MEAT IMPORTS

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HEARINGS

BEFORE THE

COMMITTEE ON FINANCE
UNITED STATES SENATE

EIGHTY-EIGHTH CONGRESS

SECOND SESSION

ON H.R. 1839

Amendments 465 and 467

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

PART 2

MARCH 31, APRIL 1, 2, AND JUNE 17, 1964

Printed for the use of the Committee on Finance

U.S. GOVERNMENT PRINTING OFFICE

30-062 WASHINGTON : 1964

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ADDITIONAL INFORMATION

MEAT IMPORTS

TUESDAY, MARCH 31, 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 Herman E. Talmadge presiding.

Present: Senators Talmadge, Smathers, McCarthy, Williams, Carlson, Curtis, Morton, and Dirksen.

Senator TALMADGE. The committee will be in order.

The business before the committee is the continuation of public hearings on H.R. 1839.

The first scheduled witness is Mr. Harry L. Graham, representing the National Grange.

Is Mr. Graham here?

Then the next witness, I have the honor to present one of my constituents, Mr. R. B. Curtis, representing the Georgia Livestock Association.

Mr. Curtis, come around and be seated, and we will hear your testimony. Mr. Cannon, you are going to appear with him. Also Mr. Cannon is from Georgia, Greene County. We are delighted to have you before the committee this morning, gentlemen.

STATEMENT OF R. B. CURTIS, GEORGIA LIVESTOCK ASSOCIATION; ACCOMPANIED BY JOHN T. CANNON, DAIRY CHAIRMAN, GEORGIA LIVESTOCK ASSOCIATION

Mr. CURTIS. Shall I just go ahead, sir?

Senator TALMADGE. Just proceed as you wish.

Mr. CURTIS. As you can see, this is my first appearance.

Gentlemen, I am R. B. Curtis, immediate past president and currently director of the Georgia Livestock Association, Georgia's director on the board of the American National Cattlemen's Association, our national affiliate, and I own and operate the Curtis Cattle Co., in Farmington, Ga.

I have been designated by President Hansel P. Chastain of the Georgia Livestock Association to represent the association in these hearings on the enactment of quotas on imports of red meats.

With me is Mr. John T. Cannon who is dairy chairman of the association and owner and operator of a large Georgia dairy farm. However, since we are limited to one witness before the committee, I will represent the beef, dairy, and sheep industry of Georgia. I presume that I may confer with Mr. Cannon on any questions that you may have pertaining to the dairy industry.

I do not propose to outline a mass of statistics which I assume that you have been well supplied with by the American national representatives and the Department of Agriculture. I want to emphasize that my association fully endorses without qualification the testimony that you have heard from the American National Cattlemen's Association. The position our association has adopted concerning these unrestricted importations has been supported by the Georgia Milk Producers, Inc., the Georgia Independent Meatpackers, the Georgia Stockyard Operators, and the Georgia Veterinary Medical Association. I think from this array of support that I am safe in advising you that I am representing today the entire Georgia livestock industry.

Senate amendment 465 to H.R. 1839 is necessary legislation to give what we consider reasonable protection to our domestic livestock industry. The voluntary agreements signed by our Department of State with the Governments of Australia and New Zealand are highly favorable to those Governments since the quota is based on the years 1962 to 1963 average importations from these countries and would result in continued heavy importations which have drastically depressed the domestic prices we receive for our livestock. In addition only 6 months notice prior to cancellation of the agreement is ridiculous, considering that it takes 9 months for a cow to produce a calf. This would rule out risk capital being ventured in the expansion of the domestic livestock industry. Continued forced operations under these voluntary agreements would result in liquidation of the domestic livestock industry. A declining livestock industry would not be able to adequately supply the American consumers if we are faced with another emergency which would curtail or eliminate foreign supplies of red meat. A declining livestock industry would also aggravate our grain-storage problems and costs if there are less animals to consume this production. The livestock industry is a noncontrolled, nonsubsidized element of agriculture, which status we hope to maintain. A free industry forced to its knees could well mean another subsidized agricultural burden on the taxpayers. In Georgia we now have members negotiating to refinance their mortgages due to inability to pay. A survey of one county last year resulted in the findings of losses among dairy producers amounting to an average of $700 on the sale of culled cows, and our feedlot operators are suffering worse financial losses. Most of the feeder losses occurred during the last quarter of last year and are now continuing at the same rate. Had all four quarters of last year been equal to the last quarter, many would have had less than zero dollars for a whole year's labor. One operator reports earnings last year of $4,000 compared to $16,000 the previous year for his labor with a capital investment of several hundred thousand dolars. He is now operating at below profit. The cow and calf operator will not feel the full impact of these depressed prices until this fall when he commences the marketing of his feeder calves and the culls from his cowherd. The sheep industry is a lesson to be considered in the current import situation.

I would like to read an editorial from the March issue of the Georgia Stockman entitled "Five Years Too Late." By the way, I am also a sheep producer.

The beef industry is 5 years late in taking a stand on meat importations. The sheep industry was faced with a similar situation 5 years ago and made a similar appeal to the Congress for restriction on imports from Australia and New Zealand which were beginning to flood the American markets. Congress rejected the plea, and the price of prime lambs eventually dropped to a low point of 12½ cents on the Chicago market before it became unprofitable for the exporters. It is gratifying to note that the beef industry has included the sheep industry in the sponsored bills now before the Senate and House as a unified industry similarly affected presenting a unified front to our elected representatives. The same unified front 5 years ago may have obviated today's import problems for both industries. The lesson to be learned is that unless we are successful in obtaining passage for our sponsored legislation, the beef industry may be in the same position 5 years from now that the sheep industry is in today: namely, too weak to make a strong protest to the Congress. Lamb imports increased 89 percent in 1963 over 1962 as compared to only 22 percent increase for the beef industry.

In summary, gentlemen, the producers of Georgia join the producers of the Nation as represented by the American National Cattlemen's Association in a plea to you for relief now from these unrestricted importations of red meats in the interests of our national livestock industry.

I thank you.

Senator TALMADGE. Mr. Curtis, I compliment you on your statement. Some quarters have indicated that the depressed price for livestock is now attributable to the fact that the cattle cycle is at a very large high rather than imports. Do you have any comments on that?

Mr. CURTIS. Yes, sir. I believe that may be partially true, but when I think, you add 11 percent—I believe it is 11 percent of our beef now is imported, when you add that on top of what we are producing, that is what is breaking the market, not the bottom.

Senator TALMADGE. How has it affected your own sales? Do you feed cattle?

Mr. CURTIS. Yes, sir.

Senator TALMADGE. What did your feed cattle bring last year?

Mr. CURTIS. Roughly 23 cents average.

Senator TALMADGE. What are they bringing now?

Mr. CURTIS. Anywhere from 17 to 19½.

Senator TALMADGE. In other words, almost 25 percent reduction from a year ago.

Mr. CURTIS. Yes, sir. Very rough.

Senator TALMADGE. Now, we have been told in other quarters that if we take action to protect our own livestock industry that there might be retaliation in other areas, and particularly the Common Market. Do you have any comments on that?

Mr. CURTIS. I think they are already fencing us out over there, aren't they anyway?

Senator TALMADGE. They certainly did with reference to poultry. You are probably familiar with that. Do you produce poultry?

Mr. CURTIS. No; I do not. I have enough problems already.

Senator TALMADGE. You are aware that Georgia is the largest poultry producing State in the Union.

Mr. CURTIS. Yes, sir.

Senator TALMADGE. And we have had considerable problems. I believe the Common Market raised the tariff on poultry from less than 5 cents a pound almost to 15 cents. Is that not correct?

Mr. CURTIS. I believe it is.

Senator TALMADGE. And you do not view with too much apprehension that argument, I take it?

Mr. CURTIS. I do not think it has a sound basis.

Senator TALMADGE. Thank you very much.

Any questions, Senator Carlson?

Senator CARLSON. Mr. Chairman, I just want to state that we are very appreciative of your appearance here this morning because you have presented evidence that has been presented by other States, presidents of livestock associations, and I think it is important that our Nation realizes the plight that the livestock men are in.

You mentioned, I believe, that we are importing 11 percent of the beef that is consumed. I was interested in some figures the other day, that we have increased the consumption of the American consumer from 63 pounds about 10 or 15 years ago to 93 and that 10 pounds now of meat is being imported, or, in other words, 11 percent or 10 pounds, and that is a substantial amount for the average consumer.

I appreciate very much your appearance, and I think it is time that we do take action in the Congress on this matter.

Mr. CURTIS. Thank you.

Senator TALMADGE. Senator Morton?

Senator MORTON. Sir, I was not here at the beginning of your statement, Mr. Curtis. What percentage of farm income of Georgia is dairy and grade products, do you know?

Mr. CURTIS. I would have to ask Mr. Cannon, and I do not know that we have those figures where we want to state them exactly. It was our understanding that you already had these figures given to you ahead of time, and there was no point in our handling these, too.

Senator MORTON. We probably have. But it is a growing—dairy as well as beef production has been growing in Georgia, has it not?

Mr. CURTIS. Beef production, I believe, is growing and dairying actually is holding its own to numbers but not in number of producers. In order to continue in business they have had to increase the size of the operations, and the small producers are having to go out.

Senator MORTON. Well, Georgia has a rather long tradition which is not recognized in the beef field. I think that Swift, I believe it was, had a plant in Albany, Ga., years and years ago, and there are others there now. Of course, the thing we think of is poultry first.

Senator TALMADGE. Would the Senator yield at that point? I would like to point out for the information of the Senator and the committee, the witness, Mr. Curtis, came I believe from Arizona, did you not, to go into the beef cattle business in Georgia?

Mr. CURTIS. Yes, sir.

Senator MORTON. Well, that is reversing the trend a little bit. Now he wants to reverse the trend on his prices, is that right?

Mr. CURTIS. That is right, sir.

Senator MORTON. Well——

Senator TALMADGE. He is satisfied with his geography but not his competition.

Mr. CURTIS. Well, I would hate to move to Australia.

Senator MORTON. Well, we certainly will try to keep you from that. That is all, Mr. Chairman.

Senator TALMADGE. Senator Smathers?
Senator SMATHERS. No questions at the moment.
Senator TALMADGE. Senator Dirksen?
Thank you very much, Mr. Curtis and Mr. Cannon. We appreciate your appearing.
I am informed that Mr. Harry L. Graham representing the National Grange is now here. If you are, Mr. Graham, come around, please. Is Mr. Graham here?
Senator CARLSON. Mr. Chairman, I want to state for the record that Mr. Graham was very kind, when he was listed for appearance before this committee about a week ago, to give way for a witness from the State of Utah, I believe, who testified on sheep. So we appreciated that very much at that time.
Senator SMATHERS. As anxious as I am to hear Mr. Graham, I am just curious; how long—how long do you think you are going to take?
Mr. GRAHAM. I am going to stop within the 10 minutes.
Senator SMATHERS. Delighted to have you.

STATEMENT OF HARRY L. GRAHAM, REPRESENTING THE NATIONAL GRANGE

Mr. GRAHAM. Mr. Chairman, members of the committee, I was very glad to cooperate with the committee on the hearings held before because we are here in town all the time, and members of this committee are among the most esteemed members of the Senate committees in our estimation, and so whatever you request of us we are glad to do.

I also was glad to have a little more time because I kept hoping that some of the heat would give way in this testimony, and we might be able to get a little light, and consequently I am going to just state in outline the position of the Grange and let the statement which I have submitted to the committee stand by itself. I would like also with your permission to include, after I have used it here in the committee, an editorial from the Wallaces Farmer of March 23, entitled "Let's Not Lose Our Heads."

I would also like to have included in the testimony a chart from the Department of Agriculture showing the relationship between feed grain and livestock prices.

Senator TALMADGE. Without objection the insertions will be made following your oral presentation.

Mr. GRAHAM. The Wallaces Farmer I think did a good job of pointing out the problems, besides beef imports, that have contributed to this sharp price drop. May I say that the National Grange is concerned about this price drop as we are concerned about any commodity in agriculture that suffers a severe loss. We are not convinced that the cause of it is quite so simple as saying it is beef imports. I would point out in this editorial from the Wallaces Farmer that they name these as basic reasons:

(1) A sharp increase in domestic beef production, and since testimony has been given on this, I will pursue this no further at this time;
(2) Increased output of pork and poultry;
(3) Lower prices for hides and other byproducts;
(4) Big boost in marketings of higher grade fed cattle;

(5) Higher packer and retail margins, and we have been hearing some testimony on that, and we would simply like to say in our estimation there has been considerable profit taking under this present situation;

(6) The imports of feeder cattle.

The United States imported 1,232,000 head of feeder cattle from Canada and Mexico in 1962. These cannot be disregarded as factors that have to do with this present situation.

(7) High prices in the fall of 1962 where the demand and supply factors boosted fed cattle prices to unexpectedly high levels during the fall and early winter of 1962.

I would add to that another factor directly related to that, and that was the low cost of feed grains which made cattle feeding more profitable than it previously had been. If the feed grain level could have continued and the high price of fed cattle would have continued at the same time, then there would have been a very profitable operation. Unfortunately the feed grain price stayed down, but the fed cattle prices came down, also.

(8) As Senator Anderson properly pointed out another problem was the tax advantages that have come from the capital gains features that were given to the cattle industry, and in our judgment we have got to do something about those features because they lead the noncattlemen into the production of beef. We believe that proper investigation would show that there has been a good deal of capital that has moved into the feeder cattle business from those whose main income is not from this source, and there are certain tax advantages in those situations that they can gain that probably ought to be looked into very carefully.

(9) I think one of the things that caused this whole problem of imports was the shift in the United Kingdom purchase policy where they released the Commonwealth countries from the necessity of giving Britain priority on the cheaper cuts of beef which they offered on the world market.

(10) One of the factors, and I have been particularly interested in dairy for sometime—and I have a little more knowledge of this than maybe in some other areas—has been the shift from dairy to beef production. This is particularly true in Illinois and Iowa, in areas that now are showing larger increases in the production of beef. There was more money to be made in beef under the projections that were made a year or so ago than there was in dairy cattle. There is a good deal less work and the same facilities could be used for feeding either way, and so the shift. The drop in dairy cattle in numbers of some 3 percent is offset by the similar increase in feeder cattle, especially in some Midwest lots.

(11) There has been some shift undoubtedly of American capital to the foreign beef-producing areas. Now, the amount of this shift is something that we ought to understand and get some more information on.

(12) In our judgment another problem has been the blind adherence to the faith and self-adjusting features of the so-called free market. A year ago the cattlemen were pointing with a great deal of pride to the fact that they had no Government controls, no Government assistance, and they had a wonderful free market. Well, it was obvious

from looking at the statistics and the projections that this could not continue. I think the only big surprise is that the market dropped as quickly as it did. According to outlook estimates I was reading a year ago they thought it would last for another year, this high market for beef animals, but it came down more rapidly.

Now, the position of the National Grange basically is that there are many other farm commodities that are involved in this legislation. There is about $6 billion worth of agriculture exports that are involved, and although we believe that there should be a means found to get this import level down to a little more realistic level, that because of our treaty commitments of which this committee had something to say in the beginning, we would be more advised to proceed by the Congress directing the State Department rather than by unilateral legislation, and thus we can bring this relationship into its proper focus by the renegotiating of the agreement and by doing it within the treaty obligations which we have at the present time.

We believe that we ought to also do something about these other matters which we have been talking about and that there is a way through the present treaty arrangements to get this done. Under article 22 of the Trade Expansion Act, if the Government is purchasing or supporting commodities in any substantial amount, and it can be proven that this is the result of the excessive amount of imports, then there is a provision in that section that we can renegotiate on that basis. If we are to continue to increase the purchase program for beef products that the Department has announced, in our judgment this gives us the legal right within the treaties to renegotiate this agreement which we have with Australia and New Zealand and Ireland at the present time.

In other words, what we are saying is that there are orderly ways to do this within the area of trade negotiations without disrupting the export business of many other commodities. I was just noticing that we are exporting 2,000 million tons of wheat alone to the Common Market. We don't believe that we are justified as a general farm organization in promoting legislation to support one commodity group at the expense of the other commodity groups. We think that we must find a way of doing this in such a way that other commodity groups are not damaged at the same time we are trying to help the cattle industry.

I think that is enough for the oral statement, and we will leave it to you how much more you would want me to say.

Senator TALMADGE. Senator Smathers, any questions?

Senator SMATHERS. I have no questions.

Senator TALMADGE. Senator Carlson?

Senator CARLSON. Mr. Graham, I believe you stated that we imported 1,232,000 head of cattle from Canada and Mexico in 1962. Is that correct?

Mr. GRAHAM. Yes. That is the figure that has been given to me.

Senator CARLSON. That is a substantially larger amount than I thought we were importing. That is the reason I wanted to check on it. As a representative of one of the great farm organizations of the United States, the National Grange, are you not concerned about the situation that will be confronting this Nation beginning May 4 when we start considering the Kennedy round of trade agreements at Geneva?

Mr. GRAHAM. This is the thing that is in the background of everything I have said. It was extremely difficult to get the European countries to even include agricultural marketing in the Kennedy round. The conferences that we have had with the representatives of the Common Market—we have another one coming up next week, to settle this in consultation—indicate that the negotiations are going to be most difficult. As you know, Mr. Newsome is also the president of the International Federation of Agricultural Producers, so we have a close relationship there. And this is why I say we were very much concerned that we do not take such action here. We think there is alternative action that can be taken that does not simply tie our hands in the Kennedy round.

Senator CARLSON. Well, based on past experience in Common Market countries, in the United Kingdom, isn't there plenty of evidence that those countries do not hesitate to levy import levies, establish import levies and place quotas on imports, that we had best be concerned about protecting our own agriculture?

Mr. GRAHAM. Well, yes. The evidence is obvious that they have been pretty quick to do that. The question is whether or not we are going to simply say, all right, you go ahead and do that, and we will put quotas on our imports. The thing is, though, that we are protecting ourselves from the importation of a quarter of a billion dollars worth of agricultural products, and we have got $6 billion going the other way. It is a matter of values. Of course, they have done this. They are saying publicly today that they are still going to do it. Privately they are not quite so sure. We think we are going to have to give some ground in these negotiations because they are exporting things to us, too. This is going to be a rough negotiation, the best that can be done.

They are starting out like any negotiating group does, and I think our Government does the very same thing, with very strong public position. Mr. Herter was at the National Grange last fall and three times stated this position, and it was a very positive one. The Common Market stated it exactly the same way. This is the way you start negotiations. This doesn't mean that is the way you are going to end negotiations as you all know. We are very much concerned about this.

Senator TALMADGE. Senator Curtis?

Senator CURTIS. Mr. Graham, we have to hurry along because the Senate is going to meet. I would be the last person to suggest that in this complicated life we live there aren't a number of factors involved in price, including price of beef, but I have one question.

Do you contend that the imports of the last year or two have not been an adverse factor on price of cattle?

Mr. GRAHAM. Of course not. No. We do not. We think we are more realistic than that. We got ourselves into a bind by not taking some action sooner. I do not believe it has been quite as big as the cattlemen say, but I won't say there has not been an adverse effect.

Senator CURTIS. I agree that something should have been done sooner. I first introduced a bill in 1960, and I offered an amendment in 1962 to the Trade Act to curb imports, and pointed out that the Common Market countries' tariffs on agricultural commodities averaged six times higher than our tariff on the same things. In addition they resort to all sorts of nontariff devices. Then again during consideration of the feed grain bill in the spring of 1963, I offered an amendment to curtail imports. Of course, at that time the consequences of the imports had not reached home. There was no widespread public support for curtailment, but anyone who studied it could see it developing. I am glad to hear you say it was a factor and that something should have been done earlier.

Mr. GRAHAM. May I point out in that regard that I am surprised that we have not heard more about the following statistics. We have had the volume of imports emphasized, but actually the dollar percentage is considerably lower than the volume percentage. The dollar percentage of imports is about 3.6 instead of 10.7 of the volume of imports. So we have been importing cheap meat. We are not sure that some of this has not moved over into primal cuts. We are more concerned about that now. This hits you fellows, I think, worse than the importation of cheap meats. This, which the cattlemen think, has been one of the advantages of the agreements, is that we severely limited the importation of primal cuts. When we try to work out the rest of the problem, we are suggesting that the method that we pursue must be very carefully analyzed so we do not do more damage than good. This I am sure the Senator from Nebraska does not want to do either.

Senator CURTIS. In fairness to the other witnesses I will not take time to disagree as to who I think should control the foreign commerce. That decision was not made by me. It was made 160 years ago.

That is all, Mr. Chairman.

Senator TALMADGE. Senator Morton?

Senator MORTON. You referred in the beginning of your testimony to this capital gains tax. I agree with you that these people that have got high incomes from other sources and are using this device to go the capital gains route rather than the ordinary income, cattle purchased and held for 6 months and over, is a contributing ailment. On the other hand, when Assistant Secretary Surrey made his proposal early last fall, Congressman Watts of the Ways and Means Committee and I met with him on several occasions in Congressman Watts' office to try to point out, it cannot be cut out across the board. I mean, we wanted to get at this problem, but there is a place for capital gains in the structure.

Mr. GRAHAM. That is correct.

Senator MORTON. The National Grange recognizes that?

Mr. GRAHAM. In dairy as well as beef?

Senator MORTON. Yes.

Mr. GRAHAM. Yes, sir.

Senator MORTON. That is all, Mr. Chairman.

Senator TALMADGE. Thank you very much.

Senator CURTIS. Mr. Chairman, could I insert in the record at this point an editorial of WOW-TV-Radio in Omaha, broadcast March 17, 1964.

Senator TALMADGE. Without objection the editorial will be inserted at this point.

(The editorial referred to, Mr. Graham's full statement, and the editorial and chart earlier referred to by Mr. Graham follow:)

[Editorial, WOW-TV—WOW Radio Broadcast, Mar. 17, 1964]

MEAT IMPORTS

Imports of meat from Australia and New Zealand are depressing our cattle markets. Recently our Government signed voluntary agreements with Australia and New Zealand, lowering the imports by 6 percent in 1964, but increasing them 4 percent in 1965 and 1966. Most cattlemen feel that this agreement does little for this country and assures the Australians and the New Zealanders of a sizable chunk of a better market than their own.

Free trade is a wonderful thing if it involves comparable economies, but the American farmer and rancher cannot buy on an economy with a high standard of living such as ours, and sell against an economy which has a lower standard of living than ours, any more than the American technical expert can compete with the Japanese technical expert. The standards of living are not comparable.

We believe that helping one segment of our economy at the expense of another simply to promote trade does not constitute a public service. In the case of agriculture, it seems particularly dangerous since, through agriculture, it also affects millions of other people whose jobs are concerned with food and fiber.

In 1958 Australia exported 17½ million pounds of beef and veal to the United States. In 1963 it sent 560 million pounds—up 3,200 percent. In 1963 our total imports of meat came to about 1¾ billion pounds—more than is processed in a year here in Omaha—the world's largest meatpacking center.

Economists think that increasing our beef production 3 percent a year will just about keep pace with population. When our production increases faster than that and when imports are added, it creates an oversupply and damages our market. Since the tariff is set at a low 3 cents a pound, and since our country has been committed to a virtual status quo as far as imports are concerned, the only remedy is legislation.

We urge that everyone take part in the important business of protecting a vital segment of our Midwest economy and that you urge your legislators to recognize the difference in standards of living so that the legislation either results in a decrease in imports or a raising of tariffs.

STATEMENT OF THE NATIONAL GRANGE ON BEEF IMPORTS BY HARRY L. GRAHAM, LEGISLATIVE ASSISTANT TO THE NATIONAL MASTER

My name is Harry L. Graham, I am legislative assistant to the master of the National Grange.

The National Grange has been increasingly concerned with the developing crisis in the cattle industry over the last 3 years. It was obvious that the beef cycle should hit its most profitable point about a year ago and that before another 3 or 4 years there would be declining profits from the production of beef. The recent sharp downturn in the price of beef was predictable. The only surprise was that American producers did not see the long-term implications of the change in the trading policy of the United Kingdom a couple of years ago and anticipate that the offerings of Australia, New Zealand, and Ireland on the world market would be increased. This increase in marketings measured on a percentage basis is extremely alarming but in its practical aspects it served simply to accelerate the pace of the market adjustment that was inevitable. A break in prices similar to the one which occurred last summer was unavoidable for 1964, regardless of the amount of imports of beef from foreign countries.

Government economists, including those of our agricultural colleges, as well as private economists had issued warnings repeatedly, during the past year, to beef producers that the point of diminishing returns had been reached and that further increases in the number of cattle on the ranges and of cattle offered for slaughter, would have a depressing effect on prices.

The fact of course is that the number of cattle and calves on farms and ranches on January 1, 1964, was 106.5 million head, 3 percent higher than the 103¾ million head on hand in January 1963. This is the sixth consecutive year showing an increase and a record high number of cattle and calves. Therefore, before we turn our attention to meat imports, we should also spend a little time examining the root causes of the market situation which confronts the American cattle breeder at the present time. Before we pass hasty legislation by which we destroy our claim to markets far more valuable than that which we have lost, we should make certain that our domestic house is in order and that we not continue to pursue policies which will create the situation where the supply is far in excess of the market demands, such as we have at the present time.

The National Grange would point out that although it does not believe in complete Government regulation of markets, it also does not believe that we can place blind total adherence in the so-called self-regulating features of the market. It has long been apparent to serious students of this problem that the adjustment in prices due to overproduction is not in direct relationship to the amount of overproduction. Not only does the market fail to respond upward when there is an undersupply, but in the case of oversupply, the price reduction is far in excess of the amount of oversupply. This is true in almost every agricultural commodity; and beef is no exception. We therefore see a 3-percent increase in production cause a 30-percent break in the market.

Despite this historical fact and the experience that we have had previously, and most dramatically, at the close of World War I again at the time that beef prices dropped rapidly and feeders were caught off-base at the close of the Korean war and now in these recent months, we have so-called farm leaders and leaders of farm groups who still have no solution to the problems of agriculture except continued and exclusive dependence upon the so-called market system.

The major item which they have refused to recognize is the fact that several agricultural products can be produced in many areas and countries of the world cheaper than we can produce them in America. Our technological advances have been astounding; but we should remember that many of them are the result of economic pressures that have come because of increased costs in production, arising out of American living, wages and profit levels outside of agriculture. They have not completely offset the advantages of low capitalization and cheap labor in many agricultural producing areas of the world.

We have been trying to point out for many years that we could not produce milk in America under the grade A requirements, and sell it in competition with the manufactured products which are produced under considerably lower requirements and with much less investment, in other parts of the world. The same is true in wheat and the U.S. Senate properly recognized this last week when it passed the cotton and wheat bill which provided a price level for that part of the American production which would be consumed on our primary market for food that was higher than that which we will receive for our wheat that is sold on the foreign market and this is higher again than that which will be received which is produced in excess of the needs of either market and which must be sold at a feed grain level.

One of the amazing inconsistencies which I heard in the U.S. Senate during the debate on the cotton and wheat bill was the opposition to this legislation because of its two-price structure and at the same time pointing out that the marginal costs of imported meat determined the price of meat to a large extent. It obviously is true that the meat that is offered for sale of a similar quality, at a lower cost, has a greatly depressing influence on the price of all the product.

The current overproduction of beef is largely a result of the policies of trying to depress the price of feed grains. The concerted attempt that has been made to reduce Government supports on wheat to the level of feed grains in no small way made a definite contribution to this present situation.

The end result is that we have brought the feed price ratio in the past few years into a relationship that made it highly profitable to continue to produce large quantities of beef. We have been engaged in a desperate race against time to prevent this from happening to a far greater extent than it has in the past and which would be the inevitable result of the failure to pass wheat legislation at this session of Congress. This issue could have been decided a year ago, but it was partly due to the strenuous opposition of the cattlemen and feeder groups that the wheat referendum was lost. The opposition to the feed grains programs has been largely from the same organized group that is today expressing such great dissatisfaction with the situation in which they find themselves. Until these groups get enough economic sophistication to understand that cheap feed means overproduction of meat, including poultry, pork, and beef, as well as dairy products, because of the fact that the inefficient operator can profitably produce in a such situation, no legislative effort is going to be successful in controlling the market for beef products that will insure a profit for the feeder.

The 3-percent downward adjustment in the number of dairy cows during the past year was largely the result of the economic factors which made feeding cheap grain to beef cattle more lucrative than feeding it to dairy cattle and doing the hard work which was involved in producing milk and dairy products. This is dramatically shown by the fact that the largest reduction in dairy cow population is in the areas where there was the largest increase in the feeder cattle population. The net result is that in both the dairy industry and the beef industry production has reached a point of diminishing returns and a period of extremely difficult readjustments is ahead. If we think the last year's situation in the beef industry has been serious, then we had better say our prayers that there is not an extreme drought in the grazing areas this summer or the marketing of cows will be in such quantities that the present market will look highly profitable before another year is over. This is especially true if feeders continue to hold their cattle to the heavier weights while they wait for a price improvement. Not only has the cheap feed caused an overproduction among the regular feeders but it has caused an increasing amount of production among the speculative or "in and out" feeders.

The newspapers have also pointed out a couple of other factors of considerable importance that are involved in this current overproduction. One of these is the present tax laws that give some capital gains advantages to the producer whose reserves and the majority of his income comes from other sources besides the feeding of cattle. Again we would point out that the resistance to these changes that has come from the cattle industry has made it impossible to get the kind of legislation which would clarify this issue and which would have by itself had a moderating effect on the price decline in both beef and in the dairy industry. No one likes to give up a tax advantage, but again we must reach a point of economic maturity when we recognize that there are long-term advantages to giving up a short-term profit. In this area, the farmer-producer who operates his own farm is at a distinct disadvantage in competition with the producer who brings extensive capital reserves acquired from other activities into the production field.

The major problem which is now facing the beef industry, which long ago faced the poultry industry, is the one of vertical integration. The National Grange has hoisted a warning signal for a number of years against the continued integration of production and marketing facilities, especially when both are controlled by those whose primary interest is in the market. Within this decade we have seen poultry production change from the owner-operator-manager type of production to one in which the farmer simply becomes a hired man on his own farm. When you add to the fact that the farmer is working largely for someone else, the other factors that include the ability of large food chains to purchase in such quantities that they can force a reduction in prices, that they can withhold purchases until they create distress conditions and thereby buy at distress prices in one area and force prices down in other areas, then you have the makings of an extremely serious situation in agricultural production. The wires and letters that are coming across the National Grange desks almost daily now indicate that poultry producers have finally become aware of the extremely grave situation in which they find themselves as a result of policies that should have been corrected several years ago.

Newspaper reports of the beef factories that are operated by some food chains at the present time, some of which I have seen in our Western States, indicate that we must proceed to find a legislative or administrative answer to this problem of monopolistic influences of the markets. By definition, a monopoly exists when any group or single producer can by his own acts significantly influence the market. This point seems to have been reached both in poultry and in beef.

Turning now to the problem of imports, we are not among those who believe that this treaty agreement between the United States, Australia, New Zealand, and Ireland was not in the best interests of American cattle producers. It seems to be expecting too much to think that our negotiators could stop the runaway increase in the amount of imports and roll them back all at the same time. The stopping of the increase in itself was a substantial achievement. Furthermore, it was not the final word. It did however give us breathing time and negotiating time to try to further improve the situation. Of greatest importance is the fact that it allows us to proceed in the Kennedy round coming up in the General Agreement of Tariffs and Trade to try to maintain the markets for American agricultural products which have been developed during the past few years and to do so on an honorable basis.

It was with great difficulty that we persuaded our European friends and the rest of the members of the General Agreement on Tariffs and Trade to include agricultural products in the current trade negotiations. Our European friends objected to this because they consider the problems of agricultural trade to be sociological rather than political or economic. Nevertheless, we were able to get these items included in the agenda and the negotiations are currently in the exploratory stage.

This negotiating team is headed by the distinguished former Governor of Massachusetts and former Secretary of State, Christian Herter. They have given us their solemn assurances that they are prepared to do the hardest kind of bargaining on this subject. We are sure that this is true, not only by the reports that come to us concerning the negotiations and the provisions that the U.S. Government has announced as the basis for setting up the negotiations, but we are also assured that they are doing this by the fact that our European friends are in regular communication with us trying to get us to modify the demands of our Government.

The very basis of our negotiating proposals is that American farmers would be entitled to their share of the market that they have been supplying in the past years. The total amount of trade involved is about $5 billion. This is the largest single segment of American export trade. For the present proposed legislation to be adopted would be penny wise and pound foolish. Not only does this trade include twice as much meat products as that which we are importing, but it includes great quantities of wheat and feed grains, the very items which are produced by many of the people who are also feeding cattle.

Furthermore, the passage of this legislation will cast a grave doubt upon the integrity of American agreements. The Australian Ambassador, Sir Howard Beale, in Rochester, N.Y., last week, in commenting on the Mansfield amendment, said, "If this bill becomes law, it will mean that a solemn agreement entered into between two governments in good faith will be nullified.

"The Australian Government and people will find it very hard to understand. After all, this is exactly the same complaint that you are at present directing against the European Common Market countries. Surely, what is sauce for the goose is sauce for the gander."

It should be self-evident that if the United States starts moving in this direction of import quotas we will have no moral basis on which to register our objections to import quotas, variable levies, etc., that the Common Market is proposing to use against American agricultural products. In the resulting trade wars in which each country retreats behind its own economic barriers, American agriculture and the American economy have a great deal more to lose than it has to gain. It should be of interest that this is precisely the way trade wars begin which have in the past ended up as shooting wars. The further tragic implication of this is that it involves not our enemies but our friends.

It should be obvious by now that the National Grange opposes this resolution, not because of our lack of interest or feeling of friendship for the cattle industry, but because we do not believe this hasty action is in the best interests of either the cattle industry or of agriculture as a whole. The adoption of legislation would simply mean that some people would be assured that this was solving their problems and would further delay the adjustments in production that are necessary before there can be any stable market here in America.

We dislike sharing a lucrative market in America with other people, just the same as anyone else does. But we have an equally great dislike of losing a far more profitable market for our products than the one which we are allegedly losing under the present treaty agreement with the Commonwealth of Australia, New Zealand, and Ireland.

The Grange recommends that if it is the wisdom of the Senate that some modification must be made in the treaty, that we pursue these modifications according to the articles of the treaty by giving the proper notice and renegotiating the agreement. This problem is more properly in the area of negotiation. This does not, however, in our estimation, exclude the right of Congress to make specific recommendations to the State Department about the objectives that it desires the State Department to pursue in its trade negotiations.

The Congress should study the problems involved in the present capital gains taxation policy and devise changes that will no longer make production for the profit that can be realized from capital gains greater than that which can be realized from the simple feeding of animals.

The Congress should also adopt the suggestion of the President for a bipartisan commission to study the factors that are influencing the market, with special attention being given to the monopolistic trends in production and marketing and to instruct this commission to as quickly as possible make the recommendations for the legislative or administrative action or both if necessary that are required to remove the abuses of this system.

We obviously should ask the Department of Agriculture to consider the possibility of the expansion of the Government purchase and relief program to speed the adjustment of supplies to demand and to provide the necessary funds for this program. There is a possibility that this would make us eligible for a renegotiation under article 22 of the Trade Expansion Act.

We should pursue a policy in related commodities to keep a balance between the production factors and market needs. We would recommend to some of the cattle and feeder associations that they on their own conduct an intensive study into the relationship between the price of feed grain and the production of beef. We solicit their help as we try to solve some of these correlated problems which contribute to this major problem even as we offer our help in trying to solve some of their problems.

The Department of Agriculture in our estimation could restrict the movement of surplus feed grains into the market, thereby reducing the stimulation to increase production of beef. The cattlemen have quite properly, we believe, raised serious questions about permission to graze on acreage reserves, although this permission has been granted only after areas have been called disaster areas because of drought, and usually these pastures are of little value anyway. Any program which the Government follows which will stimulate the production of extra beef should be considerably modified or eliminated. Furthermore, we should obviously step up our attempts to move our beef surplus into oversea markets at competitive prices on the world market. This would involve some Government action that the cattle producers have stated they do not want but this is straining at a gnat and swallowing a camel because the protective devices that they want to throw around their industry by restrictions on imports into the United States are just as much Government programs as are subsidies to the producers of corn and wheat.

Last of all, the time has long since passed when different commodity groups in the United States can continue to pursue policies that seek an economic advantage for one group at the cost of economic disadvantage to another. It is unfortunate indeed that policies have been pursued by not only political parties but by farm organizations themselves that have put one farmer over against another, canceling out our influence in the marketplace, reducing our influence in the legislative Halls of Congress, and finally substantially reducing the returns the American farmer should receive for their production.

Therefore, as much as we approve of the objectives of this legislation, we cannot in good conscience support a method which in our judgment is fraught with grave consequences for the rest of American agriculture. We hope the objectives can be attained, but not at so great a cost. Nor can we support legislation which will create more complicated and far-reaching problems than it will solve. This legislation, in our judgment, falls within that category.

The National Grange has great confidence in the wisdom of the U.S. Senate and this distinguished committee. We, therefore, submit this very complicated problem to you and your demonstrated good judgment with the prayer that your decisions will be in the best interests of all agriculture and the general welfare of all Americans.

[From the Wallaces' Farmer, Mar. 21, 1964]

EDITORIALS

LET'S NOT LOSE OUR HEADS

The beef import problem has been played up all out of proportion. Cattlemen have been goaded into attitudes that approach hysteria.

Temporary financial pains are being exploited for their emotional appeal by politicians and others.

Perhaps Wallaces Farmer has contributed to the hysteria. But now it's important to look at the facts in proper perspective. Given these facts, we think beef producers will make intelligent decisions on their own.

At stake is our thriving beef industry. It could be thrown for a real loss if other, more important danger signals are ignored because of our preoccupation with imports. And our country's stance in world trade negotiations could be crippled just ahead of critical meetings in Europe.

We have a $6 billion annual farm export business to protect. All U.S. farmers would be in trouble if these world markets were lost. We're weakening our administration's position in protecting it by raising an unearthly fuss over some $350 million worth of imported beef. Let's not throw out the baby with the bathwater.

A number of factors, including rising imports, contributed to the beef crisis of 1963. You should consider all of them to avoid making costly mistakes in your feeding and calf-raising operations.

Beef and veal imports came to 1,445 million pounds (carcass weight) in 1962. In that year, Choice cattle averaged $27.70 at Chicago. Last year, imports rose 16 percent to 1,680 million pounds. And Choice cattle averaged $23.96, or $3.74 less than in 1962.

Here are some of the factors besides imports that contributed to this sharp price drop:

1. A sharp increase in domestic beef production. For each pound added to the supply by imports, U.S. beef producers added 5 pounds.

Lee Kolmer, ISU economist, says we can attribute $0.47 of the $3.74 drop to the rise in imports. About $2.30 of it can be attributed to the rise in domestic output.

2. Increased output of pork and poultry. Kolmer attributes about 25 cents of the drop to the increased competition provided by these meats.

3. A lower price for hides and other byproducts. Hide prices dropped about half in 1963 from a year earlier. Kolmer attributes 40 to 50 cents of the $3.74 drop to this factor.

4. A big boost in marketings of higher grade fed cattle. The most severe price pressure hit Prime cattle on which slaughter zoomed 41 percent above 1962. And we slaughtered 13½ percent more Choice animals (at seven major markets).

At the same time feeders marketed 19 percent fewer Good grade cattle. As a result of the glut of long-fed cattle, lower grade Holstein steers sometimes brought within $1.50 of Choice beef steers.

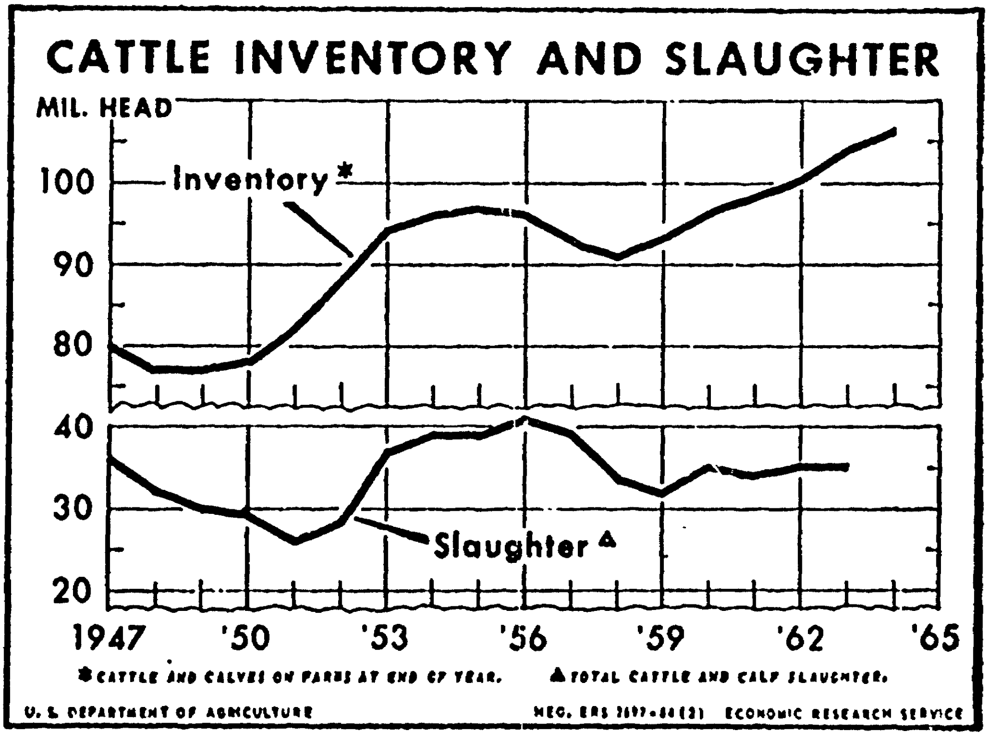
5. Higher packer and retailer margins. The abundance of high-quality fed cattle provided a field day for meat handlers. The farmer-to-consumer spread widened to a record 35.7 cents per retail pound in 1963. This was 6 cents higher than the spread in 1962.

Apparently less than half the dollar drop in Choice fed beef prices was passed on to consumers. So beef backed up in packers' hands, further depressing live animal prices.

6. Imports of feeder cattle. U.S. cattle feeders imported 1,232 million head of feeder animals from Canada and Mexico in 1962. If they were all slaughtered last year, they would have added an estimated 757 million pounds of fed beef to our supply. This is more than three times the beef added by direct imports.

7. High prices in fall of 1962. Several supply-demand factors boosted fed cattle prices to unexpectedly high levels during the fall and early winter of 1962. This was an abnormal situation for the stage of the cattle cycle we were in at that time. These high prices made the 1963 drop seem even more severe. And they encouraged cattle feeders to pay too much for replacement animals.

The rise in imported beef and veal, then, was only one of several factors that brought about the beef crisis of 1963. We can't make intelligent feeding and calf-raising decisions without considering all these factors that affect future markets.



WHAT'S AHEAD?

Economists point out that our cattle slaughter is about normal for this stage of the cycle. We've been building up beef cattle numbers for 6 years. One year soon, perhaps this year, but more likely 1965 or 1966, we will slaughter more cattle than the number of calves dropped.

That's the year prices will bottom out. Sharp drops below present levels could come any time in the next 3 years if widespread drought speeds liquidation of breeding stock and yearling feeder animals now carried on ranches.

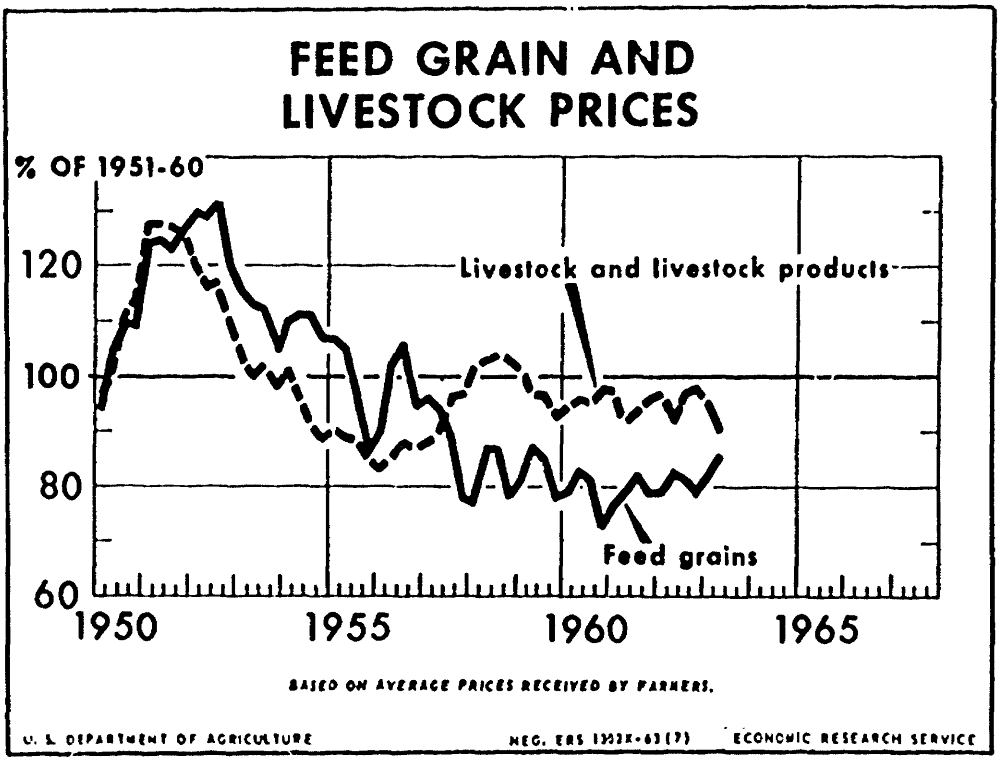
Feeders should be wary of buying replacement animals at prices anywhere near those of recent years. Yet money will be made on some cattle right through the liquidation phase of the cycle.

In the end, the "shakeout" in the cattle-feeding business may work to the long-run advantage of Corn Belt feeders. It will surely discourage further expansion of big commercial feedlots in the West.

Corn Belt feeders took an average loss of $11 per head last year. Diversified Corn Belt farmers can take a loss of $1,000 to $3,000 for 1 year and survive. But how many big feedlots can absorb losses of a quarter of a million?

For cow and calf men, this is a time to cull herds closely. Market old cows and keep heifers back for replacements. Hog producers have learned that they must cut back production when prices drop. Cattlemen must learn how to do the same thing.

And remember, the chances are the time and effort you spend cussing beef imports will be wasted. Cattlemen are probably going to have to live with the agreements reached with the beef exporting countries. Our farm export markets are huge, and there is real potential for a continued expansion. We don't think any administration in Washington is going to risk these lucrative markets by erecting additional barriers against imported beef.



Feed grains and livestock, and livestock products: Index numbers of average prices received by farmers, United States, by quarters, 1950–63

Year	Feed grains[1]				Livestock and livestock products[1]			
	January to March	April to June	July to Setpember	October to December	January to March	April to June	July to September	October to December
	1957-59=100							
1955	126	124	113	102	92	91	91	87
1956	106	120	125	112	85	87	90	89
1957	113	111	104	92	90	92	98	99
1958	91	103	103	92	125	106	107	106
1959	96	103	100	92	104	100	99	95
1960	93	98	96	86	97	98	97	101
1961	91	93	97	93	101	94	96	98
1962	93	97	96	93	100	95	100	101
1963	97	102	....	....	97	92	....	....
	Adjusted to 1951-60=100							
1955	107	105	96	86	90	89	89	85
1956	90	102	106	95	83	85	88	87
1957	96	94	88	78	88	90	96	97
1958	77	97	87	78	102	103	104	103
1959	81	87	85	78	101	97	97	93
1960	79	83	81	73	95	96	95	98
1961	77	79	82	79	98	92	94	96
1962	79	82	81	79	97	93	97	98
1963	82	86	....	....	95	90	....	....

[1] Feed grains based on prices received by farmers for corn, oats, barley, and sorghum grain; livestock and livestock products based on prices received for meat animals, wool, dairy products, poultry, and eggs.

Data for 1950–54 were published in 1963 chartbook.

Senator TALMADGE. Our next witness is Mr. Elton L. Berck, president of the Farmers Union of Nebraska, Omaha, Nebr.

Please proceed, Mr. Berck.

STATEMENT OF ELTON L. BERCK, PRESIDENT, FARMERS UNION OF NEBRASKA, OMAHA, NEBR.

Mr. BERCK. Mr. Chairman and members of the Committee on Finance, the 2d session of the 88th Congress, the Farmers Union of Nebraska supports legislation now under consideration by your committee to bring about a more realistic downward revision of meat imports from foreign shores.

In a restatement of previous position our delegates attending the 51st Annual Convention of the Farmers Union of Nebraska at Lincoln, Nebr., on Febraury 26 and 27, 1964, adopted unanimously the following proposal:

> We request action to prevent excessive imports of meat and meat animals contributory to the present depressed markets.
>
> We request legislation to bring large distributors of food products such as chainstores under the intent of the regulation to prevent packers from being in retail distribution and to prohibit such businesses from producing their own supplies and so tend to control the public market price. We favor continued close inspection of marketing practices and packaging to protect livestock and meat products as well as other marketing of agricultural products. We request action to enforce the identification of imported meat to the ultimate consumer by identification at the meat counter.

We are fully aware that excessive meat imports, though they are a strong contributive factor, are not the sole reason for the current disastrous price levels affecting domestic meat animal producers.

Our organization has often stated its thinking that ineffective price and supply legislation for wheat and feed grains is directly responsible for domestic livestock gluts.

Oversupplies of feed grains at bargain basement price levels encourage excess livestock production. Farmers Union also believes that vertical integration between chain foodstores and livestock feeding and slaughter enterprises destroys farm market power.

The independent family farm livestock producer can scarcely survive the combined onslaught of excessive imports, excessive supply and the monopolistic practices of the food chain integrators.

In conclusion, the Farmers Union of Nebraska strongly protests the sacrifice of the interests of our domestic agricultural producer in order to improve export markets for industrial goods.

We strongly urge enactment and continuance of Federal programs to provide effective price and supply controls for feed grains.

We strongly urge a no-holds-barred investigation of market practices and procurement operations of food chains.

We call for a realistic bipartisan study of all the factors involved in the continuing inequities in farm family income.

The meat import situation is one important factor in this consideration but only one. It should not, it must not, blind us to the other related factors which add up to destruction of farm income and farm purchasing power.

Senator TALMADGE. Thank you, Mr. Berck.

The next witness is Mr. Ralph Cellon, Florida Cattlemen's Association. Mr. Cellon, come round and have a seat, please. Senator Smathers is here to welcome you to the committee. I believe he is on the telephone and will be in here momentarily.

STATEMENT OF RALPH CELLON, PRESIDENT, THE FLORIDA CATTLEMEN'S ASSOCIATION; ACCOMPANIED BY ARTHUR L. HIGBIE, EXECUTIVE VICE PRESIDENT, THE FLORIDA CATTLEMEN'S ASSOCIATION

Mr. CELLON. Thank you, Mr. Chairman. It is a pleasure to appear before you this morning. I have with me Mr. Art Higbie who is executive vice president of the Florida Cattlemen's Association.

I am president of the Florida Cattlemen's Association and represent over 4,000 members and many allied industries. I am a cattleman myself, run a cow and calf operation, a steer-feeding program, and a feedlot operation. I have with me a copy of our brief that I will present to the committee, a copy of "Ranch Analysis" that was produced by the University of Florida, and a comparison of eight of the ranches involving the surveys made in the years of 1960, 1961, and 1962, and a layout of beef promotion program recently entered into by a Southeastern groceryman.

(The documents referred to are placed in the record following Mr. Cellon's oral statement.)

Senator TALMADGE. Will you yield at that point. The Chair now recognizes the distinguished Senator from Florida, Senator Smathers. Without objection any comment he sees fit may be inserted prior to your beginning remarks.

Senator SMATHERS. Thank you Mr. Chairman.

I must say I am very pleased to have Mr. Cellon here. We are becoming, in our State, a big cattle State fortunately for all of us, and we regret very much, as they do everywhere, that the market has broken with respect to prices on cattle, and being a big cattle State, it is a big concern to us and affects our overall economy. We are anxious to try to see if we can arrive at some sensible remedy. So I welcome our spokesman here today from Florida, and I would just say that the problems we have in Florida are typical of the problems we have in Georgia, the problems we have in Kansas and Nebraska and everywhere else. And I thank you, Mr. Chairman, for giving me this opportunity to welcome the spokesman, very able spokesman, a good friend of mine from Florida, here today.

Mr. CELLON. Thank you, Senator Smathers.

I would like to call your attention to several of the sections of this brief that will give you the information, and I would hope that you would study the brief and digest it when you have more time because there is lots of meat in this coconut.

The import situation developed quite suddenly, and few of us were prepared for or had any comprehension as to the immediate impact or the long-range effects on our industry. We are beginning to see the picture of our future now and, gentlemen, it frightens all of us. We all realize that we cannot cope with imports unless we can control them by quota. This in itself disturbs most of us for we as Americans have thrived on competition.

Thus far in 1964—this is a partial figure—over 42,665,678 pounds of beef, live weight, have been imported into the ports of Florida alone.

Senator SMATHERS. How much is that again?

Mr. CELLON. 42,665,678 pounds into the ports servicing Florida.

Senator SMATHERS. Where did that come from, most of it, do you know?

Mr. CELLON. Sir, we have gathered lots of facts and figures on the import situation, and all of it has been on a confidential basis. At this moment I could not reveal it, but if it is necessary, I can produce facts and figures and sources to substantiate the figures that I give you.

Senator CARLSON. Mr. Cellon, I just want to ask—do I understand that is for the first 3 months of this year 1964?

Mr. CELLON. The first 3 months of 1964.

Senator TALMADGE. Senator from Nebraska?

Senator CURTIS. I might say to the witness and the Senator from Florida that I have already placed in the record the sailings of a number of Australian ships by name and the places they docked, and the poundage they have left there, and that includes a number of Florida ports.

Mr. CELLON. Sir, in 1 day alone there was 31,957,674 pounds that hit our docks. That figure, this total figure for 1963 so far represents 10 percent of our total slaughter in the State of Florida.

Our industry has been under constant stress during the past year frantically striving to develop the data with which we could combat this rising tide of imports. Recently we called together leaders from all segments of our industry and met with a special two-man team sent to our State from the U.S. Tariff Commission in Washington. Because of the success of this meeting, our commissioner of agriculture, Doyle Conner, appointed a seven-man committee to develop further information of similar nature on a crash program basis. We meet in Jacksonville on April 1 and April 3 in Miami. Similar meetings are being held in other Southeastern States. We hope a general meeting will be held in Montgomery, Ala., on April 9 to compile all data for use by our congressional delegation.

I am not going to read this brief in its entirety. In Central and South America they are pulling all stops to get their beef industries into full swing. In this connection we are fortunate in having in our industry a friend who knows the beef cattle industry well, who has visted on the ranches, many cattlemen in all countries south of us during the past 8 months. His visits have been purely public relations, but the information he has secured he has shared with us. The information points in one direction, toward a buildup in each country of their beef industries and improvement of their exporting facilities, aimed to the U.S. markets. Recently several countries such as Argentina have urged their citizens to forgo eating beef 2 or 3 days each week in order to export more beef to the United States.

In Mexico our Government has furnished cash moneys to build up the Mexican industry and has given credit from the Commodity Credit Corporation to individuals in Mexico at 4 or 4½ percent interest on grain for feedlots. U.S. cattlemen must give a certified check to the Commodity Credit Corporation with the purchase order. Our Government, U.S. bankers, and syndicates have put up cash moneys to build modern packing plants in three locations and for the erection of eight new feedlots to permit Mexicans to export fed cattle primarily to the United States.

Might I digress here just a moment. Up to this time we have been receiving these cattle live. They have been finished in the United States with U.S. grain, U.S. labor, U.S. facilities, and have done the U.S. economy good.

I would like to discuss a few of the facts to indicate to you the tactics that the importers and a great many of those interested in expansion of the beef industry in other countries have employed to slow down any action here in Washington. Also some of the recent happenings that may create a reversal of movement, price, and demand of beef.

Senator SMATHERS. Mr. Chairman, may I interrupt the witness right there to ask—you said previously they had brought these cattle in as live cattle, and they had been fed out here in the United States employing our grain, our labor, et cetera. Now, you are saying that that was the old practice. The new practice is that they slaughter them in Mexico or somewhere else and just bring in the meat itself. So that we are importing actually meat which depresses our market but does not add anything to the U.S. employment or U.S. grain sales or anything else. Is that what you are saying?

Mr. CELLON. That is entirely true, yes, sir. Labor loss in slaughtering and processing of one beef animal by U.S. workers runs to as much as $25 per head.

Senator SMATHERS. What do you mean by that figure? I do not know that I follow that.

Mr. CELLON. Well, from the time that the buyer goes to your feedlot and buys the animal and the transportation of getting it into the slaughtering house and the slaughtering crew that is working in the slaughterhouse, and then the crew that gets that meat out to the retailer, all involve a cost price of about $25 a carcass. That money would be paid to American labor and we now have high unemployment.

The point that I tried to stress here was that Government money, American capital and Government money was going to Mexico freely but was hard for we American producers to receive the same circumstances. When I buy grain from the Commodity Credit Corporation, I have to have a certified check attached with the purchase order. Mexico can buy on as much as a 3-year credit program at 4, 4½ percent rate of interest.

Senator SMATHERS. All right.

Mr. CELLON. First, on February 13, 1964, the following information article appeared in one of the bulletins of a large Florida supermarket chain.

As you have noticed, we have been forced to go to Irish shank meat. Australian and Irish, that is, have been withdrawn from the world trade. Some suppliers are speculating that President Johnson's new look at foreign meat imports may have artificially dried up the market. We know for a fact the international meatpackers have offered only 50 percent of their 1964 production to the U.S. compared with 95 percent in 1963."

In this same article,

We are now attempting to buy a load of Guatamalan trimmed shank meat. We have seen several boxes, and it appears to be leaner and brighter than any others. This is not meant to alarm anyone, just to keep you informed as to the supply situation.

Gentlemen, International Packers, Ltd., have headquarters in Chicago and 26 meat processing plants in 13 foreign countries. They are owned, I believe, by one or more of the large U.S. packers. They advertise in meat industry trade publications that they will furnish all types of qualities of meats from tenderloins to processing beef.

May I digress there just one moment, that up to a few months ago the majority of the meat coming into the United States was processing meat for sausage, wieners, hamburger, bologna, and what have you, but it is a fact now—we have figures to back it up—that that figure has grown to about 25 percent of the imported meat from Australia is now primal cuts.

An action such as this, voluntarily, known by another country such as Australia, New Zealand, should make negotiations and acceptance of temporary agreements palatable to those countries. Certainly we believe they induced the recent voluntary quota agreements approved by our country. Incidentally, this agreement was made after the cattlemen of the United States rejected the idea unanimously in Memphis, Tenn., in January 1964, at the American National Cattlemen's Convention.

Add to this recent notice that an aggressive purchasing program was introduced by our Federal Government in an attempt to shorten supply and bring up prices. Secretary Freeman instituted a three pronged program. First, USDA purchased substantial quantities of USDA choice beef for distribution to schools. Secondly, they purchased substantial quantities of canned beef for distribution to needy families. Additionally they are developing a beef merchandising program. All of this sums up to a total cash expenditure from the Federal Government of $8,203,000. This figure says nothing about the cost of the beef merchandising program.

May I digress from this just a moment. We in the cattle business have always maintained and always worked to the point that we are a self-supporting industry. We do not want any part of controls or subsidies. We never have. We will still maintain that same picture. This program of beef purchase that the President just initiated is temporary, and I would not want our city cousins to get the impression that the Government was doing something on a giveaway basis for the American cattle industry. If our schools in the United States need beef, buy it. If our needy families in the United States need relief, buy them meat. But do not figure that they are giving the U.S. Cattlemen's Association anything because we want to pay our way.

Now, couple with this the tremendous beef merchandising program just instituted by the supermarket chains throughout the United States. In our States these chains are friends of the beef industry and have helped us tremendously. A southeastern chain at present has an exceptionally fine beef program and are giving away an automobile to the meat market manager moving the most beef during this sale period. They are offering their finest steaks at 88 cents per pound and are really moving beef. I understand that similar promotions are going on throughout the country, and the prices are substantially lower in many areas. These happenings, all coming about in recent days; the backing off by the largest importer, the shortening of supplies through a purchasing program instituted by our Government, and an allout beef promotion program by our Nation's retailers will tend to give temporary relief to our imports problem and present a false picture to our Congress. This comes at a time when the importers are fighting any possible quota assignment. We sincerely hope you see through this and give us the relief we need.

Further, I would like you to note the tremendous cost to the State and Federal Government and to the individual cattlemen that must be continually expended in order to prevent introduction or reintroduction of diseases, pests, and insecticides into the United States. Also take a look at the expenditure that had to be made to rid our State and the country of a few of the diseases. Florida eradicated its screwworm fly at a cost of $9 million in State and Federal funds. Currently an inspection station must be maintained at the Mississippi River to prevent reintroduction of this pest at a cost of $600,000 and a 200-mile buffer zone must be maintained along the Mexican border at a continuing cost of about $5 million.

Gentlemen, again we want to inform you that we are willing to give a part of our market away, but we must and have to know the limit of these imports. It takes many, many years of planning, programing, expenditure, and even some speculation in order to have a beef herd capable of producing beef for our Nation. Taxes, diseases, regulations, competition within our Nation, and so on, are all factors we can cope with. Unrestricted imports, regulated by voluntary agreements, will not allow our producers to plan or program for the future.

Gentlemen, it has been a pleasure to appear before you. I have not offered you any formula of this quota system. I know that you are well versed in the subject. I am afraid that you do not have the actual facts and figures as they are because the majority of the facts and figures that are published nowadays are in accord with whichever way they want the pendulum to swing.

Senator TALMADGE. Senator Smathers?

Senator SMATHERS. Mr. Chairman, first I would like to, on that particular point—these figures which you gave us—you say they are of a confidential nature, but are you satisfied in your mind that in order to get away from the statement that you just got through saying, that facts and figures are in accord with whoever is providing them—that 42 million pounds of beef which you said had been imported into Florida since the beginning of this year and 31,000,900-plus pounds which came in in 1 day; you are satisfied those are accurate figures?

Mr. CELLON. Yes, sir. We can send you, Senator Smathers, a list where we have obtained these figures if you so desire.

Senator SMATHERS. All right. Well, I think it would be good for the record actually inasmuch as the Senator from Nebraska has already put in the figures—where he got them I do not know, but I know that they——

Senator CURTIS. From the newspaper.

Senator SMATHERS. Well, it depends upon what newspaper in some places. Anyway——

Senator CURTIS. If you would yield, Senator Smathers, I think here is one of the problems. Our witness, who has been a very fine one, perhaps has obtained some of these figures from the ordinary channels of trade which would reveal the business they do and where they buy and many other things. I think his figure sounds reasonable, and he does not need any substantiation as far as I am concerned.

Mr. CELLON. Mr. Chairman, might I say that these figures that I have given you can go in a detailed manner as to who they were imported in here by and as to where they went. One fact that I did not bring out in this report, that a carload of hams can come into the State of Florida at *x* number of dollars for freight. Local meat can be loaded on that same car and shipped out and will cost the same *x* number of dollars. Imported meat can be loaded on that car and shipped out at about 50 percent of the cost of the domestic meat.

Senator CURTIS. Free cost.

Mr. CELLON. Yes, sir. Why?

Senator TALMADGE. Any further questions.

Senator CARLSON. Just this. Am I correct in this, that Florida is second in the number of cattle among the States of the Union? Texas first.

Mr. CELLON. No, sir.

Senator CARLSON. Florida second?

Mr. CELLON. No; we are third east of the Mississippi River. We are 17th in the Nation, as a cattle producing State in the Nation.

Senator SMATHERS. We are almost sorry that you have given that fact. I am sure that is a fact. But we have been bragging that we are much bigger than that. But anyway we are a big cattle producing State now, but I think the cattle population all over the country actually has gone up.

Senator CARLSON. Right on that point; am I incorrect in that cows and heifers 2 years of age and under, Florida is second in the Nation?

Mr. CELLON. I cannot——

Senator CARLSON. I believe I had the figures here for the record. That is the reason I brought it up. It is cows and heifers under 2 years of age, Florida second, Texas first.

Senator SMATHERS. I will be willing to accept that.

Senator CURTIS. Very fine statement. I won't take time, Mr. Chairman, for further development. Mr. Chairman, I would like to ask unanimous consent following his testimony and all the questioning that there be printed in the record a letter from Lloyd Erickson of Holdrege, Nebr., addressed to me March 10, 1964. Also, the American Farm Bureau Federation official newsletter of March 23, 1964.

Senator TALMADGE. Without objection it is so ordered.

(The documents referred to follow.)

HOLDREGE, NEBR.
March 10, 1964.

HON. CARL T. CURTIS,
U.S. Senate,
Washington, D.C.

DEAR MR. CURTIS: I am an average Nebraska cattleman that will have my income cut considerable this year. My land and property taxes have raised along with operating expenses. Is it fair for my Government to turn its back on us small minority and refuse to hold back foreign imports.

I am glad to be an American cattleman and pay my share of taxes, but we must remember that the Australian or Mexican cattleman do not pay the taxes that keep our Government running and hands our foreign aid to half of the world.

I hope you will see my point of view which is very reasonable.

Yours truly,

LLOYD ERICKSON
(*A small profit cattleman*).

[From the American Farm Bureau Federation official newsletter, Mar. 23, 1964]

FB BOARD CALLS FOR CANCELLATION OF INTERNATIONAL MEAT AGREEMENTS

The American Farm Bureau Federation board of directors has asked for cancellation of the recent meat import agreements negotiated between Australia and New Zealand and the United States because "they are not a satisfactory solution to the import problem."

The 26-member board—representing 1,628,295 Farm Bureau families in 49 States and Puerto Rico—said AFBF would support action to (1) temporarily limit meat imports to the average amount imported during a recent 5-year period and (2) terminate as soon as practicable the emergency feed grain program which has been ineffective, destructive of the market system, and so costly, especially to livestock producers.

The federation board said that the recent agreements on imports with Australia and New Zealand include the highest 2 years of imports for a base period and a growth factor which encourages foreign livestock production. In recommending cancellation of these agreements, the federation board said that Farm Bureau never has favored the international commodity agreement approach to problems of this type and will press for legislation to terminate the recently announced agreements and establish realistic import quotas on red meats.

Full text of the board's statement follows:

"The presently depresed level of livestock prices is the result of a combination of adverse factors including, among other things, high domestic production and sharply increased imports.

"The current high level of domestic meat production reflects the stage of the hog and cattle cycles, and the abnormally high rate of feeding which resulted from the Government's policy of dumping CCC stocks to penalize noncooperators under the 1961 and 1962 feed grain programs. Corn consumption by cattle on feed was 32.0 percent greater in 1963 than in 1960.

"Increasing imports of red meats have added to the heavy domestic supply, and thereby have contributed to the decline in livestock prices, especially cattle prices.

"The recent agreements negotiated between Australia, New Zealand, and the United States are not a satisfactory solution to the import problem. The agreements include the highest 2 years of imports for a base period and a growth factor which encourages foreign livestock production. These agreements should be canceled. Farm Bureau never has favored the international commodity agreement approach to problems of this type. Farm Bureau will press for legislation to terminate the recently announced agreements and establish realistic import quotas on red meats.

"To improve livestock prices, we support action to (1) temporarily limit meat imports to the average amount imported during a recent 5-year period and (2) terminate as soon as practicable the emergency feed grain program, which has been ineffective, destructive of the market system, and so costly, especially to livestock producers."

Senator TALMADGE. Thank you very much, Mr. Cellon, for a very fine statement.

(The material presented by Mr. Cellon previously referred to follows:)

PREPARED STATEMENT OF RALPH CELLON, PRESIDENT, THE FLORIDA CATTLEMEN'S ASSOCIATION

Gentlemen, it is a pleasure to be granted permission to appear before the U.S. Senate Committee on Finance this Tuesday, March 31, 1964, here in Washington, D.C., to discuss a very serious problem of our industry—imports. My name is Ralph Cellon. I am president of the Florida Cattlemen's Association and I represent more than 4,000 cattlemen as well as a host of allied interests. Mr. Arthur L. Higbie, our executive vice president, is here with me.

The import situation developed quite suddenly and few of us were prepared for or had any comprehension as to the immediate impact or long-range effects on our industry. We are beginning to see the picture of our future now and gentlemen it frightens all of us for we all realize we cannot cope with imports unless we can control them by quota. This in itself disturbs most of us for we, as Americans, have thrived on competition.

Thus far in 1964, and this is a partial figure, over 42,665,678 pounds of beef, live weight, came into ports servicing Florida alone. On 1 day, March 31, 1964, a little better than 81,957,674 pounds came into the ports of Miami, Everglades, and Tampa. Gentlemen, this is almost 10 percent of the total cattle slaughter for Florida in a year.

Our industry has been under constant stress during the past year frantically striving to develop data with which we could combat this rising tide of imports. Recently we called together leaders from all segments of our industry and met with a special two-man team sent to our State from the U.S. Tariff Commission in Washington. Because of the success of this meet our Comissioner of Agriculture Doyle Conner appointed a seven-man committee to develop further information of similar nature on a crash program basis. We meet in Jacksonville on April 1 and April 3 in Miami. Similar meetings are to be held in other Southeastern States and a meeting will be held in Montgomery, Ala., on or about April 9, 1964, to compile all data for use by our congressional delegation.

When we first commenced seeking information we found little available. The only information available was figures from U.S. Department of Agriculture on total amounts coming into the United States. Those who wanted imports had already developed arguments based on these statistics that not only strengthened their position but at the same time offered answers to any arguments that might have been suggested by our industry.

During the period after we discovered this lack of information, we developed our own system of securing facts about imports calling upon our industry to forward information to our office. Through this method we have been able to formulate a pattern and observe the aggressive program underway to expand importation of beef.

In Central and South America they are pulling all stops to get their beef industries into full swing. In this connection we are fortunate in having in our industry a friend who knows the beef cattle industry well and who has visited, on the ranch, many cattlemen in all countries south of us during the past 8 months. His visits have been purely public relations but the information he has secured he has shared with us. The information points in one direction: to a buildup in each country of their beef industries and improvement of their exporting facilities with aim the U.S. market. Recently, several countries, such as Argentina, have urged their citizens to forgo eating beef 2 or 3 days a week in order to export more beef to the United States.

In Mexico our Government has furnished cash moneys to build up the Mexican industry; given credit from Commodity Credit Corporation to individuals in Mexico at 4 and 4½ percent on grains for feedlots. U.S. cattlemen must give a certified check for same. Our Government, U.S. bankers, and syndicates have put up cash moneys to build modern packing plants in three locations and for the creation of eight new feedlots to permit Mexicans to export feed cattle, primarily to the United States.

We are listing herein many of the details and bits of information we have secured that we believe may be of use to your committee and to our congressional delegations in their efforts to help us. Also we are attaching hereto a brochure containing a number of news stories concerning our industry which incorporates much of this data.

I would like to discuss a few of the facts to indicate to you the tactics that importers, and a great many of those interested in expansion of the beef industry in other countries, have employed to slow down any action here in Washington. Also some of the recent happenings that may create a reversal of movement, price, and demand for beef.

First, on February 13, 1964, the following information article appeared in one of the bulletins of a large Florida supermarket chain:

"As some of you may have noticed, we have been forced to go to Irish shank meat, even though it is still "Kent" brand. We have now been advised that shank meat (Australian and Irish) have been withdrawn from world trade.

"Some suppliers are speculating that President Johnson's new look at foreign meat imports may have artificially dried up the market.

"We know for a fact the international meat packers have offered only 50 percent of their 1964 production to the United States compared with 95 percent in 1963.

"We are now attempting to buy a load of Guatemalan trimmed shank meat. We have seen several boxes, and it appears to be leaner and brighter than any other.

"This is not meant to alarm anyone. Just to keep you informed as to supply situations."

Gentlemen, International Packers, Ltd., are headquartered in Chicago and have 26 meat processing plants in 18 countries. They are owned, I believe, by one or more of the large U.S. packers. They advertise in meat industry trade publications that they will furnish all types of quality meats from tenderloins to processing beef.

An action such as this, voluntarily, known by another country such as Australia, or New Zealand, could make negotiations and acceptance of temporary agreements palatable to those countries. Certainly we believe they induced the recent voluntary quota agreement approved by our country. Incidentally, this agreement was made after the cattlemen of the United States rejected the idea unanimously in Memphis, Tenn., in January 1964.

Add to this recent notice the fact an aggressive purchasing program was introduced by our Federal Government in an attempt to shorten supply and bring up prices. Secretary Freeman instituted a three-prong program. First, USDA purchased substantial quantities of USDA Choice beef for distribution to schools. Secondly, they purchased substantial quantities of canned beef for distribution to needy families. Additionally, they are developing a beef merchandising drive. To date, reports are they purchased 10,288,620 pounds of canned beef at a cost of $5,383,000 and 3,444,000 pounds of beef at $2,820,000 for a total of $8,203,000 not counting the dollars they are expending in the beef merchandising program.

Now couple with this the tremendous beef merchandising programs just instituted by the supermarket chains throughout the United States. In our State these chains are friends of the beef industry and have helped us tremendously. A Southeastern chain at present has an exceptionally fine beef promotion program and are giving away an automobile to the meat market manager moving the most beef during this sale period. They are offering their finest steak at 88 cents per pound and are really moving beef. I understand that similar promotions are going on throughout the country and that the prices are substantially lower in many areas.

