Thursday, March 19, he has informed me that he will be unable to make this appearance. I shall, therefore, appreciate your including his statement in the official record.

Cordially,

ALAN BIBLE.

STATEMENT OF PETER E. MARBLE, PRESIDENT, NEVADA STATE CATTLE ASSOCIATION

Mr. Chairman, the Nevada livestock industry and the residents of our State, as spoken for by our distinguished representatives, Gov. Grant Sawyer, Senators Alan Bible and Howard Cannon, and Congressman Walter Baring, support the legislative purpose of amendment No. 465 to H.R. 1839. We ask the U.S. Senate to maintain economic and social opportunities for our industry and people by voting for the passage of law which will regulate the importation of meat and meat products in a manner conducive to the growth, prosperity, and full employment of the labor and productive resources of the United States and the State of Nevada.

We respectfully ask that in accomplishing the foregoing, the wording of H.R. 10334 relating to amendment of the Meat Import Limitations Act and the recommendations of the American National Cattlemen's Association be substituted for, or incorporated within, amendment 465. In our judgment, it is particularly important that import regulations of canned, cooked, and cured items be included within the regulatory provisions, and that proportional sharing of our future market and productivity be conditioned upon the existence of effective parity conditions in our domestic marketplace.

We cannot stress too greatly the deterioration in the social and economic welfare of Nevada livestock producers in recent years, due to the importation of foreign meats. At the same time, we ask you not to overlook that our industry without Federal subsidy or production controls but with recourse only to its own ingenuity, resources, and prospects of a fair return for investment of labor and money, has produced the most abundant, economical, quality meat product the United States, or the world, has ever known. Under no conditions will we accept, or will we emulate, agricultural programs of the sort which have lead to such overwhelming failure generally in foreign agriculture; or such unwarranted expense and conditions as exist within segments of domestic agriculture.

We ask only that the people of our country, through the Congress, allow us, the American cattle industry, the opportunity of continuing the most remarkable and successful agricultural experience the American consumer, or the world, has ever known. We agree to the sharing of our present and future markets with foreign neighbors. We know, however, with a certainty that the value to foreign agriculture or economics of U.S. market sharing will last only so long as our U.S. agricultural economy, and particularly livestock production, remains strong and healthy. Such is not the case today in Nevada. We believe that congressional regulation of imports, as provided by H.R. 10334 and proposals of the American National Cattlemen's Association, should be enacted.

MARCH 12, 1964.

Mr. PETER E. MARBLE,
President, Nevada State Cattle Association,
Deeth, Nev.
Mr. VESTAL ASKEW,
President, Texas Sheep & Goat Raisers Association,
San Angelo, Tex.:

Complying with your request to testify during Senate Finance Committee hearings on Mansfield amendment 465 to restrict imports of beef, veal, lamb, and mutton into United States. Your representative is scheduled to appear Thursday, March 19, in room 2221 New Senate Office Building. Due to Senate convening at 11 each morning, the committee daily hearings next week will be limited to 1 hour, from 10 to 11 o'clock; therefore, each witness is asked to limit his prepared statement for oral presentation within 10 minutes with privilege of submitting a substantiating written statement for the records. Please confirm by wire, verifying name of witness.

Mrs. ELIZABETH B. SPRINGER,
Chief Clerk, Senate Finance Committee.

ELKO, NEV.,
March 11, 1964.

Mrs. ELIZABETH SPRINGER,
Chief Clerk, Senate Finance Committee,
Senate Office Building,
Washington, D.C.:

Nevada State Cattle Association respectfully requests the opportunity to appear before the Senate Finance Committee and present testimony with regard to amendment 465 of H.R. 1839.

Sincerely,

PETER E. MARBLE,
President, Nevada State Cattle Association.

OMAHA CHAMBER OF COMMERCE,
Omaha, Nebr., March 16, 1964.

Mrs. ELIZABETH SPRINGER,
Chief Clerk, Senate Finance Committee,
New Senate Office Building,
Washington, D.C.

DEAR MRS. SPRINGER: As suggested in your wire of March 14, 1964, the Omaha Chamber of Commerce is submitting the attached statement of views relative to the Mansfield amendment. We request that the statement be incorporated in the record of the hearing.

Thank you.

Sincerely,

DEAN A. RABER,
Manager, Agriculture Department.

STATEMENT

MARCH 16, 1964.

To: Senate Finance Committee.
From: Omaha Chamber of Commerce, Omaha, Nebr.

The Omaha Chamber of Commerce submits to the Senate Finance Committee the following statement relative to the importation of meat products into he United States.

We're certain that the current influx of foreign meat into the United States is one of the main causes of plummeting cattle prices in our Nation. Further, we're sure that the prices currently being paid for the products of U.S. farms and ranches will soon affect the economy of the entire Nation.

We know that depressed cattle prices are already having an adverse effect on the economy of the Midwest. Our banks, farm equipment businesses, farm service businesses, meatpackers, and retail stores are now feeling the impact of the livestock producers' plight.

The members of the Omaha Chamber of Commerce believe the solution to the problem lies in congressional action.

Our chamber believes Congress should restrict the importation of beef, veal and mutton (including fresh, chilled, frozen, cooked, cured, and canned products) to the 1960 level, or to approximately 5 percent of the annual domestic production in that year. We do not ask for the total restriction of imported meat. We do feel that the Nation's livestock producers deserve more equitable treatment with respect to imports when there are so many restrictions on U.S. livestock and meat exports.

We agree that there are other problems facing the livestock industry. However, we're confident that the American livestock producer will, on his own, solve those problems if Congress will assure him equitable treatment on the matter of imports and exports.

Respectfully submitted.

JOHN H. BECKER, *President.*

MARCH 14, 1964.

OMAHA CHAMBER OF COMMERCE,
Omaha, Nebr.:

Deadline for accepting requests to testify during current hearings on Mansfield amendment 465 was yesterday noon. Committee unable to hear all those who had previously requested to testify. However, if you desire to submit a written statement of views shall be pleased to incorporate it in record of hearings if received within the next week or 10 days.

MRS. ELIZABETH B. SPRINGER,
Chief Clerk, Senate Finance Committee.

OMAHA, NEBR., *March 13, 1964.*

MRS. ELIZABETH SPRINGER,
Clerk, Senate Finance Committee,
Senate Office Building, Washington, D.C.:

Request Omaha Chamber of Commerce be scheduled to appear on hearing on Mansfield amendment.

AGRICULTURE DEPARTMENT, OMAHA CHAMBER OF COMMERCE.

F. M. STAMPER CO.,
St. Louis, Mo., March 16, 1964.

Hon. HARRY F. BYRD,
Chairman, Senate Committee on Finance, U.S. Senate, Senate Office Building, Washington, D.C.

DEAR SIR: The enclosed market quotations indicate dramatically the lack of relationship that exists between manufacturing-grade beef and butcher-counter beef. You will note that on February 5, 1964, carcass, canner, and cutter cows were quoted at 27 cents, while choice steers, 600 to 700 pounds, were quoted at 36 cents. On March 12, 1964, carcass cows had increased by 2¾ cents to 29¾ cents, while 600- to 700-pound choice steers had dropped 1 cent to 35 cents.

These quotations reflect the shortage that exists in this country of the grade of cattle used for the manufacturing of such items as hamburger, sausage, frozen and canned beef products. The consumer's grocery bill will suffer an increase if import quotas are allowed to be set at an unrealistic low figure.

Yours very truly,

D. W. EDWARDS, *Vice President.*

Offal 73 Dry Rend Tankage 150-165 157½ Lard 9¼
Bones 123½ Bl[illegible] [illegible] .550

LIVE MARKET (Chicago)

Canners	11.00@11.75
Cutters	11.75@12.75
Bologna Bulls	17.50@19.25

Cattle Receipts	10,500
Calf Receipts	None

CARCASS CATTLE AND BULLS (Chicago)

Cows	South	River	North
C.C.	unq	unq	27
Bng. Utl.	unq	unq	25½
Brk. Utl.	unq	unq	24½

North Bolo Bulls, 500/up	31½

U. S. GRADE CARCASSES

Gen. Range		Top Half
24½@25	Com. Cows 6/800	25@25½
unq	Std. Hfrs. 4/600	30½
unq	Std. Strs. 5/700	30½
31	Gd. Hfrs. 4/500	34½ n
33	Gd. Hfrs. 5/600	33
34	Gd. Strs. 5/600	35½ ax
33½	Gd. Strs. 6/700	34½@35
32½	Gd. Strs. 7/800	33½@34
35	Ch. Hfrs. 5/600	35@35½
35	Ch. Hfrs. 6/700	35
unq	Ch. Strs. 5/600	37n
36ax	Ch. Strs. 6/700	36ax
34	Ch. Strs. 7/800	34@34½
32½	Ch. Strs. 8/900	32½@33
unq	Pr. Hfrs. 6/800	unq
unq	Pr. Strs. 7/900	unq

BONELESS PROCESSING BEEF

Domestic C. & C. Gr

Fresh Bull Meat	43½@44
Fresh Cow Meat	39
Fresh Bnls. Chucks	38
Fresh Trmgs. 85/90%	34
Fresh Trmgs. 75/85%	29
Insides, 12/up	47@48
Outsides, 8/up	45@47
Knuckles, 7½/up	46@48
Froz. Shank Meat	39½@40
Froz. Shldr. Clods	39½@40

FROZEN IMPORTED MEATS

F.O.B. Port Of Entry (30 days)

Cow Meat, 90% Vis. Ln.	38@38½
Bull Meat, 90% Ln.	39½@40
Bnls. Mutton, 90% Ln.	28½

DRESSED LAMBS-Carlot

U.S. Choice or Equal

Lambs, 35/45	38½
Lambs, 45/55	36½@37
Lambs, 55/65	34½@35

DRESSED CALVES

Cull, hide off, 60/125	30@31
Utility, hide off, 80/140	34@38
Std., hide off, 90/150	44@46
Good, hide off, 90/150	49@51
Choice, hide off, 90/150	55@56

BNLS. VEAL AND MUTTON

Fresh		Frozen
40@41	Veal Trmgs. 90% Ln.	unq
34	Bnls. Mtn. 90% Ln.	unq

TRIMMED COW AND BULL TENDERS

Fresh Joblot	C. & C. Grade (Packed)	Frozen Carlot
70@75	3/dn. Cow	unq
80@85	3/4 Cow	unq
86@92	4/5 Cow	unq
1.00@1.05	5/up Cow	unq
1.00@1.05	5/up Bull	unq

PRIMAL CUTS BEEF — Carlot

U.S. Choice or Equal

	Heifers	Steers
Fores, 5/700	28	28
Fores, 7/800	unq	26
Hinds, 5/700	42½	45½
Hinds, 7/800	unq	43½
Rounds, 70/90	45@45½	45@45½
Sq. Chux, 70/90	30@30½	30@30½
Arm Chux, 80/110	31@29	28@29
Less than Carlot	Prime	Choice
Trd. Loins 40/50	70@73	62@64
Trd. Loins 50/60	70@73	62@64
Trd. Loins 60/70	75@76	65@65
Ribs 25/30	55	52@54
Ribs 30/35	53	48@50

No. 1 Navels	10@10½
No. 1 Rough Flanks	9½
No. 1 Briskets 12/up	22@23
Full Plates	14½@15

BEEF VARIETY MEATS

(Boxed)	Carlot Frozen
Sel. oxtails (sm. boxes)	13n
No. 1 Tongues, 4/down	29n
No. 1 Tongues, 4/up	28½ n
No. 2 Tongues	24½@25
Cheek Meat, trmd.	24½
Head Meat	23½
Hearts, regular	15½
Hearts, cap-off	20n
Kidneys (small boxes)	17½
Lips, scalded	14½
Lips, unscalded	8½ n
Livers, selected	20½
Livers, regular	14½
Lungs	5½
Melts	5
Tripe, scalded	8½
Tripe, cooked	10n
Udders	6½ n

PACKER HIDES

Nat. Steers, Ex-light	12½@13
Nat. Steers, Light	11½@12
Nat. Steers, Heavy	7½@8
Butt Branded Steers	6½
Colorado Steers	6
Heavy Texas Steers	6½ n
Heavy Native Cows	9½@9½
Light Native Cows	11½@12½ n
Branded Cows	7½
Native Bulls	6n
Pkr. Calf, 9½/15 North	27½@30n
Pkr. Calf, 9½/dn. North	25n
* Pkr. Nat. Kips, 15/25	27½ n
* Pkr. Nat. Kips, 25/30	24½ n

*Northern and River

MIDWEST SMALL PACKER (All Wt.)

Avg.	(Branded 1½ ¢ Less) Native
* 60/62 lbs.	7@7½ n
* 50/52 lbs.	9@9½ n

* Plump and Medium

N. Y. HIDE FUTURES—CLOSE

Apr. 9.86	Jan. (65) 10.63
July 10.05b	Apr. (65) 10.83b
Oct. 10.30b	Tot. Sales 19

TALLOWS AND GREASES (Chicago)

Titre Min.	INEDIBLE F.F.A. Max		F.A.C. Max Unbleached
TALLOWS:			
Fancy 41.5	4	7	5½
Fancy (bleachable)			5½@5½
Prime (Pkr. or rend.) or extra 40.5, 6, 13, or 11b			5½ n
Spcl. 40.5, 10, 19 or 11C			5½
No. 1: 40.5	15	33	5n
No. 2: 40	35	No color	4½ n
GREASES: Ch. White (all hog) Min. 37 titre	4	11	6
B-White 36	10	19	
Basis 2 MIU or 11C			5½ n
Yellow: 36	15	37	5
House: 37.5	20	39	4½ n

NEW YORK MARKET

Fancy (bleachable) Reg.	6n
Fancy (bleachable) HiTir	6½ n

EDIBLE TALLOW

Chgo. and/or basis	8½ ax
F.O.B. River	8½ n
F.O.B. Denver	8ax

TANKAGE-DRIED BLOOD

	F.O.B. Missouri River	Del'vd nearby midwest points (approx. 100 lb. bsd. of Chgo.)	F.O.B. Chgo.
Dry rend. tkge.			
low test	unq	1.65b	1.65n
med. test	1.55n	1.60	1.55n
high test	1.50n	1.55n	1.50n
Wet rend. tkge.			
low test	7.75n	8.00n	7.75n
med. test	7.25n	7.50b	7.25n
high test	7.00n	7.25n	7.00n
Dried blood ungrnd.	7.00n	7.25b	7.00n

THE NATIONAL PROVISIONER DAILY MARKET SERVICE
Wed. Feb. 5, 1964—Series AP, No. 25

Lard 8⅞

LIVE MARKET (Chicago)

Canners	12.50@13.25
Cutters	13.25@14.00
Bologna Bulls	17.50@19.50
Cattle Receipts	600
Calf Receipts	None

CARCASS CATTLE AND BULLS (Chicago)

Cows	South	River	North
C.C.	unq	unq	29½@29½
Bng. Utl.	unq	unq	28½@28½
Brk. Utl.	unq	unq	27@27½

North Bolo Bulls, 500/up . . 32½ b

U. S. GRADE CARCASSES

Gen. Range		Top Half
27@27½	Com. Cows 6/800	27½
29	Std. Hfrs. 4/600	30
29	Std. Strs. 5/700	30
33	Gd. Hfrs. 4/500	33
32½	Gd. Hfrs. 5/600	32½
32½	Gd. Strs. 5/600	33½@34
32½	Gd. Strs. 6/700	33½@34
32	Gd. Strs. 7/800	33
34½	Ch. Hfrs. 5/600	34½@34½
34	Ch. Hfrs. 6/700	34
unq	Ch. Strs. 5/600	35½@36
35	Ch. Strs. 6/700	35
34	Ch. Strs. 7/800	34
32½	Ch. Strs. 8/900	32½
unq	Pr. Hfrs. 6/800	unq
unq	Pr. Strs. 7/900	unq

BONELESS PROCESSING BEEF

Domestic C. & C. Grade

Fresh Bull Meat	44½@45
Fresh Cow Meat	41@41½
Fresh Bnls. Chucks	41
Fresh Trmgs. 85/90%	35
Fresh Trmgs. 75/85%	29
Insides, 12/up	50@52
Outsides, 8/up	49@51
Knuckles, 7½/up	49@51
Froz. Shank Meat	41½ b
Froz. Shldr. Clods	41½ b

FROZEN IMPORTED MEATS

F.O.B. Port Of Entry (30 days)

Cow Meat, 90% Vis. Ln.	40@40½
Bull Meat, 90% Ln.	41½
Bnls. Mutton, 90% Ln.	31

DRESSED LAMBS-Carlot

U. S. Choice or Equal

Lambs, 35/45	43½@44½
Lambs, 45/55	42½@43½
Lambs, 55/65	40@41

DRESSED CALVES

Cull, hide off, 60/125	30@32
Utility, hide off, 80/140	35@37
Std., hide off, 90/150	45@48
Good, hide off, 90/150	50@52
Choice, hide off, 90/150	55@57

BNLS. VEAL AND MUTTON

Fresh		Frozen
42	Veal Trmgs. 90% Ln.	unq
33a	Bnls. Mtn. 90% Ln.	unq

TRIMMED COW AND BULL TENDERS

Fresh Joblot	C. & C. Grade (Packed)	Frozen Carlot
72@76	3/dn. Cow	unq
86@88	3/4 Cow	unq
96@98	4/5 Cow	unq
1.05@1.10	5/up Cow	unq
1.05@1.10	5/up Bull	unq

PRIMAL CUTS BEEF — Carlot

U.S. Choice or Equal

	Heifers	Steers
Fores, 5/700	28	28
Fores, 7/800	unq	27
Hinds, 5/700	41½	43½
Hinds, 7/800	unq	42
Rounds, 70/90	43@43½	44
Sq. Chux, 70/90	32	32
Arm Chux, 80/110	30	30
Less than Carlot	Prime	Choice
Trd. Loins 40/50	70@72	60@64
Trd. Loins 50/60	70@72	60@64
Trd. Loins 60/70	72@74	63@65
Ribs 25/30	51@52	49@52
Ribs 30/35	49@51	46@47

No. 1 Navels	9½@10
No. 1 Rough Flanks	9½@10
No. 1 Briskets 12/up	19
Full Plates	13

BEEF VARIETY MEATS

(Boxed)	Carlot Frozen
Sel. oxtails (sm. boxes)	12
No. 1 Tongues, 4/down	32
No. 1 Tongues, 4/up	32
No. 2 Tongues	27½
Cheek Meat, trmd.	28
Head Meat	23½ n
Hearts, regular	17
Hearts, cap-off	19½
Kidneys (small boxes)	19b
Lips, scalded	14½
Lips, unscalded	8½@8½
Livers, selected	21@21½
Livers, regular	16½ n
Lungs	5½
Melts	5
Tripe, scalded	8½
Tripe, cooked	10n
Udders	5½ n

PACKER HIDES

Nat. Steers, Ex-light	13@13½
Nat. Steers, Light	12@12½
Nat. Steers, Heavy	7½@8½
Butt Branded Steers	6½@6½
Colorado Steers	5½@6
Heavy Texas Steers	6@6½ n
Heavy Native Cows	9@9½
Light Native Cows	11@13
Branded Cows	7½
Native Bulls	6n
Pkr. Calf, 9½/15 North	32½ n
Pkr. Calf, 9½/dn. North	30n
* Pkr. Nat. Kips, 15/25	30n
* Pkr. Nat. Kips, 25/30	24½@26n

*Northern and River

MIDWEST SMALL PACKER (All Wt.)

Avg. (Branded 1½ ¢ Less)	Native
* 60/62 lbs.	7@7½ n
* 50/52 lbs.	9@9½ n

* Fancy and Medium

N. Y. HIDE FUTURES--CLOSE

Apr. 10.70b	Jan. (65) 11.10b
July 10.75b	Apr. (65) 11.25b
Oct. 10.95b	Tot. Sales 19

TALLOWS AND GREASES (Chgo.)

Based on 60,000 lb tank cars

	Titre Min.	INEDIBLE F.F.A. Max	F.A.C. Max Unbleached	
TALLOWS:				
Fancy	41.5	4	7	6n
Fancy (bleachable)				5½@5½
Prime (Pkr. or rend.) or extra	40.5	6	13, or 11b	5½ n
Spcl.	40.5	10	19 or 11C	5½
No. 1:	40.5	15	33	5½@5½ n
No. 2:	40	35	No color	4½@4½ n
GREASES: Ch. White (all hog) Min.	37 titre	4	11	6½ b
B-White	36	10	19 Basis 2 MIU or 11C	5½ n
Yellow:	36	15	37	5½@5½
House:	37.5	20	39	5@5½ n

NEW YORK MARKET

Fancy (bleachable) Reg.	6@6½ n
Fancy (bleachable) Hi Tir	6½@6½ n

EDIBLE TALLOW

Chgo. and/or basis	8½
F.O.B. River	7½ n
F.O.B. Denver	7½ n

TANKAGE-DRIED BLOOD

	F.O.B. Missouri River	Del'vd nearby midwest points	F.O.B. Chgo.
Dry rend. tkge.			
low test	unq	1.75ax	1.70n
med. test	1.60n	1.65	1.60n
high test	1.55n	1.60n	1.55n
Wet rend. tkge.			
low test	7.75n	8.00n	7.75n
med. test	7.25n	7.50n	7.25n
high test	7.00n	7.25n	7.00n
Dried blood ungrnd.	7.00n	7.25n	7.00n

THE NATIONAL PROVISIONER DAILY MARKET SERVICE
Thurs. Mar. 12, 1964--Series AP, No. 51

ILLINOIS LIVESTOCK FEEDERS ASSOCIATION,
Mount Morris, Ill., March 16, 1964.

Hon. HARRY F. BYRD,
Chairman of Senate Finance Committee, U.S. Senate.

DEAR SIR: As an officer of the Illinois Livestock Feeders Association, as well as a livestock producer making my livelihood by producing finished meat animals, I feel compelled to inform you of my view, as well as that of our association, on the present high levels of imported beef, veal, and mutton that have had such damaging effect on our domestic prices, especially in 1962 and 1963.

I urge your committee to vote favorably on a bill to restrict these imports to a level not to exceed the tonnage received in the year 1960, which was about 5 percent of domestic production on beef and veal and about 11 percent of domestic production on lamb and mutton. I believe it is also imperative that the bill should also include restrictions on canned, cooked, and cured meat products as well as chilled, fresh, and frozen meat. The bill should not contain a growth factor, I urge, because the inclusion of such a provision could have serious repercussions in future years.

I believe that such legislation is of absolute necessity to protect the domestic producer from being destroyed by this high level of imported products and give him his fair share in the prosperity of this great Nation of ours.

The prosperity of any nation cannot long endure when such a major segment of its economy is not sharing that prosperity.

Sincerely,

LEROY E. TOMS, *Secretary-Treasurer.*

THE GRIFFITH LABORATORIES, INC.,
Union, N.J., March 16, 1964.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee, Senate Office Building, Washington, D.C.

DEAR SENATOR BYRD: This letter has reference to the Mansfield bill presently being considered before the Finance Committee, which proposes restrictions of imports of beef into the United States on a quota basis.

To the best of my knowledge, the import of beef from New Zealand, Australia, Argentina, and elsewhere are of the canner and cutter variety, which is not the grade of meat which is used for steaks, roasts, etc. Rather, it is the grade of meat that is used for the production of frankfurters, bologna, certain ground beef products. It is only incidentally competitive with the type of beef produced by American cattlemen, which is of the fatter and more tender variety.

I would greatly fear that if the quota system were put into effect it would do little to help the American cattlemen but would do great damage both to the meat-processing industry and to the American consumer. It would, therefore, appear that such action would be unwise.

I hope you will find these suggestions helpful to you.

Sincerely yours,

F. WILLARD GRIFFITH.

TAMPA, FLA., *March 12, 1964.*

Mrs. ELIZABETH SPRINGER,
Chief Clerk, Senate Committee on Finance,
Senate Office Building, Washington, D.C.:

Strongly object to Mansfield amendment S. 2525, H.R. 1839. Any further restriction on meat imports will be detrimental to my business.

J. CORTINA, *Customs House Broker.*

SEATTLE, WASH., *March 12, 1964.*

Mrs. ELIZABETH SPRINGER,
Chief Clerk, Senate Committee on Finance,
Senate Office Building, Washington, D.C.:

Object to Mansfield amendment No. S. 2525, H.R. 1839, and request permission to file written statement to be included in written record of hearing.

ALFRED H. MARZOLF, INC.

ALFRED H. MARZOLF, INC.,
Seattle, Wash., March 16, 1964.

Mrs. ELIZABETH SPRINGER,
Chief Clerk, Senate Committee on Finance,
Senate Office Building, Washington, D.C.

DEAR MRS. SPRINGER: Referring further to our wire of March 11, 1964, reading as follows: "Object to Mansfield amendment No. S. 2525, H.R. 1839 and request permission to file written statement to be included in written record of hearing," and your wire received March 12, for which we thank you, reading as follows: "Your written statement will be incorporated in the printed record of the current hearings if received within the next week or 10 days."

Our reasons for objecting to the restrictions of the importations of meat into the United States are as follows:

Should the importations be restricted, the effect of this loss of business would be felt by our corporation as well as 16 brokers in this locality and many elsewhere in the United States who employ many persons.

It also will reduce the revenue of the steamship lines who employ many people to attend the importation of meats.

It will also reduce the employment of many longshoremen and truckdrivers in this locality, and elsewhere.

As for our cotoporation, we number many packinghouses as well as meat buyers in the handling of this imported meat, consequently, the proposed import reduction would greatly reduce our volume of business. In fact, all coastal ports would greatly be affected by this reduction.