These happenings, all coming about in recent days, the backing off by the largest importer, the shortening of supplies through a purchasing program instituted by our Government and an all-out beef promotion program by our Nation's retailers will tend to give temporary relief to our import problem and present a false picture to our Congress. This comes at a time when the importers are fighting any possible quota assignment. We sincerely hope you see through this and give us the relief we need.

Gentlemen, in Florida, as well as the United States, the cattle industry is a tremendous industry that has far-reaching economic value. In Florida alone cattle, together with the other segments of agriculture, generates 16½ percent of Florida's income of $2 billion. Yet the expenditure for research, regulatory control, and so forth, requires but 3.7 percent of the general revenue funds, or about 29 million. Two billion income at a cost of 29 million. We cannot afford to destroy or cripple an industry that is this vital to our Nation's economy, the well-being of our populace or to our national defense. An example of the economic impact: A man who feeds 700 head of cattle each year spends close to $35,000 in his local community. This means to a chamber of commerce seeking income-producing industries, that 100 feeders would spend $3,500,000 in a community in 1 year.

Gentlemen, I urge that you examine some of the data outlined in the attached sheet. Many of these facts, connected with your experience and knowledge of the situation, may bring about a realization that our industry is in greater difficulty than you believed. Bits of information such as: U.S. SFA emergency proposal 545: Cost of shipping a car of hams from Miami to Philadelphia cost *x* dollars. For a domestic producer to ship beef to Philadelphia from Miami on the same car would cost the same amount of dollars. For an importer to ship imported beef to Philadelphia on the same car the cost would be approximately one-half the price paid for the ham or domestic beef.

Further, I would like for you to note the tremendous cost to the State and Federal Government and to the individual cattlemen that must be continuously expended in order to prevent introduction or reintroduction of diseases, pests, and insecticides into the United States.

Also take a look at the expenditures that had to be made to rid our State and country of a few of these diseases, insects, and pests. One not included in this list is the screwworm. Florida eradicated this insect at a cost of $9 million in State and Federal funds. Currently, an inspection station must be maintained at the Mississippi River to prevent reintroduction of this pest at a cost of $600,000 and a 200-mile buffer zone must be maintained along the Mexican border at a continuing cost of about $5 million.

Gentlemen, again, we want to inform you that we are willing to give a part of our market away but we must, and have to know, the limit of these imports. It takes many, many years of planning, programing, expenditure, and even some speculation in order to have a beef herd capable of producing beef for our Nation. Taxes, diseases, regulations, competition within our Nation, and so forth, are all factors we can cope with. Unrestricted imports or imports regulated by voluntary agreements will not allow producers to plan or program for the future.

Gentlemen, I am enclosing herewith a copy of a 14-ranch economic study conducted by the University of Florida that covers the past 6 years. I believe this study will give to you a picture of the industry that will be of great value by proving the rancher is fighting for a profit. Further, that the present quota arrangement on beef imports will seriously affect this income picture. Income per acre from these operations (period 1959–62), all efficient operators, was 0.46 cents per acre (taxes not included) and 0.07 cents per acre, taxes included.

In closing let me say we are proud of our industry and the progress we have made. Also the fact we have developed the ability of our industry to where we can supply the need of our Nation in peace or war. To weaken our industry will be a further weakening of our country. Please do not allow this to happen.

The following data is made a part of the brief submitted to the Committee on Finance, U.S. Senate on March 31, 1964, by Ralph Cellon, president, and Arthur L. Higbie, executive vice president, Florida Cattlemen's Association of Kissimmee.

1. To produce a 1,000-head herd of beef cattle capable of producing beef for the U.S. tables requires an investment in excess of $700,000.

2. Florida being hit three ways by imports: feels the effect of loss of overall percentage of U.S. market to imports, feels impact at home since high percentage of imports dumped near source of entry, and third because Florida and Southeast are fastest and newest industry addition they feel the import impact more keenly.

3. In 1951 Florida slaughtered 134,121,000 pounds of beef and in 1961, 371,023,000 pounds. On March 18, 1964, over 31,057,674 pounds of imported beef entered ports of Miami, Everglades, and Tampa.

4. In Florida percentages of the grades of all slaughter cattle and calves have changed somewhat and the following will indicate to you the change and also the type of cattle we have in our State currently. You will also see that the bottom three grades are those most easily affected by imports of cattle. Currently we have a total of about 1,300,000 head on farms and ranches in Florida—up some 300,000 over 10 years ago.

	1952	1957	1962
Prime	....	....	....
Choice	0.6	0.5	1.8
Good	2.1	6.7	19.6
Standard and Commercial	10.0	22.5	28.2
Utility	30.1	31.9	28.0
Canner, Cutter and Cull	57.2	38.4	22.4

The above indicates clearly the type of cattle marketed through our livestock auctions and how import impact affects prices. A lower price in the bulk of sales directly affects prices in the top three grades. The fact that a great many of our finer cattle are sold through private treaty is reflected in the top grades indicated above. However, prices for these cattle in private treaty are predetermined greatly by the price of cattle on the market.

5. Land cost in Central and South American countries is minute, in considering cost to domestic producers. Land cost for U.S. producers approximately $25 with cost of producing a calf running from $35 to $70 per calf. In New Zealand and Australia cost of land per calf runs from 0.11 to 0.20 cents. Cost of producing a calf in New Zealand, Australia, or a Central or South American country is under $5.

6. Specific economic data as to cost to operate a ranch in the Southeastern United States attached to this brief. Prepared by Economics Department of the University of Florida from data submitted by ranches and in conformity with the U.S. Federal income tax returns filed by each ranch. Conducted on the ranch for 7 years commencing in 1958.

7. Top national importer, International Packers, Ltd, advertises as follows: "Kent beef cuts for you: top and bottom rounds, sirloins butts, bone-in and boneless striploins, skinned knuckles, ribeyes, clods, tenderloins. All cuts fresh frozen, individually wrapped in polyethylene, delivered in 50- to 70-pound cartons. Grinding meats and various manufacturing cuts for sausage makers, processors, and food chains, also fresh frozen, poly wrapped. Offices in New York, Baltimore, Chicago, New Orleans, San Francisco, and Toronto and Montreal.

8. Bulk of buildup in foreign countries in the beef industry, all phases, is American businessmen headed by the large packer organization. Example is the feedlots adjacent to the Villa de Fuenta and the packing plant at Piedras Negras. A syndicate of United States and Mexicans ship 75 percent of their production to the United States and currently ship beef, equal to 2,000 head of beef on the hoof, to the United States each week. They plan to expand and improve their operation.

9. In Mexico modern feedlots have been built at Matamoros, Tamaulipas; Torreon and Villa Acuna, Coahuila; Jimenez, Chihuahua; Tecoman, Colima; La Concha, Jalisco; Compestela, Nayarit, and Carbo, Sonora. Modern packing plants have been built at Villa Acuna and Torreon and at Manzanillo, Colima. These are recent additions to those already in existence with target: U.S. markets.

10. In 1963, 7,630,017 bushels of corn shipped to Mexico on 3-year-to-pay basis at 4 cents by Commodity Credit Corporation. Meant for human consumption. Also 6,890,000 of grain sorghum with 400,000 bushels at least on a 12-month credit by CCC, U.S. domestic producers have to pay by certified check before issued grain.

11. Who is making the profits? Even with a tremendous break on low production costs and on low costs of slaughtering, fabricating, etc., in foreign countries, because of cheap labor, almost no expenditure to eradication or prevent introduction of disease, pests, and insects, their low taxes, extremely low regulatory costs, etc * * * even with this break * * * import beef still sells at about 4 to 5 cents of U.S. beef.

12. Beef imported 1963 equals roughly 3,750,000 head of cattle on the hoof. If produced in United States would consume 20 billion pounds of feed grain (most surplus) and over 100 million man-hours of labor. Side expenditures, trucks, gasoline, etc., and the manpower they would generate could be astronomical.

13. Labor lost in slaughtering and processing of one beef animal by U.S. workers runs from $8 to $25 per head.

14. Quality of foreign inspection not same as United States. U.S. inspection, State and Federal require high complement of inspectors, etc., costing U.S. taxpayers millions of dollars to insure safe, healthy products. Foreign inspection personnel nowhere near adequate and 10 percent inspection of product at port of entry is absolutely no safeguard for U.S. consumers and could undermine the consumer acceptance.

15. The specter of a cranberry or tuna incident because of use of foreign beef is of concern to the cattle industry. Horsemeat has been introduced into the United States as beef. Under U.S. inspection processes this could never occur. Canned beef has contained gobs of hair, etc., all indicating quality of inspection both at port and at home is inadequate and far from standards set for U.S. consumer.

16. Actual cost in dollars to the United States and Florida for disease, pest, and insects introduced from foreign countries:

A. $36,600,000 was the cost to the United States in 1947 when it became necessary to give this amount to Mexico to eradicate foot-and-mouth disease so it would not come to the United States. They paid Mexicans an average of $49.89 per head (U.S. currency) for 366,887 head slaughtered.

B. $5,865,720 in 1914 dollars was paid to U.S. producers in the 1914 outbreak wherein 172,222 animals were slaughtered.

C. $200 million again in 1914 dollars. This is cost that USDA estimated for control as of that period. In a statement by USDA, at that time, they said "all outbreaks of foot-and-mouth disease in the United States have been caused by imported infection."

D. Recent attempts to move cattle to United States from Mexican areas where this disease existed, from Argentina and Europe, where they now have the disease, has been witnessed by many producers in the United States and by USDA.

E. In a foot-and-mouth disease outbreak the initial cost of eradication, slaughter, etc., are not the big costs. The loss of labor, transportation, slaughtering, processing, etc., in short, the loss of a giant industry for a period of time, is the factor involved.

F. $100,000 in State funds (considerably more spent by Federal Government) was the expenditure recently for the eradication of the red tick (*Rhipicephalus evertsi*) which was brought to the United States from Africa. This tick would have introduced many dread diseases and was the object of an eradication effort by USDA that was highly successful. This tick transmits African east coast fever, red water fever, and cattle tick fever. Also to horses equine piroplasmosis and to man poutonnense fever (similar to rickets).

G. $1,897,361 is the cost in Florida alone (this expenditure for the last two outbreaks) for the eradication of the fever tick. An additional cost to Florida of $252,000 per year is necessary for continual inspection and control for fever tick to prevent reintroduction. Cost to the Annual Inspection and Quarantine Division of USDA in 1964 is $1,561,200 for preventive measures.

H. The cost over the past 10 years for constant vigilance through inspections, etc., that the United States must maintain in order to reduce the threat of imported diseases, insects, and pests is astronomical. Cost to Florida alone is $1,561,200 per year (in addition to Federal funds). This is a tremendous cost to taxpayers. Should imports be increased and barriers dropped even more, then the cost to the taxpayers will increase tremendously as well as threaten the entire livestock industry.

I. Screw-worm costs: $9 million to eradicate from Florida, $12 million to eradicate from Texas, $6 million annually to maintain Mississippi River barrier, and an annual cost of $6 million to maintain a buffer zone along part of the Mexican border.

17. Comparison of that proportion of agricultural production benefiting from nontariff import controls in the United States and selected important agricultural countries reveal that United States runs 26 percent while other countries vary from 93 to 100 percent. Only exceptions were Belgium with 76 percent, Netherlands with 79 percent, United Kingdom with 37 percent, Canada and Australia with 41 percent.

18. Imports as a percentage of U.S. production prior to 1958 ran less than 4 percent. Since that date originating with 1958 the percentages each year ran: 8.6, 8.6, 5.9, 7.9, 10.6, 9.4 percent and in the period January to August of 1963 this percentage has run in excess of 10.6 percent.

19. In 1960 exports from Australia and New Zealand of beef and veal ran about 180 million pounds; currently it is running in excess of 400 million pounds according to USDA.

20. In 1957 total import of processing beef just under 237 million pounds. In 1962 the total was more than 942 million pounds (four times as much).

21. Imports in 1962 nearly 706 million pounds higher than 5 years ago. First 6 months of 1963 imports nearly 482 million pounds.

22. In 1957 processing beef imports amounted to 10 percent of the boned weight of processing beef produced in United States under USDA inspection. In 1962 it was 60.6 percent and for the first 6 months of 1963 a total of 68 percent.

23. Recent dairy cost studies reveal a drop of only 2 cents in price of cow beef will take one-third of the profit of the average dairyman. Price of this beef has dropped over 4 cents in early months of 1964.

24. Cheap beef only imported? Meat circles now say import beef higher than U.S. domestic equivalents. Fed beef increasing as in item 4. One of largest importer servicing Florida is Portion Pak concern who supplies restaurants, etc., with certain steaks, roasts, etc.

Ranch Business Summary of 14 Florida Ranches, 1962

(Ranch analysis prepared by the University of Florida)

In 1959 the Florida Agricultural Extension Service inaugurated a program of business analysis for cattle ranches in south Florida. The first analysis for the year 1958 was for 10 ranches in Collier, Sarasota, Manatee, Highlands, and Okeechobee Counties. Fourteen ranches are included in the analysis prepared in 1963.

Records were secured by Frank L. Polhill, Forrest N. McCullars, and Kenneth A. Clark, county agents; Earl M. Kelly, associate county agent; Charles L. Anderson, and James D. Pierce, assistant county agents, Florida Agricultural Extension Service. James E. Pace and Clifford Alston, specialists with the Florida Agricultural Extension Service, assisted the agents in obtaining some of the records.

Tabulation of records and preparation of these data were by Mrs. Willa Dodd under the supervision of Clifford Alston, economist, Farm Management. R. E. L. Greene, professor, Department of Agricultural Economics, and James E. Pace, extension animal husbandman, offered helpful suggestions in preparation of this report.

The business summary presents an analysis of the 14 cooperating ranches. It shows an average for all ranches, and also for the six low-cost and eight high-cost ranches based on net cost of beef produced. A breakdown according to net cost, plus an average for the 14 ranches, provides a better basis for analysis than only an average of all ranches. Ranches in this study do not necessarily represent the average for ranches in the six counties or the average for the area.

This summary has six major parts as follows: (1) Size of ranches; (2) land utilization; (3) rates of production; (4) labor efficiency; (5) expenses; and (6) income.

Some ranches included in the analysis had an additional enterprise such as a grove or vegetable farm. Costs and returns for other enterprises were allocated and the analysis presents information on the ranch enterprise only. All ranches were essentially on a cow-calf program. Some ranches were purchasing part of their growing stock. Primary emphasis in the analysis is on beef produced.

SIZE OF RANCHES

Seven measures of size are used. They are as follows: capital owned and managed, number of cows, number of cattle, number of animal units, pounds of beef produced, man equivalent of labor, and acres operated. No one measure of size is best under all conditions. In comparing one ranch with another, pounds of beef produced is considered a good measure of size.

Capital managed includes owned and rented capital. The amount of these was calculated by placing values on the beginning and ending inventories, adding the two inventories, and dividing by two. Inventory values were determined as follows:

Land: The rancher's estimate of its value for beef production.

Livestock: The rancher's estimate of the value of the cows and bulls for use in his operation. Market values were placed on growing stock. By using this method, the value of breeding stock was held constant unless there was a change in quality. Growing stock values followed market trends.

Machinery, equipment, buildings, fences, etc.: The depreciated value as recorded in the inventory.

Feed, supplies, and other: The cost of these items.

Number of cows and cattle: The sum of the beginning and ending inventories divided by two.

Animal-units: The average of the beginning and ending inventories were multiplied by the following units: cows, 1; bulls, 1; steers and heifers, 0.5; and calves, 0.25.

Pounds of beef produced: The method used in calculating this item is: (pounds of beef at end of year, plus pounds of beef sold and eaten, plus pounds of beef transferred to the breeding herd) minus (pounds of beef purchased plus pounds of beef at beginning of year) equals pounds of beef produced. In this method, a growing animal is considered producing beef until she calves or he reaches breeding age.

Man equivalent is calculated by dividing 12 into the total months of labor employed, including labor of the operator and his family.

Acres operated includes all land used for the ranch enterprise including owned and rented land.

Ranches included in this analysis had the following size ranges:

Capital managed, $110,492 to $3,200,925.
Number of cows, 151 to 4,325.
Number of animal-units, 200 to 6,421.
Pounds of beef produced, 51,880 to 1,330,830.
Man equivalent, 0.67 to 9.20.
Acres operated, 610 to 51,400.

Low- and high-cost ranches produced respectively 477,638 and 289,998 pounds of beef, with an average for all ranches of 375,556 pounds. On the basis of pounds of beef produced, low-cost ranches were more than 1½ times the size of high-cost ranches. On the basis of man equivalent, the size was 3.18, 3.09, and 2.81, respectively, for all low- and high-cost ranches.

The following table presents data on size of ranches:

TABLE 1.—*Size of ranches*

Item	Average		
	All ranches	Low [1]	High [1]
Capital owned:			
Livestock	$235,200	$284,211	$198,444
Land	186,269	119,465	236,374
Machinery and equipment	5,928	7,305	4,895
Buildings, fences, etc	20,882	12,232	27,309
Feed	783		1,370
Supplies	14	33	
Other	982	2,252	30
Total	450,058	425,498	468,452
Capital managed:			
Livestock	235,200	284,211	198,444
Land	422,731	575,442	308,202
Machinery and equipment	5,928	7,305	4,895
Buildings, fences, etc	22,168	15,232	27,309
Feed	783		1,370
Supplies	14	33	
Other	982	2,252	30
Total	687,806	884,475	540,310
Number of cows	1,134	1,384	947
Number of cattle	1,743	2,153	1,436
Number of animal-units	1,063	2,046	1,375
Pounds of beef produced	375,556	477,638	289,998
Man equivalent	3.18	3.09	2.81
Acres operated	10,866	14,061	8,470

[1] Ranches were sorted on the basis of the cost per hundredweight of beef produced. Low-cost ranches are those with a net cost of less than $24 per hundredweight of beef produced. High-cost ranches are those with a net cost of $24 per hundredweight or more. Six ranches are classed as low cost with the remaining eight listed as high-cost ranches. All references to "low" and "high" are on the basis of the above classification.

LAND UTILIZATION

Table 2 presents information on land use in terms of total acres and acres per animal unit. Land was placed in the following categories:

Improved pasture and cropland represents acres devoted to improved pasture or any crop utilized by the cattle.

Double cropped represents any land used for improved pasture or other crops and devoted to two crops or two uses. For instance, improved pasture cut for hay one or more times is considered double cropped.

Total improved pasture and forage crops includes acres of land devoted to these crops plus acres double cropped.

Unimproved pasture land is acreage in wild grass and without trees.

Woodland pasture is land with trees which also afforded some grazing.

Other land includes acreage in the ranch that is not utilized by the livestock. It includes land in ponds, lakes, roads, ditches, houses, or other acres that affords little or no grazing. This figure does not include acreage devoted to another enterprise.

Total acres operated is the sum of the above items less double cropped acreage. Twenty percent of the total land was devoted to improved pasture and cropland. Unimproved pasture land represents 50, 44, and 58 percent of total acres, respectively, for all low- and high-cost ranches. Twelve percent of the land was not utilized for the livestock.

The average ranch had 1.28 acres of improved pasture and cropland per animal unit; 0.01 acre is double cropped, giving a total of 1.29 acres per animal unit. Total acres operated per animal unit averaged 6.53, 6.87, and 6.15, respectively, for all low- and high-cost ranches.

TABLE 2.—*Land utilization*

Item	Average		
	All ranches	Low	High
Acres per ranch:			
Improved pasture and cropland	2,128	3,075	1,418
Double cropped	25	32	20
Total improved pasture and forage crops	2,153	3,107	1,438
Unimproved pasture	5,423	6,130	4,893
Woodland pasture	1,982	3,094	1,148
Other land	1,333	1,762	1,011
Total operated	10,866	14,061	8,470
Acres per animal units:			
Improved pasture and cropland	1.28	1.50	1.03
Double cropped	.01	.01	.01
Total improved pasture and forage crops	1.29	1.51	1.04
Unimproved pasture	3.26	3.00	3.56
Woodland pasture	1.19	1.51	.83
Other land	.80	.86	.74
Total operated	6.53	6.87	6.15

RATES OF PRODUCTION

The percent calf crop is calculated by dividing calves raised from the 1961–62 calf crop by the number of cows available for calving. Low- and high-cost ranches had a 75- to 69-percent calf crop, respectively.

Total pounds of beef produced divided by acres of land devoted to improved pasture and forage crops is the method used for calculating pounds of beef per acre from improved pasture forage cropland. The average production per acre for this item is 176 pounds of beef.

Pounds beef produced per acre on all pastures and forage crops is calculated by dividing acres of improved pasture and cropland plus acres of open unimproved into total pounds of beef produced. The average pounds of beef per acre is 50, 52, and 46 for all low- and high-cost ranches.

Pounds of beef produced per acre for all land is calculated by dividing pounds of beef produced by total acres of land.

TABLE 3.—*Rates of production*

Item	Average		
	All ranches	Low	High
Percent calf crop	73	75	69
Number beef produced per acre improved pasture and forage cropland	176	155	205
Number beef produced per acre improved and open pasture, and forage cropland	50	52	46
Number beef produced per acre all land	34	34	34

LABOR EFFICIENCY

Measures of labor efficiency indicates how much the labor force accomplishes. Five measures of labor accomplishment are shown in table 4. These are calculated by dividing cows, cattle, animal units, pounds of beef produced, and acres of improved pasture and forage crops by man equivalent. Low-cost ranches had greater efficiency in the use of labor. It is noted that 129,440 pounds of beef is produced per man on low-cost ranches as compared to 103,202 pounds per man for high-cost ranches.

TABLE 4.—*Labor efficiency per man*

Item	Average		
	All ranches	Low	High
Cows	357	376.0	337.0
Cattle	548	583.0	511.0
Animal units	523	554.0	489.0
Number beef produced	118,097	129,440.0	103,202.0
Acres improved pasture and forage crops	677	841.9	511.7

INVENTORY, ADDITIONS, SUBTRACTIONS, YEAR IN HERD

Ninety cows were removed from the herd during the year on all ranches. At this rate of removal, the average years in the herd is 13.10. The average years in the herd on low-cost ranches is 12.81 compared to 12.30 for high-cost ranches. The percent of subtraction from the herd caused by deaths is 22.2, 28.7, and 14.3 respectively for all, low-cost, and high-cost ranches.

One hundred eighty-six cows were added to the herd during the year; 94.6 percent of these additions were heifers raised. Low-cost ranches raised 91.1 percent of their replacements compared to 99.3 percent on high-cost ranches.

TABLE 5.—*Inventory, additions, subtractions, turnover, years in herd—Cows*

Item	Average		
	All ranches	Low	High
Number of cows beginning of year	1,086	1,314	915
Additions:			
Purchased	10	22	1
Raised	176	224	140
Total additions	186	246	141
Total supply	1,272	1,560	1,056
Subtractions:			
Sold	70	77	66
Died	20	31	11
Total subtractions	90	108	77
End of year	1,182	1,452	979
Total disposition	1,272	1,560	1,056
Average years in herd	13.10	12.81	12.30
Percent replacements raised	94.6	91.1	99.3
Percent subtractions caused by deaths	22.2	28.7	14.3

USE OF CAPITAL

Interest on capital owned is a major item of cost for most agricultural enterprises, and ranches are no exception. Interest costs per unit of product varies with the type of agricultural enterprise, the value of invested capital (for instance land value), and intensity of the use of capital among like businesses. Most agricultural enterprises have a slow capital turnover. Ranches have a slower capital turnover than, for instance, a poultry or dairy enterprise.

On the basis of capital managed, the capital turnover is 0.12. Low-cost ranches had a capital turnover of 0.12 compared to 0.18 for high-cost ranches.

Four hundred and fourteen dollars worth of capital was managed per animal unit and $216,287 per man. Capital managed per animal unit was more on low-cost ranches. On a per man basis, capital managed was $239,693 and $192,280, respectively, for low-cost and high-cost ranches.

Sixty-one and forty-five hundredths percent of capital managed on all ranches is in land. On the basis of percent of total capital managed as represented by land, low-cost ranches had 65.06 compared to 57.03 for high-cost ranches.

Livestock represented the second highest item of investment. Total capital in livestock is 34.20, 32.18, and 36.78 percent, respectively, for all, low-cost, and high-cost ranches.

TABLE 6.—*Use of capital*

Item	Average		
	All ranches	Low	High
Dollars beef produced per dollar of capital:			
Owned	0.19	0.24	0.18
Managed	.12	.12	.18
Capital managed per—			
Animal unit	414	432	393
Man	216,287	239,693	192,280
Livestock managed per—			
Animal unit	141	139	144
Man	73,961	77,021	70,620
Land managed per—			
Animal unit	254	281	224
Man	132,932	155,945	109,680
Machinery and equipment managed per—			
Animal unit	4	4	4
Man	1,864	1,960	1,742
Buildings and fences managed per—			
Animal unit	13	7	20
Man	6,971	4,128	9,740
Percent of capital managed in—			
Livestock	34.20	32.18	36.78
Land	61.45	65.06	57.03
Machinery and equipment	.86	.82	.91
Buildings, fences, etc	3.23	1.73	5.07
Feed	.11		.25
Supplies			
Other	.15	.26	.01
Total	100.00	100.00	100.00

CALVES—BIRTHS, DEATHS, NUMBER RAISED

Calves born includes all calves born during the 1961–62 calving season. The number of animals included in this item may vary somewhat from the calendar year, which is the usual fiscal year used by most ranchers. Eight hundred thirteen calves were born with 25 of the calves dying prior to weaning age. This means that the average rancher lost 3.1 percent of his calves prior to weaning age. Low-cost ranches had a death loss of 4.2 percent compared to 1.6 percent for high-cost ranches.

TABLE 7.—*Calves—Births, deaths, number raised*

Item	Average		
	All ranches	Low	High
Calves born	813	1,035	645
Calves died	25	44	10
Calves raised	788	991	635
Percent deaths	3.1	4.2	1.6

OPERATING EXPENSES

The more important items of cost are feed, labor, fertilizer, depreciation of machinery and equipment, interest on investment, and operation of machinery and equipment.

T' following tables show operating expenses:

Table 8—Operating expense, dollars.

Table 9—Operating expense, percent.

Table 10—Operating expense, net return, dollars per hundredweight of beef produced.

Table 11—Operating expense, dollars per animal-unit.

A brief explanation and discussion of certain items included in expenses follows:

Labor: Labor is divided in three categories—hired, unpaid family, and operator's labor. Hired labor represented the amount of cash payment for help on the ranch. A value is placed by the operation on unpaid labor equivalent to the cash cost if it had been hired. Labor of the operator represents the value he estimated for his labor and management.

Operation of machinery and equipment: This item includes repairs, gas, oil, greases, machine hire, electricity, and trucking. The ranch share of operation of the automobile is also included in this cost. The range between low- and high-cost ranches is 1.18 to 1.17 dollars per hundredweight with an average of 1.17 per hundredweight.

Seeds and plants represents a minor item of expense. Fertilizer and lime averaged $7.11 per animal-unit for all ranches. On the basis of dollars per hundredweight of beef produced, this item of cost is 3.14, 2.89, and 3.56, respectively, for all, low cost, and high cost ranches.

Feed is calculated on the amount used. On a per-hundredweight basis, feed costs were $2.19, $1.09, and $3.65, respectively, for all, low cost, and high cost ranches.

Veterinary and medicine includes medical supplies and services of veterinarians.

Taxes: All taxes for operation of the ranch business were included. Tax on the operator's residence was not included.

Insurance includes insurance on ranch property. Cost of life insurance on the operator and his family and insurance on the operator's house were not included.

Rent includes cash cost of rented property.

Repair of buildings, fences, and irrigation includes noncapital costs for maintenance of these facilities.

Other cash costs include items such as legal and accounting fees, organization dues, travel in the interest of the ranch business, and other miscellaneous small items of cost.

Total cash costs: This is the total of all cash expenses in operating the business. On the basis of dollars per hundredweight, this item is 12.89, 10.03, and 16.09, respectively, for all, low cost and high cost ranches.

Depreciation of machinery and equipment. This is calculated from the depreciation schedule used by individual ranches. It is based on cost and estimated life of the items.

Depreciation on buildings, fences, and irrigation is calculated in the same manner as for machinery and equipment depreciation.

Depreciation other: This item includes lime that is capitalized and set up on a depreciation schedule. It also includes roads and bridges that are capitalized and depreciated.

Depreciation on the breeding herd is calculated on a net change in the value of cows and bulls. The method used in calculating this item is value of cows and bulls at the beginning of the year, plus value of cows and bulls raised, plus cost of cows and bulls purchased, minus value of cows and bulls at the end of the year plus value of cows and bulls sold and eaten, equals net change in value for the year.

Unpaid labor, as stated previously, represents the value of family labor equivalent to the cash cost if it had been hired.

Interest on investment: A successful ranch business should pay all cash costs, depreciation costs, and give the rancher a fair return for his labor and management. In addition, the business should provide for a reasonable rate of return on capital investment. In calculating costs, interest paid on debts was not included, but an interest charge of 5 percent is made on all capital owned. Interest charges amounted to $13.53 per animal-unit and $6 per hundredweight of beef produced. Interest on investment is the greatest single cost of producing beef. Although low cost ranches had a lower turnover for capital managed, they had lower interest per hundredweight of beef because a large proportion of land is rented on low cost farms.

A cause of high capital costs per hundredweight of beef produced is that ranching is an extensive business (i.e., the value of the product produced per acre is low as compared to the amount of capital invested, especially in land) when compared to other Florida enterprises such as citrus, dairy, and vegetable production.

Total noncash: Depreciation, unpaid family labor, and interest on capital owned by the operator are included in this item. On the basis of dollars per hundredweight, noncash costs were 8.99, 7.15, and 11.54, respectively, for all, low cost, and high cost ranches.

Total gross expenses: Total cash and total noncash costs are added to calculate this figure.

Operator's labor: The operator's labor is not included in gross expenses since this item is not deducted in calculating return to the operator for labor and management. The operator's labor amounts to 1.10, 0.94, and 1.33 dollars per hundredweight, respectively, for all, low cost, and high cost ranches.

Total cost, beef produced: This item is the sum of total gross expenses and cost of the operator's labor. Cost of beef purchased is not used in calculating total cost of beef produced. At the same time, pounds of beef purchased is not used in calculating costs per hundredweight of beef produced.

Nonbeef income includes miscellaneous cash receipts from the sale of sacks, conservation payments, gas tax refunds, and other miscellaneous small items of cash receipts directly connected to the ranch operation.

Net cost of beef produced is calculated by subtracting nonbeef income from total cost of beef produced. The net cost of producing beef in dollars per hundredweight is 21.56, 16.70, and 28.12, respectively, for all, low cost, and high cost ranches.

Value of beef produced per hundredweight is calculated by dividing total pounds of beef produced into total value of beef produced. Total value of beef produced is calculated as follows:

Dollars of beef at end of year, plus dollars of beef sold and eaten, plus dollars of beef transferred to the breeding herd minus dollars of beef purchased, plus dollars of beef at beginning of year equals value of beef produced.

Growing stock including heifers, steers, calves, and young bulls are used in the above calculations. Value of beef produced and purchased is calculated by adding the value of beef purchased to the value of beef produced.

The average value of beef produced is $22.37 per hundredweight. Value per hundredweight of beef is $21.70 and $23.90, respectively, for low cost and high cost ranches.

TABLE 8.—*Beef produced, operating expenses*

[Dollars]

Item	Average		
	All ranches	Low	High
Hired labor	8,921	9,991	8,120
Machinery and equipment	4,368	5,641	3,412
Seeds and plants	324	217	403
Fertilizer, lime	11,801	13,793	10,307
Feed	8,267	5,212	10,559
Veterinary and medicine	520	620	445
Taxes	3,553	3,011	3,959
Insurance	619	536	681
Rent	3,872	7,364	1,253
Repair buildings and fences	2,148	2,282	2,049
Other cash	4,032	2,128	5,459
Total, cash	48,425	50,795	46,647
Depreciation, machinery and equipment	2,594	2,379	2,756
Depreciation, buildings and fences	1,919	2,491	1,490
Depreciation, other	433	930	61
Depreciation, breeding stock	6,299	7,078	5,719
Unpaid labor			
Interest on capital owned	22,503	21,275	23,424
Total, noncash	33,748	34,148	33,460
Total, gross expenses	82,173	84,943	80,097
Operator's labor	4,148	4,508	3,878
Total, cost	86,321	89,451	83,975
Nonbeef income	5,326	9,199	2,422
Net, cost	80,995	80,252	81,553

TABLE 9.—*Beef produced, operating expenses*

[Percent]

Item	Average		
	All ranches	Low	High
Hired labor	10.33	11.17	9.67
Machinery and equipment	5.06	6.30	4.06
Seeds and plants	.38	.25	.43
Fertilizer, lime	13.67	15.41	12.27
Feed	9.57	5.83	12.58
Veterinary and medicine	.61	.69	.53
Taxes	4.11	3.37	4.71
Insurance	.72	.60	.81
Rent	4.48	8.23	1.49
Repair buildings and fences	2.49	2.55	2.44
Other cash	4.67	2.38	6.50
Total cash	56.09	56.78	55.54
Depreciation, machinery and equipment	3.01	2.66	3.29
Depreciation, buildings and fences	2.22	2.79	1.77
Depreciation, other	.50	1.04	.07
Depreciation, breeding stock	7.30	7.90	6.81
Unpaid labor			
Interest on capital owned	26.07	23.79	27.90
Total noncash	39.10	38.18	39.84
Total gross expenses	95.19	94.96	95.38
Operator's labor	4.81	5.04	4.62
Total cost	100.00	100.00	100.00

Table 10.—*Beef produced, operating expense-net return*

[Dollars per hundredweight]

Item	Average		
	All ranches	Low	High
Hired labor	$2.37	$2.09	$2.80
Machinery and equipment	1.17	1.18	1.17
Seeds and plants	.09	.04	.14
Fertilizer, lime	3.14	2.89	3.36
Feed	2.19	1.09	3.65
Veterinary and medicine	.14	.13	.15
Taxes	.95	.63	1.87
Insurance	.16	.11	.23
Rent	1.03	1.65	.48
Repair buildings and fences	.58	.47	.71
Other cash	1.07	.45	1.88
Total cash	12.89	10.63	16.09
Depreciation machinery and equipment	.69	.60	.95
Depreciation buildings and fences	.51	.52	.52
Depreciation other	.12	.19	.02
Depreciation breeding stock	1.67	1.48	1.97
Unpaid labor			
Interest on capital owned	6.00	4.46	8.08
Total noncash	8.99	7.15	11.54
Total gross expenses	21.58	17.78	27.63
Operator's labor	1.10	.94	1.33
Total cost	22.98	18.72	28.96
Nonbeef income	1.42	1.93	.84
Net cost	21.56	16.79	28.12
Value per hundredweight	22.37	21.70	23.90
Net return	.81	4.91	−4.22

Table 11.—*Beef produced, operating expense*

[Dollars per animal unit]

Item	Average		
	All ranches	Low	High
Hired labor	$5.36	$4.88	$5.91
Machinery and equipment	2.63	2.76	2.48
Seeds and plants	.19	.11	.29
Fertilizer, lime	7.11	6.74	7.50
Feed	4.97	2.55	7.68
Veterinary and medicine	.31	.30	.32
Taxes	2.14	1.47	2.88
Insurance	.37	.26	.50
Rent	2.33	3.60	.91
Repair buildings and fences	1.29	1.12	1.49
Other cash	2.42	1.04	3.97
Total cash	29.12	24.83	33.93
Depreciation machinery and equipment	1.56	1.16	2.00
Depreciation buildings and fences	1.15	1.22	1.08
Depreciation other	.26	.45	.04
Depreciation breeding stock	3.79	3.46	4.16
Unpaid labor			
Interest on capital owned	13.53	10.40	17.04
Total noncash	20.29	16.69	24.32
Total gross expenses	49.41	41.52	58.25
Operator's labor	2.49	2.20	2.82
Total cost	51.90	43.72	61.07
Nonbeef income	3.20	4.50	1.76
Net cost	48.70	39.22	59.31

INCOME SUMMARY

Receipts are placed in two categories—value of beef produced and miscellaneous. Miscellaneous cash receipts includes income from the sale of sacks, conservation payments, gas tax refunds, and other miscellaneous small items.

Labor income is the return to the operator for his labor and management after deducting all expenses including unpaid family labor and interest on capital owned by the operator. It is calculated by deducting total gross expenses from total receipts. The average labor income is $7,185, $27,922, and —$8,368, respectively, for all low- and high-cost ranches.

Ranch farm income is the return to the operator for his labor, management, and capital. This measure of profit is calculated by adding interest on capital owned by the operator, to labor income. The average ranch farm income is $29,688 or $7.91 per hundredweight of beef produced.

Net return is the difference between total receipts and total costs Net returns were $3,037, $23,414, and —$12,246, respectively, for all, low- and high-cost ranches.

Return to capital is the return to the operator for capital invested in the ranch business. It is calculated by subtracting the value of the operator's labor from ranch income. The return to capital is $25,540, $44,689, and $11,178, respectively, for the three groups of ranc. es.

Percent return to capital is calculated by dividing the return to capital by total capital owned by the operator. The percent return to capital is 5.67, 10.50, and 2.39, respectively, for all, low- and high-cost ranches.

TABLE 12.—*Income summary*

Item	Average		
	All ranches	Low	High
	Dollars		
Value beef produced	84,032	103,666	69,307
Miscellaneous	5,326	9,199	2,422
Total receipts	89,358	112,865	71,729
Cash expenses	48,425	50,795	46,647
Noncash expenses	33,748	34,148	33,450
Total gross expenses	82,173	84,943	80,097
Labor income	7,185	27,922	-8,368
Interest on investment	22,503	21,275	23,424
Ranch farm income	29,688	49,197	15,056
Operator's labor	4,148	4,508	3,878
Net return	3,037	23,414	-12,246
Return to capital	25,540	44,689	11,178
Percent return to capital	5.67	10.50	2.39
	Dollars per hundredweight beef produced		
Labor income	1.91	5.85	-2.89
Ranch farm income	7.91	10.31	5.19
Net return	.81	4.91	-4.22
Return to capital	6.81	9.37	3.86

Comparison of 8 ranches, 1960-62

Item	1960	1961	1962
Cows	1,002	1,108	1,227
Pounds beef produced	338,948	355,028	397,547
Animal units	1,564	1,635	1,779
Total acres	10,099	10,159	10,386
Acres, improved pasture	1,495	1,598	1,730
Acres, improved pasture per animal-unit	.96	.98	.97
Total acres per animal-unit	6.46	6.21	5.84
Pounds beef per acre, all land	34	35	38
Percent calf crop	68	66	71
Pounds beef per man	111,496	114,157	122,322
Capital turnover	.11	.12	.14
Capital managed per animal unit	$398	$356	$369
Fertilizer cost per hundredweight	$3.86	$3.51	$3.81
Cash cost per hundredweight	$15.04	$14.32	$14.21
Noncash cost per hundredweight	$12.14	$12.60	$10.56
Net cost per hundredweight	$27.19	$26.32	$24.15
Value per hundredweight	$20.00	$21.38	$22.68
Labor income	−$20,109	−$13,213	−$579
Farm income	$10,579	$17,144	$28,567
Net return	−$24,359	−$17,600	−$5,054
Return to capital	$6,203	$12,757	$24,122
Percent return to capital	1.01	2.10	4.13

Source: Clifford Alston, economist, farm management, Florida Agricultural Extension Service.

Senator TALMADGE. Mr. Jack Turner representing the Texas and Southwestern Cattle Raisers Association? Is Mr. Turner here?

Well, it is about time for the Senate to convene. There is objection to running beyond 11 o'clock which requires unanimous consent.

So the Finance Committee at this point will recess until 10 o'clock tomorrow morning.

(Whereupon, at 11 a.m. the committee was in recess, to reconvene at 10 a.m., Wednesday, April 1, 1964.)

MEAT IMPORTS

WEDNESDAY, APRIL 1, 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 (chairman) presiding.

Present: Senators Byrd, Williams, Carlson, Curtis, Morton, and McCarthy.

Also present: Elizabeth Springer, chief clerk.

The CHAIRMAN. The committee will come to order.

The first witness is Mr. Lloyd Sommerville of the American Farm Bureau Federation. Mr. Sommerville, take a seat, please, sir, and proceed.

STATEMENT OF LLOYD SOMMERVILLE, AMERICAN FARM BUREAU FEDERATION; ACCOMPANIED BY JOHN LYNN, LEGISLATIVE DIRECTOR, AMERICAN FARM BUREAU FEDERATION; AND HERBERT HARRIS II, ASSISTANT LEGISLATIVE DIRECTOR, AMERICAN FARM BUREAU FEDERATION

Mr. SOMMERVILLE. Mr. Chairman, I have with me John Lynn, director of our legislative staff, and also Mr. Herb Harris, who is assistant director.

Due to the shortness of time I would like to read the statement at your pleasure.

We appreciate the opportunity to discuss the livestock price and meat import situation with this committee. Imports of beef, mutton, and lamb have been increasing for several years; however, concern with respect to the effect of these imports on the domestic industry has been materially increased by recent events.

In 1962, the most recent year for which detailed statistics are available, the sale of meat animals accounted for 32.4 percent of all cash receipts from farm marketings. The price of slaughter livestock is not only important to the cattlemen, it also affects the production and income of dairy farmers both directly and indirectly. Sales of poultry and eggs—products that are competitive with red meats and, therefore, substantially affected by the red meat situation—accounted for another 9 percent of cash receipts from marketings. Thus, anything that affects livestock prices affects a very substantial proportion of total farm receipts. Sale of cattle and calves alone accounted for 22.7 percent of cash receipts from marketings in 1962.

U.S. policy with respect to meat imports is of vital importance not only because of the large proportion of farm income that is derived from the sale of meat animals, but also because of the overall interest of agriculture in the expansion of mutually advantageous foreign trade.

Farm Bureau represents 1,628,295 farm and ranch families in 2,700 counties who produce livestock and every major crop raised in the United States. Therefore, we recognize that policies with respect to imports may have repercussions in other countries that will ultimately affect our ability to export both agricultural and industrial products.

As an industry with excess productive capacity and surpluses, American agriculture has a great need and potential for expanded export markets although we already are exporting the output of 1 acre out of every 5 acres of cropland harvested. In the fiscal year 1962–63 we exported farm products with a total value of $5.1 billion and imported agricultural products worth $3.9 billion, including $1.7 billion worth of complementary—principally tropical—products.

During the past 15 to 18 months, the combination of increasing imports and substantially increased domestic supplies has resulted in a sharp reduction in the prices of cattle for slaughter, including dairy cattle which account for a substantial proportion of our total beef production. The following tables show what has been happening:

These tables show the imports, supply, and consumption of meat, and I would like to refer to the percentages of increase or decrease that we have. In the production chart you can see that in the beef and veal we had a 16.4-percent increase between 1958 and 1963 and all through the pork, the lamb, mutton, total red meat, and then the total red meats and poultry, an increase of 16$\frac{5}{10}$ percent. On imports in the same period of years we had beef and veal, an increase of 84.7 percent; pork, 17.1; lamb, 253.7; total red meats, 79.4 percent; they all total 79.2 percent when you include poultry. The other chart shows for additional information the increase in percentage of the exports of our meat products which over in the total column shows 99.1 percent which is almost double over these few years. Then the supplies that are available from the domestic production, plus the net imports that we have through this period of years shows in the total. We had an 18.1-percent increase in the years of 1958 to 1963.

Well, we need to recognize that our per capita consumption has also gone up with respect to meat consumption. We have been doing well, but it has not kept up with the pace of the total supply. This next chart shows the livestock prices, which shows in these years on beef cattle a decrease percentagewise of 9.4 percent; in hogs, 23.6-percent decrease; and in lambs, 13.2-percent decrease. The slaughter steers, those finished cattle especially in this same period of years, shows the Prime cattle reduced 13.9 percent; the Choice, 12.6 percent; and the cow and cutter at 15 percent, and of course this is the area in which the direct competition of imports affects us most greatly. Another supply factor is shown in this other table of the cattle and sheep and hog imports.

I think, Senator Byrd, we would like to have these charts and statistics shown in the record, if we may.

The CHAIRMAN. Without objection.

(The charts referred to follow:)

Selected statistics on the production, imports, supply, and consumption of red meats and poultry

	Beef and veal	Pork	Lamb and mutton	Total, red meats	Poultry meat	Total, red meats and poultry
1. Production (in millions of pounds [1]):						
1958	14,516	10,451	688	25,685	6,043	31,701
1959	14,588	11,993	738	27,319	6,353	33,672
1960	15,835	11,605	768	28,208	6,390	34,598
1961	16,341	11,412	832	28,585	7,334	35,919
1962	16,311	11,841	809	28,961	7,132	36,093
1963	16,896	11,863	757	29,521	[2] 7,410	[2] 36,931
Percentage increase, 1958-63	16.4	13.5	10	15.1	22.6	16.5
2. Imports (in millions of pounds [1]):						
1958	909	193	41	1,143	1	1,144
1959	1,063	186	101	1,353	1	1,354
1960	776	186	87	1,049		1,049
1961	1,037	187	101	1,325		1,325
1962	1,445	216	143	1,804		1,804
1963 [2]	1,679	226	145	2,050	[3]	2,050
Percentage increase, 1958-63	84.7	17.1	253.7	79.4		79.2
3. Exports and shipments (in millions of pounds [1]):	(In millions of pounds [1]).					
1958	49	118	2	169	66	235
1959	53	143	2	198	154	352
1960	56	137	2	195	206	401
1961	56	135	2	193	275	468
1962	52	131	3	186	299	485
1963 [2]	58	192	2	252	216	468
Percentage increase, 1958-63	18.4	62.7	0	49.1	227.3	99.1
4. Supply available from production, plus net imports (in millions of pounds [1]):						
1958	15,376	10,529	727	26,632	5,978	32,610
1959	15,598	12,036	840	28,474	6,200	34,674
1960	16,555	11,654	853	29,062	6,184	35,246
1961	17,322	11,464	931	29,717	7,059	36,776
1962	17,704	11,926	949	30,579	6,833	37,412
1963	18,517	11,902	900	31,319	7,191	38,513
Percentage increase, 1958-63	20.4	13	23.8	17.6	20.3	18.1
5. Per capita consumption (in pounds [1]):						
1958	87.2	60.2	4.2	151.6	34.1	185.7
1959	87.1	67.6	4.8	159.5	35.2	194.7
1960	91.4	65.2	4.8	161.4	34.4	195.8
1961	93.7	62.2	5.1	161.0	37.8	198.8
1962	94.6	63.9	5.2	163.7	37.2	200.9
1963	100.2	65.5	4.9	170.6	37.8	208.4
Percentage increase, 1958-63	14.9	8.8	16.7	12.5	10.9	12.2

[1] Red meats, carcass weight equivalent; poultry meat, ready to cook (eviscerated) basis.
[2] Preliminary.
[3] Not available.

Selected livestock prices

	Price received by farmers per 100 pounds of—		
	Beef cattle	Hogs	Lambs
1958	$21.90	$19.60	$21.00
1959	$22.60	$14.10	$18.70
1960	$20.40	$15.30	$17.90
1961	$20.20	$16.60	$15.80
1962	$21.30	$16.30	$17.80
1963 [1]	$19.85	$14.98	$18.22
Percentage decrease, 1958-63	9.4	23.6	13.2

[1] Simple average of monthly prices.

Slaughter steers sold out of 1st hands at Chicago

	Price per 100 pounds of—		
	Prime	Choice	Cutter cows at Chicago
1958	$28.92	$27.42	[2] $16.54
1959	$29.32	$27.83	[2] $16.27
1960	$27.82	$26.24	$15.00
1961	$26.08	$24.65	$15.12
1962	$29.81	$27.67	$14.72
1963 [1]	$24.89	$23.96	$14.06
Percentage decrease, 1958-63	13.9	12.6	15.0

[1] Simple average of monthly prices.
[2] Canner and cutter cows.

U.S. imports and exports of meat animals, fiscal years, 1958–63

[In thousand head]

Year ending June 30	Cattle		Sheep		Hogs [1]	
	Imports	Exports	Imports	Exports	Imports	Exports
1958	1,054	18	29	33	2	3
1959	1,082	34	32	19	9	2
1960	648	60	90	33	5	15
1961	656	32	26	31	4	10
1962	1,199	19	2	17	3	3
1963	1,235	19	20	52	3	4

[1] 200-pound equivalent.

Mr. SOMMERVILLE. In view of the rather substantial increase that has occurred in the total supply of domestically produced meat and poultry, increased imports quite obviously are not the sole cause of the drop in cattle prices, but they have been a contributing factor.

The present high level of domestic meat production reflects the operation of the well-known cattle and hog production cycles, revolutionary changes in poultry production methods, and the Government's policy of dumping CCC grain stocks to penalize noncooperators under the 1961 and 1962 feed grain programs.

Cattle producers have been building up their herds for several years in response to relatively favorable prices, and a buildup in numbers must, in time, lead to an increase in marketings. In the present case this natural development has been aggravated by a Government feed grain sales policy which encouraged heavy grain feeding.

The following table indicates the extent to which CCC sales of corn, the principal feed grain, were increased under the so-called emergency feed grain program.

This chart, Mr. Chairman, shows that in the years prior to 1961, they were relatively stabilized, but in the years 1961 and 1962 there was a drastic increase in the dumping of these feed grains.

(The chart referred to follows:)

Commodity Credit Corporation sales of corn for domestic use, by quarters, 1956–62 [1]

[In thousand bushels]

Year beginning October	October to December	January to March	April to June	July to September	October to September
1956	16,914	55,812	87,556	18,907	179,189
1957	21,156	15,675	13,092	27,251	77,184
1958	47,536	37,828	59,245	18,101	162,710
1959	22,212	15,881	55,269	17,370	110,732
1960	28,344	29,270	138,138	37,387	233,139
1961	135,981	420,320	285,704	31,824	873,829
1962	113,144	285,012	232,530	21,000	651,686

[1] Domestic sales include, fire, theft and spoilage, in addition to domestic sales and donations.

Source: Table 35 of supplement for 1962 to Statistical Bulletin No. 159, "Grain and Feed Statistics," July 1963 and table 28, "Feed Situation," November 1963, Economic Research Service, U.S. Department of Agriculture.

Mr. SOMMERVILLE. While Commodity Credit sales have been reduced since it became apparent that such sales were having an adverse effect on livestock prices, feeding has continued heavy, in part, because of the record supplies produced under the 1963 program.

Under the 1961 and 1962 feed grain programs, feeders knew in advance that it was Government policy to hold down feed grain prices in order to penalize producers who stayed out of the feed grain program. The certainty that feed grain prices would be held down probably is more important than the actual effect of CCC sales on market prices; however, feed grain prices were depressed.

Secretary Freeman contends that the price of corn under his administration has not been less than $1.08 per bushel; however, he is misinformed. In January 1961, the average farm price of corn was $1 per bushel.

Under the feed grain program the U.S. average farm price of corn dropped to a low of 93.8 cents in November 1961, and November 1962. The farm price of corn did not rise to $1.08 until April 1963.

When Secretary Freeman says that the price has not been below $1.08, apparently he is referring to a weighted average price which includes CCC takeovers at well above the market price.

The effect of the feed grain program on livestock production was determined by the price at which feed grain sold in the market and not by the higher weighted season average which has been raised above the prices actually paid by feeders through the inclusion of CCC takeovers.

The consumption of corn by cattle on feed increased almost 33 percent from 1960 to 1963. The consumption of corn by hogs increased 12 percent in the same period.

This chart shows this by cattle and hogs and also dairy animals.

(The chart referred to follows:)

[In thousand of tons]

	Corn consumption by—				
	Milk cows	Other dairy cattle	Cattle on feed	Other beef cattle	Hogs
1960	11,024	1,200	8,983	3,065	39,619
1961	11,490	1,293	11,680	2,833	44,468
1962	12,532	1,276	12,452	2,795	44,682
1963	12,870	1,276	11,938	2,834	44,379
Percent change, 1960 to 1961	4.2	7.8	30.0	−7.6	12.2
Percent change, 1961 to 1962	9.1	−1.3	6.6	−1.3	0 3
Percent change, 1962 to 1963	2.7	0	−4.1	1.5	−0.6
Percent change, 1960 to 1963	16.7	6.3	32.9	−7.5	12.0

Mr. SOMMERVILLE. Mr. Chairman, I have a couple of other statistics that show the cumulative sales of the Commodity Credit Corporation week by week, and these are brought up to date, to March 20 of this year, and also a graph that portrays what was going on in 1961 and 1962, and then after they found out there was damage the change that took place in 1963. This graph dramatically portrays what they did——

The CHAIRMAN. Do you want that inserted in the record?

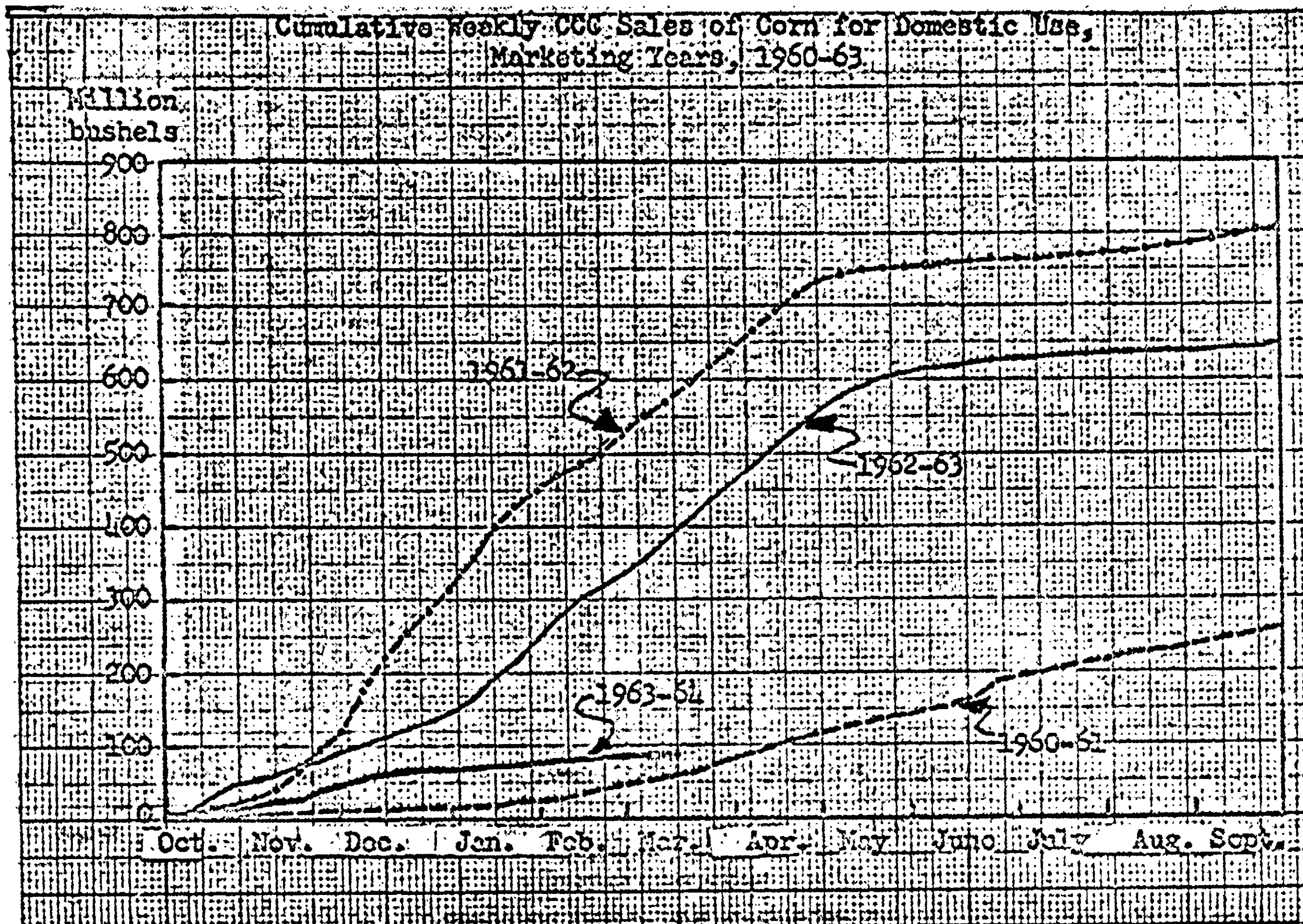
Mr. SOMMERVILLE. Yes. I would like to have this also inserted in the record.

(The documents referred to follow:)

Weekly CCC sales of corn for domestic use

[In thousands of bushels]

1960-61			1961-62			1962-63			1963-64		
Week ending	Weekly sales	Cumulative	Week ending	Weekly sales	Cumulative	Week ending	Weekly sales	Cumulative	Week ending	Weekly sales	Cumulative
Oct. 7	1,939	1,939	Oct. 6	8,349	8,349	Oct. 5	3,612	3,612	Oct. 4	5,193	5,193
Oct. 14	1,594	3,534	Oct. 13	4,651	13,000	Oct. 12	6,939	10,551	Oct. 11	11,813	17,006
Oct. 21	1,599	5,133	Oct. 20	3,576	16,576	Oct. 19	22,761	33,312	Oct. 18	5,273	22,280
Oct. 28	1,387	6,520	Oct. 27	5,035	21,660	Oct. 26	15,691	49,003	Oct. 25	2,410	18,241
Nov. 2	1,453	7,973	Nov. 3	8,753	30,853	Nov. 2	5,844	54,562	Nov. 1	1,624	19,865
Nov. 11	1,092	9,065	Nov. 10	10,666	41,518	Nov. 9	6,832	61,878	Nov. 8	7,308	27,173
Nov. 18	784	9,849	Nov. 17	24,544	66,120	Nov. 16	11,342	73,220	Nov. 15	1,154	28,327
Nov. 25	1,111	10,960	Nov. 24	27,293	93,019	Nov. 23	6,905	80,125	Nov. 22	12,877	41,204
Dec. 2	1,030	11,990	Dec. 1	27,181	120,029	Nov. 30	12,152	92,278	Nov. 29	8,513	49,717
Dec. 9	747	12,737	Dec. 8	54,261	175,627	Dec. 7	10,173	102,451	Dec. 6	7,917	57,634
Dec. 16	783	13,321	Dec. 15	47,647	223,387	Dec. 14	11,245	113,696	Dec. 13	2,381	60,015
Dec. 23	473	13,793	Dec. 22	32,861	256,248	Dec. 21	11,803	125,499	Dec. 20	4,142	64,157
Dec. 30	346	14,140	Dec. 29	29,666	285,945	Dec. 28	9,085	134,584	Dec. 27	1,350	65,507
Jan. 6	923	15,063	Jan. 5	26,218	312,206	Jan. 4	14,946	149,530	Jan. 3	1,198	66,705
Jan. 13	1,153	16,210	Jan. 12	46,208	358,388	Jan. 11	18,902	168,431	Jan. 10	959	67,664
Jan. 20	2,235	18,441	Jan. 19	39,767	398,194	Jan. 18	24,763	193,194	Jan. 17	1,704	69,368
Jan. 27	3,157	21,599	Jan. 26	30,250	428,477	Jan. 25	22,562	215,756	Jan. 24	2,762	72,131
Feb. 3	3,649	25,247	Feb. 2	21,438	449,971	Feb. 1	32,711	248,467	Jan. 31	2,974	75,104
Feb. 10	3,823	29,071	Feb. 9	19,353	469,809	Feb. 8	29,298	277,766	Feb. 7	2,229	77,333
Feb. 17	5,829	34,899	Feb. 16	14,745	484,554	Feb. 15	25,680	303,446	Feb. 14	2,183	79,516
Feb. 24	6,810	41,709	Feb. 23	14,263	498,816	Feb. 22	14,854	318,396	Feb. 21	2,077	81,594
Mar. 3	5,373	47,082	Mar. 2	27,892	525,652	Mar. 1	21,054	339,449	Feb. 28	1,909	83,503
Mar. 10	4,883	51,964	Mar. 9	24,267	550,007	Mar. 8	20,120	359,570	Mar. 6	1,330	84,833
Mar. 17	5,080	57,044	Mar. 16	19,377	569,516	Mar. 15	26,984	386,554	Mar. 13	1,561	86,394
Mar. 24	6,078	63,122	Mar. 23	25,335	594,623	Mar. 22	22,836	409,390	Mar. 20	1,588	87,982
Mar. 31	8,120	71,245	Mar. 30	23,444	618,126	Mar. 29	28,703	438,093			
Apr. 7	9,360	80,695	Apr. 6	20,607	638,736	Apr. 5	24,790	462,883			
Apr. 14	8,949	89,554	Apr. 13	25,876	664,647	Apr. 12	24,242	487,125			
Apr. 21	10,629	100,183	Apr. 20	25,089	689,745	Apr. 19	26,315	513,440			
Apr. 28	9,632	109,816	Apr. 27	25,877	715,601	Apr. 26	22,217	535,657			
May 5	7,524	117,340	May 4	16,860	732,549	May 3	22,320	559,167			
May 12	7,231	124,571	May 11	9,406	742,048	May 10	19,359	578,526			
May 19	6,931	131,502	May 18	5,747	747,797	May 17	11,956	590,483			
May 26	6,619	138,120	May 25	2,845	750,642	May 24	11,323	601,806			


Cumulative Weekly CCC Sales of Corn for Domestic Use,
Marketing Years, 1960-63
Million bushels
900
800
700
600
500
400
300
200
100
0
1961-62
1962-63
1963-64
1960-61
Oct.
Nov.
Dec.
Jan.
Feb.
Mar.
Apr.
May
June
July
Aug.
Sept.

Mr. SOMMERVILLE. The wheat portion of the cotton-wheat bill which recently passed the Senate constitutes a threat to the well-being of the livestock industry. The contemplated Government policy of not letting wheat prices in the market rise above $1.30 per bushel could further disrupt feed-livestock ratios with serious adverse consequences to livestock, dairy, and poultry producers.

Why legislation is needed:

Section 301—the escape clause provision—of the Trade Expansion Act of 1962 provides an orderly procedure whereby an industry which feels that imports are causing, or threatening to cause, serious injury may initiate action to obtain relief.

Prior to 1962, the Tariff Commission had held that producers of a raw product, such as sheep or cattle, could not claim injury from the importation of an article in a later stage of processing, such as lamb or boned beef.

Farm Bureau recommended, and obtained enactment of, a provision in the Trade Expansion Act (sec. 405(4)) which makes it clear that a producer of a raw product can claim injury on the basis of imports of an article in a later stage of processing.

Section 301 authorizes a trade association, a firm, or other representative of an industry to file a petition for tariff adjustment with the Tariff Commission. Such action also may be requested by the President, the Senate Finance Committee, the House Ways and Means Committee, or by the Tariff Commission's own motion. When action is requested, the Tariff Commission must make an investigation to determine—

> whether, as a result in major part of concessions granted under trade agreements, an article is being imported into the United States in such increased quantities as to cause, or threaten to cause, serious injury to the domestic industry producing an article which is like or directly competitive with the imported article.

In the course of investigation, the Tariff Commision must, after reasonable notice, hold public hearings; and if the Commission finds that serious injury is being caused or threatened, it must recommend to the President increased import restrictions which it finds are necessary to prevent or remedy such injury. If the President does not impose the import restrictions as recommended by the Tariff Commission, he must report his reasons within 60 days to Congress which may overrule the President by a concurrent resolution, passed by majority vote in the House and the Senate, and the increased restrictions shall then take effect.

Instead of following the orderly procedure laid down by Congress in section 301 of the Trade Expansion Act, the executive branch recently entered into so-called voluntary commodity agreements with the Governments of Australia and New Zealand and, more recently, Ireland.

In effect, these commodity agreements are an effort to promote Government supply management on an international scale. This is a wrong approach. Government supply management on an international scale is no better than the domestic variety which has been rejected by both the Congress and American farmers. We have had enough experience with international commodity agreements to know that they are worse than worthless in promoting and protecting the interests of farmers and ranchers.

These particular agreements amount to a betrayal of American agriculture. The effect is to give foreign competitors assurance that they will be permitted to increase sales in the U.S. market in the future in return for a relatively small, temporary cutback. This almost certainly will encourage foreign cattlemen to expand production for the U.S. market.

As bad as the recently concluded meat agreements are in and of themselves, there is another most important and far-reaching aspect that deserves attention. The U.S. negotiators at the upcoming trade negotiation sessions have a difficult enough job to perform if they insist on realistic reductions in trade restrictions, including nontariff restrictions, against U.S. exports. The precedent established by our Government having agreed to a commodity agreement in the case of meat imports provides an additional burden to bear. This action has the effect of cutting the ground out from under the U.S. representatives at the forthcoming trade negotiations and constitutes a grave disservice to all farmers and ranchers in the United States.

As a result of the administration's action in negotiating unsound commodity agreements with respect to meat imports, groups that favor a sound approach to the meat import problem have no alternative except to seek corrective legislation.

Accordingly, we recommend legislative action to—

(*a*) Cancel these agreements,

(*b*) Limit meat imports to the average amount imported during a recent 5-year period until an investigation has been instituted, completed and acted on in accordance with section 301 of the Trade Expansion Act, and

(*c*) Direct the Tariff Commission to institute and expedite a section 301 investigation.

We also favor action to terminate the so-called emergency feed-grain program; however, we recognize that such action would have to originate in another committee.

Mr. Chairman, this is our report. We appreciate the privilege of appearing before your committee.

The CHAIRMAN. Thank you very much, Mr. Sommerville. A very excellent statement. I have been a member of the Farm Bureau for many years, and I know the fine work they have done.

Any questions?

Senator WILLIAMS. Mr. Sommerville, my attention has been called to an article that appeared in the Denver Post of October 10, 1961, and I would like to read an excerpt from that article and ask you to comment on it. I might say first that I recognize that there have been some denials and counterdenials and countercharges in connection with this, but the article does appear to be of significance in this particular investigation, this particular inquiry, and I am quoting:

> Howard Clegg, of Tooele, Utah, and Robert Murphy, of Salt Lake City, president and secretary of the Utah Cattlemen's Association, accused Mr. Ralph of a "vindictive" attitude because the American Cattlemen's Association took the position that the Kennedy farm bill would place too much power in the hands of the Government.

Mr. Ralph was the Assistant Secretary of Agriculture at that time.

> They produced a copy of an editorial written by Clegg but withheld by him from publication in a cattlemen's magazine which they said accurately described what Ralph had told them in Salt Lake City last May 17.

The article quoted Ralph as saying "If the cattlemen insist on being free enterprisers that he would be in favor of removing all livestock from public ranges."

Continuing, Mr. Ralph is quoted as saying:

He further stated that he would welcome all the beef imports that South America, New Zealand, and Australia care to send until the cattlemen get all the free enterprise they want.

Mr. Clegg's article states that the vindictive attitude of Mr. Ralph was a shock to him. Mr. Ralph is reported to have denied this in a sworn statement.

Is it not significant that this appears to be exactly what the Department is doing at this time?

Mr. SOMMERVILLE. Senator Williams, I can only report the feeling of the livestock producers, that it seems to reflect an attitude of the Department of Agriculture. They warned us what they may do, and to me this does have a real effect on this commodity agreement approach as far as imports are concerned.

Senator WILLIAMS. Well, the results of these recent months, actions in signing this agreement, enlarging, expanding these imports, does it not indicate that this was their intention, and perhaps Mr. Ralph just spoke the truth too freely at the wrong time?

Mr. SOMMERVILLE. Well, it certainly appeared to be so, and I would guess that we as livestock producers ought to know that we were forewarned.

Senator WILLIAMS. This was back in 1961, and according to that time Mr. Ralph stated that he would welcome all the beef imports that South America, New Zealand, and Australia care to send until the cattlemen get all the free enterprise they want. And I think that is rather significant in the light of the most recent actions.

(The article referred to follows:)

[From the Denver Post, Oct. 10, 1961]

THREAT INQUIRY ON FARM AIDS ENDS IN SENATE

WASHINGTON.—A secret Senate investigation into charges that two assistant secretaries of agriculture threatened farm groups opposing the Kennedy administration's farm program in Congress ended Tuesday in a maze of conflicting testimony.

The inquiry by a Senate investigations subcommittee concerned threatening statements allegedly made to leaders of cattle, cotton, and poultry groups by Assistant Secretaries James T. Ralph and John P. Duncan, Jr. Both officials swore they had not threatened or coerced anyone.

The subcommittee's report said that in one case remarks attributed to Ralph "were subject to interpretation as to whether they constituted a threat * * *." In the other cases, the report said, the remarks were not threats.

Senator John L. McClellan, Democrat, of Arkansas, the subcommittee's chairman, said in issuing the report Tuesday:

"As the report indicates in its conclusion, the alleged threats by U.S. Department of Agriculture officials were not substantiated."

The inquiry, held August 15 behind closed doors, ballooned from charges by Robert E. Evans, of Midville, Ga., that he had received a warning of possible reprisals against cotton storage men if they continued to fight the farm bill. Evans heads the Cotton Warehouse and Compress Association.

The subcommittee's report went through the various charges case by case.

COULD BE PUNISHED

The use of threats to intimidate witnesses in congressional proceedings such as the Senate hearings on the farm bill—is punishable by up to 5 years in prison and a $5,000 fine.

The subcommittee said it found "no threat made" by Duncan against the Georgia Poultry Association in a telephone conversation with the Federal executive secretary, they found no evidence in subpenaed telephone records to indicate that anyone in the Agriculture Department had influenced the dean of agriculture of Louisiana State University not to testify against the bill.

Dean J. Norman Efferson testified it was his own item. He said he had learned no other educators would testify at hearings on the bill and decided not to risk subjecting his school to accusations of engaging in "political activity" by making a lone-wolf appearance.

Howard Clegg, of Tooele, Utah and Robert Murphy, of Salt Lake City, president and secretary of the Utah Cattlemen's Association, accused Ralph of a "vindictive" attitude because the American Cattlemen's Association took the position that the Kennedy farm bill would place too much power in the hands of the Government.

They produced a copy of an editorial written by Clegg but withheld by him from publication in a cattlemen's magazine, which they said accurately described what Ralph had told them in Salt Lake City last May 17.

The article quoted Ralph as saying that, "if the cattlemen insist on being free enterprisers that he would be in favor of removing all livestock from public ranges."

He further stated that, "he would welcome all of the beef imports that South America, New Zealand and Australia care to send until cattlemen get all the free enterprise they want.

"The vindictive attitude of Mr. Ralph was a shock to me," Clegg's article said. Ralph denied this in a sworn statement.

Senator CARLSON. Mr. Chairman, I want to compliment Mr. Sommerville and the American Farm Bureau Federation for their statement here this morning. It has been my privilege to work with Mr. Lynn and Mr. Harris on some international trade problems, and we certainly have them, and this statement is most helpful in view of the coming Kennedy round which begins May 4 in Geneva. I was interested in your figures that you submitted, and these are very helpful figures that you submitted, and these are very helpful figures in a hearing of this kind, in regard to the 18-percent increase in meat products based on supply available from production plus the imports. Then your next table shows the per capita consumption which shows that while we have had a 12-percent increase in per capita consumption, we have had an 18-percent increase in produtcion plus imports.

Mr. SOMMERVILLE. This is the total supply, Senator, that is bothering us and aggravated by additional imports. I thing these are relative to the facts, the problem at hand.

Senator CARLSON. I believe Mr. Cochran, who is one of the advisers down at the Department of Agriculture, wrote a book previous to his entry into the Department. I have read the book, and in this he has a statement which he says whenever supply of an agricultural commodity exceeds 2 percent of the domestic consumption and needs, it has a very material effect on the price of the commodity. Here we have a differential of 6 percent, between 18 and 12. I think it is important that that be brought up in these hearings. There is no doubt in your mind, is there, that the imports of beef are having an effect on the present livestock prices?

Mr. SOMMERVILLE. This is true because of the fact when you add this to the total productive capacity that we have, then this aggravates the situation. This certainly has some effect.

Senator CARLSON. Your livestock association and others in this Nation, of course, have been carrying on a promotion for the use and increased consumption of beef. Now, is it essential that we give this increased consumption to our foreign competitors or what do you think?

Mr. SOMMERVILLE. It seems to me very unwise that we would invite this type of increased supply. We are really in favor of competition, but at this particular stage of the game, to write it into an agreement, we think is entirely the wrong approach.

Senator CARLSON. Well, I appreciate your testimony very much. That is all, Mr. Chairman.

The CHAIRMAN. Any further questions?

Senator CURTIS. Mr. Chairman, I will be very brief. I want to commend you for your statement here. Are you in the cattle business yourself?

Mr. SOMMERVILLE. Senator, I feed cattle. We did produce for awhile, but at this particular time I am just feeding cattle. I am a general farmer.

Senator CURTIS. Is it your observation that the individual farmer, rancher, feeder, and even the small family farmer who feeds some, is facing a very serious situation?

Mr. SOMMERVILLE. Well, especially, Senator, the big feedlot operation because in Colorado the last four consecutive marketings of cattle turned over to feedlots have lost money. So when you say the markets—I checked the market in Denver before I left, and it dropped Monday another 25 cents. The cost of producing a choice animal in our particular area is around 23½ to 24 cents. They are losing that amount, and this has been the longest prolonged period of loss in their marketing that we have ever witnessed without any plateaus where it leveled off. So it is becoming a serious situation in the agricultural economy because livestock marketing does affect the total agricultural income to a great extent.