It is our understanding that the importation of this type of meat from Australia and New Zealand is a boon to the packinghouses since the meat is packed in 60-pound containers and frozen and can be stored in their refrigerators or local refrigerators to be used when needed.

We also understand this meat is used chiefly in the preparation of "hamburger" and sausage and does not compete with the U.S. packinghouses and the cattle industry insofar as carcasses, steaks, and roasts, etc., is concerned.

Another factor is that due to the geographical location of Australia and New Zealand, where their summers and winters are the reverse of ours, they are able to supply this meat when the American market is unable to provide it.

We are unable to see what this reduction would accomplish other than to add further to the already full pockets of the cattlemen's industry.

Respectfully submitted.

A. H. MARZOLF, *President.*

NORFOLK, VA., *March 12, 1964.*

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
U.S. Senate Office Building, Washington, D.C.:

This will serve to register our opposition to Senator Mansfield's amendment No. 465 to H.R. 1839, which amendment would restrict the importation of meat from all countries in excess of the voluntary reduction agreed to by the Governments of the United States, Ireland, Australia, and New Zealand in February 1964. We believe that the suggested restriction would be detrimental to the welfare of many people in this and other areas. In our State in particular many longshoremen, terminal employees, warehouse workers, trucking companies, allied trades, and business establishments derive a substantial portion of their income from these imports, and should these imports be curtailed their standard of living would be reduced. Further, we would respectfully call to your attention that, since our Government has always advocated, practiced, and believed in free trade, the proposed restrictions would be contrary to all past practices and contradictory to the principles to be adopted at the GATT meetings in Geneva. We therefore respectfully request that our opposition to amendment No. 465 to H.R. 1839 be incorporated in the record of the hearing now being held and that our telegram be read to all present at the hearing.

Respectfully,

NORTON LILLY & CO., INC.,
HENRY D. COOK, *Manager.*

BALTIMORE, MD., *March 12, 1964.*

Hon. H. F. BYRD,
Chairman, Committee on Finance, U.S. Senate,
Senate Office Building, Washington, D.C.:

We wish to register our opposition to Senator Mansfield's amendment No. 465 to H.R. 1839, which amendment would place restrictions on the importation of meat from all countries in excess of the voluntary reduction agreed to by the Governments of the United States, Australia, New Zealand, and Ireland in February 1964. We feel that such restrictions will be detrimental to the well-being of many people in this area. Many longshoremen, truckdrivers, warehousemen, trucking companies, warehouse owners, and allied trades derive a substantial part of their income from these imports, and in the event that imports are curbed their standard of living must be reduced.

Further, we would humbly point out that, as the U.S. Government is a firm believer in free trade, such restrictions would be contrary to all past practices, and contradictory to the principles to be adopted at the GATT meetings in Geneva.

We therefore respectfully request that our opposition to amendment No. 465 to H.R. 1839 be incorporated in the record of the hearing now being held and that our telegram be read to all present at the hearing.

NORTON LILLY & CO., INC.

NEW YORK, N.Y., *March 12, 1364.*

Hon. H. F. BYRD,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.:

We wish to register our opposition to Senator Mansfield's amendment No. 465 to H.R. 1839, which amendment would place restrictions on the importation of meat from all countries in excess of the voluntary reduction agreed to by the Governments of the United States, Australia, New Zealand, and Ireland in February 1964. We feel that such restrictions will be detrimental to the well-being of many people in this area. Many longshoremen, truckdrivers, warehousemen, trucking companies, warehouse owners, and allied trades derive a substantial part of their income from these imports, and in the event that imports are curbed their standard of living must be reduced. Further we would humbly point out that, as the U.S. Government is a firm believer in free trade, such restrictions would be contrary to all past practices, and contradictory to the principles to be adopted at the GATT meetings in Geneva. We therefore respectfully request that our opposition to amendment No. 465 to H.R. 1839 be incorporated in the record of the hearing now being held and that our telegram be read to all present at the hearing.

NORTON LILLY & CO., INC.

BOSTON, MASS., *March 12, 1964.*

Hon. H. F. BYRD,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.:

We wish to register our opposition to Senator Mansfield's amendment No. 465 to H.R. 1839, which amendment would place restrictions on the importation of meat from all countries in excess of the voluntary reduction agreed to by the Governments of the United States, Australia, New Zealand, and Ireland in February 1964. We feel that such restrictions will be detrimental to the well-being of many people in this area. Many longshoremen, truckdrivers, warehousemen, trucking companies, warehouse owners, and allied trades derive a substantial part of their income from these imports, and in the event that imports are curbed their standard of living must be reduced. Further we would humbly point out that, as the U.S. Government is a firm believer in free trade, such restrictions would be contrary to all past practices, and contradictory to the principles to be adopted at the GATT meeting in Geneva. We therefore respectfully request that our opposition to amendment No. 465 to H.R. 1839 be incorporated in the record of the hearings now being held and that our telegram be read to all present at the hearing.

NORTON LILLY & CO., INC.

PHILADELPHIA, PA., *March 12, 1964.*

Hon. H. F. BYRD,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.:

We wish to register our opposition to Senator Mansfield's amendment No. 465 to H.R. 1839, which amendment would place restrictions on the importation of meat from all countries in excess of the voluntary reduction agreed to by the Governments of the United States, Australia, New Zealand, and Ireland in February 1964. We feel that such restrictions will be detrimental to the well-being of many people in this area. Many longshoremen, truckdrivers, warehousemen, trucking companies, warehouse owners, and allied trades derive a substantial part of their income from these imports, and in the event that imports are curbed their standard of living must be reduced. Further we would humbly point out that, as the U.S. Government is a firm believer in free trade, such restrictions would be contrary to all past practices, and contradictory to the principles to be adopted at the GATT meetings in Geneva. We therefore respectfully request that our opposition to amendment No. 465 to H.R. 1839 be incorporated in the record of the hearing now being held and that our telegram be read to all present at the hearing.

NORTON LILLY & CO., INC.

CHARLESTON OVERSEAS FORWARDERS, INC.,
Charleston, S.C., March 13, 1964.

Hon. STROM THURMOND,
U.S. Senate, Washington, D.C.

DEAR SENATOR THURMOND: The proposed action by the U.S. Government to reduce Australian and New Zealand import of beef and veal will be extremely detrimental to my business and accordingly, I go on record as opposing this and request your efforts to block this measure.

Attached is a copy of telegram forwarded to Senate Finance Committee in this respect and I ask that you please see that this telegram is incorporated in the printed records of the Senate Finance Committee hearing.

Your efforts in this connection will be most appreciated.

Yours very truly,

A. N. MANUCY, Jr., *Vice President.*

CHARLESTON, S.C., *March 12, 1964.*

Mrs. ELIZABETH SPRINGER,
Chief Clerk, Senate Committee on Finance,
Senate Office Building, Washington, D.C.

Strongly object to Mansfield amendment—S. 2525, H.R. 1839. Any further restriction on meat imports will be detrimental to my business. Quota, if any, on meat imports should be raised beyond 1963 level and under no circumstances reduced.

CHARLESTON OVERSEAS FORWARDERS, INC.,
A. N. MANUCY, Jr., *Vice President.*

CUSTOMS BROKERS & FREIGHT FORWARDERS
ASSOCIATION OF CHARLESTON, S.C., INC.,
Charleston, S.C., March 13, 1964.

Hon. STROM THURMOND,
U.S. Senate, Washington, D.C.

DEAR SENATOR THURMOND: The proposed action by the U.S. Government to reduce Australian and New Zealand imports of beef and veal will be extremely detrimental to our businesses and, accordingly, we go on record as opposing this and request your efforts to block this measure.

Attached is a copy of telegram forwarded to Senate Finance Committee in this respect and we ask that you please see that this telegram is incorporated in the printed records of the Senate Finance Committee hearing.

Your efforts in this matter will be most appreciated.

Yours very truly,

A. N. MANUCY, Jr., *President.*

CHARLESTON, S.C., *March 12, 1964.*

MRS. ELIZABETH SPRINGER,
Chief Clerk, Senate Committee on Finance,
Senate Office Building,
Washington, D.C.:

Strongly object to Mansfield amendment—S. 2525, H.R. 1839. Any further restriction on meat imports will be detrimental to our businesses. Quota, if any, on meat imports should be raised beyond 1963 level and under no circumstances reduced.

CUSTOMS BROKERS & FREIGHT FORWARDERS
ASSOCIATION OF CHARLESTON, S.C., INC.,
A. N. MANUCY, Jr., *President.*

U.S. SENATE,
COMMITTEE OF LABOR AND PUBLIC WELFARE,
March 16, 1964.

MRS. ELIZABETH B. SPRINGER,
Chief Clerk, Senate Finance Committee,
New Senate Office Building, Washington, D.C.

DEAR MRS. SPRINGER: Attached please find a statement of the Cherokee County Livestockmen's Association which Senator Tower would like to have included in the committee hearings on meat imports.

Thanks very much.

Sincerely yours,

JERRY FREIDHEIM,
Special Assistant to Senator John G. Tower.

CHEROKEE COUNTY LIVESTOCKMEN'S ASSOCIATION,
March 13, 1964.

Hon. JOHN G. TOWER,
U.S. Senate, Washington, D.C.

SIR: It would be most appreciated if you would see that the following statement is made a part of the records of the current hearings on the meat import situation, being conducted by the Senate Finance Committee.

We of the Cherokee County Livestockmen's Association ask or demand no special favors, but appeal to the good judgment of your committee to right a wrong that is undermining an industry built on hard work and a sense of pride. That wrong being the reckless importation of meat products.

A recent check in this area shows that, on the average, cattle prices are down as much as $5 per hundred as compared to this same time last year. This figure can be verified by the markets in this area, but better still by the rancher who knows it to be a fact more than any marketing specialist.

The needed repairs to farm machinery, soil conservation practices, and herd improvement that are so vital to a sound cattle operation cannot be made if a rancher is operating at a loss. "Operating at a loss" is not a pretty phrase, certainly not one that the cattlemen in this area are proud of, but one that we contend was bestowed upon them by a meat import situation that was not their choosing.

We are told by certain marketing specialists that when the prices of cattle reach a certain low, meat imports will be lowered; it all has to do with the price. The prices have reached that low. Now is the time to do away with meat imports.

This statement is not full of statistics, but it is made up of cold, hard facts. When a rancher is getting $30 per head less for cattle this year than last year, the situation is serious. A chart of figures is not necessary to prove this point.

The words "meat imports" are no longer just words read in newspapers or heard on radio and TV, but words that every rancher knows to be the cause of their financial problems.

We of the Cherokee County Livestockmen's Association stand firm in this fight against meat imports, because it is necessary and right that we do so.

Sincerely,

JACK R. STONE, *President.*

BANK OF HEMINGFORD,
Hemingford, Nebr., March 12, 1964.

Hon. HARRY F. BYRD,
Chairman, Senate Committee on Finance,
New Senate Office Building, Washington, D.C.

DEAR SENATOR BYRD: We understand that your committee is about to begin discussion in regard to legislation to restrict meat imports. We sincerely hope that you will give this much thought and consider the cattleman and cattle feeders problem.

Agriculture is our main industry here in the Sand Hills of Nebraska and cattle raising is one of the most important. When its economy is affected it effects our local community.

While we are a small segment of the livestock industry and our own particular bank has only a few cattle feeders none of them have made any money the past 2 years. In fact most of them have lost money in their cattle feeding ventures.

We understand that there must be reciprocity and that one industry cannot expect to be favored over others; however, since the livestock industry has slipped so much in the past couple years it would be a great help if imports were restricted some until the cattlemen can improve their own economy.

Trusting that your committee's decision will be favorable, I am,

Yours respectfully,

R. P. STEWART, *Executive Vice President.*

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OMAHA, NEBR.

Whereas the city of Omaha is the livestock center of the world; and

Whereas beef imports are ravaging the Nation's cattle industry, threatening the economy of its livestock-producing areas, and undermining agriculture; and

Whereas the livestock industry finds itself in financial straits which affect all segments of the Nation's economy; and

Whereas, unless the fight to limit meat imports is won now, an injustice will be done upon the farmers of America and upon the cities and towns which are supported by them; and

Whereas our own Nebraska Senator, Hon. Roman L. Hruska, has proposed an amendment to the pending legislation in Congress, which, in effect, will curtail beef imports and limit the importation of meat products, while said legislation is supported by our Senator Carl T. Curtis: Now, therefore, be it

Resolved by the city council of the city of Omaha, That the city council of Omaha and Hon. James J. Dworak, mayor, join together and urge the passage of legislation in Congress introduced by Senator Hruska and supported by Senator Curtis regulating the importation of beef products.

MARY I. GALLIGAN, *City Clerk.*

Adopted March 3, 1964.

JAMES J. DWORAK, *Mayor.*

Approved, March 3, 1964.

I hereby certify that the foregoing is a true and correct copy of the original document now on file in the city clerk's office.

MARY I. GALLIGAN, *City Clerk.*

HAMILTON, MONT., *March 11, 1964.*

Senator HARRY BYRD,
Chairman, Senate Finance Committee,
New Senate Office Building,
Washington, D.C.

GENTLEMEN: The Darby Stockmen Association recently held a meeting concerning beef imports. We are unanimously in favor of amendment 465 to H.R. 1839 introduced by Mike Mansfield to provide quotas on meat imports, now under consideration by your committee.

We are very much concerned with this issue. We are comparatively small operators and beef cattle is our main source of income.

These beef imports have hit us very hard, to the extent that the whole community is suffering.

We hope you will see fit to act favorably on this bill both in your committee and also on the Senate floor.

Please include this letter in your hearing testimonies.

Respectfully,

DARBY STOCKMEN ASSOCIATION,
BUD NELDNER, *Secretary.*

POMONA GRANGE AGRICULTURAL COMMITTEE,
Hamilton, Ravalli County, Mont., March 12, 1964.

Senator HARRY BYRD,
Chairman, Senate Finance Committee,
New Senate Office Building,
Washington, D.C.

HON. SENATOR HARRY BYRD: The Ravalli County Pomona Grange, with a membership of some 200 members wishes, at this time, to add their voice in support of legislation being introduced by our Montana Senators; this legislation pertains to beef imports. The raising of cattle is our major enterprise in Ravalli County, and we feel that something must be done about quotas on beef imports, or the economy of our county will be in trouble.

We ask that our letter be included in hearing testimonies. Copies are being sent to Senator Mansfield and Senator Metcalf.

Sincerely,

A. J. PATTERSON, *Chairman.*

ROCKY MOUNTAIN GRANGE,
Hamilton, Ravalli County, Mont., March 12, 1964.

Senator HARRY BYRD,
Chairman, Senate Finance Committee,
New Senate Office Building,
Washington, D.C.

HON. SENATOR HARRY BYRD: The Rocky Mountain Grange, with a membership of 213 members wishes, at this time, to add their voice in support of legislation being introduced by our Montana Senators; this legislation pertains to beef imports. The raising of cattle is our major enterprise in Ravalli County, and we feel that something must be done about quotas on beef imports, or the economy of our county will be in trouble.

We ask that our letter be included in hearing testimonies. Copies are being sent to Senator Mansfield and Senator Metcalf.

Sincerely,

A. J. PATTERSON,
Chairman, Legislative Committee.

OAKLAND, CALIF., *March 12, 1964.*

Mrs. ELIZABETH SPRINGER,
Chief Clerk, Senate Committee on Finance, Senate Office Building, Washington, Washington, D.C.:

Object to Mansfield amendment S. 2525 and H.R. 1839 and request permission to file written statement to be included in written record of hearing.

DREISBACH COLD STORAGE CO., INC.,
FRANK DREISBACH, *President.*

DREISBACH ENTERPRISES,
Oakland, Calif., March 12, 1964.

Mrs. ELIZABETH SPRINGER,
Chief Clerk, Senate Committee on Finance, Senate Office Building, Washington, Washington, D.C.:

DEAR CHIEF CLERK SPRINGER: Pursuant to our telegram of this date, contained in this letter are our reasons for objecting to S. 2525 and H.R. 1839.

We again respectfully request that these statements be included in the written record of the hearing.

We cannot urge strongly enough your opposition to S. 2525 and H.R. 1839.

Among other repercussions, the successful passage of S. 2525 will force our company to permanently lay off numerous employees which have been with our company many years. We would venture to say that the total impact on the labor force in the industry as a whole would be staggering. Instead of improving labor conditions, S. 2525 and H.R. 1839 would worsen labor conditions.

In addition, the successful passage of S. 2525 would mean an overall storage loss to our company, resulting in a revenue loss which we cannot stand under any conditions.

Further S. 2525 and H.R. 1839 would result in a labor loss in the drayage of product both from the dock to the warehouses and from the warehouses to the customers, to mention nothing of the drayage revenue loss.

We in the industry and here at Dreisbach Cold Storage expecially, respectfully urge you to stand behind us by doing all within your power to see that S. 2525 and H.R. 1839 do not become law.

Most respectfully yours,

DREISBACH COLD STORAGE CO., INC.,
F. M. DREISBACH, Jr., *President.*

U. S. GROWERS COLD STORAGE, INC.,
Los Angeles, Calif., March 12, 1964.

Re Mansfield amendment 465 to H.R. 1839.

Mrs. ELIZABETH SPRINGER,
Chief Clerk, Senate Committee on Finance, Senate Office Building, Washington, Washington, D.C.:

Dear Mrs. SPRINGER: We object strongly to this amendment and are enclosing copies of letters we are mailing concurrently to Senators Thomas Kuchel and Clare Engle.

We request permission to file this written statement and would appreciate your including it in the written record of the hearing.

Very truly yours,

ARTHUR M. TAUB, *President.*

MARCH 12, 1964.

Senator CLAIR ENGLE,
Senate Office Building,
Washington, D.C.

DEAR HONORABLE SIR: We object strongly to the Mansfield amendment, 465 to H.R. 1839.

This amendment to restrict the importation of lean meat would hurt our business considerably besides raising havoc with the large manufacturers of sausage and luncheon meats by causing an enormous rise in the costs of their raw materials. The housewife, of course, would bear the brunt of this higher cost merchandise and no doubt would cut down on her retail purchases of meat in general.

Very truly yours,

U.S. GROWERS COLD STORAGE, INC.,
ARTHUR M. TAUB, *President.*

MARCH 12, 1964.

Senator THOMAS H. KUCHEL,
Senate Office Building,
Washington, D.C.

DEAR HONORABLE SIR: We object strongly to the Mansfield amendent, 465 to H.R. 1839.

This amendment to restrict the importation of lean meat would hurt our business considerably besides raising havoc with the large manufacturers of sausage and luncheon meats by causing an enormous rise in the costs of their raw materials. The housewife, of course, would bear the brunt of this higher cost merchandise and no doubt would cut down on her retail purchases of meat in general.

Very truly yours,

U.S. GROWERS COLD STORAGE, INC.,
ARTHUR M. TAUB, *President.*

CASPER, WYO., *March 10, 1964.*

Hon. MILLARD L. SIMPSON,
Senate Office Building,
Washington, D.C.:

Survival of Wyoming's livestock industry is dependent on establishment of realistic imported meat quotas. Your testimony before congressional committee March 11 is of utmost importance. On behalf of the Wyoming Wool Growers Association, our sincere thanks.

ROBERT P. BLEDSOE, *Secretary.*

CHICAGO, ILL., *March 12, 1964.*

Mrs. ELIZABETH SPRINGER,
Chief Clerk, Senate Committee on Finance,
Senate Office Building, Washington, D.C.:

Strongly object to Mansfield amendment, S. 2525 to H.R. 1839. Any further restrictions on meat imports will be detrimental to my business.

HARRIET M. BECKER.

CHICAGO, ILL., *March 12, 1964.*

Mrs. ELIZABETH SPRINGER,
Chief Clerk, Senate Committee on Finance,
Senate Office Building, Washington, D.C.:

Strongly object to Mansfield amendment, S. 2525 to H.R. 1839. Any further restrictions on meat imports will be detrimental to my business.

F. P. NEFF.

LOS ANGELES, *March 11, 1364.*

Mrs. ELIZABETH SPRINGER,
Chief Clerk, Senate Committee on Finance,
Senate Office Building, Washington, D.C.:

Object to Mansfield amendment, S. 2525 to H.R. 1839. Request permission to file written statement to be included in written record of hearing.

MILTON'S EXPRESS,
DON O NEWKIRK.

MILTON'S EXPRESS,
Los Angeles, Calif., March 12, 1964.

Subject: Mansfield amendment, S. 2525, H.R. 1829.

Mrs. ELIZABETH SPRINGER,
Chief Clerk, Senate Committee on Finance,
Senate Building, Washington, D.C.

DEAR MADAM: At the present time and for some time now, we have been handling import merchandise from Australia, New Zealand, and Japan, such as frozen beef, shrimp, swordfish, and various other perishable merchandise; also export meat and poultry going to Japan, Germany, Austria, and various other foreign countries. This represents a goodly portion of our annual revenue and we have lately purchased more equipment for this operation all of which is refrigerated with mechanical refrigeration. This equipment has been quite an investment and as you can readily understand, the passing of this bill would create quite a hardship on this company.

We feel that for the survival of our company and others like us you should do anything possible to stop this bill.

Yours very truly,

DON O. NEWKIRK, *Vice President.*

NEW YORK, *March 14, 1964.*

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.

Respectfully registering our opposition to the Mansfield amendment 465 to H.R. 1839, which aims at reduction of import of meat. Ample supplies of imported meats are imperative to maintain operations of manufacturers of hamburgers, sausage, TV dinners, etc., and domestic meats of similar qualities are not available in sufficient quantities. We decidely favor free trade and earnestly oppose curtailment of imports, especially beef imports, which do not adversely affect our domestic economy, and which fall within agricultural products of which the United States is a major exporting country. Respectfully requesting this telegram be read at hearings and introduced into the record.

BERNARD BOEMAN CORP.

VERSAILLES, OHIO, *March 13, 1964*.

HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D.C.

I respectfully request you to reject Mansfield amendment No. 465 relating to meat imports. Further request this wire be made a permanent part of the record on above legislation.

KENNETH SUBLER.

Hon. H. F. BYRD,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.:

We wish to register our opposition to Senator Mansfield's amendment, No. 465, to H.R. 1839, which amendment would place restrictions on the importation of meat from all countries in excess of the voluntary reduction agreed to by the Governments of the United States, Australia, New Zealand, and Ireland in February 1964. We feel that such restrictions will be detrimental to the wellbeing of many people in the area. Many longshoremen, truckdrivers, warehousemen, trucking companies, warehouse owners, and allied trades derive a substantial part of their income from these imports and in the event that imports are curbed their standard of living would as a consequence suffer accordingly. Further we would humbly point out that as the U.S. Government is a firm believer in free trade such restrictions would be contrary to all past practices and contradictory to the principles to be adopted at the GATT meetings in Geneva. We therefore respectfully request that our opposition to amendment No. 465 to H.R. 1839 be incorporated in the record of the hearing now being held and that our telegram be read to all present at the hearing.

FILLETTE, GREEN & CO. OF TAMPA.
PATE STEVEDORING CO.

U.S. SENATE,
COMMITTEE ON LABOR AND PUBLIC WELFARE,
March 13, 1964.

Mrs. ELIZABETH B. SPRINGER,
Chief Clerk, Senate Finance Committee,
New Senate Office Building, Washington, D.C.

DEAR MRS. SPRINGER: The attached statement is from a prominent cattleman in Texas. Senator Tower requests that it be presented to the committee and included in the printed hearings on meat imports.

Thank you very much for your assistance.

Sincerely yours,

JERRY FREIDHEIM,
Special Assistant to Senator John G. Tower.

MATHERS RANCH,
Canadian, Tex.

GENTLEMEN: First may I introduce myself to you. I am a young rancher 29 years of age. I graduated from Oklahoma State University in 1956, moved onto a ranch my father owns and went into business with my father. In 1958 I purchased 100 cows and my herd has increased to the point that I now lease the ranch from my father and have the business to myself. I am also currently serving as president of two local cattle organizations—the Top of Texas Hereford Breeders Association, and the Northeast Panhandle Feeders Association.

The problem of beef imports is not an easy one. The complications of international economic relations are enormous and difficult for an expert much less someone in my position. However, I do know that the demand for beef is not so great that domestic suppliers cannot meet the demand without increasing the cost to the consumer. The 400-percent increase in imported beef over the last 10 years surely hasn't cheapened the price of meat to the consumer, has it? Has this 400-percent increase greatly helped Mexico, Canada, or some of the other nations from whom we buy beef? As I see it only Australia and New Zealand have benefited very much from these increases year after year.

I wish I could give you an answer to this import problem but I cannot. There is no easy solution, but from what I can gather from various sources the best solution is the much publicized 5-year average. This would provide the foreign countries with a sizable portion of our market and at the same time alleviate domestic markets.

What would a slight decline in consumer spending do to the cattle industry at the present time? What would a widespread drought that forced a large marketing of present cattle numbers do to our market and industry? Gentlemen, if anything happens to upset the domestic cattle picture at the present time, the cattle industry would face complete destruction.

Cattlemen have always been able to overcome droughts, depressions, rising costs and expenses, overproduction within the industry, and all other problems that have faced the cattle industry. Beef imports are something we cannot combat ourselves and we must look to you for help in remedying the situation.

Foreign sources have too much of our domestic beef market. The present agreement merely keeps a very bad situation from becoming worse. Surely a more workable and less damaging solution can be found.

Thank you for your time and I hope your efforts to find a workable solution to this import problem meet with success.

Sincerely,

BEN MATHERS.

NORFOLK, VA., *March 21, 1964.*

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
Senate Office Building, Washington, D.C.:

This will serve to register our opposition to bill S. 2525 (amendment 405 to H.R. 1839) which would restrict the importation of meat from all countries in excess of the voluntary reduction agreed to by the Governments of the United States, Ireland, Australia, and New Zealand in February 1964. We believe that the suggested restrictions would be detrimental to the welfare of many people in this and other areas. In our State in particular, many longshoremen, terminal employees, warehouse workers, trucking companies, allied trades, and business establishments derive a substantial portion of their income from these imports and should these imports be curtailed their standard of living would be reduced. Further we would respectfully call to your attention that since our Government has always advocated, practiced and believed in free trade the proposed restrictions would be contrary to our past practices and contradictory to the principals to be adopted at the GATT meetings in Geneva. We, therefore, respectfully request that our opposition to bill S. 2525 be incorporated in the record of the hearing now being held and that our telegram be read to all present at the hearing.

Respectfully,

RALEIGH STEAMSHIP AGENCY, INC.

HOUSTON, TEX., *March 18, 1964.*

Hon. H. F. BYRD,
Chairman, Committee on Finance,
Senate Building, Washington, D.C.:

We wish to register our opposition to Senator Mansfield's amendment No. 405 to H.R. bill 1839; which amendment would place restrictions on the importation of meat from all countries in excess of the voluntary reduction agreed to by the Governments of the United States, Australia, New Zealand, and Ireland in February 1964. Such limitations following voluntary reductions agreed upon by the aforementioned, can only result in a deterioration in relations with the countries of Australia and New Zealand primarily, and its effect on longshoremen, trucking companies, warehouse personnel, and the various trades involved which are allied with this particular importation canont help but be a tremendous loss to their income. Further, such action will certainly not help in our attempt to bolster exports from this country. We would respectfully point out that as the U.S. Government is a firm believer in free trade, any action such as contemplated by Senator Mansfield's amendment is most certainly contrary to all past practices of affirming free trade, and certainly contradictory to the principles adopted at GATT meetings.

We, therefore, respectfully request that our opposition to amendment No. 465 to H.R. 1839 be incorporated in the record of the hearing now being held and that our telegram be voiced to those present at this hearing.

LE BLANC-PARR, INC.,
PETER R. PHILLIPS, *President.*

LAMB AND MUTTON IMPORT RESOLUTION ADOPTED BY WEST TEXAS CHAMBER OF COMMERCE BOARD OF DIRECTORS, EL PASO, JANUARY 30, 1964

Whereas the livestock industry is so vital to the economy of west Texas and our entire State and Nation; and

Whereas the WTCC has been responsible to a degree for the establishment of feedlots in many parts of Texas and especially west Texas; and

Whereas the importation of lamb and mutton from other countries has become of such volume that it has depressed the market on fed meat animals to such a degree that livestock producers and feeders are now facing a critical situation because these imports are being sold in our markets at prices below the price necessary for our producers and feeders; and

Whereas the housewife has profited very little in a reduction of the price of meat in the retail market; and

Whereas this situation has led to a substantial reduction in the production of stocker and feeder animals, and threatens to demoralize the livestock industry: Now, therefore, be it hereby

Resolved, That the West Texas Chamber of Commerce join with the National Wool Growers' Association, Texas Sheep & Goat Raisers' Association, and other State associations, in appealing to the President and to the Congress of the United States to immediately take such steps as are necessary, either through negotiations with foreign governments or otherwise, to limit the imports from these countries of such mutton and lamb to an amount which will not adversely affect the marketability of our domestic production at a reasonable profit.

BEEF IMPORT RESOLUTION ADOPTED BY WEST TEXAS CHAMBER OF COMMERCE BOARD OF DIRECTORS, EL PASO, JANUARY 30, 1964

Whereas the livestock industry is so vital to the economy of west Texas and our entire State and Nation; and

Whereas the WTCC has been responsible to a degree for the establishment of feedlots in many parts of Texas, and especially west Texas; and

Whereas the importation of beef from Australia and New Zealand has become of such volume that it has depressed the market on fat cattle to such a degree that feeders and operators of these feedlots (many of whom started with limited funds), have lost money and face a critical situation because of imports of beef from these countries and being sold in our markets at prices far below the price necessary for our feeders to "break even" on their operations and because they do not have a chance at all to make a profit on their investment; and

Whereas the housewife has profited very little in a reduction of the price of beef in the retail market; and

Whereas this situation has not only reduced the price of feed cattle, but has been a strong factor in the reduction of stocker and feeder cattle and threatens to demoralize the entire cattle industry that is so vital to our economy: Therefore be it

Resolved, That the WTCC join with the American National Cattle Raisers' Association, The Texas-Southwestern Cattle Raisers' Association, the different State associations, and all of the breed associations in appealing to the President of the United States to immediately investigate the imports of beef from these countries with the idea of limiting by negotiations with leaders from these countries the imports of beef in line with the average imports for the 5-year period preceding 1963.

NEBRASKA STOCK GROWERS ASSOCIATION,
Alliance, Nebr., March 11, 1964.

Hon. HARRY F. BYRD,
Senate Office Building,
Washington, D.C.

DEAR SENATOR BYRD: We are writing to you and your committee relative to amendment No. 465 to H.R. 1839 currently pending before the Senate Finance Committee, relating to the beef import legislation.

Our association is primarily engaged in the advancement and protection of the producing phase of the cattle business in Nebraska. This year, 1964, is our 75th year of service to the livestock industry. We work closely with the American National Cattlemens' Association and National Livestock Feeders Association. While our producing segment has not yet been adversely affected, the livestock feeder has felt the repercussion of a down fat cattle market, due to a great extent to increased imports of beef, and the impact on our segment will be felt this coming fall.

We wish to extend support to the Senator Mansfield amendment No. 465, embodying these basic points:

1. The average of meat imports for the years 1959-63 would be the base.
2. Legislation would include beef, veal, mutton, and lamb including canned, cooked, and cured but excluding live animals.
3. Imports for any calendar quarter may not be any greater than the quantity in the other calendar quarters.
4. The consistence of imports (proportion of canned, primal cuts, lean boneless, etc.) shall not exceed the average consistence of the imports coming into the United States in the base years of 1959-63.
5. The effective date of the legislation would be the succeeding calendar quarters after December 31, 1964.
6. An adjustment factor will be provided to give the exporting nations a share of the anticipated increase in consumption in the U.S. market only when effective parity price is achieved for the average live price of that species. Current average beef cattle prices are at 75 percent effective parity. Explaining this further, if at any time the average price of live beef cattle reaches the effective parity price, the exporting nations would be entitled to an additional quantity above the 1959-63 base to come into the United States. The figure involving parity price does not include calves and it is our understanding that a calf is any animal under 500 pounds.

Yours sincerely,

ROBERT M. HOWARD, *Secretary-Treasurer.*

NEWMAN GROVE COMMERCIAL CLUB,
Newman Grove, Nebr., March 11, 1964.

Hon. HARRY F. BYRD,
New Senate Office Building,
Washington, D.C.

DEAR SENATOR BYRD: Agriculture consisting primarily of feed grains and cattle feeding and hog feeding is the sole industry of our community. Practically every farmer feeds some livestock—most are small cattle feeders. During the past 15 months these farmers have watched the prices received for their cattle decline from about $30 per hundredweight down to $21, a decrease of over 30 percent. Their cost of production has not declined by that amount. This has created serious financial problems for these people and for the businessmen in the small town like ours who serve them. Some of these farmers have had to discontinue and sell out. More will follow in that direction if this situation continues.

We feel that imports of beef have contributed to this serious situation. We do not understand why manufacturers of products such as autos, machinery, steel, etc., enjoy tariff protection from foreign competitors while our farmers do not have this protection. It seems grossly unfair for our Government to protect some parts of our economy from foreign competition and not protect our farmers and livestockmen.

We hope this has been of some help to you and we urge you to stop these meat imports which are so harmful to our American livestock industry. Thank you for your consideration.

Yours very truly,

LYLE WILLIAMS, *President.*

RAPID CITY CHAMBER OF COMMERCE,
Rapid City, S. Dak., March 10, 1964.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D.C.

DEAR SENATOR BYRD: The Rapid City Chamber of Commerce urges your favorable action on needed beef import legislation such as proposed by the Mansfield Senate amendment No. 465.

Our Nation has accepted a major responsibility to the free world through defense commitments and economic aid to underdeveloped countries. This responsibility places a heavy burden on our taxpayers which directly effects our competitive position in the market process. If other free world countries seeking a part of our markets were sharing an equal proportion of free world peace commitments, we would be on a more competitive basis with their products.

The concept of reducing quotas on beef imports is in line with maintaining a sound national economy to be in a position to fulfill our many responsibilities to the free world. We conclude it is in our Nation's interest to restrict beef imports, since a large part of our Nation's economy is effected by the livestock industry. We know that agriculture represents approximately $27 million annually to our own local economy.

Prompt action by the Senate Finance Committee and Congress is necessary to stabilize and reverse the weakening of our livestock industry through lack of proper import quotas.

Our organization is scheduled to appear before the Tariff Commission hearing called for April 28, 1964. Although we will not be present at the current Senate Finance Committee hearings, we would like you to include this letter as an official part of the record on your committee hearing.

TOM NELSON, *President.*

NEW YORK, N.Y., *March 12, 1964.*

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.:

We respectfully wish to register our opposition to Mansfield amendment 465 to H.R. 1839 which is designed to severely reduce imports of meat. As dealers and suppliers of these products, we find that ample supplies are unavailable domestically of the type meat that is imported. Our customers, manufacturers, and retail outlets cannot secure domestically enough of the type of meat imported and in many cases would be forced to reduce their workforces if the import of meats is reduced. Reduction of these imports would also raise the cost of living of the consumers of the United States. We respectfully request that this telegram be read at hearings and introduced into the record. Thank you.

TRUGMAN NASH, INC.,
BERNARD A. TRUGMAN, *President.*

CHARLESTON, S.C., *March 12, 1964.*

Senator H. F. BYRD,
Senate Office Building,
Washington, D.C.:

Referring to Mansfield amendment 465 to H.R. 1839 designed to curtail meat imports, such restrictions in our opinion would operate against the best interests of innumerable persons engaged in our industry and particularly those in this constituency engaged in oceanborne commerce and related industries. The livelihood of all concerned is dependent upon these imports which have become prominent in the port of Charleston. We are consistent supporters of free trade at which this amendment strikes. Please register our opposition to amendment 465 to H.R. 1839 by reading our protest into the record of the current hearing.

J. VERNON WHITAKER,
President, Palmetto Shipping Co., Inc.

EASTERN MEAT PACKERS ASSOCIATION, INC.,
Washington, D.C., March 12, 1964.

HON. HARRY FLOOD BYRD,
Chairman, Senate Finance Committee,
New Senate Office Building, Washington, D.C.

MY DEAR SENATOR: As secretary of the Eastern Meat Packers Association, an organization of meatpackers located in the New England and Middle Atlantic States, I'm submitting the attached resolution which expresses the views of this group on the subject of the importation of foreign beef for processing purposes.

Inasmuch as it will be virtually impossible for us to testify before your committee, we wish to take this opportunity to present the views of this segment of the meatpacking industry to your committee for its consideration.

Thank you for your consideration.

Respectfully,

JOHN A. KILLICK, *Secretary.*

RESOLUTION ADOPTED BY THE EASTERN MEAT PACKERS ASSOCIATION AT THEIR REGULAR MONTHLY MEETING ON DECEMBER 13, 1963

Whereas the restriction or limitation of the availability of imported meat for processing purposes would bring about an increase in the price of processed meats to the consuming public; and

Whereas, any such price increase would inevitably tend to reduce the consumption of meat and meat food products by the consuming public, thereby sharply restricting the outlet for the livestock products of American farms; and

Whereas any legislation curtailing or placing quota restrictions on the importation of foreign beef for manufacturing purposes, would thus seriously impair the economic position of the meatpacking industry, and would particularly damage severely many small independent meatpacking firms engaged in the processing of meat and meat food products: Therefore be it

Resolved, That the Eastern Meat Packers Association formally records its opposition to any legislation or tariff regulation which would have the purpose, or the effect, of limiting or placing quota restriction on foreign meat imported for processing purposes.

LEONIA, N.J., *March 11, 1964.*

SENATE FINANCE COMMITTEE,
U.S. Senate,
Capitol Building, Washington, D.C.

GENTLEMEN: I am writing in reference to the Mansfield amendment 405 to retrict the import of frozen meat into the United States.

I am sure that you have received much correspondence both pro and con on this bill, but I want you to know what the average citizen thinks. I am sure that I am an average citizen because I would have never bothered to write if I were not employed by a meat import company in New York City.

My main concern over this bill of course is my job, but I'm sure that I can get another job just as good without any trouble because I have a college education; therefore I feel that I can see overall effects better than the average citizen, and can judge facts without any real pressure either way.

The rancher is to benefit from this bill is what I am led to believe. I have doubts that their problems which stem from imports backed up by independent survey, but I will concede for argument's sake that they will benefit.

It now boils to helping a few thousand ranchers while hurting a few million people who make their living from frozen meat imports. The number of these people who will be hurt are not people like myself who work for the actual importers, but there are dockworkers who unload the ships; truckers and railroads who will lose tonnage; warehouses who will lose storage space; independent food brokers who will lose commissions; small packinghouses who will lose access to product; and many more whose jobs relate directly or indirectly to those mentioned above.

I think the worst result would be reduction of inexpensive meat on the market; to me this is at odds with the administration fight against poverty.

Although none of you gentlemen are from my State, I'm old fashioned and still believe that a Senator is looking out for the Nation as a whole while Congressmen look out for their States, since our Nation is supposedly set up on majority rule with all bills in the interest of many instead of a few; I can not see how a committee so filled with distinguished men could ever consider such a bill.

It is not American ranchers who will be hurt by your refusal to pass but the American public as a whole if it is passed. In this era of Common Market it is America who can offer so much and gain so much more that should be the leader instead of dragging her feet.

I cannot presume to tell you how to vote on this bill. I can only hope and ask you to vote in favor of the majority whichever side you think that is. Please pass or reject this on its merits alone; do not use it as a political football.

Respectfully yours;

GILBERT W. ODEN.

COLUMBUS, OHIO, *March 13, 1964.*

HARRY F. BYRD,
Chairman, Senate Committee on Finance,
Senate Office Building, Washington, D.C.:

We hereby object to the Mansfield amendment No. 465 re meat imports. We need this meat for selling outright and for use in our hamburger and sausage production. Enough of similar product not available from domestic productions. Any cutback would increase our production costs and put our products out of consumers' reach. Please incorporate this rejection in the printed record of the hearings.

THE HERMAN FALTER PACKING CO.

BOSTON, MASS., *March 12, 1964.*

Hon. LEVERETT SALTONSTALL,
Senator From Massachusetts,
Washington, D.C.:

Referring to Mansfield amendment 465, H.R. 1839, designed to curtail meat imports presently before Senate Committee on Finance we, as party vitally interested in transportation industry, desire to register our opposition to Mansfield amendment 465 which, if enacted, would be very detrimental in all phases to the port of Boston. Furthermore, as question of meat imports under general investigation by U.S. Tariff Commission with public hearings scheduled April 28 next, we prefer Senate Finance Committee withhold action to await result of Tariff Commission hearings. As constituents, we respectfully solicit your opposition to Mansfield amendment 465, H.R. 1839, and request this telegram be read and incorporated in Senate Finance Committee hearings now being held.

FURNESS WITHY & CO., LTD.

HOBOKEN, N.J., *March 12, 1964.*

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
U.S. Senate, Washington, D.C.:

Referring to the Mansfield amendment to H.R. 1839, please have following read at hearing and entered on record: We would like to lodge a position against the above amendment that we need lean meat for processing at reasonable price for lower income groups. Also we feel it is not the policy of our administration.

FREDERICK B. COOPER CO.

RAHWAY, N.J., *March 12, 1964.*

Hon. H. F. BYRD,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.:

We wish to register our opposition to Senator M. Mansfield's amendment No. 465 to H.R. 1839 which amendment would place restrictions on the importations of meat from all countries in excess of the voluntary reduction agreed to by the Governments of the United States, Australia, New Zealand, and Ireland in February 1964. We feel that such restrictions will be detrimental to the well being of many people in this area. Many longshoremen, truckdrivers, warehousemen, trucking companies, warehouse owners, and allied trades derive a substantial part of their income from the imports and in the event that imports are curbed their standard of living must be reduced.

Further we would humbly point out that as the U.S. Government is a firm believer in free trade, such restrictions would be contrary to all past practices and contradictory to the principles to be adopted at the GATT meeting in Geneva. We therefore respectfully request that our opposition to amendment No. 465 to H.R. 1839 be incorporated in the record of the hearing now being held and that our telegram be read to all present at the hearing. We respectfully urge your support in this matter.

JAMES SWAIN,
Terminal Superintendent, The United Port Service Co., Port Newark, N.J.

TACOMA, WASH., *March 12, 1964.*

Senator HARRY F. BYRD,
Senate Committee on Finance,
Washington, D.C.:

Please reject Mansfield amendment 465 and include telegram into record of hearing.

MAURICE RAYMOND,
President, Port of Tacoma.

NEW ORLEANS, *March 13, 1964.*

Senator HARRY F. BYRD,
Chairman, Senate Committee on Finance,
Washington, D.C.:

I furnish labor and equipment for nearly all Australian meat inspected in New Orleans. Have tried cooking and eating and the taste, flavor or aroma is not competitive with any U.S. grade cattle. There is also shortage of cutter and canner type meat used for sausage and other processed meats. Lowering of imports would raise price of these products. Please incorporate in hearing records on Mansfield amendment 465 in hearing at present time.

DOCKSIDE MEAT INSPECTION SERVICE,
JOHN SCHNELLER, Jr.

MONTGOMERY, ALA., *March 13, 1964.*

Senator HARRY F. BYRD,
Senate Office Building,
Washington, D.C.:

Alabama Cattlemen's Association supports Senator Mansfield's amendment (with certain modification) regarding beef imports, now pending before your Senate Finance Committee.

We request this telegram to be made a part of the record of the hearing.

THE ALABAMA CATTLEMEN'S ASSOCIATION.
SELDON SHEFFIELD, *President.*
E. H. WILSON, *Executive Vice President.*

GALVESTON, TEX., *March 13, 1964.*

Hon. H. F. BYRD,
Chairman Committee on Finance,
U.S. Senate, Washington, D.C.:

We wish to register our position to Senator Mansfield's amendment No. 465 to H.R. 1839, which amendment would place restrictions on the importation of meat from all countries in excess of the voluntary reduction agreed to by the Governments of the United States, Australia, New Zealand, and Ireland in February 1964. We feel that such restrictions will be detrimental to the well-being of many people in this area. Many longshoremen, truckdrivers, warehousemen, trucking companies, warehouse owners, and allied trades derive a substantial part of their income from these imports and in the event that imports are curbed their standard of living must be reduced.

Further, we would humbly point out that as the U.S. Government is a firm believer in free trade, such restrictions would be contrary to all past practices and contradictory to the principles to be adopted at the GATT meetings in Geneva.

We, therefore, respectfully request that our opposition to amendment No. 465 to H.R. 1839 be incorporated in the record of the hearing now being held and that our telegram be read to all present at the hearing.

LE BLANC-PARR, INC.

MOBILE, ALA., *March 12, 1964*.

Hon. H. F. BYRD,
Chairman Committee on Finance,
U.S. Senate, Washington, D.C.:

We wish to register our opposition to Senator Mansfield's amendment No. 465 to H.R. 1839, which amendment would place restrictions on the importation of meat from all countries in excess of the voluntary reduction agreed to by the Governments of the United States, Australia, New Zealand, and Ireland in February 1964. We feel that such restrictions will be detrimental to the well-being of many people in this area. Many longshoremen, truckdrivers, warehousemen, trucking companies, warehouse owners, and allied trades derive a substantial part of their income from these imports and in the event that imports are curbed their standard of living must be reduced.

Further, we would humbly point out that as the U.S. Government is a firm believer in free trade, such restrictions would be contrary to al' past practices and contradictory to the principles to be adopted at the GATT meetings in Geneva.

We, therefore, respectfully request that our opposition to amendment No. 465 to H.R. 1839 be incorporated in the record of the hearing now being held and that our telegram be read to all present at the hearing.

NORTON LILLY & CO., INC.

NEW ORLEANS, LA., *March 12, 1964*.

Hon. H. F. BYRD,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.:

We wish to register our opposition to Senator Mansfield's amendment No. 465 to H.R. 1839, which amendment would place restrictions on the importation of meat from all countries in excess of the voluntary reduction agreed to by the Governments of the United States, Australia, New Zealand, and Ireland in February 1964. We feel that such restrictions will be detrimental to the well-being of many people in this area. Many longshoremen, truckdrivers, warehousemen, trucking companies, warehouse owners, and allied trades derive a substantial part of their income from these imports and in the event that imports are curbed their standard of living must be reduced.

Further, we would humbly point out that as the U.S. Government is a firm believer in free trade, such restrictions would be contrary to all past practices, and contradictory to the principles to be adopted at the GATT meetings in Geneva.

We, therefore, respectfully request that our opposition to amendment No. 465 to H.R. 1839 be incorporated in the record of the hearing now being held and that our telegram be read to all present at the hearing.

ABAUNZA STEAMSHIP AGENCY CORP.

NEW YORK, N.Y., *March 13, 1964*.

Hon. H. F. BYRD,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.:

Reference Senator Mansfield's amendment 465 to H.R. 1839 proposing to curtail the importation of frozen meat into the United States we respectfully wish to express our complete opposition to such a restriction on imports of this commodity.

As steamship agents operating in the port of New York for almost 50 years our organization is supported to a large extent by the import traffic of frozen meat from Australia which, in turn, has contributed largely to the important and increasing export trade from U.S. ports in the Great Lakes and east coast of the United States to Australia.

In addition to the jeopardy to our own personnel such an import restriction would affect the welfare of longshoremen, customhouse brokers, warehousemen, and many other related trades not only in the port and city of New York but all the principal ports in the U.S. Great Lakes and Atlantic coast.

We further respectfully request that this telegram be read at the hearings presently being held and be incorporated into the record of said hearings.

GARCIA & DIAZ, INC.

GALVESTON, TEX., *March 12, 1964.*

Hon. H. F. BYRD,
Chairman, Senate Finance Committee,
U.S. Senate, Washington, D.C.:

Please express our strenuous objections to the Mansfield amendment 465 to bill 1839 as it would have the immediate effect of curtailing needed ocean service between gulf ports and South America, New Zealand, and Australia. While domestic producers may object to competition causing prices to decline, submit present and past prices still place meat beyond the means of thousands of families. Moreover, situation parallel to objections of domestic poultry producers to increase in tariff by ECA countries. We cannot have our cake and eat it too. Respectfully submit our country cannot exist in a vacuum, or isolated from the rest of the world. Desire this wire read and incorporated into the record of the hearing now being held on this amendment.

BOARD OF TRUSTEES OF THE GALVESTON WHARVES,
By JACK W. BOEHL, *Traffic Manager.*

WORCESTER, MASS., *March 12, 1964.*

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.:

We respectfully wish to register our opposition to the Mansfield amendment, 465 to H.R. 1839 which is designed to severely reduce imports of meat. As manufacturers of meat food products, ample supplies are needed to maintain our operation. We cannot secure domestic meat for same purpose in sufficient quantities.

Respectfully request this telegram to be read at hearing and introduced into the record.

CHICAGO DRESSED BEEF CO., INC.

PORTLAND, MAINE, *March 13, 1964.*

Mrs. ELIZABETH SPRINGER,
Chief Clerk, Committee on Finance,
U.S. Senate, Washington, D.C.:

Please insert the words "amendment 465 to" before the bill number H.R. 1839, our telegram March 10.

GEORGE B. MORRILL, Jr.,
Chairman of the Board, Burnham Morrill Co.

PORTLAND, MAINE, *March 10, 1964.*

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
U.S. Senate, Washington, D.C.:

Passage of amendment 465 to H.R. 1839 would have seriously harmful effect on our business and we therefore urge that this bill be defeated.

Please read this message at the hearing and make it part of the record.

GEORGE B. MORRILL, Jr.,
Board Chairman, Burnham Morrill Co.

MURPHY TRANSPORTATION CO.,
Maywood, Calif., March 11, 1964.

Re our telegram dated March 11, 1964, objecting to Mansfield amendment 465 to H.R. 1839.

Mrs. E. SPRINGER,
Chief Clerk, Senate Committee on Finance,
Senate Office Building, Washington, D.C.

DEAR MADAM: As a trucking company, imported meat is very important to us because most of our income is derived from moving meat. It would be a severe hardship on us as we have purchased additional refrigerated equipment to move this product.

In addition we are hauling a large amount of pork and meat products to the Los Angeles Harbor for export to Japan.

Very truly yours,

E. M. MURPHY.

HELENA, MONT., *March 12, 1964.*

Senator HARRY BYRD,
Senate Finance Committee,
Washington, D.C.:

Urge immediate action on amendment 465 and H.R. 1839 to correct the great disservice done to America's livestock industry by recent one-sided agreement on meat imports.

TIM BABCOCK, *Governor of Montana.*

NEW YORK, N.Y., *March 11, 1964.*

Senator H. F. BYRD,
Chairman, Finance Committee,
Washington, D.C.:

We strenuously object to Mansfield amendment 465 to H.R. 1839 which will greatly reduce the frankfurter and hamburger business. Please incorporate this wire into the records.