Senator CURTIS. You feel that there should be legislation and as soon as possible.

Mr. SOMMERVILLE. Well, I do not see how we can correct the situation otherwise. We have no other alternative at this time than to correct the situation by legislation.

Senator CURTIS. I certainly agree with you. If I disagree with anything, it would be with your hopes of anything beneficial coming from using the escape clause. I just do not know of any industry that ever got anything except exercise and expense and harassment out of the efforts to get relief there. But certainly I am delighted that we are agreed we should have legislation as you propose.

Mr. SOMMERVILLE. Well, Senator, I think because of the fact that we did set up by congressional action this method of instituting and finding out whether imports are causing serious injury, it is mechanism we should use. It appears that we could not arrive at a satisfactory solution, then the permanent legislation may be necessary.

Senator CURTIS. I think you are to be commended for fighting for that right in the trade bill. The point of my lack of confidence is in the group that administers the trade bill and the philosophy that they hold. Those hearings of aggrieved industries occasionally make progress at some point along the line but never become a reality.

Mr. SOMMERVILLE. I might ask if Mr. Lynn would want to comment on this particular fact.

Mr. LYNN. I think you have covered it all right.

Senator CURTIS. Nothing more.

The CHAIRMAN. Any further questions?

Senator MORTON. In your statement you say that imported agricultural products are worth $3.9 billion. Does this include sugar imports?

Mr. SOMMERVILLE. I think this is total, Senator.

Senator MORTON. And that would be coffee, for example?

Mr. SOMMERVILLE. Yes.

Senator MORTON. Tea?

Mr. HARRIS. Senator, as we point out, $1.7 billion of it are the complementary products, chiefly tropical products. Even the supplementary products which amount to approximately $2.2 billion, include those supplementary products such as sugar which are also tropical in nature.

Senator MORTON. But the $3.9 billion figure is an overall figure; even would include spices I would assume.

Mr. HARRIS. Yes.

Senator MORTON. Thank you.

The CHAIRMAN. Thank you very much.

The next witness is Mr. Bob Buffington, Cattle Industrv Committee for Legislative Action.

Take a seat, sir; proceed.

STATEMENT OF BOB BUFFINGTON, CHAIRMAN, CATTLE INDUSTRY COMMITTEE FOR LEGISLATIVE ACTION; ACCOMPANIED BY FAY McMANIGAL, MEMBER, CATTLE INDUSTRY COMMITTEE FOR LEGISLATIVE ACTION; AND PAUL KILPATRICK, MEMBER, CATTLE INDUSTRY COMMITTEE FOR LEGISLATIVE ACTION

Mr. BUFFINGTON. Mr. Chairman, members of the committee, I am Bob Buffington, chairman of the Cattle Industry Committee for Legislative Action. With me are two members of the committee, Mr. Fay McManigal and Paul Kilpatrick. We represent an independent, nonpartisan, nonaffiliated group. We came about by three farmers discussing the crisis in cattle prices. From this nucleus, 14 farmer feeders formed a committee called the Cattle Industry Committee for Legislative Action.

In the State of Iowa over 3 million head of graded cattle are fed each year. During the last 15 months these cattle have been selling at a loss to cattle feeders of from $25 to $75 a head. Admittedly, overfeeding has contributed to low livestock prices. Admittedly, prices paid for feeder stock have been involved in these losses. However, we contend that beef imports are the primary cause of overfeeding, oversupply, and declining prices of all red meats.

Leaders of the packing and feeding industry are agreed that beef imports are directly responsible for at least a $3 per hundredweight decline in live cattle prices. This decline is substantiated by a report of the USDA of November 1963 quoted in the Congressional Record of March 5, 1964, on page 4255. Logic would refute the claim of some that imports are necessary to supply required amounts of manufactured beef. Twenty-four percent of domestic graded cattle is classed as "rough cuts" or "manufacturing beef" and is in direct competition with 60 percent of present imports. Further, more cows would be marketed if beef imports were curtailed, thus cutting down the yearly increase in cattle numbers and also supplying the necessary red meat for manufacturing purposes.

The Cattle Industry Committee for Legislative Action decided to bring the situation before the public through a panel discussion by a group of experts in the livestock industry. With the financial support of local banks voluntarily contributing the expenses, a public meeting was held in Shenandoah, Iowa, on March 2, 1964, where over 5,000 people directly concerned with the livestock crisis adopted the following resolutions:

Be it resolved:

1. It is the consensus of those attending this meeting that attention must be called to the chaotic and serious financial straits in which the cattle industry finds itself, and that this condition affects not only everyone connected with the cattle industry but many other segments of the Nation's economy.

2. That the Cattle Industry Committee for Legislative Action respectfully petitions the Congress to limit, by legislative action, imports of beef and veal, fresh, frozen, cooked and/or canned or cured, to levels in pounds amounting to 4.9 percent of domestic production per year.

3. We recommend and urge that the cattle industry take effective action toward orderly marketing and production, as well as production more nearly commensurate with consumer demands.

4. That all organizations are urged to join with us in a united effort to accomplish our objective.

During 1961, 1962, and 1963 our domestic cattle producers increased their production only 10 percent, while during the same period beef and veal imports increased 162 percent. As these imports increased, there was a direct adverse impact on the slaughter livestock market. Hoping for better prices, cattle feeders held onto their stock, and these naturally put on added weights. However, the imports continued to increase and prices continued to decline so that the hopes of cattle feeders were demolished. Thus, the original adverse impact of imports was compounded by the selling of heavy cattle.

Our domestic inventory of beef cows is at an alltime high, and this naturally means increased domestic beef production in the years ahead. Because so much of the imports of beef and veal consist of lower grade red meat, the marketing of domestic beef cows has been discouraged. The number of all cows increased by 1 million in 1961 over 1960; by 1.2 million in 1962 over 1961; and by another 1.2 million in 1963 over 1962—a combined increase of 3.4 million in 3 years. During this period, the number of dairy cows declined, so that the number of beef cows in inventory actually increased more than this.

Respectfully,

CATTLE INDUSTRY COMMITTEE FOR LEGISLATIVE ACTION.

Mr. Chairman, are there any questions?

The CHAIRMAN. Thank you very much indeed.

Senator CARLSON. Mr. Chairman, I would just like to ask this. I had read and heard of your great meeting in Shenandoah, Iowa. I know you had a very outstanding meeting there.

What does the average livestock feeder get for good prime choice steers when he goes to market now in your section?

Mr. BUFFINGTON. What is the—the top price I think in weeks runs about $21.50.

Senator CARLSON. Do you have commercial feedlots in your area?

Mr. BUFFINGTON. No. Not many. In Omaha, yes. Not in our immediate area.

Senator CARLSON. Do you know what they charge in the commercial feedlot to put a pound of gain on a head of cattle that is on feed?

Mr. BUFFINGTON. Paul, would you answer that?

Mr. KILPATRICK. Yes. It amounts to 22 to 23 cents a pound.

Senator CARLSON. Few people know that you go to market with these prime steers and get 21, maybe 21½ and it costs 23 cents in a commercial yard to put that gain on.

That is all, Mr. Chairman.

Senator CURTIS. That commercial yard is supposed to have a pretty efficient operation, too.

Mr. BUFFINGTON. That is true. But none of them can be efficient enough at present prices.

Senator CURTIS. And also it is true that a great many of the cattle that are fine specimens, provide good meat, still do not bring the top price.

Mr. BUFFINGTON. That is true. Overweight cattle have been commanding low prices which are the prime stock, many of them.

Senator CURTIS. But for the average individual who sells, a high percentage of what he sells does not bring the top.

Mr. BUFFINGTON. Oh, that is true. I see what you mean. That is quite true.

Mr. KILPATRICK. The average on choice cattle is just a little over 20 cents a pound this past week in Omaha.

Senator WILLIAMS. The average is what the farmer would have to come in.

Mr. KILPATRICK. That is true.

Senator CURTIS. What you are suggesting here is 4.9 of domestic production. That happens to be the 1960 figure.

Mr. BUFFINGTON. That is true.

Senator CURTIS. I think that at the present time is a reasonable position. Action should have been taken earlier. Increase of imports became excessive starting in 1958, but we delayed collective action so long that it is probably quite impossible to go back to 1958, but certainly we should go back to 1960.

Mr. BUFFINGTON. Yes. Our committee feels that this is a figure we can live with. As soon as our cows are not being slaughtered due to the fact that the imported meat is replacing those, we are building numbers the effect of which buildup is not at the time the yearlings are coming here but the time in future years these cows would have been slaughtered and go into the feedlot.

Senator CURTIS. Do you agree with me that these excessive imports have an adverse effect on all agriculture clear across the board? The producers of corn, oats, sorghum, and hay; and the individual who has pasture, he is adversely affected by having this production abroad, isn't he?

Mr. BUFFINGTON. Mr. Curtis, since the backbone of agriculture is livestock, and this livestock must consume the feed produced, everyone is adversely affected by having this production abroad. We don't want this feed piled up in Government storage.

Senator CURTIS. I am not commenting upon the wisdom or lack of wisdom of it, but even the individual farmer with no livestock, who produces grain to sell, he is adversely affected by these excessive imports, isn't he?

Mr. BUFFINGTON. Yes; I happen to be the buyer of several of my neighbors' crops because they do not feed, and with me out of business, they are out of business.

Senator CURTIS. And with the exception of wheat, the market for grain is to be used for livestock or else have Uncle Sam take over, isn't that right?

Mr. BUFFINGTON. That is true.

Senator CURTIS. So the Treasury has an interest in livestock. The Treasury of the United States is adversely affected by the situation.

Mr. BUFFINGTON. That is quite true. If this corn does not go into livestock, then it is going to be piled up in Government storage.

Senator CURTIS. And I contend that the effect upon feed grains even exerts an adverse influence upon the wheat farmer and gives him more competition if there is not ready disposal for the feed grains.

We certainly thank you for your appearance.

Mr. KILPATRICK. Senator Curtis, I would like to bring up here an observation made by our banker, which is a town of about 1,000 population.

Senator CURTIS. What town is that?

Mr. KILPATRICK. Tabor, Iowa, sir. About 35 miles from Omaha.

He anticipates that the last 15 months, that the cattle price drop has taken about $400,000 worth of purchasing power out of our community.

Senator CURTIS. A community of 1,000?

Mr. KILPATRICK. Sir?

Senator CURTIS. A community of 1,000, a town of 1,000?

Mr. KILPATRICK. Yes, sir.

Senator CURTIS. I would not be surprised at that at all. This assault that has been made upon a great farming area by this indefensible trade policy is beyond what the people who never get outside of Washington can imagine.

That is all I have, Mr. Chairman.

Senator MORTON. I just want to make one observation. My brother had an extensive feeding operation over on the Eastern Shore of Maryland. He finished as many as 800 head per year. A few years ago he got out of that business; got himself elected to Congress. I thought he was making a mistake at the time, but I am beginning to think he was pretty smart.

Mr. BUFFINGTON. Is there any way we can promote something like that?

Senator MORTON. We have got enough competition.

Mr. KILPATRICK. As long as you feel like we do, we will keep voting for you.

The CHAIRMAN. Thank you very much. The Chair places in the record a telegram received from Gov. Harold E. Hughes, of Iowa, endorsing any legislation which would strengthen the livestock industry in Iowa.

(The telegram follows:)

DES MOINES, IOWA, *March 30, 1964*.

Hon. HARRY FLOOD BYRD,
Chairman, Senate Finance Committee, Washington, D.C.:

Regarding amendment 465 to H.R. 1839 by Senator Mansfield now before the Senate Finance Committee, I support any legislation which would strengthen the livestock industry in Iowa and throughout the country, providing such legislation is reasonable and in the national interest.

HAROLD E. HUGHES,
Governor of Iowa.

The CHAIRMAN. The next witness is Mr. Les Davis of the New Mexico Cattle Growers Association.

STATEMENT OF LES DAVIS, PRESIDENT, THE NEW MEXICO CATTLE GROWERS ASSOCIATION; ACCOMPANIED BY ROY LILLEY, EXECUTIVE SECRETARY, THE NEW MEXICO CATTLE GROWERS ASSOCIATION

Mr. DAVIS. Senator Byrd, members of the Senate Finance Committee, we consider it an honor to be granted this privilege of presenting our comments on the amendment 465 to House Resolution 1839.

My name is Les Davis. I am manager and part owner of a commercial cattle ranch near Cimarron, N. Mex., and am currently president of the New Mexico Cattle Growers Association. Here with me is Mr. Roy Lilley, executive secretary of this association.

The New Mexico Cattle Growers Association is a 50-year-old organization made up of nearly 4,000 beef cattle producers in New Mexico and parts of the surrounding States. We are affiliated with the American National Cattlemen's Association.

This association has rarely sent our officers to Washington, but at this time our members share with beef cattle producers from all parts of our country concern over the present condition of the cattle industry. Beef cattle, both finished and feeder, are selling at prices below the cost of production; numbers are at record highs and we are at a point in our cattle cycle when we can anticipate an increased slaughter of cows. If drought conditions now developing over large parts of the range country should continue or worsen we could expect forced marketings of not only cows, but stocker cattle, making a sharp upturn in our domestic slaughter, aggravating an already dangerous market situation.

We have been faced with comparable situations before, such as in the mid-1950's when we literally "ate our way" out of excessive beef supplies. In the current situation a new and unexpected factor has entered the picture—record levels of beef and beef products being shipped into this country.

You are fully informed as to the specific figures on the volum eof imports, so we won't dwell on statistics. We do want to emphasize the fact that last year approximately 11 percent of our domestic production was imported, compared to 1.5 percent in 1956, which shows the dramatic nature of the increase. Dr. Alvin Carpenter, extension economist, University of California, has pointed out that 55 percent of all beef and veal moving in international trade last year was received in the United States—this in face of record domestic production.

Historically the combination of high domestic production and low prices to the beef cattle producer has had the effect of causing a reduction in shipments of beef and veal into this country. Dr. Carpenter points out that this has not happened in the current situation primarily for two reasons: First, production costs in exporting countries are so much lower than can be achieved in this country; and second, world-trade patterns have changed so that Australia, the largest exporter of beef to the United States, in much more dependent on the U.S. market due to a loss of a substantial part of her trade in beef with Great

Britain. Under such conditions we can expect continued high levels of imported beef.

The question is, how much of our market which has been developed during the last 30 years by education, research, and promotion by the National Livestock and Meat Board and other organizations are these exporting nations entitled to? We feel the best and fairest solution lies in the enactment of the legislation now being considered which would limit imports to an average of the past 5 years.

New Mexico is primarily a producer of quality feeder calves and yearlings. We in New Mexico are affected to the same degree on a per-pound or per-head basis as a rancher in any other part of the country. The point we wish to emphasize is the importance of the cattle industry to the State of New Mexico and the degree to which a drop in income to cattle raisers affects the entire State's economy. We are sure this same approach can be applied to other cattle producing States.

In 1962 the receipts from the sale of cattle and calves in New Mexico amounted to $138,531,000 which equals 51.3 percent of the total value of all crops and livestock sold in the State. We do not have the same figure for 1963 as yet; however, the gross is expected to be less due to the effect of the factors mentioned at the beginning of this statement which are now beginning to be felt. This $1.3 million largely comes from the harvesting of our greatest natural resource, grass.

New Mexico has approximately 77 million acres of land, and we estimate that probably 75 percent of that land has as its primary use the grazing and harvesting of grass.

These receipts from cattle production are new dollars, most of which circulate throughout the economy several times. The greater part of the State of New Mexico, such as the area where I live, is almost entirely dependent on the cattle industry for its livelihood, and immediately feels the impact of adverse conditions in the industry. Even the larger towns are, to a greater degree, dependent on the income from cattle ranching, than is generally realized. These trade centers furnish haying equipment, fence materials, petroleum products, trucks, tractors, windmills, and the other goods needed for the modern ranch operation.

In recent years with supplies of feed raised within the State increasing, new large capacity feedlots and small efficient packing plants have been added to the economy by optimistic operators that are mindful of the expanding public acceptance of beef reflected by a per capita annual consumption of 96 pounds.

It is important to note that there is no alternative economic use for our grass resources. If it became impractical to use it for grazing it would be wasted. Thus even if it were possible for ranchers to invest their capital overseas in an operation with considerably lower overhead, the resources left behind would be wasted, and communities that served these ranches would be ghost towns.

The individual finds it impossible to control the volume of beef production in his State. The main factor determining the level of any one operation is the local feed supply, which is in turn determined by the weather, over which the rancher has no control.

In New Mexico the typical commercial cattle rancher runs approximately 250 head of cattle, and there are several thousand such operators. Figures prepared by the U.S. Department of Agriculture in cooperation with the Agricultural Economics Department of New Mexico State University indicate that, in 1963, this typical New Mexico rancher earned, at best, a meager return on his capital investment, or was only barely able to earn minimal wages for himself and family with no return to capital.

Historically, ranchers have been able to tighten their belts and lower their standard of living in order to weather periods of drought and/or low prices. If the market we have developed for beef in this country is going to be invaded by countries with production costs much lower than ours, there may be no end to the current downward trend in domestic cattle prices. Eye witness accounts of Australia's cattle industry indicate a great potential plus a desire to capture an increasing share of our market if possible. This was brought to light by a report of a group of cattlemen who visited in person last summer Australia's many areas of cattle ranching.

Our conclusions: It appears that the only factor in the beef-cattle business that can be adjusted at this point which will be of immediate benefit to the cattle industry is a reduction in the amount of beef being imported. The Constitution delegated this power to Congress, and we earnestly urge that you act favorably on the amendment now being considered so that the amount of beef, veal, lamb, and mutton coming into the United States from foreign shores may be effectively reduced.

The "handwriting on the wall," interpreted by our own USDA economists, indicates trouble for the beef-cattle industry for the next few years to come. If this dangerous situation can be minimized to some degree through the action of Congress, New Mexico cattlemen feel confident that as the situation improves, the cattle growers and feeders of the United States will continue to furnish the American consumer with quality beef at reasonable prices, and we will have maintained a climate in which the cattle industry can survive.

The Governor of New Mexico was with us at our recent annual convention in Albuquerque. We discussed this problem with him, and we found him sympathetic and understanding. He informed me that he was planning to wire Senator Byrd and the Senate Finance Committee of his feelings in this matter, and we hope that you have received that telegram.

That concludes our statement, and it is a pleasure to have been able to present it to you.

The CHAIRMAN. Thank you very much, Mr. Davis. The telegram which I received from Gov. Jack M. Campbell, of New Mexico, endorsing your statement will be inserted in the record.

(The telegram follows:)

SANTA FE, N. MEX.
March 30, 1964.

Hon. HARRY BYRD,
U.S. Senator, Senate Finance Committee,
Washington, D.C.:

I would like to register my concurrence with Mansfield amendment to H.R. 1839 to restrict imports of beef, lamb, in line with testimony to be presented by Les Davis of Cimarron, N. Mex., April 1.

GOV. JACK M. CAMPBELL.

Senator CURTIS. Just one or two. You market most of your calves and yearlings; is that right?

Mr. DAVIS. In our commercial operation, we sell our heavier calves in the fall of the year they were born. The lighter weight calves will be wintered through and sold as short yearlings the following year.

Senator CURTIS. Where do you send those?

Mr. DAVIS. Our calves go primarily to the feeding areas of Colorado. They have come as far east as Illinois.

Senator CURTIS. Throughout the corn year.

Mr. DAVIS. That is right.

Senator CURTIS. We produce a great many of our own feeder cattle. We also buy from New Mexico.

Mr. DAVIS. That is right.

Senator CURTIS. If the cattle business is personally damaged and curtailed by the present program of imports, what will be the outcome for agriculture in New Mexico?

Mr. DAVIS. It will be disastrous. The producing of these calves is our primary business. The feeding end of it has increased in recent years, but half of agriculture in New Mexico is cattle and calves and the rest is closely connected with the feeding of cattle. We do have some cotton, but the cattle business—next to oil and gas, is the primary industry of New Mexico.

Senator CURTIS. I certainly share your hopes that we can get some legislation, because we are facing such a serious situation. It is just unthinkable to imagine the Department of Agriculture not leading the fight for this legislation and pushing it through both Houses and getting it signed promptly. I cannot fathom any other attitude.

Mr. DAVIS. Traditionally our cattlemen have been proud of the fact we have not felt it necessary to call for Government help, but this is one situation where it is a little——

Senator CURTIS. Well now, in the ordinary sense of the word, this is not Government help; is that true?

Mr. DAVIS. That is right. It is congressional——

Senator CURTIS. What I am getting at, regulation of imports——

Mr. DAVIS. That is right.

Senator CURTIS (continuing). Is far different from controlled or managed agriculture and direct subsidies, I think the average citizen draws that distinction even though the cattlemen and farmers and ranchers and feeders are derided and ridiculed because they want these excessive imports held down. The fact remains that the reasonable control of imports has always been a part of the free enterprise system as contrasted to a subsidized system.

That is all, Mr. Chairman.

The CHAIRMAN. Any further questions?

Senator MCCARTHY. Mr. Chairman, I have a question. I understand you are not opposed to the continued importation of live cattle for feeding purposes; is that right?

Mr. DAVIS. The primary sources of such cattle are Mexico and Canada.

Senator MCCARTHY. Yes; I know.

Mr. DAVIS. And, actually, from what I can gather, the Mexican cattlemen are pretty well agreed with our policy.

Senator McCARTHY. Yes; agreed with the policy of not letting imports come in from other countries, but why is it—wouldn't the simplest way, most direct way, be to limit the importance of cattle for feeding purposes? This would get right to the point of the problem; wouldn't it?

Mr. DAVIS. Yes. Actually we have lived with that situation, and they do utilize a lot of the feed produced within the United States.

Senator McCARTHY. Well, I know, but there is too much feeding being done in this country; isn't there? What I am trying to get at is, why is it that the cattlemen see no objection to the continued importation of feeding cattle from foreign countries?

Mr. DAVIS. Mr. Lilley, our secretary——

Mr. LILLEY. One possible answer, in our State, specifically, we are harvesting our grass resource, and we convert this grass to beef and the lightweight Mexican cattle we feed that resource adds pounds of beef to go into domestic consumption. We still use our resource for its best use. This may not apply in other areas, but that is true in our case.

Senator McCARTHY. If it is considered in the light of the overall problem of what appears to be excessive production of beef at the present time, it would seem to me that one way to cut down on that would be to discourage the importation of live cattle for feeding in the United States as well as to limit the import of canned or processed beef.

Mr. LILLEY. In the total that would be true; however, new cattle raised in the State would fill that vacuum. We would still produce an equal amount of beef in our area.

Senator McCARTHY. My State is the principal producer of iron ore in this country. We have lost about 50 percent of our market since the end of World War II, in some cases to competition which has some economic justification; in other cases competition which is subsidized in a foreign country.

Would the cattlemen be prepared to support an embargo on the importation of iron ore even though it would result in higher costs of practically every appliance, automobiles, and everything else produced in this country that uses iron and steel? We have lost 50 percent of the market, not 10 percent, not 5 percent, but nearly 50 percent of the iron ore market of this country. The argument made for imports, of course, is they are good for the general economy. This keeps the prices of farm machinery down, keeps the price of automobiles down, the price of appliances down, and improves our position in the world's market. I just want to know how far we ought to go on this percentage of the domestic markets that ought to be allocated to American producers.

The domestic oil industry has 85 percent of the American market allocated to it. They are—they are willing to let 15 percent come from outside. Do the cattlemen have a set percentage? Do they say 10 or 15 or 5 percent? What is your——

Mr. LILLEY. I think this bill we are considering would result in something in the area of 6 percent. I think we are agreed we are willing to give up 6 percent of the market. The average all of a sudden went up.

Senator McCARTHY. It went up in the iron ore, too; 5,000 percent or more. We may call upon you to support a limitation on iron ore imports.

The CHAIRMAN. Thank you very much.

The committee will recess until tomorrow morning at 10 o'clock.

(Whereupon, at 11:02 a.m., the committee recessed, to reconvene at 10 a.m., Thursday, April 2, 1964.)

MEAT IMPORTS

THURSDAY, APRIL 2, 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 (chairman) presiding.

Present: Senators Byrd, Talmadge, McCarthy, Williams, Curtis, and Morton.

Also present: Elizabeth Springer, chief clerk.

The CHAIRMAN. The committee will come to order.

Our first witness is Senator Wayne Morse of Oregon.

Glad to have you, Senator Morse.

STATEMENT OF HON. WAYNE MORSE, A U.S. SENATOR FROM THE STATE OF OREGON

Senator MORSE. Mr. Chairman and members of the committee, the opportunity to appear before you to testify in support of amendment 465 to H.R. 1839 is greatly appreciated.

Senator Mansfield's amendment No. 465 to H.R. 1839 is excellent so far as it goes, but in my opinion it does not go sufficiently far to meet the needs of the cattle and sheep raisers of this country. I am a cosponsor of Senator Hruska's amendment No. 467 and I urge the adoption of his amendment because I feel that it will do what has long been needed, namely, make provisions for fair treatment of our American stock raisers by rolling back imports to reasonable and acceptable levels.

In the past I have said, and I repeat today, that I am deeply concerned over the action taken by the Department of State in the area of meat imports. If the State Department had set out deliberately to sell American agriculture down the river in its international conferences on trade and in its international agreements, it could not have done a more effective job. The State Department would deny, of course, that it intends to harm our American agriculture, but many of its actions have been of little help, and in some cases have been downright harmful, in my judgment.

Based upon the past performance of the State Department, I have no great confidence in the ability of the Department to bargain as effectively as I would like in its international trade negotiations on agricultural commodities. The Department, in the opinion of many Oregon pear and apple people, has sold out the fruitgrowers of the United States. Our Oregon fruitgrowers would be happy to supply convincing evidence to you on this point. The Department, according to our cattlemen, is now engaged in selling out the beef and other segments of the meat industries of the United States and it has been doing this for a number of years.

It is regrettable, of course, that it has become necessary to legislate in this area, but I feel I must do something to assist the agriculture of my State. I will not stand silently by while our American cattlemen and fruitgrowers are subjected to unfair and discriminatory practices, either through the action of our own officials or foreign governments.

Mr. Chairman, two leading officials of the Oregon Cattlemen's Association have been very helpful to me in supplying information concerning the serious economic situation confronting our cattlemen. I refer to Mr. Walter B. Schrock, of Bend, Oreg., president of the Oregon Cattlemen's Association, and Mr. George W. Johnson, of Prineville, Oreg., executive secretary of the association. In fact, Mr. Johnson was scheduled to appear before this committee to plead the case of the Oregon cattle raisers. Because of the legislative situation in the Senate, we agreed that I should present the facts that would have been made available to the committee by Messrs. Schrock and Johnson had Mr. Johnson testified before you in person. The facts to which I allude are these:

According to a survey made by Dr. Burton Wood, an expert agricultural economist of Oregon State University, the average price of cattle in Oregon, because of imports, has decreased, per hundred pounds, as follows:

1957	$1.28	1960	$2.58
1958	3.92	1961	2.58
1959	2.40	1962	3.39

Mr. Chairman, I am sure you will find these facts to be as disturbing as I did. They reflect an economic squeeze that is resulting in great harm to an important American industry—one which, if permitted to continue, will bankrupt many Western cattle raisers. These prices tell, in graphic fashion, the unfortunate plight in which the Oregon cattleman now finds himself.

In order to correct this situation, I urge the committee to support amendment No. 467, which according to its author, Senator Hruska, should result in a rollback from the Australian-New Zealand agreements amounting to 510 million pounds per year. The amount of the rollback under amendment 465 would amount to considerably less—250 million pounds per year.

It seems to me that the plight of the domestic livestock producer is such that much more effective action is called for than is provided by amendment 465. Therefore, I urge the committee to adopt amendment 467.

The CHAIRMAN. Thank you, Senator Morse.

Our next witness is Everett E. Shuey, secretary-treasurer of the Montana Wool Growers Association.

Please proceed, Mr. Shuey.

STATEMENT OF EVERETT E. SHUEY, SECRETARY-TREASURER, MONTANA WOOL GROWERS ASSOCIATION, HELENA, MONT.

Mr. SHUEY. Mr. Chairman and members of the committee, my name is Everett E. Shuey, of Helena, Mont. I am secretary-treasurer of the Montana Wool Growers Association. Our association has a membership of approximately 3,500 sheep producers and represents over 90 percent of the sheep owners in Montana. The association was organized in Fort Benton, Montana Territory, in 1883.

The membership of our association is composed of large range operators and many small pasture and farm flock operators in all sections of Montana. It is on behalf of these sheepmen that I am here to endorse the amendment which Senator Mike Mansfield has proposed to limit the quantities of both lamb and mutton imported into the United States.

Since January 1, I have attended 28 meetings of sheep and wool producers throughout Montana. Approximately 2,000 sheepmen attended these meetings, and, without exception, the paramount worry in their minds was the threat to the sheep and wool industry from increased and uncontrolled imports of lamb and mutton from those countries which have a much lower cost of production than that enjoyed by the producers in our own country.

These producers were quite vocal in their criticism of the U.S. Department of Agriculture and the U.S. State Department relative to the agreement negotiated between the United States, Australia, and New Zealand to establish quotas on beef, veal, and mutton imported into the United States.

They were extremely disappointed that lamb was not included in the agreement with Australia, and neither lamb nor mutton were included in the agreement with New Zealand. Not only were these commodities not included in the agreements, but the exporters of meat from these countries, under the agreement, are guaranteed a percentage of the domestic market, plus a growth factor to provide for them in the future.

In March of 1960, I made a statement before the U.S. Tariff Commission relative to lamb and mutton imports and pointed out the unfavorable influence these imports have had on our domestic industry. That statement would still stand today. Dressed lamb imports have increased from 1.8 million pounds in 1957 to 19 million pounds in 1963, an increase of almost 1,000 percent. A further check shows that imports of dressed mutton have increased 7,300 percent during this same period. How much longer must we wait for some protection for our industry?

I recognize that the total tonnage of beef being imported is much greater than that of either lamb or mutton, but I also know that all meat is competitive—meat is meat—and every pound of meat sold across the counter in a grocery store or supermarket, which has been produced in some foreign country where the cost of production is lower than in this country, displaces 1 pound of meat produced here.

Five years ago, I had the opportunity of observing, firsthand, sheep operations in New Zealand and Australia. In New Zealand I was told that they could produce lamb for 10 cents per dressed pound and beef for 15 cents per dressed pound. This meat can be delivered to the west coast of this country for another 15 cents. This means that they can produce lamb and ship it to this country for a total cost of approximately 25 cents per dressed pound, which compares to our cost of production in Montana of 40 cents to 45 cents per dressed pound. I am sure you can see that we cannot stay in business long with this type of competition.

I made this identical statement relative to New Zealand and Australia costs of production before the U.S. Tariff Commission in 1960. Since that time sheep numbers in Montana have decreased almost 20 percent. If this downtrend in sheep numbers continues, it won't be long until the sight of a sheep will be almost as rare as the buffalo. When a sheepman sells out his sheep, he converts to cattle. I'm sure you must recognize that further expansion of the cattle industry will further aggravate the price situation in that field.

Sixty percent of the land in Montana is pasture and rangeland and its only value is for livestock production. Sheep and cattle are the vehicle by which the natural resources in the form of grass produced on this land is converted into new wealth in the form of food and fiber. What is going to happen to the economy of these communities and the counties which are dependent upon this tax base to support their schools, roads, and their county government if our livestock producers are to have their products displaced in the marketplace by those of the foreign countries?

It is not my intention to quote any more figures or statistics to you. I know that you have all the facts before you relative to the problem we are facing.

We merely want you to know that we wholeheartedly endorse the Mansfield amendment to H.R. 1839. We are also hopeful that the committee will act affirmatively, and as quickly as possible to give this great industry the protection to which it is justly entitled. Thank you.

The CHAIRMAN. Thank you, Mr. Shuey.

The next witness is Mr. Lowell Wilks, president of the North Platte Valley Lamb Feeders Association.

Please take a seat, sir, and proceed.

Senator Curtis?

Senator CURTIS. I would like to have the record show that we are welcoming Mr. Wilks here to speak. He is one of Nebraska's prominent citizens. He has been in the business of the feeding of lambs and related activities for many, many years, and he speaks from the standpoint of considerable experience and wide knowledge.

The CHAIRMAN. Thank you.

You may proceed, Mr. Wilks.

STATEMENT OF LOWELL WILKS, PRESIDENT, NORTH PLATTE VALLEY LAMB FEEDERS ASSOCIATION, SCOTTS BLUFF, NEBR.

Mr. WILKS. Mr. Chairman and members of the committee, I am very appreciative of the opportunity to represent my association here and present the position of the lamb feeding industry and the feeling of the association regarding the amendment before the committee.

I am president of the North Platte Valley Lamb Feeders Association, and this association is made up primarily of every lamb feeder in Scotts Bluff and Morrill Counties, Nebr., two of the westernmost counties of Nebraska, and Goshen County which borders them on the west in Wyoming.

In 1960 there was approximately 170 members in this organization. Today I would presume there are probably about half that many because there are half as many sheepfeeders left in the valley.

We strongly urge that the Senate committee adopt this amendment and favorably report H.R. 1839 with the amendment attached to the Senate floor at the earliest possible moment.

We have been hearing it seems like primarily the hurt and injury that the cattlemen have been receiving and I realize it has been a tremendous loss. In our State alone last year was an exceptional good year from the standpoint of crop returns, and in the final stages and of accounting, and so on, and so on, we wound up with several percent lower total income than there had been in previous years and primarily due to the loss on lambs and cattle that were fed there.

I am not going to quote a lot of statistics to you because you have heard them a hundred times and you can go to the Department of Agriculture and get them anytime you want to, but I just want to touch briefly on the fact in 1958 there were 22 million pounds of lamb, this is speaking of lamb and mutton, imported into the United States.

In 1960 there were 37 million pounds of lamb brought into the United States.

In 1963 there were 81 million pounds of lamb and mutton brought into the United States.

Now, in 1960, as I said, the sheepmen were hurting so bad and the cattlemen hadn't begun to feel this at that time, we haven't had but one good sheep year since 1951. We have had four bad losses, the rest of them have been break-even deals.

If you happen to be lucky enough that you bought your lambs just right and you sold them just right you made a little money. If you didn't, you broke even or you lost a little. And that has been the trend.

Now, I am not saying that everybody lost money those different years and broke even but the average overall picture, I think you will find exactly as I have stated.

We came down here at that time in 1960 and appeared at a hearing before the Tariff Commission with the hope of getting some help by way of the escape clause. We begged, practically got down on our knees and with tears in our eyes, and after several months of investigation, and so forth, and so on, this is what we got out of it. The result of the hearing and the findings was no one was receiving any injury from imports into the United States.

But I just wonder what has happened to the sheep population in the United States if no one has received any injury. Everyone wants to make some money. I don't believe they got out of it because they were having to pay too much income tax, but they have certainly got out of the sheep feeding business.

I noticed several times in the press, in the papers the last few months, that our Secretary of Agriculture has made the statement that the livestock industry is not being injured by importation of beef. It is primarily caused by the overproduction of domestic beef. I just wonder if it has ever occurred to him just what has caused that overproduction in beef the last 10 years?

The greatest reason that I could think of and I am speaking primarily from the example of my own locality and from the localities in the western part of the country that I am familiar with, is the fact that in—15 years ago there were just about half a million lambs fed in the North Platte Valley. This year there were about 125,000 lambs fed in the North Platte Valley.

Now, the North Platte Valley is a very highly productive irrigated section of the Western States. It is—you can raise just about any crop you want to there, primarily we raise sugarbeets; that is our principal crop.

It's a good potato-producing area, but potatoes have been kind of like the sheep business and you can't afford to stay in that business. It will produce corn and it is a white bean producing area and the lamb feeding business is very essential to that section.

For this kind of cropping it takes a lot of fertilization, and that is one of the best ways to get it, this livestock being fed on the farm where the crops are produced, and this feed is still all being consumed right there in the valley, even though we have just a fourth as many lambs.

But you check on the cattle population. Every man that was feeding lambs and had to get out of the business because of financial reasons and talked his banker into letting him feed a few cattle to use up this feed, now the sugarbeet industry has a byproduct of beet tops; that is a wonderful feed for sheep and cattle, particularly sheep. It isn't like corn. You can't put it in a bin and get a Government loan on it and keep it for 3 or 4 years and let it rot or whatever you care to do.

If it isn't fed and consumed within a few months after it is produced, it is a complete loss, and lambs will consume this product to better advantage than any other kind of livestock.

But if you can't get paid for it or if you have to pay to feed it to livestock you can't do it. And so the switch from lambs to cattle has gone on a little bit every year there, until there has been a tremendous buildup of cattle.

Now, indirectly the importation of lamb and the injury that the lamb feeder was receiving has indirectly caused the big, or helped cause the big increase in the cattle population.

A couple or 3 weeks ago, I was in Colorado. I drove from Fort Collins to Greeley, which is very much the same kind of a section as we have—a large beet-producing area. I just drove off across country where ordinarily, 20 years ago, you can see every farm with a yard of sheep on it, lambs on feed, or else you would see them running out on beet tops, pasture; and I saw one small feedlot in that whole distance from Fort Collins to Greeley right through the heart of that section.

Yet every one of those feedlots or farms had a pen of cattle on them.

I picked up some figures that I thought were kind of interesting the other day, and this came from the Department of Agriculture.

In 1960 lamb prices on February 13 in Denver—that is the period of the heaviest lamb marketing in that section, and Denver is a primary market—lambs in 1960 were selling for $20.10.

They had declined gradually for the last 7 or 8 years before that.

In 1961 on February 13, in Denver, lambs were $17.60.

In 1962 on the same date lambs were $16.75. I don't have the figures for this year, but I would guess them to be around $19.50.

Now, the gain cost on lambs for the last several years has not been too much different. We have had Government supported grain so we know when we start in just about what the grain is going to cost us and that is our big cost in lamb feeding.

And the gain costs have run from about 20 to 24 cents a hundred pounds. So now you can take the price of lambs there in February and take the cost of gain at, say, an average of 22 cents and at a $16.75 selling price in 1962 you can see where that would put the sheep into.

I realize that we have to maintain a good international relation with our neighboring countries down under, but I don't believe that it should be to the point of completely doing away with our domestic industry.

In closing, I would like to bring this out. I don't know whether you have thought of it or not but I would hate to see this thing demoralized to the point—not only lamb feeding of livestock, but any kind of farm operation—to the point where none of the young men are interested in going into the farming business, and it is pretty near gotten to that point now.

I was reading some statistics the other day that showed the average nonfarm income per capita was $2,515 a year. The average farm income per capita was 60 pecent of that or about $1,500, and of this $1,500, 30 percent of that came from work that this farmer did off of the farm, and that isn't good.

I have two grown young boys and most men would kind of like to see their sons follow along in their footsteps but I certainly couldn't recommend my occupation to my sons, I don't believe. I would hate to subject them to what I have gone through in the last 12 years.

I think we all realize that there is nothing that makes a strong boy or a strong Nation more than a full lunch pail, and we don't only fill our own lunch pails but we fill the lunch pails of the world.

So, I would hate to see them cut off the hand that feeds the world.

Thank you.

(The prepared statement of Mr. Wilks follows:)

STATEMENT OF LOWELL WILKS, PRESIDENT, NORTH PLATTE VALLEY LAMB FEEDERS ASSOCIATION, SCOTTSBLUFF, NEBR.

Mr. Chairman, members of the committee, I am very appreciative of the opportunity to represent my association here and present the position of the lamb feeding industry, and the feeling of the association regarding the amendment before the committee.

The North Platte Valley Lamb Feeders Association is made up of most of the lamb feeders in Scotts Bluff and Morrill Counties in Nebraska, and Goshen County, Wyo., which was at one time one of the largest lamb feeding centers in the United States, feeding nearly one-half million lambs.

We strongly urge that the Senate committee adopt this amendment and favorably report H.R. 1839 with the amendment attached to the Senate floor at the earliest possible moment. In 1960 the sheep industry was so alarmed over the steady increase of lamb and mutton imports that nearly every lamb feeding and sheep producing organization in the United States sent representatives to a hearing of the Tariff Commission to try to curb some of the imports. The finding of the Commission after the hearings was that no one was receiving any injury from imports of lamb and mutton, yet the industry has been slowly dying while the imports continue to rise (1958, 20 million pounds; 1963, 81.6 million pounds).

I have noticed in the papers several times where our Secretary of Agriculture has made the statement that the low cost of beef was not due to imports of beef, but from the increased cattle numbers here in the United States. I wonder if he has ever stopped to figure why we have had the big increase in the cattle numbers. The greatest reason that I can think of is the fact that sheep business has been so bad that everyone that could has switched from sheep to cattle, both in the feedlots and on the range. Some of the largest range outfits that used to be all sheep are now all cattle. Some that were half sheep and half cattle are now all cattle and this has taken place all over the country wherever the range is at all adaptable to the running of cattle. Why would a man raise and sell 14-16-cent lambs when he can sell 35-cent calves off the same range. Take our own valley as an example of the switch in feeding operations: I have stated before that a few years ago there were one-half million lambs fed here in this valley. In 1960 there were less than half that many and this year there is just about one-fourth that many. The feed that is produced here is still all being fed here but not to lambs, so just check your cattle on feed as compared to a few years ago. Last week I drove through a section of northern Colorado where a few years ago every farm would have a yard of lambs on feed. Last week I saw one yard of lambs on feed but everyone of those farms had a yard full of cattle.

The feeding of lambs here in our valley is very important. Crops that require lots of fertilization are grown here so we need the manure. There are a lot of byproducts here from the beets that can be consumed by lambs better than any other animal. This section of Nebraska is strictly agricultural. There is very little industry that is not related to agriculture in some way. Therefore, the minute the farmer has a loss on cattle or lambs the man on Broadway of every town in the valley feels the pinch at once.

You hear the parties on the negative side of this question say that this type of mutton will have no bearing on the price of your good lamb. In our feedlot whenever we add an extra 100 pounds of corn in the grain trough those lambs will eat 100 pounds less feed of some kind that they are getting at the panels. Now the same thing is true of people, every 100 pounds of some imported food will replace 100 pounds of some food that is produced here in the United States.

There was approximately 19 million pounds of lamb imported into the United States last year that would roughly mean the replacing of 380,000 head of lambs that could have been produced here. That would mean that it would put one packing plant (with the capacity to kill 200 lambs per hour) out of business. That would mean the loss of revenue to trucks and railroads for nearly 2,000 cars of live lambs. That would mean the loss of revenue to trucks and railroads for approximately 750 cars of dressed lambs. Now, let's bring this back to our local operation: With a reduction from 500,000 head of lamb to 125,000 lambs on feed here in the valley, of 375,000, that means the loss of revenue to local trucks and railroads of approximately 1,800 cars of live lambs and 750 cars of dressed lamb, plus the loss of 1,875 hours for approximately 100 men or 187,500 man-hours at $2.50 per hour—more than a quarter of million dollars in wages alone that is lost from the reduction of lambs here in these 3 counties. Of course, I realize that all of these lambs would not go to our local packing plant but nevertheless the loss of hours is there and some section of the country will lose it. This does not include the wages of approximately 1,500 steady men that it would take to feed and care for that many lambs and that money would every bit be spent right here in this locality.

Now I realize that we have to keep a good international relation with our neighboring countries, but not to the point of putting our domestic industry out of business.

I really feel that the amount of lamb that is being imported is not hurting us as much as the price at which it is being supplied. If this could be controlled and also the time at which this lamb comes in, I think we could still import a lot of lamb without hurting the local industry. As you realize, the lamb business is a little more seasonal than the beef business and if this lamb could be controlled to where it would come in in our off seasons, it might even be a help to us because it would make it possible for the markets to have a supply of lamb at all times at a steady market which would do away with peaks and valleys in lamb prices.

NONFARM PER CAPITA, $2,515; FARM, $1,500

Now to sum this all up I think that the most important issue of this whole thing is this: Let's not demoralize the livestock and farm business to the point where no young men want to follow it. It is almost to that point now. During the depression of the thirties the farm boy did not make any money, but neither did his city cousin. Why would any young man of average intelligence take up farming and work 12 hours a day for 75 cents an hour when all his friends work 40 hours a week for $2 per hour. His dentist works 40 minutes removing an impacted wisdom tooth and charges him $100; an ear specialist operates on his ear and charges him $300 for an operation that takes 30 minutes. A doctor once said to me that the cost of their schooling was the reason they had to charge such prices. I have paid more in 1 year for my schooling than most doctors did in 4. So let's all remember that nothing makes a stronger boy or nation than a full lunch pail. U.S. farmers not only fill our lunch pail but the lunch pails of the world. It takes a big hand to do this, so let's keep it big and not cut off the hand that feeds the world.

The CHAIRMAN. Thank you very much.

Senator Talmadge?

Senator TALMADGE. Thank you for a very fine statement.

The CHAIRMAN. Senator Curtis?

Senator CURTIS. Mr. Chairman, just a couple of questions.

You said in 1963 there were imported 81 million pounds of lamb and mutton?

Mr. WILKS. Yes.

Senator CURTIS. That was boneless, wasn't it?

Mr. WILKS. That was all types.

Senator CURTIS. A good deal of it?

Mr. WILKS. Well, now I will tell you, there were 18.9 million pounds of lamb. That was primarily all lamb legs and cuts of lamb.

Senator CURTIS. Do you have a rough estimate of how many live head this 81 million pounds would amount to? I know you can't give an accurate one.

Mr. WILKS. Those figures, figuring a 50-pound carcass to a dressed lamb, you would have approximately 380,000 head of lamb—380,000 head of lambs, now, that is just about——

Senator CURTIS. That is not allowing for some of it being boneless?

Mr. WILKS. That is just the lambs. That doesn't have anything to do with the 62 million pounds of mutton and canned, but I am speaking primarily from the lamb angle because that is the one that I am primarily interested in. But that would include, that would make about 380,000 lambs, approximately 2,000 carloads.

Senator CURTIS. 2,000 railroad cars?

Mr. WILKS. 2,000 railroad cars. I have noticed now the similarity in the figure to the similarity to our own valley. Taking 125,000 head of lambs we fed this year from the 500,000 that we fed a few years ago is 3750,000, just about the equivalent of this amount of lambs here.

I have set down and figured the railroad is losing the revenue on approximately 200,000 cars of live lambs that are shipped into that valley.

Senator CURTIS. 200,000 cars?

Mr. WILKS. 2,000 cars.

Senator CURTIS. 2,000 cars.

Mr. WILKS. The railroads and trucks are losing revenue on approximately 750 cars of processed lambs, if it is processed there in the valley.

Senator CURTIS. In that connection where do most of those lambs come from that will be fed in the yards of North Platte Valley?

Mr. WILKS. The majority of them come out of Colorado and Wyoming.

Senator CURTIS. But a considerable haul?

Mr. WILKS. A considerable haul. Lots of them, in fact, I have more than half of mine that come out of New Mexico, and we also get lambs out of Montana.

Senator CURTIS. Where is the lamb market for the finished product?

Mr. WILKS. Where is the finished product? On the east coast.

Senator CURTIS. So there is a tremendous transportation factor involved here?

Mr. WILKS. There is.

Now then, in this 375,000 lambs that we are short of what we used to have, that would deprive about 1,600 men of steady jobs that that would take to feed and handle that many lambs there in the valley.

Senator CURTIS. What is our total domestic production, either in pounds or live head?

Mr. WILKS. I don't have those figures with me, Carl, I can get them for you, but I don't have them right here with me. But what I was going to say, this 1,600 men's wages, practically every penny of that would be spent right there in that valley. The North Platte Valley is primarily, almost entirely, agricultural.

There is no industry there that isn't in some way connected with agriculture, and the minute you have a bad loss in the livestock business, in the farm business in any way, it is immediately felt up and down Broadway in every town in the valley, and I get a killing freeze in the fall before the crop is harvested and you can see the difference the next week in the cafes, in the stores, or anywhere else up and down the valley.

The CHAIRMAN. Senator Morton?

Senator MORTON. No questions.

Mr. WILKS. I have the picture of an ad I cut out of a New York paper in 1960 and it says:

> Whole or half lambs, cut for your convenience at no extra charge at 35 cents a pound. U.S. Government inspected, imported, quick-frozen.

Do you know what the local packer in our territory would have to pay me for my lamb to process that lamb and put it in New York at that price?

The CHAIRMAN. What is it?

Mr. WILKS. Around 13 to 14 cents a pound.

Senator CURTIS. That is what he would have to pay you.

Mr. WILKS. He couldn't afford to pay me any more and sell that lamb at that price.

Now, that isn't wholesale. That is retail.

I picked up a little article in the Denver Post Sunday and I would like to read you a little paragraph of it or two here. It says:

> Like Little Bo-Peep the United States is losing its sheep. Twenty years ago the sheep population was somewhere around 46 million. By the end of last year the number had dropped to 28 million. Some of the sheepmen fear the Nation's total will fall to 20 million before it is stabilized.

Now, I might add this that there is a tremendous shortage in fat lambs today. Packers all over the country have cut down and reduced their kill because they can't get the lambs to kill. Yet we are selling lambs today, the highest we have sold in a number of years for 22 cents in Scottsbluff, just about the cost of gain on those lambs at 22 cents.

A few years ago under a similar situation we would be selling lambs in Scottsbluff for 80 cents.

We have spent more for the promotion of lamb in the last 10 years than was ever known to be spent on promotion of lamb and lamb products.

And to wind up this article they say:

They are in an industry that faces terrific competition from foreign courses and they have to fight if they are to survive. The sheepmen aren't asking for a dole or for sympathy. They do ask that American housewives serve lamb more frequently and that American families use American wool and lamb products.

Thank you.

The CHAIRMAN. Thank you very much, Mr. Wilks.

Senator CURTIS. Mr. Chairman, I have here a number of statements from organizations that contacted me, individual feeders' groups, county feeders' associations, certain municipalities and others, who, if it were not for the imposition of time on the committee, would have liked to have been heard here. I ask unanimous consent that these statements be received and printed as part of the record.

The CHAIRMAN. Without objection.

(The statements referred to follow:)

STATEMENT OF THE RIVER MARKETS GROUP ON AMENDMENTS TO H.R. 1839, 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 at 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 6,451,453 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 6,189,499 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' take-home 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 that 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.

TEKAMAH CHAMBER OF COMMERCE, INC.,
Tekamah, Nebr., March 12, 1964.

Mr. HARRY F. BYRD,
Chairman, Senate Committee on Finance,
Washington, D.C.

DEAR SENATOR: We of the Tekamah (Nebr.) Chamber of Commerce would like to see the imports of beef reduced to the ratio of 6 to 7 percent of our consumption of beef. The present amount of imported beef and the chances of it even going higher is of great concern to we people in the cattle feeding area of Nebraska.

The present losses of $30 to $40 per head on fat cattle will depress the financial condition of rural communities. Eventually, this loss in cattle will show up in the industrial areas because of the lack of farm people being able to purchase new machinery and automobiles.

We would appreciate your committee giving this problem due consideration at your hearings.

Very truly yours,

HAROLD WEDGEWOOD,
President.
ROGER LOERCH,
Secretary.
B. R. LEMASTER,
Director.

CITY OF HASTINGS, NEBR.,
March 12, 1964.

Senator HARRY F. BYRD,
Chairman, Senate Committee on Finance,
Senate Office Building,
Washington, D.C.

DEAR SENATOR BYRD: This letter has to do with meat imports and their direct effect upon the economy and welfare of the immediate area of Hastings, Nebr.

As you know this is basically an agricultural section of the United States. Most all of our income is derived from this endeavor and anything affecting it adversely certainly has a corresponding bad effect on our total economy—retail sales, bank deposits, homebuilding, and all other businesses and they are all related.

Right now the psychological reaction of people in this area to meet import business is one of "tightening up" on purse strings, which means a decided slowing down of sale of large appliances, automobiles, and farm implements. This can be extended to include a great many more items—any item that is offered for sale.

This morning I talked with three men, Mr. Raymond Kissinger, a cattle feeder in this area, and the agricultural representatives of two of our Hastings banks, Mr. Wallace Chaloupka, First National Bank, and Jim McDougal, City National Bank. We discussed every angle of the meat import situation and definitely concluded after this grassroots consideration of the subject that what we need out here is cooperation and protection through Federal legislation. We do not want subsidy, rather we do want lower quotas on meat imports based on, say, on 50 percent of the average annual quantity of meat imported during the 5-year period ending the final month of 1963. We definitely need relief in this direction.

My cattle feeder friend told me at our meeting today that several of his cattle feeder friends are quitting business. My banker friends indicated that if some of the banks called their loans, perhaps as many as 50 percent of the cattle feeders would not be able to pay out.

Here are some more important facts; 3 cattle feeders in this community have quit; one fed 100, the others 200 to 300 each. According to the Stockyards National Bank of Omaha, business is bad. Two commercial feedlots have quit, cattle yards are empty, offering feedlots for sale 50 cents and even 25 cents on the dollar. Imports hurt production; most ranchers are keeping cows—can't sell. Could start land prices tumbling. This could be the real reason for economic collapse in this area. Local feeders have lost, in the last 18 months, $20 to $50 a head. Quotas should definitely be set on meat imports.

Imported canned meat is not labeled clearly enough, and not advertised adequately as such.

The total tonnage of imports almost equals the receipts of the world's largest market in 1 year—the Omaha market.

The reduction in price has not been reflected in retail price to the consumer. Our people need help through proper meat import quotas.

I have tried to point out to you, Senator, the true present condition of our economy as affected by meat imports and sincerely feel that we have a genuine American right to expect relief through proper legislation from your end. When the meat business is adversely affected here in Nebraska, a pall is cast over the entire economy and we are all in the economic dumps.

We need your help.

Respectfully and sincerely,

L. O. SCHUSTER, *Mayor.*

NUCKOLLS COUNTY LIVESTOCK FEEDERS ASSOCIATION,
Nelson, Nebr., March 13, 1964.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
U.S. Senate, Washington, D.C.

DEAR SENATOR BYRD: I am submitting the following information pertinent to the meat import hearings.

First, with reference to effects of imports on domestic prices, it is an established fact that the U.S. public consumed an average of 94 pounds of beef and veal in the years of 1961 and 1962 at prices satisfactory to most U.S. ranchers and feeders.

By contrast, when the per capita consumption was advanced to 100.1 pounds (estimated) in 1963, the prices for live cattle could not be maintained at profitable levels to U.S. cattlemen.

It is clear to our cattle producers that even though domestic production of beef and veal reached an estimated 91.2 pounds in 1963, this was not in itself a depressing factor on U.S. cattle prices. Reference is made above to the fact that we consumed 94 pounds per year in 1961 and 1962 at prices satisfactory and generally profitable to U.S. cattlemen.

It is also obvious there is room in the United States for a limited volume of imported meat. The question is—how much? The current view among our local industry members is that since we have developed the domestic market by advertising, promotion, and advanced technology, the most we should now allow to be imported would be in the range of 4 to 5 pounds of beef and veal per capita.

Now, quite apart from the effects of imported beef on U.S. cattle prices, we are concerned about the general influence of lower livestock prices on the local economy. It is generally agreed that the full impact will not be felt until we are well into the 1964 calendar year.

The major influence will be on the so-called hard goods industries such as (1) farm implements; (2) autos and trucks; (3) building trades (lumber and steel); and (4) major appliances.

It is our estimate that gross sales in these industries will be down 25 percent or more from 1963 levels.

We also anticipate lower expenditures by our livestock farmers for life insurance and travel. Local bank deposits are currently lower than a year ago. Three large farm equipment agencies within a 15-mile radius have been liquidated within the last several months.

Finally—the Federal tax revenue based on 1964 income in this area is expected to be lower than in 1963 and appreciably lower than in 1962.

Sincerely yours,

L. B. CORMAN, *President.*

Enclosure.

Beef and veal statistics, United States, 1960-63

[In pounds]

	1960	1961	1962	1963[1]
Beef and veal consumption (per capita)	91.4	93.7	94.6	100.1
Imports, beef and veal (per capita)	4.32	5.69	7.80	8.93
U.S. domestic production, beef and veal (per capita)	87.1	88.0	86.8	91.2

[1] Estimated.

Reference: "Livestock and Meat Situation," 134 E.R.S. USDA, pp. 7, 36.

FARMERS CO-OP GRAIN CO.,
Garrison, Nebr., April 12, 1964.

Hon. HARRY F. BYRD,
Washington, D.C.

DEAR SENATOR BYRD: The beef import situation has and will continue to affect our place of business in the following ways:

Accounts receivable have and will continue to go up.

Spring orders for fertilizer are very slow.

Prices of protein supplement have been lowered $5 to $6 per ton to help through a very bad price squeeze.

The price of hamburger over the counter: 39 cents per pound.

Farmers are not restocking their lots with any more cattle, as they usually do.

Yours truly,

GEORGE W. DARO,
President of Board of Directors.
HAROLD HEINS,
Secretary.

DAVID CITY BANK,
David City, Nebr., March 12, 1964.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
New Senate Office Building, Washington, D.C.

DEAR SENATOR BYRD: Please add my voice to that mighty throng that is anxious to have the beef imports curbed. I feel very definitely that this increase in the beef imports has had a most detrimental effect on our market of fat cattle.

I am the president of a bank that has deposits of less than $1 million but 90 percent of my customers are farmers. A goodly number of them feed cattle in varying quantities but in the past year I have seen their equities reduced considerably and in a few instances they have been reduced to the point where this bank is unable to help them in the financing of any further feeding operations and unless they make some money from their farming operations in this coming season they will be forced to sell out.

In my banking policies I have been able to finance the great majority of my customers without taking a chattel mortgage on the livestock they feed but as they are selling their fat cattle and trying to buy back I find it necessary to advise more and more of them that the bank can no longer finance them on the same basis as in the past. In other words the bank will deem it necesary to secure the loans by chattel mortgages on the cattle and feed. This is most distressing to these operators as they pride themselves on their thrift and ability to get ahead.

Without exception these farmers have been extremely distressed to learn of the tremendous increase in the importing of beef. Their argument against that advanced by the importers, wherein those importing the beef claim that it all goes into hamburger and less popular types of meat products is that on every carcass of our real good beef produced here at home at least 25 percent of that carcass also goes into hamburger or related products and the importing of beef to replace this amount that goes into hamburger any way is a very definite drug on our fat cattle market.

Please use your influence to enact legislation that will reduce very substantially the importing of beef to this country—preferably back to a 5- or 6-percent figure. Even for a period of 2 years this would give our producers an opportunity to adjust their operations to compete with a larger import and give them a chance to get their own houses in order. This will permit them to remain in business and maintain more stability in our local small towns that are dependent on the farming and feeding business. The rural areas are hurting and they desperately need someone to champion their cause. I implore you to use your influence to protect this segment of our great country. They are the remnants of a very proud heritage that has been decaying.

Very truly yours,

LESTER E. SOUBA, *President.*

DAVID CITY GRAIN CO.,
David City, Nebr., March 12, 1964.

Senator CARL T. CURTIS,
U.S. Senate Office Building,
Washington, D.C.

DEAR SENATOR: It has been brought to our attention that the recent foreign importation of meats is becoming detrimental, not only to the farmers and ranchers of the United States, but to feed dealers as well.

In this area the farmers take their produce to market and are reluctant to replace their stock. That in turn is going to cause less feeding.

All in all it will become a vicious circle, involved in the old law of supply and demand. In this respect it can go so far as to cause unemployment in other fields also. Along the line of demand—there will be no excess spending, but I don't have to give you a lesson in plain economics.

We are all being affected by this condition.

Yours very truly,

MARTHA E. PETO.

P.S.—If you wish, you may forward our feeling to Senator Byrd.

FARMERS CO-OP OIL ASSOCIATION,
David City, Nebr., March 12, 1964.

GENTLEMEN: Our business consists of petroleum products, machinery, and other farm supplies sales.

We feel the present drop in cattle prices has been a large factor in contributing to our sales slump during the first 2½ months of this year.

This decline in sales will channel all the way back to the manufacturers of these products, and affect the economy of the country.

ALAN B. WERT, *Manager.*

BUTLER COUNTY LIVESTOCK FEEDERS ASSOCIATION,
David City, Nebr., March 13, 1964.

Hon. HARRY F. BYRD,
Chairman, Senate Committee on Finance,
U.S. Senate, Washington, D.C.

SIR: Cattle feeders in our area last year took heavy losses on their feeding business. Right now a typical deal on cattle going to market would be on the basis of yearling steers purchased during the late spring of 1963:

A 600-pound steer cost 26 cents per pound	$156.00
Cost of feed (500 pounds grain at 22 cents per pound)	110.00
Interest at 6 percent	9.36
Total investment when steer weighs 1,100 pounds	275.36
Steer now sells for 20½ cents net	225.50
Loss	49.86

It must be further noted that (1) this does not take into account land costs, labor costs, machinery costs, or veterinary expenses; and (2) this is the second feedlot turnover on which heavy losses have occurred in the last 2 years.

Overproduction on the part of the cattle industry itself is often held at fault for the low fat cattle prices. But let's not forget that this great volume of imported beef replaces those cuts which would normally come from cow beef. The extremely low prices now paid for cows for slaughter because of imported competition forces ranchers to keep cows in calf production rather than disposing of the older cows. Thus the high numbers in current calf crops are directly traced back to heavy imports.

Whenever prices slide for any period of time another problem automatically appears. Feeders tend to hold their livestock for higher prices, feeding to heavier weights than they would normally, further depressing the market. When cattle prices are high enough for the feeder to make a little money, this holding to heavier weights practically disappears.

You can then see how the high volume of imports soon compounds into a problem that is far greater than one of simple competition at the consumer level. No one can forecast with any accuracy what the net effect of a reduction of imports to a reasonable 5-percent level would be on the fat cattle market, but it obviously will be in the area of several dollars, and not just several cents.

We have a fairly successful feed grain control program and agriculture needs this to exist; but to improve the farmer's economy (and therefore everyone else's in the Midwest) the difference of normal 5 percent imports and the now accelerated 11-percent rate; namely, these additional 6 percent, must be produced with our own feed and feed grains.

Conservative lending policies in this area are responsible for the fact that feeders in this area are not yet being wiped out in large numbers, however losses in the amounts stated above cannot be tolerated for much longer. Farm machinery dealers here have seen business come to a standstill since February 1, 1964, and feed, seed, and fertilizer dealers report considerable difficulty in collecting their accounts and in making new sales. Keep in mind that when prices are good the feeder can expect to make $15 at the most on each animal, and at this point it will already take five or six feedlot turnovers (4 or 5 years) to recoup losses incurred during the last 2 years.

Cattlemen take great pride in the fact that they have always been able to solve their own problems without help from Government. However, we have a case here where an industry has been left without the protection against imports given to other industries by the U.S. Government. Imports are a case where we cannot solve the problem without the imposition of realistic quotas by the Federal Government. We are asking only for fair and equal treatment as an important part of this Nation's economy. We want no part of Government aid or subsidies.

Sincerely,

JOHN C. KLOSTERMAN, *Vice President.*

FARMERS COOPERATIVE GRAIN CO.
David City, Nebr.

The slump in cattle prices is causing a serious slump in our overall business. All grain and feed sales have been reduced and future sales on fertilizer and chemicals are greatly affected.

Accounts receivable have been rising steadily to a point where further backing is insecure.

R. L. GRUBAUGH, *Manager.*

FAIRFIELD, NEBR., *March 14, 1964.*

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
U.S. Senate, Washington, D.C.

DEAR SENATOR BYRD: We urge your committee to vote favorably on a bill to restrict imports of beef, veal, lamb, and mutton. The most serious effects in this area have been in cattle feeding. We are not asking for and do not want a subsidy of the cattle-feeding industry. While there are other major factors causing the depressed prices for cattle, such as domestic overproduction and possible deficiencies in marketing procedures, limitation of imports is considered mandatory to prevent serious and inevitable repercussion in the Nation's economy.

There is already a major effect on the local economy as exemplified by the following:

(*a*) Local banks estimate reduction of current assets and operating capital of cattle feeders at least by 20 percent within the last year.

(*b*) Losses in cattle feeding in this area average $30 to $50 per head with extremes of $20 to $70 per head. These losses have been suffered by experienced cattle feeders who in general raise their own feed.

(*c*) Implement and farm machinery dealers estimate 15 to 25 percent reduction in dollar volume of total sales within the last year.

(*d*) Farmer-feeders have severely curtailed purchases of new machinery. As an example, one operator of a farm-cattle feeding enterprise who has averaged $14,600 per year for new machinery for the past 5 years, has made no expenditures in this category since October 1963, and intends to buy no new machinery until profits reappear.

(*e*) A local manufacturer of equipment used in livestock feeding operations has lost 30 percent of sales volume in the past 9 months and has recently reduced manufacturing level to about one-quarter of that of a year ago.

The livestock-feeding industry, primarily of cattle, is the largest consumer of grains. Reduction of this level due to imports of meat will aggravate the apparent surplus of feed grains with a resultant additional cost to the taxpayer.

While restricting imports to a reasonable level will not of itself solve our problem of domestic overproduction, it will result in enough improvement in prices to be the difference in being able to stay in the feeding business while we solve our difficulties in this country. The alternative of high levels of imported meat will be disastrous to the average feeder and will very shortly be felt by every industry in the Nation.

We ask you to take favorable action at the earliest to:

(*a*) Limit imports of beef, veal, lamb, and mutton to the level of imports in 1960.

(*b*) Include cooked, cured, canned, fresh, chilled, and frozen meat in this quota.

(*c*) Exclude a growth factor or percentage increase in succeeding years.

Very truly yours,

CLAY COUNTY LIVESTOCK FEEDERS ASSOCIATION,
RALPH KISSINGER, JR., *President.*

REPUBLICAN VALLEY BANK,
Orleans, Nebr., March 12, 1964.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee, U.S. Senate, Washington, D.C.

DEAR SENATOR BYRD: Our local Livestock Feeders Association officials have advised me that your committee is currently hearing testimony concerning the problem of foreign beef imports. I wish to voice a vote of grave concern on this issue.

The slow but steady decline in fed-cattle prices the last 14 months, threatens the very anchor of our agricultural economy. During 1963 our customers marketed fat cattle at 12½ to 25 percent less per load than the year previous. To date in 1964, marketings have averaged 20 percent below the returns of last year. The processor and retailer's price, however, fails to reflect a similar reduction.

In the face of this growing crisis of the cattle industry at home, our State Department has approved additional increases on imports of foreign beef. These imports have grown to a 1963 total of 11 percent of our total consumption as a whole. Think what this would have meant to local producers, if even an additional 10 percent of their production would have been consumed in lieu of foreign meat. Australia bans U.S. pork and poultry—products which they produce in meager quantities; Australian meat is the leader in U.S. imports of foreign beef.

I do not advocate Government controls or programs for the industry. However, I cannot condone Government interference and tampering with the natural flow of supply and demand.

The importation of foreign beef supplies in ever-increasing quantities seriously endangers one of the few remaining free enterprise systems in the United States today.

Respectfully yours,

DWIGHT L. BASH, *Cashier.*

UPLAND, NEBR., *March 13, 1964.*

Senator HARRY F. BYRD,
Chairman of Senate Finance Committee,

DEAR SENATOR BYRD: The livestock industry has suffered a setback the past year, which has affected other industries in this part of the State of Nebraska. To state a few facts and figures our local ranches were selling their 400-pound calves at an average of $30 per head less than last year. The full effect of lower fat cattle prices was not felt as much earlier in the season, by them, as was apparent until it was evident prices were not going to recover.

Feeders were especially hard hit in this area, with many of them losing as much as $50 per head on fat cattle. To give an illustration on a choice 1,100-pound steer at the Omaha market January 1963, feeders received $27. This January, on the same kind of cattle, these feeders received an average of $21. This figure will vary with kind and quality of cattle. Feed grain prices have stayed at a high level during this feeding period.

In talking over the situation with the townspeople in my area, I have found that implement dealers, have had a very slow sales start this spring. Backers have had to tighten up on credit. Our local oil and gasoline agents have had man of their customers that could not pay their bills, and and in this part of the country this is very unusual. If a community is to survive, its local industry must be profitable.

We have an overproduction of beef at this time, however, when foreign imports account for 11 percent of our total production of beef and veal in 1963 it cannot help but affect our economy.

We must have higher import duties on all foreign meats, if we are to keep the livestock industry strong in this part of the country.

If our national economy continues at its present high level we must have a fair profit to be able to buy essential needs.

Sincerely,

FRANKLIN-HARLAN CO., FEEDERS ASSOCIATION,
HAROLD SINDT, *President.*

GORDON COMMUNITY CHAMBER OF COMMERCE,
Gordon, Nebr., March 11, 1964.

Chairman HARRY F. BYRD,
Senate Committee on Finance,
Washington, D.C.

HON. MR. BYRD: Thank you for your cooperation with us in holding down or abolishing meat imported from foreign countries. Nearly everyone in western Nebraska is a beef producer and many, like myself, both produce and fatten out cattle. While I have not had any on the market lately, one of my neighbors did last week. They lost him $35 per head. If this continues it will greatly reduce the ranchers' income next fall, as feeders cannot operate on a loss forever.

While I admit that the importation of foreign beef is not the only cause of low prices, it is the only cause that the American producer cannot whip in time, and over which he has no control.

Every farmer, rancher, and businessman in Gordon and Nebraska is suffering from low beef prices. One large service station in Gordon that has not closed its doors in 15 years, last week closed night service.

I made final returns on my 1963 income tax last week. On a farmer-stockman basis it is over $1,000 less than the preceding year (that is the check) and the lowest since I started making returns.

Our great little city of Gordon is greatly concerned and last week passed an ordinance prohibiting the sale or use of foreign meat. I am enclosing a copy of said ordinance. While we are not suggesting any particular bill, we know that you will help us all you can.

Sincerely yours,

ROBERT K. MCGAUGHEY,
Director, Agricultural Committee.

[From the Gordon Journal, Gordon, Nebr., Mar. 4, 1964]

ORDINANCE No. 420

An ordinance of the city of Gordon, Nebr., to protect and preserve the welfare of its citizens and the general economy of the city of Gordon, and to define and regulate the distribution and sale of beef and beef products within the corporate limits of Gordon, Nebr.; prohibiting the sale, offering for sale, or distribution of beef produced or processed outside the United States or its territorial possessions; providing a penalty for the violation thereof; and providing for the repeal of conflicting ordinances.

Be it ordered by the mayor and council of the city of Gordon, Nebr.:

SECTION 1. Unless the context otherwise requires, the definitions given in this section shall apply in all cases where any one of the defined terms appears in this ordinance.

(*a*) "Food product" shall mean any foodstuff grown, manufactured, or processed for human consumption.

(*b*) "Person" shall mean both natural beings and corporate bodies, associations, and organizations of any kind or nature.

(*c*) "Sale" shall include both public and private transfers.

(*d*) "Processed" shall mean any alteration from the original form.

SEC. 2. For the purpose of preserving the health and general welfare of the citizens and the economy of the city of Gordon, Nebr., it shall hereby be unlawful for any person or persons, store, shop, cafe, restaurant, or market, to sell or offer for sale, any form of processed, frozen, canned, or fresh beef or any food product containing beef as an ingredient, when the beef has been processed, raised, fed, or produced outside the territorial limits of the United States or its territorial possessions.

SEC. 3. Any person, firm, or corporation violating any provisions of this ordinance, shall be deemed guilty of a misdemeanor, and upon conviction thereof, be fined in any sum not exceeding $100 for each offense, and, in default of payment thereof, shall stand committed to the city jail until such fine and costs be paid, secured, or otherwise discharged according to law.

Each day of violation of the provisions of this act shall constitute a separate offense.

SEC. 4. Whenever a person is in violation of any of the provisions of this act, all beef in his possession or control, or upon his property shall be seized and confiscated; and upon conviction thereof, the contraband beef shall be destroyed after the time for appeal from the conviction shall have passed.

SEC. 5. The ordinance shall be in full force and take effect from and after its passage, approval, and publication according to law.

Passed and approved this 27th day of February 1964.

LESLIE A. EVERT, *Mayor.*

Attest:

MARY JOHNSON, *City Clerk.*

CITY OF BEATRICE, NEBR.,
March 13, 1964.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Washington, D.C.

DEAR SENATOR BYRD: In writing this letter to you, I ask the privilege of writing it as mayor of the city of Beatrice and also as president of the Beatrice National Bank & Trust Co.

The decline in the price of cattle that are being sold on the markets, of approximately 10 cents per pound, in the last 12 to 18 months has had a decided effect upon the economy of this trade territory. Gage County, of which Beatrice is the county seat, has, as far as I know, the largest dairy cattle population of any county in the State of Nebraska. There are a number of grade A milk producers in this county. We also have a number of farmers who are small feeders of beef cattle. By "small feeders" I mean those feeding a hundred head and less each year.

When we are talking about the cattle market, we must consider everything from the prime steer clear on down the line to the old milk cow that has outworn her usefulness and should be culled out of the heard and sold as a cutter cow. We also have to consider the dairy bull that is not usable anymore, that must go to the market.

The decrease in the price of live cattle going to our markets, of 10 to 12 cents per pound, in the last 12 to 18 months is rough. I realize that our production of cattle in this country is up, but also are the imports. If the imports were vitally restricted or eliminated, it could possibly make a difference of 5 cents a pound in the market price of our cattle. Five cents a pound many times is the difference of whether a farmer breaks even, makes a little money, or loses. Because of the decrease in the price of cattle, a large number of our feeders have had to take a loss in the cattle they fed out this last fall. Also, our dairymen have been receiving such a low price for their cutter cows that they have been keeping them and milking them, and thusly, adding to the surplus milk supply. The lower grade of beef, as you know, goes into the hamburger, that we are told is being made out of imported beef because the supply in this country of that type of animal is not available. I sincerely believe it would be available if the price were a nickel a pound more. We would cull more cows out of our dairy herds. And I believe this same situation is true in all of the dairy States, because our beef feeders have not been able to compete with this foreign market because the price is down.