AUSTRACAN (USAL), INC.

NEBRASKA CHAMBER OF COMMERCE,
Lincoln, Nebr., March 13, 1964.

Hon. Senator HARRY F. BYRD,
Chairman, Senate Committee on Finance,
Senate Office Building, Washington, D.C.

DEAR SENATOR BYRD: The Nebraska State Chamber of Commerce at its annual meeting November 22, 1963, in Omaha, Nebr., passed the following resolution:

"We urge better control of the importation of beef through the use of tariffs based on market prices rather than tariffs set on a permanent percentage basis."

We will appreciate your committee's favorable consideration of this resolution.

Sincerely yours,

EARL LUFF, *President.*

GOODING CHAMBER OF COMMERCE,
Gooding, Idaho, March 10, 1964.

Senator HARRY F. BYRD,
Senate Office Building,
Washington, D.C.

DEAR SENATOR BYRD: The directors of the Gooding Chamber of Commerce at their regular monthly meeting this morning voted unanimously in favor of the Mansfield amendment, pertaining to the importation of meat products from Australia and New Zealand, and I was instructed to advise you accordingly.

The Gooding Chamber of Commerce members feel that the cattle industry in the United States needs the protection the Mansfield amendment will provide against meat imports. We therefore urgently request your support for this amendment.

Members are of the opinion that foreign meat imports should not exceed the average imported during the years 1959, 1960, 1961, 1962, 1963.

Sincerely,

LELAND G. BURRESS, *President.*
WM. PYLE, *Secretary.*

CHICAGO, ILL., *March 11, 1964.*

Senator HARRY BYRD,
U.S. Senate, Washington, D.C.:

Respectfully wish to register our opposition to the Mansfield amendment 465 to H.R. 1839, designed to severely reduce imports of imported meat. Ample supplies are needed to maintain our operation and cannot secure domestic meat for the same purposes in sufficient quantities. Respectfully request this telegram be read at hearing and recorded at hearing.

INTERNATIONAL MEAT TRADERS, INC.

LOS ANGELES, CALIF., *March 11, 1964.*

Senator BYRD,
Senate Office Building,
Washington, D.C.:

Feel imperative defeat amendment 465 to H.R. 1839, domestic manufacturing beef short and reduction imports would work hardship on low-income families. Request this wire and American Meat Institute's President De Graff article in March 7 issue meat industry's magazine National Provisioner be put in records of the hearing.

BOB CROUSE CO.

NEW YORK, N.Y., *March 11, 1964.*

Hon. H. F. BYRD,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.:

Would you please read and incorporate into the hearings now being held on the Mansfield amendment 465 to H.R. 1839, our strong opposition to this amendment until such time as the full facts are presented at the Tariff Commission hearings to be held on April 28. As steamship agents we and our employees are directly involved with the possible curtailment of meat imports.

BOOTH AMERICAN SHIPPING CORP.

NEW YORK, N.Y., *March 11, 1964.*

Hon. HARRY F. BYRD,
Chairman, Finance Committee,
U.S. Senate, Washington, D.C.:

We wish to register our opposition to Mansfield amendment 465 to H.R. 1839, proposing severe restrictions import frozen lean meat from allied countries domestic production. This type meat insufficient meet demand. Would appreciate our view being read at hearing.

BOUKOURIS & CO., LTD.

SAN FRANCISCO, CALIF., *March 11, 1964.*

Hon. Senator HARRY F. BYRD,
Chairman, Senate Committee on Finance,
U.S. Senate Building, Washington, D.C.:

Reference Mansfield amendment 465 to H.R. 1839, designed to severely restrict imported meats. We urge opposition this bill as it endangers reciprocal trading. Australasia with whom United States enjoys favorable trade balance also tends to harm sausage industry with resultant higher price food items particularly to lower income group of American consumers. Respectfully request you incorporate contents this telegram in records of hearing.

Thank you for your consideration.

BALFOUR GUTHRIE & CO., LTD.

SAN FRANCISCO, CALIF., *March 11, 1964.*

Hon. HARRY F. BYRD,
Chairman, Senate Committee on Finance,
Senate Office Building, Washington, D.C.:

We urge your energetic opposition to Senator Mansfield's amendment 465 because imports of beef and mutton at 1963 levels are needed in the United States. As a supplement to domestic low grade beef supply and any material reduction in imports would be reflected in increased prices of processed meat items to consumers. These imports do not compete with domestic production since they are predominantly of manufacturing grade, a grade of which there has been a shortage in the United States for some time. The real reason for the recent decline in feed cattle prices is the oversupply of overfat cattle on the U.S. market. Cutting back on imports would not solve that problem but on the contrary would have adverse consequences to consumers, to importers, and to our export trade with those friendly countries like Australia and New Zealand whose ability to purchase American goods would be reduced in relation to the curtailment of their export earnings. We request that this wire be incorporated in the printed records of the hearings.

INTERNATIONAL PACKERS, LTD.,
J. R. SETTLES.

NEW ORLEANS, LA., *March 11, 1964.*

Senator HARRY F. BYRD,
Chairman, Senate Committee on Finance,
U.S. Senate Office Building, Washington, D.C.:

Strongly urge you reject Senator Mansfield's amendment 465 relating to meat imports. These imports do not compete with domestic production as they are of manufacturing grade of which there has been a shortage in this country. The real reason for recent decline in cattle prices is the oversupply of overfat cattle on the U.S. market. Reduction of imports would not solve problem but would have adverse consequences to consumers, importers, and our export trade with Australia and New Zealand whose ability to purchase American goods would be reduced in relation to curtailment of their export earnings. Please incorporate our opposition to Senator Mansfield's amendment 465 in the printed records of the hearings.

NEW ORLEANS COLD STORAGE & WAREHOUSE CO., LTD.,
H. L. BROOKS,
President and General Manager.

PITTSBURGH, PA., *March 11, 1964.*

Senator HARRY BYRD,
U.S. Senate,
Washington, D.C.:

Respectfully wish to register our opposition to the Mansfield amendment 465 to H.R. 1839 designed to severely reduce imports of imported meat. Ample supplies are needed to maintain our operations and cannot possibly secure domestic meat for same purposes in sufficient quantities. Respectfully request this telegram be read and recorded at hearing.

KRESS DOBKIN CO., INC.

PITTSBURGH, PA., *March 12, 1964.*

Senator HARRY BYRD,
U.S. Senate,
Washington, D.C.:

Respectfully wish to register our opposition to the Mansfield amendment 465 to H.R. 1839 designed to severely reduce imports of imported meat. Ample supplies are needed to maintain our operations and cannot possible secure domestic meat for same purposes in sufficient quantities. Respectfully request this telegram be read and recorded at hearing.

K. & D. MEAT CO., INC.

SEATTLE, WASH., *March 11, 1964.*

Hon. HARRY F. BYRD,
Chairman, Senate Committee on Finance,
Washington, D.C.:

Please reject Mansfield amendment 465 and request this telegram be incorporated into records of hearings.

PERRY LEVINSON,
President, Levbak Trading Co., Inc.

U.S. SENATE,
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
March 11, 1964.

Hon. HARRY FLOOD BYRD,
Chairman, Finance Committee,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I am enclosing a statement of my views in support of Senator Mansfield's bill, S. 2525, to authorize restrictions on imports of meat. I will appreciate your courtesy in seeing that it is made a part of the record of the hearings now in progress.

Sincerely,

FRANK CHURCH.

STATEMENT BY SENATOR CHURCH

Mr. Chairman, I urge the committee to consider favorably Senator Mansfield's bill, S. 2525, which would establish limitations on meat imports to the United States, based on average levels for the years 1959 to 1963. Petitions, telegrams, and letters pouring into my office during the past few days have made it absolutely clear that this is the form and degree of relief which the cattle and sheep men of my State believe to be necessary for the protection of their industry.

The Mansfield proposal goes further than some would like; others, I am sure, would welcome even more stringent restrictions on meat imports. The Mansfield bill takes a prudent middle position between the extremes of protectionism and free trade. It is supported overwhelmingly by the ranchers and livestock feeders of my State.

Mr. Chairman, in supporting this bill, I am not unmindful of the consumers' interest in having abundant, low-cost meat products in the butcher's case and on the grocery shelves. But American consumers of meat would not be well served by an import policy which proved ruinous to the cattle and sheep business in this country. Foreign meat products may be cheap and plentiful right now, but who knows what would happen if we came to rely upon imports for a large part of our daily diet? We must profit by the lesson of sugar. Nothing in this world but a vigorous and healthy domestic sugar industry, protected in part by a quota system to control imports, could have prevented really drastic sugar shortages, and runaway prices for consumers to pay, during recent years. The lesson we should learn is that we should not have to rely upon imports for essential food on the American dinner table, so long as we can produce the great bulk of our requirements at reasonable cost within our own borders.

Mr. Chairman, unless this committee acts, there is real danger that American livestock producers, faced with falling prices from import competition, will be unable to keep themselves in a position to supply our needs if necessity arises. I hope the Mansfield bill can be speedily reported and enacted.

SMITHFIELD, VA., *March 11, 1964.*

Mrs. ELIZABETH SPRINGER,
Chief Clerk, Senate Committee on Finance,
Senate Office Building, Washington, D.C.:

Understand Mansfield amendment 2525 to H.R. 1839 drastically restricts importation boneless beef especially from Australia and New Zealand. We feel curtailment of this beef would seriously reduce quantities of cured sausage items now being produced in this country since imported meat is used practically 100 percent in the processing of cured sausage meats and is not sold through retail outlets in its original form. Types of meat being imported is not the same type as ranchers in this country produced for sale.

SMITHFIELD PACKING CO., INC.,
G. R. CRAWFORD, *Vice President.*

LOCAL NO. 1291,
INTERNATIONAL LONGSHOREMEN'S ASSOCIATION, AFL–CIO,
Philadelphia, Pa., March 10, 1964.

CHAIRMAN, SENATE FINANCE COMMITTEE,
Washington, D.C.

DEAR SIR: As it appears that I will be unable to put in an appearance at the Senate committee hearings to be held shortly, I would hope that you would make the following statement a part of the record.

We along the Philadelphia waterfront want it known that we are very definitely against amendment 465 to bill H.R. 1839. At this time the most important commodity in our port along man-hour lines is the imported beef from Australia, New Zealand, and Ireland, and any cut in this import would seriously cut into our men's man-hours and could seriously affect the economy of our section, would probably mean layoffs, etc., of our men.

Hoping and thanking you for your consideration and hoping for the defeat of this amendment, I remain,

Respectfully yours,

JAMES T. MOOCK,
International Vice President for the Port of Philadelphia Area

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PHILADELPHIA, PA.,
March 11, 1964.

Senator H. F. BYRD,
Chairman, Finance Committee,
Washington, D.C.:

We strongly object to Senator Mansfield amendment H.R. 1839 to curtail meat imports. Passage of this bill would greatly harm our business and cause hardship to our employees. Request this wire be incorporated into hearing record.

JACK GREENBERG, INC.

ROCHESTER, N.Y.,
March 11, 1964.

Senator HARRY F. BYRD,
Chairman, Finance Committee,
Senate Office Building, Washington, D.C.:

Request this telegram be read in opposition to amendment H.R. 1839 Senator Mansfield, before finance committee. Will put additional financial burden on consumers of United States.

TOBIN PACKING CO., INC.,
E. H. CARSON.

U.S. SENATE,
COMMITTEE ON AGRICULTURE AND FORESTRY,
March 10, 1964.

Hon. HARRY F. BYRD,
Chairman, Senate Committee on Finance,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BYRD: Enclosed you will find a telegram which I have received from George Sinner, chairman of the livestock committee, and Clair Michels of the beef study committee, of the North Dakota Economic Conference which was held in Fargo, N. Dak., February 26 and 27.

I would like to have this telegram made a part of the record of hearings to be held on S. 2525 which will begin March 11.

With warmest personal regards.

Sincerely yours,

MILTON R. YOUNG.

BISMARCK, N. DAK., *March 9, 1964.*

MILTON YOUNG,
U.S. Senate,
Washington, D.C.:

The first North Dakota Economic Conference was held in Fargo on February 26-27. The beef cattle committee of this conference recommended an investigation of marketing practices employed in the transition of beef from packer to consumer.

Reasons:

1. Retail prices have not followed badly depressed wholesale prices.
2. USDA reports a decided 1963 increase in retail markups.
3. Hence, public has not benefited from plentiful supply and surpluses continue to build up.
4. Historically retail prices have followed sustained wholesale price drops.

We feel the Senate Finance Committee can best investigate the possibility of collusive buying and retail price fixing.

We urge you to pursue this matter as quickly as possible. The situation is critical for the three-State economy.

GEORGE SINNER,
Chairman, Livestock Committee.
CLAIR MICHELS,
Beef Study Committee.

U.S. SENATE,
COMMITTEE ON AGRICULTURE AND FORESTRY,
March 16, 1964.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
U.S. Senate, Washington, D.C.

DEAR SENATOR BYRD: Enclosed you will find a table of statistics which I have received from State Senator George A. Sinner of Casselton, N. Dak., which he requests be made a part of the record of hearings now being conducted into the beef import situation.

This table is meant to accompany a telegram received from Senator Sinner and Clair Michels which was made a part of the record earlier in the hearings.

With warmest personal regards.

Sincerely yours,

MILTON R. YOUNG.

TABLE 1

Year	Average annual price per 100 pounds for Choice beef steers live weight at Chicago [1]	Average annual less than carlot steer beef dressed wholesale price per 100 pounds, Choice at Chicago [1]	U.S. average annual price paid by farmers for round steak per pound [2]	Bureau of Labor Statistics average price for round steak [3]	Estimated weighted U.S. average price of retail cuts from Choice grade carcass beef (cents per pound) [4]
1953	$24.14	$39.98		0.915	69.1
1954	24.66	40.10		.907	68.5
1955	23.16	39.24		.903	67.5
1956	22.30	37.89		.892	66.0
1957	23.83	39.38		.958	70.6
1958	27.42	45.05		1.042	81.0
1959	27.83	45.24	0.945	107.3	82.8
1960	26.24	43.98	.933	105.5	81.0
1961	24.65	41.14	.920	103.6	79.2
1962	27.67	44.84	.952	107.8	82.4
1963	[5] 23.96	[5,6] 41.12	.933	[7,8] 102.8	[9] 81.0
					[10] 84.9
					[11] 78.9
1964 (January)	[5] 22.61	[5,6] 39.40			
Week ending Feb. 27, 1964	[12] 20.83	[12] 38.00			

[1] 1953–62 from p. 323, Agricultural Statistics, 1963, USDA.
[2] P. 478, USDA, Agricultural Statistics, 1963, and p. 35 of January 1964 agricultural prices.
[3] P. 277 of USDA Bulletin 333 (Livestock and Meat Statistics, 1962).
[4] P. 279 of USDA Bulletin 333 (Livestock and Meat Statistics, 1962).
[5] P. 30, Livestock and Meat Situation, March 1964. Prices for Choice 500- to 600- and 600- to 700-pound carcasses are nearly identical.
[6] 500 to 600 pounds.
[7] P. 5 of Bureau of Labor Statistics report dated Jan. 29, 1964.
[8] December 1963.
[9] P. 30 of Livestock and Meat Situation, March 1964.
[10] February.
[11] December.
[12] Pp. 170 and 177 of Livestock, Meat, and Wool Market News, vol. 32, No. 9, dated Mar. 3, 1964.

NOTE.—That when live prices went up $3.61 per hundredweight in 1958 over 1957, wholesale prices followed accordingly and retail prices rose 10.4 cents per pound.

In 1963 when live prices dropped $3.71 per hundredweight below 1962, wholesale prices followed accordingly again. But retail prices dropped only 1.4 cents per pound.

NEWARK, N.J., *March 11, 1964.*

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
U.S. Senate, Washington D.C.:

We desire to enter our opposition to Mansfield amendment 465 to H.R. 1839. This will greatly curtail imports of beefs needed in manufacturing of sausage products. Ample supplies are needed to use up domestic fat trimmings. We cannot use domestic beef in sufficient quantities for same purpose.

Please read this wire at hearing and introduce into record.

MARTIN PACKING CO. OF NEWARK.

BOSTON, MASS., *March 10, 1964.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Washington, D.C.:

We strongly oppose Senator Mansfield amendment to H.R. 1839 restricting imports which is ridiculous. Would mean domestic prices would become abnormally high.

Request my telegram be incorporated in records in hearing.

PAUL KAPLAN,
Wholesale Beef Dealer.

NORFOLK, VA., *March 12, 1964.*

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
U.S. Senate, Washington, D.C.:

We are strenuously opposed to the Mansfield amendment to bill 1839. If this amendment becomes law our business from Australia, New Zealand, will be seriously curtailed, the impact of which will be felt extensively at the port of Hampton Roads, Va., by labor and transportation industry.

We desire this wire read and incorporated into the hearing now being held on this amendment.

FUNCH EDYE & CO., INC.

NEW ORLEANS, LA.,
March 12, 1964.

Senator H. F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D.C.:

We wish to go on record voting strenuous opposition to the Mansfield amendment to bill 1839. This amendment reduces considerably the importation of meat into the United States, thus seriously affecting our business ultimately resulting in reduction in the number of personnel employed. Additionally the restriction on the importation of meat into this country can only serve to increase the cost of meat to all U.S. consumers. Please arrange read this wire and incorporate into the hearing now being held on this amendment.

FUNCH EDYE & CO., INC.

GALVESTON, TEX.,
March 12, 1964.

Hon. H. F. BYRD,
Chairman, Senate Finance Committee,
Washington, D.C.:

We are strenuously opposed to the Mansfield amendment 465 to bill 1839. A law reducing to a large extent the importation of meat into the United States will seriously damage our business as steamship agents to the extent of possibly reducing our personnel. The cost of meat to all consumers will rise if this restriction is imposed. We request this wire be read and incorporated into the hearing now in progress on this amendment.

FUNCH EDYE & CO., INC.

HOUSTON, TEX.,
March 12, 1964.

Senator H. F. BYRD,
Senate Building, Washington, D.C.:

We strongly oppose the Mansfield amendment 465 to bill 1839. If this amendment becomes law our business will be seriously affected necessitating reducing our personnel and furthermore the reduction of meat imports into this country will increase the cost to all consumers. We desire this wire read and incorporated into the hearing now being held on this amendment. We beesch your support in opposing this amendment.

FUNCH EDYE & CO., INC.

NEW YORK, N.Y., *March 11, 1964.*

Hon. H. F. BYRD,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.:

We wish to express our strenuous opposition to the Mansfield amendment 465 to bill No. 1839. If this amendment reducing to a considerable extent the importation of meat into the United States becomes law our business will be seriously affected necessitating a reduction in the number of our personnel. Furthermore the restriction on the importation of meat into this country will increase the cost of meat to all consumers. We desire this wire read and incorporated into the hearing now being held on this amendment.

FUNCH EDYE & CO., INC.

SAN FRANCISCO, CALIF., *March 11, 1964*.

MRS. ELIZABETH SPRINGER,
Chief Clerk, Senate Committee on Finance,
Senate Office Building, Washington, D.C.:

Object to Mansfield amendment S. 2525, H.R. 1839 and request permission to file written statement to be incorporated in the printed record of the Senate Finance Committee hearing.

DISTRIBUTORS WAREHOUSE CO.

DISTRIBUTORS' WAREHOUSE CO.,
San Francisco, Calif., March 17, 1964.

MRS. ELIZABETH SPRINGER,
Chief Clerk, Senate Committee on Finance,
Senate Office Building, Washington, D.C.

MY DEAR MRS. SPRINGER: We strongly object to the Mansfield amendment 465 to H.R. 1839 limiting the importation of frozen Australian and New Zealand meats.

The grade of these imported meats is primarily used in ground meats and by manufacturers in the making of sausages, hotdogs, and other processed cooked meat products.

In reviewing statements of the cattle industry of our country, it is evident that this grade of meat available through our domestic supply would not take care of more than 2 months of the year's demand to meet the needs of the packers and, most of all, would reflect an increase to the consumer of all of these processed meat products to the extent of as much as 40 to 50 percent.

We do not think that our cattle industry will suffer, as most certainly all domestic supplies of this grade of meats will be marketed, and feel that no restrictions or quotas should be imposed.

Any cutback of import of these meats willl greatly affect our business as well as many other such concerns who are engaged in the services of supplying labor with all of the necessary equipment in working with the State and BAI inspectors in the inspecting of these shipments on arrival. About 80 percent of our present yearly gross business is comprised of the servicing for inspection of these imported meats and should there be any cutback of these imports it would make it necessary that we permanently lay off six to eight of our permanent employees.

Respectfully yours,

C. A. CASSELLA, *Manager*.

U.S. SENATE,
COMMITTEE ON APPROPRIATIONS,
March 16, 1964.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.

MY DEAR SENATOR: It is my understanding that hearings are now being held by your committee relative to the importation of meats into the United States.

I have had quite a number of communications from Florida people and organizations relative to the hearings and I am enclosing copies of some of the communications I have received, each of which requests that the communication be made a part of the hearing record.

With kindest regards, I remain

Yours faithfully,

SPESSARD L. HOLLAND.

TAMPA, FLA.

Senator SPESSARD L. HOLLAND,
Senate Office Building, Washington, D.C.

Please refer to Mansfield amendment 465, H.R. 1839, designed to curtail imports of meat and strongly urge your opposition to this amendment which presently before Senate Finance Committee as party vitally concerned with transportation and storage of meat products wish to indicate any curtailment of meat imports would have serious impact on port of Tampa in loss of shipping and attendant payrolls and unbearable hardship on shipping facilities already hard hit by results of Florida freeze which has practically eliminated exports of citrus products.

Understand question of meat imports under general investigation by U.S. Tariff Commission with public hearing scheduled for April 28. Prefer Senate Finance Committee withhold action until results Tariff Commission hearing.

As constituents, respectfully solicit your opposition of Mansfield amendment 465 H.R. 1839 and request this telegram be read into the minutes of Senate Finance Committee hearings presently being held.

GULF FLORIDA TERMINAL CO.

ARROW BEEF CORP.,
Hialeah, Fla., March 12, 1964.

HON. SPESSARD HOLLAND,
U.S. Senator, Senate Office Building,
Washington, D.C.

DEAR SENATOR: We have informed the chief clerk, Senate Committee on Finance, of our objection to the Mansfield amendment to the following bills, H.R. 1839 and S. 2525. Our objection was stated in the following day letter.

"We are opposed to the Mansfield amendment to H.R. 1839 and S. 2525. We employ over 25 people and process nothing but Australian beef products. If restrictions are placed on our source of supply, we will be forced to close our plant."

We also would like to place our objection to the above stated amendment through you and would appreciate your help in this matter.

Yours truly,

SAUL BERMAN, *President.*

MIAMI, FLA., *March 11, 1964.*

MRS. ELIZABETH SPRINGER,
Chief Clerk, Senate Committee on Finance,
Senate Office Building, Washington, D.C.:

We are opposed to the Mansfield amendment to H.R. 1839 and S. 2525. We employ over 25 people and process nothing but Australian beef. If restrictions are placed on our source of supply we will be forced to close our plant.

ARROW BEEF CORP.,
SAUL BERMAN.

ARROW BEEF CORP.,
Hialeah, Fla., March 16, 1964.

MRS. ELIZABETH SPRINGER,
Chief Clerk, Senate Committee on Finance,
Senate Office Building, Washington, D.C.

DEAR MRS. SPRINGER: Further to my telegram of opposition to Senator Mansfield's amendment 465, we would like this written statement to be included in the written record of the hearing:

The Arrow Beef Co. is situated in Hialeah, Fla., and presently employs a staff of 25 or more people. The operation as a whole is reliant upon the imports of Australian and New Zealand beef and, therefore, so is the livelihood of its employees.

In our opinion, rather than being detrimental to the domestic market, the availability of imported meats has in many ways helped to keep domestic prices a lot firmer than they might have been had not the chainstores been able to utilize the lean manufacturing import meat with the tallow of the choice and prime domestic meats.

We would like to point out that the ports of Tampa, Jacksonville, and Port Everglades have benefited by the importation of frozen meats also the various cold storages and trucking concerns throughout the State.

Taking into account the above, we would once more most vigorously voice our opposition to the Mansfield amendment 465.

Very truly yours,

S. BERMAN.

TAMPA, FLA.

HON. SPESSARD HOLLAND,
U.S. Senate, Washington, D.C.:

Referring to Mansfield amendment 465, H.R. 1839, designed to curtail meat imports presently before Senate Finance Committee. We as party vitally interested in transportation industry desire to register our opposition to Mansfield amendment 465, which if enaced, would be very detrimental in all phases to the port of Tampa. Furthermore, as question of meat imports under general investigation by U.S. Tariff Commission with public hearing scheduled April 28 next we prefer Senate Finance Committee withhold action to await results Tariff Commission hearing. As constituents, we respectfully solicit your opposition to Mansfield amendment 465, H.R. 1839, and request this telegram be read and incorporated in Senate Finance Committee hearings now being held.

TAMPA SHIPPING CO., INC.,
Marbury and ACL Viaduct.

MILWAUKEE SAUSAGE CO.,
Seattle, Wash., March 19, 1964.

Subject: Livestock prices and imports of frozen meats.

Hon. HARRY BYRD,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.

DEAR SIR: The immediate purpose of this message is to request that you vote against, and seek the support of your colleagues in preventing the passage of Senator Mansfield's amendment 465, which amendment I understand has as its purpose the further restriction of imports of foreign meats to the United States. This is not a simple matter to be settled by an ill-conceived political maneuver, and if you will bear with me, I will attempt to set forth below some of the factors involved.

I would firstly point out, but not dwell upon, the necessity of maintaining good trade relations with Australia, New Zealand, and Canada. Our administration has already reached an understanding with the former two, and any legislative action would certainly be a breach of faith. It is economic necessity that these countries, bastions of freedom in our troubled world, continue to export their produce to the United States, in order that they may be able to retain their positions as valued customers for our exports.

From a more selfish standpoint, it is also an economic necessity to the well-being of the meat industry in the United States, that imports of manufacturing grade meats continue at present levels. I feel qualified to communicate in this regard not only on behalf of my own small business, but also on behalf of my associates, who have seen fit to elect me president of the Washington State Meat Packers' Association, and who appointed me to serve as a Washington State member of the board of directors of the Western States Meat Packers' Association. In recognition of the before-mentioned economic necessity. The Western State Meat Packers' Association is on record as being opposed to any restriction on importing of manufacturing grade meats, although favoring restriction upon imports of roasting and broiling quality steer cuts.

I am certain that you are aware of and concerned about the present condition existing in the livestock industry in Washington State and throughout our Nation. Eliminating seasonal improvements, the market for beef-type cattle has declined for a period exceeding 18 months, to a present disastrous level. During this same period, foreign beef imports have increased to a record high. It is understandable that some livestock men would correlate these two situations as being effect and cause; but nothing could be further from economic accuracy.

Over the period of the past 4 or 5 years, our domestic economy has moved at an increasingly prosperous average level. Historically, under such circumstances, our population demands increasing quantities of beef. Encouraged by this demand, and by the ready availability of cheap feed, American cattle producers and feeders have raised the population of beef-type cattle to heretofore unheard of levels. These cattle have come to market in the past 18 months in quantities too great for our consuming population to absorb at the previous high-price levels. As a result, the normal play of the forces of supply and demand have forced back the prices available to the packers, feeders, and producers, to present unprofitable levels. Only after this supply of fat cattle is brought into line with demand, will our livestock industry prosper, regardless of any control which may be exercised over the importation of foreign meats.

The economic attractiveness of grain feeding has had yet another result. It became much less interesting for the growers in the central area of the United States to continue raising on their grasslands, the lower grade beef breeds which were not suitable for grain feeding. At the same time, due to other economic factors, the dairy herds in our conutry were greatly reduced, thereby greatly reducing the number of aged cattle which, when no longer productive for dairy purposes, found thely way to market. These two types, low-grade grass cattle, and dairy cattle, are the types used for grinding meats, and upon which the manufacturers of sausage and hamburger depend for their source of raw material.

While the domestic supply of manufacturing grade beef was thus substantially reduced, consumer demand for hamburger, frankfurters, and luncheon meats was growing at an impressive rate. It is the good fortune of the consuming population of this country, and of the meat processing industry which satisfies this consumer demand, that manufacturing grade meats from Australia and New Zealand became available at a time and in quantities sufficient to prevent an absolute runaway of raw material prices. My company must pay today, for beef raw materials, a price 50 percent greater than we paid in 1956 and 1957—the years just before the substantial increases in Australian and New Zealand supply. In face of this price strength, all argument favoring restrictions to the end of raising this market still further, must flee.

The restrictions already agreed upon by or administration and the meat boards of Australia and New Zealand, except as they relate to the limitation in flow of better quality steer beef cuts, represent a political expedient influenced by the outcry from vociferous but uninformed and unreasoning cattle organization representatives. No matter how good the intent of such restrictions, the avowed purpose will not be served. Further restrictions, such as proposed by the Mansfield Amendment 465, would only reduce the supply of manufacturing grade beef raw materials available to the meat processing industry, with resultant damage to that industry, and higher prices to consumers.

I urge you then, Senator Byrd, to oppose actively such a generalized attempt at import regulations as proposed in Mansfield Amendment 465, and to assist in the exercise of intelligent reasoning whenever the present problem of livestock raiser difficulties is discussed.

Very respectfully,

MARTIN B. RIND,
President, Milwaukee Sausage Co.;
President, Washington State Meat Packers Association;
Board Member, Western States Meat Packers Association.

STANDARD MEAT CO.,
Fort Worth, Tex., March 23, 1964.

SENATE FINANCE COMMITTEE,
Senate Office Building,
Washington, D.C.
(Attention Mrs. Elizabeth Springer, chief clerk).

GENTLEMEN: Enclosed is a written statement which I would like to have included in the records hearing on Senator Mansfield's amendment S. 2525 to H.R. 1839.

Sincerely yours,

E. M. ROSENTHAL, *President.*

STANDARD MEAT CO.,
Fort Worth, Tex., March 23, 1964.

SENATE FINANCE COMMITTEE,
Senate Office Building,
Washington, D.C.

GENTLEMEN: In deliberation of amendment 465 to H.R. 1839 concerning the importation of foreign meat products, it is respectfully requested that consideration be give to the following:

Imported meats are most important to the successful operation of our business. With them we are able to maintain a continuity of supply that contrasts sharply to the sporadic availability of domestic equivalents. In fact, such items as boneless dairy-type veal, of which we use approximately 1 million pounds per year, is virtually unavailable in Texas where we are located, and obtainable in only small quantities during brief seasons from other distant points in the United States. Furthermore, we actually pay a premium for the imported product in relation to the domestic veal when it is available, because the veal from New Zealand is prepared more fastidiously and contains less bone chips normal in its production. The curtailment of such veal would seriously hamper our business.

The majority of the imported meat items, other than the veal mentioned above, are used to supplement the extremely short supply of lower grade meats available in the United States. Consequently, the prices of ground, comminuted, and sausage items are held down for the consumer. In all probability, if import meats were sharply curtailed, prices to the consumer of these so-called low-cost foods would rise considerably and perhaps beyond the reach of certain lower income groups.

In most instances, our imported products are blended with domestic meat. We are using lean imported beef to blend with domestic cuts from highly fed cattle that we normally have great difficulty in disposing of. In other words, the imported cuts allow us to use more of the domestic Choice beef than we would otherwise be able to use.

Our firm employs approximately 100 people whose livelihood would be endangered by the restriction or drastic reduction in imported meats. For their benefit and for the benefit of the consuming public in general, it is strongly urged that amendment 465 not be passed.

Respectfully submitted.

E. M. ROSENTHAL, *President.*

U.S. SENATE,
COMMITTEE ON COMMERCE,
March 23, 1964.

Hon. HARRY FLOOD BYRD,
Chairman, Committee on Finance,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: H.R. 1839, to amend the Tariff Act of 1930 to provide for the free importation of wild animals and wild birds which are intended for exhibition in the United States, is pending before your committee. I understand that hearings are now underway on amendment No. 456, which would provide for a quota on imported meats.

I would like to take this opportunity to propose a further amendment to H.R. 1839 to impose an annual quota on the quantity of softwood lumber which may be imported into the United States.

Mounting imports of softwood lumber are having an increasingly adverse effect on the domestic lumber industry, the economy of our Nation's lumber-producing areas, and business and employment within these areas. Imports of softwood lumber have risen from 4.1 percent of U.S. consumption in 1947 to in excess of 16 percent in 1963.

The Dominion of Canada, which supplies most of the softwood lumber coming to the United States, enjoys numerous cost, subsidy, and tariff advantages not possessed by U.S. softwood lumber producers, a fact indicating that unless these advantages are offset by legislation, such as the amendment I am proposing to H.R. 1839, import competition will continue to grow with resulting declines in U.S. production and prosperity.

Canadian advantages include arbitrarily manipulated exchange rates which place the Canadian dollar approximately 7.5 cents below the U.S. dollar, Government pegged stumpage rates far lower than Western United States stumpage costs, Government-conferred transportation benefits, and tariff differentials so favorable to Canadian producers that they abrogate the principle of reciprocity on which the Tariff Act of 1930 was based.

The amendment which I offer is attached. I hope that you and the other members of the Committee on Finance will be able to give this amendment favorable consideration. Copies of this letter are being sent to your committee colleagues and, of course, I would be happy to appear at any time before the committee in support of the proposed amendment.

Sincerely yours,

WARREN G. MAGNUSON, *Chairman.*

AMENDMENT

Intended to be proposed by Mr. Magnuson to the bill (H.R. 1839) to amend the Tariff Act of 1930 to provide for the free importation of wild animals and wild birds which are intended for the exhibition in the United States, viz: At the end of the bill insert the following:

SEC. 3. That commencing on the effective date of section 4 of this Act, no softwood lumber shall be imported into the United States during any calendar year in excess of the quota for such established pursuant to this Act.

SEC. 4. (a) The total quantity of softwood lumber which may be imported into the United States during any calendar year shall be 6 per centum of the average annual consumption of softwood lumber in the United States during the three calendar years preceding such year.

(b) Notwithstanding the provisions of subsection (a), the total quantity of softwood lumber which may be imported into the United States during the remaining portion of the calendar year in which this section becomes effective shall be the quantity prescribed by subsection (a) for such year less one-twelfth thereof for each full calendar month that has expired in such year on the effective date of this section.

(c) This section shall become effective as soon as practicable, on a date to be specified by the President in a notice to the Secretary of the Treasury following such negotiations as may be necessary to effectuate a modification or termination of any international obligation of the United States with which this Act might conflict, but in any event not later than sixty days after the date of the enactment of this Act.

SEC. 5. (a) The Secretary of Commerce shall, within sixty days after the date of the enactment of this Act, determine the domestic consumption of softwood lumber for the three calendar years preceding the year in which section 4 of this Act becomes effective, and on the basis of such determination shall establish the quota for the importation of softwood lumber for such year. The Secretary of Commerce shall within sixty days after the beginning of each calendar year following the year in which section 4 of this Act becomes effective, determine the domestic consumption of softwood lumber for the three preceding calendar years, and on the basis of such determination shall establish the quota for the importation of softwood lumber for such calendar year.

(b) If the domestic consumption of softwood lumber during any preceding calendar year cannot be determined within the period prescribed in subsection (a), the Secretary of Commerce shall estimate the domestic consumption for such year and on the basis of such estimate shall establish a preliminary quota which shall be effective until a determination of domestic consumption for such year can be made by him.

(c) The Secretary of Commerce shall, as soon as the quota (or preliminary quota) for the importation of softwood lumber for each calendar year has been established by him pursuant to this section, notify the Secretary of the Treasury, and publish the quota in the Federal Register.

SEC. 6. The Secretary of Commerce and the Secretary of the Treasury are authorized to prescribe such regulations as may be necessary to carry out this Act.

Amend the title so as to read: "An Act to amend the Tariff Act of 1930 to provide for the free importation of wild animals and wild birds which are intended for exhibition in the United States, and for other purposes."

VALLEY COUNTY LIVESTOCK ASSOCIATION,
Glasgow, Mont., March 24, 1964.

Re beef import legislation.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D.C.

HONORABLE SIR: We urgently request that your committee give favorable and early attention to legislation restricting our beef imports. The recent price declines in livestock have seriously affected our whole agricultural industry in the United States. While it is true that our area is engaged in largely producing feeder cattle, these feeder cattle go to all parts of the Midwest and west coast feeding areas with the result that widespread distress countrywide in the areas involved in the livestock industry are being reported back to us. It is not therefore a matter of our own producers being in distress but because our people are in distress indicates that the whole industry is suffering.

It is very important to the well-being and prosperity of our agricultural economy that some effective remedial action is forthcoming immediately. We earnestly solicit your help.

Very truly yours,

C. H. BROCKSMITH, *Secretary-Treasurer.*

CHEESE IMPORTERS ASSOCIATION OF AMERICA, INC.,
New York, N.Y., March 24, 1964.

Re H.R. 1839—Amendment No. 408 to Amendment No. 405.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D.C.

HONORABLE SIR: We are advised that Senator Proxmire has introduced an amendment to the above bill which would impose import quotas on all dairy products. As you no doubt are aware, import restrictions presently exist against dairy products under a proclamation issued by the President pursuant to section 22 of the Agricultural Adjustment Act.

This association is a national organization, whose membership includes the importers of a major portion of the cheese imported into the United States. The business and livelihood of our members would be seriously affected by any further legislation imposing additional restrictions on the importation of cheese, and we therefore request an opportunity to be heard before any recommendations are made or action taken by your committee with respect to legislation which would affect the importation of cheese. In the event that such opportunity cannot be had, we request that this letter be placed in the record of the hearing on this bill.

We oppose the adoption of any further import restrictions upon the importation of cheese. There is absolutely no need for such restrictions or for any further legislation with regard to the importation of cheese. Conclusive proof of this statement is the fact that current imports of cheese fall far short of the existing quotas.

The total amount of imports of cheese into the United States is extremely small when compared to the U.S. production. The statistics of imports, production and consumption of cheese for the past 10 years are as follows:

	U.S. production	U.S. imports	United States per capita consumption [1]
	Thousand pounds	*Thousand pounds*	*Pounds*
Year:			
1953	1,344,400	56,215	7.5
1954	1,383,234	49,958	7.9
1955	1,366,893	51,951	7.9
1956	1,387,692	53,717	8.0
1957	1,407,423	50,877	7.7
1958	1,399,384	55,737	8.1
1959	1,383,061	63,858	8.0
1960	1,477,973	63,149	8.4
1961	1,630,392	75,818	8.5
1963	1,584,770	77,614	9.1

[1] Excluding cottage cheese.

It is apparent from the above comparative statistics that the amount of cheese imports is relatively insignificant as compared to U.S. production and consumption, and represents only about 5 percent of the U.S. production.

Certain varieties of cheese are subject to import quotas established by Presidential proclamation pursuant to section 22 of the Agricultural Adjustment Act. The following are the presently existing annual import quotas on the restricted varieties of cheese:

	Pounds
Italian types made from cow's milk	11,500,100
Edam and Gouda cheese	9,200,400
Blue-mold cheese	5,016,999
Cheddar cheese	2,613,837

Except for imports of Cheddar cheese, imports of the other types listed fall far short of the established quota, indicating the complete lack of need of even the existing import restrictions. The adage "Trade is a two-way street" has been worn thin by its repeated use, nevertheless, it is a fact of life. We certainly cannot expect to impose restrictions on importation of foreign products and at the same time promote international trade in our own products. This is especially ridiculous when there is absolutely no need for the import restrictions in question.

This market, under any circumstances, can only use a limited amount of imported cheese because the cheese which is imported appeals to certain and specialized tastes. Furthermore, imported cheese, which is generally the specialty type of cheese, commands a price which is substantially higher than U.S. produced cheese. We submit herewith the most recent publication of comparative selling prices for cheese, published by the U.S. Department of Agriculture, entitled "Dairy and Poultry Market News," of March 18, 1964. It will be noted that the imported variety sells at a price of from 10 to 100 percent higher than the domestic variety of the same type.

In view of the facts above set forth, we urge your committee not to adopt the proposed amendment, and we would be pleased to submit oral testimony in support of our opposition as above set forth.

Respectfully yours,

MARTIN A. FROMER, *Counsel.*

DAIRY AND POULTRY MARKET NEWS

FOREIGN CHEESE (REPORTED WEDNESDAY ONLY)

New York comment.—There was a strong undertone evidenced on Italian Romanos, Sardos and large Provalones coupled with the strength of the market evidenced in Argentina. However, despite this strength and the increased costs on other European cheese reported recently, dealers locally were holding present inventories at unchanged prices. Stocks of Roquefort were very low with some brands temporarily withdrawn from the market. Fresh Giante and heavier Provalone styles have not been offered to date with current offerings restricted to the small Provoloncini-Salamini styles for Easter use. (Some difficulty reported obtaining the desired quantity of Ricotta for eastern needs in Italy due to an active demand for this perishable cheese over there.) Overall demand for all styles was of a regular seasonal nature, light on the Gouda-Edam styles and fair to good on other items.

Selling prices (cents per pound, minimum one unit)

Styles	New York		Chicago		San Francisco	
	Imported	Domestic	Imported	Domestic	Imported	Domestic
Roquefort	$1.25-$1.31	(1)	$1.26-$1.39	----------	$1.29½-$1.35	(1)
Blue	.63- .70	$0.56-$0.63	.65- .71	$0.55 -$0.61½	.72 - .86	$0.64-$0.73½
Gorgonzola	.80- 1.06	.60- .67	(3)	.61 - .72	.72 - .82	.66- .69½
Parmesan	.99- 1.40	.62- .73	1.13- 1.15	.62 - .75	1.10 - 1.20	.67- .73
Reggianito (Argentine)	.49- .57	(3)	(3)	(1)	.50 - .58	(1)
Gen. Pecorino Romano	.90- 1.07	(1)	.90- 1.06	(1)	.85 - 1.18½	(1)
Pecorino Sardo Romano	.79- .85	(1)	.83- .90	.62 - .71	.89 - .95	(1)
Sardo (cow's milk) Romano Argentine	.45- .53	.61- .68	.55- .63	(3)	.49 - .55	(1)
Provalone	.97- 1.16	.47- .55	.95- 1.00	.50 - .55	.92 - 1.02	.53- .60
Provalone Giante, 25 pounds and up	(3)	.61- .69	(3)	.51 - .60	(1)	(2)
Swiss wheels:						
Switzerland	.79- .83	(3)	.80- .83	.52 - .55	.94	.46- .51½
Finnish	.54- .57	(1)	(3)	(1)	(1)	(1)
Austrian	(3)	(1)	(3)	(1)	(1)	(1)
Denmark	(3)	(1)	(3)	(1)	(1)	(1)
Swiss cuts:						
Switzerland (backless)	.80- .96	.51- .56	(3)	(3)	1.08 - 1.12½	.55- .59½
Switzerland (some back)	.86- .92	(1)	(3)	(1)	(1)	(1)
Finnish (backless)	.58- .64	(1)	(3)	(1)	(1)	(1)
Danish (backless)	.61- .65	(1)	.62- .69	(1)	(1)	(1)
Austrian (backless)	.57- .70	(1)	(3)	(1)	(1)	(1)
Samso	(3)	(1)	(3)	(1)	.55 - .62	(1)
Edam, 2 pound	.61- .69	.60- .68	.71- .75	.53½- .66½	.74 - .77½	(1)
Edam, 5 pound	.55- .63	(3)	.67- .70	.48½- .64	(1)	(1)
Gouda, large	.58- .68	(3)	.67- .72	.49 - .63	(1)	(1)
Gouda, baby (2 dozen per unit, price per unit):						
14 ounce	(3)	(3)	15.70-17.50	----------	(1)	(1)
10 ounce	11.50-14.50	(3)	14.00-14.50	9.50 - 9.70	13.30 -14.70	(1)
9 ounce	(1)	8.65- 9.60	(3)	8.60 - 8.80	(1)	(1)
8 ounce	(1)	7.70- 9.50	(3)	8.00 - 8.20	(1)	(1)
7 ounce	6.00- 6.25	6.50- 7.70	(3)	(3)	(1)	(1)

[1] Not made domestically.
[2] None reported.
[3] Too few sales to report prices.

BUTTER MARKETS

New York.—Prices unchanged. Receipts continued to increase from all areas. Offerings of top grades ample, grade B fully adequate with sweet butter ample. Demand steady. Diversion to CCC aggressive. There was no activity on the New York Mercantile Exchange. (Minimum 8,000-pound lot sale, bulk in fiber boxes.)

Grade:	*Cents per pound*
AA (93 score)	58¾–59¼
A (92 score)	58½–58¾
B (90 score)	58¼–58½

Chicago.—Market steady. Print movement improved in instances resulting from some increase in holiday requirements. Top grades more than ample. Surplus diverted to CCC. Grade B about adequate. Chicago Mercantile Exchange: no sales, bids, or offers. (Bulk in fiber boxes.)

Grade:	*Cents per pound*
AA (93 score)	57.966
A (92 score)	57.966
B (90 score)	57¼–57⅝

Defense subsistence market center purchases.—March 17, 1964, none.

PRICES TO RETAILERS (CENTS PER POUND, PARCHMENT AND FOIL WRAPPED, REPORTED MONDAY AND WEDNESDAY ONLY)

Boston: Prices unchanged. Offerings ample for mostly fair demand.
Philadelphia: Demand fair. Supplies ample at unchanged prices.
Pittsburgh: Steady. Demand slow to fair with offerings ample for trade needs.

	AA (93 score)		A (92 score)		B (90 score)		C (89 score)	
	1-pound prints	¼-pound prints	1-pound prints	¼-pound prints	1-pound prints	¼-pound prints	1-pound prints	¼-pound prints
Boston	$0.66½–$0.72	mos $0.66½–$0.68	$0.64–$0.69 mos	$0.64½–$0.66½	$0.62½–$0.65½ mos	$0.63–$0.65		
Philadelphia		.65–.71 M .66–.69		.65 — .68				
Pittsburgh		.67–.72	.63– .71½	.64½– .72	.62½– .66	.64– .68		

Iowa-Minnesota-Wisconsin daily bulk butter report.—Prices unchanged. Export sales fair to moderate from some plants. Light excess moving to CCO. Farm receipts heavy as creamery operators report they have about reached the peak on dry feed. Net returns to creameries for bulk butter (cents per pound):

Grade AA (93 score), 56¾ to 58¼ cents; average mostly price, 57¼ cents.
Grade A (92 score), 56¼ to 57½ cents; average mostly price, 57 cents.
Grade B (90 score), 55¾ to 57 cents; average mostly price, 56½ cents.

Butter and cheese production, week ending Mar. 12, 1964

Butter	Previous week	Year ago	5-year average
North Atlantic	+4	−18	+20
South Atlantic	−53	−44	−32
East North-Central	+3	+8	+16
West North-Central	0	+3	+2
South-Central	−10	+3	−11
West	−5	−17	−21
United States	0	+1	+5
Wisconsin	+3	+3	
Minnesota	0	+6	
Iowa	0	+1	

	Pounds
Estimated U.S. quantity:	
This week	30,300,000
Previous week	30,300,000
Year ago	29,900,000
5-year average	28,950,000
Estimated U.S. cumulative total:	
This year	292,600,000
Last year	298,850,000

Cheese	Previous week	Year ago	5-year average
North Atlantic and South Atlantic	+22	−6	−18
East North-Central (excluding Wisconsin)	+2	−1	+13
Wisconsin	+2	+15	+17
West North-Central	0	+23	+47
South-Central	−1	+5	+8
West	+7	+5	−1
United States	+2	+12	+17

	Pounds
Estimated U.S. quantity (revised):	
This week	21,100,000
Previous week	20,600,000
Year ago	18,800,000
5-year average	18,100,000
Estimated U.S. cumulative total:	
This year	195,900,000
Last year	176,550,000

Pasture conditions.—Pasture growth was favored by warmer weather in the south-central and south Atlantic regions, but grazing was limited mostly to southern-most sections. Beneficial precipitation was received in most of the area from eastern Texas, the gulf coast, and South Carolina to the Great Lakes.

Washington announcement—March 17, 1964—Nonfat dry milk export sales prices announced for March 17–23.—U.S. Department of Agriculture today announced the following export sales prices FAS vessel at port or f.o.b. cars at point of export basis under Announcement LD–35 for Commodity Credit Corporation-owned nonfat dry milk: 7.55 cents per pound for remaining lots of spray dried nonfat dry milk listed under Wester States on invitation No. 533 issued by the Minneapolis office of Agricultural Stabilization and Conservation Service, and 7.44 cents per pound for remaining lots of spray dried nonfat dry milk located elsewhere on invitation No. 533. Sales will be made through March 23 by the Minneapolis office under announcement LD–35. Total quantity of milk on the invitation is approximately 29 million pounds.

CHEESE MARKETS

New York.—Prices generally unchanged with undertone reflecting the feeling that the low point of price declines was now in effect. There was an occasional speculative sale of processed loaf, at 37¾ and 38 cents in large quantities but this was the exception to the rule on high fat cheese. Aged cheddar styles in short supply and dealers occasionally using 8-month-old flats and blocks where acceptable, in effort to fill orders. Swiss offerings increasing steadily with top grades now fully ample for needs. The cold storage report of March 15 indicated Swiss holdings on the 1st of March were heavier than preceeding year but under the 5-year average. Wholesale selling prices (LCL) (cents per pound):

Processed American pasteurized, 5-pound loaf, 38¼ to 41, mostly 38¾ to 39½.
Muenster, 5-pound loaf/round, 38½ to 40½.

[Cents per pound]

Cheddar styles	Fresh	Medium cured	Aged
Midgets	43½-45	45-49	48-55
Single daisies	40½-43	44-46	47-51
Flats	....	....	48-53
40-pound blocks	....	....	47-53

Swiss (domestic)	Grade A	Grade B	Grade C
Blocks	47-50	44-48	40-45
Rindless cuts	51-56	48-54	45-51

Chicago.—Price structure generally unchanged except for slight adjustment in 40-pound blocks. Supplies of all styles ample for fair regular distributive trade. Wholesale selling prices less-than-carload lot cents per pound.

5-pound processed loaf	39-44
Brick	38-44
Muenster	38-44
Cheddar styles:	
Single daisies	40½-43½
Longhorns	41 -42½
40-pound blocks	39 -41¼

Swiss (domestic)	Grade A	Grade B	Grade C
Wheels	52-55	50-54	....
Blocks (80 to 100 pounds)	49-52	48-50	46-48

Wisconsin brick and Muenster.—Market generally steady at lower levels of last week. Supplies ample, but fairly well balanced to need as some factories switched to production of American cheese. Demand fair to good. Prices paid per pound f.o.b. Wisconsin assembling points for Wisconsin State brand cheese 5/5 pound square/round 35¼ to 38, mostly 36 to 37 cents.