As I stated a little while ago, our beef feeders have had to take a loss. This loss is felt not only in the banks by decreased deposits that we are not able to loan out to promote industry and business, but it has been felt by the grain dealers, the implement dealers, the automobile dealers, and business in general. It is a known fact that when the beef feeders make money they spend it for things that they need and also for things that they would like to have to improve their standard of living—better houses, better automobiles, better appliances (and the line is endless). Every business in the community suffers because of the low price of beef.

As mayor I introduced the enclosed ordinance, which was passed by unanimous vote of the council. We have encouraged every city of the first class (population 5,000 to 25,000) in Nebraska to pass a similar ordinance. Some have done so. We received clippings from the Daily Telegraph, dated February 27, 1964, published in Australia, with comments upon our passing this ordinance; also, a clipping telling of the prosperity of Australia, which I think is very revealing. A copy of those clippings is enclosed in this letter.

Senator Byrd, I plead with you, as an elected representative of the people of this city and as the president of the largest bank in the trade territory, to assist us in every way you can to help one of the leading industries of the Middle West, by giving us the same protection that industry has with tariffs and other restrictions, to require that all meat shipped in be labeled as to the country it comes from, to require that all meat shipped in comply with the rigid inspections by U.S. inspectors that our local meat has to comply with. Why should we have to accept imported meat from Australia and New Zealand when, I am told, they will not permit the importation of our pork? Why do we have to look after these other countries when all they want is our dollar? Our labor receives good wages, they have good living standards, and frankly and honestly, unless something is done to assist our beef industry, which, again I say, goes from the prime steer to the old, cutter dairy cow, I am afraid that a good many of our producers of those animals will have to go out of business, because of unfair competition from abroad due to their poorer standards of living, a poorer product shipped into this country, and all in all, a very unfair situation.

Please help us out.

Sincerely,

WILLIAM W. COOK, Sr., *Mayor.*

Enclosures.

ORDINANCE NO. 1455

An ordinance to prohibit the sale of fresh or frozen imported beef, to prescribe regulations for persons in possession of fresh or frozen imported beef, to prescribe penalties and to provide for the effective date of this ordinance.

Whereas the welfare of the city of Beatrice, its trade and commerce, are dependent on the agricultural community which surrounds it; and,

Whereas the community produces substantial quantities of beef of fine quality and should be protected from competition of imported fresh and frozen beef: Now, Therefore, be it

Ordained by the Mayor and Council of the city of Beatrice, Nebraska:

SEC. 1. It shall be unlawful for any person to sell or offer for sale within the city of Beatrice, Nebraska, any fresh or frozen beef produced or processed outside the United States or its territorial possessions.

SEC. 2. Any wholesale establishment or retail store having in its possession any fresh or frozen beef whose origin is outside the United States or its territorial possessions shall display a sign in a prominent place on the outside of the building facing the street stating "Imported Beef Within" and the letters of such sign shall be at least ten inches in height.

SEC. 3. Any person violating any conditions or requirements of this ordinance shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punishable by fine of not exceeding $50. Each person shall be deemed guilty of a separate offense for each day during any portion of which any violation of the provision of this ordinance is committed, continued or permitted.

SEC. 4. This ordinance shall be in full force and effect from and after its passage, approval and publication according to law.

Passed and approved this 24th day of February, 1964.

WM. W. COOK, Sr., *Mayor.*

[From the Daily Telegraph, Feb. 27, 1964]

BILL BEFORE HOUSE—NEW BID IN UNITED STATES TO KEEP OUT MEAT

WASHINGTON.—A bill to cut imports of beef, veal, and mutton was introduced in the House of Representatives yesterday.

In Beatrice, Nebr., city authorities have banned the sale of Australian and New Zealand beef.

Mr. J. Montoya (Democrat, of New Mexico) introduced the bill in the House of Representatives.

His bill aims to limit imports to the average for the 5 years 1958–63.

This would mean considerably lower imports of Australian meat than the quotas provided in the recent agreement between the United States and Australia.

An observer said the cut in quotas under the agreement would be 25 to 33 percent.

Mr. Montoya said the agreement was disappointing.

"I am deeply concerned at the unfair treatment the American cattleman is receiving in the field of foreign trade," he said.

"It is vital that a realistic guideline be provided.

"I urge prompt enactment of this bill."

NO DATE

He said he had asked for early hearings on the measure by the House Ways and Means Committee but he could not say when it was likely to come up.

Other congressional sources said the legislative program was already crowded.

They doubted whether the bill would be considered at this session.

The Montoya bill is only one of several score introduced in the House and the Senate within the last few days.

Several bills were introduced last year to restrict meat imports and were not even considered by congressional committees.

TWENTY-TWO-POUND FINE

In Beatrice yesterday a municipal ordinance today banned the sale by butchers, supermarkets, and restaurants of imported fresh or frozen beef.

The bulk of these imports came from Australia, New Zealand, and Ireland.

The ban provides a 22-pound fine.

The mayor of Beatrice (Mr. W. W. Cook) has urged all Nebraska cities to follow his city's lead.

Mr. Cook, a bank president, said imports had depressed cattle prices and the economy of the whole Midwest, Southwest, and Rocky Mountains areas.

Cattle industry leaders in the U.S. Central Plains have expressed dissatisfaction at the voluntary restriction agreements concluded last week with Australia and New Zealand.

AUSTRALIA PICTURE OF PROSPERITY

CANBERRA.—Australia's economic picture today was one of great buoyancy and considerable prosperity, the Treasurer (Mr. Holt) said today.

Recent Reserve Bank callups of additional reserves were to relieve pressures that might otherwise have got out of control, he said.

Mr. Holt was replying in the House of Representatives to Mr. Costa (Labor, NSW).

Mr. Costa had asked if Mr. Holt had noticed increases in the number of unemployed in December and January.

"Does he think the action of the Reserve Bank in calling up 80 million pounds during the same period affected the position?" he asked.

Mr. Holt said school leavers had registered for employment in the period.

"Several thousand of them already are probably placed," he said.

JOBS VACANT

Mr. Holt said the picture of employment in Australia was entirely different from that painted.

"What is building up in Australia is a shortage of suitable labor in many sections of the economy," he said.

"That does not apply only to skilled and semiskilled labor.

"Some of the larger organizations are now having trouble getting unskilled labor."

Mr. Holt said the Victorian Tramways Board and BHP now had recruiting officers overseas looking for labor.

"These are symptoms of a tightening labor situation in this country," he said.

"It is likely to become more acute as the year goes on.

"The present economic picture is one of general buoyancy and considerable prosperity.

"It was to relieve pressures which might otherwise have got beyond control that the Reserve Bank, acting with the full concurrence of the Government, decided on the callups that it made recently."

[The Reserve Bank called up £25 million in reserves from the trading banks in January and £42 million in February.]

RALSTON CHAMBER OF COMMERCE,
Ralston, Nebr., March 13, 1964.

Re the cattle crisis.

Chairman HARRY F. BYRD,
Senate Committee on Finance,
Washington, D.C.

DEAR SENATOR BYRD: We, of the Ralston Chamber of Commerce feel that only the Congress has the answer to this problem.

World meat trade has increased 50 percent since 1953.

The United States has taken 73 percent of that increase; all other countries the remaining 27 percent.

In 1962, we took 81 percent of Australia's total beef and veal exports and 90 percent of New Zealand's beef exports.

Total beef and veal imports have increased about 700 percent in the last 7 years.

1956: 210,797,000 pounds carcass-weight equivalent.

1962: 1,455,058,000 pounds carcass-weight equivalent.

1963: 1,750 million pounds carcass-weight equivalent.

Beef in storage is up 60 percent from 1956–61 average.

We now have no restrictions on the quantity of meat that can be imported into this country.

Why should our livestock industry be subjected to abuses such as no other country would permit?

This vital beef and livestock industry is being hurt seriously.

It is estimated that recent reduced prices, caused principally by excessive imports, has taken about $200 million out of the pockets of livestock producers in Nebraska and Iowa alone.

This would buy a lot of tractors, automobiles, machinery, radios, television sets, houses, barns, fences, clothing and an endless number of things including employment for thousands.

Why should we lower our standard of living to the level of less progressive nations? And thereby increase our stored surplus of livestock products and grain at great expense to our taxpayers?

We sincerely trust that the Congress will do something about this most serious dilemma.

Respectfully submitted.

HENRY A. MCCAW, *President.*

THEDFORD, NEBR., *March 20, 1964.*

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Washington, D.C.

DEAR SENATOR BYRD: I am Chester Paxton of Thedford, Nebr. I have been actively engaged in cattle ranching for 25 years. I have been quite active in various livestock organizations and have had opportunity to observe my fellow ranchers and livestock feeders. I have observed them when everything was going well, and I have observed them when the reverse was true, when we have had drought, disease, or poor markets. I have never witnessed those engaged in the cattle industry in such a state of shock as has been apparent the past 6 months.

This state of shock comes from the feeling that we are but pawns in the game of international politics. It appears that we are to be sacrificed by the free traders. The livestock industry built this great country, and is the largest industry in America today. Why sacrifice an industry that has made America the best fed nation in the world? An industry that is furnishing the American consumer that wholesome, delicious grain fed beef, the most sought after food.

To a cattleman, figuring with a stub pencil, in his pocket notebook, looking at his steady losses for the past 15 months, it is inconceivable that his Government would hand over to foreign countries over 10 percent of our beef business. This cattleman as I know him, wants no Federal subsidy, he wants to run his own business, but he feels that he is entitled to a little protection from cheap foreign competition. This cattleman believes that imports have lowered the market price of his cattle by at least $3 per hundred, and are the major cause of the hazardous position he finds himself in.

Is it too much to ask that this committee recommend a law be passed cutting imports of foreign beef in half from the ruinous level of 1962 and 1963? Should not our Government make one small concession to save our industry? The industry that built America. Our entire Nebraska delegation has seen, firsthand, what is happening to the cattle industry. I hope each of you will study the situation and vote with them to roll back this high level of foreign beef imports.

Sincerely,

CHESTER PAXTON.

Hon. HARRY F. BYRD,
Chairman, Senate Committee on Finance,
Washington, D.C.

DEAR SENATOR BYRD: We, the undersigned, have followed with much interest and concern the recent fluctuation in the cattle market. We take this opportunity to express our gratitude to the Senate for the concern which its members have shown over the decrease in cattle prices. We cannot impress upon you enough the seriousness of this matter and the effect which it is having upon the economy, not only of individuals engaged in agriculture, but on the economy of the country. Some of us in Perkins County, Nebr., met recently to study the effect which these declining prices have had and will have on the local economy and we respectfully submit to you for your consideration the following:

In September of 1962, calves sold on the local market, bringing from $37 to $32.70 per hundredweight. These were calves weighing around 400 pounds, the bulk of which were sold to Eastern feeders.

In September of 1963 the same calves sold on the local market from $27.10 to $26.50 per hundredweight.

At the meeting which we recently held, one cattle raiser reported the following decline in prices over a period from September of last year through January of this year. These were all locally raised calves from one herd. In September

1963 some of these calves were sold, weighing at that time 650 pounds. These calves brought $26.50.

In October 1963 another group of these same calves were sold bringing $24.25 per hundredweight.

In January 1964 the balance of these calves, now weighing 750 pounds, brought $20.75 per hundredweight.

The decline in feeder cattle over the past years has essentially followed the calf market. Within the last 30 days, 1,000 lb. cattle sold through the local sale barn, brought $19 to $20 per hundredweight. Within the last 3 weeks fat cattle, grading high choice to prime, sold locally for $18.50. This was approximately 25 percent less than the same cattle brought a year ago.

The calf market locally has in years past, attracted many buyers from the cattle feeding States, principally Iowa and Illinois. It is estimated that this past year the number of Illinois feeders who regularly purchase a large share of the local calf crop indicated as early as March of 1963 that they would not participate in the local market. One cattle broker residing in North Platte, Nebr., who in the first 3 months of 1963, brokered 10,000 locally raised calves to Kansas and Iowa feeders, has to date placed no orders for calves from this area. One local feeder, Marcella Shultz reported that cattle which he fed on contract and shipped to Omaha within the past 3 weeks resulted in a net loss of $30 per head.

The cattle feeders present at the meeting, reported that they have reduced the grain ration fed to cattle by 25 percent in order to remain competitive. Much of the grain fed by these feeders is raised locally and purchased on the open market. Producers Elevator, a large local grain concern reported that in years past, they have sold the bulk of the feed grains purchased by them to a Denver feedlot which feeds on the average of 35,000 head of cattle. Producers reported that this feeder at present has 1,300 head of cattle in his lots and that he has advised Producers that he will purchase no feed grains of them this year. Producers Elevator as a result of this, has stopped buying feed grain on the local open market.

We, the undersigned, therefore respectfully urge this committee to report favorably to the Senate body on legislation to restrict import quotas and to increase tariffs to place imported meat and meat products on a competitive basis with local producers and we respectfully urge this committee to support all possible corrective legislation in this field.

Respectfully submitted.

Carl Teichert, Elsie, Nebr.; Edward Steinwart, Elsie, Nebr.; Merle L. Hatterman, Elsie, Nebr.; Joe Hahn, Elsie, Nebr.; Glenn E. Burton, Paxton, Nebr.; O. H. Ross, Madrid, Nebr.; Glenn Ross, Madrid, Nebr.; Leo Thompson, Elsie, Nebr.; D. E. Porter, Elsie, Nebr.; Bernard Kuskio, Grant, Nebr.; Carl F. Schumacher, Grant, Nebr.; F. E. McClinehan, Grant, Nebr.; W. E. Cannady, Madrid, Nebr.; M. H. Clemens, Wallace, Nebr.; George E. Fold, Madrid, Nebr.; Carl McCormick, Madrid, Nebr.; Max Schraeder, Grant, Nebr.; Harry Shalla, Grant, Nebr.; Frederick Wanek, Grant, Nebr.;

TEKAMAH AREA JAYCEES,
Tekamah, Nebr., March 12, 1964.

Hon. HARRY F. BYRD,
Chairman, Senate Committee on Finance, Washington, D.C.

DEAR SENATOR: We of the Tekamah, Nebr., Junior Chamber of Commerce would like to go on record being opposed to the present amount of foreign beef being imported to the United States.

If our cattle feeders have to continue competing against this type of beef, it will bring disaster to them. Our rural communities are being affected very much by the losses in cattle feeding during the past 15 months. These losses will also begin to show up in the industrial areas, because cattle feeders will not be able to purchase machinery and equipment at the rate they have the past 10 years.

We would appreciate your committee giving this problem due consideration at your hearings.

Very truly yours,

RICHARD LOWE, *President.*
RAY CARLSON, *Secretary.*
RICHARD SHEETS, *Director.*

O'NEILL CHAMBER OF COMMERCE,
O'Neill, Nebr., March 13, 1964.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
U.S. Senate, Washington, D.C.

DEAR SENATOR BYRD: In connection with the pending hearings before your committee on proposed legislation for the restriction of meat imports, the chamber of commerce of this city, working jointly with a committee of the north central Nebraska reclamation district, completed a quick survey to obtain information in our area as to general business conditions, and the effects of the present severely depressed cattle prices on our economy in general.

Combined reports from different classifications of business show the following:

Implement dealers: Sales of new machinery, down 50 percent; sales of used machinery, down 15 percent; sales of repairs and service, down 15 percent; collections, down 40 percent.

Feed companies: Sales, down 15 percent; collections, down 25 percent.

Hard lines: Sales, down 14 percent.

Drygoods and soft lines: Sales, down 12 percent.

Service stations: Sales, down 20 percent.

Automotive dealers: Sales, down 11 percent.

Livestock auction markets: Average animal selling price in 1963 was $21.62 lower per unit than 1962 selling price for replacement cattle.

Average animal selling price for last 2 months of 1963 was $34.52 per unit lower than average selling price for 1962 for replacement cattle.

Sharply reduced prices for slaughter cows during all of 1963 led to greatly curtailed marketing of this class of animals.

Many long-time cattle feeders report cessation of feeding activities due to excessive losses, loss of confidence, and closing of credit sources.

Banking and financial institutions: Consensus of comment that economic conditions are not good, and future appears more discouraging. Full impact of depressed fat cattle prices and feeder losses will not be fully reflected on replacement cattle until fall, when calves and yearlings are offered for marketing. A further decline in prices for replacement cattle is anticipated.

The reduced income of local farmers and ranchers during the past year has caused many to leave the farm, and others have been forced to increase their borrowing, for working capital and to cover current expenses.

The situation is considered very precarious, in that any extensive drought or further decline in prices will cause forced sales and withdrawal of credit sources, which may result in panic-selling that can completely demoralize the market and spell economic ruin for any number of farmers and ranchers.

Farmer and rancher opinion: Unrestricted import of foreign meat is one of the primary factors contributing to present depressed market prices for domestic meat supplies.

Unrestricted imports, if allowed to continue, will prolong the period of readjustment and make even more difficult the balancing of supply and demand.

The livestock industry as a whole condemns any direct or indirect subsidies, any artificial manipulating of price, or of supply and demand, or any governmental control of production or marketing.

We deplore the attitudes of the State Department, the Department of Agriculture, and the administration as a whole, in encouraging and espousing a policy of unrestricted competition in the American market from foreign sources which operate under production costs that cannot be matched by the domestic producer.

Yours truly,

NORTH CENTRAL NEBRASKA RECLAMATION DISTRICT, O'NEILL, NEBR.
DALE WILSON, *President,*
HOWARD MANSON, *Secretary.*

O'NEILL CHAMBER OF COMMERCE,
GILBERT POESE, *President,*
HOWARD MANSON, *Secretary.*

LINCOLN CHAMBER OF COMMERCE,
Lincoln, Nebr., March 12, 1964.

Senator CARL T. CURTIS,
New Senate Office Building, Washington, D.C.

DEAR SENATOR CURTIS: Your telegram of March 9 asking if a member of the Lincoln Chamber of Commerce agriculture committee would testify regarding beef imports, was reviewed by our committee.

Our decision was to decline at the present time. We would however, like to have you include in the hearings the enclosed speech by Herrell DeGraff, president of the American Meat Institute. This speech was given at the National Livestock Conference on March 5, 1964. Although his views do not necessarily represent all on our committee, we doubt that anyone could summarize more completely.

Thank you very much for informing us of the hearing and asking for our views.

Sincerely,

CLIFF JORGENSON,
Chairman, Agriculture Committee.

Enclosure.

LIVESTOCK PRICE AND PROFIT OUTLOOK

Address by Herrell DeGraff, president, American Meat Institute, before 16th Annual National Livestock Conference, Omaha, Nebr., March 5, 1964

In spite of some of the circumstances that I feel compelled to discuss this morning, I am pleased to have this opportunity to return to Omaha for another National Livestock Conference. The last time I shared this platform was from my position as food economist at Cornell University where, for many years, I concerned myself with the economics of this Nation's livestock and meat industry. On that earlier occasion I discussed our livestock industries as the balance wheel of American agriculture; as the market for some three-quarters of the total tonnage of harvested crops produced on our farms; as the distinctive factor that sets American agriculture apart from the agriculture of much of the rest of the world; and as the source of the abundant supplies of protein foods that, again, are the distinctive characteristics of the American food economy.

In the years since I was here on one of these programs, I have enjoyed many interesting experiences—including several years when I worked on a part-time basis for the cattle industry as a consultant and analyst for the American National Cattlemen's Association.

Having lived almost 30 years on a university campus, I shifted a little over a year ago to a new career—to working with the American Meat Institute, the national trade association of the meat packing industry. But it is my own view that my interests in the livestock industry generally have not changed from the time when I worked more directly with cattle producers. There is a "meat team" in this country, each member of which has its job to do in the process of producing livestock, processing it, and distributing it in a manner that holds and increases the consumers' acceptance of meat. We are living in a time when farmers, ranchers, and feeders—especially of cattle—are having trouble. No other part of the meat team does take, or can take, any satisfaction in this situation. Trouble for any one segment of the meat team has a way of spreading to become trouble for the others. This has always been true; and is not likely to change.

The basic problem before any national livestock conference today is the price break that, in the last year, has hit the cattle industry. We cannot have a livestock conference and ignore this. I came here specifically to talk about the cattle problem, as frankly and forthrightly as I know how. You will have to decide for yourselves whether my comments are pertinent and sensible.

In all the romantic story of America's food—a story that has no parallel in any other time or place in history—there are few, if any, more romantic pages than the story of beef in our markets in the years since World War II. Poultry is often referred to as a great success during this same period, but its story is very different from that of beef. Poultry consumption per capita has increased, but the retail price has declined in proportion as the quantity has gone up. As a result, the retail value of the per capita supply of poultry has been almost constant—which means that the poultry industry has literally given to consumers practically the whole increase in per capita supply.

Pork has done much better than poultry, but has met with less consumer favor than has beef. The per capita pork supply has been relatively constant in recent years, and retail prices for pork cuts have also held about steady. In consequence the retail value of the per capita pork supply, like the retail value of the per capita poultry supply, has held its own. But it has done so on stable quantities rather than increasing quantities. It is in this same measure, however—the retail value of the per capital supply (made up as it is of both quantity and price)—by which the performance of beef in the consumer market has been most sharply in contrast with either pork or poultry.

I am not sure that anyone knows all the factors that have been important in the successful comparative story of beef. High consumer purchasing power certainly has been one major influence. All studies of consumer preference with which I am familiar indicate that beef is this Nation's preferred meat. And certainly in recent years, more than at any time in the past, American consumers have been able to exercise that preference at the retail meat counter. Another factor in this success story is certainly the improvement in the average quality of the block beef that has come to be widely available to consumers in their supermarkets. This improvement has paralleled the rise of the feeding industry and the tight specifications that have been written by mass retailers for the beef that has gone into their display cases. Under these combined influences the aged steers of the past have all but disappeared. Practically every critter that is feedable has moved into feed lots, including most of what formerly were called two-way cattle. The steers and heifers almost universally go on feed as calves or yearlings, and move on to slaughter in the narrow and young age bracket of some 16 to 24 months. The comparative uniformity of this beef (compared to the beef supplies of earlier years) and the predominant youthfulness of today's slaughter cattle have resulted in a high average of eating quality to which the consuming public has been remarkably responsive.

These circumstances began to exert their major impact on the cattle market roughly a decade ago. In all earlier cattle cycles it had been true that when beef supplies reached a high level of about 65 pounds, or a little more, the cattle cycle turned around and per capita supplies declined. And when per capita supplies reached a low point of 55 pounds, or a little less, the cycle turned again and supplies began to increase. Beginning a decade ago this picture changed. Beef supply and consumption broke out of the previous range, on the up side. In 1954 consumption rose to the then unprecedented figure of 80 pounds. All through the late 1950's it was between 80 and 85 pounds. In 1962, it was just shy of 90 pounds, and last year hit the remarkable figure of 95 pounds.

And at least until this last year, the beef story was not merely one of rising consumption. The price at which consumers were willing to take the increasing amounts of beef were also inching upward, so that the retail value of the per capita supply rose from about $40 per person per year 10 years ago to about $55 per person in each of the last 2 years.

Thus the beef story has been one of rising demand. Not only was more quantity consumed per person, but it was consumed at slowly rising prices per pound.

Seldom in the history of the cattle business has there been a period of more satisfying and more stable years than those between 1957 and 1962. With a little poetic rounding of figures we can describe those years in about these terms: beef calves left the ranch at around 28 cents or a little better; corn on the farm was about a dollar a bushel; fed cattle left the feed lot at around 26 cents; fed carcasses wholesaled at 40 to 41 cents; rib roasts retailed at about 79 cents and steak at roughly a dollar. This stability over a 5-year period tended to adjust the whole cattle industry to this kind of a price structure. Perhaps it was too good to be true, and too good to last.

Last May I spoke here in Omaha at a meeting of the Nebraska Bankers' Association. The burden of my remarks at that time was that the cattle business was heading for trouble—and my concern was not with import question but rather that the production potential of our domestic cattle indsutry was outrunning even the remarkably high level of beef demand by American consumers. Beef-cow numbers had then increased to about 30 million head from just over 24 million at the previous low point in 1958. They have since increased to 31.8 million head. This is a one-third increase in 6 years. To be sure it is partly offset by a decline in dairy cows. But only partly, because today even dairy cows are producing steers for the feed lot. Annual bef production per cow in the national herd has been trending sharply up—an increase of 16 percent in beef production per cow per year in just the last 10 years—so that even the increase in cow numbers does not fully measure our increased beef production.

I have begun to wonder when and how ranchers and farmers decide to turn off old cows. Apparently when the price of calves is good the decision to keep the cow for the one more calf she might produce. And when cow prices are down, the decision apparently is to keep her because she is not worth much in the market. Maybe the only time she is turned is when calf prices go down and feed prices go up. And I certainly do not mean this statement to be critical because I would probably figure the same way.

It is nevertheless true that in recent years we have been very rapidly building up our beef-producing potential. Moreover, price behavior since 1959 has indicated that we have been putting into the market about all the beef that consumers would take without risking a decline in cattle prices. This is not to say that 1959 through 1962 was a time of soft prices, but rather that the marketings were about as high as possible without price softness developing. In fact, in the second quarter of 1961 we did have a temporary price break, brought on by bunched marketings in that quarter. But this straightened out and prices again stabilized through practically all of 1962. The heavier marketings of 1963 did bring on the price break, which is the main point of our concern here today.

But even with the large marketings of these recent years we have continued to build up the national cattle inventory. In 1962, inventory numbers increased 3.7 million head, and again by almost as many in 1963. What these figures mean, again in rough terms, is that we were moving into consumption in 1962 and 1963 something like 90 percent of current production, and carrying 10 percent over in inventory. If slaughter rates in these last 2 years had been sufficient to prevent inventory increases, per capita supplies of beef (including imports) would have gone well above 100 pounds. And though beef demand is high and rising, price behavior in the market indicates that consumers are not yet ready to take 100 pounds of beef without a price drop.

Fortunately in recent years we have not had serious dry weather, in more than localized areas. Some cattle have been moved around to equalize feed supplies, but we have been fortunate enough to escape serious drought.

Yet everything in the history of the cattle business tells us that we cannot go on year after year with slaughter rates well below the level of production—and thereby continuing to build up inventory. We know also that record numbers of cattle pose proportionately greater risk to the hazards of dry weather. Always in the past it has been true that several years in which slaughter has been less than current production (leading to inventory increases), have been followed by years in which slaughter rate had to increase enough to check the inventory buildup or turn it downward. That is precisely what happened in the early 1950's,—and much as I do not like the conclusion, I am nevertheless fearful that we are about to see the patterns of the mid-1950's all over again.

As I said at the beginning of these comments, my intent here is to speak forthrightly, because I do not think that anything else would be useful in these difficult times in the cattle business. It seems to me 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. This success, of beef, in the form of attractive prices for feeder stock and for fed cattle, has certainly contributed to our inventory buildup. In addition, good prices for cattle and beef in this country have made the American market more attractive than any other in the world—and thus a magnet to the exporting countries. Still further, our demand for fed beef has resulted in just about every feedable critter going into the feedlot, and has contributed also to a low culling rate for cows—all with the result that domestic supplies of lean, manufacturing beef have sharply declined.

In all the hot discussion about beef imports—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.

Domestic output of manufacturing beef started sharply downward in 1956, at the turning point of the last cattle cycle. And our production of cow and bull beef for manufacturing purposes has dropped off 40 percent in the last 6 years.

In 1955 when our population was 165 million persons, we had a domestic output of 4.5 billion pounds of cow and bull beef. This amounted to 27 pounds per capita. In 1963, with a population of 190 million people we had a domestic production of 2.8 million pounds of cow and bull meat—or 14 pounds per capita—

almost a 50 percent decline on a per capita basis. Even with 1.5 billion pounds of manufacturing-type beef imported last year, we still had an aggregate supply (domestic plus imported) of 0.5 billion pounds less than the aggregate in 1955—and 15 percent less per person of our population. In all the discussion of the import question I have not seen this figure presented, or an explanation of what would have happened to our supplies of manufactured meat products without the imports that have come to us from other countries. It may be that you do not consider this matter to be important. On the other hand, perhaps it is.

Since 1955 we have had an increase of 10 million teenagers alone. And these youngsters, of course, are the big hamburger and hotdog consumers. As my 10-year-old neighbor girl said last Sunday, "Mommy, I can't take my lunch to school tomorow. It is hamburger day in the cafeteria." And when my wife gave the little lady a new lunch pail for her birthday, she asked, "Is the mouth of that Thermos big enough to take a wiener?"

Since 1955, production of frankfurters in this country has increased—but barely in proportion with the population increase—and the same is true of hamburger and of other processed meat products of which beef is an ingredient. And the only way in which the output of these meat items has kept pace with population growth is through the use of an increased proportion of the rough cuts from our fed-beef carcasses. A decade ago one-quarter or less of the weight of fed carcasses was used for grinding or processing, compared to a figure now pushing close to 40 percent of the fed-carcass weight. The neck meat, plates, flanks, and shanks are seldom seen these days in the meat case. They go for grinding, along with much of the fat trim, in combination with lean-cow beef, of which we are now importing one-third of the quantity that is being used.

In other words, if the hot dogs, 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. 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 "Beef Book" for the American National a few years ago, 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 consumers could and would turn.

Figures from a recent report by this country's agricultural attaché in Australia—figures which I believe he obtained from the Australian meat board—indicate that 60 percent of their boneless beef coming into this country goes directly to retailers who grind it for hamburger together with the rough cuts and fat trim from our fed carcasses. Five percent goes directly to restaurants for stews and the like—and 35 percent is used by packers for frankfurters and other processed meats.

The meatpacking industry has a policy of many years' standing of remaining generally 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. Finding such outlets is more difficult at some times and less at others. But the trade is important if maximum values are to be returned for the total of livestock products.

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. Perhaps in the present cycle it will be true—but if so, it will be primarily because of the very large increase in the numbers of our teenagers, and even younger kids who have an enormous appetite for hamburgers and hot dogs. 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.

The USDA recently presented an analysis of the cattle situation in which it was reported that compared to a year earlier the price of cattle is down about $3.70 per hundredweight. Of this amount, they estimated that about 20 cents was due to increased supplies of poultry and pork, about 50 cents due to the increased volume of imports, and about $3.00 due to the increased production of domestic beef. While I hold no brief for the precision of these figures, I do think that they are roughly in line with the facts. 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. Certainly this statement is not meant to gloss over the import matter, but to try as honestly as I know how to bring it to its proper perspective.

Whether we like it or not some basic economic changes have been occurring in the cattle business that go even beyond the buildup of herds and our rising beef-producing potential that we have already discussed. One of these changes that I do not think can be overlooked is the growth of the cattle-feeding industry—and especially the increasing number of commercial feeders with large fixed investments in feedlot facilities. I see a marked parallel between these feeders and the meatpacking industry. They get large fixed investments in "blue silos," paved feed lots, feed mills, and other facilities—and they simply cannot sit still and look at an empty lot. The farm-feeder historically has been a highly flexible operator. He did not have to have cattle, and he fed in proportion to his own feed supplies and to market prospects as he saw them. The commercial feeder is less flexible. Like the meatpacker, his fixed costs go on whether he operates or not—in consequence of which he strives to grind out more and more fed beef to justify his "sunk capital investment." I would ask the question, without being able to answer it, as to whether the rise of the feeding industry—and especially of the commercial feeder with his large committed capital—is not pushing toward an ever-rising volume of beef output, and whether this may not be leading toward both (1) a new type of domestic beef industry, and (2) less flexibility in our domestic beef production.

I have a disturbing feeling that the beef business, under this influence, is getting to be like the chicken business—pressuring always for volume even though price takes a beating.

Another factor that we must not overlook is the change in the way beef is merchandised, and the kind of beef that today's mass merchandisers demand. Supermarket operators are discriminating buyers, as indeed they must be, if they are to stock the products that please their customers and bring them back to shop week after week. These mass merchandisers do not want, and will not take, overweight or overfat cattle. When market conditions result in decisions to "carry the cattle a little longer," the result is an almost impossible merchandising situation brought about by overfinished and overweight slaughter animals.

It certainly is not my purpose here today to suggest to producer groups what they ought to do about the imports question. But I hope I have been able to emphasize that the cattle industry has problems ahead of it that run both broader and deeper than just the import problem.

I do not like to believe that a period like the mid-1930's is what is ahead of us. But it does seem to me that this risk is so great that every thoughtful cattleman should now be questioning himself as to what he can do to help ease the adjustment pains that the whole industry is facing.

In summary here are some points for your consideration:

(1) If you have a cow herd, cull out the old and the barren cows. This may not reduce our calf crops significantly but it certainly should tighten up a ranch operation for the difficult times that may continue.

(2) If you are a feeder, do not overfeed the cattle in your lots. Additional gain is costly—ruinously so—heavyweights are discounted, and the extra pounds of carcass do not help the market. Historically there have been few times when light cattle were coming to market that the cattle industry has been in trouble. It's almost always in trouble when the cattle are too heavy.

(3) Do not bunch the marketings. We are in a time of high beef volume in the market—a time when bunched up marketings can only mean further price troubles.

(4) Get behind the sound beef promotion efforts of the meat board. Only a few more pounds of consumption by each of us would be a contribution to our supply problem—and though the imports are 10 percent of the supply, the domestic product is 90 percent.

I am enthused by the longer pull outlook for the beef business. Prospective population growth and the continued rising level of consumer income indicates that by 1970 (only 6 years away) 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. These intermediate years will be less difficult if all members of the beef team will keep the component problems in their proper perspective, and work together to get the job done.

CHAMBER OF COMMERCE,
Emerson, Nebr., March 12, 1964.

Hon. HARRY F. BYRD,
Chairman, Senate Committee on Finance,
Washington, D.C.

DEAR SIR: Beef imports are having a disastrous effect on the cattle feeders and businessmen in and around Emerson, Nebr., and unless legislation is approved immediately restricting beef imports to the 1957 level with a 50-percent tariff on all imports of livestock, meat, and meat products that exceed the 1957 level a number of our cattle feeders and probably some of our businessmen will not be able to continue to operate.

With good management the feed costs vary from $21 to $23 per hundredweight of gain to finish a steer for market. With the average price of choice steers selling on the Sioux City, Iowa, market for approximately $20.25 during February the feeders are losing from $25 to $50 per head on every head sold when in addition to feed costs you must consider interest, improvements, taxes, insurance, death losses, water costs, and labor.

We have had a drop of 30 percent in fat cattle prices since December of 1962. As a result of this decline in the fat price of cattle the community in and around Emerson, Nebr., have suffered a financial loss of approximately $500,000 this past year. The cause of this break in the fat-cattle price? During the first 8 months of 1963 there were 1,087 million pounds of beef and veal imported into the United States. About 80 percent of this total of beef imports came from Australia, New Zealand, Ireland, and Mexico with Australia leading the way with 466,200,000 pounds.

For the year of 1963 these imports of beef and veal equaled 11.3 percent of the U.S. total production. Is it any wonder that the cattle feeder and associated businesses of the rural communities are in financial trouble? In addition the cities will soon feel this slump and then the effect will be felt nationwide.

In summation we sincerely believe that beef imports have been the major contributing factor in the decline of fat-cattle prices during the year 1963 and carrying into the year of 1964. Why sacrifice American people in order to trade with foreign countries that are making us the laughingstock of the world? Believe us, when we in the cattle-feeding area say it's no joking matter. What we need in Washington is more direct action and a good deal less talk.

Very truly yours,

ARTHUR V. BONDERSON, *Secretary.*

NIOBRARA VALLEY HEREFORD ASSOCIATION,
Butte, Nebr., March 12, 1964.

Hon. HARRY F. BYRD,
Chairman, Senate Committee on Finance,
New Senate Office Building,
Washington, D.C.

DEAR SIR: The sudden high flood of imported meats in this country in 1962 and 1963 has had a very definite stifling effect on our whole cattle industry. This in turn is being felt in every town and community in the Midwest.

In most instances feeders are losing from 2 to 3 cents per pound. The usual flow of older cows to market is being retarded. Here again canner and cutter cows are 3 or more cents lower than the average over the past several years. This again aggravates an already overloaded market by adding 1 or 2 more calves to the calf crop from these cows that would normally have been slaughtered.

Cattlemen, merchants, and businessmen alike all agree that imports must be curbed to stem the flow of foreign meats before our whole agricultural economy is demoralized.

We urge your cooperation, Mr. Byrd, and the combined efforts of your Finance Committee to pass some legislation that will curb these imports and save our livestock economy.

Respectfully yours,

WALTER G. SIRE, *President.*

CITY OF OMAHA, NEBR.,
March 13, 1964.

HON. CARL T. CURTIS,
Senate Office Building,
Washington, D.C.

DEAR SENATOR: I am very pleased to enclose copy of resolution adopted by the Omaha City Council last Tuesday, March 3, urging the limiting of beef imports to the United States. I have approved and heartily concur in the sentiment contained therein.

I commend you for your efforts to bring about legislation that will restrict these imports and their resultant damage not only to the economy of those most directly affected but to the general economy of this country.

Best personal wishes.

Sincerely,

JAMES J. DWORAK, *Mayor.*

RESOLUTION OF CITY OF OMAHA

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, the Honorable 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, which said legislation is supported by our Senator, Cart T. Curtis: Now, therefore, be it

Resolved by the City Council of the City of Omaha, That the City Council of Omaha and the Honorable 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.

By WARREN BURGDOR, *Councilman.*

Adopted March 3, 1964.

JAMES J. DWORAK,
Mayor.
MARY I. GALLIGAN,
City Clerk.

Approved March 4, 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.

OMAHA, NEBR., *March 12, 1964.*

Chairman HARRY BYRD,
Senate Committee on Finance.

DEAR SIR: Many of my relatives live on farms and feed livestock. I know they have lost considerable money in the last 15 months. When the farmers' buying power is lost, it eventually has to affect his ability to buy articles manufactured in cities and towns, which in time will cause loss of jobs to other segments of the economy. I think a beef import quota is one way to halt our downward cattle prices.

Another way, even more important than beef quotas, would be to check the power of the large chainstores. The retail prices of meats are fantastic compared to the live cost of the animals.

Sincerely,

KENNETH CHMELKA.

OFFICE OF COUNTY CLERK, FURNAS COUNTY,
Beaver City, Nebr., March 10, 1964.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee.

DEAR SIR: We want to tell you why as a county board we would like to see import quota on meat products.

First, livestock in Furnas County pays $58.70 by personal taxes in the county.

Secondly, it affects 90 percent of the people in our county. It will affect machinery, car dealers, storekeepers, churches, in fact, the entire economy of our county is vitally concerned with this problem.

Already several farmers and livestockmen have had to quit because they can no longer pay their bills.

We honestly think U.S. farmers are entitled to this market, also firmly convinced the well-being of the livestock industry affects the economy of all the United States.

We don't want the Government to subsidize as they have the other farm problems. Just give us our own market, and not have to fight foreign imports.

Yours truly,

FURNAS COUNTY BOARD,
FOREST SAPP.
W. ALBERT RICE.
MAC ANDERSON.

SCRIBNER, NEBR., *March 11, 1964.*

Hon. HARRY F. BYRD,
Chairman, Senate Committee on Finance,
Washington, D.C.

DEAR CHAIRMAN BYRD: I consider myself an average cattlefeeder in this eastern Nebraska cattlefeeding area. I would like to relate to you the financial situation the cattlefeeder finds himself in, largely because of the imports of meat from foreign countries.

On September 4, 1963, I purchased 100 heifers, costing me $15,860 delivered to my lots. The cost of feeding these cattle corn protein, ensilage, and hay, amounted to $6,752. The interest amounted to $454.42 and the taxes were $98. I sold these cattle the middle of February, grading USDA Choice for $20,166.42 for a loss of $2,998, or $29.98 per head. I didn't include anything for labor, depreciation on equipment, or miscellaneous expenses (gas, grinding, repairs, electricity, veterinary).

I purchased 124 steers a month later and the situation is the same. The outlook on cattle I purchased about a month ago looks just as dismal. This is not just a current situation—it has been going this way for 14 months.

The inflationary trend is constantly inreasing our cost of operating. A continuation of these situations will cause bankruptcy for all cattlemen.

The imports which consist of 11 percent of our domestic supply are the major cause of this situation. These imports are more than is slaughtered at Omaha, the world's largest meatpacking center. Our extra tonnage of domestic meat is due to the fact that the feeders are delaying shipment because of the low markets which are again caused by the oversupply of imports.

The cattlemen are not asking for Federal aid—only protection from imports of cheap meat. I sincerely feel that we should protect our own industry sooner than try to support a foreign industry or economy.

Sincerely yours,

MYRON NABER.

Enclosure: Statements of businessmen indicating their concern of the local economy.

SCRIBNER GRAIN & LUMBER CO.,
Scribner, Nebr., March 12, 1964.

Chairman HARRY F. BYRD,
Senate Committee on Finance,
Washington, D.C.

DEAR SIR: The drastic continued downward market trend of 15 months or more of beef on the hoof has had a disastrous effect upon the economy of our business in our small town of 1,100 people.

In our business of grain, lumber, and feed it has lowered our sales on grain and feed 35 percent alone in the last 12 months. The grain producer cannot sell his corn to a profitable advantage because the feeder cannot afford to feed it to his cattle on feed.

This is an agricultural community and if the farmer and feeder have no profit, the local businesses are in for financial trouble as we must survive from the grain farmer and the feeder.

We have had to cut our labor force by 25 percent because of the continued low market price of live beef, which, in turn, reflects in lack of business.

It is impossible for us to understand why the leaders of the Government of the big and powerful United States would continue to allow the imports of foreign beef when a plentiful supply can be easily produced within our own country. However, it is a proven fact that it cannot be done with a financial loss to either the farmers or business.

These imports must be reduced for agricultural communities such as Scribner, Nebr., to survive.

Sincerely,

WALTER MAAS, *Manager.*

SCRIBNER IMPLEMENT CO.,
Scribner, Nebr., March 11, 1964.

Hon. HARRY F. BYRD,
Senate Committee on Finance,
Washington, D.C.

DEAR SIR: Our retail sales of farm equipment for the months of January and February of this year are off 80 percent from last year due to the depressed cattle market. The farmers in this area are predominantly cattlefeeders. They are the customers who are the most progressive farmers and normally in a position to purchase new farm equipment as needed.

Our accounts receivable are up over 40 percent from this time last year due to the fact that many of our farmers were unable to pay up their debts from last year and they are being carried over into 1964.

It is our belief here in the feeding area that the large imports of foreign beef is largely responsible for this condition. It is our sincere hope that your committee will be able to act in a way that will improve this situation.

Sincerely,

R. H. MCHENRY, *President.*

TUCHENHAGEN HARDWARE CO.,
Scribner, Nebr., March 12, 1964.

Hon. CARL T. CURTIS,
U.S. Senator,
Washington, D.C.

DEAR SENATOR CURTIS: We wish to voice our protest to the recent agreement entered into by our Government with Australia and New Zealand concerning the import of beef from these countries.

The depressed cattle market is and will continue to have an adverse effect on business in our local community.

Whatever you can do to bring about any possible corrective legislation on this matter will be appreciated.

Add our protest to the mountainous list you undoubtedly have against this agreement.

Sincerely yours,

HENRY TUCHENHAGEN.
ALBERT TUCHENHAGEN.

MINDEN, NEBR., *March 12, 1964.*

Hon. HARRY F. BYRD,
Chairman, Senate Committee on Finance,
U.S. Senate Office Building, Washington, D.C.

DEAR SIR: The Kearney County (Nebr.) T-Bone Club, which is comprised of some 200 cattle feeders in a 3-county area in south-central Nebraska, is on record as far back as 1961 (shortly after the club was organized) in opposition to the growing scourge of beef imports.

Our recorded opposition of 1961 was reiterated in 1962, when in April of 1962 it was announced that imports had risen to a point 55 percent above the 1961 level. In 1963, another increase in imports was noted, along with another protest from our organization. It will be recalled also in 1963 that even restrictions on preparation of beef for import to the United States were relaxed. Tracing this perplexing situation into 1964, our only hope is that it is not now too late for easing the distress to which these rising import levels have contributed.

Surveys show that feeders in our county finish a volume of some 30,000 cattle each year. In the recent 1963-64 marketing season, the basic loss to the feeders has been near the $800,000 mark. In addition to this basic loss, the anticipated money turnover, or rather the lack of it, has created an economic loss at the community level many times this basic loss. The result has been that the implement dealer is not selling new machinery, furniture dealers not selling any furniture, bank loans are not turning over at a rate fast enough to keep the economy rolling at a satisfactory pace, the car dealer is not in pace with the national level—in general, local economies of all livestock areas are suffering from the impact of the depressed cattle market. This depression, we feel, could be eased a great deal by a tightening of Federal meat import policies.

Some would lead us to believe that imports have little to do with the cattle price in the United States. We disagree with this wholeheartedly; but let us assume that the present 11-plus percent of imports of the total production has only a 5-percent effect on the domestic fat cattle price. This, in itself, is enough to depress the price by $1 per hundred at the minimum; and, at this rate, it would be sufficient to cut the loss on cattle by nearly 50 percent, if the 5-percent factor were not involved. An additional $1 per hundred, on the present $20 market would provide another $12 per steer—this would at least give the average feeder a chance to stay in business.

More specifically, we submit the following worksheet submitted by one of our young feeders, and substantiated by bank records:

90 head of steers, purchased September 1963, 750 pounds:

Original cost	$16, 021. 78
Trucking to farm	272. 50
Protein	503. 70
Salt	11. 20
Cattle oil	15. 00
Corn, 4,025 bushels	4, 226. 20
Hay, 12 tons	240. 00
Ensilage, 50 tons	350. 00
4 acres green chop	400. 00
Taxes on cattle	270. 00
Tractor gas, feeding	100. 00
Trucking to market	404. 17
Selling commission, market	295. 90
Interest on cattle loan	442. 95
Total	23, 553. 40
Received for cattle	21, 116. 68
Loss	[1] 2, 436. 72

[1] This tabulation does not include any allowance for labor, depreciation, or other contingencies.

The foregoing is a typical example of how the cattle feeding industry has fared in our area during the past year—it is not an extreme case, and the loss in this instance probably falls below the average loss figure for the area.

It is our feeling that the continuous rise in beef imports has contributed to this loss, and to every loss taken within the feeding industry. It is our desire that these imports be cut, and that the cattle feeder be given a chance to recover from the losses inflicted during the past 2 years.

As a supplement to this plea, we enclose a copy of "The Cattle Crisis," which analyzes the import problem in depth and presents a fair, concise picture of the economic chaos facing us at the present time. (This pamphlet was made a part of the Committee files.)

Respectfully submitted.

KEARNEY COUNTY T-BONE CLUB,
DUANE L. OLSEN, *President*,
WILLIAM SPILKER, *Secretary*,
RAY VAN NORMAN, *Treasurer*.

SCRIBNER BANK,
Scribner, Nebr., March 11, 1964.

HON. HARRY F. BYRD,
Chairman, Senate Committee on Finance,
Washington, D.C.

DEAR MR. BYRD: We would like to add our voice to the thousands of people who have written to their representatives concerning the huge increase in the percent of meat imports which has certainly added to the difficulties of an already overexpanded cattle industry.

We would beseech you to lend your voice in the Congress to a decrease in the amount of meat imported from Australia, New Zealand, and South America.

If our agriculture is not allowed a reasonable profit, they will certainly cease to purchase new automobiles, machinery, appliances and all the other items manufactured in the industrial cities of our country. Of this, I know you are certainly aware. When agriculture prospers, everybody prospers. Any assistance you might be able to lend in the cause of lowering the allowable imports of meat will be greatly appreciated.

Respectfully yours,

H. E. VACKINER, *Executive Vice President.*

FARMERS CO-OP MERCANTILE CO.,
Scribner, Nebr., March 11, 1964.

Chairman HARRY F. BYRD,
Senate Committee on Finance, Washington, D.C.

DEAR SIR: We are writing in regard to our position on the controversial subject of import beef.

We are in the heart of the beef feeding area. Dodge and Cuming Counties, two of the main areas that we serve have always been leaders in the field of beef production. It is far from pleasant to view the catastrophe that has befallen the feeders of this and other areas.

We know of no other fate since the drought of the 1930's that has left this group in the financial condition that they face now. In our own business, which is purely agricultural in nature, we feel the economic pressure which has been brought on by the import of foreign beef and other related items. The accounts receivable of the cooperative here has risen 50 percent in the past 8 months. Every time we haul or see a semiload of fat cattle leave the community, it means that some feeder is losing between $1,000 to $1,500. This drain of money has indeed left its mark on the business in Nebraska. We urge you to do whatever is in your power to help stamp out this needless bankrupting of farmers and feeders of our country. Keep America strong, by keeping its agricultural segment strong.

Respectfully,

CHARLES H. BENNER, *Manager.*

STATEMENT OF THE HONORABLE DWIGHT W. BURNEY, LIEUTENANT GOVERNOR, STATE OF NEBRASKA

Nebraska beef production and allied business constitutes the largest single industry in our State. During 1963 the total generated dollar volume of the trade in Nebraska was estimated at well over $1 billion. Over 45 percent of all agricultural cash receipts in Nebraska arise from beef cattle marketings.

From January 1963 to January 1964, the price of fed steers at our 12 principal midwestern markets, including the world's largest livestock market in Omaha, declined an average of $4.09. This decline has made cattle feeding a money-losing proposition for even the most efficient, and has in turn damaged the economic condition of our great feeder cattle industry. There can be no doubt that record beef imports during 1963 contributed substantially to the decline in domestic beef prices. I urge immediate Federal legislation which will limit beef imports to no more than the 1960 level.

The American cattle industry has grown with America and is one of its most efficient industries. It has adapted itself to changing agricultural conditions and normally remained stable and profitable without great amounts of Government interference. However, the injection of large amounts of imports into the beef economy, over a short period of time has not allowed the industry to assess its problems, adapt to changing conditions or plan well for the future. This problem has been created mostly, in my opinion, by allowing the Department of State to control import quotas and marketing agreements to the detriment of our whole American agricultural system. Therefore, in addition to the short-range program of limiting damaging amounts of import beef, I suggest the creation of a climate for Government-industry relations that will lead to a stable beef industry without surrender of the basic American freedoms along the way.

FULLERTON, NEBR., *March 11, 1964.*

Senator HARRY F. BYRD,
Chairman, Senate Committee on Finance,
New Senate Office Building, Washington, D.C.:

We urge your committee to take prompt action to reduce the import of foreign beef and veal. We recommend import quotas of approximately 6½ percent of the annual U.S. consumption for the preceding year. We believe the present import level largely responsible for the serious condition of our livestock industry and its resultant unfavorable effect on the entire economy of our State.

THE FULLERTON CHAMBER OF COMMERCE.

FULLERTON, NEBR., *March 11, 1964.*

Senator HARRY F. BYRD,
Chairman, Senate Committee on Finance,
New Senate Office Building, Washington, D.C.:

We respectfully request prompt action by your committee to reduce the imports of foreign beef and veal. We believe that imports should be restricted to approximately 6½ percent of the annual U.S. consumption of the preceding year. We also believe that the present import level is largely responsible for the serious condition of our livestock industry which has had a very unfavorable effect on the entire economy of the State of Nebraska.

LOUP VALLEY UNITED CHAMBERS OF COMMERCE,
O. H. HOSLER, *President.*

LINCOLN, NEBR., *March 10, 1964.*

Senator CARL CURTIS,
Washington, D.C.:

Nebraska State Grange will not have a representative before the Senate Finance Committee in the meat import hearing but would like to offer this statement of our position. The Nebraska State Grange has consistently supported programs to increase the farmers income. Specifically we endorsed the feed grains program and the wheat-cotton bill. Falling prices for beef have brought the rancher and the cattle feeder into the same disastrous economic pattern that has plagued the wheatgrower and the producer of feed grains since the Korean war. The Nebraska State Grange will support any program acceptable to the cattlemen of the State and it is to be hoped your hearing will elicit data that will permit a satisfactory adjustment of beef imports within the complicated framework of our international trade relationship.

G. A. SPIDEL,
Master of Nebraska State Grange.

STATEMENT OF NEBRASKA BANKERS ASSOCIATION, INC., OMAHA, NEBR.

The Nebraska Bankers Association wish to present this statement to the committee through our Senator, the Honorable Carl T. Curtis. The failure to appear in person for the purpose of oral testimony before the committee should not be taken or understood as any attempt of the bankers of Nebraska to minimize the seriousness of the beef import question or our concern therewith. Forty Nebraska bankers were in Washington February 17, the day the beef import quotas were announced, and our expression of opinion to our Representatives and Senators at that time was unanimous and we are now anxious to have that opinion placed in your record and trust that it may be of some value in assisting this committee to arrive at a solution.

We feel that the problem is to some extent one of our own in that through favorable feed- and grain-growing conditions our cattle people have allowed numbers and beef tonnage to increase more than they should have. This situation is recognized by our own ranchers and producers in the cattle industry and we feel proper steps are being taken to correct the domestic number situation as well as the tonnage problem of overfeeding.

We feel that controls of some nature on beef imports are necessary if our own producers cut back in numbers. We further feel that the present quotas established in February 1964 are entirely too high if the situation is to be remedied promptly. Our feeling is that the imports should be lowered percentagewise in a direct proportion to our own domestic reduction of numbers as based upon the percentage of domestic production compared with imports.

We feel that there are times of high prices in the cattle industry that imports are a good thing and proper. The cattle feeder, we believe, is the first to recognize that a shortage of beef, prices the product out of the market to the extent that the habit of eating beef is replaced by the habit of eating products of a less nutritious value. These habits are sometimes of long duration and such changes cannot add to the stability of beef prices or the other products used as substitutes.

It would seem to this association that legislation can be provided whereby a fluctuating quota would take effect at such times as certain conditions become either real or apparent. What these base figures should be to change the quota we as bankers have no way of determining but we are certain that your committee through its staff of technical advisers could work out such details as would permit the natural law of supply and demand to more nearly govern our American beef industry.

We are not unmindful of the problems presented by foreign trade and the necessity for imports of a wide variety of articles in this complex economy of ours. We also wish to impress upon the committee that the cattle producer is not now, and never has been, asking for any governmental controls in the domestic beef industry. In fact, these producers are insisting upon a chance to work out their own problems but they are very fearful that as they reduce numbers, prices will increase modestly and foreign meat will sell even more readily than it does today.

This statement is submitted by this association as we feel the cattle business is one of our most important industries in Nebraska both from the standpoint of producing calves as well as the production of good corn-fed beef. We feel the beef industry is important to all America from the standpoint of a proper food supply as well as a sound economy.

May I emphasize again that submission of this statement rather than a personal appearance should in no manner detract from our concern for the problem and if the committee feels that any additional information or benefit could be had from a personal appearance we will be happy to have qualified personnel appear before you.

GRAND ISLAND CHAMBER OF COMMERCE,
Grand Island, Nebr., March 16, 1964.

Senator HARRY F. BYRD,
Chairman, Senate Committee on Finance,
Washington, D.C.

DEAR SENATOR BYRD: The Grand Island Chamber of Commerce and the Grand Island Industrial Foundation are well aware of the effects of the current beef cattle price situation.

The base of our community's economy, as is true in much of this Nation, is dependent upon and directly related to the strength of the agricultural economy.

A survey of our retail establishments, one of the first groups to reflect the conditions of our area, indicate that January and February retail sales are being adversely effected. Taking into account the many factors effecting retail sales such as weather conditions, employment, etc., leaves very little doubt that the beef cattle situation is a major contributor to lower retail sales.

We are not going to attempt to relate the effect of imported beef on the total beef cattle situation. Economists and others who are much closer to the many ramifications of this complicated subject can do a more accurate analysis. However, it is evident that a part of the beef cattle price picture is contributed to the beef imports.

Therefore, the Grand Island Chamber of Commerce and the Grand Island Industrial Foundation representing the business community of a midwestern city of nearly 30,000 persons urge proper legislation to restrict meat imports.

We further support the remarks of Senator Roman Hruska before the Senate and entered into the Congressional Record on February 18.

Sincerely yours,

R. E. SPELTS, Jr.,
President, Chamber of Commerce.
JAKE GRASMICK,
President, Industrial Foundation.

GROSSHANS SALES & SERVICE, INC.,
Aurora, Nebr., March 16, 1964.

Senator HARRY F. BYRD,
Chairman, Committee on Finance,
New Senate Office Building,
Washington, D.C.

DEAR HONORABLE SENATOR: Our family pioneered in the farm machine business in central Nebraska. We have always tried to be a good servicing farm equipment dealer, and as a result, have built our business into a very essential part of our community.

The real estate and equipment investment is over $150,000 with a merchandise investment of $175,000 with at least $20,000 on accounts receivable. Our annual payroll is about $65,000 with a total overhead expense of $90,000 per year.

This all means that we must sell a lot of merchandise and service each year to stay in this mad race of survival.

The idle acre program has helped our farmers to carry on in a way, but the demand for our services has greatly decreased and we have expanded our efforts in an effort to hold our volume of business that we must have.

In recent months our farmer customers have been extremely upset over the beef imports which has already cut the livestock markets to the extent of near ruin to many well-established farmers and feeders in our community.

It seems with reason that our Federal Government would take a good look at the livestock industry which is one of the oldest in America, in order to help the American farmer to continue in his enterprise, rather than create a market for foreign livestock products in the United States, for a political maneuver.

I therefore suggest that beef imports be immediately reduced to a point where our own local beef markets will not be effected as a result of imports.

This will also help our local unemployment. And unemployed people do not eat as much beef as they should. So, I say again, that our Federal tariffs on imports and exports should have a thorough examination to more equalize the American problems of the future.

Wishing you and your committee much good luck in your future activities.

Sincerely yours,

ARTHUR W. GROSSHANS.

AURORA CHAMBER OF COMMERCE,
Aurora, Nebr., March 16, 1964.

Chairman HARRY F. BYRD,
Senate Committee on Finance,
New Senate Office Building, Washington, D.C.

DEAR SENATOR BYRD: In my opinion you must support legislation to restrict meat imports. We have our finger on the business pulse of this business area and our merchants are now feeling the effect of the depressed feeder market. Perhaps specific examples would be of interest to you along this line.

A wholesale automotive supply firm reports business lagging last year by 15 percent, a leading car dealer is very concerned with a drop in 1964 car deliveries in excess of 20 percent, a hardware and sporting goods dealer notes decline in sales in 1964 for comparable period of 1963 of over 12 percent. One of the most unusual cases concerns a large paving contractor located in Omaha, Nebr. He reported that he has less municipal paving lined up for this spring than ever

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before in the history of his company. It seems that even the city council members are concerned in obligating their cities since each member has personally began to feel the overall effect created by a lack of margin in one of the largest industries of this agricultural community."

Sincerely,

R. M. PENCE, *President.*

THE ZIMMERMAN FEED YARDS,
Springfield, Nebr., March 12, 1964.

Re meat imports.

Senator HARRY F. BYRD,
Senate Committee on Finance,
Washington, D.C.

HON. SENATOR BYRD: We have owned and operated a commercial feed yard in Springfield, Nebr., for 25 years. We have taken the worst losses in the last year that we have ever realized since we started operation.

We feed around 14,000 to 15,000 head of cattle a year and this year we would say the average loss is between $30 and $40 per head. We feel very strongly that this situation would not exist if meat imports were curbed.

We have talked to other businessmen in our community, and they all report their business down tremendously. Since this is a feeding territory, there is no question but what the meat imports are indirectly one of the causes of their enormous losses.

It is unconceivable to us out here to realize how the U.S. Government was outsmarted by countries like Australia, New Zealand, Ireland, and Mexico in their new agreement with our State Department.

We feel if this situation is not corrected immediately, we will see the most severe depression this country has ever known. We don't believe the Congress realizes the far-reaching effects this will have. The impact it has on small business already has been felt; next comes the impact on big business. The time is here when Congress should analyze the whole meat import situation and its extenuating effects.

Yours truly,

JAMES P. LATHAM.

GRETNA STATE BANK,
Gretna, Nebr., March 13, 1964.

Chairman HARRY F. BYRD,
Senate Committee on Finance,
Washington, D.C.

DEAR SENATOR BYRD: You are certainly aware of the critical conditions presently facing the livestock industry and the farmer's plight in losing what is his most profitable line of income and the effect of imports on the farmer-feeder as well as labor in the packing industry due to processed meat being imported.

Every business in this area is now beginning to feel adversity caused by imports and a generally lower level of net farm income. Since this most likely will spread to the entire national economy, we beg of you to do everything in your power to curb imports.

It is my opinion that all imports with the exception of live animals should be levied with a tariff proportionate with that imposed upon our manufactured exports.

Sincerely,

MARVIN L. KILLION,
Vice President and Cashier.

SPRINGFIELD STATE BANK,
Springfield, Nebr., March 13, 1964.

Chairman HARRY F. BYRD,
Senate Committee on Finance.

DEAR SIR: It is our firm belief that foreign imports of beef have had a serious depressing effect on the cattle market in the United States. In our own Midwest the livestock industry has suffered greatly and this in turn has affected every business in our community.

I certainly feel that legislation is in order to give the necessary protection to the people in our own country ahead of those of foreign countries.

Sincerely,

ROBERT D. ISKE, *President.*

KOLBO FEED YARDS,
Springfield, Nebr., March 14, 1964.

Hon. HARRY F. BYRD,
Chairman, Senate Committee on Finance,
Washington, D.C.

DEAR SENATOR BYRD: The question of whether meat imports are damaging to the cattle industry, local and national economy, has been debated much the past few weeks. In my opinion, meat imports are very damaging to all these.

We should take a lesson from the experience of the sheep industry and not let this be the repeat in the cattle industry. Sheep numbers have been declining in the past several years with demand about stable in our Nation. Even though numbers have declined prices to producers also declined as that decline in numbers was more than offset by larger imports.

Foreign producers pay no income tax to support our Government. The loss in taxes from livestock producers has many times exceeded money collected from import duties. With lowered incomes, producers are not purchasing new machinery, automobiles, etc.

Our cattle numbers are at an alltime high and could well be utilized to supply the majority of consumers' needs. The lower grade cattle such as dairy type and southern Brahma type could well be used to supply the same type of meat that is being imported. The slaughtering of these animals before grain finish would reduce the supply of fed cattle being marketed here. Two problems would be somewhat alleviated—more processing-type meat and reduced supply of finished cattle.

Cash receipts for livestock in 1963 are reported down $500 million from 1962 although numbers in livestock receipts had risen. Heavy financial losses among feeders are common. Locally, feeders are curtailing operations. It takes a tremendous amount of capital for the purchase of feeder cattle, grain, and other feed and supplies necessary to produce choice meat, and financial institutions are hesitant to lend under such shaky conditions.

Legislation to restrict meat imports would bolster cattle prices and help to put farmer-feeders in a position to purchase needed machinery, fertilizer this spring, and enable us to secure credit to keep our businesses going.

Yours truly,

GERALD KOLBO.

THE CITY OF WAYNE, NEBR.,
March 14, 1964.

Hon. HARRY F. BYRD,
Chairman, Senate Committee on Finance,
New Senate Office Building,
Washington, D.C.

DEAR SENATOR BYRD: It has been brought to our attention that your committee is presently holding hearings on proposed legislation to restrict imports of foreign beef. We in the agricultural Midwest are intensely concerned with this problem.

The collapse of livestock prices over the last several months has resulted in widespread disruption of the entire economy in this portion of the country. The situation has become more than serious in some business circles.

The city of Wayne, in northeastern Nebraska, is situated in one of the largest beef-producing areas in our Nation. Most of our local economy is dependent upon the production of beef and the income derived from this industry. We are the site of a State college, so a portion of our business income can be credited to this source. This fact will tend to lessen, to a degree, the full impact the price break has had locally.

Nevertheless, a detailed survey conducted by this office the last few days has brought to light some startling information. Banking and business interests here report the following percentage declines in the Wayne economic situation since the collapse of livestock prices last year:

	Percent
Farm income and net worth	Down 20.
Farm tractor and implement business	Down 55.
Farm petroleum, tires, etc., business	Down 35.
Clothing and soft lines business	Down 10.
Appliance and hardware business	Down 20.

In addition, farm real estate transactions in this area are almost at a standstill. A limited number of distress sales, however, seem to indicate that prices of farm real estate are declining—in these few instances as much as 30 percent.

We do not hold to the opinion that the increase in beef imports is solely responsible for this distressed condition. But we do believe that legislation to restrict these imports to the 1957 level will have a practical, as well as psychological, influence in returning our agricultural economy to a more normal level.

We respectfuly urge your careful consideration of this matter, so that the errors of judgment committed by others may be corrected without delay.

With our kindest regards.

Yours very truly,

HOWARD WITT, *City Clerk.*

POLK COUNTY LIVESTOCK FEEDERS ASSOCIATION,
Silver Creek, Nebr., March 14, 1964.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
U.S. Senate, Senate Office Building, Washington, D.C.

DEAR MR. BYRD: The feeders of the United States cannot compete with the foreign meat because of our feed and labor costs. We have had our markets on supply and demand and if imports continue to rise, that is taken away from us. So what do we have left? If you hurt the feeder in the Corn Belt, this will affect the grain producer, which, in turn, will have no market for corn, and this will cause more selling of grain to the Government and more tax dollars to everyone.

The feeder is the backbone of agriculture. He supports the grain farmer, elevators, feed companies, banks, and in turn, small business in rural areas, so by a quota suggested by the National Livestock Feeders Association this will give us an incentive to go to work.

DONALD HAYES, *President.*

HEMINGFORD, NEBR., *March 15, 1964.*

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Washington, D.C.

DEAR SENATOR BYRD: I am writing to you in regard to my personal concern over the cattle situation. In talking to cattle producers in this area our feelings are all channeled into the same line of thinking.

We here in our area of western Nebraska feel the State Department of our Government is selling the cattle producers down the river in allowing the import of foreign beef, both processed and unprocessed, to continue at such a high rate.

In the past 15 months cattle prices in this area on feeder cattle have dropped in the area of $5 per 100 pounds. I personally received $4.90 less for cattle in 1963 than in 1962. All present indications are that we will take another drop in 1964. During this time our operating expense has greatly increased. Our taxes and labor costs are up. I paid $10 a ton more for supplementary range feed over 1962 cost, and machinery is almost out of reason because of its high cost.

I have visited with two bankers in our locality who both informed me that any feed raised by cattle feeders and fed, as well as their time, has all been donated the past 15 months. In many cases they are not even making enough to pay the interest on their loans. In even more cases they are losing feed, labor, and still money on their investment. One particular case I know of donated his feed and his time and lost $1,500 besides, and he is not a large feeder.

Many of these ranchers and feeders have everything they own invested in the profession of producing beef. In many instances this has taken a lifetime to accumulate. Cattle producers in this area are not large and cannot absorb these continual losses. Most are family-size operations.

We cattle producers are not asking for charity. We know our numbers of beef are high and we will and can lower these numbers but, when imported beef is allowed to increase each year, we can never solve our own problem. I feel that imports should never exceed 5 percent of the total consumption of beef used in the United States.

Our State Department is sacrificing their own cattle producers, citizens, and taxpayers even to the point of some losing everything they own only for a small amount of prestige they hope to gain with foreign governments by allowing beef imports to continue at such a large figure.

I urge you to pursue immediate action to pass legislation to reduce beef imports how and in the future. Cattle production is the backbone of our agriculture and agriculture the foundation of our Nation's economy. Please let's preserve it all. To accomplish this we will need the cooperation of everyone.

Thank you.

Sincerely,

OTTO L. UHRIG.

FARMERS CO-OP GRAIN ASSOCIATION,
Stromsburg, Nebr., March 13, 1964.

Mr. HARRY F. BYRD,
Chairman,
Senate Committee on Finance.

DEAR SENATOR: We here in Stromsburg, Nebr., are very concerned about the current low cattle prices. We are accustomed to low cattle prices now and then, but this has continued now for over a year. We have many good cattle feeders that have been hurt financially by this, many of them to the point of no return.

This situation is severely affecting the relating businesses and is starting to reflect this adverse situation in all other business in the community.

Our own feed volume here, for instance, has decreased $11,000 in 1 month, and all other phases of the business have been affected accordingly.

If this situation is not corrected soon, the effects of this decline will soon be far reaching. You people in Washington do not seem to realize this, or there would have been more definite action by this time.

All of us here in the Middle West sincerely hope that something is done about this situation, and done soon.

Yours very truly,

ROGER E. JACKSON, *Manager.*

NIPANTUCK RANCH,
Orleans, Nebr., March 13, 1964.

Hon. HARRY F. BYRD,
Chairman, Senate Committee on Finance,
Washington, D.C.

DEAR SENATOR: Let me assure you that the depressed prices of livestock is being seriously felt by every segment of our economy from the producer through the retailer of products not directly associated with agriculture.

Loans are up, bank deposits are lower, distress sales are frequent. Livestock and associated industries are the backbone of our agricultural economy.

As a producer I'll take my chances with the American producer but I can't successfully compete with foreign interests.

Let me urge you to support import quotas on all types of beef imports.

Respectfully yours,

WILLIAM RICHARDS.

LAUREL CHAMBER OF COMMERCE,
Laurel, Nebr., March 16, 1964.

Chairman HARRY F. BYRD,
Senate Committee on Finance.

DEAR SENATOR BYRD: I understand you are conducting hearings on the beef import situation in this country. While it is a very difficult thing to prove in a free market, it is our feeling here that this import beef has undermined the stability of our beef market. Most of this beef is probably consumed on the coasts. However, refrigerator trucks from the Midwest make constant hauls of beef to both coasts and what undermines their price structure undermines ours here.

The best evidence here that the pinch is on is that the small cattle feeders are commencing to milk cows again, which when things get rough they always do to try and hold things together. Actually a glut in farm produce feeds on itself as each farmer trys to produce more to make a living.

I can see absolutely no point in importing what we already have too much of now. American farmers do not buy in the foreign market and cannot compete with foreign meat prices unless they can buy at foreign prices. I strongly urge you to place restrictive quotas on imported beef and other meat, or a tariff on the same to give some protection to the American farmer. The American farmer is the largest single producer and consumer in this country, and if he gets sick, the whole country will get sick.

Very truly yours,

BILL NORVELL, *President.*

BUTTE COMMUNITY CLUB,
Butte, Nebr., March 14, 1964.

HON. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Washington, D.C.

DEAR SIR: Cattlemen all over the United States are being hurt by the surplus beef problem. Cattle are a basic farm and ranch livestock enterprise here in Nebraska. In our area of Nebraska cattle producers and feeders are generally not large volume operators. Continued livestock income loss will hurt our producers.

We realize that adjustments in cattle production, feeding, and marketing in the United States need to be made and we believe that this will occur. Can we have more interest and action within our Government to correct the meat import problem.

Here are statements of facts and figures concerning the effect on ranchers, feeders, businesses, and the general economy in this area:

(1) Bankers viewpoint:

(*a*) Farmers and cattlemen are not spending the normal amount of money on purchases of new equipment for the farm, ranch, and home.

(*b*) Repayment of loans and notes has slowed down due to decline in income as partially affected by cattle prices.

(*c*) Borrowing activity has increased due to farm and ranch loss of income; directly affected by livestock income loss.

(2) Cattle feeder:

(*a*) Statement.—My income from marketed feed lot cattle is $40 to $55 less per head in the early winter of 1963 compared to the same marketing period of 1962.

(*b*) Example:

1. Purchased 30 steers April 1963, weight 570 pounds, price $26.20 per hundredweight.
2. Sold 30 steers November 1963, weight 1,130 pounds, price $22 per hundredweight.
3. Steers brought average of $248.60 per head.
4. My total costs to produce the steers was $240.60 per head.
5. Profit per head (no labor cost charged) was $8 per head.

Statement.—I certainly worked for nothing and lost money feeding.

(3) Farmer, beef cattle raiser: (*a*) Statement.—I sold 40 head of 1963 spring beef calves in early March 1964; I received $5,000 for the lot under the same production practice a year ago and selling 40 head of calves, I received $6,000 income. Statement.—I have 17 percent less income.

(4) Machinery dealer: (*a*) Statement.—My retail sales of machinery for the first 2½ months of 1964 have been off 30 percent from comparable months in 1963 and 1962. Lower cattle prices have hurt my business.

(5) Machinery dealer: (*a*) Statement.—Local retail sales of machinery since the beginning of 1964 have been off about 25 percent from comparable months in previous years.

(6) Rancher, beef cattle raiser: (*a*) Statement.—I recently sold fall calves (average 380 pounds per head) for $28.50 per hundredweight and I know I was lucky to get this price. Last year my fall calves sold at the same time of year (average 390 pounds per head) brought $34.10 per hundredweight. I took $5.60 per hundredweight less due to the livestock situation.

We earnestly request the attention of the Finance Committee to the meat import problem. We are an agricultural community, depending upon agricultural income. Due to climatic conditions our dryland farm cash crop income varies. Income from livestock sales is a more stable part of gross income of our farms and ranches.

The enclosed information was obtained through interviews with local people. It is submitted as accurate information on the resulting effect of the surplus beef problem. We believe that it dramatically shows the effect from a major agricultural problem across the Nation.

Sincerely,

WILLIAM HANSEN, *President.*

SCOTTSBLUFF, NEBR., *March 10, 1964.*

Chairman HARRY F. BYRD,
Senate Committee on Finance,
Washington, D.C.

SIR: Declining cattle prices in western Nebraska has made it possible for Kearney County Cattle Co. to monopolize our fat cattle market thereby eliminating free marketing. Local buyers will no longer buy from the farm. Cattle feeders lost so much they can no longer afford to feed, they are therefore either feeding for Kearney cattle or are selling them feed. We that were not long ago free American farmers are today no more than glorified hired men trying to hold our investment together. We have lost our buying power and the effect on the local economy is almost tragic. We have empty buildings on main streets of every town in western Nebraska. Ranchers and larger farmers are no longer the proud figures representing their profession, but are rather dejected people looking for a way out of their predicament. We placed our hope in the U.S. Senate this past week and were rejected. Why should we be penalized for being efficient and producing an abundance of food? Imports of meat should be stopped so processors and chainstores will stop using imports as a club to further depress cattle prices. Credit is not the answer. Our credit is overextended now. Curtailing of our production only allows room for increased imports. We therefore have an unsolvable problem until meat imports are cut off. Action to sustain our industry is imperative.

Sincerely,

H. J. MERRIGAN,
Chairman, Scottsbluff County NFO.

P.S.—This is the feeling of meetings I have been moderator at with up to a thousand farmers, ranchers, feeders, and businessmen in attendance.

HOLDREDGE CHAMBER OF COMMERCE,
Holdrege, Nebr., March 16, 1964.

Hon. HARRY F. BYRD,
Chairman, Senate Committee on Finance,
U.S. Senate, Washington, D.C.

MY DEAR SENATOR BYRD: This is to urge enactment of legislation restricting beef imports which are, in a rising tide, moving into the United States and threatening the Nebraska and American livestock industry.

Beef production in the United States is maintained under the law of supply and demand, requiring a delicate balance between the two because of reliance on few internal, artificial, or Government controls. The cattleman takes his chances in the market in competition with other cattlemen operating under the same general economic conditions. He expects to take a loss in a year of overproduction, but so does his competitor.

With mounting beef imports, the cattleman is faced with competition from countries operating under different economic structures. He is competing with 25 cents an hour labor, with cheap land and a package of low-cost production factors. It is a devastating and ruinous situation.

In addition to the direct effect in the market place, present trade agreements permitting heavy beef and veal imports will discourage production of cornfed beef. An imbalance in feed grain production will result.

Tremendous losses are already being suffered by cattle feeders in this area, in this State, and across the Nation. Federal tax revenues will be decreased drastically thereby placing the Federal Government operations in greater fiscal jeopardy. This in face of the Federal tax cut recently enacted. The tax cut means nothing to the cattle producer when he has no income on which to pay taxes.

With farmers and cattlemen wiped off the tax rolls, what is the effect on local business and commerce? Businessmen are already feeling the effects of depressed cattle prices; sales volume of machinery and automobiles are down and this will have a snowballing effect on the entire economy of the United States.

Foreign countries realize the importance of building a strong agriculture. Tariffs assessed by European countries on our farm products are six times as high as the tariff levied by this country. We cannot afford to be the world's open market for competitive farm products.

A major problem in the beef feeding industry is that most efficient cattle feeders operate in the area of cost of production, for the final feeding operation, of from 20 cents to 22.5 cents per pound of grain. With fat cattle selling consistently within this narrow spread, there is no incentive for risk taking. This will create another feed grain problem.

Case histories gathered from cattlemen themselves and from banks from whom they secure their financing:

(1) Two brothers, both efficient and experienced feeders, will market from March to May, 1964, 206 head of cattle. Loss based on March 11, 1964 Omaha cattle prices will be $4,400.

(2) Loss per head is ranging, according to the efficiency of the operation and prices paid for feeder cattle, from $20 to $60, based on $1 corn and no labor costs.

(3) A qualified observer, a local banker with a doctorate in agricultural economics, estimates that imported beef on the 1963 market, depressed prices from $2.50 to $3 per hundredweight.

(4) A father-and-son feeding operation will lose an estimated $5,100 on 163 head now on the feedlots. These cattle will have to be marketed not later than May 1964 or the loss will increase.

(5) Business firms up and down the street are feeling the pinch from the impact on the economy. One firm—an appliance dealer—in February 1964 reported gross volume down 18 percent. A furniture dealer said his volume was off 14 percent in February.

How much has the current level of meat imports hurt farmers and businessmen? No one really knows at this point. When business is totaled up at year's end, it may prove to be one of the most disastrous for farmers and businessmen alike.

What should be done? Legislation should be enacted rolling back beef and veal imports to 50 percent of the 1956–1963 average. This would give imports from foreign countries a fair spread, taking into the average the low years and the high years.

Sir, because you are not hemmed in by the State and Agriculture Departments, may we ask and secure your help in bringing about a more equitable climate for the American cattlemen?

Very truly yours,

JOHN W. VAUGHN, *Executive Vice President.*

FRANKLIN-HARLAN LIVESTOCK FEEDERS & GROWERS ASSOCIATION,
Franklin, Nebr., March 12, 1964.

Chairman HARRY F. BYRD,
Senate Committee on Finance.

DEAR SIR: Enclosed are a group of letters from local businessmen and farmers explaining their views on the beef industry as it reflects them. We as an association comprise about 120 livestockmen from Franklin and Harlan Counties in Nebraska.

We would like to go on record as supporting a beef and meat import quota rather than increased tariffs. It is felt that increased tariffs would not be a definite or guaranteed reduction in imports.

We realize more than anyone else concerned that imports are not the total problem facing the livestock industry. Cattle numbers have increased in recent years, and we fully know what this would normally have meant to cattle prices. With the increased imports additional price drops have been apparent.

It is hoped that your committee will study this problem on a bipartisan basis and come to an effective program beneficial to all concerned.

DALE FRIEDEMANN, *Association Secretary.*

FRANKLIN STATE BANK,
Franklin, Nebr., March 12, 1964.

Chairman HARRY F. BYRD,
Senate Committee on Finance.

DEAR SIR: Although the cattle and meat imports is not the only factor in low cattle prices, it is no doubt reflecting some decrease.

The increase in imports has come at a time when we were already faced with excess domestic production.

For the past 25 years the production and finishing of cattle has been the backbone of our economy. Along with this grain production has been relegated to second place.

Prices for cattle, both market and feeders, during 1963 have been so low that operations have been curtailed in many cases due to low profits on outright losses.

Local merchants indicate that collections are becoming increasingly more difficult. Local oil dealers have had extreme difficulty in cleaning up credit extended for fuel and lubricants for the 1963 farming operations.

P. S. SLOCUM, *President.*

ALMA COOPERATIVE EQUITY EXCHANGE,
Alma, Nebr., March 12, 1964.

Hon. CARL CURTIS,
U.S. Senate, Washington, D.C.

DEAR SENATOR CURTIS: We are writing to ask that you do all in your power to get a reduction in beef imports. It is firm conviction that this foreign beef is contributing to the low market for fat cattle.

Our feed business has fallen off in the last several months. This is apparently the result of farmers being reluctant to feed out the stock they own, and to resist buying any for that purpose.

Whatever you can do to improve this situation will be greatly appreciated.

Yours very truly,

J. A. VANBUTSEL, *Manager.*

ORLEANS, NEBR., *March 12, 1964.*

Senator CARL T. CURTIS:

I know that the tremendous amount of meat being imported to this country is hurting our cattle industry in this country to a great extent. It should be curtailed immediately. A lot of cattlemen are losing money fast, now, but I feel that the most disastrous results are yet to be seen because of the loss of purchasing power which in turn will have a great effect on the economy of our great Nation.

Personally I have a cow-calf operation on my farm and have not as yet felt it quite as bad as the feeder, but I know it is going to hurt severely when that feeder isn't going to be able to replace the cattle in his lot.

Sincerely,

CHARLES E. MILLER.

FRANKLIN N/S CO-OP ASSOCIATION,
Franklin, Nebr., March 11, 1964.

DEAR SIRS: I am sending this letter in regard to the present meat problem. As a dealer who deals with the farmer I can feel the effects of the prices in our entire operation and feel that this problem should be taken care of at once in the best way for our American farmers and not for the countries that import meats. This is not only my opinion but that of all the mid-States farmers.

Sincerely,

KENNETH KINGSLEY, *Manager.*

FRANKLIN GRAIN CO., INC.,
Franklin, Nebr., March 11, 1964.

Senator CARL CURTIS,
Washington, D.C.

DEAR MR. CURTIS: Being in the grain and feed business at Franklin, Nebr., I deal every day with farmers and ranchers of the county and the surrounding area and I assure you that the farmers are very much upset with the import of meats from other countries. I personally think they surely do have every right to be in a protest. I think it a shame when we of the United States have to stand back and take less for our local meat just in order to take care of the imported meat from other countries.

I personally think it should be cut out as of right now and take care of our own farmers right here at home and let the chips fall where they will on imports and exports.

I think we have a much larger job and duty to our own feeders at home than we do to the foreign feeders.

Yours truly,

R. E. WILES, *Manager.*

KLEEN IMPLEMENT CO.,
Franklin, Nebr., March 10, 1964.

Senator CARL T. CURTIS,
New Senate Office Building,
Washington, D.C.

DEAR SENATOR CURTIS: I would like to make use of this leter to inform you of the effect the price of cattle has had on my business in Franklin, Nebr.

As always, with something as general as this, it is hard to pinpoint anything as being the cause of a loss in business but in this case we can make an exception. With the sharp reduction of cultivated land in our area due to the feed-grain program, we have been more than usually dependent upon the cattle and the sale of such as the mainstay in our business. The farmer made his expenses out of the grain part of his operation and then bought machinery, cars, etc., with the profit from his cattle operation. Since cattle have dropped, this extra profit or margin has not been here and as a result our business and others in the area have been hurt.

We have had many, many "deals" fall through because of the cattle price and undoubtedly have lost countless sales because the profit from the cattle was not there. In addition to new machinery sales, which is the backbone of our business, our notes and especially our accounts receivable are becoming increasingly harder to collect.

Anything which you can do to correct this situation would be much appreciated.

Sincerely yours,

GEORGE R. KLEEN.

ORLEANS, NEBR.

Chairman HARRY F. BYRD,
Senate Finance Committee.

DEAR MR. BYRD: As a feeder I am very discouraged with the prices of meat. On a yearly basis I feed approximately 1,000 head of cattle with average finished weight of 1,200 to 1,300 pounds live weight. These cattle usually cost, as feeders, from $180 to $210, and bring, fat, approximately $300 to $325. Right now they are bringing from $230 to $245 fat, which means instead of a $20 to $30 profit on a steer we are now losing approximately $50 per head.

This has got to be stopped. We can pay no taxes and can buy no improvements or equipment which will in another 3 months have a staggering effect on the whole economy of the United States.

No citizen of America, however remote from the cattle industry, can afford to not do something about this. Stopping these outrageous imports will provide a springboard to recovery.

Sincerely,

H. BROWN, Jr.

ORLEANS, NEBR., *March 12, 1964.*

Senator CARL T. CURTIS,
Washington, D.C.

DEAR SENATOR CURTIS: As a farmer and rancher of southern Nebraska I would like to voice my concern in regard to the impact that low cattle prices have had in our community the past year.

The resultant loss of confidence and business has been keenly felt—not only by farmers and ranchers but by everyone connected with agriculture in Nebraska, which is nearly everyone.

This situation warrants action—not only by us cattle growers and feeders—in orderly production and marketing, but likewise by our rural and nonrural Senators and Congressmen in formulating legislation in regard to beef imports.

This is a definite factor in our low cattle prices and I ask you to do all in your power in arriving at a fair solution in this matter of beef imports for our agricultural country.

FRANK HOXMEIER,
Franklin-Harlan Feeders & Growers Association Director.

FRANKLIN, NEBR.

SIR: The losses we have suffered in feeding cattle in the past few months are limiting our future buying of machinery and supplies to the bare necessities.

CHOQUETTE BROS.

HORDVILLE, NEBR., *March 13, 1964.*

Chairman HARRY F. BYRD,
Senate Finance Committee.

DEAR SENATOR BYRD: I understand that your committee is now holding hearings on a bill that proposes to limit foreign beef imports. I strongly urge that your committee give this proposed legislation favorable action.

I am a young farmer feeder having begun farming in 1955 after serving in the Korean war. I have a young family to support. The depressed cattle prices have hurt me very badly and if they continue probably will force me to quit the farm. After finishing selling 75 head of fat cattle and losing roughly $40 per head on them, I find it difficult to continue operations. I don't want Government subsidies of the cattle market, only protection from foreign imports which we cannot compete with on a cost basis.

I certainly believe that a 7.5-percent level of domestic production provided that it included cooked, cured, and canned meat would meet with satisfaction from all quarters.

Sincerely yours,

CLARENCE W. BLASE.

CUSTER COUNTY FEEDERS & BREEDERS ASSOCIATION,
Broken Bow, Nebr., March 14, 1964.

Hon. CARL T. CURTIS,
U.S. Senate,
New Senate Office Building,
Washington, D.C.

DEAR MR. CURTIS: I hope the enclosed letters and reports will be of help to you with the hearings on the meat import situation. You will no doubt receive a few other letters from businesses, which they did not have ready at this time.

Your telegram and help on the matter is greatly appreciated.

Very truly yours,

DARREL PETERS, *President.*

NEBRASKA STATE BANK,
Broken Bow, Nebr., March 12, 1964.

Hon. HARRY F. BYRD,
Chairman, Senate Committee on Finance,
Washington, D.C.

DEAR MR. BYRD: With 11 to 12 percent of our consumption of beef imported, it is hard for the U.S. cattlemen to exist with the fixed expenses in the United States as high as they are. Price of real estate, labor, machines, and taxes, both Federal and State, have mounted so the cost to produce a 400-pound calf at weaning time is nearly $100. To go on with this calf to 700 pounds at feeding time costs another $40; feed expense in feed lot for 120 days to make a choice carcass costs nearly 23 cents per pound. The cattleman has a steer or heifer weighing 1,050 pounds, costing $220 to produce, nothing left for the cattleman, when he has to sell it for $22, the Omaha top now. The average price of beef cattle sold in Omaha was $19.92 on March 9, 1962.

The cattlemen in central Nebraska are hurt badly; in fact, if these prices prevail for another year, we may have a beef shortage in the United States within 5 years, the foreign countries will be getting rich with the beef imported into the United States while the U.S. stockmen go broke, along with the retail merchants in the cattle country. Retail business has fallen off 20 percent through central Nebraska in the past 6 months due to cattle prices.

Maybe there should be some investigation done in the chainstores; they sell 85 percent of meat sold in the United States. A New York cut steak over the counter costs $1.69 per pound, which they buy in a beef carcass at 31 to 35 cents per pound; seems like quite a markup.

We need the meat import rolled back to the 1958 import level for at least 2 years to get the U.S. cattlemen back on their feet, and business back to normal.

Yours very truly,

C. A. OWEN,
Rancher, Cattlefeeder, and Banker, Broken Bow, Nebr.

KELLER HEREFORDS,
Broken Bow, Nebr., March 14, 1964.

Re the plight of the cattleman.

HARRY F. BYRD,
Chairman, Senate Committee on Finance,
Washington, D.C.

DEAR MR. BYRD: I ordinarily keep about 400 head of registered Hereford cows in my breeding herd. I now have 700 head, not by choice but because I have not been able to sell my surplus heifers at a price I can afford to take.

The sharply increasing cost of operation and the sharply declining cattle prices has caused my indebtedness to more than double. Two years ago I had a net worth of $500,000 with 400 cows. Now I have a net worth of $200,000 with 700 cows.

If these same conditions continue to exist I will be forced to liquidate. My case is quite typical of others engaged in producing seed stock for our Nation's cattle industry.

Yours truly,

WILLARD W. KELLER.

F. A. BATES, INC.,
Broken Bow, Nebr., March 14, 1964.

HARRY F. BYRD,
Chairman, Senate Committee on Finance, Washington, D.C.

DEAR MR. BYRD: In my 28 years as an implement dealer in Broken Bow, I have felt that I have had real close association with the farmer and cattleman in this community. We have listened to his good times and bad times. We have taken his notes for goods sold and carried him on open account from 6 to 12 months at a time when he was unable to get money anywhere.

Our last month statement shows that we have over $30,000 on open account and $24,000 on secured notes; 40 percent of these accounts are past 90 days old and 50 percent of the notes are past due. They have asked for extensions, hoping that a better price would pay them out. But when their cattle check for last year's calf crop is 30 percent less than the previous year, he has stopped buying any kind of equipment. He is going to do with what he has or without. He simply does not have the money for machine replacement.

Something must be done soon.

Sincerely,

EVERETT TOWNS.

BROKEN BOW, NEBR.

Actual cost figures on 79 head of cattle purchased at Thedford, Nebr., September 24, 1963:

Average weight	981
Cost per hundredweight	$22.30
Cost per head	$208.76

The same 79 head of cattle were sold on the Omaha public market in February 1964:

Average weight	1,338
Sale price per hundredweight	$18.78
Total	$250.87
Gain per head (pounds)	368
Cost per pound gain	$0.205
Total feed cost (less labor, interest, and taxes)	$75.44
Purchased price and feed cost	$284.20
Sale price	250.87
Loss per head	33.33

HAROLD HYSLOP, *Cattle Feeder*

THEDFORD SERVICE CLUB,
Thedford, Nebr.

Hon. HARRY F. BYRD,
Chairman, Senate Committee on Finance,
Washington, D.C.

DEAR SENATOR BYRD: We, the Thedford Service Club, of Thedford, Nebr., would like to go on record as favoring a law limiting imports of foreign beef at not to exceed the average imports for the years 1957 to 1961.

We are located in the cattle-producing area of Nebraska and are fully aware of the damage to our own cattle industry those foreign imports are causing. Our feed lot operators, who purchase the cattle we produce, are losing on an average from $30 to $70 per head on all cattle they have fed during the past 15 months. This loss is, of course, partially passed back to our cattle producers.

We feel that these foreign imports, now at a record level of over 10 percent of our domestic consumption, are the main cause of these heavy losses in the cattle industry. With these losses in the cattle industry all businesses in our agricultural communities are adversely affected.

We respectfully request that your committee enact into law some legislation limiting these foreign imports at not to exceed the average of imports for the 5-year period of 1957 through 1961.

Respectfully submitted.

DICK DUNN, *President.*

FALLS CITY CHAMBER OF COMMERCE,
Falls City, Nebr., March 12, 1964.

Senator HARRY F. BYRD,
Chairman, Senate Committee on Finance,
Washington, D.C.

DEAR SENATOR BYRD: The impact of too liberal beef imports on the cattle industry in the United States is disastrous, and under the present voluntary restrictions will continue to be so.

In our particular area it is catastrophic. Losses in the cattle industry in our area are staggering. The latest figures, based on the State-Federal statistics, show that on January 1, 1962, there were 1,821,000 head of cattle in Nebraska being fed under the feed grain program, and in our own county there were 23,100 head under feed. These figures are almost constant year to year. The present figures are a little lower, due to sales of slaughter beef which have not been replaced, but it still represents a major segment of our agricultural economy.

Our local cattle feeders are estimating a loss of $2 per hundredweight at market time, based on current prices which have little chance of improving with the influx of imported beef and meat products. In a declining market, which seems probable, the loss will be increased. On an estimated figure of 1,400,000 head under feed, being marketed at 1,100 pounds, the loss in the State of Nebraska alone will amount of $30,800,000. In Richardson Country, Nebr., the loss would be $508,200. Our economy cannot stand such losses.

Remedial legislation is needed at once—if the agricultural Midwest is to continue to support the national economy, and we strongly urge your help, and the help of everyone who values free enterprise and our American way of life.

Sincerely,

ELMER ROGERS, *President.*

ST. PAUL, NEBR., *March 12, 1964.*

Senator HARRY F. BYRD,
Chairman, Senate Committee on Finance.

MR. CHAIRMAN: The importing of foreign beef has had a disastrous effect on the general economy of this area. Implement dealers, feed companies, automobile agencies, and many other businesses are reporting a 20- to 30-percent drop in sales during the past year. Bankers are deeply concerned about the future of the livestock industry. Experienced cattle feeders that were considered solid operators, are now having difficulty getting financial assistance to remain in the business.

A large livestock commission company reports, all of their collateral, representing many thousands of dollars, tied up in bad checks. An Illinois feeder has been a customer of this market for many years and his financial rating has always been first class. This past fall he wrote a check for $18,000 for feeder cattle, and the check was returned to the firm marked "insufficient funds." This is only one example, there are many others.

Howard County has many acres of land that are to be irrigated by the new 52,000-acre Farwell irrigation project. Many farmers are in need of larger tractors and modern machinery, but they are unable to buy because of lower prices received for their stock.

The Howard County Feeder's & Breeder's Association with a membership of 115 farmers and feeders, are very grateful to U.S. Senators who are making an effort to reduce imports. We will sincerely appreciate any legislation that will help put the U.S. livestock industry back to where the feeder, rancher, and farmer can realize a fair profit for their investment and labor.

FRED C. MEYER,
President, Howard County Feeder's & Breeder's Association.

ALLIANCE CHAMBER OF COMMERCE,
Alliance, Nebr., March 11, 1964.

Mr. HARRY F. BYRD,
Chairman, Senate Committee on Finance.

DEAR MR. BYRD: Being a community that relies strictly on agriculture income, it was most gratifying to know that hearings regarding the restricting of meat imports, by the Senate Committee on Finance, is starting this week.

The feeders of cattle in our area in the last 12 months have taken at least a 20-percent decrease in their operations. Along with grain producers which will probably feel this even more so than the feeder. It is and will continue to definitely curtail our retail sales by at least one-third and if this higher rate of beef import is allowed to continue, will cause the complete collapse of many ranchers and feeders in this area.

Sincerely yours,

WAYNE C. GOFF,
W. DEAN HUNTER,
Cochairmen, Agriculture Committee, Alliance Chamber of Commerce.

NEBRASKA LIVESTOCK FEEDERS ASSOCIATION,
BURT COUNTY LIVESTOCK FEEDERS ASSOCIATION,
Tekamah, Nebr., March 11, 1964.

HARRY F. BYRD,
Chairman, Senate Committee on Finance,
Washington, D.C.

DEAR SENATOR: We of the Burt County Livestock Feeders Association would like to see the imports of beef reduced to the ratio of 6 to 7 percent of our consumption of beef. The present amount of imported beef and the chances of it even going higher is of great concern to we people in the cattlefeeding area of Nebraska.

The present losses of $30 to $40 per head on fat cattle will depress the financial condition of rural communities. Eventually, this loss in cattle will show up in the industrial areas because of the lack of farm people being able to purchase new machinery and automobiles

We would appreciate your committee giving this problem due consideration at your hearings.

Very truly yours,

Nels Andersen, President; Gilbert Isaacson, Director; Elden Ahrens, Director; Howard E. Anderson, Director; Kenneth L. Larsen, Director; Gerald Newill, Director; Clyde Stork, Director; Phillip Cooper, Director; Lawrence Anderson, Director; Robert J. Miller, Director; Fred Fager, Director; Keith Preston, Director; Jerry Wallerstedt, Director; Joe Roh, Jr., Director; and Bernard Le Master, Treasurer.

The CHAIRMAN. The committee will now recess until further notice.

(Whereupon at 10:30 a.m., the committee recessed, subject to call of the Chair.)

MEAT IMPORTS

WEDNESDAY, JUNE 17, 1964

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

The committee met, pursuant to notice, at 10:15 a.m, in room 2221, New Senate Office Building, Senator Harry Flood Byrd (chairman) presiding.

President: Senators Byrd, Anderson, Douglas, Gore, McCarthy, Hartke, Bennett, Curtis, and Morton.

Also present: Elizabeth Springer, chief clerk.

The CHAIRMAN. Before you begin, Mr. Secretary, I submit, for the record, the report of the Department of Agriculture of June 16, 1964, on S. 2525 which deals with the subject of meat imports.

(The report referred to follows:)

DEPARTMENT OF AGRICULTURE,
Washington, D.C., June 16, 1964.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
U.S. Senate.

DEAR SENATOR BYRD: This is in response to your request for a report on S. 2525, a bill to restrict imports of beef, veal, and mutton into the United States, and Senate amendment No. 465 to H.R. 1839, a bill 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. The intent of S. 2525 and the Senate amendment No. 465 to H.R. 1839 is to restrict imports of beef, veal, and mutton (in all forms except canned, cured, and cooked meat, and live animals) to the average of the 5-year period 1959–63.

The drop in cattle prices over the past year has brought economic hardship to a number of cattlemen and clearly calls for action to help bring prices back to reasonable levels. Nevertheless, increases in imports have not been the major cause of lower prices and legislative action to limit beef imports would seriously jeopardize our position in the current trade negotiations.

The agreements recently announced between the United States, Australia, New Zealand, Ireland, and Mexico to limit exports of beef, veal, and mutton to the U.S. market will benefit the U.S. cattle industry in the years immediately ahead. These agreements were designed to meet the situation created by the increases in meat imports from these countries in recent years. Australia, for example, in 1962 increased its exports to the United States by 80 percent over 1961. In 1963, they showed an increase of 17 percent over 1962. Under the agreement with Australia imports in 1964 would be limited to about 6 percent below the 1963 level, and thereafter would increase by less than 4 percent per year in 1965 and 1966.

In more recent discussions with Australia and New Zealand, we have been assured that these countries will reduce their shipments to the United States in 1964 to levels substantially below those specified in the recent agreements. Taking all of our suppliers of beef and veal together, it now appears that shipments to the United States this year will be one-fourth below last year, and approximately equal to the 1959–63 average. The four major foreign suppliers have also agreed not to increase the proportion of their beef shipments consisting of higher grade cuts. This will help in preventing greater competition between imports, now largely low-grade meats, and domestic-fed beef supplies.

In addition, in the Meats Group of the General Agreement on Tariffs and Trade (GATT) in Geneva, U.S. representatives have strongly urged other importing countries which have increased their restrictions on beef imports in recent years to reduce these restrictions and open their markets to some of the beef now finding its way into the U.S. market. We will reemphasize this point at the next meeting of the Meats Group.

With respect to agricultural trade in general, we should be mindful of the fact that actions we take to raise barriers against agricultural imports would increase the chances that other countries will raise barriers to our agricultural exports. At this time we are engaged in the Kennedy round negotiations in which we are attempting to encourage a policy of wider international trade, a policy supported by the Congress when it passed the Trade Expansion Act of 1962. If these negotiations are successful, American agriculture stands to gain significantly through expansion of its exports. If they fail, exports of some farm products may well decline from present levels.

In addition to reduced imports, we expect to export substantial quantities of beef to Europe this year for the first time in many years. We are moving aggressively with full cooperation of the trade to develop this market.

Choice grade beef is also being purchased for the school lunch program in increased amounts, and purchases of beef for distribution to needy persons have been stepped up. An expanded promotion program has been launched in cooperation with the beef industry and with retailer and food groups to move beef to market at the best possible prices.

In the domestic market, the principal development has been increased production of beef and veal. Annual domestic production now is about 15 pounds larger per person than during the early 1950's. This increase has been generated by an expansion in the size of the beef herd and by increased feeding. The total number of beef cattle and calves on farms and ranches has risen from 43 million in 1950 to 79 million in 1964. The number of cattle on feed has about doubled during this period. Our production of beef and veal increased by 1,039 million pounds in 1963 as compared with 1962, or by more than four times as much as the increase in imports of 237 million pounds.

A second development has been a continuation of the cyclical nature of the cattle industry which typically has led to wide price swings. In 1963, the price of Choice steers averaged $23.96 per hundredweight. During the 10-year period, 1954–63, there were 4 years when prices of steers averaged less than $24, 2 years when they averaged between $24 and $25, and 4 years when they averaged between $26 and $28 per hundredweight.

A third development has been the widening margin between the price received by the farmer and paid by the consumer for beef. This has increased from 24 cents in 1954 to 36 cents per pound in 1963, and has contributed to the difficulties faced by cattlemen.

Increases in imports did contribute to lower prices over the past year, although they were not a major factor. Careful analyses indicate that the increase in domestic production referred to above was the principal force explaining the drop in fed steer prices from $27.67 in 1962 to $23.96 in 1963. We believe that 75 percent or more of this decline was caused by larger domestic output of beef and veal. Broiler production in 1963 reached a record high and the output of pork was the largest since 1944. The increased supplies of these other meats put additional pressure on cattle prices and accounted for 5 to 10 percent of the decline in cattle prices in 1963. Increases in imports explain the balance—about 15 percent—of the 1963 price decline.

In view of the root causes of the decline in the price of beef, of the steps that have been and are being taken to deal with these causes, and of the adverse impact which enactment of the proposed legislation would have on our trade policy in general and our agricultural exports in particular, the Department of Agriculture is opposed to the enactment of S. 2525 and Senate amendment No. 465 to H.R. 1839.

The Bureau of the Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

ORVILLE L. FREEMAN, *Secretary.*

The CHAIRMAN. The committee only has 45 minutes, Mr. Secretary. You may proceed.

STATEMENT OF HON. ORVILLE L. FREEMAN, SECRETARY OF AGRICULTURE; ACCOMPANIED BY JOHN A. SCHNITTKER, ASSISTANT SECRETARY OF AGRICULTURE; AND ROY LENNARTSON, ASSOCIATE ADMINISTRATOR, AGRICULTURAL MARKETING SERVICE

Secretary FREEMAN. Very good, sir; thank you, Mr. Chairman.

I have a very brief statement that I would like to read in the record, if I may, and then respond to any inquiries, to the best of my ability.

I am deeply concerned over developments in the cattle industry which are having serious adverse effects on this important sector of American agriculture and on the entire economy. Beef cattle play a key role in American agriculture. In 11 States, cattle and calves make up one-third of all farm marketings. Nationally, they accounted for 23 percent of total cash receipts from marketings of farm products in 1963.

The members of this committee have heard a great deal of testimony on the beef cattle situation. Therefore, I simply want to summarize the current situation and to indicate to you some judgments that it is my responsibility to make in terms of the overall national interests.

Prices of Choice fed steers at Chicago dropped from an average of $27.67 per hundredweight in 1962 to just under $24 in 1963, and to less than $21 in the spring of this year. Prices have strengthened this week, but I continue to be deeply concerned over the situation.

The President has repeatedly expressed his concern, and has given many hours of personal attention to it. I have given detailed attention to beef problems every day for many weeks, as have the skilled technical and professional people in the Department of Agriculture.

If we are to act effectively we must first of all understand what has taken place and what we are faced with in the future.

For many years, wide swings in cattle numbers and prices have been a major characteristic of the American cattle industry. For several decades, the total number of beef cattle has trended upward, but has also moved in a cyclical fashion, reflecting adjustments which cattlement have found it necessary to make periodically.

The buildup in the previous cycle began in 1949. Cattle numbers peaked in 1955, and then declined through 1957. Herd expansion in the current cycle began in 1958. Since then numbers have increased steadily to a total of 106.5 million for all cattle on January 1, 1964. Some further increase is expected next January 1.

Wide price swings are also characteristic of the beef cattle industry. Early in 1950, the price of Choice steers in Chicago began rising and reached an annual average of almost $36 per hundredweight in 1951. Prices then declined to $21.99 at Chicago in April of 1953, and in February of 1956 were down to $18.88.

Prices improved over the 3 years, 1958–60, averaging between $26 and $28 each year. Some decline occurred in 1961 but in 1962 average prices rose to $27.62—the second highest annual average of the past decade.

Cattlemen will in all likelihood face these adjustments in the future as they have in the past. They usually take several years and result in severe hardship to many in the industry before beef production is again in line with demand at satisfactory prices.

The Department works closely with the livestock industry in an effort to minimize the effects of these cyclical adjustments. We are endeavoring to improve the grading system for meats. We are constantly reviewing and improving the system of market news and livestock reporting.

The establishment of the Cattle Advisory Committee has provided a useful link with beef producers. We are hopeful that these and other improvements in the flow of information between the industry and the Government may help to moderate cycles in the future. Our efforts, however, do not include any proposal for price supports for beef cattle. These have been opposed by livestock producers.

I want now to bring to this committee a report on current developments which have major implications for the cattle industry. Important actions have been taken in regard to beef exports, beef imports, and beef consumption in this country which ought to be considered in connection with pending legislation before this committee.

BEEF EXPORTS

We expect to be exporting increasing quantities of beef before this year is over. In recent months, while our prices have declined, prices have been rising in West European markets.

In fact, for the first time in many years our beef prices are becoming competitive with wholesale prices in West European markets. The tabulation on the following page indicates such a comparison.

(The tabulation referred to follows:)

Comparison of prices of U.S. good carcass beef with Paris wholesale prices

[Cents per pound]

Month	U.S. good carcass beef			Paris average wholesale [2]
	Chicago wholesale	Cost, insurance, freight Le Havre [1]	Equivalent Paris wholesale	
January 1963	43.6	54.6	67.0	44.8
June 1963	37.9	48.9	60.2	48.4
January 1964	37.6	48.6	59.8	48.5
March 1964	36.2	47.2	58.1	50.5
May (last week)	34.5	45.5	[3] 51.6	55.6

[1] Based on published ocean tariff rates.
[2] First quality French beef.
[3] After French reduced their duty May 27, 1964.

Secretary FREEMAN. You will note the rise in beef prices in France and other European markets are the result of a shortage of beef in Western Europe. This has been caused by the inability of supplies in Western European countries to keep pace with increased demand for beef, and more particularly, shortages in countries that traditionally have exported to Western Europe, notably Argentina. As a matter of fact, Argentina within the last couple of days has gone on meat rationing 2 days a week.

Strange as it may sound if you will look at this table you will notice that the cost insurance, freight Le Havre price is higher and that we are able to lay down meat which is significantly cheaper than the Paris wholesale price, and that is true in the United Kingdom, that is true in Italy, that is true in Germany, that is true today generally in Western Europe.

We estimate there is a need for a 100,000 to 150,000 tons of beef in the Western European markets for the remainder of this year.

We believe we can sell, but there is much to be done to realize substantial exports. We have not exported beef to Europe in this century in any quantity. European consumers also want leaner cuts of mature beef than U.S. consumers usually buy.

So we are, in effect, faced with marketing a product which is not typically consumed in the United States.

In addition, financing, shipping, and distribution machinery must be developed, and this takes time. But our meat trade is flexible and aggressive. I feel confident it will be equal to the task. To meet this challenge, we have concluded a foreign market development agreement with the American Meat Institute which is acting on behalf of all segments of the livestock industry.

We have invited delegations of buyers from Western Europe to visit this country to look at our beef and cattle. Representatives of Italy and France are here now on buying missions.

As a matter of fact a delegation from Italy is in the Department at this very moment.

We expect others in the near future. Samples of our beef have been sent abroad and now are on display so that foreign buyers can view our merchandise. A team is en route now which will visit a half dozen key areas in Europe with examples, specifications, and the detailed kind of information that is needed to actually get down to dollars and cents trade.

AGRICULTURAL EXPORTS

We already export important quantities of animal products, although as yet beef exports have not reached major proportions. In 1963, exports of livestock and livestock products were valued at $364 million, including $85 million in meat products—mostly variety meats and pork.

The remainder was largely tallow, hides and skins, and lard. Imports of beef and veal amounted to $354 million in 1963. It is interesting to note we exported more animal products than we imported beef and veal in 1963.

In discussing possible limitations on agricultural imports, we must be aware of the importance of agricultural exports. This is, in fact, a critical time for agricultural exports, as the Kennedy round negotiations get underway seriously and as we look forward to reductions in tariffs and other trade barriers which will expand trade throughout the world to the mutual benefit of all countries.

We have an enormous investment in both legislative and administrative action aimed at expanding exports of industrial and agricultural products from the United States. This was the goal of the Trade Expansion Act. It is the objective of Governor Herter as the President's special trade representative, and of our negotiators in Geneva.

But even before the Trade Expansion Act was passed, the full resources of the U.S. Government, including the influence of the President, had been brought to bear to maintain and to expand U.S. agricultural trade.

Since 1961 I have made half a dozen trips to Europe in pursuit of expanded trade and in efforts to reduce the adverse effects of the EEC system of variable fees.

We have made some progress in this period. Continued grain exports to the United Kingdom have been assured. We have improved the export position of certain fruits and vegetables—especially fruits to France.

We have established the principle that the trade negotiations on agricultural and industrial products must proceed at the same time.

As Governor Herter has put it:

> * * * the United States will enter into no ultimate agreement unless significant progress is registered toward trade liberalization in agricultural as well as industrial products.

Agricultural exports from the United States make up about 26 percent of total exports. They will be valued at about $6 billion this year. Nearly three-fourths of these sales are for dollars and they represent a key contribution to our balance of payments.

Every section of the country has an important stake in expanding agricultural exports. For most States commercial exports of cotton, soybeans, and grain far exceed the value of beef imports which compete with beef production in that State.

If commercial exports of soybeans and grains are prorated to the States on the basis of production, Iowa exported $194 million worth of products in 1963. Iowa's pro rata share of beef imports based on beef production amounted to only $41 million in 1963.

For Nebraska, the comparison is $103 million in grain and soybean exports against a $26 million share in beef imports.

For the South Atlantic States, the ratio is $121 million in cotton, soybeans, and grain exports against $14 million as the pro rata share of beef imports.

You have a handy table setting these interesting figures down State by State.

These examples serve to point up the fact that it is not in the interest of ranchers and farmers in the United States that we risk the export markets for our agricultural commodities by taking unnecessary action in connection with imports of beef into the United States. Expanding exports will add to farm income and will reduce the extent of overcapacity in U.S. agriculture.

Now, at the same time imports of beef and veal this year are expected to be at about the 1959–63 level, called for by the legislation now being considered by this committee.

Thus the objectives of S. 2525 and similar bills are already being accomplished for the remainder of this year and for next year.

Sharply reduced world supplies are expected to extend ahead for about 18 months, both as a result of expected demands in Europe and our own efforts to get our suppliers to divert beef from the U.S. market.

We have been informed by our major suppliers that on the basis of other requirements and their own marketing schedules, beef and veal shipments will be sharply reduced.

Imports for the first 4 months are 11 percent below last year. For the year, however, they are expected to be down 25 percent. The agreements which were negotiated earlier this year provided for a reduction of 6 percent from last year from our major suppliers. Subsequent events have further reduced prospective imports.

Might I emphasize two things here: That, first, we feel that this will continue for a period of at least 18 months because of demand-supply conditions around the world, and we are confident that the level which the bill before this committee, S. 2525 called for will be met this year.

While imports are down, domestic consumption is up. In the first quarter, per capita consumption was about 8 percent above a year ago. This rate, of course, will not be sustained for the year but per capita consumption of beef will be up sharply for the year. With reduced prices and expanded promotion, U.S. consumers are helping producers solve the beef problem in the time-honored way—by eating it up.

We expect to continue and to expand our cooperative promotion efforts with the industry as long as necessary. Over 100,000 retailers and 75,000 food service agencies have distributed millions of pieces of information calling beef to the attention of the consumer. These efforts have been effective.

In addition, expanded beef purchases for needy persons and school lunches will provide more beef in the diets of our people who most need improved diets. Through last week, we had bought 111 million pounds of beef in the accelerated purchase program.

These, Mr. Chairman, are the latest developments in the beef situation. I would now like to express my judgment on the proposed legislation in view of the prospects for larger exports, lower imports, and expanded consumption.

I strongly urge this committee not to report S. 2525 or similar bills. I urge the Congress not to pass S. 2525 or similar bills at this time. Such action could do no good in reducing beef imports or raising beef prices immediately. And it could seriously jeopardize our trade negotiating position.

Such legislation is not necessary at this time. Its purpose has been accomplished with the cooperation of our beef suppliers. Market conditions in the world are such that U.S. producers can count on sharply reduced imports of beef and live cattle this year and next year. And as the trade negotiations in Geneva go forward, the United States will make every effort to help open up the world's beef markets as well as to expand trade generally.

If we are to succeed in this crucial long-range effort, we cannot afford legislation which would yield no immediate benefits, but would invite immediate retaliation by our beef suppliers in the form of higher tariffs or reduced import quotas for American goods. It would seriously compromise our position, not only in beef, but in other farm products, and even in industrial products.

The Kennedy round negotiations will be long and difficult. It is vital to go to the bargaining table in the best possible position. To go back on the agreements which we have negotiated would provide ammunition to those who would exclude U.S. farm products from their markets, and would alienate those countries which are our chief allies in seeking access to European markets for farm products.

Within the last year, the United States and other efficient agricultural producers have pressed their case for fair and reasonable access to world food markets.

Together with Australia, Canada, New Zealand, Argentina, and other countries, the United States has insisted that efficient suppliers have the opportunity to compete for a share of the food markes of importing countries based on a recent representative period.

Within the last year, the United States reluctantly asked for damages under the GATT, to compensate for new trade restrictions which reduced U.S. poultry exports to EEC countries. Increased duties established by the United States as a result of the famous "chicken war" have sharply reduced the importation of certain truck and other products from Europe. The effect of our action has not been overlooked by European exporters. They are now feeling the backlash of their own increased duties on poultry.

The net result has been damaging to both sides. I confidently predict that this would also be the result of legislation to restrict beef imports at this time.

Thank you, Mr. Chairman.

(The cattle and beef statistics follow:)

TABLE 1.—*Cattle and calves on farms Jan. 1. Number by classes, United States, 1940 to date* [1]

[In thousand head]

Year	Kept for milk				Other						Total cattle and calves
	Cows and heifers, 2 years and older	Heifers, 1 to 2 years old	Heifer calves	Total	Cows and heifers, 2 years and older	Heifers, 1 to 2 years old	Calves	Steers, 1 year and older	Bulls, 1 year and older	Total	
1940	24,940	5,525	5,967	36,432	10,676	3,357	10,936	5,283	1,625	31,877	68,309
1941	25,453	5,676	6,254	37,383	11,366	3,789	11,413	6,119	1,685	34,372	71,755
1942	26,313	5,889	6,635	38,837	12,578	4,055	12,219	6,596	1,740	37,188	76,025
1943	27,138	6,067	7,035	40,240	13,980	4,547	13,239	7,361	1,837	40,964	81,204
1944	27,704	6,352	7,201	41,257	15,521	4,971	13,768	7,849	1,968	44,077	85,334
1945	27,770	6,307	6,772	40,849	16,456	5,069	12,871	8,329	1,999	44,724	85,573
1946	26,521	5,758	6,270	38,549	16,408	4,859	12,810	7,727	1,882	43,686	82,235
1947	25,842	5,624	6,217	37,683	16,488	4,636	12,804	7,109	1,834	42,871	80,554
1948	24,615	5,550	6,004	36,169	16,010	4,518	12,046	6,672	1,756	41,002	77,171
1949	23,862	5,327	6,081	35,270	15,919	4,657	12,033	7,270	1,681	41,560	76,830
1950	23,853	5,394	6,208	35,455	16,743	4,754	12,516	6,805	1,690	42,508	77,963
1951	23,568	5,493	6,337	35,398	18,526	5,122	14,319	7,029	1,689	46,685	82,083
1952	23,060	5,694	6,481	35,235	20,863	5,971	15,829	8,400	1,774	52,837	88,072
1953	23,549	5,893	6,479	35,921	23,291	6,535	17,440	9,147	1,907	58,320	94,241
1954	23,896	5,873	6,392	36,161	25,050	6,365	17,978	8,229	1,896	59,518	95,679
1955	23,462	5,786	6,094	35,342	25,659	6,514	18,804	8,444	1,829	61,250	96,592
1956	22,912	5,407	5,890	34,209	25,371	6,206	18,869	9,483	1,762	61,691	95,900
1957	22,325	5,267	5,699	33,291	24,534	5,926	18,405	8,991	1,713	59,569	92,860
1958	21,265	5,126	5,571	31,962	24,165	5,903	18,275	9,252	1,619	59,214	91,176
1959	20,132	5,050	5,526	30,708	25,112	6,557	19,407	9,931	1,607	62,614	93,322
1960	19,527	5,079	5,575	30,181	26,344	7,036	20,425	10,574	1,676	66,055	96,236
1961	19,361	5,063	5,550	29,974	27,102	7,069	20,705	10,977	1,707	67,560	97,534
1962	19,167	4,965	5,418	29,550	28,305	7,333	22,050	11,060	1,704	70,452	100,002
1963	18,679	4,823	5,149	28,651	29,970	7,909	23,330	12,129	1,747	75,085	103,736
1964	18,073	4,560	5,021	27,654	31,779	8,313	24,417	12,513	1,812	78,834	106,488

[1] Includes Alaska and Hawaii beginning 1961.

TABLE 2.—*Beef and veal production, by class of slaughter, 48 States, 1940 to date*

[In million pounds]

Year	Beef: Commercial: Federally inspected[1]	Beef: Commercial: Other	Beef: Commercial: Total[2]	Beef: Farm	Beef: Total	Veal: Commercial: Federally inspected[1]	Veal: Commercial: Other	Veal: Commercial: Total[2]	Veal: Farm	Veal: Total
1940	4,964	1,984	6,948	227	7,175	568	328	896	85	981
1941	5,732	2,126	7,858	224	8,082	599	353	952	84	1,036
1942	6,343	2,249	8,592	251	8,843	667	399	1,066	85	1,151
1943	5,966	2,340	8,306	265	8,571	597	481	1,078	89	1,167
1944	6,652	2,149	8,801	311	9,112	926	703	1,629	109	1,738
1945	7,236	2,700	9,936	340	10,276	823	729	1,552	112	1,664
1946	5,661	3,349	9,010	363	9,373	642	687	1,329	114	1,443
1947	7,535	2,561	10,096	336	10,432	904	589	1,493	112	1,605
1948	6,433	2,333	8,766	309	9,075	791	532	1,323	100	1,423
1949	6,998	2,144	9,142	297	9,439	746	494	1,240	94	1,334
1950	7,051	2,197	9,248	286	9,534	667	470	1,137	93	1,230
1951	6,431	2,118	8,549	288	8,837	583	389	972	87	1,059
1952	7,157	2,180	9,337	313	9,650	650	430	1,080	89	1,169
1953	9,368	2,687	12,055	352	12,407	882	569	1,451	95	1,546
1954	9,681	2,920	12,601	362	12,963	931	620	1,551	96	1,647
1955	10,195	3,018	13,213	356	13,569	903	584	1,487	91	1,578
1956	11,018	3,072	14,090	372	14,462	974	567	1,541	91	1,632
1957	10,704	3,148	13,852	350	14,202	875	567	1,442	84	1,526
1958	10,106	2,877	12,983	347	13,330	667	436	1,103	83	1,186
1959	10,462	2,771	13,233	347	13,580	575	354	929	79	1,008
1960	11,442	2,932	14,374	353	14,727	623	402	1,025	83	1,108
1961	12,026	2,904	14,930	368	15,298	586	374	960	84	1,044
1962	11,984	2,947	14,931	365	15,296	575	361	936	79	1,015
1963	13,137	2,912	16,049	374	16,423	513	334	847	80	927

[1] Includes slaughter in war-duration or "Fulmer" plants 1942–46.
[2] Total based on unrounded data.

Total commercial production of beef and veal[1]

[In million pounds]

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
						BEEF						
1962	1,327	1,111	1,232	1,141	1,312	1,275	1,284	1,343	1,194	1,357	1,209	1,146
1963	1,346	1,170	1,276	1,304	1,405	1,312	1,371	1,397	1,342	1,513	1,300	1,316
1964	1,511	1,299	1,412									
						VEAL						
1962	82	69	78	71	79	73	76	86	81	93	79	69
1963	78	66	68	65	65	61	71	76	76	83	70	67
1964	75	64	68									

[1] Does not include farm slaughter.

TABLE 3.—*Cattle and calves on feed, 26 States, Jan. 1, 1940–59, and by quarters, October 1959 to date*[1]

[In thousand head]

Year	Jan. 1	Apr. 1[2]	July 1[2]	Oct. 1[2]
1940	3,633			
1941	4,065			
1942	4,185			
1943	4,445			
1944	4,015			
1945	4,411			
1946	4,211			
1947	4,322			
1948	3,821			
1949	4,540			
1950	4,390			
1951	4,534			
1952	4,961			
1953	5,762			
1954	5,370			
1955	5,795			
1956	5,929			
1957	6,122			
1958	5,898			
1959	6,601			5,012
1960	7,173	6,671	5,652	5,127
1961	7,645	7,100	5,822	5,597
1962	7,865	7,230	6,072	6,069
1963	8,887	8,079	6,829	6,704
1964	8,781	8,175		

[1] Cattle and calves on feed are animals being fattened for the slaughter market on grain or other concentrates and are expected to produce a carcass that will grade good or better.
[2] Totals for the 26 States for Apr. 1, July 1, and Oct. 1 quarters not available prior to Oct. 1, 1959.

TABLE 4.—*Meat animal imports: Number of cattle imported, United States, 1954 to date*[1]

Year	Cattle (head)						
	700 pounds and over			Under 700 pounds			Total
	Cows for dairy purposes	Other	Total	Under 200 pounds	200 to 699 pounds	Total	
1954	17,633	46,798	64,431	2,872	3,377	6,249	70,680
1955	26,676	73,696	100,372	8,796	101,849	195,644	296,016
1956	24,364	14,038	88,402	4,419	97,984	102,403	140,805
1957	19,342	230,272	249,614	18,400	434,901	453,301	702,915
1958	20,841	811,724	832,565	16,811	776,837	793,648	1,126,213
1959	16,600	135,956	152,556	31,775	503,725	535,500	688,056
1960	20,618	80,496	101,114	33,852	509,584	543,436	644,550
1961	25,018	125,070	150,088	37,260	835,451	872,711	1,022,799
1962	15,515	108,937	124,452	66,240	1,041,564	1,107,804	1,232,256
1963[2]	11,876	69,163	81,039	63,739	688,938	752,677	833,716

[1] Imports for consumption. Imports from Virgin Islands no included.
[2] Data are preliminary.

Meat animal imports: Number of cattle imported, United States, by months 1962 and 1963

[By head]

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1962	86,694	97,354	96,694	115,821	88,244	43,928	22,115	31,831	47,583	146,936	254,679	200,377
1963[1]	141,898	99,278	66,832	102,246	72,247	30,610	24,870	16,705	23,883	55,772	98,062	101,313
1964[1]	56,753	54,178	50,604									

[1] Data are preliminary.

TABLE 5.—*U.S. beef and veal imports, carcass weight equivalent*

[In thousand 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	16,188	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	165,739	1,159	16,223	28,908	1,182,856	1,414,273	25,511	1,439,784
1963 [1]	19,947	746	221,174	3,650	16,427	27,102	1,363,478	1,652,524	26,429	1,678,953
1964 [2]	5,290	88	47,757	1,055	2,249	2,031	255,478	313,948	4,165	318,113

[1] Data are preliminary.
[2] Data are preliminary; January to March.

BEEF AND VEAL IMPORTS, CARCASS WEIGHT EQUIVALENT

[In thousand pounds]

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1962	99,726	75,402	147,963	95,266	80,112	109,143	112,156	173,129	155,881	132,484	128,825	129,699
1963 [1]	86,520	151,784	132,905	100,093	136,095	119,981	169,674	177,244	179,723	156,739	132,683	135,511
1964 [1]	152,579	79,065	106,469	......	......	......	......	......	......	......	......	......

[1] Data are preliminary.

TABLE 6.—*U.S. imports of cattle and beef, compared with U.S. production, by year, 1954–62*

CATTLE AND CALVES AND BEEF AND VEAL

Year	Imports				U.S. beef and veal production [3]	Imports as a percentage of production [4]
	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	1,440	1,720	16,311	10.5
1963 [5]	834	180	1,679	1,859	17,350	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] Import data are preliminary.

Table 7.—*Meat imports*

[In million pounds]

Product and year	Imports, by country of origin, product weight												Total imports	
	Canada	Mexico	Argentina	Brazil	Denmark	West Germany	Poland	Netherlands	Ireland	Australia	New Zealand	All other	Product weight	Carcass weight equivalent
Beef and veal: [1]														
1958	53.6	75.0	216.7	13.6	2.5	0.3	--------	0.3	23.8	17.7	183.7	32.0	619.2	909
1959	22.6	48.9	128.6	36.0	3.4	.3	--------	.3	42.0	224.0	161.6	54.6	722.3	1,06
1960	18.9	39.1	52.7	9.0	4.5	.3	(2)	.1	52.8	144.7	130.7	59.8	512.6	775
1961	32.3	53.4	65.2	16.3	6.5	.3	0.1	.1	64.4	233.9	154.4	62.3	689.2	1,037
1962	19.4	59.3	55.9	17.2	7.7	.4	.4	.1	70.7	441.7	213.6	81.1	967.5	1,440
1963 [3]	17.2	73.0	87.4	10.9	6.1	.2	1.1	.1	72.9	516.9	235.7	100.9	1,122.4	1,679
Lamb and mutton:														
1958	1.2	--------	--------	--------	--------	--------	--------	--------	--------	14.6	7.0	1.2	24.0	41
1959	.8	--------	--------	--------	--------	--------	--------	--------	--------	40.6	12.8	2.6	56.8	104
1960	.1	--------	--------	--------	--------	--------	--------	--------	--------	38.5	9.1	2.0	49.7	87
1961	.1	(2)	--------	--------	--------	--------	--------	--------	(2)	44.6	10.8	.3	55.8	101
1962	.5	--------	.1	--------	--------	--------	--------	--------	.2	65.9	11.1	.4	78.2	143
1963 [3]	.7	--------	--------	--------	--------	--------	--------	--------	(2)	65.7	14.8	.6	81.8	145
Pork:														
1958	61.9	(2)	(2)	--------	28.7	7.0	27.0	44.7	.1	--------	.1	3.3	182.8	193
1959	59.1	(2)	(2)	--------	37.3	4.7	26.9	43.4	.2	--------	.2	3.1	174.9	186
1960	47.3	(2)	(2)	--------	40.7	2.7	35.1	42.0	.2	--------	.1	3.2	171.3	186
1961	44.7	.1	--------	--------	46.2	1.7	34.7	42.0	.2	--------	(2)	4.1	173.7	187
1962	46.8	(2)	--------	--------	63.8	1.3	30.8	43.4	2.0	(2)	.1	6.6	203.8	216
1963 [3]	45.8	(2)	--------	--------	71.0	.9	40.0	42.9	1.3	(2)	(2)	8.6	210.5	226
Total:														
1958	116.7	75.0	216.7	12.6	41.2	7.3	27.0	45.0	23.9	32.3	190.8	36.5	826.0	1,143
1959	82.5	48.9	128.6	36.0	40.7	5.0	26.9	43.7	42.2	264.6	174.6	60.3	954.0	1,353
1960	66.3	39.1	52.7	9.0	45.2	3.0	35.1	42.1	53.0	183.2	139.9	65.0	733.6	1,048
1961	77.1	53.5	65.2	16.3	52.7	2.0	34.8	42.1	64.6	278.5	165.2	66.7	918.7	1,325
1962	66.7	59.3	56.0	17.2	71.5	1.7	40.2	43.5	72.9	507.6	224.8	88.1	1,249.5	1,799
1963 [3]	63.7	73.0	87.4	10.9	77.1	1.1	41.1	43.0	74.2	582.6	250.5	110.1	1,414.7	2,05

[1] Includes quantities of other canned, prepared, or preserved meat not elsewhere specified. Assumed to be mostly of beef.

[2] Less than 50,000 pounds.

[3] Data are preliminary.

Source: Compiled from official records of the Bureau of the Census.

TABLE 8.—*Imports of cattle from Canada and Mexico, excluding breeding animals, 1954 to date*

[By head]

Year	Dutiable cattle				
	700 pounds and over		Under 200 pounds	200 to 699 pounds	Total dutiable cattle
	Cows for dairy purposes	Other			
	From Canada				
1954	17,633	46,798	2,872	3,377	70,680
1955	25,252	17,543	3,256	2,218	48,269
1956	22,678	2,914	3,571	1,390	30,553
1957	18,857	186,036	10,486	151,059	366,438
1958	19,586	230,025	13,580	378,671	636,862
1959	14,998	90,259	30,738	186,630	322,625
1960	20,247	60,865	32,079	140,471	253,662
1961	24,972	88,660	28,605	337,452	479,689
1962	15,481	72,205	41,315	351,336	480,337
1963 [1]	11,864	51,018	36,618	148,486	247,936
	From Mexico				
1954	----	----	----	----	----
1955 [2]	1,424	56,153	539	189,631	247,747
1956	1,684	11,124	848	96,594	110,250
1957	480	44,236	7,914	283,842	336,472
1958	1,255	80,589	3,231	403,166	488,241
1959	1,597	45,697	1,037	317,095	365,426
1960	371	19,631	1,773	369,113	390,888
1961	46	36,410	8,655	497,999	543,110
1962	34	36,732	24,925	690,228	751,919
1963 [1]	[illegible]	18,123	27,120	540,099	585,349

[1] Data are preliminary.
[2] Embargo which began in February 1952 due to foot-and-mouth disease was removed Jan. 1, 1955.

Source: Compiled from official records of the Bureau of the Census.

TABLE 9.—*Livestock, meat, and meat products: U.S. exports by value, annual 1954–63*

[In millions of dollars]

Commodity	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963
Beef and veal	9.2	10.8	27.7	28.9	9.7	10.9	11.6	12.1	12.6	11.8
Pork	16.5	17.1	19.3	27.7	20.6	20.9	20.9	20.7	18.6	38.3
Lamb and mutton (except canned)	.4	.2	.3	.7	.5	.4	.7	.6	.8	.6
Sausage, bologna, and frankfurters	3.6	3.2	3.1	5.6	2.3	1.9	1.9	1.5	1.3	1.4
Other canned meat	1.3	.8	.8	2.2	1.5	1.1	.5	.4	.4	.5
Baby food, canned	.2	.2	.3	.5	.7	.7	.7	.5	.4	.4
Horsemeat (all kinds)	2.6	2.6	2.9	2.0	1.1	.5	.3	.5	.6	.3
Variety meats	10.4	13.2	18.6	18.7	15.9	19.5	25.2	27.2	25.5	31.9
Sausage casings, natural, hog	3.8	4.3	4.3	6.9	8.4	8.4	7.6	11.8	11.7	9.3
Sausage casings, natural, not elsewhere classified	3.9	4.3	3.3	3.2	3.4	2.6	2.7	3.1	2.7	3.1
Lard	83.9	76.1	79.7	74.4	53.0	60.3	60.6	46.7	40.6	48.5
Tallow and greases	97.2	113.5	127.8	123.1	99.3	116.0	115.2	134.6	106.9	123.7
Mohair	2.4	6.2	13.5	11.8	11.9	21.6	15.6	14.9	11.1	14.2
Hides and skins	50.8	58.5	56.9	64.9	53.8	60.1	73.3	80.7	77.1	68.3
Livestock:										
Cattle and calves	9.6	12.4	10.0	12.0	7.9	15.7	10.4	9.0	7.8	10.6
Sheep and lambs	.3	.5	1.1	.7	.4	.5	.7	.8	1.0	1.0
Hogs	.1	.4	.5	.8	.1	.5	.5	.6	.8	.3
Total	296.2	332.1	370.1	383.6	289.0	341.5	318.4	365.7	310.4	364.2

TABLE 10.—*Choice slaughter steer prices: Average cost per 100 pounds of sales out of 1st hands, Chicago, 1940 to date*[1]

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Weighted average
1940	$9.44	$9.53	$9.86	$10.01	$9.92	$9.57	$10.29	$10.82	$11.16	$11.72	$11.78	$11.86	$10.48
1941	12.21	11.64	11.12	11.07	10.64	10.74	11.11	11.58	11.56	11.36	11.24	12.41	11.36
1942	12.54	12.47	13.03	13.83	13.66	13.12	13.75	14.87	14.63	15.07	15.40	14.90	13.90
1943	15.05	15.53	15.92	15.91	15.59	15.50	15.06	15.29	15.27	14.92	14.98	14.89	15.34
1944	15.00	15.12	15.23	15.33	15.73	16.23	16.35	16.42	16.26	16.56	16.27	15.62	15.73
1945	15.35	15.42	15.81	16.11	16.16	16.16	16.17	15.98	16.15	16.45	16.56	16.45	16.00
1946	16.51	16.36	16.37	16.46	16.55	16.98	19.86	20.73	19.58	24.97	25.63	25.28	19.32
1947	23.93	23.79	24.05	23.45	24.22	25.72	27.64	28.27	29.43	29.55	29.12	29.62	26.22
1948	30.36	27.10	26.92	28.17	30.91	34.85	36.44	36.02	34.49	32.24	30.68	27.82	30.96
1949	24.72	22.99	24.19	24.37	24.92	26.37	25.96	26.50	28.22	29.63	29.35	29.91	26.07
1950	28.14	27.19	27.33	27.66	29.19	29.99	30.62	29.97	30.32	30.42	31.24	32.98	29.68
1951	34.77	35.98	36.67	36.93	36.52	35.68	35.47	35.85	36.68	36.31	36.09	34.78	35.96
1952	34.68	34.57	34.69	34.76	34.17	32.81	33.03	33.02	32.53	32.56	32.20	30.86	33.18
1953	27.84	24.49	22.68	21.99	22.36	22.04	24.41	25.28	25.87	25.63	25.08	24.37	24.14
1954	24.74	23.86	23.89	24.83	24.25	23.88	23.99	24.08	25.00	25.37	25.85	26.53	24.66
1955	26.98	26.17	25.90	24.62	23.09	22.63	22.72	22.43	22.69	22.01	20.89	20.35	23.16
1956	20.02	18.88	19.41	20.56	20.70	21.06	22.37	25.81	27.27	26.08	24.30	21.99	22.80
1957	21.23	30.57	21.86	22.99	23.31	23.48	25.12	26.63	24.26	24.67	25.20	23.98	23.83
1958	26.82	27.54	29.90	29.37	28.83	28.07	28.99	28.11	26.70	26.67	28.77	27.19	27.42
1959	28.13	27.85	29.11	30.33	29.34	28.48	27.89	27.56	27.62	27.19	26.53	25.57	27.83
1960	26.42	26.69	28.08	27.76	27.43	26.04	25.64	25.07	24.80	24.94	26.08	26.86	26.24
1961	27.42	26.17	25.70	25.05	23.43	22.45	22.38	24.13	24.34	24.55	25.58	26.13	24.65
1962	26.39	26.76	27.31	27.45	26.02	25.25	26.50	28.19	29.85	29.50	30.13	28.91	27.67
1963	27.27	24.93	23.63	23.77	22.61	22.69	24.72	24.60	23.94	24.03	23.51	22.30	23.96
1964	22.61	21.34	21.56	21.28	------	------	------	------	------	------	------	------	----------

[1] Weighted average; good grades 1940–50.

TABLE 11.—*Utility cow prices: Average per 100 pounds, Chicago, 1940 to date*[1]

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
1940	$5.70	$5.48	$5.86	$6.14	$6.29	$6.34	$5.70	$5.92	$5.64	$5.62	$5.95	$5.74	$5.86
1941	6.20	6.45	6.71	7.02	7.36	7.48	7.27	7.14	7.06	7.20	6.77	7.31	7.00
1942	8.13	8.22	8.18	8.84	9.16	9.12	8.96	9.40	9.12	9.40	9.39	9.61	8.96
1943	10.26	11.08	11.95	11.30	11.30	11.18	10.91	10.37	10.19	9.34	9.44	9.14	10.54
1944	9.04	9.44	10.30	10.62	10.87	10.67	9.80	10.28	10.08	9.78	9.96	10.19	10.09
1945	10.74	11.03	11.08	11.92	11.98	11.87	11.58	11.09	10.67	10.78	10.67	11.13	11.17
1946	11.45	11.30	11.62	11.87	11.74	12.13	12.24	11.46	11.39	12.65	12.50	12.82	11.93
1947	12.25	12.66	13.55	13.60	15.10	15.05	14.43	13.70	14.58	14.46	15.12	16.65	14.26
1948	18.29	17.99	18.96	19.98	21.41	21.40	21.33	20.52	19.61	18.16	18.18	18.05	19.49
1949	17.29	16.16	16.86	17.52	17.97	17.89	16.75	15.22	15.29	15.15	14.79	15.07	16.33
1950	15.73	16.86	17.77	18.20	19.88	20.26	20.78	20.46	20.60	19.88	20.78	21.16	19.36
1951	23.03	24.86	25.46	26.33	25.88	25.13	24.21	24.37	24.63	24.31	22.96	22.55	24.48
1952	21.96	21.65	22.07	22.62	23.17	21.39	19.95	19.03	17.47	15.94	14.68	14.38	19.53
1953	14.72	14.52	14.50	14.11	13.57	12.20	12.04	10.93	10.81	10.82	10.34	10.40	12.41
1954	11.60	11.66	12.41	12.85	13.50	12.38	10.63	10.90	10.77	10.61	10.16	10.06	11.46
1955	10.79	11.79	12.44	12.92	12.39	12.51	12.11	11.31	10.88	11.01	10.01	10.13	11.52
1956	10.96	11.20	11.85	12.12	12.19	12.23	11.48	11.28	11.16	10.96	10.19	10.79	11.37
1957	11.25	11.84	13.03	13.45	14.18	14.80	14.86	13.91	13.66	13.73	14.08	15.04	13.61
1958	15.88	16.80	17.85	19.20	19.82	19.94	18.89	18.52	18.74	18.66	18.50	18.15	18.41
1959	19.11	18.86	19.08	19.97	19.78	20.08	17.67	17.70	16.69	15.53	14.20	14.79	17.79
1960	15.52	15.48	17.07	17.16	17.33	16.76	15.78	14.62	14.86	14.24	14.31	14.98	15.68
1961	15.70	16.14	16.48	16.95	16.53	16.52	15.02	15.42	14.70	14.78	14.70	14.97	15.66
1962	14.87	15.26	15.97	16.06	15.91	16.42	15.31	15.20	15.65	15.31	15.22	14.91	15.50
1963	15.07	15.00	15.52	15.74	16.31	16.26	15.33	15.68	15.10	14.64	13.82	12.71	15.10
1964	13.19	13.51	14.58	14.84	------	------	------	------	------	------	------	------	--------

[1] Weighted average.

TABLE 12.—*Choice feeder and stocker steers 500 to 800 pounds: Average price per 100 pounds, Kansas City, by months, 1940 to date*

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
1940	$9.16	$9.29	$9.86	$9.76	$10.35	$10.03	$9.67	$9.82	$9.85	$9.92	$10.01	$10.07	$9.82
1941	10.89	11.38	11.59	11.67	11.50	11.59	11.51	11.62	11.56	11.00	11.00	11.86	11.43
1942	11.75	12.03	12.55	12.99	13.38	13.38	13.17	13.43	13.20	13.32	13.86	13.62	13.05
1943	13.72	14.71	15.40	15.46	15.54	15.46	14.67	14.22	13.44	12.90	12.33	12.64	14.21
1944	12.62	13.70	14.28	14.00	14.03	13.90	13.32	13.22	12.74	12.81	13.32	12.93	13.40
1945	13.34	13.95	14.42	14.76	15.12	15.12	14.92	14.20	13.65	14.21	14.56	14.24	14.37
1946	14.59	15.31	15.88	16.48	16.73	16.97	16.79	16.87	17.38	18.44	17.78	18.32	16.80
1947	18.63	19.38	20.85	21.17	22.46	22.62	22.78	22.82	23.35	23.25	24.10	25.74	22.26
1948	27.73	25.61	26.60	27.55	29.16	29.03	29.19	29.80	28.83	27.28	27.04	26.31	27.84
1949	24.46	23.17	26.20	25.63	25.99	25.40	24.00	23.80	23.74	24.31	23.86	24.18	24.56
1950	24.84	26.16	26.85	27.44	29.23	29.97	30.29	30.36	30.97	30.68	31.77	32.43	29.25
1951	34.76	37.44	38.50	39.75	37.53	37.01	36.75	37.03	37.46	37.50	35.95	34.81	37.04
1952	33.99	35.10	35.04	34.40	35.16	33.38	30.71	30.92	29.40	27.13	25.95	24.31	31.29
1953	24.51	23.91	23.76	22.30	21.88	19.72	19.75	19.52	18.44	18.56	20.16	20.26	21.06
1954	20.92	21.44	21.20	21.42	22.60	21.67	19.86	20.13	20.77	21.38	21.88	21.46	21.23
1955	22.25	22.69	23.50	23.34	22.74	22.88	22.16	20.82	20.39	20.31	19.57	18.62	21.61
1956	19.08	18.96	19.19	19.50	19.84	19.63	19.69	20.50	20.40	19.96	19.72	19.60	19.67
1957	19.77	20.16	21.41	22.42	23.07	22.90	23.68	23.96	23.44	23.15	23.72	24.81	22.71
1958	25.50	26.96	28.81	30.00	30.44	29.35	29.57	29.20	29.60	29.53	30.11	30.15	29.10
1959	30.33	30.51	31.15	31.95	32.00	31.14	30.69	30.19	29.48	28.22	25.85	25.64	29.76
1960	26.21	26.94	28.61	29.06	28.18	26.64	25.98	25.20	24.30	24.20	25.28	25.74	26.36
1961	25.86	26.28	26.51	26.81	26.25	25.62	24.98	25.66	25.40	25.35	25.92	25.68	25.86
1962	25.34	26.03	26.52	26.68	26.18	26.31	26.87	27.25	27.86	28.05	28.80	28.15	27.00
1963	27.24	26.48	26.13	26.62	26.00	26.38	26.85	26.31	25.42	24.63	24.19	23.15	25.78
1964	23.21	22.64	23.32	22.74	------	------	------	------	------	------	------	------	------

TABLE 13.—*Total meat production and consumption in the United States, 1940 to date* [1]

Year	Beef			Veal			All meats			Civilian population July 1 [3]
	Production	Consumption		Production	Consumption		Production	Consumption		
		Total	Per capita		Total	Per capita		Total	Per capita	
	Million pounds	*Million pounds*	*Pounds*	*Million pounds*	*Million pounds*	*Pounds*	*Million pounds*	*Million pounds*	*Pounds*	*Millions*
1940	7,175	7,257	54.9	981	981	7.4	19,076	18,812	142.4	132.1
1941	8,082	8,021	60.9	1,036	1,005	7.6	19,569	18,934	143.7	131.8
1942	8,843	8,049	61.2	1,151	1,084	8.2	21,912	18,451	140.3	131.5
1943	8,571	6,860	53.3	1,167	1,059	8.2	24,482	18,921	146.8	128.9
1944	9,112	7,146	55.6	1,738	1,594	12.4	25,178	19,827	154.2	128.6
1945	10,276	7,665	59.4	1,664	1,536	11.9	23,691	18,742	145.2	129.1
1946	9,373	8,533	61.6	1,443	1,382	10.0	22,920	21,330	154.1	138.4
1947	10,432	9,916	69.6	1,605	1,545	10.8	23,338	22,142	155.3	142.6
1948	9,075	9,163	63.1	1,423	1,384	9.5	21,300	21,120	145.5	145.2
1949	9,439	9,439	63.9	1,334	1,310	8.9	21,662	21,349	144.6	147.6
1950	9,534	9,529	63.4	1,230	1,206	8.0	22,075	21,721	144.6	150.2
1951	8,837	8,472	56.1	1,059	1,003	6.6	21,898	20,489	138.0	151.1
1952	9,650	9,548	62.2	1,169	1,099	7.2	22,994	22,399	146.0	153.4
1053	12,407	12,113	77.6	1,546	1,485	9.5	24,688	24,233	155.3	156.0
1954	12,963	12,743	80.1	1,647	1,591	10.0	25,214	24,613	154.7	159.1
1955	13,569	13,313	82.0	1,578	1,531	9.4	26,895	26,430	162.8	162.3
1956	14,462	14,121	85.4	1,632	1,572	9.5	28,035	27,553	166.7	165.3
1957	14,202	14,242	84.6	1,526	1,481	8.8	26,859	26,729	158.7	168.4
1958	13,330	13,786	80.5	1,186	1,150	6.7	25,658	25,980	151.6	171.4
1959	13,580	14,202	81.4	1,008	990	5.7	27,319	27,819	159.5	174.5
1960	14,727	15,121	85.2	1,108	1,092	6.2	28,208	28,629	161.4	177.4
1961	15,298	15,873	88.0	1,044	1,021	5.7	28,585	29,045	161.0	180.4
1962	15,296	16,298	89.1	1,015	1,003	5.5	28,956	29,931	163.6	183.0
1963 [2]	16,423	17,568	94.6	927	911	4.9	30,559	31,560	169.9	185.8

[1] Data excluded meat produced in Hawaii and the Virgin Islands. Beginning 1941, consumption is civilian only. Units are carcass-weight equivalent; exclude edible offals.

[2] Preliminary.

[3] Census estimate unadjusted for underenumeration.