Markets

Philadelphia.—Demand fair as replacements orders improve and more confidence in current pricing is established. Stocks on Cheddar styles sufficient for needs. Movement on swiss cuts fair with stocks adequate. Prices unchanged. Colbytype single daisies sold 41¼ to 42 cents. Wholesale selling prices (cents per pound): Processed American pasteurized 5-pound loaf, 37½ to 40¾ cents, mostly 38½ to 39¾ cents; domestic rindless swiss cuts, grade A, 54 to 59 cents, mostly 55 cents, grade B, 52 to 54 cents, grade C, 47 to 52 cents, mostly 49 to 50 cents.

[In cents per pound]

Cheddar styles	Fresh	Aged
Midgets	(1)	50-51½
Single daisies	41-42	(1)
Longhorns	41-42½	(1)
Flats	(1)	49-50
Rindless 10-pound square prints	41-43½	49-53

1 Too few sales to report prices.

Wisconsin cheddar.—Market generally steady, however, fractional adjustments occurred on cheddar 40 pound block and single daisies as margins narrowed. Demand mostly fair. Supplies of all current styles ample. Prices paid per pound f.o.b. Wisconsin assembling points for Wisconsin State brand cheese.

[In cents per pound]

Cheddar styles	Carlot/trucklot	Less-than-carload lot prices
Cheddars (MB)[1]	35¼-37¼	....
40-pound blocks	35¼-37¼	....
Single daisies	37¼-37¾	39¼-41¼
Longhorns	37¼-38	[2] 39¼-41¾
Midgets	37 -39¼	40¾-43¼
Square prints	....	39¾-42¾

1 (MB) moisture basis.
2 Including 4 and 1 to box.

Wisconsin Swiss.—Prices unchanged to 1 cent lower. Buying interest tapering off in most areas and market becoming more competitive. Supplies generally adequate; however, trading stocks continue to clear satisfactorily for most assemblers. Prices paid per pound f.o.b. Wisconsin assembling points for Wisconsin swiss cheese:

	Rindless cuts	Blocks
Grade A	49-56	43-46
Grade B	47-54	40-42
Grade C	44-45	38-39

UPPER MONTCLAIR, N.J., *March 18, 1964.*

MRS. ELIZABETH SPRINGER,
Clerk, Senate Finance Committee Hearing,
New Senate Office Building, Washington, D.C.:

Request permission to be heard on subject of effect of beef import restrictions. Increase in cost of beef will create an artificial price structure resulting in unnecessary hardships for food manufacturers, publishers of food media, and consumers. All parties interested in economic and healthful foods eaten by the American public must protest Mansfield amendment 465 to H.R. 1839.

LIANE F. WAITE, *Food consultant.*

UPPER MONTCLAIR, N.J., *March 24, 1964.*

MRS. ELIZABETH SPRINGER,
Clerk, Senate Finance Committee Hearing,
New Senate Office Building, Washington, D.C.

DEAR MRS. SPRINGER: In accordance with your telegram of March 18, I wish to submit this statement to be incorporated in the record of hearings on Mansfield amendment 465 to H.R. 1839.

Food manufacturers who market low-cost convenience foods and who are constantly endeavoring to develop economical products for the American consumer, will be adversely affected by an increase in the prices of beef and meat. Budget foods such as frankfurters, hamburgers, processed meats, and meat sauces will increase in price if the source of low-cost meat is reduced.

Any legislation restricting meat imports will create a high, artificial price structure resulting in unnecessary hardships for food manufacturers, publishers of food media, and ultimately, the consumer.

As stated in my telegram of March 12, all parties interested in economical and healthful foods eaten by the American public must protest the Mansfield amendment.

Sincerely,

LIANE WAITE, *Food Consultant.*

STATEMENT OF DR. JESSIE V. COLES, CHAIRMAN, CONSUMER INFORMATION AND PROTECTION COMMITTEE OF CONSUMERS COOPERATIVE OF BERKELEY, INC.

We wish to make a statement in behalf of the Consumers Cooperative of Berkeley, Inc., protesting the enactment of amendment 465 to H.R. 1839 restricting imports of meats.

The Consumers Cooperative of Berkeley has over 31,000 family members and operates 8 food markets in Berkeley and the surrounding area. It is one of the largest, if not the largest consumers cooperative organization of its kind in the United States.

We are especially concerned about the effect which the bill, if enacted, will have on low-income families in our own organization and in other parts of the country.

We strongly oppose the passage of this bill because:

(1) *It will deprive low-income families of a source of wholesome low-priced meat.*—Meat imports today are composed largely of the lower grades and the less tender cuts. They are usually ground and made into hamburgers and other meat products utilizing the tougher meats. This kind of meat is imported because American livestock growers concentrate on the production of the higher grades of meat and do not produce enough of the lower priced products to meet the demand of American consumers.

(2) *Prices of less expensive meats will be increased.*—If the foreign supply of the lower grades of meat, especially beef, is cut off or reduced, prices will inevitably rise because they will be in short supply.

(3) *Low-income families will buy less meat.*—With increased prices, low-income families will be forced to curtail their purchases of this low-priced, but appetizing and nutritious meat. Such restrictions on their diet would be undesirable.

(4) *Demand for higher quality meats will not be increased.*—Livestock producers who are asking for this legislation in order to increase prices will find that eliminating or reducing the importation of meat will not solve their problems because it will not increase the demand for, and therefore prices, of the better quality American-grown meats. If it were not for the current import program most low-income families would not be able to buy even hamburger. It is hardly conceivable that if this supply is cut off they will buy choice American-produced steaks and roasts.

(5) *American consumers should not be penalized.*—American consumers, especially those with low incomes, should not be penalized as a result of the program instituted by the Government several years ago. This program, through the sale of lower priced feed grains, stimulated the production of meat to the point where prices have had to be lowered to move the total supply through the market. As indicated above, the reduction of imports will not, because of the different character of the meats, affect to any important degree the problem of disposing of the American produced meat.

In summary, reducing or eliminating imports of the lower quality meat is not desirable because it will deprive low-income consumers of a source of low-priced, nutritious, and appetizing meat. Neither will reduction in imports benefit American livestock producers because the lower quality meats imported do not compete with the higher quality more expensive American meats.

U.S. SENATE,
COMMITTEE ON LABOR AND PUBLIC WELFARE,
March 23, 1964.

Mrs. ELIZABETH SPRINGER,
Chief Clerk, Senate Finance Committee,
New Senate Office Building, Washington, D.C.

DEAR MRS. SPRINGER: Here is yet another statement from a Texas cattleman which Senator Tower requests be included in the printed hearings on meat imports.

Sincerely yours,

JERRY FRIEDHEIM,
Special Assistant to Senator John G. Tower.

STATEMENT SUBMITTED BY ELMORE K. MELTON, JR., PRESIDENT, MELTON PROVISION CO.

I am president of the Melton Provision Co.—a Government inspected packing plant, employing 175 people—located in San Antonio, Tex.

We are a straight slaughtering plant, slaughtering cattle, sheep, and goats. We manufacture no sausage or prepared meat products. We sell carcass beef, boneless beef, and boneless mutton. Our main business has been in the sale of boneless meats to other packers who, in turn, use them in the manufacture of prepared meat products, sausage items, canned meats, etc. In the past we killed large numbers of canner and cutter cows which were then shipped to the Chicago and midwestern areas—to boning plants who, in turn, then boned these cattle to produce boneless beef for sale to manufacturing packers. This is no longer the picture as most of the boning plants in these areas are no longer in operation, being unable to compete with the overwhelming volume of cheap foreign meats coming into this country. As a result we no longer slaughter the volume of cows which we once were able to handle, or engage in this type of shipping operation.

We formerly also slaughtered quantities of bulls, which were shipped to the west coast to sausage manufacturers who boned them out and used the meat in their sausage operation. These plants today no longer buy carcass bulls—they have laid off their boning crews, closed their boning rooms, and use bull meat imported from Mexico. Boneless mutton, our main source of business has been depressed by the rising tide of boneless mutton imports which have increased from 17 million pounds in 1958 to 65 million pounds in 1962. Figures for 1963 are not available but they will exceed the 1962 tonnage. This foreign meat has been sold without regard for the domestic price structure resulting in decreased revenue for our plant and depressing our profit to the vanishing point.

The domestic meatpacking industry is traditionally one of the lowest of all American industries from the standpoint of profit percentage. The large major packers have been able to improve their situation by their huge diversification into chemicals, sporting goods, insurance, etc., but this remedy is not possible for small concerns such as ours. We must depend on meat and meat alone to operate our plant and provide for a reasonable return on investment.

Foreign producers of meat are not required to operate under the same strict standards which we maintain—from the standpoint of plant construction, sanitation, or inspection of meat. I speak firsthand on this from personal observation of plants operating in Mexico who are exporting meat to the United States. Yet, this product arriving at the border, is looked at by an inspector, and if no visible dirt is evident, it is passed into this country and then bears the same Government stamp as domestically produced products.

In the recent agreement between the United States, Australia, and New Zealand, beef, veal, and mutton were covered by the Australian agreement, but only beef and veal by the New Zealand agreement. Mutton was not included in the New Zealand agreement and yet, New Zealand is one of the largest exporters of mutton to the United States, and under the present arrangement can continue to increase the quantity of mutton without any control.

A legislative approach to the problem of meat imports—taking into account the best interests of our own industry—our own livestock producers—is urgently needed. A political solution of this problem as attempted by the recent agreement with Australia and New Zealand is not the answer. Unless the quantity of imports is reduced, damage to our livestock industry will be incalculable. We are presently approaching a peak in livestock numbers on the ranges and we face a distinct possibility of drought in 17 of our major producing areas. If this occurs, and with the present bulk of imports, we will have a catastrophic drop in livestock prices which will force many producers out of business completely.

GWALTNEY, INC.,
Smithfield Va., March 23, 1964.

MRS. ELIZABETH SPRINGER,
Chief Clerk, Senate Committee on Finance,
Senate Office Building, Washington, D.C.

DEAR MRS. SPRINGER: We object to the Mansfield amendment 465.

We employ 725 people and sell about 50,000 tons of meat and sausage kitchen items annually. It is our considered opinion that if meat quotas for New Zealand, Australia, and Ireland are set at less than those agreed upon by the President's Commission, then the consumer, and only the consumer, will be the loser.

With insufficient thin meat from canner and cutter cows available from the United States, and a lesser amount than is now being imported, would raise the price of frankfurters, bologna, etc., 10 to 12 cents a pound.

The lower and middle income groups would bear the additional cost of their favorite food items at a time when so much is being said about helping the poor and their substandard diets. Let us not be over persuaded by the outcry of many cattle barons.

Respectfully submitted.

HOWARD GWALTNEY, *President.*

U.S. SENATE,
COMMITTEE ON APPROPRIATIONS,
March 20, 1964.

Hon. HARRY F. BYRD,
Chairman, Finance Committee,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Mr. C. W. Rainwater, first vice president of the Alaska Stock Growers Association, has written me giving me the benefit of the views of the association in support of S. 2525 introduced by Senator Mansfield, which is identical to Senate amendment No. 465 to impose import restrictions on foreign beef, veal, lamb, and mutton. The president of the association, John Grounds, has wired a similar support of the measure.

Enclosed is a copy of the telegram from Mr. Grounds. Also, may I ask that the following sentiments of the association be entered as a part of the hearing record?

"Arguments for support of S. 2525 include the facts that most countries levy tariffs and embargoes upon produce which may be surplus in that country. EEC has a 20-percent tariff and a 20,000-ton quota on frozen meats from the United States. I do not believe we are in a position to withstand continued huge imports of meat that are being shipped into our country in competition to our own.

"For the past 5 years, and especially the past 3 years, relative meat prices have been depressed here, in great part due to meat imports. Senator Mansfield's bill, and its amendments, would give us the greatly needed added protection, more than was provided by the agreements between Australia-New Zealand and the State Department.

"The members of this association, including myself, will be counting on your support of Senator Mansfield's bill."

Sincerely yours,

E. L. BARTLETT.

U.S. SENATE,
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
March 20, 1964.

Hon. HARRY FLOOD BYRD,
Chairman, Senate Finance Committee.

DEAR HARRY: I am enclosing a wire I have received from E. & E. Meats Co. of Seattle, Wash., expressing its opposition to the Mansfield amendment to H.R. 1839 which would restrict meat imports.

The wire is self-explanatory and your consideration would be appreciated.

Sincerely yours,

HENRY M. JACKSON,
U.S. Senator.

SEATTLE, WASH., *March 18, 1964.*

WASHINGTON STATE SENATOR HENRY M. JACKSON,
U.S. Senate, Washington, D.C.:

Strongly object to Mansfield amendment 465, H.R. 1839. Any further restrictions on meat imports will be detrimental to our business. Please see that this telegram is incorporated in the written record of the Senate Finance Committee hearing. Thank you.

E. & E. MEATS, *Seattle, Wash.*

STATE DEPARTMENT OF AGRICULTURE,
Oklahoma City, March 20, 1964.

Hon. HARRY FLOOD BYRD,
Chairman, Finance Committee,
U.S. Senate, Washington, D.C.

MY DEAR MR. CHAIRMAN: We, the members of the board of agriculture, in a special meeting in Oklahoma City, Okla., this 12th day of March, 1964, do respectfully submit the following recommendations to be incorporated in Senate bill S. 2525, and companion bill submitted to the House of Representatives:

(1) That imports of beef, veal, and mutton from other countries be based on the average tonnage of meats exported by these countries to the United States during the past 5 years, 1958–62 inclusive.

(2) That these restrictions cover all forms of beef, veal, and mutton including cooked, canned, and cured meats exported by both native and American processors in each country.

(3) Establish percentage of primal cuts exported by these countries and forbid any increase above the average tonnage during the last 5 years, 1958–62 inclusive.

Respectfully submitted.

LEW MEIBERGEN.

NATIONAL COUNCIL OF FARMER COOPERATIVES,
Washington, D.C., March 20, 1964.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
New Senate Office Building, Washington, D.C.

DEAR SENATOR BYRD: We have been notified that hearings of the Senate Finance Committee on amendment 465 to H.R. 1839 will be suspended beginning next week. We are, therefore, enclosing a copy of the statement which we had hoped to present to your committee in support of this amendment 465.

It is requested that this statement be included in the record of hearings on this bill.

Sincerely yours,

KENNETH D. NADEN.

STATEMENT OF NATIONAL COUNCIL OF FARMER COOPERATIVES

I am Kenneth D. Naden, executive vice president of the National Council of Farmer Cooperatives. The national council is a nationwide federation of farmers' business associations engaged in the marketing of agricultural commodities or the purchasing of farm production supplies or both and of States cooperative councils.

I am appearing before you today for this organization and for National Live Stock Producers Association of Chicago, Ill., which is a direct affiliate of the national council. National Live Stock Producers Association consists of 17 cooperative livestock marketing associations and 6 affiliated credit corporations. In its marketing activities, these associations serve over 400,000 livestock producer members on over 100 markets. They handle in excess of 11 million head of livestock, with a valuation in excess of $850 million per year. Volume of loans of the affiliated credit corporations exceeds $140 million.

At its board of directors' meeting in Chicago in December 1963, the board of directors of National Live Stock Producers Association discussed meat imports and the effect on livestock producers at great length. At this meeting, the board passed the following resolution:

"*Resolved*, That the National Live Stock Producers Association urge the U.S. Government to take action to establish import quotas on beef, lamb, and mutton, and pork and its products which would limit imports to a volume which would not unduly affect prices of domestic products on the U.S. market and that the present tariffs be maintained."

Both National Live Stock Producers Association and National Council of Farmer Cooperatives have always been vitally concerned with matters that affect the well-being of livestock producers. We support the general intent and direction of amendment 465 because recent experience has shown that without some deliberate control, meat imports can become a serious unbalancing factor in the entire livestock and meat industry.

Some comments have been made about the potential harm which will be done to the stance of the United States toward trade liberalization if this bill or a similar one is approved. We are inclined to discount such harm because the administration itself took the leadership in limiting imports of beef, veal, lamb, and mutton. In the release of the U.S. Department of Agriculture of February 17 in which Secretary of Agriculture Orville L. Freeman announced the signing of the agreement between the United States and Australia and New Zealand, he used the phrase: "To limit exports of beef, veal, and mutton to the U.S. market." Therefore, the principle of establishing limitation on imports was clearly recognized and its desirability was implicit in the agreement. The objection we have concerns the volume of imports which would be permitted under this agreement. We believe that the imports of 1962–63 represented such a high level as to be unduly damaging to farm income. There appears to be no disagreement with the administration on the principle of limiting imports, only on the degree to which they should be limited.

We appreciate the opportunity to present this statement.

MONTANA CATTLEMEN'S ASSOCIATION,
Oohagen, Mont., March 18, 1964.

Senator HARRY BYRD,
Senate Finance Committee, New Senate Office Building,
Washington, D.C.

DEAR SIR: I, as president of the Montana Cattlemen's Association, representing approximately 750 members across the State of Montana, strongly urge control over excessive imports from foreign countries should be established.

To us, our State, and our country, the means of livelihood are badly threatened. We feel that the Department of Agriculture and the U.S. Tariff Commission are endlessly studying the situation while a basic American industry is severely damaged. They are dragging their feet as far as action is concerned.

We feel that the dual-grading method of beef grading should be discontinued due to the fact that animal conformation does not get the consideration that it deserves, and dual-grading is detrimental to the price of the top quality cattle now being produced in Montana.

We urge immediate favorable action on legislation embodying the amendment of Senator Mansfield (No. 465) to H.R. 1839 to remedy the serious situation which exists and which will be continued under the terms of agreements being entered into on behalf of our country without the approval of either the Congress or the industry.

We urge that you do everything in your power to see that action is taken on the legislation they have sponsored which would curb the increased imports of foreign meats which has raised havoc with the domestic cattle industry.

We urge that you actively support H.R. 10334 or similar legislation and see that it is speedily processed by the House Ways and Means Committee; and also

We urge the Senate to take immediate action on H.R. 1839 as amended to include provisions of S. 2525.

A reply as to what action can be taken and will be taken concerning our present outrageous beef imports to this country will be greatly appreciated.

Sincerely,

L. O. BROOKS, *President.*

GLASGOW CHAMBER OF COMMERCE,
Glasgow, Mont., March 16, 1964.

Hon. HARRY BYRD,
Chairman, Senate Finance Committee,
New Senate Office Building.

DEAR SENATOR BYRD: This letter will introduce Mr. Gene Etchart, a past president of the Glasgow, Mont., Chamber of Commerce, and presently a member of our agriculture committee. Mr. Etchart is hereby authorized to present the views of the Glasgow Chamber of Commerce to your committee.

We would like to make our position known on Senator Mansfield's amendment (No. 465) to H.R. 1839 on the matter of beef and meat imports.

First of all, we strongly endorse Senator Mansfield's amendment and urge its passage by your committee and the Congress.

We submit that the present negotiated agreements on imports are entirely unsatisfactory; too little protection and too late. Likewise, the announced beef purchase program of the USDA can be at best a temporary aid and would add up as a subsidy to the foreign beef producer paid at the American taxpayer's expense. We urge Congress to reassert its constitutional authority and regulate meat imports at levels which will protect Montana's and America's basic agricultural economy and related businesses.

Our American beef producers have traditionally stood on their own feet, rejecting Government aid or subsidies. They developed self-help "Eat More Beef" programs to solve successfully their market problems.

The flood of imports has destroyed their efforts and if allowed to continue will drive this key industry to the wall. Against this huge supply of imports the livestock industry cannot devise a self-help solution. Our domestic livestock industry needs protection from cheap imports at destructively high levels.

Again we urge Senator Mansfield's amendment be passed and, if possible, strengthened.

Respectfully submitted.

W. L. BILL HOLTER, *President.*

U.S. SENATE,
OFFICE OF THE MAJORITY LEADER,
Washington, D.C., March 19, 1964.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I referred to you a request from Mr. Gene Etchart, of Glasgow, Mont., to appear before your committee on my amendment No. 465 to H.R. 1839.

As Mr. Etchart was in Washington only for a couple of days, he has left with me his statement which he was going to present in person if possible, as well as a letter from Mr. W. L. Bill Holter, president of the Glasgow Chamber of Commerce, which I am enclosing herewith.

I would appreciate your making these a part of your record on the hearings.

I am also attaching a telegram which I have received from Charles P. Moore, chairman of the Agriculture Committee of the Chamber of Commerce of Great Falls, Mont., which I would like to request be made part of the hearings.

Thanking you and with best personal wishes, I am,

Sincerely yours,

MIKE MANSFIELD.

STATEMENT SUBMITTED BY GENE ETCHART, OF GLASGOW, MONT.

Mr. Chairman and members of the committee, my name is Gene Etchart. I reside in Glasgow, Mont., and am engaged in the cattle ranching business. I appear here today representing the Glasgow, Mont., Chamber of Commerce and the Valley County Livestock Association. The city of Glasgow has around 9,000 people and the county of Valley, exclusive of an airbase installation, perhaps has another 9,000 people. Livestock and farming are the main industries in this area. The economic health of our rural community is reflected directly to the business of our towns and cities.

In speaking for the Glasgow Chamber of Commerce on the subject of your hearing, which is Senator Mansfield's amendment to H.R. 1839, I would like to read from Glasgow Chamber President Bill Holter's letter to Senator Byrd.

I also appear here today representing the Valley County Livestock Association. I am a member of this organization but serve in no official capacity. In their concern and alarm over the meat import situation, they asked that I also appear here in their behalf.

One thing that is certain on this vital issue of meat imports out our way is that there is little or no division as to the seriousness of the problem—and the need for legislation as a solution. At a recent meeting in Glasgow composed of farmers, ranchers, labor, business and professional men, the import problem was discussed and unanimous approval was given a resolution to the Montana congressional delegation urging immediate legislative corrective action. This strong feeling is definitely of a nonpartisan nature, as I am sure it is here in Congress.

Very strong sentiment exists that the present negotiated quotas are entirely unsatisfactory. Likewise, the announcement by the USDA of a beef purchase program to bolster prices and to head off legislation has been received with very little enthusiasm. The president of our Glasgow Chamber of Commerce said in his letter just read that the beef purchase program would be at best a temporary aid and would add up to a subsidy for the foreign producer at American taxpayer's expense.

I am submitting for your record a copy of an editorial written by Mr. Ray Criswell, editor of the Glasgow Courier of March 10, 1964. Let me quote part of his thoughts:

"A bill introduced by Senator Mike Mansfield and others is aimed at cutting back beef imports to some extent and is favored by many, both Republicans and Democrats in Congress. But according to recent news from Washington, the administration is not in favor of this solution to the problem.

"The administration has said it would move to subsidize the price of beef to 'block legislation' aimed at limiting imports.

"We agree with one local rancher who described the subsidy plan as 'giving a hypo to cure the pain without treating the cause of the trouble.' Ranchers and businessmen alike should write their congressional delegation urging that effective legislation be enacted immediately curbing imports and eliminating the cause of the trouble."

A short time ago the manager of the Glasgow Livestock Sales Co. compiled an estimate which would project the loss to the cattlemen of the area this year, based on the much lower cattle prices now existing which, of course, is due in considerable measure to imports. He estimated on cattle sold through his market alone a decrease of $811,405 in income to his customers in the surrounding area. He sells only a portion of the cattle as other channels move many cattle also. Based on his figures, the economic loss to the Glasgow trade area, due to the cattle price drop, could reach $1¼ to $2 million. This estimate is based on one small area of Montana—multiply it to cover the United States and one begins to grasp the enormity of the problem.

Much has been said by experts that imported meat does not compete with domestic production, however, logic tells us that imported hamburger filling the stomach of an American consumer does not leave room for American produced meat. I will not attempt to quote statistics as your committee is no doubt already loaded with these, however, I would like to very briefly make a couple of additional important points.

With imported beef and veal running at something like 10.5 to 18 percent of our domestic production, just think how much of our surplus feed grains would have been used had this meat been produced here. For that matter, had even one-third of the imported meat been produced here, it would have done a great deal to alleviate our domestic cattle price situation; would have consumed surplus feed grains and more important, would have produced jobs and generated tax revenue to support our essential governmental services from the local to national level.

I have read Senator Mansfield's statement of March 11 before your committee and heartily endorse it, commenting only that perhaps it should be expanded in scope as Senator Mansfield, himself, suggests. As a Montanan, I would like to express my thanks to Senator Byrd and the committee for giving me time to appear. Likewise, I want to express my appreciation to Senator Mansfield and the entire Montana congressional delegation for their efforts in this important matter. The organizations which I represent urge your favorable action on the Mansfield amendment. Thank you.

ELIMINATE THE CAUSE

Since the livestock industry is a major part of the economy of Valley County, the depressed cattle prices, due in large part to the increase in imports, are of great concern not only to the cattlemen of this area, but businessmen as well.

During the feeder tour last Thursday, sponsored by the Glasgow Chamber of Commerce, approximately 100 ranchers and businessmen attending signed their names to a telegram urging Montana's congressional delegation and others to pass legislation immediately cutting back on Australian and New Zealand imports, as a means of restoring the domestic market to domestic producers and thus eliminate the reason for the lagging prices.

A bill introduced by Senator Mike Mansfield and others is aimed at cutting back beef imports to some extent and is favored by many, both Republicans and Democrats, in Congress. But according to recent news from Washington, the Johnson administration is not in favor of this solution to the problem.

The administration has said it would move to subsidize the price of beef to "block legislation" aimed at limiting imports.