TABLE 14.—*Cattle and calves: Inventory numbers, calf crop, disposition, production and income, United States, 1940 to date* [1]

Year	On hand Jan. 1 [2]	Calves born	Inshipments	Marketings [3]		Farm slaughter		Deaths		Production [4]	Marketings [3]	Price per 100 pounds		Value of production [4]	Cash receipts [5]	Value of home consumption	Gross income	Cost of inshipments
				Cattle	Calves	Cattle	Calves	Cattle	Calves			Cattle	Calves					
	1,000 head	*1,000 head*	*1,000 head*	*1,000 head*	*1,000 head*	*1,000 head*	*1,000 head*	*1,000 head*	*1,000 head*	*1,000 pounds*	*1,000 pounds*	*Dollars*	*Dollars*	*1,000 dollars*	*1,000 dollars*	*1,000 dollars*	*1,000 dollars*	*1,000 dollars*
1940	68,309	29,886	7,026	18,413	10,365	571	728	1,397	1,992	15,702,110	17,528,745	7.56	8.83	1,375,631	1,375,631	24,388	1,400,019	401,821
1941	71,755	31,868	7,185	18,943	11,001	571	684	1,461	2,118	17,029,460	18,627,810	8.82	10.30	1,704,587	1,704,587	27,708	1,732,295	483,871
1942	76,025	34,388	8,514	20,740	11,787	646	641	1,560	2,349	18,567,995	20,471,740	10.70	12.30	2,262,549	2,262,549	37,130	2,299,679	671,182
1943	81,204	34,797	7,442	21,310	11,177	708	620	1,734	2,560	19,159,375	20,866,045	11.90	13.30	2,562,452	2,562,452	43,957	2,606,409	640,989
1944	85,334	37,040	7,233	23,627	14,323	854	724	1,734	2,772	19,708,295	23,117,075	10.80	12.40	2,604,481	2,604,481	47,783	2,652,264	564,830
1945	85,573	35,155	8,257	27,541	13,222	919	753	1,637	2,678	19,517,065	26,674,760	12.10	13.00	3,318,156	3,318,156	56,653	3,374,809	706,007
1946	82,235	34,643	8,774	26,267	13,026	943	766	1,549	2,547	18,998,709	25,270,189	14.50	15.20	3,761,321	3,761,321	71,623	3,832,944	888,326
1947	80,554	34,703	8,302	26,981	13,893	871	713	1,464	2,466	19,129,845	26,099,145	18.40	20.40	4,967,257	4,967,257	86,928	5,054,185	1,087,069
1948	77,171	33,125	7,595	23,417	12,607	791	611	1,388	2,247	18,401,950	23,104,585	22.20	24.40	5,284,839	5,284,839	96,476	5,381,315	1,284,957
1949	76,830	33,748	8,079	22,905	12,627	752	570	1,507	2,333	19,274,489	23,593,141	19.80	22.60	4,848,640	4,848,640	83,049	4,931,689	1,163,294
1950	77,963	34,899	8,896	22,664	12,028	713	528	1,445	2,297	21,185,248	23,617,788	23.30	26.30	5,679,708	5,679,708	93,856	5,773,564	1,617,694
1951	82,083	35,825	9,185	22,638	11,328	708	484	1,537	2,326	22,990,053	23,678,710	28.70	31.90	7,004,949	7,004,949	123,049	7,127,998	1,997,784
1952	88,072	38,273	9,091	23,652	12,246	769	494	1,603	2,431	24,932,623	24,937,063	24.30	25.80	6,205,603	6,205,603	119,047	6,324,650	1,500,146
1953	94,241	41,261	8,367	28,307	14,431	860	532	1,573	2,487	27,405,041	29,448,031	16.30	16.70	4,877,805	4,877,805	94,436	4,972,241	910,157
1954	95,679	42,601	9,907	30,622	15,514	872	524	1,574	2,489	27,580,320	31,428,450	16.00	16.50	4,338,236	5,088,323	101,912	5,190,235	1,110,047
1955	96,592	42,112	9,825	31,998	15,297	865	487	1,590	2,462	28,099,491	33,216,016	15.60	16.80	4,339,216	5,245,324	106,915	5,352,239	1,110,752
1956	95,900	41,376	10,609	34,155	15,578	893	487	1,487	2,425	27,530,810	35,450,215	14.90	16.10	4,099,147	5,352,745	110,267	5,463,012	1,116,394
1957	92,860	39,905	11,092	32,975	14,620	836	449	1,446	2,355	26,554,576	34,146,611	17.20	18.70	4,569,382	5,944,023	122,461	6,066,484	1,469,760
1958	91,176	38,860	12,616	31,174	13,110	813	423	1,512	2,298	26,764,386	32,841,285	21.90	25.30	5,933,824	7,321,653	160,739	7,482,392	2,160,350
1959	93,322	38,938	13,140	32,130	11,977	792	389	1,501	2,375	28,279,740	34,025,125	22.60	26.70	6,451,185	7,833,705	165,289	7,998,994	2,208,067
1960	96,236	39,353	13,448	34,378	12,054	802	386	1,567	2,531	28,271,470	35,825,305	20.40	22.90	5,846,602	7,387,798	155,087	7,542,885	2,011,972
1961	97,534	40,019	14,763	35,224	11,854	834	380	1,534	2,487	29,694,319	36,858,776	20.20	23.70	6,029,855	7,564,466	160,809	7,725,275	2,251,958
1962	100,002	41,027	16,591	36,520	12,056	825	360	1,580	2,543	30,375,728	37,703,623	21.30	25.10	6,528,325	8,186,461	167,543	8,354,004	2,627,994
1963	103,736	41,811	15,795	37,787	11,827	830	366	1,567	2,477	32,328,503	39,892,288	19.90	24.00	6,490,353	8,079,314	161,727	8,241,041	2,380,957
1964	106,488	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------

[1] Balance sheet estimates. Total of marketings, farm slaughter, deaths, and on hand end of year equals total of calf crop, inshipments, and on hand beginning of year. Includes Alaska and Hawaii beginning 1961.

[2] All cattle and calves.

[3] Excludes interfarm sales.

[4] Adjustments made for inshipments and changes in inventory.

[5] Receipts from marketings and from sales of farm slaughtered meats.

TABLE 15.—*Chicken and turkey: Civilian per capita consumption, 48 States, 1940–63*

Year	Eggs	Poultry, ready-to-cook weight			
		Total	Chicken		Turkey
			Total	Approximate percentage that is broiler meat	
	Number	*Pounds*	*Pounds*	*Percent*	*Pounds*
1940	319	17.0	14.1	14	2.9
1941	311	18.3	15.4	18	2.9
1942	318	20.7	17.7	18	3.0
1943	347	25.7	23.0	18	2.7
1944	354	23.1	20.4	19	2.7
1945	402	25.1	21.6	23	3.5
1946	379	23.1	19.4	21	3.7
1947	383	21.7	18.1	24	3.6
1948	389	21.4	18.3	30	3.1
1949	383	22.9	19.6	36	3.3
1950	389	24.7	20.6	42	4.1
1951	392	26.1	21.7	48	4.4
1952	390	26.8	22.1	53	4.7
1953	379	26.7	21.9	56	4.8
1954	376	28.1	22.8	60	5.3
1955	371	26.3	21.3	65	5.0
1956	369	29.6	24.4	71	5.2
1957	362	31.4	25.5	75	5.9
1958	354	34.1	28.2	78	5.9
1959	352	35.2	28.9	79	6.3
1960	334	34.4	28.2	83	6.2
1961	326	37.8	30.3	84	7.5
1962	323	37.2	30.1	85	7.1
1963 [1]	315	37.7	30.9	87	6.8

[1] Preliminary.

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TABLE 16.—*Value of beef and veal imports and of commercial exports of principal agricultural commodities, distributed by States (based on sales by farmers), 1963* [1]

[In thousands of dollars]

State	Imports: Beef and veal	Commercial exports			
		Cotton	Soybeans	Grain	Total
Maine	258			51	5
New Hampshire	131				
Vermont	495			6	6
Massachusetts	248			9	9
Rhode Island	39				
Connecticut	240			9	9
New York	3,020		64	4,172	4,236
New Jersey	386		766	1,898	2,664
Pennsylvania	3,951		64	8,895	8,959
North Atlantic	8,768		894	15,040	15,934
Ohio	6,897		38,445	40,789	79,234
Indiana	6,946		68,267	73,268	141,535
Illinois	20,227	63	152,818	165,665	318,546
Michigan	3,947		6,258	22,527	28,785
Wisconsin	7,176		1,596	7,767	9,363
East north central	45,193	63	267,384	310,016	577,463
Minnesota	14,756		51,599	39,603	91,202
Iowa	40,815		97,323	96,447	193,770
Missouri	13,680	14,214	59,198	32,193	105,605
North Dakota	5,631		2,618	80,491	83,109
South Dakota	12,422		3,001	27,343	30,344
Nebraska	25,727		7,982	95,114	103,096
Kansas	25,430		10,473	111,648	122,121
West north central	138,481	14,214	232,194	482,839	729,247
Delaware	106		3,448	2,752	6,200
Maryland	1,132		4,279	6,122	10,401
Virginia	3,590	241	4,470	5,368	10,079
West Virginia	1,036			351	351
North Carolina	1,383	8,636	13,602	14,177	36,415
South Carolina	1,019	14,192	11,239	2,832	28,263
Georgia	2,440	16,532	1,341	8,384	26,257
Florida	3,636	488	958	1,162	2,608
South Atlanta	14,342	40,089	39,337	41,148	120,574
Kentucky	5,624	227	5,173	8,211	13,611
Tennessee	4,336	17,232	10,281	4,187	31,700
Alabama	3,753	21,539	3,065	4,400	29,004
Mississippi	4,198	52,858	23,245	3,967	80,070
Arkansas	2,964	43,760	47,129	25,204	116,093
Louisiana	3,402	16,943	5,811	22,720	45,474
Oklahoma	12,651	8,603	1,724	30,053	40,380
Texas	30,551	136,740	2,363	105,708	244,811
South Central	67,479	297,902	98,791	204,450	601,143
Montana	6,018			33,206	33,206
Idaho	4,120			14,996	14,996
Wyoming	4,011			1,819	1,819
Colorado	15,604			17,954	17,954
New Mexico	5,899	8,243		4,377	12,620
Arizona	7,045	29,139		4,189	33,328
Utah	2,090			2,104	2,104
Nevada	1,125	201		237	438
Washington	3,052			30,209	30,209
Oregon	3,586			12,836	12,836
California	26,444	59,809		48,565	108,374
Alaska	11				
Hawaii	417				
West	79,417	97,392		170,492	267,884
United States	353,680	449,660	638,600	1,223,985	2,312,245

[1] Also includes value of products exported.

The CHAIRMAN. Thank you very much, Mr. Secretary.

Senator Gore, do you have any questions?

Senator GORE. What kind of meat do you purchase for the school lunch program?

Secretary FREEMAN. Currently, Senator, we are purchasing only Choice.

Senator GORE. Why do you purchase Choice?

Secretary FREEMAN. Because Choice is where we have had the oversupply and the most drop in price. We have sought to meet the problem where the problem exists and are purchasing accordingly.

Senator GORE. What is the situation with respect to Prime?

Secretary FREEMAN. Well, the production of Prime is rather limited, I think it is a very small percentage, less than 5 percent, I believe, and, therefore, we have concentrated on the one area of the Choice, which would take the maximum pressure off the market and give the best price relief.

Senator GORE. The heaviest losses by the feeders will be found, I believe, in the long grain-fed cattle. Of course, not all long fed cattle are Prime, but it seems unrealistic to measure the problem by the standards which you have just described as constituting the reason for the purchase of Choice. Any realistic program it seems to me, would have to include purchase of Prime, also.

Secretary FREEMAN. Mr. Lennartson who, the Senator knows, is Deputy Administrator of the Agricultural Marketing Service, tells me that the Prime marketings at this time are about 4 percent of total marketings, and, as such, we have not considered them as a significant market price factor and have purchased accordingly.

Senator GORE. Well, I don't think that is an answer. I am not sure I am going to advocate the purchase of Prime cuts for the school lunch program. I am not sure what should be purchased, but you gave as certain criteria, as your yardstick, reasons for purchasing Choice what I—from what little I know about the business, it seems to me that those circumstances would prevail even more acutely, relatively speaking, with respect to the Prime grades.

Secretary FREEMAN. Let me defer, Senator.

You are much more of an expert on this than I am, I am sure, Mr. Lennartson. If we haven't been buying Prime why haven't we?

Mr. LENNARTSON. The great bulk of fed cattle, well—over 50 percent, are fed to the Choice grade, meticulously so. This is the problem area confronting the producers at this time. This was confirmed by the Cattle Advisory Committee when we had them in Washington a week or two ago.

They do recommend that we restrict very vigorously our purchases to the Choice grade at this time until such market changes dictate otherwise. Less than 4 percent of fed cattle are fed to the Prime quality.

This matter of feeding to Prime is well within the control of feeders, and the cattle people themselves strongly indicated to us that their problem was in the Choice quality grade, and, therefore, they encouraged us to continue to limit our purchases to Choice quality cattle.

Senator GORE. Well, in the open market for the past 3 or 4 months, what grade of animal has been bringing the highest price?

Mr. LENNARTSON. The Choice grade. The Prime grade has a differential or a premium over Choice at any given time. I think what you probably are referring to——

Senator GORE. On the hoof?

Mr. LENNARTSON. Yes. The Prime cattle always bring a premium over Choice. I think what you are probably referring to——

Senator GORE. Are you sure of that? That is customarily true, but are you sure it has been true for the last few months?

Mr. LENNARTSON. I think that is true even during this period. I think the problem earlier was with respect to heavy fed cattle. When we first inaugurated this purchase program, the cattlemen requested that we aim it completely at heavy fed cattle. This would include both Choice and Prime, but predominantly Choice.

At the time we inaugrated the program we made no distinction because there was quite a price differential between heavy Choice cattle and light Choice cattle, as much as 3 and 4 cents a pound. As soon as we announced our program is became obvious to us that the heavy type of cattle were being directed to our program because of the price differential. It was advantageous to move that type of cattle into our buying program.

Over time, however, that differential between the chainstore type of cattle in terms of Choice, and the heavy carcasses narrowed substantially so that currently, I think, there is only about a cent and a half or a dollar and a half a hundred difference in the light cattle versus the heavy.

What has happened essentially is that the heavy cattle disappeared quite substantially from the market. These were cattle that the feeder and the producer tended to speculate on, if you want to call it that. As prices were dropping he held them longer than he normally would, hoping that price conditions would improve. Price conditions did not improve, and as a result there was quite a bulge built up in terms of heavy cattle in the market, which the chainstores don't like, and as a result the prices were discounted quite substantially.

Senator GORE. You referred to the chainstore type of cattle. What is that type?

Mr. LENNARTSON. Well, these are carcasses that weigh approximately 600 to 700 pounds. And carcasses getting up to 900 to 1,000 pounds are discounted. The chainstores, for the regular consumer trade, don't like that type of cattle. The cuts are too large, probably too wasteful, too much fat on them, and so forth.

Senator GORE. I didn't know the weight had been reduced to that extent.

Mr. LENNARTSON. Oh, yes; over time weights in terms of the carcass type desired by the chainstores have been dropping constantly.

Senator GORE. Are they still dropping?

Mr. LENNARTSON. I think the trend is continuing in that direction, sir; yes.

Senator GORE. So the chainstore demand is for the quick maturing, quick fattening.

Mr. LENNARTSON. Quick finishing; that is correct, sir.

Senator GORE. The quick finishing animal.

Mr. LENNARTSON. That is correct.

Senator GORE. Would you call that the baby beef type or what?

Mr. LENNARTSON. No; it is older than baby beef. It is mature enough to be real beef. The baby beef was a younger animal than what they are requiring.

Senator GORE. What percentage of the meat is marketed now through supermarkets and chainstores?

Mr. LENNARTSON. Sir, I don't have that information. It is certainly a very, very substantial percentage. We can furnish that for the record.

(The information referred to follows:)

About 42 percent of all meat is marketed through supermarkets and chainstores.

Secretary FREEMAN. Generally speaking, there are about 2,000 buyers today that buy about 90 percent of the food that moves to consumers, and most of these buyers are either chainstores or various kinds of federated groups that buy through a common pool.

Senator GORE. So an overwhelming, a very major, portion of the beef is marketed through the supermarkets?

Secretary FREEMAN. A very significant quantity is; yes.

Senator GORE. Well, there is quite a difference between major, significant and——

Secretary FREEMAN. Well, I am hedging. If you want to say 50 percent or greater I would say yes.

Senator GORE. Mr. Secretary, in your Department don't you know what percentage of beef is marketed in various ways?

Secretary FREEMAN. Yes; the knowledge is there, but the Secretary just doesn't happen to have it on top of his head. I will be happy to supply it.

Senator GORE. In order to try to inform myself on some phases of this, I recently visited a chainstore operation, the meat department of a supermarket chain, and I was told by a man in charge of meat sales, meat operation, that they would not accept a Prime carcass in their cutting room. That if a packer found himself loaded with Prime carcasses, as was sometimes the case, and included in the shipment Prime carcasses even at the lower rate, the Prime carcasses were rejected and returned.

Is your expert aware of that kind of development?

Mr. LENNARTSON. There is a tremendous amount of specification buying in terms of chain store purchases, Senator. Many of them are very strict with respect to the specifications. We have chainstores that will buy nothing but Choice beef. You will have chainstores which are willing to take a combination of Choice and Prime but nothing lower.

The Prime type of beef is primarily beef which goes to the nightclub, the restaurant, the high-class restaurant trade and things of that nature, sir.

In terms of the chainstores generally, the quality of beef primarily used is Choice quality, in some cases Good quality. You will very seldom find Prime quality in a chainstore.

There is a reason for this in that Prime quality beef will tend to be wasted. There will be a lot of trimming necessary to present a decent cut to the housewife that she will react against in effect, and over time they apparently have discerned that the type of beef that the housewife is willing to accept is in the Choice quality, in some cases the high Good quality.

Senator GORE. Well, isn't there a tendency to prefer the grass or silage fattened animal over a grain fed animal?

Mr. LENNARTSON. Not in this modern day and age. This is the reason that the great bulk of the cattle are moving through feedlots and have been increasingly so over the last decade, to put that top Good or that Choice quality finish on them. This is one of the problems with respect to developing exports at this time, that the European countries prefer a very lean type of beef. They prefer a type of beef that could come off the grass that would be a U.S. standard quality which is below Good.

Senator GORE. Hasn't there been some decided trend in this country in that direction?

Mr. LENNARTSON. Oh, a lot of silage is fed in the modern-day commercial feedlot, tremendous quantities of it, but that is supplemented with other grains, fattening type of ingredients.

Senator GORE. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Bennett.

Senator BENNETT. Mr. Secretary, I am interested in the table on page 4, which shows that the Paris wholesale market price has been rising and the Chicago wholesale market price has been dropping. It shows that in March they crossed and that the American beef delivered at Le Havre and then priced at the Paris wholesale equivalent is now approximately 10 percent under the Paris average wholesale price. You made a point of this during your discussion.

Secretary FREEMAN. Yes, sir.

Senator BENNETT. Is this situation which the chart shows has been true only for a short period based on a price which is unprofitable to American beef producers?

Doesn't the American producer lose money on beef sold at 34.5 cents in Chicago on the basis of which there is this temporary advantage in Europe and wouldn't this advantage disappear if the American producer could get enough for his beef to pay his cost of production?

Secretary FREEMAN. This, as the Senator is well aware, is difficult to generalize on in terms of every producer, because we have many, many different producers with different levels of efficiencies and costs.

Certainly the price of 34 cents is not an adequate price and does not represent an adequate return to the beef producers.

Senator BENNETT. Then, do we have a right to say that because of this current and very recent price advantage in Paris that this gives us an opportunity to open up a profitable export market which can help us solve the problem for the American producer? This is a distressed market, not a market in which the American producer can sell with any satisfaction.

Secretary FREEMAN. Why, of course, I couldn't agree with you more.

It is just that this market is going to provide us a needed assist as we make the periodic, historic adjustments between supply and demand that have been characteristic of the industry. I would add to this that I would be the happiest one in the world to see that market possibility based on that price eroded away. What we hope will happen is that the availability of that market will help raise cattle prices.

In the long run, I am very hopeful that we can develop a market which, in essence, would be a luxury market, and a long-term market for Choice and higher grade meat, our type of meat.

But we don't foresee at this time necessarily that this market will continue. Certainly we don't foresee and wouldn't countenance this kind of a price as a permanent pricing structure in American agriculture.

Senator BENNETT. If you go back to March of 1964, the difference between American Good beef, the Paris equivalent of American Good beef and the Paris wholesale put us at a disadvantage of about 15 percent. Between 1958 and 1960, and if you go farther back the disadvantage widens.

Secretary FREEMAN. What I think is the pertinent thing for the long run would be to go back to 1963 in January with a price of 43.6 cents and take a look at the Paris average price in May of 1964, wholesale, and this is a much more satisfactory relationship.

Senator BENNETT. Yes, but is it appropriate to compare a rising Paris wholesale price with a dropping American price and assume that that is a relationship you can expect to become more or less permanent in the future?

Secretary FREEMAN. Well, I don't necessarily think it will be anything permanent in the future but there is every reason to believe that the Paris price will hold and perhaps increase because there is a worldwide shortage of meat for the time being.

Senator BENNETT. Yes, but if you get back to March, that is not back to January 1963, you have reached an American price which would shut it out of the Paris market.

Secretary FREEMAN. March 1964 the c.i.f. price in Le Havre was 47 cents, Paris wholesale price was 50 cents, so we were still 8 cents under meat laid down at Le Havre.

Senator BENNETT. Yes, but somebody had to get it to Paris.

Secretary FREEMAN. No, c.i.f. means it is in Paris.

Senator BENNETT. No, it means it is in Le Havre.

Secretary FREEMAN. Yes.

Senator BENNETT. Somebody has to get it from Le Havre to Paris.

Secretary FREEMAN. Yes.

Senator BENNETT. And I think the equivalent Paris wholesale means what it says, that you should be able to compare that column with the column to the right of it which is the Paris average wholesale price.

Secretary FREEMAN. It could be.

Senator BENNETT. In that case, even as recently as March we were 15 percent overpriced.

Secretary FREEMAN. Do I read this wrongly? The Paris price was 58 cents, the equivalent Paris wholesale price in March of 1964 was 58 cents. Ours in Le Havre was equivalent, was 58 cents. Ours was 47 cents. Our beef in Paris——

Senator BENNETT. The third column is our beef in Paris; the last column is the average Paris wholesale price of all beef.

Secretary FREEMAN. You are correct, Senator.

Senator BENNETT. Under those circumstances our beef in Paris was overpriced 15 percent as recently as March.

Secretary FREEMAN. Yes; I see what you mean.

May I add to this just to clear the air that Dr. Schnittker, who is the Director of our Agricultural Economics, reminded me that they had reduced their duties and this had a very significant impact on their price, and this reduction in duties was a significant factor in the changed relationship which came into being in May.

Senator BENNETT. Yes. But that reduction in duty expires at the end of next week.

Secretary FREEMAN. That is correct.

Senator BENNETT. It is temporary to June 30. How many cents per pound, what is the cent-per-pound equivalent in the reduction of duty compared with the March price? The March price was 58. If the nonreduced duty had been in effect in March, what would the March price have been?

Secretary FREEMAN. Well, it was reduced 10 percent.

Senator BENNETT. From what figure?

Secretary FREEMAN. I assume we are using 10 percent from a base dollar figure; is that right?

Mr. SCHNITTKER. The duty, Senator, formerly was 20 percent. It was reduced to 10 percent, or by a reduction of 50 percent.

Senator BENNETT. All right. I want to translate that into cents per pound.

Secretary FREEMAN. About 5 cents.

Senator BENNETT. About 5 cents a pound?

Secretary FREEMAN. Yes.

Senator BENNETT. So even with the duty off we were overpriced in March?

Secretary FREEMAN. Yes.

Senator BENNETT. And if the nonreduced duty had been in existence in May we would still have been overpriced.

Secretary FREEMAN. At that point we would not have been competitive in that market.

Senator BENNETT. So this foreign export market is a pretty ephemeral thing?

Secretary FREEMAN. Well, we certainly don't have a sure shot by any means but it is one we think is well worth aggressively seeking to develop.

Senator BENNETT. No further questions, Mr. Chairman.

The CHAIRMAN. Senator Anderson?

Senator ANDERSON. Mr. Secretary, I sent for some material but in your comments here have you dealt with the situation that arises in our own country because of the capital gains treatment on heifers?

Secretary FREEMAN. Not in the prepared statement, Senator.

Senator ANDERSON. You recognize that is a part of the problem, as probably as much a part of the problem as imports.

Secretary FREEMAN. Yes, sir; I recognize it to be such and I would be hopeful that the day would come when Congress would direct some attention to that.

Senator ANDERSON. I would hope that the Finance Committee would do something about it. Probably something should have been done about it when it was passed on the floor of the Senate without any warning several years ago.

What is the situation with reference to the total number of cattle in the country now and 10 years ago?

Secretary FREEMAN. Roughly estimated, we have 106 million cattle now. Ten years ago—I am guessing now—it was a total of 95,679,000 in 1954, and a total of 106,488,000 in 1964.

Senator ANDERSON. Now, in that are both dairy cattle and cattle for meat?

Secretary FREEMAN. Yes, sir, that is a total for all cattle and calves.

Senator ANDERSON. Have the dairy cattle numbers gone down?

Secretary FREEMAN. Yes, sir, the dairy cattle numbers have gone down.

Senator ANDERSON. And the beef cattle numbers have gone up.

Secretary FREEMAN. Yes, sir, very sharply.

Senator ANDERSON. Where is the largest increase? Is it not in cattle 1 to 2 years old, female stock held for breeding purposes?

Secretary FREEMAN. Well, it is in all beef animals. Cows and heifers are up about 30 percent.

Senator ANDERSON. And that is done for the purpose of income tax avoidance?

Secretary FREEMAN. Yes, sir, that is one of the reasons.

Senator DOUGLAS. It is a loophole.

Senator ANDERSON. It is worse than a loophole.

Senator DOUGLAS. The Senator has made a very eloquent argument for a change in the tax law.

Senator ANDERSON. There is no question but what the tax situation is when you can have a cow or calf born on your place, put it on the books for a few dollars, and as soon as she drops her first calf she is regarded as a capital gain and a good many cattlemen agree that is one of the main causes of trouble. We had a big bidding for some land a short time ago. Who do you suppose the big bidders were? An oilman from Roswell, N. Mex., an oil and insurance man from Houston, Tex., but no cattleman dared bid.

He couldn't pay over $25 or $30 because he didn't have a capital gains situation to help him. They paid a hundred dollars for land that was renting for 6 cents an acre. And I think until we are ready to do something with the capital gains treatment it is foolish to start talking about doing other things.

Senator GORE. Will the Senator yield?

Senator ANDERSON. Yes.

Senator GORE. I recall that when the Treasury Department proposed to lower the assumed productive life of cattle from 8 years to 7 I was the only member of this committee who opposed it. This was unrealistic. It actually should have been raised rather than lowered.

I thought the Senator might recall that.

Senator ANDERSON. Yes, the Senator from Tennessee was right because he knew something about the business, a lot about the business.

Mr. Secretary, is it also true that cattle are being fed to heavier weights?

Secretary FREEMAN. Yes, sir, they have been. We think there has been a recent change in that; in the last month or so they have been moving to market at slightly lower weights than was the case before.

Senator ANDERSON. But the same cause of growth on the market was the fact they were fed to the heavier weights because of the great surplus of feed in the country and I don't blame them for feeding them, but a cow's frame is a place on which to hang beef.

You can hang a reasonable amount on and have a reasonable supply on the market. If you hang extra amounts on them, which you can very easily do, the glut on the market increases.

Secretary FREEMAN. The Senator is right, I am just recalling the figures, I don't have them quite accurately on the tip of my tongue, but I think the amount of overweight, the addition to the weight of marketings, was greater than increase in the imports between 1962 and 1963.

Senator ANDERSON. That was what I wanted to get to.

We always talk about the imports causing all the trouble. The feeding of cattle at higher weights was as much a factor in it as the imports.

Secretary FREEMAN. That is correct.

Senator ANDERSON. And the capital gains, in my opinion, was more than the imports. If we are going to clean it up we ought to clean up all of them. I don't have the figures here, but I would appreciate, Mr. Secretary, if you would furnish them for the record, if you would show the number of cattle that have been fed above 900 pounds.

That would be, I think, a very interesting figure.

Mr. Chairman, I would be happy to let the next person go ahead and see if I can find any figures on the weights.

(Figures showing cattle marketed above 900 pounds are not available.)

The CHAIRMAN. Senator Curtis?

Senator CURTIS. Thank you, Mr. Chairman.

I have a number of questions and if the distinguished Senator from New Mexico wishes me to yield I shall be glad to do so.

Mr. Secretary, did you oppose the Hruska amendment to the agricultural bill known as the cotton-wheat bill?

Secretary FREEMAN. Yes, sir.

Senator CURTIS. There were no committee hearings on it.

How did you express that opposition?

Secretary FREEMAN. Well, I responded to inquiries from people in the Senate in connection with it. I told them that——

Senator CURTIS. Did you initiate any communications?

Secretary FREEMAN. Yes, I think I initiated some.

Senator CURTIS. To whom did you express opposition?

Secretary FREEMAN. I don't rightly recall. I don't know whether I had any conversation with or sent a letter to the Senator from Nebraska or not. I talked to a number of people. I couldn't be sure exactly which ones in the Senate at that time, because——

Senator CURTIS. But you did urge the Senate to reject it?

Secretary FREEMAN. Yes, sir.

Senator CURTIS. It is true, isn't it, that cattle prices are the lowest in 18 years?

Secretary FREEMAN. No. I don't think so. Fed cattle were down quite a little lower in 1956. They were down to $18 in 1956.

Senator CURTIS. They are lower than they were 18 years ago.

Secretary FREEMAN. I don't think they are, no, sir. But they are too low at both times so I think we, therefore, would agree on that.

Senator CURTIS. Well, I think they are the lowest in 18 years.

Senator ANDERSON. Will the Senator from Nebraska yield?

Eighteen years ago we were just coming out of a war and we had a great meat shortage and I remember the then Secretary of Agriculture had some burdens he was carrying.

Senator CURTIS. I understand so, and I know what kind of prices farmers had to pay during that time.

Now, Mr. Secretary, will you tell us what is meant by the parity ratio?

Secretary FREEMAN. Well, there are really two things that we mean in talking about it, Senator, and sometimes they overlap. We have the historic price parity ratio which is based upon the relationship between the cost of what the farmer buys and the price he gets; the base period for that is 1910–14. The application of that ratio determines the parity price of a given commodity.

This is one measuring criteria used in determining farm income.

Then there is a parity of income which is a more meaningful concept which compares the farmer's return for his labor and capital in his overall operation rather than specifying any particular commodity or any particular historic base.

It compares farmers' returns in the given year to other segments of the economy and says that, based upon the commensurate return for labor and capital, it should be the same for the farmer and the nonfarmer.

That's parity of income.

Senator CURTIS. Your first definition is the one that has been used traditionally; isn't that true?

Secretary FREEMAN. Well, I think both have been used traditionally. Certainly the base period in the first goes back to 1910–14 which is a long time ago.

The second has been used, I think, more extensively in recent years, and I think, as I say, has more meaning.

The parity index is not very meanful in terms of an overall income picture. It is one——

Senator CURTIS. It is important to the farmer to have his prices compared to the prices he has to pay.

Secretary FREEMAN. Well, of course; but the important thing to the farmer is what his net income is at the end of the year.

Senator CURTIS. Now, full parity would be a hundred; wouldn't it?

Secretary FREEMAN. Full parity under that would be——

Senator CURTIS. Based on that, what is the parity now?

Secretary FREEMAN. Well, it depends upon what group of farmers we are talking about.

The overall parity of income figure now would range from what we would call an adequate family farm grossing in the neighborhood of $20,000 to $30,000 a year, which probably would have about 90 percent of parity income down to these——

Senator CURTIS. You are using the latter definition?

Secretary FREEMAN. Yes, sir.

Senator CURTIS. I want the parity ratio comparing the farmer's prices to the prices he must pay, the one that has been used through the years.

Secretary FREEMAN. The adjusted parity ratio, including Government payments, would be about 82 percent, I think.

Senator CURTIS. As a matter of fact, it would be 75; would it not?

Secretary FREEMAN. No; I say adjusted parity would be about 82 percent.

Senator CURTIS. All right, what is the parity ratio?

Secretary FREEMAN. The parity ratio in relation to market prices based on the 1912–14 standards I think is about 74 percent.

Senator CURTIS. Seventy-four percent. And that is the lowest it has been since 1939; isn't it?

Secretary FREEMAN. That is correct. But farm income has been significantly increased since 1960 as the Senator is aware, happily so.

Senator CURTIS. I don't think so.

Secretary FREEMAN. It is up about $2 billion net from 1960.

Senator CURTIS. Well, not in purchasing power.

Secretary FREEMAN. Oh, yes. I am talking about net income.

Senator CURTIS. By your own words you said that the parity ratio was now around 74 and that is the lowest it has been since 1939.

Secretary FREEMAN. And by my own words also, Senator, I said that that was one criterion but that farmers net income is up $2 billion over 1960; farmers gross income is up $8 billion collectively since 1960.

Senator CURTIS. And his mortgage debt has increased from $12 to $16 billion; hasn't it?

Secretary FREEMAN. I don't have the mortgage debt figures in mind.

Senator CURTIS. I think it has.

Now, by this definition that you use to arrive at, 74 percent of parity at the present time, what was the figure——

Secretary FREEMAN. What definition did I arrive at?

Senator CURTIS. The definition we used that brought your response that the present parity ratio was 74.

Secretary FREEMAN. Are we talking about parity of income, adjusted parity ratio, or the antiquated price parity ratio?

Senator CURTIS. Call it "antiquated" if you want to, but using the same one, what was the parity ratio in 1960?

Secretary FREEMAN. I really—about 80, I think.

Senator CURTIS. I think it was about 84½. And it has gone down each and every year since then.

Secretary FREEMAN. And farmer income has gone up each year.

Senator CURTIS. So have expenses.

Secretary FREEMAN. This is net income.

Senator CURTIS. But farmers have to make a lot of expenditures out of net income.

Secretary FREEMAN. No; all expenditures are included before we get to that, Senator. I beg your pardon. I think a farmer's net is like anybody else's net. Net is after you have deducted expenses.

Senator CURTIS. From the standpoint of the business return that is true, but he has to educate his children and pay his doctor bills and make most of his purchases out of net income, and those prices have gone up.

Now, I think we face a very sad situation in rural America. Call it "antiquated" if you want to, but the parity price, the price for farmer's products compared to what he has to pay, is the lowest since 1939.

Secretary FREEMAN. And may I say that the per farm net income is up nearly $500 since 1960 and parity price is only one factor and not the primary one. The important factor is net income. I am not satisfied with the net income figure, but thankfully it is substantially strengthened and has increased in the last 8 years.

Senator CURTIS. Well, I won't prolong this, but even your net income has to be spent on other commodities, and I am very much concerned about this situation. Each and every year since 1960 the ratio of farmers prices to the prices he has to pay, has gone down, down, down.

Now; this bill, which contained the Hruska amendment opposed by you, had a section on cotton; didn't it?

Secretary FREEMAN. Yes, sir.

Senator CURTIS. Did that section provide for a subsidy payment to cotton mills?

Secretary FREEMAN. It provided for a one-price system in cotton to equalize the price of cotton as laid down to foreign producers and also to our domestic producers.

Senator CURTIS. Will you place in the record at this point the information that your Department released within the last 2 or 3 days which was the dollar amount paid to the various cotton manufacturers over the country?

Secretary FREEMAN. Yes, sir.

(The information referred to follows:)

Following is a listing of individual payments under the interim cotton equalization payment-in-kind program through June 11, 1964. Payments which began about mid-May cover bale openings by domestic users beginning on April 11 when the provisions of the Agricultural Act of 1964 became effective. The total of payments reported through June 11 is $24,561,018.26, of which $18,977,084.14 were sight drafts and $5,583,934.12 were payment-in-kind certificates.

Individual payments, interim cotton payment-in-kind program

ALABAMA

Name and address	Sight-draft payments	Payment-in-kind certificates
Avondale Mills, Sylacauga, Ala	$365,070.01	$471,769.05
Aliceville Cotton Mill, Inc., Aliceville, Ala	20,862.14	25,950.67
Bama Cotton Mills, Inc., Geneva, Ala	22,651.91	27,237.86
Botany Cottons, Inc., Gurney plant, Prattville, Ala	8,871.93	
Danville Yarn Mills, Inc., Bon Air, Ala	74,423.17	
Fayette Cotton Mill, Inc., Fayette, Ala	31,341.18	44,627.76
Geneva Cotton Mills, Inc., Geneva, Ala	22,669.40	28,694.64
The Linen Thread Co., Blue Mountain, Ala	19,550.96	
Opelika Manufacturing Corp., Opelika, Ala	128,411.71	
Riverview Mills, Inc., Geneva, Ala		6,060.79
Russell Mills, Inc., Alexander City, Ala	94,732.56	118,168.44
Union Yarn Mills, Inc., Jacksonville, Ala	47,416.98	57,862.35
Victorian Furniture Corp., Post Office Box 60, Montgomery, Ala	119.99	
Siluria Mills, Inc., Siluria, Ala	26,047.06	32,217.51
Winfield Cotton Mill, Inc., Winfield, Ala	15,687.55	18,067.40
Mount Vernon Mills, Inc., Tallassee Division, Tallassee, Ala	105,483.04	
Standard-Coosa-Thatcher Co., Coosa spinning mill, Piedmont, Ala	48,887.73	
West Point Mfg. Co., Fairfax, Ala	347,948.37	450,415.99
Bemis Bros. Bag Co., Talladega, Ala	78,622.96	
Pepperell Mfg. Co., Opelika, Ala	54,198.17	69,784.46
West Boylston Mfg. Co., Montgomery, Ala	31,517.26	
Handley Mills, Roanoke, Ala	57,555.68	
Anniston Mfg. Co., Anniston, Ala	56,101.11	
Lowenstein Cotton & Storage Corp., Box 470, Anderson, S.C	108,758.00	133,407.36
Opp Cotton Mills, Opp, Ala	33,361.83	
Micolas Cotton Mills, Opp, Ala	98,552.87	
Adelaide Mills Inc., Post Office Box 1320, Anniston, Ala	23,739.95	31,641.48
The Kendall Co., Albertville plant, Albertville, Ala	17,286.42	23,977.91
Cowikee Mills, Post Office Box 422, Eufaula, Ala	72,940.78	95,690.77
Wehadkee Yarn Mills, Box 150, West Point, Ga	9,858.50	14,629.87
Dan River Mills, Inc., Post Office Box 261, Danville, Va		143,640.55
Samson Cordage Works, Anniston, Ala	6,698.64	
Wehadkee Yarn Mills, Talladega, Ala	45,859.06	54,352.08
Johnson Cordage & Gin Co., Prattville, Ala	133.64	
Total	2,074,861.01	1,842,954.14

Individual payments, interim cotton payment-in-kind program—Continued

Name and address	Sight-draft payments	Payment-in-kind certificates
ARKANSAS		
Pinecrest Cotton Mills, Inc., Pine Bluff, Ark.	$8,570.25	0
Crompton-Arkansas Mills, Inc., Morrilton, Ark.	58,721.78	0
Total	67,292.03	0
CONNECTICUT		
Acme Cotton Products Co., Inc., East Killingly, Conn.	$1,000.87	0
The American Thread Co., Inc., New York City, N.Y.	10,223.52	0
The Gould Products Corp., Middletown, Conn.	651.10	0
The Baltic Mills Co., Baltic, Conn.	1,773.20	0
Total	13,648.69	0
GEORGIA (not completed)		
ILLINOIS		
Johnson & Johnson, Chicago, Ill.	$14,643.72	0
Bear Brand Hosiery Co., Chicago, Ill.	12,233.85	0
Total	26,877.57	0
KENTUCKY		
January & Wood Co., Maysville, Ky.	$7,839.65	0
Louisville Textile, Inc.	2,115.81	0
Total	9,955.46	0
MAINE		
Pepperell Mills, Biddeford, Maine	$83,300.30	$106,640.10
Bates Mfg. Co., Lewiston, Maine	300,608.27	0
Subtotal	383,908.57	106,640.10
Total	$490,548.67	
MASSACHUSETTS		
Sagamore Manufacturing Co., Fall River, Mass.	$18,302.83	0
United Products Cotton Co., Fall River, Mass.	507.71	0
Berkshire Hathaway, Inc., New Bedford, Mass.	45,222.31	0
The Kendall Co., Griswoldville, Mass.	4,107.73	0
Total	68,140.58	0
MISSISSIPPI		
Erwin Mills, Inc., Durham, N.C.	$110,264.50	0
MISSOURI		
Absorbent Cotton Co., Valley Park, Mo.	$30.03	0
American White Cross Laboratory of Missouri, Cape Girardeau, Mo.	1,386.26	0
Total	1,416.29	0
NEW HAMPSHIRE		
Chicopee Manufacturing Co., New Brunswick, N.J.	$63,826.62	0

Individual payments, interim cotton payment-in-kind program—Continued

NEW YORK

Name and address	Sight-draft payments	Payment-in-kind certificates
Greenhaven Prison Industry, Stormville, N.Y.	$1,915.03	0
Clinton Prison Industries, Dannemora, N.Y.	2,016.50	0
Total	3,931.53	0

OKLAHOMA

Oklahoma City Mattress & Feed Co., Oklahoma City, Okla.	$21.32	0

RHODE ISLAND

Coats & Clark, Inc., Pawtucket, R.I.	$4,053.79	0
Berkshire Hathaway, Inc., New Bedford, Mass.	18,895.43	0
Total	22,949.22	0

TENNESSEE

Bemis Brothers Bag Co., Bemis, Tenn.	$145,584.58	0
Cherokee Textile Mills, Sevierville, Tenn.	50,540.75	0
Dixie Mercerizing Co., Chattanooga, Tenn.	97,940.70	0
Dyersburg Cotton Products, Inc., Dyersburg, Tenn.	55,052.59	0
Elk Cotton Mills, Fayetteville, Tenn.	41,975.89	0
Rockford Manufacturing Co., Rockford, Tenn.	29,451.75	0
Standard-Coosa Thatcher Co., Chattanooga, Tenn.	72,942.03	0
Standard Knitting Mills, Inc., Knoxville, Tenn.	88,302.75	0
Trenton Mills, Inc., Trenton, Tenn.	18,843.30	0
Werther Bag Corp., Nashville, Tenn.	89,235.63	0
J. P. Stevens Co., Inc., Kingsport, Tenn.		$61,002.69
Total	648,869.97	61,002.69
	745,872.66	

TEXAS

Denison Cotton Mill Co., Denison, Tex.	$67,458.10	0
Central Texas Development Co., West, Tex.	[illegible],603.79	0
Lone Star Textiles, Inc., Mexia, Tex.	37,[illegible]22.64	0
Red River Cotton Mills, Bonham, Tex.	18,54[illegible].31	0
Houston Cotton Mills Co., Houston, Tex.	6,877.1[illegible]	0
Hillsboro Cotton Mills, Hillsboro, Tex.	18,495.16	0
Brenham Cotton Mill, Brenham, Tex.	81,320.89	0
Mission Valley Mills, New Braunfels, Tex.	38,693.65	0
Corsicana Cotton Mills, Corsicana, Tex.	10,226.28	0
Texas Department of Corrections, Huntsville, Tex.	10,431.18	0
Plainview Mattress Factory, Plainview, Tex.	135.52	0
Postex Cotton Mills, Post, Tex.	60,100.04	0
B. I. Cotton Mills, West, Tex.	17,874.62	0
Sherman Manufacturing Co., Sherman, Tex.	[illegible],551.65	0
Texas Textile Mills, McKinney, Tex.	110,833.64	0
Houston Textile Co., Houston, Tex.		$10,912.52
Total	665,174.74	10,912.52
	676,087.26	

Individual payments, interim cotton payment-in-kind program—Continued

SOUTH CAROLINA

Name and address	Sight-draft payments	Payment-in-kind certificates
Abney Mills, Greenwood, S.C	$235,644.87	0
Alice Manufacturing Co., Easley, S.C	257,799.67	0
American Thread Co., Inc., N.Y	87,091.87	0
Arkwright Mills, Spartanburg, S.C	77,292.54	$95,777.17
Bamberg Textile Mills, Bamberg, S.C	31,232.62	0
Beacon Manufacturing Co., Swannanoa, N.C	24,138.92	0
Blair Mills, Inc., Belton, S.C	35,788.86	0
Blanche Cotton Mills, Inc., Augusta, Ga	4,508.79	0
Bowling Green Spinning Co., Gastonia, N.C	29,029.38	0
B. & I. Cotton Mills, Spartanburg, S.C	99,156.97	0
Cannon Mills Co., Kannapolis, N.C	89,428.75	0
Catlin Farish Co., Batesburg, S.C	28,133.30	0
Cherokee Cotton Mills, Inc., Cheraw, S.C	59,581.14	0
Chicopee Manufacturing Co., New Brunswick, N.J	80,304.31	0
Clifton Manufacturing Co., Clifton, S.C	248,676.21	0
Clinton Cotton Mills, Clinton, S.C	74,308.32	0
Cone Mills Corp., Greensboro, N.C	48,577.55	0
Drayton Mills, Spartanburg, S.C	16,540.42	0
Firestone Textiles, Bennettsville, S.C	9,936.55	0
Franklin Process Co., Greenville, S.C	23,549.17	0
Gaffney Manufacturing Co., Gaffney, S.C	49,018.84	0
Graniteville Co., Graniteville, S.C	279,395.27	382,417.68
Greenwood Mills, Greenwood, S.C	214,843.90	0
Greer Manufacturing Co., Easley, S.C	24,864.45	0
Hamer Spinning Mills, Hamer, S.C	23,485.08	0
Hamrick Mills, Gaffney, S.C	19,896.56	0
Hartsville Mill, Hartsville, S.C	13,700.18	0
Hermitage Cotton Mills, Camden, S.C	19,247.54	0
Highland Park Manufacturing Co., Rock Hill, S.C	39,262.79	0
Inman Mills, Inman, S.C	123,634.80	166,253.48
Jackson Mills, Wellford, S.C	188,322.48	0
Joanna Cotton Mills Co., Joanna, S.C	128,746.08	0
Joint Research Prototype Mill, Spartanburg, S.C	12,621.83	0
Judson Mills, Greenville, S.C	16,581.69	0
The Kendall Co., Charlotte, N.C	195,392.40	260,816.84
Lockhart Mill, Lockhart, S.C	50,996.33	0
Lowenstein Cotton & Storage Corp., Anderson, S.C	364,124.91	0
Lydia Cotton Mills, Clinton, S.C	116,299.82	0
Mackintosh Spinning Mill, Inc., Clover, S.C	15,744.68	0
Manette Mills, Inc., Lando, S.C	857.02	0
Massachusetts Mohair Plush Co., Kings Mountain, N.C	9,700.07	0
Mayfair Mills Arcadia, S.C	292,420.68	0
Monarch Mill, Union, S.C	106,019.35	0
Mount Vernon Mills, Inc., Baltimore, Md	193,751.43	0
Musgrove Mills, Gaffney, S.C	14,978.60	0
Newberry Mills, Inc., Newberry, S.C	66,611.67	0
Orange Cotton Mills, Orangeburg, S.C	18,707.90	0
Pacolet Yarns, Greenville, S.C	22,243.45	0
Pacolet Mill, Pacolet, S.C	73,141.31	0
Parke Davis & Co., Greenwood, S.C	3,953.69	0
F. W. Poe Manufacturing Co., Greenville, S.C	70,782.46	0
Raybestos-Manhattan, Inc., North Charleston, S.C	1,582.83	0
Reeves Bros., Inc., Spartanburg, S.C	158,019.14	0
Riegal Textile Co., Ware Shoals, S.C	138,850.13	0
South Carolina Cotton Mills, Orangeburg, S.C	40,161.02	0
Scotland Mills, Inc., Lancaster, S.C	26,839.34	0
Spartan Mills, Spartanburg, S.C	279,998.80	0
Springs Cotton Mills, Lancaster, S.C	782,961.12	0
J. P. Stevens & Co., Inc., Greenville, S.C	0	527,611.98
Townsend Cotton Mills, Anderson, S.C	4,536.93	0
United Merchants & Manufacturers, Inc., Bath, S.C	97,432.20	0
West Point Manufacturing Co., West Point, Ga	34,720.07	0
Woodside Mills, Greenville, S.C	0	548,530.04
Total	5,840,446.62	1,961,407.19

VIRGINIA

Halifax Cotton Mills, South Boston, Va	$14,860.63	0
Fieldcrest Mills, Spray, N.C	42,876.08	0
Washington Mills, Fries, Va	164,708.31	0
Dan River Mills, Danville, Va	0	$344,622.65
	222,445.02	344,622.65
Total	567,067.67	

Individual payments, interim cotton payment-in-kind program—Continued

GEORGIA

Name and address	Sight-draft payments	Payment-in-kind certificates
J. P. Stevens Co., Inc., Atlanta, Ga		$75,642.71
Avondale Mills, Sylacauga, Ala	$25,813.71	32,376.52
Erwin Mills, Durham, N.C	8,333.77	
Canton Cotton Mills, Canton, Ga	89,179.09	
Calloway Mills Co., La Grange, Ga	46,349.75	
Chicopee Manufacturing Co., Athens, Ga	24,216.33	
Crompton Highland Mills, Griffin, Ga	18,608.52	
Crown Cotton Mills, Dalton, Ga	70,279.29	
Crystal Springs Bleachey, Chicamauga, Ga	66,497.79	
Eastman Cotton Mills, Eastman, Ga	40,597.37	
Echota Cotton Mills, Calhoun, Ga	14,064.69	
Federal Prison Industries, Atlanta, Ga	31,004.74	
Fitzgerald Mills Corp., Fitzgerald, Ga	9,224.99	
Flagg-Utica Corp., Grantville, Ga	13,204.49	
Graniteville Co., Graniteville, S.C	111,438.79	157,491.81
Habersham Mills, Habersham, Ga	25,607.79	
Harmony Grove Mills, Commerce, Ga	43,976.79	
Harriet & Henderson Cotton Mill, Inc., Beryton, Ga	23,764.83	
Imperial Cotton Mills, Eatonton, Ga	16,699.02	
Juliette Milling Co., Macon, Ga	7,461.48	
Klopman Mills, Inc., Greensboro, N.C	30,696.57	
Monroe Mills, Monroe, Ga	27,938.10	
Opelika Mfg. Co., Hawkinsville, Ga	16,093.53	
Pepperill Mfg. Co., La Grange, Ga	85,258.74	110,931.9
Piedmont Cotton Mills, East Point, Ga	1,551.22	
Social Circle Cotton Mill, Social Circle, Ga	20,849.53	
Strichland Cotton Mills, Valdosta, Ga	41,111.46	
Summerville Mfg. Co., Summerville, Ga	19,680.11	
The American Thread Co., Dalton, Ga	31,628.61	
The Hartwell Mill, Hartwell, Ga	22,749.95	
Thomaston Cotton Mills, Thomaston, Ga	144,305.91	
Union Mfg. Co., Union Point, Ga	3,956.09	
U.S. Rubber Co., Hogansville, Ga	40,233.30	
Walton Cotton Mill Co., Monroe, Ga	48,345.18	
Washington Mfg. Co., Tenville, Ga	14,045.72	
West Point Mfg. Co., West Point, Ga	106,879.47	
Whitfield Spinning Co., Dallas, Ga	11,954.54	
Willingham Cotton Mills, Macon, Ga	21,957.39	
Buck Creek Cotton Mills, Columbiana, Ala	4,619.74	
Chicopee Mfg. Co., Gainesville, Ga	48,695.27	
The Jefferson Mills, Jefferson, Ga	36,240.23	
Rushton Cotton Mills, Griffin, Ga	18,166.14	
Swift Spinning Mills, Columbus, Ga	64,568.06	
The American Thread Co., Tallapoosa, Ga	21,276.90	
Lavania Mfg. Co., Hickory, N.C	1,476.80	
B.F. Goodrich Textile Products, Thomaston, Ga	150,963.34	
Tifton Cotton Mills, Tifton, Ga	25,899.51	
Goodyear Tire & Rubber Co., Cedartown, Ga	18,246.07	
Fieldcrest Mills, Inc., Spray, N.C	68,735.16	
Dundee Mills, Inc., Griffin, Ga	94,968.25	
Mary-Leila Cotton Mills, Greensboro, Ga	20,415.65	
Reeves Bros., Inc., Columbus, Ga	44,246.28	
Moultrie Cotton Mills, Moultrie, Ga	14,828.06	
Georgia Duck & Cordage Mills, Scottdale, Ga	11,000.40	
Pepperell Mfg. Co., Tindale, Ga	189,397.26	216,118.04
Riegal Textile Corp., Trion, Ga	251,721.60	
Callaway Mills, La Grange, Ga	94,654.19	
Swift Mfg. Co., Columbus, Ga	81,654.33	
Coats & Clark, Inc., Clarkdale, Ga	11,987.43	
The John P. King Mfg. Co., Augusta, Ga	82,720.04	
Coats & Clark, Inc., Albany, Ga	2,476.88	
Fulton Cotton Mills, Atlanta, Ga	41,637.96	
Whittier Mills Co., Atlanta, Ga	23,347.02	
Puritan Cordage Mills, Athens, Ga	1,917.30	
Atlantic Cotton Mills, Macon, Ga	11,719.82	
Trio Mfg. Co., Forsyth, Ga	[illegible]	
Scottdale Mills, Inc., Scottdale, Ga	33,616.66	
Gainesville Mills, Gainesville, Ga	45,181.82	69,501.88
New Holland Mill, New Holland, Ga	96,161.39	180,646.10
Bibb Mfg. Co., Macon, Ga	316,614.87	
Total	3,817,161.10	

Individual payments, interim cotton payment-in-kind program—Continued

NORTH CAROLINA

Name and address	Sight-draft payments	Payment-in-kind certificates
Acme Spinning Co., Belmont, N.C	$40,975.45	0
Alexander Mills, Forest City, N.C	40,812.59	0
Amazon Cotton Mills Co., Thomasville, N.C	31,918.25	0
American & Efird Mills, Inc., Mount Holly, N.C	120,394.55	0
Arista Mills Co., Winston-Salem, N.C	22,088.30	0
Balston Yarn Mills, Inc., Lincolnton, N.C	5,760.23	0
Bartex Spinning Co., Clayton, N.C	8,964.60	0
Bannit (Rockingham), New York, N.Y	6,270.74	0
B. I. Cotton Mills, Asheville, N.C	145,563.26	0
Bladenboro Cotton Mills, Inc., Bladenboro, N.C	51,054.12	0
Bonnie Cotton Mills, Kings Mountain, N.C	8,130.45	0
Borden Manufacturing Co., Goldsboro, N.C	86,851.16	$45,039.15
Botany Cotton, Inc., Gastonia, N.C	48,121.30	0
Caldwell Cotton Mills Co., Lenoir, N.C	25,944.87	0
Cannon Mills Co., Kannapolis, N.C	709,380.01	0
Carlton Yarn Mills, Inc., Cherryville, N.C	7,995.07	0
Carolina Mills, Inc., Malden, N.C	157,080.94	0
China Grove Cotton Mills, Co., Inc., China Grove, N.C	52,207.46	0
The Chronicle Mills, Belmont, N.C	22,574.69	0
Clayton Spinning Co., Gastonia, N.C	14,236.30	0
Cleveland Mills, Co., Lawndale, N.C	36,719.47	0
Climax Spinning Co., Belmont, N.C	27,483.04	0
Clyde Fabrics, Inc., Newton, N.C	24,792.09	0
Cane Mills Corp., Greensboro, N.C	646,619.74	0
Corriher Mills Co., Inc., Landis, N.C	30,716.59	0
Craftstun Yarns, Inc., Kings Mountain, N.C	32,943.82	0
Cramerton Mills, Cramerton, N.C	45,541.40	0
Crescent Spinning Co., Belmont, N.C	13,573.56	0
Cross Cotton Mills Co., Marion, N.C	30,464.91	0
Dacotah Cotton Mills, Inc., Lexington, N.C	33,875.27	0
Dora Yarn Mill Co., Cherryville, N.C	2,428.20	0
Dover Mill Co., Shelby, N.C	3,523.51	0
Dover Yarn Mill, Inc., Shelby, N.C	1,219.33	0
Durham Hosiery Mills, Durham, N.C	1,212.37	0
Eagle Yarn Mills, Inc., Belmont, N.C	13,955.69	0
Eastern Manufacturing Co., Selma, N.C	32,047.86	0
Edenton Cotton Mills, Edenton, N.C	31,867.03	0
Elizabeth City Cotton Mills, Elizabeth City, N.C	15,571.59	0
Elk Cotton Mills, Inc., Fayetteville, Tenn	11,895.97	0
Erlanger Mills, Inc., Lexington, N.C	17,840.87	0
Erwin Mills, Inc., Durham, N.C	303,767.29	0
Esther Mills Corp., Shelby, N.C	284.44	0
Falls Manufacturing Co., Granite Falls, N.C	17,196.14	0
Fieldcrest Mills, Inc., Spray, N.C	92,262.42	0
Firestone Textiles, Gastonia, N.C	8,421.07	0
Flint Plant, Gastonia, N.C	41,574.00	0
Gambrill Melvin, Inc., Bessemer City, N.C	11,489.27	0
Gibson & Cushman, Inc., Lincolnton, N.C	7,545.39	0
Glenn Raven Cotton Mills, Inc., Kinston, N.C	1,577.68	0
Globe Mill, Mount Holly, N.C	11,517.35	0
Golden Belt Manufacturing Co., Durham, N.C	9,775.80	0
Groves Thread Co., Inc., Gastonia, N.C	40,502.99	0
Hadley Peoples Manufacturing Co., Silver City, N.C	52,024.76	0
P. H. Hanes Knitting Co., Winston-Salem, N.C	74,815.91	96,648.69
Harriet Cotton Mills, Henderson, N.C	55,854.10	0
Hart Cotton Mills, Tarboro, N.C	83,791.22	0
Hayes Cotton Mills, Co., Lenoir, N.C	13,129.22	0
Henderson Cotton Mills, Henderson, N.C	65,869.83	0
Henry River Mill Co., Henry River, N.C	1,224.86	0
Hickory Spinners, Inc., Hickory, N.C	9,169.94	0
Highland Cotton Mills, Inc., High Point, N.C	58,075.09	0
Holt-Williamson Manufacturing Co., Fayetteville, N.C	10,863.58	0
Howell Manufacturing Co., Cherryville, N.C	7,807.23	0
Hudson Cotton Manufacturing Co., Inc., Lenoir, N.C	4,897.23	0
Imperial Yarn Mill, Inc., McAdenville, N.C	14,239.61	0
Ivy Weaver Plant No. 174, Hickory, N.C	8,873.47	0
Johnston Manufacturing Co., Charlotte, N.C	84,303.81	0
Johnston Spinning Co., Monroe, N.C	14,900.66	0
Jordan Spinning Co., Saxapaw, N.C	10,490.29	0
Kasas Mills, Inc., Casar, N.C	1,183.32	0
Kindley Cotton Mill, Inc., Mount Pleasant, N.C	8,186.42	0
Kings Mountain Manufacturing Co., Kings Mountain, N.C	6,227.71	0
Klopman Mill, Inc., Greensboro, N.C	40,913.00	0
Lilly Mills, Co., Shelby, N.C	7,438.79	0
Linford Mills, Inc., Belmont, N.C	14,815.32	0
Linn Mills Co., Inc., Landis, N.C	28,335.04	0
Lions Club Industries for the Blind, Durham, N.C	361.98	0
Little Cotton Manufacturing Co., Wadesboro, N.C	29,345.94	0
Long Shoals Cotton Mills, Inc., Lincolnton, N.C	8,222.04	0

Individual payments, interim cotton payment-in-kind program—Continued

NORTH CAROLINA—Continued

Name and address	Sight-draft payments	Payment-in-kind certificates
R. C. G. Love Plant, Gastonia, N.C	$87,896.80	0
Lowenstein Cotton & Storage Corp., Anderson, S.C	44,187.26	$57,632.24
Majestic Manufacturing Co., Belmont, N.C	6,881.98	0
Macanal Mills, Salisbury, N.C	15,262.45	0
Marion Manufacturing Co., Marion, N.C	18,242.90	0
Marshall Mill No. 2, Charlotte, N.C	8,647.84	0
Mauney Mills, Inc., Kings Mountain, N.C	7,167.42	0
J. D. Mills, Inc., Henderson, N.C	19,996.14	0
Moore Cotton Mill Co., Lenoir, N.C	2,351.37	0
Mooresville Mills, Mooresville, N.C	68,949.75	0
Moorehead Mills, Inc., Spray, N.C	9,960.79	0
National Yarn Mills, Inc., Belmont, N.C	22,420.12	0
Oakboro Cotton Mills Co., Mount Pleasant, N.C	8,408.01	0
Oakdale Cotton Mills, Jamestown, N.C	18,871.21	0
J. M. Odell Manufacturing Co., Pittsboro, N.C	10,881.91	0
Paola Cotton Mill, Inc., Statesville, N.C	14,937.32	0
Parkdale Mills, Inc., Gastonia, N.C	54,331.61	70,927.61
Park Yarn Mills Co., Kings Mountain, N.C	7,443.57	0
Peck Manufacturing Co., Gastonia, N.C	35,047.99	0
Peerless Spinning Corp., Lowell, N.C	3,351.27	0
Perfection Spinning Co., Belmont, N.C	10,979.80	0
Phenix No. 1 Plant, Kings Mountain, N.C	73,963.17	0
Pickett Cotton Mills Corp., High Point, N.C	20,181.39	0
Piedmont Processing Co., Belmont, N.C	18,220.28	0
Pilot Mills Co., Raleigh, N.C	11,660.22	0
Quaker Meadows Mills, Inc., Hickory, N.C	4,037.86	0
Randolph Mills, Inc., Concord, N.C	42,630.88	0
Rhodes-Whitener Mills, Inc., Taylorsville, N.C	17,605.90	0
D. E. Rhyne Mills, Inc., Lincolnton, N.C	2,861.94	0
Roberta Manufacturing Co., Concord, N.C	16,416.14	0
Robinson Mills Inc., Gastonia, N.C	21,146.22	0
Rockfish-Mebane Yarn Mill, Inc., Chattanooga, Tenn	40,344.91	0
Rocky Mountain Mills, Rocky Mount, N.C	74,122.81	0
Rowan Cotton Mills, Co., Salisbury, N.C	26,423.86	0
Roxboro Cotton Mills, Roxboro, N.C	55,760.87	0
Royal Cotton Mill Co., Saxapahaw, N.C	13,311.48	0
Rudisell Spinning Mills, Inc., Hickory, N.C	4,676.97	0
Sadil Cotton Mills Co., Inc., Kings Mountain, N.C	14,445.01	0
Schneider Mills, Inc., Taylorsville, N.C	3,455.27	0
Scotland Mills Inc., Lancaster, S.C	66,555.97	0
Sellers Manufacturing Co., Saxapahaw, N.C	10,837.19	0
Shelby Mills Inc., Shelby, N.C	395.65	0
Sherrill Yarn Mills, Inc., Taylorsville, N.C	666.51	0
Shuford Mills Inc., Hickory, N.C	23,279.35	0
Smitherman Cotton Mills, Troy, N.C	16,833.63	0
Smithfield Spinning Co., Smithfield, N.C	3,319.90	0
A. M. Smyre Manufacturing Co., Gastonia, N.C	38,879.55	0
South Fork Manufacturing Co., Belmont, N.C	16,518.84	0
Spindale Mills Inc., Spindale, N.C	26,219.83	0
Spray Cotton Mills, Spray, N.C	5,504.80	0
Sterling Cotton Mills, Inc., Franklinton, N.C	5,418.82	0
J. P. Stevens & Co., Inc., Greenville, S.C	0	183,142.29
Stowe Spinning Co., Belmont, N.C	23,709.20	0
Stowe Thread Co., Belmont, N.C	5,872.62	0
Superior Yarn Mills Inc., Mount Holly, N.C	19,781.38	0
Textiles, Inc., Gastonia, N.C	144,415.68	0
Tolar Hart & Holt Mills, Inc., Gastonia, N.C	21,023.55	0
Travara Textiles Inc., Graham, N.C	21,378.24	0
Tuscarora Cotton Mills, Mount Pleasant, N.C	6,313.93	0
United Spinners Corp., Lowell, N.C	167.57	0
U. S. Rubber Co., Gastonia, N.C	14,925.10	0
Valdese Manufacturing Co., Valdese, N.C	18,891.92	0
Va. Mills Inc., Swepsonville, N.C	5,777.55	0
Wade Manufacturing Co., Box 32, Wadesboro, N.C	30,671.94	0
Washington Mills Inc., Laurinburg, N.C	1,763.14	0
Wennonah Cotton Mills Co., Lexington, N.C	9,699.10	0
Wiscassett Mills Co., Albemarle, N.C	134,957.81	0
Worth Spinning Co., Stony Point, N.C	3,960.92	0
Total	5,499,893.50	463,339.98

Senator CURTIS. The U.S. Government also guarantees investments abroad that involve agricultural operations; do they not?

Secretary FREEMAN. I am not familiar with this program. I think there are some investment guarantees, but I am not sure what the conditions are.

Senator CURTIS. They aren't referred to the Secretary of Agriculture?

Secretary FREEMAN. The only ones that are referred to the Secretary of Agriculture are the Cooley loans that are made with currency accumulated under Public Law 480. These loans are referred for our review to be sure that the investments in question do not result in the production of commodities that will either be imported into the United States or be competitive with other agricultural exports from the United States.

Other loans that might be made by the Export-Import Bank or others, with varying kinds of guarantees, I really don't know about all of those.

Senator CURTIS. You are not the proper person, then, to ask for a list of the foreign investments guaranteed by the U.S. Government, the investments to be used for the production of meat?

Secretary FREEMAN. No; I don't have the information on that.

Senator CURTIS. But there have been a number of them involving beef production.

Secretary FREEMAN. Not to my knowledge.

Senator CURTIS. And there have been some involving poultry.

Secretary FREEMAN. I frankly can't answer "Yes" or "No," Senator. I don't know.

Senator CURTIS. I think you will find we have guaranteed investments abroad for the production of meat, going to some of the financial giants in this country. I think it is the business of the Secretary of Agriculture to find out.

Now, in your statement today and your statement on June 9 you stated that imports in 1964 will decline 25 percent; is that correct?

Secretary FREEMAN. Yes, sir.

Senator CURTIS. Isn't it true that the U.S. Department of Agriculture figures issued by the Meat Inspection Division indicate an approximate 25-percent increase in imports?

Secretary FREEMAN. No.

Senator CURTIS. Isn't it true that in 1963, Meat Inspection Division figures for January-April were 266.7 million pounds, and January-April 1964, they were 334.8 million pounds?

Secretary FREEMAN. I think what the Senator is referring to is the somewhat broad confusion between imports and meat actually inspected, and these figures are not necessarily the same.

Senator CURTIS. I know, the country is getting a double set of figures whether it is talking about parity or anything else. The farmer who wrote me that to take up his losses in cattle feeding he had to mortgage his land for $20,000 this year and his equipment for $20,000 this year to take up his 1-year losses, is getting concerned about the double figures.

Now, as a matter of fact, to show a decline in imports, you had to go to the Department of Commerce to get your figures, isn't that right?

Secretary FREEMAN. Yes. These are the official import statistics of the United States.

Senator CURTIS. Isn't it true?

Secretary FREEMAN. Yes.

Senator CURTIS. Aren't the Department of Commerce figures based on a system that excludes the slaughter that is for import to this country and confines it to that released from storage?

Secretary FREEMAN. I don't think so.

Senator CURTIS. Do you agree with these figures that I read?

Secretary FREEMAN. No, certainly not the way you used them.

Senator CURTIS. Well, I will try to use them without any conclusion.

My information is that the U.S. Department of Agriculture figures issued by the Meat Inspection Division indicate a 25-percent increase in imports in 1964 over 1963, and I quoted the figures for January-April, 266.7 million pounds in 1963; for the same months in 1964, 334.8 million pounds.

I want to know if those quotations from the U.S. Department of Agriculture Meat Inspection Division are correct?

Secretary FREEMAN. Yes, sir; those are inspection figures, not import figures in 1964.

Senator CURTIS. At what point are they inspected?

Secretary FREEMAN. Well, this varies according to the handling of the particular operation, as I understand it.

Senator CURTIS. But it is meat inspected for importation to this country?

Secretary FREEMAN. It is meat inspected for importation, including some meat that could have been here in bonded warehouse and then offered for importation.

So, it is not an accurate figure in relation to imports. The figures that have been submitted and that are submitted with this testimony are a combination of an analysis of the figures that are obtained part from the Commerce Department and part from the shipping source and are the overall figures which reflect the true imports rather than the inspection which is not the figure which gives the real story of imports.

Senator CURTIS. Well now, the inspection is only made once, isn't it?

Secretary FREEMAN. Yes.

Senator CURTIS. And it is inspected for the purpose of import. The amount being inspected for that purpose in 1964 is higher than 1963. Doesn't it support the contention, or the desire of the country, for the Hruska amendment or other beneficial legislation?

Secretary FREEMAN. No.

Senator CURTIS. And the opposition to that——

Secretary FREEMAN. Most emphatically not.

Senator CURTIS. That there is a temporary witholding of imports that do not reflect the true picture.

Secretary FREEMAN. No.

Senator CURTIS. Well, why would the inspection division figures go up?

Secretary FREEMAN. Well, because of the procedures followed by the Inspection Service. Furthermore, arrangements that have been made in the changes in shipping directions are going to be felt most strongly in the second half of 1964, not in the first half of 1964, and so although we have had in the early months—as a matter of fact, you take a look at January, why shipments underway that might take 3 weeks to get here would be enroute.

It is a matter of appraising an interpreting, and it is quite clear, and we are satisfied, that we will be down to the level called for in this bill in meat imports this year.

Senator CURTIS. Well now, I want to be fair about it. So, you tell me in your own words the source of the figures that show a 25-percent decline in imports.

Secretary FREEMAN. Well, the source is a combination of figures that we have in the Department, the figures that are kept of imports and exports by the Department of Commerce, and of our review of the figures of the countries that are shipping into the United States with whom we have been working cooperatively to divert their shipments in other directions. A combination of all of these figures has resulted in the judgments which have been made and the figures which have been submitted to this committee.

Senator CURTIS. So it is a judgment based on a combination of figures?

Secretary FREEMAN. Yes. We are making a forecast, of course, for the balance of this year.

Senator CURTIS. Were the Meat Inspection Division figures to go down for the period of time it would definitely mean less meat coming in, wouldn't it?

Secretary FREEMAN. Yes, but not necessarily in that particular time interval.

Senator CURTIS. Then doesn't it follow that when it goes up, more meat is coming in.

Secretary FREEMAN. No, not necessarily.

Senator CURTIS. Well, you can hold it in some bonded condition to make a good showing for a period of time but it is just like taking birth statistics, you are taking the point of origin of meat.

I don't like to be disagreeable about this thing, but rural America is in a jam and I would like to ask you this: Is there more meat brought in under bond but not imported for immediate consumption than a year ago?

Secretary FREEMAN. I can't answer that question offhand, Senator, I will certainly find out.

(The information follows:)

The quantity of beef and veal in bonded warehouses on April 1, 1964, was 4 million pounds less than on January 1, 1964.

Senator CURTIS. Isn't it important?

Secretary FREEMAN. Well, it is one of the factors, of course, as are all of the practices of the trade in the handling of this meat in order to get a solid meaningful figure, and this has been considered along with other factors in making this analysis.

Senator CURTIS. Well, what is a solid meaningful figure?

Secretary FREEMAN. It is a figure that we have the greatest confidence will——

Senator CURTIS. Sustain your position?

Secretary FREEMAN. Will carry it forward.

Senator GORE. Will the Senator yield?

Senator CURTIS. I would be happy to.

Senator GORE. Would the Senator explain the difference between, if he knows, of shipments held in bond but not yet listed as imports, on the one hand, and meat which has been inspected but not yet categorized as imported on the other?

Senator CURTIS. I must say I am not an expert on that, have made no specific study as to agricultural products.

I do know this: That merchandise coming in may be subject to a quota or otherwise. It doesn't mean that the ship can not be unloaded. It is unloaded and put in bond and the bond provides it will not be released for consumption in this country until certain conditions prevail.

Now, if that were to be watches or something else that isn't perishable, that coming in would not necessarily increase the importation for consumption.

But my point is that the Department of Agriculture's own figures at the point of inspection show a 25-percent increase and not a 25-percent decrease and that since it is a perishable product, it is being withheld temporarily for political effect, political economic effect. I don't mean that in a partisan way, but I think it is to ease the problem here, and to make this legislation unnecessary.

Secretary FREEMAN. Senator, I would have to respond to this by saying—because there was some implication of misuse of figures and marketings—that the Department has no control over when meat is brought out for inspection and into the market.

Very significant volumes of meat were brought into this country last year that were inspected and reported subsequently in January and February.

Senator CURTIS. How long could it be held over?

Secretary FREEMAN. I should have the exact amounts that are involved here but I am sorry to say I don't. I apologize to the committee, and I will submit this for the record.

We have talked, what we have talked about is their inspection schedules that are not representatives of imports in this year at all, because very significant amounts were actually imported last year, and in addition in terms of imports this year, they are down for this quarter and they will be down enough according to the best judgments and analyses and arrangements so that we will be approximately at the level of last 5 years called for in that bill, and these are the best and most honest figures, and I would only say that they are not for political purposes, and they haven't been twisted or distorted.

(The information requested is as follows:)

There is some confusion about the source, purpose, and meaning of two different sets of data on meat imports.

The meat import figures reported by the Livestock and Meat Products Division of the Foreign Agricultural Service, USDA, are obtained from the Bureau of the Census. Import statistics as compiled by the Bureau of the Census of the Department of Commerce represent the official foreign trade statistics of the United States. They show the quantities of specified products imported into the United States during the month or other time period covered by a particular report. These statistics are based on imports for consumption, and include those items which are shipped into the United States for consumption and those commodities withdrawn from bonded warehouses during the month covered by the report.

Reports issued by the Meat Inspection Division of the Agricultural Research Service, USDA, on the other hand are not intended to measure the amount of meat actually imported during a month. Their purpose is to present a record of the inspection activities of the Division including such related factors as quantities of meat which are refused entry or condemned. The reports are compiled only after the import inspections have been completed and the products distributed to the trade. This means that the imports reported for any given month include some quantities of meat which actually entered the United States in an earlier month.

The data for January and February 1964, may be used to illustrate this point. The inspection reports as published for these 2 months show that imports of fresh beef, veal, mutton, and lamb from Australia and New Zealand aggregated 139,915,000 pounds. However, at least 42,943,000 pounds of this meat had been imported into the United States before January 1, 1964. Some had been imported as far back as October 1963. Similarly, the information published for January and February 1963, included a considerable volume of meat which had been imported before January 1, 1963.

On fresh or frozen beef and veal, for instance, the inspection report for March 1964 shows 51,630,665 pounds passed for entry. In addition, 618,000 pounds were rejected. Of the totals shown in the March inspection report, 8,914,105 pounds passed for entry were inspected prior to March and 42,716,560 pounds during the month of March. Of the meat rejected, 326,347 pounds were rejected prior to March and 291,760 pounds were rejected during the month of March.

The inspection report for March 1963 shows 70,654,028 pounds of fresh or frozen beef and veal passed for entry and 256,075 pounds rejected. We do not have a comparable breakdown on how much of these totals was inspected prior to March and how much was inspected during the month. To get this kind of information requires special tabulations of the data and is costly and time consuming.

The major factors accounting for this situation are as follows:

1. Movement of product: Where suitable arrangements are made by the importer, initial import inspection may occur at the point of destination instead of at the point of entry.

2. Rejections: Wherever a consignment or a portion of a consignment is rejected, the report on the entry is not distributed until disposition of the rejected lot has been decided. Ninety days is usually allowed for this purpose.

3. Restricted imports: Products handled under procedures outlined by the Animal Inspection and Quarantine Division are not reported until the required processing has been completed.

4. Sorting and relabelling: Product damaged in transit may, under certain circumstances, be reconditioned, repackaged, and relabeled under official supervision. The inspection report is submitted following reinspection of the entry.

Conditions such as the foregoing simply mean that statistical information for quite a bit of imported meat shows up sooner in reports issued by the Department of Commerce than in reports of the Meat Inspection Division. This is the principal factor accounting for differences between the Commerce and Meat Inspection Division reports. The two reports can, however, be satisfactorily reconciled over a period of years.

Senator CURTIS. But they don't coincide with the Department's own figures.

Secretary FREEMAN. Of course they do. They are exactly the same as the Department's own figures. They are the Department's figures. I think, Senator, you are talking about apples and oranges.

Senator CURTIS. What figures were you talking about a while ago that were a combination of figures, some of them taken from the Department of Commerce and elsewhere and giving a meaningful interpretation.

Secretary FREEMAN. Well, this now gets down to the question not of what has been but what is going to be for a balance of the year which is pertinent to the legislation at hand.

In terms of the amount of imports, why the imports, as represented in the statistics for January to April, which is the Department of Commerce, indicates that we are below about 40,000 pounds, roughly, of what we were during that comparable period of beef imports in 1963.

Now, our inspection figure may be up.

Senator CURTIS. Forty thousand pounds, now that isn't very much. That isn't 25 percent.

Secretary FREEMAN. Well, of course it isn't, that is the point I have made, the 25 percent is going to be because there will be sharply decreased imports for the balance of the year.

Senator CURTIS. How are you so sure of that?

Secretary FREEMAN. Because we have reviewer the proposed production, the shipping schedules, and have made estimates and have reached general working arrangements with the countries in question which lead us to making this as a firm estimate.

Senator CURTIS. You have endeavored to persuade the importing nations to cut down for this year?

Secretary FREEMAN. That is right.

Senator CURTIS. Well, isn't it true that if in the long range or even the medium range the amount shown in the inspection figures, if those figures go down ultimately there will be fewer imports here, and if they go up, ultimately there will be greater imports here?

Secretary FREEMAN. I think that is so obvious that it need not be stated.

Senator CURTIS. Thank you.

Does the Department inspect the meat before it goes into bond or as it is taken out of bond?

Secretary FREEMAN. It is my understanding and I would have to check this that it is inspected as it comes out.

Senator CURTIS. The Department has the choice, isn't that true?

Secretary FREEMAN. In fact the Department inspects meat when it is offered for importation, and not while it remains in bond.

Senator CURTIS. Now, in addition to stating today and on June 9 that beef imports will be down this year about 25 percent from 1963 levels or about the 1959–63 average as called for in the Mansfield amendment, you further stated that even with the lower imports the domestic industry was still in price difficulties, thus at least implying that imports have not had or do not have much effect on the domestic beef cattle market.

The question is, first, Don't you think that record levels of imports in the past several years have been the cause and that we are now feeling the effect?

Secretary FREEMAN. No, sir. I most emphatically do not.

Senator CURTIS. You do not?

Secretary FREEMAN. Yes, I think the imports have been a relatively small contributing factor. The imports came into the country because of our own shortage in production, and when we ceased marketing cows, by and large, cut our production a billion and a half pounds, which we did, we, of course, drew into this country the equivalent cow meat, utility meat, to meet the demand, and that the real determinant has been our own fat cattle overproduction because that is where we suffered the price drop.

We have had relatively steady prices in the cow area. But I would just like to add this, I am perfectly delighted to review it with the Senator for the record but I think it is academic at this point because we are now in a position where the imports are down to where this bill says they should be, so let's you and I agree to disagree, and go on from there and a year and a half from now we can pick up the discussion again and not waste this busy committee's time.

Senator CURTIS. Well, I realize the interest of the farmers may appear to be a waste of time to some people but it isn't to me.

And——

Secretary FREEMAN. It just is not a pertinent issue any longer because we are already down to this level and I would therefore say we have no problem.

Senator CURTIS. Well, the "adjusted meaningful figure" says so but the inspection figures certainly do not.

Now, do you stand on the proposition that in 1957 our imports of beef and veal were around 2½ percent? And that now, last year it was near 11 percent and that that hasn't depressed the prices?

Secretary FREEMAN. Yes, sir, that is correct. It has had a modest effect, I would say about maybe 50 cents out of $8.70 and I think that the overwhelming number of people who are in this business would agree, those who are in merchandising, and the economists.

Senator CURTIS. You are talking about cow meat and one thing and another. Where can the packers buy it the cheapest? Abroad, isn't it?

Secretary FREEMAN. No. I think it would be the same price for that domestic and abroad. Naturally that is made in the market.

Senator CURTIS. What are they paying for cows in Honduras?

Secretary FREEMAN. I haven't the slightest idea what they are paying for cows in Honduras.

Senator CURTIS. Isn't it about 10 cents on the hoof?

Secretary FREEMAN. I haven't the slightest idea.

Senator CURTIS. What is the packinghouse wage in Honduras? I have been informed it is around 10 cents an hour.

When the price goes down does that cause the rushing of cattle to the market or holding them until they add more weight and add more to the production?

Secretary FREEMAN. Senator, you are talking about apples and oranges.

Are we talking about cows or are we talking about fat cattle? Which do you want to talk about?

Senator CURTIS. All right. Let's confine the question to cows. If the price is depressed, will it cause a rushing of those cows to the market or a delay in getting them to the market?

Secretary FREEMAN. Within the price range we have had I don't think it has had much effect one way or the other.

The main determinant in when to market a cow and when not to market a cow is really the price of feeder calves. If you can get a calf out of a cow which will be worth a hundred dollars in a year, and the price of that calf is pretty good, you are going to keep that cow as long as you can get a price for that calf, and that is the dominant economic fact.

Now, if the price goes way up or the price goes way down, this, of course, is affected. But the heart of the question is the price for the calf and that is the economic essence of it, and the variation in cow prices, which has been relatively nominal here, we have only had a drop of about $1.50, they have been quite steady, has not, I think, been enough to influence marketing one way or another.

The important factor in marketing cows is what you can get for the calf you get out of the cow, not what you get for the cow on the market.

Senator CURTIS. Now, the situation you have described would apply primarily to dairy farmers and producers of dairy cattle, wouldn't it?

Secretary FREEMAN. No, it would apply primarily to producers of beef cattle.

Senator CURTIS. Wouldn't the situation also apply to dairy people who as a matter of course have certain marketings they have got to make most every year?

Secretary FREEMAN. Well, the factor I mentioned in connection with the calf would be equally true, only it would be related, and probably not quite as strong a factor, to the plan for that particular dairy herd, and to the level of productivity of the dairy cow.

I was speaking primarily because the greatest volume, of course, comes from the feeding end of the industry rather than the dairy end of the industry.

Senator CURTIS. Last week I attended the annual meeting here in town of the Holstein Feeders Association. They informed me that throughout the years they have agitated for curtailment of imports because of the type of imports that are coming in were of particular competition and hurtful to them when they market the cows who are no longer used in their dairy operations.

Do you feel that all of these various agricultural groups who have urged remedial legislation are mistaken?

Secretary FREEMAN. In this instance, Senator, I think it would be a serious mistake and to the great disadvantage of the farmers of the State of Nebraska for this bill to be voted out of this committee, and I think that it would be a great mistake for the farmers of this country because we would be "throwing the baby out with the bath water."

We would accomplish no constructive purpose and we would very seriously weaken our bargaining position in fighting for agricultural markets. It would be a grave mistake.

Senator CURTIS. Now, my question is, Do you feel that all of these groups and individuals——

Secretary FREEMAN. All what groups and individuals?

Senator CURTIS. Groups and individuals who have urged remedial action not only in 1964 but for some time have been in error?

Secretary FREEMAN. In error in what way?

Senator CURTIS. In advocating the curtailment of imports of meat and meat products.

Secretary FREEMAN. Well, in one year it might well be that it would be an improvement to the Holstein Breeders Association to have a restriction on beef imports, the following year it might not.

In one year it might be important to have restriction on imports to the feeders' segment of the economy. In another year it might be contrariwise.

I think on balance—and the Meat Institute which is, I think, a very knowledgeable operation, and its president, who is one of the outstanding experts on beef in the United States, make the point—that without the imports, when we had a sharp break in our own marketings, we would have lost in beef very significant markets and that the imports actually have been very important and useful to the beef industry itself in not losing those markets.

Senator CURTIS. Do you accept their view over such groups as the American National Cattlemen's Association, the Sandhills Cattlemen's Association of Nebraska, our feeders association, the feeders' association in practically every county in Nebraska, and hundreds of individuals who have written to me who have expressed a contrary view?

But you contend that their view is incorrect and that the one by the Meat Institute is more correct, is that your position?

Secretary FREEMAN. Well, in this instance, I think that is a fair statement. I don't think the question of whether this is in the national interest or not is one that is determined by a majority vote. I think it is determined by thoughtful and careful appraisal of the overall national interest and that of agriculture and that of the cattle industry.

Senator CURTIS. By the experts instead of the people affected directly.

Secretary FREEMAN. I am not sure what an expert is. Let's say by the knowledgeable people in all levels of the industry. I am sure there are a great many people who express publicly some thoughts about imports and exports who express some different ones privately.

Senator CURTIS. Does that prevail in the Department of Agriculture?

Secretary FREEMAN. No. I think there is not much equivocation about the position of the Secretary of Agriculture. I think that imports are not the prime cause for our problem and I have said so for many months and without any equivocation about it.

Senator CURTIS. Well now, have not meatpackers been only nominally active buyers for cows and two-way grass cattle, thus encouraging both of these classes of beef cattle to remain in the country and not brought to slaughter?

Secretary FREEMAN. I don't understand the question. Will you read it again, please?

Senator CURTIS. I am informed there is a rollcall vote, Mr. Chairman.

At the next meeting of the committee I will move as fast as I can but I have some questions here of interest to the farmers that I would like to propound.

The CHAIRMAN. Thank you, Mr. Secretary.

Secretary FREEMAN. Thank you, Mr. Chairman.

(By direction of the Chairman, the following is made a part of the record:)

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.

CENTRAL LIVESTOCK ASSOCIATION, INC.,
South St. Paul, Minn., March 25, 1964.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee, U.S. Senate,
Senate Office Building, Washington, D.C.

DEAR SENATOR BYRD: I am now, and have been for the past 36 years, general manager of the Central Livestock Association, Inc., a farmer-owned and farmer-controlled livestock marketing agency with headquarters at South St. Paul, Minn.

This institution has a membership of around 180,000 farm people residing largely in the States of Minnesota, Wisconsin, Iowa, North Dakota, South Dakota, and Montana, and the Dominion of Canada. This organization enjoys the distinction of being the largest livestock marketing agency in the world, as defined in the Packers and Stockyards Act of 1921, as amended.

A high percentage of the income of the members of this association is derived from the sale of livestock and livestock products. The year 1963 and the first few months of 1964 have been very unsatisfactory, viewed from the standpoint of the livestock breeder and feeder. The prices they have received for cattle at the marketplaces have averaged $3 to $4 per hundredweight below the average prices of the previous year.

Our people sincerely believe that the factors largely responsible for their present situation have been the importation of meats from foreign countries at record levels, and the activities of the large chainstores.

The International Meat Import Agreements negotiated by Australia, New Zealand, and the United States are not a satisfactory solution to the import problem. Our people are definitely of the opinion that action should be taken to cancel the recent meat agreement and to temporarily limit meat imports to the average amount imported during the 5-year period 1959 through 1963.

Our people note with interest that the present administration is now engaged in the process of developing a study of the chainstore activities. If this study is properly conducted, our people are satisfied that it can be shown that the tremendous bargaining power possessed by the chainstores, resulting from volume purchases, has placed the meatpackers and processors in the ridiculous position where they are competing against each other to get a clearance to the chainstores. The packer that can furnish meat in accordance with the specifications of the chainstores, at the lowest price, is the one that will get the order and a clearance of supplies. Under these circumstances, the packer must cheapen the costs of his raw materials, which can only reflect adversely to the livestock producers and feeders.

Those of us familiar with the livestock and meat industry are very much alarmed with the present-day situation as it affects our industry, because we cannot help but believe that representatives of the State Department and the Department of Agriculture have entered into agreements on foreign trade which tend to jeopardize a satisfactory future for the livestock and meat industry of this country, which is responsible for approximately 52 percent of the entire cash income for agriculture in these United States. This situation will, undoubtedly, be reflected to other segments of our American society.

I am fully cognizant of the fact that your Finance Committee is now holding hearings on import legislation. I am also aware of the fact that you have received many requests to be heard by interested parties. If it is your opinion that the cause of the livestock producers and feeders of this country can be strengthened by additional testimony (which must necessarily be somewhat repetitious), I should be happy to fly to Washington and make an appearance, or, as an alternative, I should be happy to submit a prepared statement.

We sincerely hope and trust that you, as an outstanding American citizen, will do all in your power to correct this situation, which we believe is necessary if we are to preserve a balanced and healthy economy in the United States.

Respectfully yours,

N. K. CARNES, *General Manager.*

CENTRAL LIVESTOCK ASSOCIATION, INC.,
South St. Paul, Minn., May 15, 1964.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance, U.S. Senate,
Senate Office Building, Washington, D.C.

MY DEAR SENATOR BYRD: In accordance with your letter of April 1, which was written in answer to my communication of March 25, I am submitting herewith a statement which I believe portrays the views of the Central Livestock Association relative to the importation of red meats from foreign countries.

Believe me, I am,

Sincerely yours,

N. K. CARNES, *General Manager.*

STATEMENT OF N. K. CARNES, GENERAL MANAGER, CENTRAL LIVESTOCK ASSOCIATION, INC.

Central Livestock Association, an organization comprising 130,000 livestock producers, breeders, and feeders residing principally in the States of Minnesota, Wisconsin, North and South Dakota, Iowa, and Montana, hereby records and proclaims its wholehearted support of legislation which would establish realistic quotas on the importation of all meats, regardless of form.

This position was taken only after considered deliberation at several recent annual meetings of its stockholders. A copy of the resolution, unanimously adopted at the last annual meeting held in St. Paul, Minn., February 14, 1964, on the subject of world trade and meat imports is attached to and made a part of this brief.

The members of the Central Livestock Association fully appreciate the importance of world trade, but when we are struggling to market and to support the prices of an oversupply of domestically produced beef, and cold storage stocks of these same products are record high, and livestock producers and feeders are being driven into bankruptcy, no sound argument can be advanced to defend recordbreaking or near recordbreaking importations of beef, lamb, and other meats.

We do not subscribe to the philosophy that increases in our domestic production of beef very drastically affect livestock prices while corresponding increases in meat imports have only a minor effect. Equal importance must be attached to each.

Domestic beef and veal production in 1963 exceeded that of 1962 by 1.039 billion pounds. U.S. imports of beef and veal in 1963 totaled 1.679 billion pounds. The total domestic production of all meats in 1963 was up 1.6 billion pounds from that of 1962. In 1963 U.S. total imports of red meat amounted to 2.05 billion pounds, a record, while the U.S. exports of red meat totaled only 0.176 billion pounds. (All on a carcass weight basis.)[1]

Every pound of imported meat, regardless of kind, takes the place of a pound of domestically produced meat. When we are importing the equivalent of over 10 pounds of all meats per capita, per year, or the equivalent of between 10,000 and 12,000 head of 1,000-pound cattle every single day, livestock prices are bound to be severely depressed. Because imports were a contributing factor to other depressing influences and practices, cattle feeders' losses have been extremely heavy. Owners of cattle in Minnesota suffered an actual inventory loss, due to the drop in livestock prices during 1963 of \$58,648,000—those of our Nation \$1,200 million. The entire economy is feeling the impact.

The future is even more alarming. Through celebrated negotiations, livestock producers have been asked to allow other countries, with roughly one-half their production costs, to share to a greater extent than they, in the future beef and lamb market of our country.

Our cattle industry is in jeopardy. Domestic beef surpluses are apt to be with us for several years, at least. We may be about to start, either through natural or economic reasons, the liquidation of our gigantic national herd. The volume of imports we have officially guaranteed Australia and New Zealand assures them of a market for the products of a rapidly growing livestock industry, whose expansion is further stimulated through the aid of American capital.

While the United States stands alone, virtually wide open to meat imports, all other countries use good commonsense in regulating world trade. Our friends move quickly to reduce quotas or to raise tariffs. Other countries buy from us only what they need, if the price is low enough through subsidy or otherwise, or in some cases if we guarantee payment to the exporter, and then if their domestic industries are not affected by these imports. Take away the crop shortages of Europe, India, or Asia, due to drought or frost, and our various foreign aid programs, and our export picture will take on a more realistic hue.

[1] Sources: Livestock Slaughter, 1963 (published April 1964, pp. 5–8), U.S. Department of Agriculture; Livestock and Meat Situation, May 1964 (pp. 20–22); Economic Research Service, U.S. Department of Agriculture.

We do not feel that opportunities for world trade will be handicapped in any way if American diplomats and representatives adopt good business principles in dealing with other countries in problems of world trade.

No sound argument can be advanced to counteract the vital need for congressional action to bring about more realistic quotas and better distribution of the in-shipments of all meats, regardless of kind. Livestock producers and feeders have not asked, and are not now asking for subsidy programs. They realize that the beef purchase programs inaugurated by the U.S. Department of Agriculture, as well as other recent announcements in regard to voluntary cutbacks in imports, have primarily one purpose and that is to defeat meat import control legislation. No longtime benefit can be derived from such practices. The withholding of meat imports by Australia and New Zealand, and other countries, or the diversion of shipments to other markets, are only temporary and represent either economic or political expediency on the part of these interests.

Livestock producers are not requesting a drastic reduction in meat imports, even though they have the potential to fill any and all needs of this great country for meat in the foreseeable years ahead. They are asking for a fighting chance to remain solvent, to pay taxes, some of which are used for foreign aid, to employ the products and services of labor at American prices, and to remain not only the balance wheel of our entire agricultural economy but also the greatest market for industry and the products of our soil, found anywhere in the world.

For the above reasons, Central Livestock Association respectfully requests that the recent agreements, pertaining to meat imports, entered into between Australia, New Zealand and Mexico, and our State Department and the U.S. Department of Agriculture, be canceled. We further respectfully petition that the provisions of the Herlong bill, H.R. 10334, be enacted into law.

Resolution on World Trade

A

We fully recognize the importance of world trade to the United States of America. The expansion of international trade is of paramount importance to prosperity, security, and solvency.

Recognizing that approximately one-sixth of the agricultural production of the United States, valued from $5 to $6 billion annually, is now being shipped to foreign countries, and that the Federal program, which underwrites around $1½ billion of our agricultural exports, accentuates our problem of unfavorable balance of payments, and further recognizing that the development of the European Economic Community, with its plans for free trade and self-sufficiency within its borders is not made with the best interests of the United States in mind, we must realize that our foreign markes for agriculural products are, therefore, in jeopardy. Negotiations with Common Market countries to improve our position relative to foreign trade must continue.

It shall be the duty of the Central Livestock Association, Inc., to take cognizance of every move contemplated and made by those charged with the responsibility for the development and administration of the foreign trade program, and be prepared to act as a unit in guarding and protecting the interests of its members against the importation of livestock, meat, and meat products in such quantities as to threaten serious injury to our dometic industry.

B

Recognizing that the production of red meat represents the most important single segment of the agricultural economy of the United States, and that the current levels of imports of meats are causing an extremely adverse economic impact on our domestic red meat industry, and are also causing the loss of millions of dollars to the Nation's economy, and that this situation also places in jeopardy an adequate supply of wholesome read meat for the consuming public of the United States: Therefore, be it

Resolved, That no tariff concessions be granted on livestock, wool, meat, and meat products at the coming Geneva trade talks; and be it further

Resolved, That both the legislative and executive branches of our Government take immediate action to provide reasonable protection for the domestic livestock industry from these imports through negotiations with exporting countries and through the enactment by Congress of laws to provide adequate tariffs and the establishment of a meat import quota system.

NATIONAL CONSUMERS LEAGUE,
Washington, D.C., April 23, 1964.

Hon. HARRY F. BYRD,
Chairman, Senate Committee on Finance,
U.S. Senate, Washington, D.C.

DEAR SENATOR BYRD: The National Consumers League respectfully requests that this statement in opposition to S. 2525 (Amendment No. 465) be made a part of the record of the hearings on the bill.

This bill, if enacted, would result in a substantial decrease in the quantities of beef and veal being imported into the United States. While we understand some of the reasoning behind the demand to cut these imports, the National Consumers League opposes such action for several reasons. Firstly, we do not believe that the cut in imports would result in increase of the dollars cattlegrowers received for cattle over last year's prices. While it seems to be true that livestock producers last year received $3.70 per hundredweight less than the year before, according to a study made by the USDA, $3 of that cut was brought about by increased domestic production. Twenty cents of the decrease is due to competition from increased supplies of poultry and pork at lower prices. Only 50 cents of the decrease can be attributed to the impact of beef imports. So, the remedy for this decrease in income should be sought in action which could be taken by the livestock producers themselves. If they curtail production, they could increase their returns. Apparently the law of supply and demand would operate in the classical manner.

Secondly, we oppose the bill because it would be contrary to U.S. policy on tariffs and trade, and would hamper drastically the U.S. position in the so-called Kennedy round discussion on tariff agreements in Geneva.

Thirdly, we oppose the bill because its enactment would have an immediate, direct, unfavorable effect on the American consumer. Before the last decade, when per capita beef supplies reached a level of about 65 pounds, supplies declined to about 55 pounds per capita, and then rose again. However, starting in 1954, per capita consumption rose to 80 pounds and, by 1963, to the incredible high of 95 pounds per capita. Concurrently, consumer outlay for beef rose from $40 per person 10 years ago to about $55 per person in 1962 and 1963. This, at a time, when competitive proteins such as poultry and pork were either declining in prices or staying the same. This increase in purchasing of beef by the consumer at these higher prices naturally led to drastic efforts by livestock producers to increase supplies in order to cash in on the favorable demand situation. But a look at the way in which the producers reacted illustrates the way in which they, themselves, largely effected the drop in price with which they are now faced. Simply stated, what they did was to cut down on the amount of low-cost beef production, and simultaneously increase the amount of high-cost, corn-fed cattle. It was this action on their part (coupled with the favorable price picture) which created the vacuum here, into which exporters from Australia and New Zealand entered with increased beef exports to the United States.

An examination of the beef situation shows that domestic production of manufacturing beef has dropped off 40 percent in the last 6 years. In 1955, the domestic output of cow and bull beef was 27 pounds per capita. In 1963, it was about 14 pounds per capita. Looking at the imports from Australia alone, one sees that 60 percent of their boneless beef imported into the United States goes into hamburger, 35 percent is used for frankfurters and other processed meats, and the remaining 5 percent goes to restaurants for stews, low-cost steaks, etc. Of all the beef imports in 1963, 81 percent was boneless beef, 14 percent was canned beef, and a small amount was bone-in or chilled beef.

According to USDA, domestic prices for utility cows remained relatively stable even when imports were high, because the amount of utility cow slaughter in the United States has remained low. The principal part of the total domestic commercial slaughter has been of grain-fed beef. While the consumer demand for beef continues to increase, not all consumers can afford the higher priced grain-fed beef. For many of our average and lower income families, the only beef they can afford is hamburger or frankfurters. Cutting down on meat imports would result either in short supplies of these lower cost beef items, or in increased prices for them, which would not only work a hardship on consumers, but would force them to turn to less expensive substitutes, such as poultry or pork, and would thus not help the beef producer either.

The National Consumers League feels that the consumer has a real stake in free trade and open markets. Free flow of trade can be a significant factor in the war on poverty. Both consumers and producers stand to gain by a different approach to the livestock producers' problem—one which can be fair to both groups. We, therefore, urge that your committee not vote favorably on S. 2525.

Sincerely yours,

SARAH H. NEWMAN, *General Secretary.*

SOUTHEAST ARKANSAS CATTLEMEN'S ASSOCIATION,
McGehee, Ark., April 16, 1964.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D.C.

DEAR SENATOR BYRD: I am writing you in regard to the beef import problem. I am president of the Southeast Arkansas Cattlemen's Association composed of five counties in southeast Arkansas, these being Lincoln, Desha, Ashley, Drew, and Chicot. We have approximately 1,150 members who are all livestock producers. Our members are extremely worried about the condition of the livestock industry today. The price of our product has deteriorated by at least 25 percent or more during the past 12 months, and at present is under price pressure irregardless of the Government beef buying program that is supposed to be in effect now. What industry could survive? We are selling today 1,000-pound steers, grain fed 125 to 160 days, grading USDA good, for less than $21 per hundredweight.

After examining the facts relative to the situation it is not surprising that we have depressed markets today. Beef and veal imports to our country increased from 1.5 percent of our domestic production in 1956 to 11 percent of our production in 1963. Imports last year increased 17 percent over 1962. The United States used 55 percent of all world beef exports in 1963. The United States received 84.8 percent of Australian total beef and veal exports, also the United States received 90 percent of New Zealand's total exports and 35 percent of Ireland's. The tariff on beef into the United States is by far the lowest of any in the world, exceeded by some countries 800 to 1,000 percent.

I am sure you are aware of this information. It simply boils down to this fact: The livestock producers in the United States today cannot continue to pay higher land prices, higher labor prices, high first cost on cattle, higher operational cost, including fuels, tractors, and equipment and many other items, and compete with imports from countries that have very much cheaper land, cheaper cattle, and cheaper labor.

It seems a proven fact today that all people in the United States are certainly benefited by the very efficient and marvelous job done by the American farmer to make possible the fact that we are today the best fed nation in the world, and according to today's parity prices the most economically fed nation in the world today. The livestock industry can be proud of the fact that our industry is one of the few that has survived without Government controls and price support. It should be our hope that we could survive the present situation and maintain this very enviable position.

I have met with the Cattlemen's Association in Louisiana and Mississippi and its members have corresponded with the Representatives, and have assurance from most of them that they will support House bill 10334 and Senate bill 2525.

It seems the situation has been studied, and bills analyzed by everyone and acceptable to most all groups related to the livestock industry. I am sure that you already have most of this information, and I am simply bringing it to your attention, because of the importance of these bills to the livestock producers today. It is our belief that if the situation isn't curbed immediately the presently bad situation will be drastic in the very near future.

I certainly do not want to be antagonistic, but it is the sincere desire of the members of our association to get your help and wholehearted support of these bills. We would appreciate very much hearing from you regarding your views and would prefer, if possible, a definite commitment.

With kindest regards, I am,

Yours truly,

L. E. GILLESPIE, *President.*

DEPARTMENT OF AGRICULTURE,
Atlanta, Ga., April 13, 1964.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Old Senate Office Building, Washington, D.C.

DEAR SENATOR BYRD: Cattle growers of the United States need permanent relief from the problems arising from the flood of rising imports of beef into the country. It definitely is affecting the economy of cattle-raising areas.

Several Southeastern commissioners of agriculture met last week to discuss in detail the situation. They adopted a resolution (copy enclosed) calling for permanent legislative relief such as contained in H.R. 10334 or similar legislation.

I am sure you have been contacted by cattle organizations and others from your State regarding this problem. Your support on this legislation will greatly aid the continuing health of our domestic livestock industry and our overall economy.

Yours truly,

PHIL CAMPBELL.

RESOLUTION

Whereas the beef cattle industry is of major importance to the economy of the Nation; 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 losses of millions of dollars 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: Therefore, be it

Resolved, That we the commissioners of agriculture [1] together with the presidents of the State cattlemen's and livestock associations and agricultural and business leaders from the States of Florida, Georgia, Alabama, Mississippi, and Louisiana, make the following recommendations relative to the importation of beef:

That the Congress support and pass legislation on importation of beef similar to the provisions contained in House Resolution 10334 and like bills both in the House and Senate of the United States; also

That such action be taken immediately in order to provide permanent legislative relief to the cattle industry of the United States.

The above resolution was approved and adopted at a meeting held in the auditorium on the second floor of the State Office Building, Montgomery, Ala., at 9 a.m., April 9, 1964.

Be it further resolved, That copies of the resolution be sent to: President of the United States, Congress, U.S. Department of Agriculture, Commissioners of all other States, State Department, U.S. Tariff Commission, all State cattle associations, American National Cattlemen's Association, Ways and Means Committee, Senate Committee on Finance, and to the Governor of each State.

TUCSON CHAMBER OF COMMERCE,
Tucson, Ariz., June 18, 1964.

Hon. HARRY BYRD,
Chairman, Senate Finance Committee,
U.S. Senate, Washington, D.C.

MY DEAR MR. BYRD: It is our understanding that the cattle growers and feeders of Arizona are in great difficulty due to heavy importation of foreign beef into this country. With no quantitative restrictions on such import, and the United States having the lowest tariff of any beef importing country, this situation is bound to become increasingly difficult in the future.

Due to the high costs associated with the American production and feeding of beef, this i[illegible] bound to generate substantial loss to the economy, when importation replac[illegible] domestic production.

With these thoughts in mind, the Tucson Chamber of Commerce believes that the only realistic method for limiting beef imports is through the use of

[1] Commissioner Doyle Conner, Florida; Commissioner Phil Campbell, Georgia; Commissioner A. W. Todd, Alabama; Commissioner Si Corley, Mississippi; and Commissioner Dave Pearce, Louisiana.

a quota system as requested in S. 2525 in the U.S. Senate, and H.R. 10334 in the U.S. House of Representatives.

It is our understanding that such quotas would still permit imports at a level equal to 7.5 percent of domestic production and also provide for increased imports whenever market conditions justify such an increase.

It is therefore the recommendation of the Tucson Chamber of Commerce that S. 2525 and H.R. 10334 be quickly enacted.

Sincerely,

FRANK E. DEACHMAN,
President.
A. E. RANDALL,
Executive Director.

(The following departmental reports were later received for the record:)

DEPARTMENT OF STATE.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance, U.S. Senate.

DEAR MR. CHAIRMAN: This is in response to your requests for reports on S. 2612, a bill to impose quotas on imports of beef, veal, mutton, and lamb, and on amendments Nos. 465, 467, and 468 for this same general purpose intended to be proposed by Senators Mansfield, Hruska, and Proxmire, respectively, to H.R. 1839.

The effect of S. 2612 would be to limit total quantities of imports of such products in fresh, chilled, or frozen form during any 12-month period to the quantities imported during calendar year 1960, with provision that the President might by proclamation provide a yearly increase no greater than the percentage increase in estimated population of the United States over the estimated population for 1964. This bill would provide further for the imposition of import quotas on cattle or sheep, or any products thereof the imports of which are not otherwise limited by the bill, whenever the President determines such quantitative restrictions to be necessary in order to maintain reasonable prices on cattle or sheep, or on beef, veal, mutton, or lamb products.

The Department's report to you on S. 2525 set forth the reasons why the Department of State opposes any legislative measures, such as S. 2612 and amendments Nos. 465, 467, and 468 to H.R. 1839, which would constitute unilateral action by the United States to restrict meat imports further. Though that report, dated April 14, 1964, dealt only with proposed restrictions on imports of beef, veal, and mutton, the trade policy considerations spelled out in it apply equally to restrictions on other meats.

With specific regard to lamb, which is covered additionally by the measures reported on here, the Department notes that imports of lamb appear to have an even lesser impact on the domestic market than do imports of beef and veal. In 1963 lamb imports constituted only about 8 percent of domestic consumption. There is, therefore, no justification for imposing a mandatory quota on imports of lamb, thereby incurring the undesirable consequences which any such action would have on our overall trade posture and our efforts to assure an expanding export market for American agricultural products.

Amendment No. 468 to H.R. 1839 provides, in addition, for restrictions on dairy product imports. The Department likewise opposes this provision. A number of actions have already been taken to place restrictions on dairy product imports under section 22 of the Agricultural Adjustment Act, as amended, and further action can be taken in accordance with that authority as circumstances may warrant.

The Bureau of the Budget advises that from the standpoint of the administration's program there is no objection to the submission of this report.

Sincerely yours,

FREDERICK G. DUTTON,
Assistant Secretary
(For the Secretary of State).

DEPARTMENT OF AGRICULTURE,
Washington, D.C., June 16, 1964.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
U.S. Senate.

DEAR SENATOR BYRD: This is in response to your request for a report on S. 2525, a bill to restrict imports of beef, veal, and mutton into the United States and Senate amendment No. 465 to H.R. 1839, a bill 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. The intent of S. 2525 and the Senate Amendment No. 465 to H.R. 1839 is to restrict imports of beef, veal, and mutton (in all forms except canned, cured, and cooked meat, and live animals) to the average of the 5-year period 1959-63.

The drop in cattle prices over the past year has brought economic hardship to a number of cattlemen and clearly calls for action to help bring prices back to reasonable levels. Nevertheless, increases in imports have not been the major cause of lower prices and legislative action to limit beef imports would seriously jeopardize our position in the current trade negotiations.

The agreements recently announced between the United States, Australia, New Zealand, Ireland, and Mexico to limit exports of beef, veal, and mutton to the U.S. market will benefit the U.S. cattle industry in the years immediately ahead. These agreements were designed to meet the situation created by the increases in meat imports from these countries in recent years. Australia, for example, in 1962 increased its exports to the United States by 80 percent over 1961. In 1963, they showed an increase of 17 percent over 1962. Under the agreement with Australia imports in 1964 would be limited to about 6 percent below the 1963 level, and thereafter would increase by less than 4 percent per year in 1965 and 1966.

In more recent discussions with Australia and New Zealand, we have been assured that these countries will reduce their shipments to the United States in 1964 to levels substantially below those specified in the recent agreements. Taking all of our suppliers of beef and veal together, it now appears that shipments to the United States this year will be one-fourth below last year, and approximately equal to the 1959-63 average. The four major foreign suppliers have also agreed not to increase the proportion of their beef shipments consisting of higher grade cuts. This will help in preventing greater competition between imports, now largely low-grade meats, and domestic fed beef supplies.

In addition, in the meats group of the General Agreement on Tariffs and Trade (GATT) in Geneva, U.S. representatives have strongly urged other importing countries which have increased their restrictions on beef imports in recent years to reduce these restrictions and open their markets to some of the beef now finding its way into the U.S. market. We will reemphasize this point at the next meeting of the meats group.

With respect to agricultural trade in general, we should be mindful of the fact that acions we take to raise barriers against agricultural imports would increase the chances that other countries will raise barriers to our agricultural exports. At this time we are engaged in the Kennedy round negotiations in which we are attempting to encourage a policy of wider international trade—a policy supported by the Congress when it passed the Trade Expansion Act of 1962. If these negotiations are successful, American agriculture stands to gain significantly through expansion of its exports. If they fail, exports of some farm products may well decline from present levels.

In addition to reduced imports, we expect to export substantial quantities of beef to Europe this year for the first time in many years. We are moving aggressively with full cooperation of the trade to develop this market.

Choice grade beef is also being purchased for the school lunch program in increased amounts, and purchases of beef for distribution to needy persons have been stepped up. An expanded promotion program has been launched in cooperation with the beef industry and with retailer and food groups to move beef to market at the best possible prices.

In the domestic market, the principal development has been increased production of beef and veal. Annual domestic production now is about 15 pounds larger per person than during the early 1950's. This increase has been generated by an expansion in the size of the domestic beef herd and by increased feeding. The total number of beef cattle and calves on farms and ranches has risen from 43 million in 1950 to 70 million in 1964. The number of cattle on feed has about doubled during this period. Our production of beef and veal increased by 1,039 million pounds in 1963 as compared with 1962 or by more than four times as much as the increase in imports of 237 million pounds.

A second development has been a continuation of the cyclical nature of the cattle industry which typically has led to wide price swings. In 1963, the price of Choice steers averaged $23.95 per hundredweight. During the 10 year period, 1954–63, there were 4 years when prices of steers averaged less than $24, 2 years when they averaged between $24 and $25, and 4 years when they averaged between $26 and $28 per hundredweight.

A third development has been the widening margin between the price received by the farmer and paid by the consumer for beef. This has increased from 24 cents in 1954 to 30 cents per pound in 1963, and has contributed to the difficulties faced by cattlemen.

Increases in imports did contribute to lower prices over the past year although they were not a major factor. Careful analyses indicate that the increase in domestic production referred to above was the principal force explaining the drop in fed steer prices from $27.07 in 1962 to $23.96 in 1963. We believe that 75 percent or more of this decline was caused by larger domestic output of beef and veal. Broiler production in 1963 reached a record high and the output of pork was the largest since 1944. The increased supplies of these other meats put additional pressure on cattle prices and accounted for 5 to 10 percent of the decline in cattle prices in 1963. Increases in imports explain the balance—about 15 percent—of the 1963 price decline.

In view of the root causes of the decline in the price of beef, of the steps that have been and are being taken to deal with these causes, and of the adverse impact which enactment of the proposed legislation would have on our trade policy in general and our agricultural exports in particular, the Department of Agriculture is opposed to the enactment of S. 2525 and Senate amendment No. 465 to H.R. 1839.

The Bureau of the Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

ORVILLE L. FREEMAN, *Secretary.*

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., June 23, 1964.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance, U.S. Senate,
New Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your request for the views of the Bureau of the Budget on S. 2525, a bill to restrict imports of beef, veal, and mutton into the United States.

This bill and the situation toward which it is directed are discussed at lenght in reports which the Departments of State and Agriculture are making to your committee. For the reasons expressed in these reports, the Bureau of the Budget would be opposed to enactment of S. 2525.

You also have requested the Bureau's views on S. 2612 and amendments Nos. 465, 467, and 468 to H.R. 1839. Since S. 2612 and these amendments are similar in purpose to S. 2525, the points made regarding S. 2525 appear applicable to these pieces of legislation as well. Consequently, the Bureau of the Budget would also be opposed to the enactment of S. 2612 and of the amendments to H.R. 1839 which are numbered 465, 467, and 468.

Sincerely yours,

PHILLIP S. HUGHES,
Assistant Director for Legislative Reference.

THE GENERAL COUNSEL OF THE TREASURY,
Washington, June 5, 1964.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance, U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: Reference is made to your requests for the views of this Department on S. 2612, to impose quotas on imports of beef, veal, mutton, and lamb and on amendments Nos. 465, 467, and 468 to H.R. 1839.

The bill, S. 2612, and amendment No. 467 would provide import quotas on fresh, chilled, or frozen beef, veal, mutton, and lamb, based upon imports during the calendar year ending December 31, 1960. Amendment No. 465 would limit the imports of beef, veal, and mutton (in all forms except canned, cured, and cooked meat, and live animals) from any country to amounts equal to the average annual quantities of such products imported from such country during the 5-year period ending on December 31, 1963. The provisions of amendment No. 468 are the same as the provisions of amendment No. 465 and in addition, limit the imports of lamb and dairy products.

The agencies directly concerned with the problem to which this proposed legislation is addressed have, in recent months, carried out extensive discussions with the governments of the principal meat-exporting countries. These governments have recognized our problem, and accordingly, have agreed to restrain the expansion of their exports to the United States. The proposed legislation would, on the contrary, deal with the problem unilaterally, imposing direct restraints upon imports of meat. Obviously, the additional benefit, if any, which U.S. meat producers might derive from direct import restrictions, as compared with the benefits to be expected from the cooperation of meat-exporting countries, can only be judged after making due allowance for the adverse repercussions to be expected from unilateral imposition of U.S. restrictions. At the very least, the United States would have to expect from the meat-exporting countries demands for substantial compensation for impairment of their trade agreement rights. There would be, in addition, real danger of creating an atmosphere of resentment and mistrust of U.S. intentions which might do grave damage to the chances for successful negotiations using the authority of the Trade Expansion Act.

In view of the above, the Treasury Department would be opposed to the enactment of S. 2612 and of amendments Nos. 465, 467, and 468 to H.R. 1839.

The Department has been advised by the Bureau of the Budget that there is no objecton from the standpoint of the administration's program to the submission of this report to your committee.

Sincerely yours,

G. D'ANDELOT BELIN, *General Counsel.*

(The following statements were submitted in lieu of testifying in person at the request of the chairman when it became evident that there was insufficient time in the session to hold further hearings on this legislation.)

STATEMENT BY GLEN G. ALLEN, RESEARCH DIRECTOR, AGRI RESEARCH, INC.

Mr. Chairman, members of the Committee on Finance, I am Glen Allen, research director of Agri Research, Inc., a private research consulting company located in Manhattan, Kans. Our firm specializes in the economic and marketing problems of agriculture and related agri-industries.

My professional career of 15 years includes experience in Government and industry. Throughout my career I have been associated with the livestock, meatpacking, fertilizer, feed, and farm equipment industries in a variety of management assignments. For 6 years I served as an economist and commodity specialist with a major meatpacker and became familiar with many phases of the meat industry. During the last 3 years I have been in my present position and have directed or participated in many studies involving livestock, meatpacking, grain, and fertilizer in the United States and in several foreign countries.

Last January, our firm was employed by International Packers Ltd., a leading importer and member of the Meat Importers Council, to make a careful and detailed study concerning the place of imports in the U.S. beef industry. Since that time we have organized a great deal of published and unpublished information and conferred with many people in the industry. This information has been carefully analyzed, and based upon it are the facts that I will present to you today.

These facts will show clearly that beef imports have made an important contribution to the beef industry and to the American consumer. Without imports the total consumption of beef would have been reduced, fed cattle prices would have been lower, and the consumer would have paid more for a wide variety of processed products that have experienced a growing demand.

As a result of these investigations, and my experience in analyzing markets, I visualize the beef market as not representing only one consumer market, but rather three distinct groups of beef products. These three groups require different raw materials, have unique product characteristics and different price and use patterns. I have therefore directed my analysis to the following three markets:

1. Grain-fed beef of high quality and high value.
2. Two-way beef of lower quality and lower value.
3. Processed or manufactured beef including (*a*) ground beef or hamburger; and (*b*) beef sausages including bologna and frankfurters and all canned meat items containing beef.

It is my opinion from study that frozen boneless beef imports compete primarily in the processed or manufactured beef market, and only a small part compete in the two-way beef market. Imported frozen boneless beef is competitive principally with boning beef from the canner and cutter cows and bologna bulls. This opinion is based on the analysis of the kinds of beef imported into this country, the analysis of the customers served by the importers, and on personal experience in conducting economic analyses of different products.

In table 1 of the statistical exhibits attached, I have quantified consumer beef expenditures in 1963 for the product groups in accordance with the market distinctions previously presented to give a perspective of the entire beef industry.

Total consumer expenditures for carcass beef were estimated at $10.6 billion in 1963. Expenditures for grain-fed beef, excluding that part of the carcass ground into hamburger, were estimated at $4.6 billion last year, based on consumption of 35.5 pounds per capita.

Consumption of two-way beef for table use, again excluding that used in hamburger, was estimated at 15.9 pounds per capita and represented consumer expenditures of $1.4 billion.

Expenditures for manufacturing beef and hamburger in 1963 were estimated at $4.5 billion, including $1.5 billion for processed beef products and $3 billion for hamburger or ground beef.

Hamburger is the most important single product in the beef market and the details of consumption for this particular product will be explained later in my exhibits.

Turning now to table 2 of the exhibits, I have shown the consumption trends for the three different groups of products. Column 1 shows the total beef consumption both in terms of per capita consumption at the top and in the total carcass weight in the lower half of the table. Columns 2 and 3 are consumption estimates for high valued beef and two-way beef. The consumption included in column 4 represents the beef equivalent of all important beef products produced in plants where low grade meats have been processed into higher value products.

The details of products included in column 4 are shown as a part of table 3. It should be noted that columns 2 and 3 of table 2 include the carcass weight of beef that eventually finds its way into the ground hamburger market shown as a separate item under the manufacturing beef in table 1. For example, the difference between 51.9 pounds shown in column 2 of table 2 and 35.5 pounds for grain fed beef in table 1 represents the amount of carcass beef used as raw materials for hamburger and other manufacturing uses.

No estimates of hamburger consumption are available historically by year, and it is extremely difficult if not impossible to eliminate from columns 2 and 3 of table 2 the amounts of beef consumed in hamburger without making some very arbitrary assumptions that are difficult to substantiate. I have therefore included the beef trimmings from plates, shanks, and flanks, and other tougher cuts, that find their way into ground beef, in columns 2 and 3 of table 2. The best evidence on the trends of hamburger consumption is that a relatively constant percentage of column 2 has been used in grinding, while the percent of column 3 used in this manner has varied from year to year.

Commenting further on table 2, the higher value beef market, representing consumer expenditures of $4.6 billion in 1963 represents primarily those products that are consumed by families of average to higher income levels. The principal consumer cuts in this market are the different kinds of steaks, rib roasts and other more tender cuts from carcasses of the Good, Choice, and Prime grades. The consumption of higher value beef has risen from 24 pounds per person in 1954 to 51.9 pounds per person in 1963. In absolute quantity, the American consumer used nearly 9.7 billion pounds of higher valued beef last year compared to 3.8 billion 10 years ago. The U.S. consumer purchased nearly 2½ times as much grain-fed beef last year as they did only a decade ago.

Two-way beef for table use comes primarily from (1) primal cuts of Standard grade fed cattle and grass-fed cattle and, (2) the less tender roasts and tenderloins from Standard and Utility grade carcasses. The less tender primal cuts such as short ribs, boiling beef, and stew beef are used for table use more extensively by families in the average- to low-income groups. Other principal cuts such as a chuck are boned and included in the trimmings from these carcasses and used in hamburger or in manufacturing processed beef products.

Consumption of two-way beef on a per capita basis has decreased from 45.9 pounds per person in 1954 to 26.6 pounds per person in 1963. This is a decline of 19.3 pounds per capita or nearly 40 percent in consumption. If we remove that quantity that is required for manufacturing, the supply per capita in 1963 is reduced from 26.6 pounds in table 2 to 15.9 pounds per capita shown in table 1.

Consumers in the low-income groups have been forced to shift their normal purchasing pattern from two-way beef to manufactured beef products, other competitive meats, or to nonmeat protein foods.

Manufactured or processed beef products represent exclusively cow and bull beef of the Canner and Cutter grade plus the rough cuts and trimmings from other qualities of beef that can be used only for manufacturing purposes. This low grade of lean manufacturing beef is upgraded into products of higher value through processing. The products made from manufacturing beef include beef sausages, such as bologna and frankfurters, all canned meat items in which beef is the important meat ingredient, and hamburgers, steakettes, and other types of prepared beef products. These products are manufactured by meat processors in plants operating under Federal meat inspection as well as in plants without Federal meat inspection that serve intrastate areas. Beef consumption in these plants has grown from 10.2 pounds of beef per capita in 1954 to 16.7 pounds per capita in 1963 as shown in column 4 of table 2. The quantity of beef represented as being used in manufacturing has increased from 1.6 billion pounds in 1954 to 3.1 billion pounds in 1963. This is an increase of 64 percent in per capita consumption and 92 percent in total quantity of consumption.

The trend of consumption of these products throughout the 10 years has been steadily upward, and it is assumed that a continuation of this trend will be experienced in the next several years, although growth may not be at the rate as fast as the 5-percent annual average experienced in the last 5 years.

The consumer has shown a consistent preference for beef products within the range of his purchasing power. This performance has nurtured the American beef producers and could well be a major source of future strength to the beef-producing industry as it has been in the past. It hardly seems practical for the American cattle producers to ignore the low-income consumer nor does it seem quite right that his loyalty should be jeopardized by pricing processed beef products out of his reach as would likely be the result of the heavy reduction in imports.

Any limitation of boneless beef imports as has been proposed will have a serious impact on the meat-processing industry that makes manufactured beef products and upon those consumers who depend upon these products for a segment of their meat protein requirements.

The importance and growth of the beef-processing industry in total and for individual products is shown in table 3 which is prepared from data by the Meat Inspection Division of the U.S. Department of Agriculture and from the U.S. Census of Manufacturers. Again these data are expressed in pounds of beef per capita in the top half of the page and carcass weight in the lower half. Only the beef ingredient portion of these products is included in these data. You will recall that the production of beef products manufactured in U.S. plants has increased from 10.2 pounds per person in 1954 to 16.7 pounds per capita in 1963. The per capita trend in production shows an average increase of two-thirds of a pound each year. In recent years this has represented about 140 million pounds of beef annually.

In column 4 of this table we have shown the quantity of beef used in the manufacturing of luncheon meats, frankfurters, and canned meats. This part of the meat-processing industry is important to the national economy, as I indicated in table 1 that these products represented consumer purchases of $1.5 billion in 1963. The growth trend of this industry as represented by column 4 cannot be maintained at the present consumptive levels unless there is an adequate quantity of the proper grades and qualities of manufacturing beef available to make these products. This upward trend is true for each product included in column 4.

Bologna and frankfurters are important products manufactured by the U.S. beef-processing industry. In table 3 the statistics on sliced luncheon meat such as bologna showed that 2.6 pounds of carcass beef per capita were required in 1954, and this has increased to an estimated 7 pounds in 1963. The beef requirements for frankfurters has grown from 3.8 pounds of beef in 1954 to 4.2 pounds in 1963. Thus the production of these two product groups utilized a total of 11.2 pounds of beef in 1963.

The total of all products shown in column 6 includes an amount for hamburger production in plants operating under Federal meat inspection. These plants produced only 8 percent of the 5,460 million pounds of estimated total U.S. hamburger consumption in 1963.

Turning to table 4, I have shown estimates of the source of beef raw materials for the manufacturing consumption referred to in table 3. Columns 1, 2, and 3 show the amount of domestic beef that is consumed in manufacturing if we were to assume statistically that all of the imported boneless beef of column 4 were used in manufacturing. The amount of domestic beef available from boning-type cattle as shown in column 1 of this table represents that quantity of beef that is derived from Canner and Cutter carcasses and bologna bulls. You will note that in 1963 this type of cattle supplied only 6.8 pounds of meat per capita compared to 13.2 pounds per capita in 1954. Major reasons for the present low level of availability has been the buildup of present beef cow numbers, the much-reduced size of the dairy cow herd, and the expanded use of artificial insemination. These trends all yield a smaller number of cull cows and bulls. Another contributing factor has been the increase in the practice of taking lean Canner-Cutter cows culled from herds and fattening them to yield a carcass of the Utility or Commercial grade.

As we saw earlier, the total requirement for manufacturing beef was 16.7 pounds of beef per capita in 1963, of which 6.8 pounds were derived from domestic "boning-type beef." The balance comes from trimmings from other domestic cattle of the lower grades and from imports of lean boneless beef. Although column 3 is understated in recent years, since much imported beef is used in hamburger consumption, it serves to illustrate the fact that the amount of carcass beef from domestic boning-type cattle is completely inadequate to meet the manufacturers' demands for beef raw materials.

Theoretically it might be possible to supplement the remaining requirements for processing from two-way beef, but obviously the American cattlemen would not find the two-way market as attractive pricewise as the grain-fed market. Likewise the processor would find higher prices meeting consumer resistance.

Imports of the lean boneless beef are and will remain an important raw material for the industry that manufactures processed beef products if it is to maintain the quantity of processed beef products that is currently being used by the consumer market.

In table 5 I have shown frozen beef and veal imports in total and for selected countries for the years 1958 through 1963. I have calculated averages for 5 years and shown them in the middle of the page. At the lower part of the table are the quantities that have been agreed to by Australia, New Zealand, and Ireland plus an amount for all other countries for which agreements have not been made, based on the comparable reductions and trends. In the last column I have shown the per capita consumption in carcass weight represented by the product weight data. You will note that the quantities per agreement for the next 3 years are approximately equivalent to the amounts for 1963.

A cutback of imports to the 1959 to 1963 average that would limit the quantity of frozen lean boneless beef and veal imported from Australia, New Zealand, and Ireland to amounts slightly under 550 million pounds product weight would seriously reduce the amounts of raw materials necessary for the production of manufactured beef products and hamburger.

If we assume that the reduction for specific countries applied globally, the quantity of beef imports would be equivalent to a per capita consumption of 5 pounds per capita compared to the 6.5 pounds of imported boneless beef used by manufacturers in 1963 shown in table 4. The cutback to 5 pounds would leave the supply of manufacturing beef completely inadequate to supply the increasing demand.

Consumption and price statistics for the processed beef market and the grain-fed beef market have been compared for 1962 and 1963 in table 6 using index numbers with 1954 to 1957 average as the base period. The consumption data in table 2 were used in calculating indexes of consumption. The domestic production indexes were taken from table 4. Live prices from Cutter and Canner grade cows in the principal cow markets were used to reflect geographic differences in the type of cows available for slaughter. For example, prices for Fort Worth reflect culled beef cows while prices for St. Paul and Chicago represent dairy cows culled from herds. Prices, both live and dressed, for processing beef are substantially above the base period and in recent weeks have shown some slight further strength.

Similar consumption and price data are shown for the grain-fed beef market at the bottom of table 6. The fed beef consumption index for 1963 was 141 percent of the 1954 to 1957 base on a per capita basis and 187 on a total quantity basis. This shows clearly that the U.S. cattleman has been geared to producing grain-fed beef and has found it profitable to produce calves for the feedlot in the last 5 years rather than to sell culled cows.

The supply and price history of table 6 suggests that there has been a rather chronic shortage of manufacturing beef in recent years compared to an abundance of grain-fed beef. Prices therefore show that the closer the product is to the type that passes over the retailer's butcher block, the weaker the price.

I would like to discuss the question of the impact on imports on cow and beef prices. I believe that the price history of Cutter and Canner cows, with which the great bulk of imports competes directly, demonstrates the prices for domestic cows have shown relatively great strength compared with grain-fed cattle and other meat animal prices. All that imports have done is to prevent the Cutter and Canner cows from increasing to price levels that would seriously reduce consumption.

The contrary situation appears to exist with regard to boning cattle, and in view of the cutback in imports in 1964 as provided for in the voluntary agreements, the supply situation will probably become more acute. The supply of domestic cow production and the reduced imports of beef undoubtedly will result in a continuation of price firmness that is reflected in tables 6 and 7.

As the volume of imports decreases, a combination of events might be expected. Raw material and product prices would rise, manufacturers would cheapen the product or consumers would move to nonbeef proteins. I do not believe the consumer would maintain present consumptive trends at significantly higher retail prices.

If U.S. producers should decide to liquidate cow herds and not produce more calves to be grown into grain- or grass-fed beef for table use, the domestic supply of boning beef will be increased, and there will be lesser requirements for imports. My projections based on the condition of extreme liquitation, such as that which might occur from sustained drought conditions, would indicate that the domestic supply of processing beef would still be inadequate.

There is a very distinct difference in the short-term supply and price relationship of manufacturing beef and grain-fed beef as shown by the seasonal analysis in tables 7 and 7a. The important and significant supply, production and wholesale price data for the manufacturing beef market is shown in table 7 on page 7.

These quarterly data show clearly that the decline in the cow market in the October–December quarter resulted from the seasonally heavy supply of Canner and Cutter slaughter. As soon as the supply of Canners and Cutters declined, the manufacturing demand was such that the prices of domestic cow beef increased.

The exact opposite condition is true for the grain-fed cattle, on page 7a. Here we see that quarterly steer and heifer slaughter has continued at above

4.4 million head since last July, and prices have continued to weaken. Part of the weakness for January–March can be attributed to the increase of 28 to 32 pounds in average live weights over the same months a year ago.

Iowa State economists make the point that "Reducing marketing weights an average of 50 pounds per steer could add about $1.80 per hundredweight to choice steers."

The distinction between the markets for manufacturing beef and grain-fed beef shown by tables 7 and 7a is clearly evident. The grain-fed market is weaker than last fall while manufacturing beef prices are increasing.

One of the important factors causing the increase in the demand for certain processed beef products such as frankfurters, hamburgers, and bologna, is the growth of the teenage sector of the U.S. population. Herrell de Graff, president of the American Meat Institute, said in a recent speech, "Since 1955 we have had an increase of 10 million teenagers alone, and these youngsters, of course, are the big hamburger and hotdog consumers."

The teenage group is not the only group that consumes hamburgers, but it is the fastest growing sector of the population. The popularity and preference for these products among the teenage market is well established, and it must be remembered that this segment of the population probably will carry a portion of this preference into adult life.

In 1963, according to the population estimates of the Bureau of the Census shown on table 8, there were approximately 33.5 million teenagers representing nearly 18 percent of the U.S. civilian population. Official projections of the U.S. Bureau of the Census indicate that teenage consumers should increase to nearly 36 million by 1965 and represent 18.5 percent of the population. Five years later there will be nearly 40 million teenagers representing 18.8 percent of the U.S. population. Thus we see that this sector of the consumer market will increase nearly 20 percent in the next 5 years.

It is important that the U.S. cattle and beef industry recognize the obligation to provide the products for this important and growing consumer segment of the total beef market on a continuing basis. Since it cannot be met by domestic beef, imports are essential.

The hamburger market is probably the most important single product of the beef market. Hamburger is readily consumed by all age groups, and although it is considered a processed beef product, only about 8 to 10 percent of the estimated total consumption is prepared by plants operating under Federal inspection and included in the consumption tables shown earlier in the statement. No official data on the amount of hamburger prepared by retail food outlets or by nonfederally inspected processing plants are available. I have, as a result, attempted to make estimates of the amount of the beef carcass that is consumed in the form of hamburger. This estimate is based on analysis of information obtained from a great many sources and is detailed in tables 9 and 9a.

This analysis indicates that approximately 31 percent of the total U.S. beef consumption of 95.2 pounds in 1963 is utilized and consumed in the form of hamburger or ground beef. Other industry analysts have estimated the percentage used for hamburger from 22 to 35 percent of the total beef consumption. If 1963 hamburger consumption rates per capita are maintained by 1970, the total quantity of beef requirements would be increased 12 percent. I believe this projection is a minimum as the rate per capita should continue the historical upward trend.

I should like to point out that another factor not enumerated among those listed above may well provide an offset even to the nominal negative effects of imports of fed cattle prices. This factor is the opportunity of retailers to blend their fat plates, briskets, fatty trimmings, and excess fat with lean imports in hamburger to secure a more profitable return on this increment from fed beef than would otherwise be possible. Investigations by other experts have indicated that imported boneless beef has been blended at the rate of 60 pounds of lean beef to 40 pounds of excess fatty trimmings in the production of highly acceptable hamburger. In table 9 we show 8.1 pounds of hamburger per capita have been derived from excess fat from fed beef and two-way beef. If imported lean beef had been used to utilize all of these fatty trimmings, it would have taken the equivalent of 5 pounds of imported beef in carcass form. The availability of imported lean beef makes it possible to utilize this surplus fat.

This added return from blending may cancel out or even exceed any possible effect of imports on the price of fed beef. In fact, on balance I believe that imports not only help create an expanding consumer demand for low price processed beef products, but in so doing, they have kept open an avenue for the disposition of the manufacturing segment of table beef, thus permitting much more variety, flexibility, and resilience to the beef industry than would otherwise be possible.

A question often raised is the degree to which imports of beef represent the replacement of cattle in the American beef herd. It might be noted that the amount of imports of frozen boneless beef in 1963 approximated the equivalent of 2.7 million head of cattle. I do not believe that the American cattleman can afford to produce all of the 2.7 million cattle represented by imported beef last year. This is an increase of about 10 percent over current marketing levels and is easily offset by the 15.8 percent increase required by 1970 to maintain present consumptive levels for the projected U.S. population.

There are adequate feed resources for these additional animals, but I do not believe the additional feed should or would be utilized in the production of manufacturing beef for processing. This use of animal and feed resources is not an economical decision for the producer as the production of grain fed beef will be a more attractive alternative in most years. Thus, the production of beef of the quality and the amount now being imported would not be the most economical use of the available farm and ranch resources of this country.

If the U.S. producer continues to expand production of fed beef at the same rate that has been experienced in the last 10 years, there is little prospect of increasing the domestic manufacturing beef supply. In fact, it may well decline further, at least in per capita terms. Thus, the beef processing industry will require imported boneless beef just to maintain the present rate of per capita consumption for processed beef products including hamburger. The American cattleman will stand in even greater need of his imported manufacturing beef to blend with his increased quantity of rough cuts and fatty trimmings from fed cattle.

The elimination of imports will result also in an increase in consumer food expenditures, or in the consumer resorting to nonbeef proteins in greater measure than in the past. The U.S. consumer is an important and vital customer, and the beef industry, including the cattlemen, must recognize his demand as expressed by the trends in the three distinct kinds and qualities of beef being purchased in retail markets. The supply to meet these demands must come from many domestic and foreign sources.

In summary, I believe that the substitution of all or a major portion of beef imports with domestic production would result in a combination of reduced total U.S. beef consumption, lower prices for grain-fed beef, higher consumer prices for manufactured beef products, and a processing industry with reduced flexibility in meeting the increasing demand for processed beef products.

I want to thank the Committee on Finance for this opportunity to present this statement and accompanying exhibits.

TABLE 1.—*Consumer beef expenditures in 1963 by type of product*

Type of product	Consumption[1]		Estimated consumer expenditures (millions)
	Per capita (pounds)	Total (million pounds)	
Grain fed beef[2]	35.5	6,620	$4,630
2-way beef[2]	15.9	2,928	1,440
Manufacturing beef:			
Processed beef[2]	14.4	2,680	1,470
Hamburger	29.4	5,460	3,060
Subtotal	43.8	8,140	4,530
All beef	95.2	17,688	10,600

[1] Carcass weight.
[2] Excludes ground beef or hamburger.

Source: Estimated by Agri Research, Inc. from official USDA data on total beef consumption and average U.S. retail beef prices for hamburger and all beef.

TABLE 2.—*Beef consumption by quality of product*

Calendar year	Total beef (1)	Higher valued beef (2)	2-way beef (3)	Manufacturing beef[1] (4)
	I. Per capita consumption (pounds per capita)			
1954	80.1	24.0	45.9	10.2
1955	82.0	26.0	45.4	10.6
1956	85.4	28.7	44.1	12.6
1957	84.6	32.7	39.8	12.1
1958	80.5	35.0	32.5	13.0
1959	81.4	37.7	30.1	13.6
1960	85.2	43.4	27.4	14.4
1961	88.0	47.7	24.5	15.8
1962	89.1	48.1	24.7	16.3
1963[2]	95.2	51.9	26.6	16.7
	II. Carcass weight (millions of pounds)			
1954	12,743	3,830	7,283	1,630
1955	13,313	4,248	7,335	1,730
1956	14,121	4,771	7,250	2,100
1957	14,246	5,534	6,660	2,052
1958	13,786	6,020	5,534	2,232
1959	14,202	6,621	5,198	2,383
1960	15,121	7,740	4,813	2,568
1961	15,871	8,632	4,378	2,861
1962	16,303	8,839	4,470	2,994
1963[2]	17,688	9,679	4,884	3,125

[1] Includes only the beef equivalent of product weight based on USDA conversion tables.
[2] Preliminary.

Sources: Cols. 1, 2, and 4: USDA statistics. Col. 3, computed by Agri Research, Inc. (col. 1 less (cols. 2 and 4)). Col. 2. Includes Prime, Choice, and Good Grade steer and heifer beef. Col. 3. Includes all other steer and heifer beef and commercial and Utility grade cow beef not used in manufacturing. Col. 4. Includes Canner and Cutter grade cow and bull beef, imported boneless beef, and all other beef used in manufacturing. Cols. 2 and 3. Includes the carcass weight of beef sold in ground beef or hamburger in retail food stores.

TABLE 3.—*Production of manufactured beef products*

Year	Luncheon[1] meats (1)	Frankfurters[1] (2)	Canned[2] meats (3)	Subtotal (4)	Hamburgers[2] (5)	Total, all products (6)
	I. Per capita production (pounds per capita)					
1954	2.6	3.8	2.4	8.8	1.4	10.2
1955	3.0	3.9	2.3	9.2	1.4	10.6
1956	3.7	3.9	3.0	10.6	2.0	12.6
1957	4.0	4.0	2.5	10.5	1.6	12.1
1958	5.1	4.1	2.3	11.5	1.5	13.0
1959	5.4	4.1	2.4	11.9	1.7	13.6
1960	5.8	4.1	2.5	12.4	2.0	14.4
1961	6.2	4.2	3.3	13.7	2.1	15.8
1962	6.6	4.2	3.3	14.1	2.2	16.3
1963	7.0	4.2	3.2	14.4	2.3	16.7
	II. Carcass weight (millions of pounds)					
1954	417	610	377	1,404	226	1,630
1955	502	627	375	1,504	226	1,730
1956	611	664	496	1,771	329	2,100
1957	690	673	421	1,784	268	2,052
1958	883	698	391	1,972	260	2,232
1959	967	716	415	2,088	295	2,383
1960	1,027	740	442	2,209	359	2,568
1961	1,123	761	600	2,484	377	2,861
1962	1,211	771	613	2,595	399	2,994
1963	1,304	787	597	2,690	435	3,125

[1] Luncheon meats and frankfurters includes actual production in plants operating under Federal meat inspection from the U.S. Department of Agriculture and a projection by Agri Research, Inc., of production in all other plants based on the 1954 and 1958 U.S. Census of Manufacturers.

[2] Includes only production in plants with Federal meat inspection taken from U.S. Department of Agriculture publications.

Explanation: All product statistics have been converted to the beef portion only on a carcass weight basis using USDA conversion tables. Col. 1. Luncheon meats includes cooked or smoked products, but excludes dried or semidried products. Col. 3. Canned meats and other products includes canned beef and gravy, corned beef hash, canned vienna sausage, canned chopped beef, canned meat stew, chili con carne, and spaghetti meat products. Col. 4. The sum of cols. 1, 2 and 3. Col. 5. Plants operating under Federal meat inspection produce only 8 percent of the total U.S. hamburger consumption. Col. 6. The sum of cols. 4 and 5.

TABLE 4.—*Source of beef raw material for manufacturing consumption*

Year	Domestic beef: Boning cattle	Domestic beef: Other sources	Domestic beef: Total	Imported boneless beef	Total manufacturing consumption
	(1)	(2)	(3)	(4)	(5)
	I. Per capita consumption (pounds per capita)				
1954	13.2	(3.1)	10.1	0.1	10.2
1955	14.0	(3.6)	10.4	.2	10.6
1956	13.6	(1.2)	12.4	.2	12.6
1957	12.3	(1.9)	11.4	.7	12.1
1958	8.1	2.9	11.0	2.0	13.0
1959	7.3	2.9	10.2	3.4	13.6
1960	7.9	3.9	11.8	2.6	14.4
1961	7.0	5.2	12.2	3.6	15.8
1962	7.1	3.4	10.5	5.8	16.3
1963 [1]	6.3	3.9	10.2	6.5	16.7
	II. Carcass weight (millions of pounds)				
1954	2,102	(485)	1,617	13	1,630
1955	2,269	(568)	1,701	29	1,730
1956	2,246	(183)	2,063	37	2,100
1957	2,068	(128)	1,940	112	2,052
1958	1,395	484	1,879	353	2,232
1959	1,280	507	1,787	596	2,383
1960	1,396	711	2,107	461	2,568
1961	1,253	959	2,212	649	2,861
1962	1,294	646	1,940	1,054	2,994
1963 [1]	1,168	734	1,902	1,223	3,125

[1] Preliminary.

Sources: Col. 1. Agri Research, Inc., estimates of the amount of Canner and Cutter grade cow and bull beef. Col. 2. Domestic supply of boning cattle exceeded consumption, 1954 to 1957. Since 1958 deficit supplied from fatty trimmings from the preparation of primal cuts or portion controlled beefsteaks, roasts, etc., plus the production of boneless beef from Utility grade cattle. Col. 4, Agri Research, Inc., estimates of the amount of boneless beef imports used for processing based on information supplied from a private survey of importers. Col. 5. Table 2.

TABLE 5.—*Frozen beef and veal imports* [1] *by selected countries*

[Product weight (millions of pounds)]

Year	Australia	New Zealand	Ireland	All other countries	All countries: Total	All countries: Per capita [2]
	(1)	(2)	(3)	(4)	(5)	(6)
1958	16.2	162.2	23.6	97.3	299.3	2.5
1959	221.1	146.0	41.0	76.2	485.3	4.0
1960	142.4	127.8	43.6	85.3	399.2	3.2
1961	231.3	152.0	61.1	99.6	544.0	4.3
1962	441.9	210.5	70.5	121.6	844.5	6.6
1963	512.2	232.7	72.5	149.4	966.8	7.4
Averages:						
1958–62	210.8	159.7	48.0	96.0	514.5	4.1
1959–63	310.0	178.8	57.7	106.4	647.9	5.0
1962–63	477.1	228.8	71.6	128.1	905.6	7.0
Quantities per agreement:						
1964	472.0	231.0	76.0	173.0	952.0	7.3
1965	489.0	239.0	79.0	171.0	978.0	7.4
1966	506.0	248.0	92.0	182.0	1,018.0	7.6

[1] Includes frozen boneless beef and frozen veal.
[2] Per capita consumption in carcass weight equivalent.

Sources: Cols 1, 2, 3, and 5 U.S. Department of Commerce and U.S. Department of Agriculture. Col. 4 = col. 5 less the sum of cols. 1+2+3. Col. 6 Agri Research calculations based on USDA data.

TABLE 6.—*Selected cattle and beef indexes*

[Base period of 1954–57=100]

	Percent each period of 1954–57 base		
	1962	1963	April 1964 [1]
I. Processing beef:			
Consumption:			
Per capita	143	146	....
Total quantity	159	166	....
Domestic production:			
Per capita	53	47	....
Total quantity	60	54	....
Canner-Cutter live cow prices:			
Chicago	134	129	128
St. Paul	136	132	131
Fort Worth	140	130	136
Canner-Cutter carcasses, wholesale, Chicago	130	128	131
II. Grain-fed beef:			
Consumption:			
Per capita	131	141	....
Total quantity	173	187	....
Choice steers, live, Chicago	118	102	92
Choice carcasses, 500 to 600 pounds, wholesale, Chicago	115	105	97
III. Composites meat animals	120	112	[2] 106

[1] Average of 3 weeks in April 1964.
[2] March 1964.

Sources: Consumption data: Table 2. Production data: Table 4. Cow and steer prices, live: USDA. Choice carcasses, Wholesale: USDA. Canner and Cutter carcasses, Wholesale: National Provisioner; Price Quotations. Composite Meat Animals: USDA.

TABLE 7.—*Seasonal price and supply changes*

	Unit of measure	January-March 1963	July-September 1963	October-December 1963	January-March 1964
I. Processing beef:					
Supply factors:					
Canner and Cutter slaughter.	Thousand head	390	466	571	[1] 493
Bull slaughter	do	47	50	47	[1] 48
Imports frozen boneless beef.	Million pounds	190	238	303	[1] 250
Production manufacturing beef items:[2]					
Hamburger	do	61.4	76.9	93.3	[1] 68.4
Luncheon meats	do	167.8	197.0	176.6	[1] 176.0
Frankfurters	do	161.7	200.5	166.6	[1] 171.3
Dressed prices, Chicago:					
Canner and Cutter carcasses.	Dollars per hundredweight.	$29.10	$29.51	$26.55	$28.04
Boneless domestic cow beef.	do	$41.15	$41.83	$39.19	$40.04
Frozen boneless imported cow beef.	do	$38.17	$38.06	$37.47	$38.48
II. Grainfed beef:					
Supply factors:					
Steer slaughter	Thousand head	2,907	3,324	3,078	[1] 3,291
Heifer slaughter	do	1,126	1,224	1,323	[1] 1,191
2-way cow slaughter	do	576	602	668	[1] 576
Average liveweight steers.	Pounds per animal.	1,138	1,137	1,139	1,107
Average dressed weight steers.	Pounds per carcass.	636	660	663	650
Average dressed weight heifers.	do	562	555	571	581
Live prices, Chicago:					
Choice grade:					
Steers:					
900 to 1,100 pounds.	Dollars per hundredweight.	$25.39	$24.61	$23.43	$22.33
1,100 to 1,300 pounds.	do	$25.29	$24.39	$23.35	$21.83
Heifers, 900 to 1,100 pounds.	do	$24.86	$23.79	$22.33	$21.95
Standard grade steers	do	$20.95	$21.11	$20.24	$18.37
Commercial grade cows.	do	$15.40	$16.28	$13.59	$13.72

[1] Preliminary.
[2] Includes production only in federally inspected plants.