We agree with one local rancher who described the subsidy plan as "giving a hypo to cure the pain without treating the cause of the trouble." Ranchers and businessmen alike should write their congressional delegation urging that effective legislation be enacted immediately curbing imports and eliminating the cause of the trouble.

GLASGOW, MONT.

Senator HARRY BYRD,
Senate Finance Committee, New Senate Office Building, Washington, D.C.:

As a livestock rancher I am very interested in your committee putting the stamp of approval on Senator Mansfield's amendment 465 to H.R. 1839. Beef is our livelihood and excessive and unreasonable imports would hurt us greatly.

ETCHART RANCH,
MARK ETCHART, *Partner.*

MARCH 17, 1964.

Senator MIKE MANSFIELD,
New Senate Office Building,
Washington D.C.:

Will arrive Washington evening March 17 attending BLM National Advisory Board council meeting. Invite your attendance at council banquet Thursday evening. Would be glad to testify favoring your import amendment before Senator Byrd's committee Wednesday, Thursday, or Friday in behalf of Valley County Livestock Association, Glasgow Chamber of Commerce, and possible other organization or two. Intense interest here on this legislation. Will contact your office after 9 Wednesday morning.

GENE ETCHART.

GREAT FALLS, MONT., *March 18, 1964.*

Re meat-beef import legislation proposed by Hon. Mike Mansfield.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
U.S. Senate, Washington, D.C.:

The Agriculture Committee of the Montana Chamber of Commerce expresses on behalf of the organization urgent need for legislation that will realistically curtail imports of foreign beef. We are not unmindful of the extreme importance of exporting our agriculture products and the important part this export plays in our balance of trade. We would point out, however, that the major share of these exports go to the European countries, rather than to the countries of New Zealand and Australia, from whence the major share of the beef imports come.

The pending legislation captioned above will help materially to, in part, alleviate the pressure of the extreme cost-price squeeze that our cattle feeders and range operators are in today. The Montana Chamber of Commerce, through its agriculture committee, urgently requests that its major industry, beef cattle, be afforded the protection from outside pressures, if only on a temporary basis, until our population increases to the point where we can consume all of the beef we produce, as well as that which foreign countries export to us under our trade agreement.

As an industry, the beef cattle business has riden the economic cycles fairly well, and has continued to produce beef at a price that enables the working man to feed his family a well-balanced diet which includes an adequate portion of red meat. In fact, he can buy more beef for an hour's pay than ever before in our history. The cowman and cattle-feeder, without direct cost to the American taxpayers, have assisted materially in raising dietary levels of our children to what they are today.

If these producers of red meat, who represent a major industry in these United States, are to continue to produce this quality product in a quantity which enables everyone to share in a food that in some countries is considered a luxury then, gentlemen, the passage of this legislation is extremely essential.

Respectfully yours,

AGRICULTURE COMMITTEE,
MONTANA CHAMBER OF COMMERCE,
CHARLES P. MOORE, *Chairman.*

THE OMAHA LIVE STOCK EXCHANGE,
Omaha, Nebr., March 18, 1964.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
U.S. Senate, New Senate Office Building,
Washington, D.C.

DEAR SENATOR BYRD: On March 11, 1964, we wired request to your Committee on Finance for permission for Hugh Mactier, chairman, River Markets Group to appear and present a written statement in hearing on meat import legislation.

We were advised by Mrs. Elizabeth Springer, chief clerk, that schedule of witnesses was completely filled for this week and that we would be notified when a definite date could be arranged for Mr. Mactier.

Realizing how difficult it would be to work in a personal appearance of our witness, we are enclosing 30 copies of a written statement for filing and to be included in the record of testimony before your committee. We trust that a copy of our statement may be given to each committee member.

Respectfully submitted.

R. E. CUNNINGHAM, *Executive Secretary.*

STATEMENT OF THE RIVER MARKETS GROUP, AS PRESENTED BY HUGH MACTIER, OMAHA, NEBR., CHAIRMAN, RIVER MARKETS GROUP

The River Markets Group is a voluntary nonprofit trade association comprised in membership of the livestock exchanges of six of the largest terminal markets in the United States; namely, St. Louis National Stockyards, Illinois; Kansas City, Mo.; St. Joseph, Mo.; Omaha, Nebr.; Sioux City, Iowa, and Sioux Falls, S. Dak.

Principally engaged in the business of livestock marketing, River Markets Group members, during 1963, received and sold 6,451,458 cattle, 571,701 calves, 12,989,801 hogs, and 3,146,071 sheep, for a grand total of 23,159,025 head of all species of livestock.

STATEMENT ON AMENDMENTS TO H.R. 1839

The River Markets Group wishes to convey its sincere appreciation to Chairman Harry F. Byrd and the members of the Senate Committee on Finance for the privilege of filing this statement in support of legislation which will sharply curtail the tonnage of imported meats and meat products.

We are in complete agreement with the basic intent of legislation now pending before this committee; namely, that of limiting the volume of such imports to a realistic level in the interest of providing domestic producers with a reasonable degree of protection from the unbearable consequences of the present import situation.

The tremendous impact of plummeting livestock prices on the economy of the Midwest has already extracted a severe toll in all lines of agriculture and related business. Many sound livestock feeders have been forced into liquidations and foreclosures and nearly all have drastically curtailed their operations.

Cash farm income has shown a considerable decline due almost entirely to reduced livestock values resulting from an uncontrolled flood of imports. As an example, 1963 livestock marketings in Omaha, the Nation's largest terminal market, rose to 6,189,409 head from a total of 6,164,075 head in 1962, yet the cash value of livestock sold dipped from $642 million in 1962 to $503 million in 1963; a decrease in farmers takehome pay of $140 million even in the face of a volume increase of 25,000 head.

The River Markets Group strongly supports and recommends legislative action which will correct the adverse effect which unlimited imports are having on our domestic market. We respectfully urge this committee to approve and report out legislation restricting import volume to a level not in excess of 1960 tonnage or approximately 5 percent of domestic production for beef and veal and 11 percent for lamb and mutton. We also feel it imperative that import volume of cooked, canned, and cured meat products be included in these quotas in addition to fresh, chilled, and frozen meat, and that no growth factor of any kind be included for future years.

U.S. SENATE,
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
March 18, 1964.

Hon. HARRY FLOOD BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D.C.

DEAR HARRY: Increasing concern is being expressed by the cattle and dairy interests in my State at the alarming increase of imports of beef and veal into the United States. This is particularly true since Washington is a port State, and many of these foreign products of beef and veal enter through the State.

In a period of only 7 years, imports of beef and veal have increased five times, from roughly 202 million pounds entry weight to 1,122 million pounds in 1963, our record year. It should be noted that if we converted this amount in 1963 to carcass weight equivalents, it would approach 1.6 billion pounds.

Our cattlemen in Washington recognize that foreign trade is a two-way street, but feel that some degree of protection should be offered to make this trade realistic. The proposal of Senator Mansfield to amend H.R. 1839 in the Finance Committee I believe is a step in the right direction and would correct the present economic inequities.

Currently both our feeders and producers, as well as dairymen, in their sales of cattle and calves find their income materially reduced due in large portion to these excessive imports. These losses which are being registered in Washington have serious impacts on those many related industries which provide goods and services to the cattlemen and dairymen. Sympathetic action on the part of your committee would certainly rectify this situation.

Kindest regards.

Sincerely yours,

HENRY M. JACKSON, *U.S. Senator.*

RESOLUTION, GREAT FALLS CHAMBER OF COMMERCE, GREAT FALLS, MONT.

To: The Honorable Orville L. Freeman, Secretary of Agriculture; Senator Harry F. Byrd, chairman, Senate Finance Committee; Senator Mike Mansfield (Montana); Senator Lee Metcalf (Montana); Congressman Arnold H. Olsen (Montana); and Congressman James F. Battin (Montana).

From: The Agriculture and Livestock Committee and Congressional Action Committee of the Great Falls Chamber of Commerce, Great Falls, Mont.

Whereas, out-of-State cattle sales represent Montana's largest dollar income for products exported from the State and beef imports from foreign countries has been a major factor in the decline of fed-cattle prices of more than $5 per hundredweight and;

Whereas we believe this has resulted in an economic loss to Montana of more than $18 million in 1963 and it is our opinion that imports of beef and beef products must be reduced to realistic levels in order to allow Montana stockmen to operate at a reasonable profit, enabling them to protect their investments and continue their important contribution to our State's economy: Be it, therefore,

Resolved:

1. That it is our conviction that the domestic livestock industry must be given first consideration in any important agreement between the United States and foreign countries involving livestock.

2. That imports of beef and beef products from foreign countries be based on the average of such imports during the years 1958–63, rather than on the 1962–63 basis which would result in a more realistic import quota as compared to the 1962–63 average as contained in the recent USDA agreement and that no automatic yearly percentage increases be given these quotas but that the matter come up for review each year.

3. That all important beef whether fresh, frozen, or packaged be labeled with the country of origin and that this label must stay with the product until it is purchased by the consumer.

4. That any import concessions to Australia and New Zealand be dependent upon corresponding concessions being granted U.S. products exported to those countries, thus allowing U.S. industry to compete more effectively in those markets.

Respectfully submitted.

THOMAS R. SCULLY,
Chairman, Agriculture and Livestock Committee.

ROBERT H. WEINTZ,
Chairman, Congressional Action Committee.

LEN REGAN,
Vice Chairman, Congressional Action Committee.

GREAT FALLS, MONT., *March 19, 1964.*

Senator HARRY F. BYRD,
Chairman, Finance Committee,
U.S. Senate, Washington, D.C.:

Our basic livestock industry is facing a crisis, due at least in part to the recent increase in imports. I hope the Finance Committee will report the proposal, principally sponsored by Senator Mansfield, to curtail imports in the best interests of the stockman, the business community which serves him and the consumer, who needs a continuing supply of top-quality meat.

JACK TOOLE.

J. P. STEVENS & CO., INC.,
New York, N.Y., March 18, 1964.

Mrs. ELIZABETH B. SPRINGER,
Chief Clerk, Senate Finance Committee,
New Senate Office Building, Washington, D.C.

DEAR MRS. SPRINGER: Mr. Stevens has asked me to write and thank you for your kindness in responding to his telegram, including your telegram of today, regarding imports of meat.

In view of the limited time available to the Finance Committee and in response to your suggestion, Mr. Stevens has written to Chairman Byrd of the committee today and asked that his statement on these imports be made a part of the record. A copy of his statement is enclosed herewith.

When the printed hearings are available, I know Mr. Stevens would certainly appreciate having a copy.

With highest regards.

Sincerely yours,

JAMES R. FRANKLIN,
Assistant to Robert T. Stevens.

J. P. STEVENS & CO., INC.,
New York, N.Y., March 18, 1964.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I appreciate very much the privilege of submitting for the record this short statement, in letter form, regarding the Mansfield amendment to H.R. 1839, which is currently under consideration by your distinguished committee.

I had applied in time to appear before the committee on this subject but, recognizing the pressure of time on your shortened daily period for hearing witnesses, and, recognizing further, that the facts, statistics, and arguments will have been fully covered by other witnesses, it seemed courteous to your committee to submit a brief statement for the record, and not personally take up the committee's limited and valuable time under existing conditions.

I would simply like to say this: Nineteen years ago I acquired the American Fork Ranch south of Two Dot, Mont., from Col. Wallis Huidekoper, a noted cattleman of the Northwest. Colonel Huidekoper did much to improve cattle raising in the Montana area, where he spent most of his life.

My purchase was neither a tax gimmick, nor did it have any other ulterior motive. Mrs. Stevens, our children, and I love that part of America. We have spent as much time there as we possibly could over the past 19 years. With my approaching retirement from a long and very active career in the textile business, Mrs. Stevens and I will be spending a lot of time there.

Our youngest son has made the American Fork Ranch his home and is enrolled at Montana State College at Bozeman, Mont. He is taking agricultural courses, looking toward someday becoming a rancher.

Our ranch has been incorporated since 1948 under Montana corporation law. We have improved its pastures and its equipment. We have enlarged its dimensions and its herd. We have provided steady employment. We have done our buying in the nearby towns. We have been active members of the Montana Stockgrowers' Association and the American National Cattlemen's Association. We have done all our ranch banking in Montana. W have taken a keen interest in the community, as all good citizens should. We have been fortunate in making a wide circle of close friends in central Montana. I think it is fair to say that I have acquired a reasonable firsthand knowledge of cattle raising, especially in Montana.

With that background, I would like to say that, in my opinion, there is no segment of American agriculture which is more free-enterprise minded than the cattle-raising industry. They do not ask for nor want Government supports of any kind. They have always stood on their own feet and want to continue to do so.

All cattle raisers ask is that their desire and determination to continue as American free enterprisers not be thwarted by our Government giving away a substantial portion of the domestic market for beef products to foreign cattle raisers, who have a small fraction of the costs entailed by the American rancher under our standard of living. It's as simple as that.

The pressure of greatly increased imports has had a devastating effect on our domestic price structure for cattle. Some ranchers and feeders have already been forced to the wall. Many others will follow unless appropriate corrective measures are taken.

It was most distressing to ranchers that the State Department and the Department of Agriculture failed to implement the stated recommendations of the American cattle industry in concluding recently some form of temporary bilateral arrangements with Australia and New Zealand. These arrangements guarantee those countries not only close to peak import access to the American market, as established in 1962–63, but also provide a built-in increase for the future.

This action is entirely inadequate to preserve a healthy American cattle-raising industry. Only a remedy, such as the Mansfield amendment, which in itself is generous to foreign producers, can check the continuing deterioration of our fine American cattle-raising industry. I urge, with all the sincerity at my command, that your committee report out favorably the Mansfield amendment as part of H.R. 1839.

And I deeply hope that the Senate will in turn take favorable action on this matter, which is so vital to the cattle raiser, wherever located throughout the length and breadth of the United States.

Thanking you for your consideration of this statement and, with highest personal regards, I am,

Yours sincerely,

ROBERT T. STEVENS.

NEW YORK, N.Y., *March 12, 1964*.

MRS. ELIZABETH B. SPRINGER,
Chief Clerk, Committee on Finance,
U.S. Senate, Washington, D.C.:

As a Montana cattleman for the past 10 years, I am deeply disturbed over excessive imports of cattle and beef. In this connection, I understand finance committee presently hearing witnesses regarding Mansfield-Metcalf amendment to H.R. 1839.

Request opportunity to testify, if possible, in favor of amendment. Regards.

ROBERT T. STEVENS.

U.S. SENATE,
COMMITTEE ON AGRICULTURE AND FORESTRY,
April 2, 1964.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
U.S. Senate, Washington, D.C.

DEAR SENATOR BYRD: I am enclosing a copy of a letter from Mr. Kyle Miller, of Bantry, N. Dak., and a resolution recently adopted at the annual meeting of the Mouse River Grazing Association.

You will note this resolution urges congressional action to limit the importation of beef into this country. I would like to request that this resolution be made a part of the record of the hearings on this matter now being held by the committee.

With warmest personal regards,

Sincerely yours,

MILTON R. YOUNG.

MOUSE RIVER GRAZING ASSOCIATION,
Bantry, N. Dak., March 30, 1964.

Hon. MILTON YOUNG,
U.S. Senator, Washington, D.C.

Senator YOUNG: Enclosed is a copy of a resolution passed at our recent annual meeting.

We respectfully urge your support of any legislation or other action the Congress may see fit to act upon relative to alleviating this situation.

Respectfully,

KYLE MILLER.

BEEF IMPORTS

Whereas the price of nearly all classes of beef are at their lowest point in years, and

Whereas the imports of beef and beef products from foreign countries in general, and Australia, New Zealand, and Ireland in particular at such a low tariff creates unfair competition, and

Whereas our domestic beef population is at an all-time high and would supply our domestic needs without foreign imports: Now, therefore, be it

Resolved, We, the members of the Mouse River Grazing Association, convened at our annual meeting upon due notice of such meeting, do hereby request that the Congress of the United States take such necessary actions as to impose protective quotas that will eliminate the depressing effect these imports have on our domestic market.

CHINOOK, MONT., *March 30, 1964.*

Re Mansfield amendment to H.R. 1839.

Hon. HARRY BYRD,
Senator from Virginia,
Senate Finance Committee,
Washington, D.C.

DEAR SENATOR BYRD: I venture to write you because James F. Battin, our district's Representative to Congress, said you are an honest man. He also said it was his opinion that in the meat import hearings before the Senate Finance Committee you will give the beef people the same consideration you would give the apple people were they similarly threatened. This being the highest guarantee of integrity one Montanan can give another, I would like to present our view on meat imports and urge you to consider altering Senator Mansfield's proposal along the lines recommended by the cattle industry, then give it your favorable recommendation.

Perhaps I should explain how an ordinary rancher's wife happened to converse with a Congressman. Mr. Battin was in Chinook on March 22 following his speech at the Montana Seed Show the night before in a neighboring town. I asked for an interview with him because this spring our CowBelle group, the auxiliary of the local stockgrowers, has to put out the State CowBelles' newspaper and I was drafted as editor. We are all terribly worried about the entire beef situation and believed we needed more direct information than our newspapers and radio commentators carry.

Many of us feel very strongly that much more than the price of beef is at stake. It is the financial loss that prods us to protest, but our fears go further—sir, we are afraid that if the United States does not stand behind this segment of her people the pattern will be set that she need not stand behind any of her people.

I wrote to Montana's leaders for their statements for publications in our CowBelle paper. The Department of State, replying for the President, sent the press release of February 17 on the voluntary agreements on meat imports with Australia and New Zealand and sent also the texts of the notes exchanged between their Governments and ours. This wasn't a surprise, of course, but, oh, sir, I was so ashamed. They set the conditions of the agreement and the United States accepted the conditions—without consulting the people involved or obtaining our consent.

We can't blame the cattle people in the importing countries. An agreement assuring them of a "fair and reasonable share in the growth of the U.S. market" is a good thing for them. But much of this market and its growth comes from lots of work in beef promotion and education done by western women, the CowBelles. For example, one of our ranch wives has spent much time, and traveled many miles to teach good and economical nutrition to our Indians, the Salvation Army, the high schools, the FFA and FHA boys and girls, and 4-H Clubs. She has four small children and many duties; her work in beef education is all volunteered. There are women like her all over Montana and in every other cattle State. We have been trying to help ourselves, help others, and solve our own problems. Now the State Department's statements for the press: "The agreements provide for preservation of the present pattern of trade in meat products" and "U.S. domestic producers and Australian and New Zealand suppliers will be able to share equitably in the growth in the U.S. market," makes fools of us with our ideals of initiative, hard work, and community service.

Nobody knows better than we that domestic overproduction has also contributed to the decline in cattle prices. We aren't complaining about that; if we bring a difficulty on ourselves it is our duty to cope with it. But we cannot compete with the importing countries whose beef production costs are so much lower, and we believe the United States owes more consideration to us, her people, than to the people of other nations.

It is this—the sense of being ignored, of being governed by decisions in which we had no part—that bothers. We believe we should be governed by Congress which represents us, not by the Secretaries of Agriculture and State who are only appointed. We have resisted price seupports, feeling it is important to stand alone, yet it seems our reward is a constant and increasing pressure to put us into a Government program.

It is not uncommon now to hear, "Now I understand why the South seceded," nor is it uncommon to hear talk of meeting the import situation with physical action and even violence. I don't mean that we are on a hair trigger and hunting for an excuse to go off like firecrackers, but we are unhappy. Our pride of country is a little diminished. Our confidence in the motives of some of our leaders is badly shaken.

We believe we are the "showcase of freedom" in U.S. agriculture and that it is vital that we not be demolished. In terms of money only, it would perhaps be cheapest to abolish the American livestock industry and import all meat. But if the Nation loses or weakens its agricultural base, what hope have we in case of war?

Please, sir, lend all of your experience and principle to consideration of this situation. We remember your stand on Government spending and know that you are not a timid man. We do not think we have been dealt with fairly thus far. We look to you for a wise and disinterested judgment.

I'm sorry if I seem overly concerned about this. But I think it is not only our livelihood being considered by your committee. It is basic America.

Very truly yours,

JANET S. ALLISON.
Mrs. Ralph E. Allison.

CLAY CENTER, NEBR. *March 30, 1964.*

HON. HARRY F. BYRD,
U.S. Senate,
Chairman, Senate Finance Committee,
Washington, D.C.

DEAR SENATOR BYRD: Since I am a small family-type farmer, I hope you can find room for my testimony in your present beef-import hearings. I do not know the number of the bill, but hope your committee can find some facts from this testimony that will be of some use.

First, I farm 820 acres of irrigated land in Clay County, Nebr., located in the south central part of the State. There are over 700 irrigation wells in the county, and the USDA figures show some 930 farm units in this county. We are basically feed grain producers, 50 to 70 percent corn and sorghum, and 25 to 40 percent wheat and summer fallow. Livestock is next on the list. Clay County could also be listed as a cash grain, Government storage county, for over $1 million comes into the county in Government storage payments.

In the past 2 to 3 years, cow herd size has been growing in Clay County, mainly because calves and feeder cattle have been at a very high price, thereby encouraging this type of operation. To make a profit at feeding cheap feed to high-priced replacement stock is practically impossible, especially when the small feeder of 20 to 100 head has to bid against the larger mechanized and commercial feeders. Cheap feed ($1 to $1.20 corn) does help make good prices for replacement stock and the rancher and cow herd farmer have benefited during the past 3 to 4 years. The situation has encouraged him to retain and build his herd if he has pasture or can rent it. The excellent weather, generally, has helped in herd expansion in the grassland areas and around here also.

I am one of those farmers who is being forced to carry a cow herd (20 head, now, and hope to make it 50 soon) along with corn, wheat, and storage. The reasons I am messing with it are: first, to help cheapen feeder cattle down to my cheap corn, so I can buy some extra cattle to feed all the cheap corn I raise. (My corn production is 20,000 bushels per year, average, if I don't go in the feed grain program—I do go in, though, taking out 40 percent on the average.) Second, misery loves company, and since the prevailing thought seems to be that we must produce agricultural commodities at world prices (corn and wheat), why not have cattle down there also?

It follows, then, that if cattle get cheap enough here in the United States, the imports will automatically stop coming into the United States, and we can then have cheap meat for the consumer.

What puzzles me, though, is why the present furor was not started about a year, or even 18 months ago, and why prices haven't shown a more realistic drop in our retail meat markets.

I think it is ridiculous to now place the major blame for our low cattle prices on imports, because this thing did not start just 1 or 2 years ago, but began back in 1957, when the corn and sorghum farm program was practically ruined with high price supports, plus low price supports for unlimited production. Then 1959 and 1960 showed a terrific increase in feed grain production, and Government carryover, when there were no acreage restrictions at all on corn and sorghum plantings.

For the Farm Bureau to blame the 1961 and 1962 feed grain program as a major cause of low cattle prices is likewise ridiculous, if not downright scandalous, in that it was through their testimony and actions that the program was wrecked with the two-price support program in 1957 and 1958, and then no program at all for 1959 and 1960. The surpluses were built up under their recommendations, and to charge the release of the surpluses as the cause of low cattle prices is subterfuge and chicanery.

As I see it, we must get feed grains up to at least 90 percent of parity as soon as possible, through our present feed grain program, and reduce imports, temporarily, to hold the cattle industry together. The old saying: "Cheap feed means cheap cattle means cheap land," is again with us. The first two are vividly illustrated today, and if this present overall situation continues for another 5 to 7 years, the cheap land will be upon us also. The "C.E.D.'s" recommendations will have been carried out.

I maintain that, under anticipated needs for food and fiber within the next 15 to 20 years, we cannot afford to force many more people out of farming. Machines cannot completely replace people to simply justify efficiency. Time is becoming a limiting factor in my farming operation. I do not need more land to farm.

Capitalization in U.S. agriculture has made our agricultural industry what it is today, but to think that cheap food is necessary to raise our luxurious living standard is wishful thinking.

Farmers have been subsidizing a large segment of our economy to cheap food and have been living off their depreciation. When they can't replace wornout equipment with the earned income they should be receiving, their either quit farming, or patch up the equipment and become less efficient, hoping things will get better in the future. Eventually, they may have to quit since a lot of the damage has been done that cannot be undone.

I hope these thoughts can be of some help. If possible, please send me a copy of all of the testimony given to your committee when it is available. Thank you.

Yours truly,

ALAN R. MCKELVIE.

P.S.—Incidentally, it takes me 1 year to raise a corn crop, plus 4 years storage, to reach approximately 90 percent of parity. I have 1959, 1960, 1961, 1962, and 1963 corn crops stored here on the farm. Storage rate, after the first year, is 14 cents per bushel, less 4 cents for cost (minimum), leaves 10 cents net. We store the first year without storage payment, and the present maximum storage time is for a 5-year period.

Crop year	Loan rate, Clay County, Nebr.	Number of years storage paid	Storage payment, 10-cent net	Total net storage payment	Eventual gross crop income
1959	$1.06	4	$0.10	$0.40	$1.46
1960	1.01	3	.10	.30	
1961	1.14	2	.10	.20	
1962	1.14	1	.10	.10	
1963	1.17	0			

We will deliver 1959 corn this August. In 1965, if 1960 corn is called for delivery, the gross will be $1.41. In 1966, if 1961 corn is called for delivery, it will have grossed $1.14 plus 0.40 cents, or $1.54, and so on.

Frankly, I don't like it, for it takes time to care for grain, it ties up buildings I could use for storing equipment, and the carryover is depressing on open market prices. The solution is controlled production, with a price of 90 to 100 percent of parity on the grain that is needed.

CALIFORNIA LEAGUE OF INDEPENDENT VOTERS,
Los Angeles, Calif., March 17, 1964.

Senator BYRD,
New Senate Office Building,
Washington, D.C.

DEAR SENATOR BYRD: Concerning bill 1839, amendment 465, otherwise known as the meat imports controversy, this organization wishes to express its opposition to any reduction in foreign meat import quotas on the following grounds:

1. A reduction in foreign meat imports would force use of more expensive U.S. meats in such "poor man's" foods as hamburgers, weinies, bologna, etc., thereby raising the cost living index up a few more notches and inspiring more general labor strikes for higher wages.

2. It would oblige the meat exporting countries to retaliate with cutbacks in imports from this country, thereby hurting other U.S. industries and nullifying any possible economic gains in the domestic meat growing industry.

3. It would give the Communist bloc nations yet another opportunity to increase their trading and propagandizing with the heavy meat producing South American nations.

Accordingly, the CLIV feels that it would be in the best interest of this Nation if amendment 465 is voted down.

Respectfully,

ROBERT A. SHORT,
Executive Director.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., March 27, 1964.

Hon. HARRY FLOOD BYRD,
Chairman, Finance Committee,
U.S. Senate, New Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: I am enclosing a copy of a letter received from the Clallam-Jefferson Cattlemen's Association of Port Angeles, Wash., which I would appreciate having included in the record of further hearings to be held in connection with the possible amendment of H.R. 1839, to confirm with S. 2525.

Your earliest acknowledgment of my request will be appreciated.

Sincerely yours,

Congressman JACK WESTLAND.

CLALLAM-JEFFERSON CATTLEMEN'S ASSOCIATION,
Port Angeles, Wash., March 12, 1964.

Congressman JACK WESTLAND,
House of Representatives,
Washington, D.C.

DEAR JACK: We, the undersigned members of the Clallam-Jefferson Cattlemen's Association and beef producers of this area, are dissatisfied with the present 1962–63 import quotas on beef that was brought into this country from New Zealand and Australia. We feel this is a great injustice to our Washington beef cattle industries, due to the fact that these imports represent a high percent (14 percent) of our total beef consumed in 1963.

We would very much appreciate your support in backing Senator Mansfield's bill which is an amendment to change bill H.R. 1839 to conform to bill S. 2525.

We do not mind fair competition from imported beef but can no longer remain in business with this sort of competition from this quantity of imported beef. Beef producers in this area feel that we cannot afford to subsidize the wheat and hop industry on an unfair import-export quota basis.

We urge you to appear before the Senate Finance Committee to express the concern of Washington stockmen over this important problem and urge the committee's approval of this legislation. We feel you will give your full support on this serious matter.

We are looking forward to your next visit to the Olympic Peninsula.

Sincerely yours,

CLALLAM-JEFFERSON CATTLEMEN,
Howard Dent, Jr., Thomas E. Rosell, Wm. F. Anderson, Dan E. Ovenell, W. O. Westergaard, Wally H. Taylor, Irvin Boyd, Royce Roberts, H. Holgerson, John C. Wilson, Henry N. Hansen, Elliot Clark, G. F. Taylor, K. L. Peterson, LaVern King, Allend Busenbark, Richard H. Potter, George Hartman.

NORFOLK PORT & INDUSTRIAL AUTHORITY,
Norfolk, Va., April 8, 1964.

Hon. HARRY F. BYRD,
U.S. Senator, Senate Office Building,
Washington, D.C.

DEAR SENATOR BYRD: I enclose a copy of the testimony which I have prepared in behalf of the American Association of Port Authorities, pursuant to a unanimous mandate from its board of directors, in my capacity as chairman of its foreign commerce committee, in the matter of the U.S. Tariff Commission's investigation of the status of our cattle industry and the possible effects of frozen meat imports, et cetera, et cetera, on our domestic meat industry, undertaken at the request of your Senate Finance Committee.

A conflicting commitment of long standing makes it impossible for me to attend the Tariff Commission hearing; therefore, Mr. Paul Amundsen, executive director of the American Association of Port Authorities, will present it at the hearing in my stead.

It is my belief that the results of this investigation will confirm my enclosed presentation, in which I tried to review the subject in the most concise way compatible with the broad area to be covered.

I trust that you will find time to read it and will agree with my conclusions.

With kindest regards, I am,

Cordially yours,

MICHAEL M. MORA, *General Manager.*

STATEMENT BY PAUL A. AMUNDSEN, IN BEHALF OF THE AMERICAN ASSOCIATION OF PORT AUTHORITIES

My name is Paul A. Amundsen.

I am executive director of the American Association of Port Authorities and am appearing at this hearing at the direction of its board of directors and its foreign commerce committee in the captioned matter.

It has been alleged by the U.S. cattle growers that imports of fresh and frozen beef, predominantly boneless frozen beef from Australia and New Zealand, have severely depressed the price of fed cattle, the main source of table beef, as well as the price of slaughter cows and bulls, principally used as manufacturing beef. The facts do not sustain the contentions of the domestic cattle growers. As will be shown hereinafter, the imports in question which consist almost entirely of manufacturing beef so necessary in the hamburger—"hotdog" sector of beef consumption, far from having an adverse effect on the U.S. beef industry, are, in fact, a vitally necessary and beneficial supplement in the disposition of the American beef supply.

The price of fed beef has been depressed during most of 1963 and continues to be depressed. The major causes for this have been the continuous growth in beef supply and the injudicious feeding practices which have, contrary to trends in public demand, built more and more fat into the carcasses of the steers and heifers constituting our supply of table beef.

The increase in beef cattle numbers since 1954 has been 31 percent and now stands at over 78 million head, excluding dairy cattle.

The sheer increase in the herd is impressive and suggests tha tthis long continued expansion itself has become a burden on prices. To aggravate this pressure has been the factor of the increasing weight of slaughter animals. For example, the average weight of slaughter steers at Chicago increased from 1,076 pounds per head in 1954 to 1,142 pounds in 1962. This increase in weight of slaughter animals was the result of expanded feeding operations and intensified feeding practice. A measure of this growth in feeder operations is the number of animals in feeder lots on January 1 of each year. This number increased by 65 percent between January 1, 1954, and January 1, 1964. Intensified feeding is reflected in the larger volume of table beef produced which increased from 8.5 billion pounds in 1954 to 12.9 billion in 1963 or by 52 percent. In per capita terms this represented an increase from 58 to 67 pounds in the decade.

The situation has been aggravated by the irregularity of marketings and the excess of heavy fat cattle being offered.

The U.S. Department of Agriculture pretty well sums up the causes of price weakness in the fed beef market in its "1964 Outlook Issue" of Livestock and Meat Situation of November 1963. It states:

"Beef producers have encountered short-term price difficulties in recent years, even though beef has been one of the few products for which demand has been growing faster than population * * *. Most of these price difficulties have resulted from large marketings of high-grade beef during short periods of time * * *. Heavier average live weights during periods of large marketings have led to price discounts for heavyweight cattle within a grade * * *. Profits were hurt this year (1963) by feeding to heavyweights * * *. Available data point toward selling at lightweights for the best prospects of improving incomes * * *. Cattle prices will be under pressure until the large supply of heavy cattle has been moved."

In short, the producers of fed cattle (table beef) have created their own difficulties by irregularity in marketing and overemphasis on heavyweight animals and, it might be added, by long continued expansion of the supply at a rate which outpaces the appetite of the public for expensive beef. Imports of manufacturing beef have played no part in causing their troubles but have probably moderated them somewhat.

Processed beef products, primarily hamburger, hotdogs, other sausages, and luncheon meats, including a wide variety of lesser items, constitute a large outlet for low-grade beef in the United States. The beef of this character comes from discarded cows and bulls from the domestic beef and dairy herds, and from imports of fresh and frozen beef. Nearly all of this beef is lean in character and very much in demand for blending with scraps and unmarketable cuts from fed beef which is much fatter. It is estimated that as much as 30 percent of the fat table beef carcass finds its way to processing by way of being blended with lean low-cost beef in hamburger and other processed products. Without adequate supplies of lean manufacturing beef much of the fat in this residual fed beef would have to be converted to tallow at a very much lower value than it commands for conversion into processed products. Accordingly, a sufficient supply of lean beef, domestic or imported, is very necessary to the more profitable disposition of this byproduct of the butcher's block.

Between 1954 and 1963 the amount of cow and bull beef produced in the United States fell from 4.1 to 2.8 billion pounds.

In per capita terms, this was a decline from 26 to 16 pounds.

Obviously with increasing supplies of fat trimmings and secondary cuts from the increasing table beef supply the domestic supply of cow and bull beef was quite inadequate for blending purposes.

Furthermore, this combined domestic supply of fat and lean beef was far from adequate to fill the rapidly increasing demand for processed meat products.

Imports of fresh and frozen beef are primarily of boneless manufacturing beef. Very little is marketed for use as table beef and that little is competitive only with the lowest quality of table beef and not with Prime, Choice, and Good fed beef. The data below show the U.S. supply situation for cow and bull beef for specified years.

[In millions of pounds]

Year	Domestic cow and bull	Imported fresh, frozen, and pickled	Total	Per capita (pounds)
1954	4,121	57	4,178	26.3
1958	3,192	507	3,699	21.6
1963	2,835	1,439	4,274	23.3

As may be seen, the supply of manufacturing beef in 1963, despite very much increased imports, was little changed from that 10 years earlier and in per capita terms is lower. In the absence of large imports, it is clear that American processors would have to curtail operations because of their inability to assimilate the subsidiary supply of fat beef from fed cattle.

Prospects for a full and sustained recovery in the domestic production of cow and bull beef are not promising. The dairy herd from which comes the bulk of the cow beef is growing progressively smaller and culls therefrom are declining in number. The bull numbers shrink as artificial insemination cuts the number of bulls required. Increased liquidation of cows from the beef herd would increase slaughter for a time, but would not offset the decline in slaughter bulls and dairy cows for any long period. The need, therefore, is not for any restriction on imports of manufacturing beef, but rather for encouragement of the foreign producers to continue their exports to the United States.

The above facts and figures clearly demonstrate that the domestic problems of the U.S. cattle growers are not due to the importation of fresh and frozen lean beef nor will they be solved by the reduction of such imports.

On the other hand, such a reduction could have a depressing effect on the exports of the U.S. products to the beef-supplying nations. The overall U.S. trade balance with these nations is in our favor. They are not among the recipients of foreign aid bounty from us; therefore, the trade balance closely approximates the balance of payments.

It is, therefore, axiomatic that a substantial reduction in their dollar earnings from sales of beef to the U.S. market would result in the curtailment of their purchases from the United States, either by retaliatory measures or simply due to lack of dollar exchange.

A recent voluntary agreement between the United States and Australia, New Zealand, and Ireland, has put a ceiling on the volume of their meat shipments to the United States at the 1962–63 average with a nominal escalator clause for several years to come.

Even this restriction may result in hurting the less affluent segment of U.S. consumers, who are economically unable to afford a steak diet and who are volume buyers of hamburgers, frankfurters, et cetera, not to speak of the children of America.

Numerous bills in Congress, analogous to S. 2525, introduced in the Senate Finance Committee by Senator Mansfield, would establish a mandatory quota based on a 5-year average, resulting in a 50-percent reduction of current imports.

This, in turn, would not only precipitate the above outlined export trade losses to the United States, but would severely undercut the position of U.S. negotiators in the "Kennedy round" of the coming GATT negotiations in Geneva.

The national interest and policy of the United States is to expand the volume of our foreign trade by mutual tariff regulations and elimination of quota barriers imposed by many nations against American goods. The precondition to any meaningful success in these objectives is that we must enter these negotiations with "clean hands."

To conclude:

1. A quota such as proposed in S. 2525 or any similar bill will not help U.S. cattle growers.

2. It will tend to reduce our exports and be of no help whatsoever in improving our balance-of-payments position.
3. It will have an adverse effect on employment in the United States.
4. It will weaken our international position in Geneva.
5. It will hurt a large segment of American consumers.

For all the above reasons and the adverse effects which reduced volume of foreign trade would have on the U.S. port industry, the American Association of Port Authorities recommends and urges both the Tariff Commission and Congress to refrain from the imposition of any mandatory restrictions of beef imports into the United States.

NOTE.—Source of all figures quoted: U.S. Department of Agriculture.

STATEMENT OF LEROY GETTING, SANBORN, IOWA, STATE SENATOR FROM NORTHWEST IOWA

I thank the committee for providing this opportunity for me to present my views and, I am certain, the views of cattle and sheep producers throughout the country on this vital problem of excessive imports.

I am a State senator from northwest Iowa. I have been farming in Iowa since the early 1920's and at the present time I have 940 head of cattle and 13,000 head of sheep on feed. Obviously, I have a vital interest in this problem of beef, lamb, and mutton imports.

It has been my privilege to serve on the Agricultural Research Advisory Committee of the U.S. Department of Agriculture. In this capacity I have become acquainted with the technical and financial aid programs to foreign countries. In the past, I have also represented various State and National cattle and sheep livestock producer groups on legislative and similar matters.

I am not in accord with those who favor legislation to stop all imports of meat. There have been times in the past, and there will be times in the future, when imports are desirable to maintain a level of supply beneficial to both producers and consumers. However, when 10 percent of the beef and 25 percent of the lamb and mutton on American tables is imported, the cattle and sheep producers of our country are in serious trouble.

This is only the beginning of possible trouble in the readjustment that will be necessary as we reach the peak of production in this upward cattle production cycle. We are faced with increasing operation costs, feed costs, and governmental regulations on both the national and international levels that interfere with normal industry self-adjustments. Operating costs in the cattle industry have increased 15 percent over the last 2 years. Production Credit Association cattle loans have increased 60 percent in the last 6 years. These facts alone are serious problems and along with depressed prices resulting from large increases in meat imports are disastrous to many cattle producers.

Cattle producers are marketing a high quality product for which there is a strong demand. From 1962 to 1963 consumption of beef increased 6 pounds per capita, the largest annual increase in more than a decade. This sharp per capita rise in consumption, along with our population growth, should have stabilized the market at reasonably high prices even with an increase in domestic supply. But during 1963 beef imports were increased 20 percent over 1962. The normal returns which cattle producers had every right to expect were depressed by foreign cheap meat to the point where many producers are in financial difficulty. Also, this increase in imports of meat is coming in at a time when our frozen beef holdings are at a high level. Frozen beef holdings on February 1 were the largest they have been since 1919. The increase at this time was 69 percent over a year ago.

Since 1958 imports of beef and veal have more than doubled. Prior to 1958 these imports were seldom more than 5 percent of production regardless of the price level in this country. A recent study by USDA indicated that if beef imports were at the 1957 level last year, Choice steer prices would have been about $1.20 to $1.60 per hundredweight higher and cow prices would have been approximately $4 per hundredweight higher. This additional income would have been beneficial to all types of business associated with cattle production and would have strengthened all phases of our economy in the livestock-producing areas.

A voluntary agreement has been approved to limit imports of beef, veal, and mutton from Australia, New Zealand, and Ireland. We have been unsuccessful with voluntary import agreements on lambs and mutton for a number of years in the past. In several instances, such agreements have been voided by action of the State Department or other executive rulings. Furthermore, the present agreement does not apply to beef, veal, lamb, and mutton in canned, cured, or cooked form. The agreement calls for only a 6-percent decrease in imports in 1964 by basing it on the average of the 1962 and 1963 imports from these countries and, in addition, it allows a growth factor by permitting an annual increase of 3.7 percent. It has been estimated that the agreement would allow the importing of about 1.6 billion pounds of beef. This would be equal to 50,000 or 55,000 extra head of cattle each week—more than is handled in the Chicago market. It is time for Congress to take legislative action which would deal directly with the beef, lamb, and mutton import problem, and prevent other departments from interfering in the matter.

We have a self-help incentive and promotion program carried on through the American Sheep Producers' Council and the National Livestock Meat Board. The fund for this program amounts to several million dollars annually. Should we carry on such a promotion program for the benefit of red meat imports at the sacrifice of our own livestock producers?

We in the sheep industry have tried for 5 years to work out some kind of a voluntary import program on lamb, mutton, and woolen goods. So far it has been to no avail.

The United States is the largest importer of red meats of any country in the world. Australia and New Zealand provide 75 percent of our beef imports and 99 percent of our lamb and mutton imports. These countries have import tariff walls of 41 and 100 percent, respectively.

Our sheep population in the United States has decreased to 28 million head—the lowest level in this century and now half the number we had increased to in 1942 for national security benefits; 1963 lamb imports were 44 percent in excess to the 1962 lamb imports.

The import base period for beef, veal, lamb, and mutton should be a 5-year average, 1958–62. Restrictions should include all types of beef, veal, lamb, and mutton, and it should provide for reconsideration every 5 years based on domestic population changes as well as changes in our livestock population. This action would be consistent with action taken by several other countries to restrict imports, and it would still permit a sufficient amount of imports to maintain a satisfactory level of supply during all phases of the production cycle.

We have been furnishing money and technical aid to foreign countries. The results of these programs have often created problems for some of our own people. In this case one of our basic industries, the cattle industry, is in trouble.

Australian cattle producers can maintain a cow for $6 per year, much lower than our own producers operating in a high-cost economy. They also have some very good salesmen who are taking advantage of our market to dispose of their increased production. Their people are rationed to 6 pounds of beef per capita annually compared to our per capita beef consumption of 90 pounds per year.

Another problem of great importance is that we have only a few large buyers now buying dressed meat from slaughterers and packers for processing and distribution. The packing industry is at their mercy if the supply increases slightly and has to be moved.

The livestock industry, including producers, feeders, and meatpackers, are all paralyzed by these practices of the buying and selling prices deliberately set and manipulated by the giant food chains who retail more than one-half of our meat products. These monopolistic practices of buying and selling red meats have been building up for some time and are a definite part of our problem today which should be looked into by the Justice Department or the Federal Trade Commission. The consuming public in our country could well afford to pay more for high food value meats consumed. The Government continues to increase wages and salaries at set levels. The consumers of the United States spent less than 19 percent of their take-home pay for food in 1963. This is less than any other country in the world. This alone is evidence that producers are not getting a fair share of the consumer dollar.

During the years in which I have been farming and feeding livestock, we have been confronted with many problems. I consider the present trend of rapidly increasing beef, veal, lamb, and mutton imports as the most serious problem that has ever threatened the beef and sheep producers of our country. Unfortunately, it is not of their own making and they are not in a position to provide an effective solution. This is a time when our Government can provide assistance to an industry in jeopardy which cannot protect itself under our present import and tariff laws.

ST. PAUL CHAMBER OF COMMERCE,
St. Paul, Nebr., April 9, 1964.

Re foreign meat imports.

Senator HARRY F. BYRD,
Chairman, Senate Committee on Finance.

DEAR CHAIRMAN: The businessmen of this city have long been concerned about the importing of foreign beef. Cattle feeders and farmers have had serious financial losses on their livestock. Our businessmen believe foreign imports have contributed substantially to the sharp reduction in selling price. This condition of unprofitable livestock operations is the direct cause of reduced business sales. The livestock market loss has caused collections to be difficult, credit to be restricted and impaired, and accounts receivable to be perilous.

The Farwell irrigation project places farmers in need of larger and different machinery. Implement dealers report prospective purchasers are suffering a financial handicap and inability to purchase needed equipment. Fuel dealers, retail services, and auto agencies report declining sales, and most local business establishments have reduced sales.

The ruinous foreign beef imports financially cripple the farmer and likewise stagnate our businesses and the community.

Our community has a productive income based nearly 100 percent on agriculture and livestock. This income is our lifeblood. The price-cost squeeze on our farmers continually chokes profits and likewise chokes the community, and further accelerates the decline of the rural areas.

What can we do for our country if our country encourages foreign meat imports to economically bury us?

The St. Paul Chamber of Commerce has a membership of 180 businesses, and the chamber feels Federal legislation reducing foreign meat imports should definitely be passed, and at an early date. Your consideration will be most appreciated.

O. L. SOUTHARD, *President.*
O. J. SUCHANEK, *Secretary.*

HELENA CHAMBER OF COMMERCE,
Helena, Mont., April 9, 1964.

Senator HARRY BYRD,
Chairman, Senate Finance Committee,
Senate Office Building,
Washington, D.C.

DEAR SENATOR BYRD: The Helena Chamber of Commerce board of directors and the chamber's Federal and State legislative action committee went on record supporting H.R. 10334, which is in the House Ways and Means Committee, and H.R. 1839, with Senator Mansfield amendment 465 in the Senate Finance Committee.

The key reason for urging support of this amendment is the terrific economic loss we are facing within our trade area. Due to the large increase of beef, lamb, and mutton imports, meat prices to the basic producer have dropped alarmingly in our immediate vicinity. This represents a loss of nearly one-half million dollars to our producers. Naturally it is reflected in their purchasing power with our local merchants. A little mental arithmetic will show the loss is statewide.

As you know, it costs so much less to produce meat in the countries exporting to us, than it does in Montana.

We would appreciate knowing your views immediately on what action you are taking on this issue.

Thank you for your consideration and all good wishes.

Sincerely,

FEDERAL AND STATE LEGISLATIVE ACTION COMMITTEE: JOHN W. MAHAN, *General Chairman;* MELVIN MAGNUSON, *General Cochairman;* ROBERT J. FUNK; NEIL LIVINGSTONE, JR., D.D.S.; ALLEN SHUMATE; LOUISE KAISER; JOHN W. BONNER; JOHN R. BURGESS, M.D.; ROBERT S. MORGAN; JOHN THOMPSON; ART WOODS; JOHN WILLARD; J. R. SIMS, M.D.; CARL SCHILLER; ED MCHUGH; H. WALTER LARSON.

P.S.—I had the pleasure of meeting with you when I was the national commander of the VFW in 1959. Hope you can help us.

NEW YORK, N.Y., *April 8, 1964.*

Miss ELIZABETH SPRINGER,
Clerk, Senate Finance Committee Hearing,
New Senate Office Building, Washington, D.C.:

In accordance with your telegram of March 16, I wish to submit this statement to be incorporated in the record of hearings on Mansfield amendment 465 to H.R. 1834.

My job as food editor of a magazine which goes to cooks, food buyers, and dietitians requires me to show food service operators how to keep costs down and profits up. Our magazine is not slanted to the chef preparing French cuisine, nor the manager of a steakhouse specializing in succulent charcoal-broiled steaks, but to the owner-manager of a restaurant or cafeteria who must depend upon imported beef for his hamburgers, hotdogs, processed meats, meat sauces, and other basic entrees for his customers.

I must protest any increase in restrictions on imported meat, because this will directly affect the cost of meat entrees. Only a portion of this cost can be passed on to the consumer without a loss of sales and resulting ill will toward the food service operator. The patron will probably never become aware of the problems involved, but only that the prices of his daily eat-out meals are rapidly approaching the inflationary level.

Sincerely,

BEATRICE P. SANDLER.

NEW YORK, N.Y., *March 18, 1964.*

Mrs. ELIZABETH SPRINGER,
Clerk, Senate Finance Committee Hearings,
New Senate Office Building, Washington, D.C.:

Request hearing to protest Mansfield amendment No. 465 to H.R. 1839. Because of work with both restaurants and consumers cannot accept restriction on imported beef.

BEATRICE SANDLER,
Food Editor, Food Consultant, Manager, Ithaca Hotel, Ithaca, N.Y.

NATIONAL ASSOCIATION OF HOTEL & RESTAURANT MEAT PURVEYORS,
Chicago, Ill., April 7, 1964.

Senator HARRY BYRD,
Chairman, Finance Committee, U.S. Senate,
Senate Office Building, Washington, D.C.

MY DEAR SENATOR BYRD: The association's board of directors at its recently held semiannual meeting agreed unanimously to express their opposition to any law imposing restrictions on the importation of meat from foreign countries. It is our considered opinion that there is a great need in this country for the kind and grade of meat presently being imported, that the livestock industry would not benefit from any such law, and that the public's interest would be adversely affected.

It is their further opinion that the problems of meat importation are inextricably tied to many other factors of importance such as tariffs, foreign policy, and exports; and because of the complexity of the problems involved and the possible grave impact which may result from a law restricting imports, that the matter may be best resolved by the U.S. Department of Agriculture on a consultative basis with other governments.

It is hoped therefore that the proposed law will not receive your committee's approval.

Yours sincerely,

HARRY L. RUDNICK.

ALL-AMERICA CITY OF ANCHORAGE, ALASKA,
OFFICE OF THE PORT DIRECTOR,
April 4, 1964.

CHAIRMAN,
Senate Finance Committee,
Senate Office Building, Washington, D.C.

DEAR SENATOR: The port of Anchorage, Alaska, has since its opening in 1961, encouraged the movement of frozen meat and other commodities from New Zealand direct to Anchorage. As the result of these trade efforts more than 2,000 tons of frozen meat products have been imported at a substantial savings to Alaskan consumers. It is anticipated that this volume will continue to grow and encourage the export of Alaskan products to New Zealand and Australia.

Legislation such as is proposed in amendment No. 465 to H.R. 1839 would force the discontinuation of this trade to Alaska and make 3 years effort go for naught. Foreign trade is a vital facet to the economy of the United States and is a two-way street—we must buy to sell.

The port of Anchorage feels very strongly that the curtailment of imported meat would be a serious blow to all ports in the United States, as well as Anchorage. Therefore, we urge the committee to reject amendment No. 465 and any similar proposals.

Very truly yours,

PORT OF ANCHORAGE MUNICIPAL TERMINAL,
A. E. HARNED, *Port Director.*

(Whereupon, at 11 a.m., the committee recessed subject to call of the Chair.)

O