Sources: Slaughter and average dressed weight data are federally inspected totals or averages by classes from USDA publications. The cow slaughter totals reported by USDA were divided by Agri Research, Inc., by assuming that Canner and Cutter slaughter reported by USDA were all cows. Imported frozen boneless beef reported by the U.S. Department of Commerce. The production of manufactured beef items reported by USDA. Dressed prices of Canner and Cutter carcasses and domestic and imported boneless cow beef taken from quotes by the National Provisioner. Average liveweight of steers from USDA using the weighted average of steers sold out of 1st hand at 7 markets. Live prices by grade and weight are from USDA.

TABLE 8.—*Projections of teenage population*

Year	Age group: 10 to 14 (1)	Age group: 15 to 19 (2)	Age group: Total (3)	Percent of U.S. population (4)
	(millions)	(millions)	(millions)	
1950	11.2	10.7	21.9	14.4
1955	13.3	10.7	24.0	14.9
1960	17.0	13.4	30.4	16.5
1962	17.7	15.0	32.7	17.6
1963	18.0	15.5	33.5	17.7
Projections:				
1965	18.9	17.0	35.9	18.5
1970	20.4	18.9	39.3	18.8

Source: Statistical Abstracts, U.S. Department of Commerce 1956, 1962, and 1963 and Current Population Reports, Bureau of Census, U.S. Department of Commerce and Current Population Estimate, February 1964.

TABLE 9.—*Estimated hamburger consumption in 1963*

[By source of product]

Consumption from production in—	Pounds per capita	Quantity (millions of pounds)
Federally inspected plants [1]	2.3	435
Retail stores and nonfederally inspected plants: [2]		
(a) Beef trimmings from:		
(1) Fed beef	12.0	2,245
(2) 2-way beef	6.9	1,270
Total	18.9	3,515
(b) Conversion of excess fat from:		
(1) Fed beef (50 percent utilization)	7.1	1,330
(2) 2-way beef (30 percent utilization)	1.0	180
Total	8.1	1,510
Total hamburger consumption	29.3	5,460

	Percent
Percent of total beef consumption per capita	30.8
Distribution by type of sales outlet:	
Retail food stores	20.0
Institutions, restaurants, drive-ins, and hamburger stands	10.8

[1] See table 3, column 5.
[2] See details as follows:

Details of estimated hamburger production in retail stores and nonfederally inspected plants in 1963

	Pounds	Percent	Pounds per capita
(a) Beef trimmings from:			
(1) Fed-beef supply per capita	52.4		
Estimated cutout of grinding meats		23	
Estimated hamburger production			12.0
(2) 2-way beef supply per capita	27.6		
Estimated cutout of grinding meats		25	
Estimated hamburger production			6.9
Total beef trimmings utilized			18.9
(b) Conversion of excess fatty trimmings from:			
(1) Fed-beef supply per capita	52.4		
Estimated cutout of fatty trimmings		11	
Estimated supply of fat used (52.4 by 11 percent by 50 percent utilization)	2.85		
Required lean beef at 60-40 mixture	4.25		
Estimated hamburger production			7.1
(2) 2-way beef supply per capita	27.6		
Estimated cutout of fatty trimmings		5	
Estimated supply of fat used (27.6 by 5 percent by 30 percent utilization)	.4		
Required lean beef at 60-40 mixture	.6		
Estimated hamburger production			1.0
Total excess fats converted			8.1

Explanation:
Estimated cutout of grinding meats and excess fatty trimmings based on retail cutout tests from published and private sources.
Mixture of 60 pounds of boneless lean meat to 40 pounds of excess fatty trimmings based on information from private sources.
Amount of utilization of excess fatty trimmings estimated by Agri Research, Inc.

STATEMENT OF HON. E. Y. BERRY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF SOUTH DAKOTA

My name is E. Y. Berry, I am a Member of Congress from the Second Congressional District of South Dakota. This statement is made in the interests of South Dakota, the beef industry of the Nation and, in fact, American agriculture and the American economy generally.

I am here to demand that import fees and quotas be promptly established on the products of beef, veal, lamb, and mutton, to protect these industries which are facing financial ruin because of the direct competition from rising imports of similar commodities.

I base this demand upon the facts which will be presented by myself and other witnesses and which fall under the following categories:

1. The problem: The rising volume of livestock imports has had a devastating effect upon the domestic economy. Livestock is the foundation of agriculture. Agriculture is the foundation upon which the domestic economy rests.

2. What has been done; (Cause and failures of present policy): The principal cause of increasing imports has been our low tariff, nonprotective trading policy. At the same time the other nations of the free world have increased their protective measures, resulting in an invitation to the other countries of the free world to "dump" their livestock production on our market.

3. What must be done: A tariff rate, comparable to the rates of the other free countries, and/or import fees, and/or realistic quotas must immediately be imposed to save domestic agriculture from complete financial ruin and to save thousands of farm families from being added to the already long list of unemployed which has caused the President to institute a war on poverty to be financed from the Federal Treasury.

1. THE PROBLEM: BACKGROUND AND RECENT DEVELOPMENTS

Prior to 1958, the United States was a net exporter of livestock, meat, and meat products; however, the last 6 years have seen a complete reversal in the balance of trade in these commodities. The past 2 years have, in fact, been years of continual decline in prices and now seriously threaten the heart of American agriculture.

The livestock growers in my district and the stockmen around the country are extremely concerned with the problem of agricultural imports. In common with other beef-producing areas of the country, livestock in South Dakota is the basic industry, providing the largest share of the State's income.

The cattle market is one of the few segments of the agricultural economy which remains free of Government programs and operates successfully and responsibly in accordance with the laws of supply and demand. It is an outstanding example of free enterprise. Beef is the focal point around which all American agriculture orbits. According to studies made by the U.S. Department of Agriculture 70 percent of the total tonnage of all harvested crops is fed to livestock and 42 percent of the consumption of all feedstuffs produced. Three-fourths of all American farms are engaged in the production of beef.

But the stockmen are confronted with the kind of competition which they cannot hope to meet. They are confronted with an external force beyond their control—rising imports—which prohibits stability and annual adjustment in the domestic market.

Many today are asking about the impact of imports upon the economy. In reply to this question it is only necessary to look at the rising volume of imports and examine the serious effect on the domestic market.

In 1960, imports of beef and veal totaled 1.7 billion pounds (live weight) but jumped each year to record highs and by 1963 the figure soared to over 4.1 billion pounds (live weight). Translating this into 1,000-pound beef, imports last year were equal to 4.1 million head of cattle. Not only does this represent 11 percent of all the beef consumed domestically, but it was more beef than was produced and marketed in the States of North and South Dakota, Wyoming, Montana, and Idaho combined in 1962. These five States are recognized as great beef-producing areas. The American farmer is required to reduce production in this country by an area the size of these five States in order to accommodate these beef imports.

Another comparison can be made between imports and the production of Texas. In 1962 Texas produced and marketed 3,577 million pounds of beef, or 500 million pounds less than was imported in 1963. In fact, 1963 imports of beef were equal to the combined production and marketings of Maine, New Hampshire, Vermont, Massachusetts, Connecticut, New York, New Jersey, Delaware, Rhode Island, Pennsylvania, Maryland, Virginia, West Virginia, North and South Carolina, Florida, Georgia, Ohio, and Indiana. Therefore, in order to accommodate 1963 imports, an area the size of these 19 coastal States had to be retired from production.

Putting it another way—the U.S. Department of Agriculture estimates that nationwide it requires the production of 28 acres to produce and market a 1,000-pound beef. Using the figure of 20 acres, however, we find that beef imports alone displaced the production of 82 million acres. If the 4.1 million head which came into this country and onto American tables at full market value had been produced in this country, instead of being imported, these cattle would have consumed 20 billion pounds of feed grain in addition to the roughage production of millions of acres, which is a complete waste to the national economy unless harvested by livestock. In terms of corn it would have required more than 350 million bushels. Certainly this would have made a tremendous difference in the amount of feed grain the Government has been required to purchase and place in storage or give away all over the world under Public Law 480.

It is argued that first, overproduction is the cause of lower prices, and second, that imported meat is of lower quality and grade, suitable only for processed products, and has little effect upon fed cattle prices. These statements, however, are unrealistic and do not give a complete picture of the impact of imports upon the domestic market.

Certainly increased domestic production has been a price factor, but it should be pointed out that imports are directly responsible for overproduction.

Glutting the low-grade beef market with imports has driven the price of lower grade meat down and producers have not marketed their cows because of price, holding them back and using them another year or two for breeding purposes. This has meant more calves and, in turn, more animals on feed.

In other words, beef imports have had a double-edge impact on prices. First, they flooded the lower grade domestic market, forcing packers and beef processors out of the cow market, and second, they disrupted the law of supply and demand.

The year of 1963 was a year of disaster for the American livestock industry. Prices dropped as much as 25 to 30 percent. Gross cash income from cattle marketing fell more than $850 million last year and helped account for a decline of 8 percent in net farm income in 1963. This figure of loss was partially, at least, responsible for the farm parity ratio dropping to 75 percent in April of this year, the lowest since the depression days of the thirties. Interestingly, during this same period, imports of beef, veal, lamb, and mutton reached alltime highs. There is a very definite relationship between the decline in prices, the decline in income, and of increased imports.

I appreciate that the economists and the Department of Agriculture are attempting to prove that since beef imports only amounted to 11 percent of the beef consumed domestically last year that, therefore, these imports could only account for a certain percent of the drop in price of beef. Each economist comes up with a different figure ranging from 10 to 50 percent of this loss that can be charged to imports. In this connection, however, it should be pointed out that if a glass is filled with water one drop more will cause it to run over, 11 percent more will spill water all over the place. Increased domestic production in 1963 was just about enough to fill domestic needs. It was the imports that spilled it all over the place and broke the domestic price. Just one drop would have been bad, 11 percent ruined domestic prices.

But the economic impact of imports can be described in terms other than just the loss which is being handed the American stockmen. These imported products strike at the heart of the entire economy. Farm equipment sales, retail store sales, truck, automobile, and machinery sales are down from 10 to 50 percent from last year in rural areas. It is estimated that farm income is expected to drop by another $700 million this year. Farmers across the Nation are caught up in a "rural slowdown" with no foreseeable increase in income or prices. Add to this general picture the lack of protection which is afforded their industries and it becomes all too evident that the agricultural economy is in grave danger.

2. WHAT HAS BEEN DONE: CAUSE AND FAILURES OF PRESENT POLICY

In addition to the imminent problem which is facing the livestock grower financially, the failure of the executive branch to combat the cause of increased imports and effectively solve the problem is due to our low tariff policy.

Why have imports greatly increased from 1.7 billion pounds in 1960 and 2.4 billion pounds in 1961 to 3.9 billion pounds in 1962 and to 4.1 billion pounds in 1963?

The answer is the protectionist attitude displayed by other trading countries of the free world who have closed their own doors to imports while we give free access to ours. Until the latter part of the last decade, European countries were a good outlet for free world beef. Beginning in about 1958, England and the Common Market countries established a high tariff policy. These raised their import rates, either by direct tariff hikes or by some method of import tax. The United States has done none of this, with the result that this country has become a dumping ground for 60 percent of all beef offered for export by the rest of the free world. Whereas tariffs in the Common Market range from 58 to 118 percent ad valorem on cattle, the current tariff imposed by the United States is only 3 cents per pound, or 11 percent.

Some of the principal importers into this country completely ban any beef imports into their countries. This is true of Australia and New Zealand, the two countries responsible for 70 percent of our imports, and yet not one pound of beef can be exported into either of these two countries.

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

Mexico has trade barriers which severely restrict U.S. exports of meat and livestock into that country.

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.

In fact, we get absolutely nothing in return for allowing these countries almost free access for 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 which leads right to the American door. We are the only country in the world accepting beef imports on an unlimited basis. Our policy seems to be to attempt to get the other countries to reduce their tariffs to somewhere near our level; however, until they do reduce their import taxes and tariffs, the United States must bring their protective measures up to a comparable level.

3. WHAT MUST BE DONE

The low tariff—no tariff policy that has been adopted by this country has already spelled ruination to a very sizable degre of the American farmers and ranchers and can only mean ruination to many more. We are told that during the past 8 years more than 270,000 farm families have been forced from the farm. Cheap foreign imports have been responsible for most of these families being driven from the land. Each time a 1,000-pound beef is imported another 20 acres must be taken out of production somewhere in the United States. The 82 million acres displaced by beef imports last year either had to be rented by the Government, which would permit the farm operator to remain on the land, or that many farmers had to close out their operations, move to town and be counted among the millions who are already unemployed and who President Johnson refers to as "impoverished" in his so-called war on poverty.

The agricultural industry of America cannot continue to be the dump ground of the free world. The so-called war on poverty must first recognize the cause of depressed agriculture, which is competitive foreign imports, and must provide protection in the form of tariffs, import taxes, etc., to place the domestic producer on an equal basis with the foreign producer.

The American farmer is not objecting to world trade. He is simply objecting to being the element of the American economy that is always traded. The time has come when we must join the other free countries of the world in fair and equitable protection to the livestock producer.

LIBERTY TRUST & SAVINGS BANK,
Durant, Iowa, June 24, 1964.

Mr. HARRY F. BYRD,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.

MY DEAR MR. BYRD: Enclosed herewith is a paper which I have prepared for submission to the Senate Finance Committee expressing some of my thoughts relative to the import control legislation. I trust it is along the lines desired as to content.

I do not know what information has been submitted to you or your committee relative to my background. I have been interested in beef cattle since childhood. At the present time I hold the position of vice president of a family bank in a heavy cattle and hog producing area in eastern Iowa. Our deposits are in excess of $7 million in a town of 1,250 people, plus another town of 100 where we have an office. Approximately one-half of our non-real-estate loans are for the financing of cattle. Operations vary in size from a few calves to an overline operation we handle through a correspondent bank involving over 4,000 head. I have had the opportunity to conduct the sessions on cattle financing at the past two sessions of the Iowa Agricultural Credit School sponsored by the Iowa Bankers Association and Iowa State University and have addressed some of the NABAC groups on this subject in other parts of Iowa. While I can hardly profess to be an expert I do feel strongly enough on this subject to speak out. Our own farming operations consist of a limited number of beef cows for the utilization of roughage so I will not personally profit to any extent by the proposed Mansfield measure. I am most concerned about the long-range results if something is not done while we have the chance and sentiment is favorable.

One of my major regrets in not appearing before the committee is missing the opportunity to meet you personally. I trust that sometime in the future this will be possible.

Kindest personal regards.

Sincerely yours,

OLIVER A. HANSEN, *Vice President.*

To: Senate Finance Committee.
Subject: Import restrictions—Amendments 465 and 467 to H.R. 1839.

GENTLEMEN: By this time it is quite apparent that there is little need or value in the introduction of additional figures and statistics to your group for study. No doubt the files are bulging, leaving little but much confusion particularly since the long delay during the civil rights legislation. As I walked in a pasture this evening and watched a small group of calves enjoying the cool of the evening I could not help but think of the contrast between the contentment one could have in that Iowa pasture as compared to the madhouse pace we found in Washington when we were there in March to visit with some Congressmen about the beef problem.

I have taken the liberty of enclosing some recent news releases[1] which I feel should be given your attention. Recently, according to the papers, Secretary Freeman has made assertions to your committee that imports have declined during the first part of this year. Your attention is called to the two articles from the Chicago Drovers Journal as of June 23, 1964. For those of you unfamiliar with this publication it is the major livestock market paper of the Midwest. Note the total import figures for the first 4 months of the year. Why the variation in these figures and those of Secretary Freeman? Note, too, the fact that the month of April shows an increase from all countries but Ireland and Poland. And, certainly the shipments shown scheduled for early May from Australia show promise of May totals being large. One would think the exporting countries would curtail shipments for a few months to build their case against the need for import control legislation. Are they so certain that President Johnson and Secretary Freeman will have their way that they are willing to export to the maximum of the present agreement?

One final news article for your consideration is enclosed taken from the Des Moines Register. I'm sorry I did not note the date but it was apparently in late April or early May. This is the largest paper in Iowa and what few editorials they have written on this matter have been anti-import control. However, in spite of their editorials I think it clearly shows the attitude of the people of this State.

During the past 18 months the beef industry has taken a terrific setback. While those of you in Washington have dealt with statistics and politicians I have had the opportunity to deal with people and reality. We have seen in this area the net worth decline in our customers' and friends' financial statements. We have talked with smalltown car dealers who could have sold an additional 15 cars had livestock prices been in line with other commodities. We have discussed the tremendous increase in accounts receivables with our elevator and fertilizer operators and managers. We have listened to the story of the implement dealer in this livestock feeding area with sympathetic ears. As an Iowa banker I have sat with other bankers wondering what would be the eventual outcome for our livestock farmer. Gentlemen, this is no matter

[1] The news releases referred to were made a part of the committee files.

to be taken lightly and I'm not talking of the so-called poverty farmer whom some people feel would be a success with a $1,500 operating loan. I am talking of men who have been successful farmers over recent years farming some of the Nation's finest land.

It would be misleading if I expressed the thought that the control of imports beyond the recent insufficient voluntary agreements was the only problem in the beef industry. It is not and time would not permit me to dwell on them. We have things to work out within the industry and by the Government. However, I personally feel that now is the time to take positive corrective action for the future of the beef cattle industry. The ground work has been started and it will be disastrous and painful if your committee does not take affirmative action on the Mansfield bill as well as Congress. Bear these few facts in mind:

(1) The cost of production due to taxes, labor, machinery prices, etc., is relatively high in this country. Compare for instance the land cost in Australia at 11 cents a head a year as compared to $25 a year in the United States for every calf raised. Isn't the American beef producer entitled to protection against an inflationary spread to which he has been subjected?

(2) Australia and New Zealand according to livestock specialists have just scratched the surface with their potential ability to produce. If they can already produce enough to feed us one out of every nine bites of beef how long will it be before they can induce our administrators to feed us one out of every five or six bites? Let us stop it now while we have the opportunity.

(3) For the satisfaction of our beef producers a survey or study should be conducted to reveal what role the U.S. investor plays in the production and processing of beef in foreign countries which eventually is consumed in this country. The role of such investors in opposing import legislation might be minor but it is indeed questioned in view of the amount of pressure being applied.

(4) The American public has enjoyed the finest beef production and processing in the world at a relatively low price. When you take that next bite of a choice steak recall at the time that someone probably lost money producing it for you or at least didn't make a reasonable profit. (With our present labeling laws it might be imported so don't place the blame on our producers if it is tough without investigation.)

Gentlemen, I have submitted these thoughts with much hesitancy. I am well aware that President Johnson has threatened a veto of import control legislation. I realize Secretary Freeman has appeared before your group at least twice to apply all of the pressure of his office. I realize that those of us in the beef cattle industry in one way or another will never know all of the steps that might be taken to kill this legislation. A large number of very successful beef cattle men wonder why this pressure is being applied knowing full well about the argument relative to our foreign trade position at this time and in the future. However, I trust for the future of our beef cattle industry throughout the United States you will see fit to take affirmative action at this time. If this is not done, it will be the beginning of the decline of a large and most important industry in this country. Incidentally, don't be misled by the recent beef price increase. This cannot be long lived in view of the large numbers we have and must live with for years to come barring a general drought. We need protection for the future for which reason I urge support of Senator Mansfield's bill.

Respectfully submitted.

OLIVER A. HANSEN,
Vice President, Liberty Trust & Savings Bank.

JUNE 20, 1964.

STATEMENT OF THE COMMITTEE FOR A NATIONAL TRADE POLICY CONCERNING AMENDMENTS 465 AND 467 TO H.R. 1839 IN CONNECTION WITH IMPORTS OF BEEF AND BEEF PRODUCTS, PRESENTED BY JOHN W. HIGHT, EXECUTIVE DIRECTOR

The Committee for a National Trade Policy wishes to present testimony before the Senate Committee on Finance on the proposals to limit by law the imports of beef, veal, lamb, and mutton into the United States, as proposed in amendments 465 and 467 to H.R. 1839:

We are a business-supported organization concerned solely with the development of a trade expansion policy calculated to advance the interest of the Nation as a whole. We represent no special interest.

We believe that the United States should continue to move forthrightly in the direction of trade liberalization. As part of this movement, we believe that the United States should seek the earliest possible reduction or removal of foreign restrictions against U.S. exports as well as U.S. restrictions against imports.

In connection with this proposed legislation we urge upon the committee certain criteria and assumptions which we feel are warranted under both the spirit and the letter of the Trade Expansion Act of 1962, which is the cornerstone of U.S. foreign trade policy. This policy should have an important bearing on the deliberations of the committee.

The drive for import quotas has been initiated by the domestic cattle-raising industry which seeks rigid controls on the importation of beef and beef products. Such quotas, should they be enacted by the Congress, after consideration by the Senate Finance Committee, directly contravene the broad thrust of the act of 1962 and can only result in a contraction of world trade rather than an expansion of such trade. The act declares that it is the policy of the United States to reduce trade barriers maintained by this country on a reciprocal basis with other free world countries to the end that trade within the free world may be expanded for the benefit of all.

Our assumptions, in the light of th[illegible]ational policy specifically declared in the Trade Expansion Act of 1962, are:

1. That no new restrictions will be placed upon imports of any product unless it can be demonstrated that "serious injury" has been caused "in major part" by tariff concessions and that alternative remedies are not likely to be effective.
2. That particular industries will proceed vigorously and imaginatively with efforts to make a successful adjustment to growing competition and increasing change from whatever quarter, domestic or foreign.
3. That the U.S. Government will concern itself with the correction of domestic policies found to impose unfair burdens on such industries—burdens which make their competitive position unfavorable in relation to the position of the same industry in other countries.

In the light of these assumptions, we have some comments to make on the present proposed legislation. We do not profess to be experts in the cattle and beef industry. Nevertheless, we believe certain facts have been demonstrated in the course of the testimony before the Tariff Commission on the economic situation of this industry:

1. The current depressed prices of fed cattle have been owing largely to conditions within the U.S. industry—the phase of the cattle cycle, the overproduction and overinventory of cattle, the overmarketing of steers and heifers to feedlots, the heavier weights at which cattle are marketed from feedlots, the retention of overage cows and bulls on ranches.

2. Imports have been mainly in the form of utility or Cutter-and-Canner beef—grass-fed beef which is sold for manufacturing purposes and not directly competitive with grain-fed beef. The evidence indicates that there has been a decline in recent years of marketings of domestic manufacturing beef and that the U.S. domestic requirements for this type of beef have been filled by imports.

3. The increased imports in the last several years, according to the Department of Agriculture, have had only a minor effect upon the price of fed beef.

4. Without the imports of manufacturing beef, that portion of the market which is filled by luncheon meats, frankfurters, and hamburgers might have been lost to alternative nonbeef products and this could represent a permanent loss to the domestic beef industry.

5. In recent years the domestic beef industry has undergone a fundamental change. Cattle raising is no longer confined to grass ranges in the West but has spread to almost every State in the Union. Cattle raising is no longer an entirely commercial operation; for many entrepreneurs it has become an avocation or a tax-saving device. The result is that overproduction is endemic. In this situation the industry has difficulties which are peculiarly domestic and cannot be attributed to international trade.

6. A restriction in imports of manufacturing beef would be a palliative, not a cure. Any real relief for depressed prices must come over the course of time, as it has in previous cattle cycles, from a reduction in cattle population and a reduction in marketing weights of fed cattle. This will take time. Corrective

action should be taken by the domestic industry to the fullest before any action is taken on import controls and even these should be circumscribed by the criteria of the Trade Expansion Act. Such action includes an early culling of herds and increased marketing of cows and bulls, both to reduce the production of calves and to increase the supply of domestic manufacturing beef. To a substantial extent such a process has already begun; while during the immediate forthcoming period it will probably not result in improved prices for fed beef, it must have the effect over the longer run of reduced supply and thus higher prices.

On the basis of 1964 figures, imports are likely to decline in the near future because of limitations of foreign capacity. This fits in directly with the immediate desirability of culling of herds of grass-fed beef.

If these facts and conclusions are correct, as we believe they are, we would urge the Finance Committee to point out clearly that the difficulties presently faced by the industry are due largely to miscalculations by the domestic industry and only to a small degree to the increase in imports.

Under these circumstances restrictions of imports could be no substantial factor in the improvement of the situation, and any improvement that might be achieved would be at a high price in terms of national trade policy and the national interest.

This brings us to the additional factors which any economic analysis of the beef industry should take into account. These factors deal with the matters of public policy in the United States, both domestic and foreign:

1. There is a serious degree of poverty in the United States despite the general economic affluence we have had for a number of years. The "war on poverty" is a primary objective of the administration and an immediate issue before the Congress. Beef is a major item in the American food budget, accounting for nearly 13 cents out of every food dollar, which represents more money than is spent for any other single food. Thus, any reduction in the supply of, or increase in the price of, manufacturing beef has a greater impact on consumer pocketbooks than would be the case in any other food. This would hit directly at the low income groups, and would measurably reduce their opportunities for well-balanced diets.

2. Under the Trade Expansion Act of 1962, as indicated earlier, the United States has declared it to be its policy to reduce its own tariffs and import restrictions on a reciprocal basis with other free world nations so that there can be a general expansion of world trade. Restrictions, outside the Trade Expansion Act, on imports of beef and beef products would run directly counter to this adopted policy. In addition, the United States would be placed at a disadvantage in the forthcoming Kennedy round of GATT negotiations in Geneva. Our avowed faith in the reduction of trade restrictions could not help but be questioned.

We fear a tendency toward their proliferation as more and more industries bring pressure upon the Government for protection against imports. While we feel they are less undesirable than quotas fixed by legislation both methods are a departure from a marketplace economy and a move in the direction of more restricted rather than more liberalized world trade. At the same time, the voluntary method is less permanent and more readily eliminated. The Finance Committee might usefully assess the likely impact of these agreements on the time it will take for a more normal supply-demand pattern to appear.

Finally, there are certain factors in recent weeks which should be taken into account:

1. There has been some slight improvement in the prices of fed beef.

2. As Secretary Freeman has indicated, imports of beef and veal this year are now expected to be about the 1959–63 average level. This represents a considerable decline from the 1963 level. Clearly, our principal suppliers have less supply to offer the United States this year than last.

3. There has been a diversion of supply of unfed beef to the European market which is experiencing unprecedented high prices and shortages. Our foreign suppliers are exploiting this market.

4. There has been developed a cooperative drive between the cattle industry and the USDA for aggressive action to develop export markets, particularly in Europe. A determined effort to sell fed beef in Europe could create a long-term market which the United States has never had.

5. The USDA has expanded its meat purchase program in connection with its programs for feeding indigents in the United States and for school lunch. This action cannot help but aid in supporting the price of beef.

6. As Secretary Freeman stated: "Every section of the country has a significant stake in expanding agricultural exports. It is well to keep in mind that for most States exports of cotton, soybeans, and grain far exceed the value of beef imports which compete with beef production in that State. * * * These examples serve to point up the fact that it is not in the interest of ranchers and farmers in the United States that we risk the export markets for our agricultural commodities by taking arbitrary action in connection with imports of beef into the United States. Expanding exports will add to farm income and will reduce the extent of overcapacity in U.S. agriculture. Further reducing beef imports, as shown earlier, will have a negligible effect on beef prices and on farm incomes."

Under these circumstances we feel strongly that the U.S. Congress should not take import quota action.

AMALGAMATED MEAT CUTTERS & BUTCHER WORKMEN OF NORTH AMERICA,
Chicago, Ill., June 24, 1964.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: In accordance with your letter of June 19 inviting us to submit our comments, we are hereby sending you the views of the Amalgamated Meat Cutters & Butcher Workmen (AFL-CIO) concerning legislation to restrict imports of beef, veal, lamb, and mutton.

Our union firmly believes that our Nation's governmental policy, stated in either legislative or executive action, must achieve the following two goals:

I. Imports must be kept at a level which will not cause a loss of jobs to American workers slaughtering, boning, and otherwise working on meat and will not cause American cattle raisers to suffer disastrously unfair competition.

II. An adequate supply of grass-fed meat for sausagemaking and other types of meat processing in this country must be assured.

The attainment of these two goals are necessary to maintain a healthy and prosperous meat industry which can supply employment for hundreds of thousands of American workers. And it is necessary to assure that the consumer will receive an adequate supply of greatly varying meat products at prices which he can afford to pay.

These goals can be simultaneously achieved. In working toward them, we can neither disregard the situation when imports multiply nor can we stop the flow of them. In each case, large segments of the American meat industry would be harmed. Instead, we believe a balance must be established between the American production of the various types of meat, imports, and expected consumption.

This balance must be carefully drawn and may need revisions periodically. One such approach is amendment No. 465 introduced by Senator Mike Mansfield to H.R. 1839.

We are delighted that the meat importation situation has vastly improved in recent months. As a result of changes in the world production of meat, imports into the United States from Australia, New Zealand, and other nations have sharply dropped and the meat is being diverted to Europe. On the other hand, an export trade in American meat is currently being developed. We urge that the Federal Government will continue to do its utmost to further this trade.

We also hope that the Federal Government will continue and accelerate its present program of meat buying. These purchases are helping to deal with the oversupply of American-raised cattle.

Very truly yours,

THOMAS J. LLOYD,
President.
PATRICK E. GORMAN,
Secretary-Treasurer.

VERIFIED STATEMENT OF DR. MILTON D. RATNER IN OPPOSITION TO AMENDMENTS 465 AND 467 TO H.R. 1839

My name is Dr. Milton D. Ratner. I reside at 1046 Franklin Avenue, River Forest, Ill. I am president of Midwest Emery Freight Systems, Inc. I have been active in the trucking industry for over 20 years, the last 16 of which as either owner or chief executive officer of an interstate motor carrier. I have been and still am very active at the local, State, or National level in areas in which problems concerning operating practices or the economic well-being of refrigerated motor carriers exist. At the present time, I am chairman of the Refrigerated Division of the Common Carrier Conference, American Trucking Association.

The purpose of my statement is to demonstrate the adverse economic effect any restriction on the amount of import meat now being imported into the United States would have on refrigerated motor carriers and the consuming public.

Midwest Emery Freight System, Inc., a common motor carrier, is the largest truck transporter of food products, particularly meats and packinghouse products, between and within the East and the so-called Midwest or Central region. A comparison of the relative size of Midwest Emery with nine other specialized meat trucklines is shown on attached appendix A. It is to be noted that Midwest Emery transports more than the combined total of its nine largest competitors. My company also owns two additional refrigerated motor carriers, for which no statistics are shown. This is true, because the first, Belford Trucking Co., Inc., operates primarily between the Midwest and the South; the second, Little Audrey's Transportation Co., Inc., operates primarily between the Midwest and the west coast. This prepared statement deals with the movement of meat between the Midwest and east coast.

As required by law, Midwest Emery recently filed its annual financial statement with the Interstate Commerce Commission. The revised figures in this report indicate that for the year 1963, Midwest Emery Freight System, Inc., received $32,447,264 in transporting 2,223,178 tons of freight. Over 40 percent of this revenue ($13,330,000) was derived directly from the transportation of meat and/or packinghouse products.

In order to perform this transportation, Midwest Emery Freight System, Inc., operates a very substantial fleet of refrigerated trailers. The cost of these refrigerated trailers (which are insulated equipped with mechanical refrigeration and overhead meat rails to suspend carcass meat) is in excess of $16,000 per unit. In addition, in order to provide power to pull these trailers in over-the-road service, my company operates tractors, driven by two-man teams (thereby permitting the forward movement to proceed without requiring a driver rest stop). The total number of refrigerated trailers and tractors operated is in excess of 2,000. Obviously, it is necessary that maximum utilization of this very expensive equipment be obtained. Excessive empty mileage which increases operating costs, would necessitate an increase in transportation charges.

The primary flow of meat and packinghouse products is from the Midwest to the East. Except for imported meat very little meat is shipped in the reverse direction. The principal volume is to the large, highly concentrated population centers of New York, Philadelphia, Boston, Baltimore, and Washington, D.C. The preponderance of meat shipped to the East via truck is via specialized motor carriers.

It is not uncommon to transport a load of carcass beef from Omaha, Nebr., to New York for the account of a midwestern packer, and after unloading the vehicle, transport a load of imported meat from New York on return movement to either Omaha or some other point at which the same packer owns or operates a meat-packing establishment. This continuity in movement is most beneficial to my company and enables it to keep its rates at a reasonable level. In addition, refrigerated over-the-road truck equipment is placed at the disposal of the midwestern packer for reloading to another point at which a sale has been made.

In order to keep my truckline in balance (matching load for load in an east versus west direction), it is necessary to have available all of the potential existing traffic from these areas back into the Midwest. Every other specialized motor carrier of meat to the East is in the same position. The authority issued to my company by the Interstate Commerce Commission restricts the commodities that may lawfully be transported. In my case, authority is limited to the transportation of foodstuffs, raw or manufactured. Almost all of the other specialized motor carriers have similar restrictions and cannot lawfully transport so-called general commodities. This simply means that any and all available freight which may lawfully be transported must be secured for westerly movement, if my company is to continue to publish and maintain a basis on rates on the east-bound movement of meat that is reasonable and which will not unduly burden either the meatpacker or, more important, the consuming meat public. My rates are and have been based on the expectation of receiving import meat for westerly transportation. Although slightly less than 10 percent of the revenue we derive from the transportation of meat is derived from the transportation of imported meats, the revenue that is derived therefrom is most important to us. Its absence would be reflected in the cost of moving meat east.

Let me be more specific. The rate on suspended meat from Chicago to New York is $1.88 per 100 pounds, when 25,000 pounds or more are loaded in one truck. This rate applies for the account of Midwest Emery as well as almost every other specialized meat carrier. In addition, when the railroads established their so-called piggyback (plan II) services, the rates were patterned after the then existing motor carrier rates. The rate was and is $1.88 per 100 pounds via both modes of transportation. This rate has been in effect for several years. It is based on several factors, including the ability of all carriers to obtain back-haul, particularly imported meats. If for any reason my company found that no more imported meats were available for transportation from eastern points, including New York, Philadelphia, and Boston, back to the Midwest, my rates would require an increase of approximately 10 percent on the eastbound meat movement. Although I am not at liberty to speak for any other carrier, I am confident their position would be very little different than mine.

The movement of imported meats is vital to my company, particularly its rate level. This fact was recently demonstrated before the Interstate Commerce Commission.[1]

CONCLUSION

As an authorized common carrier of meat, my company holds itself out to transport without discrimination, any and all meat within the scope of its authorization offered to it by the general public. In so doing, my business permits only a very small margin of profit. The amount and type of back-haul traffic (from the east to the west) is the key to the success or failure of my entire operation. Obviously, if an important segment of traffic is suddenly limited or removed, it must be at the expense of someone. That someone can only be the domestic shippers of meat now paying the freight bill. These increased domestic transportation costs must then, in turn, be passed on to the consuming public.

Respectfully submitted.

DR. MILTON D. RATNER.

Subscribed and sworn to before me this 23d day of June 1964.

JACOB LEVINE,
Notary Public.

My commission expires July 26, 1964.

APPENDIX A

	Amount	Tons of revenue freight
1. Midwest Emery Freight System, Inc	$29,612,810	2,208,090
2. Indiana Refrigerator Lines, Inc	2,088,656	65,854
3. Safeway Truck Lines, Inc	6,770,620	218,044
4. Subler Transfer, Inc	2,482,571	98,196
5. Refrigerated Food Express, Inc	2,279,701	90,526
6. Midwest Coast Transport, Inc	7,653,331	213,643
7. Kroblin Refrigerated Express, Inc	3,393,604	144,387
8. Coldway Food Express, Inc	1,236,710	68,358
9. Ellsworth Freight Lines, Inc	1,754,941	69,967
10. Chrispens Truck Line, Inc	1,803,557	85,415

Source: Financial and Operating Statistics, class 1 and 2 motor carriers of property, published by American Trucking Associations, Inc., Washington, D.C., for year 1962.

[1] See *Midwest Emery Freight System, Inc., et al.* v. *Baltimore & Ohio Railroad, et al.*; docket 34167, order dated Jan. 30, 1964 (before the Interstate Commerce Commission).

STATEMENT OF MARVIN T. GIBSON IN OPPOSITION TO AMENDMENTS 465 TO 467 PROPOSED TO H.R. 1839

I am senior vice president of International Packers, Ltd. I was raised in New Mexico and Arizona and all of my adult life I have worked for International Packers, its predecessors, or its subsidiaries, so that my entire business career has been involved in the meat and livestock industry. My company is an American company with headquarters in Chicago. It operates meatpacking plants in Australia, New Zealand, Argentina, and Brazil. It maintains sales offices throughout the free world, including this country, to market the meat products produced by our plants. We are a major importer of meats into this country and have been active in this field since 1918.

I am strongly opposed to amendments 465 to 467 to restrict imports of beef, veal, lamb, and mutton into the United States, proposed to H.R. 1839, because I sincerely believe that restrictions upon imports of meat into our country would be contrary to the best interests of the Nation. I intend to amplify upon and substantiate the following six points:

1. The major portion of the imported beef that arrives in this country is beef with a low fat content prepared and admirably suitable for industrial purposes, but it is not of the quality or prepared in a manner to make it suitable for table use. This meat finds its greatest use in this country in the manufacturing of sausages and canned meats, in the preparation of prepared foods, and in the making of hamburger for distribution to a large segment of the American consumers whose limited purchasing power has made them turn to this for a substantial portion of their meat requirements.

2. There exists a large and rapidly growing consumer demand for the products in which imported beef has been used, and I shall list the items and some volume figures on this.

3. U.S. production of beef of comparable quality to imported meat is primarily Canner and Cutter cows whose porduction is wholly insufficient to supply this vastly growing demand and has been declining for some years due to the fact that the American cattle industry has found it increasingly more profitable to grain-feed steers and this trend, which has been underway for several decades, has been growing very fast in recent years and is destined to continue.

4. The expanding consumption of processed products, such as frankfurters, hamburgers, and convenience foods over the past decade could not have taken place in the absence of beef imports. These items have been especially concentrated in the teenage and the lower age groups. This exposure early in life to good processed beef products has helped to stimulate and establish a lifelong demand for the steaks and roasts from grain-fed cattle and helps to explain the phenomenal expansion in consumer demand for quality beef that has characterized recent years.

5. This beneficial carryover carries from youth to adult life and has caused the American beef consumption to grow much faster than the population or the general food consumption.

6. When considering all the evidence, we will have shown that the beef imports have been instrumental in satisfying the growing consumer demand for manufactured beef products which could not have been met by the American cattle industry because it was unprofitable for them to raise this kind of beef and, finally, that beef imports have helped the long-term demand for fed beef rather than hurt it either on a short-term or long-term basis.

As shown in table 1, during the past 10 years the output of all red meat products has increased 46 percent with sausage and canned meat items having increased 28 percent and hamburger by an amazing 89 percent. These growth rates far exceed the 19-percent population increase and they significantly overshadow the 20-percent increase in total food consumption.

The consumer expenditure data, while sparse, suggests that the demand for ground beef has kept in step with the extraordinary demand growth for steaks and roasts over the past decade. Two-thirds of this ground beef originates in the retail shops and is a product of the residue from the retail butcher block which is unsalable in its normal form without the addition of lean trimmings, a large portion of which is manufacturing-type imported beef. Compared with several years ago, retailers are receiving more heavily finished beef than they were and they are also trimming their consumer cuts much more closely, both being factors that contribute to a larger supply of fat-beef trimmings at the retail level which must either be blended with other products to make a salable item or sold to the fat renderer at a nominal price. This has motivated many retailers to increase their purchases of lean cow and bull meat to utilize the maximum amount possible of these fats.

The per capita production and consumption comparisons appear in table 2, where you will note an increase of 10 percent for all red meat over the past decade and a 2-percent increase for all foods. The demand for frankfurters has grown at a substantially faster rate than such major product classes as poultry and pork and faster than all food as a whole. Declining per capita rate characterizes cow and bull meat supplies, including imported beef products as well as veal, cooked pork, eggs, and fish.

The total U.S. supply of primarily manufacturing meats shown on table 1 amounted to 11.4 billion pounds.

The question being studied at the present time is, "Can we meet the demand for domestic production of manufacturing-type meats?" and in order to analyze this we intend to focus on two fundamental questions:

1. Can there be found within our domestic production of beef as it now exists or as it might be modified, beef of the right kind and in sufficient amounts to supply the demand for manufacturing purposes as it now exists and as it is likely to develop which will be competitive in price with nonbeef proteins?
2. What important changes in the supply production-price complex would likely be necessary to meet this demand?

There are several assumptions and auxiliary questions relative to this consideration.

The total beef consumed in the United States represents two distinct commodities and they can be distinguished and characterized as—

(a) The high-quality fed beef sold as block beef and consumed fresh; and

(b) The lower quality hamburger or manufacturing beef that is ground or otherwise processed before it is sold to the consumer.

Full recognition is given to the fact that there is a significant amount of a third category of two-way beef that can be used for either purpose, depending on price and supply patterns. The ground, or processed, beef is largely identified with cow beef, and 75 percent of our domestic cow beef is used for this purpose. Trimmings and unsalable cuts from steers and heifers do constitute 30 percent of the total steer and heifer production, and blending these items into the processing meat is an important economic factor in the business.

Auxiliary questions that are relevant include:

1. What is the nature of the domestic beef supply in terms of the classification assumed above?
2. Would it be economically feasible to divert more of our domestic production of beef to manufacturing purposes?

We have classified our meat supply according to consumption patterns in a way consistent with the assumption that there are three identifiable qualities of beef that behave in the market as entirely different products. The three classifications that we believe are meaningful and for which computations can be made from available statistics are shown in table 3. In this table, column 1 indicates the per capita domestic supply of Prime, Choice, and Good grades of steer and heifer beef in three selected years. This represents the higher valued supply which moved as table beef. This supply was 52 pounds per capita in 1963 and it has more than doubled in 10 years while the total beef supply increased less than one-fifth. It represents slightly more than half (55 percent) of the total beef supply as compared to less than one-third (30 percent) in 1954. Column 3 indicates the per capita domestic supply of Canner and Cutter grades of cow and bull meat in these same years. This represents the domestic supply of meat which is strictly processing supply. The 6.8 pounds in 1963 is less than half of the supply available in 1954 and is 7 percent of the total supply in 1963, compared to 16 percent in 1954. Column 2 indicates the per capita domestic supply of Commercial and Utility grade cow beef and all other steer and heifer beef not in column 1. This is a two-way product, portions of which are capable of moving over the butcher block or through the grinder depending upon relative supplies and prices. The significant points developed in these figures are—

1. The very large increase in higher quality, higher valued beef.
2. The marked decline in the domestic processing supply to less than half of the amount available per capita in 1954. The total processing supply has remained constant throughout this period. The increased imports have largely filled this deficiency.

3. The decrease in quantity of two-way beef accompanying the decline in the strictly processing supply.

The question of how much of the two-way beef could be used for processing in the absence of imports and what the price implications of such a substitution would be remains unanswered. However, our supply of manufacturing beef comes from—

1. The cows and bulls removed from both beef breeding herds and dairy herds.
2. Unsalable rough cuts and trimmings from steer and heifer beef.
3. Frozen boneless meat.

Important shifts in the relative importance of these sources have occurred. See table 4. The available per capita supply of meat from culled cows and bulls averaged 20 percent less in the 1958–62 period than in the 1949–53 period. The reasons for this decline include—

(a) The cow herd in 1958–62 was 8 percent smaller in relation to the cattle population than it was in the 1949–53 period.

(b) A larger proportion of the cow herd is beef cows now than it was earlier—56.8 percent in 1958–62 and 44.7 percent in 1949–53—and since beef cows are culled at about a 15-percent annual ratio compared to 25 percent for dairy cows, this shift results in less meat production from this source. The cattlemen do not keep cows for slaughtering. The cow is basically a wornout investment that is being converted from a nonproductive asset into cash and the market price for this cow is not the deciding factor in the timing of the liquidation. The real reason that cows are sold has more to do with their basic function than the price. In the dairy herds that function is to produce milk and, recently, to raise crossbred calves for feedlot fattening. In the beef business it is to produce the feeder calf. When the chances of one more calf to sell form 22 to 35 cents a pound at weaning justifies the risk, the cattlemen will hold the cow through another winter. It is not the market price of the cow but the market price of the calf that influences the sale of the breeding cow. The dairy people find that it costs them a lot of money to raise a dairy cow to the point where she freshens and in a recent report by Elmer Hansen of the Curtiss Breeding Service, Inc., he indicated that Wisconsin and Illinois dairymen figure that it costs $250 to raise a heifer to when she freshens as a 2-year-old and they make sure that they keep only the good producers; if they have made a mistake, they cut their loss early. Some figures prepared by the Michigan Dairy Herd Association indicated that the cows that were sold by their members in 1962 represented 26.4 percent of the herds, and the reasons they were weeded out are shown on table 5. You will note that old age represents 2.8 percent of the cows culled from Michigan dairy herds. Another factor that came out of this same study was that 60 percent of the beef-breed semen sold in the United States was used on dairy cows and only 40 percent on beef cows, which means that over 540,000 dairy cows were used to raise calves for the feed lots.

(c) The use of artificial insemination and closer handling of livestock herds have led to a reduction in the number of bulls and stags slaughtered in the latter period to about half the number slaughtered 10 years earlier. I calculate that 28.5 percent of the average per capita imports of 5.7 pounds in the period 1958–62 constituted a replacement for the decline in bull meat.

The supply of imported beef and the stepped-up use of salvaged cuts from heavy steers and heifers have increased sufficiently to fill the deficiency caused by the decline in domestic Canner and Cutter cow and bull beef. How can this manufacturing supply be maintained if the imports are eliminated or sharply reduced?

Feed production potential would allow an increase in the domestic production of fed beef by a tonnage sufficient to provide a per capita consumption in 1980 equivalent to the present per capita consumption of this type of beef, but it is not economically feasible for the cattle producers to supply low-grade manufacturing beef from domestic production. The trend for the past several years is exactly the opposite. Fat cattle slaughtered represented 40 percent of the total cattle slaughter in 1950, and in 1960 it had increased to 50 percent of the total. In the period 1956–58, the cattle marketed from feed lots averaged 41 percent of all cattle slaughtered compared to 59 percent in 1963. This indicates the marked trend toward heavier production of higher quality beef. Enterprises concentrating on grass-fed beef would have to compete directly with feeder cow-calf operations. On November 26, Mr. C. W. McMillan said:

"The American National Cattlemen's Association would like to see the Government move away from agricultural programs which inevitably bring on controls. We are fearful that if feed grains are controlled materially, as proposed in the 87th Congress, it would mean that the production and feeding of beef cattle would be controlled. Never before in history has the beef cattle business been so reliant on feed grains, their supplies and prices, because it is absolutely necessary to run beef cattle through a feedlot in order to provide a constant supply of beef 52 weeks a year. The day of a market for grass-fat cattle is gone, and the beef cattle business all the way along the line has adjusted to this change. We have achieved a degree of stability in supply and prices in the beef cattle business that 15 or 20 years ago was never thought possible."

The average price of all grades and weights of feeder calves at Kansas City for the past 5 years was $24.90 per hundredweight. The cost of boneless processing beef at this price is approximately 70 cents a pound. The cost of utility cows in the same 5-year period was $16.55 per hundredweight, making the meat cost 44¾ cents per pound. With the present and expanding demand for feeder cattle, the resources presently employed in their production would not be attracted to the production of beef with lower finish to be sold at the 36 percent discount shown above. If the blade chuck roasts from steers and cows were used for manufacturing purposes instead of being sold over the butcher block, they would represent a relegation to a lower value use by as much as 25 or 30 percent under the present price structure, and these cuts would still carry an excess of fat and be unsuitable for most manufacturing purposes. It is soft meat with much fat distributed through the muscle tissue which makes it break down in processing to a mushy texture that does not bind and the finished product is flaky with surplus fat showing on the surface.

The conclusion to be drawn from these figures and statements is that the production of beef of the quality and amount now being imported could not be economically produced under present conditions by the American livestock industry and any reduction in imported meats would result in some combination of—

1. Reduced beef consumption.
2. Higher prices for manufacturing products.
3. A lower price for grain-fed beef.

Therefore we can say that it is not possible for the demand for manufacturing beef to be supplied from the domestic beef production.

In all the discussions on imports, there has been very little explanation of why these imports have sharply increased. The major reason is the reduced quantity of the domestic supply of manufacturing beef. Domestic output started sharply downward in 1956 at the turning point of the last cattle cycle, and the production of manufacturing beef has dropped off 49 percent in the past 5 years.

Since 1955 we have had an increase of 10 million teenagers alone, and these youngsters are the big hamburger and hotdog consumers. Since 1955 the production of frankfurters has increased, but barely in proportion to the population increase. If the hotdogs, hamburgers, and other processed meats are to be in our markets in anything approaching stable quantities, it can be possible during years of normal cow slaughter only with imported processing beef. This situation will continue except during years when there is a sharp upturn in the liquidation of cattle herds and then it will only be a temporary situation, and this temporary increase in cow liquidation will be followed by a reduction in the total cattle herd and lower production of the profitable fed beef in the period immediately following this liquidation.

The question of the impact of imports on cow beef prices is important. The price history of Cutter and Canner cows directly demonstrates that prices for domestic cows have shown relatively great strength compared with other cattle prices since 1958. See tables 6–A and 6–B.

The carcass cows cost 31 cents a pound f.o.b. Chicago in January 1958, and boneless cow meat was 44 cents a pound. At this same time imported boneless cow beef was 35.5 cents ex dock New York. At this time choice 600-pound steer beef was 44.75 cents.

These figures show a lessening of the differential between the domestic boneless cow meat and the imported cow meat due to enhanced reputation of the imported product and the variable supply of domestic beef.

The imports have helped fill the demand for processing meats and have maintained the price level on a basis that has not killed the consumer demand while Choice beef has declined substantially. As can be seen from these figures, the impact of imports on prices of fed beef have been nominal.

Dr. Herrell de Graff agrees that the U.S. Department of Agriculture assessment of imports on fed-beef prices as being minor is valid. In a price decline over the year of about $3.70 per hundredweight of live weight for Choice steers, Dr. de Graff sets the amount accounted for by imports at about 50 cents. Dr. Lee Kolmer, Iowa State University economist, states that 47 cents of the $3.74 drop in the price came from imports.

These arbitrary statistical calculations which are entirely theoretical are all comparable in that the amount of price effect attributed to imports is no more than would be the result of similar calculations of all food products that compete for the consumer's dollar be they fish, pork, poultry, or other items.

There are a multiplicity of factors which are more important in the price fluctuations for beef.

There is a definite lack of relationship in the factors affecting fed beef compared with manufacturing beef.

Another factor not enumerated among those listed above which will provide an offset to the nominal negative effects of imports on fed cattle prices is the opportunity of retailers to blend their fat cattle trimmings with lean imports in hamburger to secure a more profitable return on these relatively unsalable fat beef items is demonstrated in table 7. This shows a difference to the retailer of $9.43 per head of cattle. Without lean meat, the alternative is to have a $3 an hour retail butcher trim these rough cuts down to an acceptable fat percentage; the butcher then has 20 pounds of hamburger to sell at the retail price of hamburger and 11 pounds of fat for the renderer at 2 cents a pound. Thus imported meat and/or domestic Canner and Cutter beef creates a more profitable utilization for the fat trimmings for the butcher. This tends to sustain the cutout on the Choice carcass at a level higher than would otherwise be possible and more than offset any theoretical depreciation in the price of fed cattle.

When considering all of the evidence combined, I believe I have shown that beef imports have been beneficial to the livestock economy as follows:

1. Imported beef finds its greatest use in this country in the manufacture of sausages and canned meats and in the making of hamburger.

2. There exists a large and growing demand for the products in which imported beef is used.

3. U.S. production of beef of comparable quality is wholly insufficient to supply this demand and the growth pattern in the cattle business is along entirely different lines. The only possible source of supply would be from grass-fed steers, and "The day of a market for grass-fat cattle is gone and the beef cattle business all the way along the line has adjusted to this change."

4. The expanding consumption of processed meats could not have taken place in the absence of imported meats and the population explosion of teenagers has been held for products made from beef instead of surrendering this market to alternate foods to which consumers could and would turn.

5. This beneficial carryover has carried over from youth to adult life and has helped beef consumption to grow faster than the population or the general food consumption.

6. The use of good lean boneless meat has helped the marketing of the rough fat trimmings in the retail shops $9.43 for each carcass handled in the retail shops—much more than any theoretical depressing effect of the increased volume on the overall food market.

7. Beef imports supplement the declining supply of domestic processing beef to benefit the entire beef and livestock industry and are not directly competitive with fed beef.

TABLE 1.—*Estimated usage of ground red meats, U.S. carcass-weight basis*

Estimated usage item	Estimated usage (million pounds)			Percent change during—		
				5 years		10 years, 1953-63, total per capita
	1953	1958	1963	1953-58	1958-63	
1. Sausage products [1]	3,590	3,975	4,645	+11	+17	+29
2. Canned items	830	775	1,000	−7	+29	+20
3. Cured beef [2]	195	250	285	+28	+14	+46
Subtotal	4,615	5,000	5,930	+8	+19	+28
4. Ground beef, retail	1,930	2,260	3,640	+17	+61	+89
Total	6,545	7,260	9,570	+11	+32	+46
5. Ground beef, other [3]	(4)	(4)	1,820			
	(4)	(4)	11,390			

[1] Estimated commercial production.
[2] Estimated commercial production, made from "grinding quality" beef.
[3] Institutions, restaurants, drive-ins, and hamburger stands.
[4] Not available.

TABLE 2.—*Comparison of changes from 1953 to 1963 in per capita volumes of meats and other foods*

[Percent change per capita, 1953–63]

U.S. production processed meats: [1]	
All sausage items	+9
Ground beef	+31
Canned product with ground meats	+14
Total from ground meats	+16
Smoked pork	+18
Sliced bacon	+30
Canned hams	+40
Cooked pork	−24
U.S. meat consumption, carcass-weight equivalent:	
Steer and heifer beef	+33
Other beef [2]	−7
Total beef	+23
Veal	−35
Lamb and mutton	+4
Pork	+3
Total red meats	+10
Other food consumption:	
Chickens	+42
Turkeys	+40
Eggs	−17
Fish	−6
Total food consumption	+2

[1] Product descriptions same as in table 1.
[2] Cow and bull beef production, plus beef imports.

TABLE 3.—*Domestic beef supplies by type of end use (per capita)*

[Pounds per capita]

Year	Higher valued supply (1)	2-way supply (2)	Processing supply (3)
1954	24.0	41.4	13.2
1959	37.7	30.4	7.3
1963	51.9	28.1	6.3

TABLE 4.—*Some comparisons of beef supply in 2 periods*

	1949-53	1958-62
Pounds per capita of beef from cows and bulls, avarage per year in period	20.8	16.7
Number of cows 2 years old and older per 100 population in Jan. 1 inventory	27.6	25.6
Distribution of cow herd:		
Percent in dairy herds	55.3	43.2
Percent in beef herds	44.7	56.8
Average number of bulls and stags slaughtered per year	499,600	255,600

TABLE 5.—*Reasons for weeding out cows in dairy herds*

	Percent
(1) Low production	47.0
(2) Sterility	18.8
(3) Physical injury	10.1
(4) For dairy purposes	9.5
(5) Mastitis	7.8
(6) Old age	2.8
(7) The other items were miscellaneous reasons.	

Source: Elmer Hansen, Curtiss Breeding Service.

TABLE 6-A.—*Comparative beef prices*

[Cents per pound]

	Domestic Canner and Cutter [1]			Imported [2]	
	Carcass cow	Boneless bull	Boneless cow	Boneless bull	Boneless cow
January 1958	31½	46	44	30	35½
July 1958	35	51	48	48	41
February 1959	36	55½	52½	48½	46½
July 1959	35	53	49	46	44
January 1960	30	47	44	43¾	41¾
July 1960	31	47½	45	42½	40¾
January 1961	30½	46½	42½	42	40½
July 1961	30	43½	(³)	40½	38
January 1962	29¾	45½	42	38½	39½
July 1962	34¼	45½	43½	39	39
January 1963	28½	45	41	40½	38
July 1963	28½	46	41½	41½	38½
January 1964	26½	44	39	39¾	37
April 1964	29½	45	42½	42¾	41

[1] Chicago wholesale market.
[2] Ex-dock east coast.
[3] Not quoted.

Source: Domestic prices—National Provisioner "Yellow Sheet." Imported prices—International packers invoice records.

TABLE 6-B.—*Wholesale beef prices, Choice steer—Chicago*

[Cents per pound]

	500 to 600 pounds	600 to 700 pounds	700 to 800 pounds	800 to 900 pounds
January 1958	0.4478	0.4478	0.4297	0.4151
July 1958	.4478	.4478	.4345	.4240
January 1959	.4669	.4669	.4489	.4271
July 1959	.4563	.4519	.4362	.4263
January 1960	.4497	.4452	.4282	.4062
July 1960	.4358	.4321	.4142	.4040
January 1961	.4536	.4536	.4436	.4190
July 1961	.3781	.3731	.3558	.3429
January 1962	.4381	.4381	.4283	.4119
July 1962	.4264	.4264	.4225	.4075
Jan. 11, 1963	.4625	.4625	.4569	.4375
July 12, 1963	.4312	.4250	.4150	.3950
Jan. 12, 1964	.3912	.3912	.3812	.3562
Apr. 24, 1964	.3750	.3738	.3675	.3400

Source: 1958-62—Livestock and meat statistics, USDA; 1963-64—Weekly Livestock Market News, USDA.

TABLE 7.—*Rough trimmings from fat cattle*

NORMAL PROCEDURE

Rough Choice trimmings (50 percent fat), 40 pounds at 45 cents	$18.00
Lean trimmings (10 percent fat), 60 pounds at 45 cents	27.00
Hamburger (30 percent fat)	45.00

ALTERNATE PROCEDURE

Selected Choice trimmings (30 percent fat), 29 pounds at 45 cents	13.05
Fat to renderer (100 percent fat), 11 pounds at 2 cents	.22
Total (40 pounds)	13.27
Loss retailer volume: 71 pounds at 10 percent of 45 cents per pound	3.20
Expense trimming ½ hour at $3	1.50
Loss retailer volume: 71 pounds at 10 percent of 45 cents per pound	3.20
Total difference to retailer per head	9.43

STATEMENT OF E. M. NORTON, SECRETARY, NATIONAL MILK PRODUCERS FEDERATION ON IMPORTS OF BEEF AND DAIRY PRODUCTS AMENDMENTS TO H.R. 1839

NATIONAL MILK PRODUCERS FEDERATION

The National Milk Producers Federation is a national farm organization in the nature of a trade association. It represents dairy farmers and the dairy cooperative associations which they own and operate. Through these associations farmers acting together process and market, on a cost basis, in their own plants, the milk and butterfat produced on their farms.

Practically every form of dairy produce produced in the United States in substantial volume is included among the various forms of dairy products which are produced and marketed through farmer-owned cooperative dairy plants represented through the federation.

BEEF IMPORTS AFFECT DAIRY FARMERS

Dairy farmers are adversely affected by beef imports. First, they are directly affected to the extent that domestic prices for utility cows are lowered, because a substantial portion of beef marketed in the lower grades comes from dairy herds in the form of cull cows and veal.

Second, the price-support program for milk and butterfat is indirectly affected. This comes about because lower prices for utility cows tend to reduce the incentive for culling and thus leave more cows for longer periods in milk production.

BEEF FROM DAIRY HERDS

The relative importance of beef supplied from dairy herds can be determined by comparing 1965 cash receipts from farm marketings. Approximately 3 percent of agriculture's total cash receipts from farm marketings came from dairy cattle.

By way of comparison, the corresponding percentage for beef cattle was 19 percent and for milk and cream 18 percent. Tobacco produced 4 percent, cotton 8 percent, vegetables 5 percent, and sheep 1 percent. Approximately 18 percent of the cash receipts from dairying came from the marketing of cattle, and dairy cattle produced about 13.6 percent of the cash receipts from all cattle marketed.

The marketing of dairy cattle is, therefore, an important part of the dairy industry and, in fact, of the whole agricultural economy.

IMPORTS BURDEN DAIRY CATTLE MARKET

The tremendous increase in the volume of beef imports which has occurred in the last few years has come primarily from New Zealand, Australia, and Ireland.

The bulk of these imports has been in the form of beef similar to that produced from dairy cows with the result that the imports have fallen heavily upon the domestic dairy farmers.

The import agreement recently negotiated with these countries not only permits the level of imports to remain unreasonably high, but also commits future shipments to maintain about the same percentage of the lower grades of beef. This saddles a big portion of the adverse effect of the imports squarely on the backs of the American dairy farmers.

INCOME OF DAIRY FARMERS

Current income of dairy farmers is much too low. The Department of Agriculture has reported (Agriculture Information Bulletin No. 230, August 1963) the following returns per hour for the labor of dairy farm operators and family: dairy farms in the central northeast, 29 cents; grade A dairy farms in eastern Wisconsin, 62 cents; grade B dairy farms in eastern Wisconsin, 18 cents; and grade B dairy farms in western Wisconsin, 62 cents.

One of the objectives of the Department of Agriculture is to improve the income of farmers. Excessive imports of beef and dairy products which undersell the domestic price levels have the opposite effect.

PRICE SUPPORT PROGRAM

Domestic price levels for milk and butterfat, and the products of milk and butterfat, are supported under the Agricultural Act of 1949 (7 U.S.C. 1446). The current support prices are at 75 percent of parity, the lowest level permitted by the statute. Parity represents a relationship between the prices farmers receive and the cost of things that farmers buy. One of the basic objectives of the price support program is to keep the parity relationship reasonably in line and thus maintain the purchasing power of agriculture. Congress has recognized in this legislation that impairment of this important segment of the economy would have serious repercussions on the economy as a whole. It has recognized also the need for maintaining a domestic source of supply of these essential foods rather than to rely on oversea supplies which would be cut off in an emergency.

Under the price support program, the Commodity Credit Corporation stands ready to buy at announced price support levels, and thus remove from the market, all domestic supplies of cheddar cheese, butter, and nonfat dry milk which do not find a better outlet in commercial trade channels. Since prices for all dairy products have a definite relationship, the purchase of these three items by Commodity Credit Corporation serves to stabilize prices for dairy products generally and also to stabilize and support the prices farmers receive for milk and butterfat. The program is effective, and the announced level of price support is maintained.

Although the amount of surplus milk and dairy products is not large when measured as a percentage of total production, the actual volume, nevertheless, is substantial, and its effect on the market is serious. We are convinced that without supports the prices for milk and dairy products would fall to destructive levels.

CURRENT PRICE SUPPORT LEVELS

The current support price for grade A butter in New York is 58.75 cents per pound. The support price for cheddar cheese is 35.60 cents per pound, and spray process nonfat dry milk is being bought by CCC at 14.40 cents per pound. These prices are estimated to reflect a general level of prices to farmers of $3.15 per hundredweight for manufacturing milk and 58 cents per pound for butterfat.

Since the beginning of the current marketing year (Apr. 1, 1964, through May 31, 1964, delivery basis), CCC purchases under the price support program have amounted to 85.8 million pounds of butter, 15.0 million pounds of cheese, and 145.6 million pounds of nonfat dry milk.

In addition to price support purchases, other legislation is designed to encourage increased consumption of milk and dairy products. Under these programs, increased military and veterans' hospital use of milk is running at a rate of about 600 million pounds per year. The school lunch program accounts for 1.5 billion pounds of milk, and the special milk program utilizes another 1.4 billion pounds. Sizable quantities of butter, cheese, and nonfat dry milk are utilized by the school lunch program, and by the supplementary programs for the Armed Forces and the veterans' hospitals.

The Commodity Credit Corporation has not found disposal outlets sufficient to move the surplus dairy products acquired by it, and stocks have accumulated in its hands in the following amounts: On May 31, 1964: Butter, 159.9 million pounds; cheese, 54.2 million pounds; and nonfat dry milk, 201.9 million pounds.

IMPORTS BURDEN THE SUPPORT PROGRAM

Imports of butterfat and dairy products cast a direct burden on the support program in the following manner: The support prices, in general, are substantially above prices at which dairy products are sold in world trade. Thus imported dairy products are able to displace domestically produced products to whatever extent imports are available. Domestic butterfat and nonfat milk solids are thus deprived of a commercial outlet and are forced into the hands of CCC at the support price.

The added purchases caused by imports fall on top of CCC supplies which already exceed commercial outlets. Thus the added purchases are not only a dead loss, but, in fact, result in further storage and disposal costs as well.

The Department of Agriculture acknowledges imports of dairy products equivalent to 830 million pounds of milk for the year. The cost of purchasing this amount of milk through the price support program would amount to $33.9 million. In addition to these quantities, it must be recognized that many products containing milk solids and butterfat are imported without being reported in the ordinary statistics for specified dairy products. This is particularly true at the present time when foreign nations are developing products which are not normal imports to circumvent import controls, such as Exylone and Junex.

In addition to adding millions of dollars of unnecessary cost to the price support program, imports reduce the income of American dairy farmers by depriving them of more desirable commercial markets and forcing them to commit domestic production to CCC for less net returns.

For example, imports of frozen cream displace outlets for domestic fresh cream and drive down the market price for fresh cream. Domestic fresh cream actually displaced is made into butter and nonfat dry milk and sold to CCC at substantially less net return. That not actually deprived of a market suffers also from the lower market prices brought about by the imports.

The effect of these imports is, therefore, directly counter to the announced goal of improving the income of American agriculture.

It is not an answer to this to say that increased imports will be offset by increased exports. The sharp disparity between supported domestic prices and the prices at which dairy products move in world trade precludes any substantial increase in exports.

Whether this is good or bad is beside the point. It is simply a fact of life which must be faced. Domestic prices cannot be reduced to meet prices at which imports can be moved into this country without such a drastic reduction causing very serious repercussions to domestic agriculture and, in turn, the whole economy.

DOMESTIC AND WORLD PRICE LEVELS

The problem of imports, and to some extent that of exports as well, rest primarily on the wide disparity which exists between prices for dairy products in this country and prices for comparable commodities in world trade.

One indicator of this problem is the difference between the CCC purchase price for dairy products under the price support program and its selling price for the same products which are moved into world trade. The export prices reflect the general level at which dairy products can be moved in world trade. The fact that small volumes actually move out of CCC warehouses into world trade at these prices indicates that the export levels are not below the competition in the world market.

By way of comparison, the CCC purchase price for grade A butter in New York is 58.75 cents per pound. The export price for butter for the week ending June 25 was 30.6 cents per pound. The corresponding price for cheddar cheese was 35.60 and 28 cents per pound.

IMPORT CONTROLS

When the price support programs were enacted in 1933, Congress recognized that import controls would be required to prevent imports from unduly burdening and disrupting the programs. Controls were provided in section 22 of the Agricultural Adjustment Act (7 U.S.C. 624).

Obviously no support program can be maintained in this country which provides for prices above the level at which imports can be brought in unless import controls are maintained. Without such controls, the support program would operate to support the prices of dairy products moving in world trade until it broke down under the weight of the imports. And without controls, our higher price levels would attract world surpluses to our shores and further burden our markets which are already in difficulty because domestic supplies exceed commercial demand.

This is not an unusual situation. The European Common Market, now that it plans to advance the welfare of its agricultural producers, finds itself faced with the same problem. It is taking steps to prevent products which move in world trade at lower prices from tearing down its goals for more equitable returns for its domestic agriculture.

Controls are presently in effect in the United States under section 22 on the following commodities:

Item	*Annual import quota, pounds*
Butter	707,000
Butteroil and substitutes	1,200,000
Dried cream	500
Malted milk	6,000
Dried whole milk	7,000
Nonfat dry milk	1,807,000
Dried buttermilk	496,000
Cheddar cheese	2,780,000
Edam and Gouda cheese	9,200,400
Blue-mold cheese	5,017,000
Italian-type cheese	11,500,100

Import controls under section 22 are urgently needed on frozen cream, Colby cheese, and Junex. Colby cheese is not a normal import and is used to circumvent the quota on cheddar cheese. Junex is a butterfat and sugar mixture containing just under 45 percent of butterfat. It is used to circumvent the import quota on a similar product containing over 45 percent of butterfat. The latter product, Exylone, is not a normal import and was used to circumvent the import quota on butteroil. Butteroil is not a normal import, and it was used to circumvent the quota on butter. Both butteroil and Exylone have since been placed under quotas.

There is a temporary voluntary agreement on imports of frozen cream, Colby, and Junex.

In addition to the three items mentioned, section 22 controls are needed on other dairy products. For example, imports of Swiss cheese are rising and should be put under controls.

Section 22 carries its own provisions which make allowances for the interests of importers and of foreign nations. These provide that imports may not be reduced below 50 percent of the level which prevailed in a representative period.

Except for this provision, Congress has made it clear that the foreign trade programs and policies are not to override the programs which Congress has set up for American agriculture.

Subsection (f) of section 22 provides in unequivocal terms that: "No trade agreement or other international agreement heretofore or hereafter entered into by the United States shall be applied in a manner inconsistent with the requirements of this section."

The present wording of this subsection was adopted in 1951, and it applies directly to the trade agreements program. Its positive and forceful statement of congressional policy is further emphasized by the fact that the 1951 amendment reversed an amendment of 1948 which would have prohibited the use of section 22 controls in contravention of a trade agreement.

This firm policy of Congress—that the foreign trade program should not be permitted to impair the domestic agricultural programs it has enacted—was restated and reenacted in the Trade Expansion Act of 1962.

Section 257(h) of that act provides: "Nothing contained in this act shall be construed to affect in any way the provisions of section 22 of the Agricultural Adjustment Act, or to apply to any import restriction heretofore or hereafter imposed under such section."

CONCLUSION

Imports of beef have increased at an alarming rate in the last few years. The imports are of a type which downgrade the market for cull dairy cattle and veal at a time when active culling is badly needed to bring domestic production of milk more nearly into line with demand.

Thus the beef imports not only reduce the income of American dairy farmers by reducing the prices received for veal and cull cattle, but also burden the price support program to the extent that the lower beef prices deter the aggressive culling of dairy herds.

One of the reasons our beef imports have increased is that the European Common Market has restricted its imports to improve the economic welfare of its own producers. The effect is to divert beef from Australia, New Zealand, and Ireland to this country. Since we do not need this beef, we are, in effect, subsidizing these countries at the expense of the American farmer.

We need in this country effective programs to improve the economic condition of our own farmers. One way they could be helped would be to provide controls on imports of beef and dairy products. These imports are not needed, and their effect is to drive still lower the already inadequate income of our own farmers and to add millions of dollars of unnecessary cost to the price-support programs.

We urge you to approve legislation which will provide effective import controls on beef and dairy products.

NATIONAL COUNCIL OF AMERICAN IMPORTERS, INC.,
New York, N.Y., June 25, 1964.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance, U.S. Senate,
New Senate Office Building, Washington, D.C.

SIR: Early last April, we wrote to Mrs. Elizabeth B. Springer requesting an opportunity to present oral testimony when public hearings were held by your committee on the proposed amendment to H.R. 1839, offered by Senator Mike Mansfield for himself and 24 other Senators. This proposed amendment related to quotas on imports of beef, veal, mutton, and lamb.

In our letter of April 7, 1964, we nominated Mr. James R. Sharp, of the Washington law firm of Sharp & Bogan, and a member of our law committee, to be our spokesman. Mr. Sharp is at present in Australia, but his office notified us this morning that they had just received a letter that your committee will not be able to hold public hearings on the Mansfield amendment, but, instead, would accept representations filed no later than tomorrow, June 26.

The National Council of American Importers wishes to register strong opposition to the proposed amendment to H.R. 1839, by Senator Mike Mansfield for himself and 24 other Senators. This amendment proposes to limit the total quantities of beef, veal, mutton (in all forms, except canned, cured, and cooked meat, and live animals), and lamb to a yearly amount not exceeding the average anual quantities of such products imported during the 5-year period ending on December 31, 1963. In short, this means the establishment of an annual quota on the importation of fresh or frozen beef, veal, mutton, and lamb to the annual average of our imports of such products in the years 1959 to 1963, inclusive.

The national council, which is the representative organization of our import trade as a whole, has always been firmly opposed to the regulation of any class of imported commodities by quotas, rather than by reasonable and appropriate tariff rates. May we respectfully remind your committee of the statement contained in the Report of the Subcommittee on Foreign Economic Policy of the Joint Committee on the Economic Report of the Congress, issued on January 5, 1956, which was as follows;

"In time of war, quotas on imports are the counterpart of necessary domestic controlled allocation. But, carried over to normal times, quotas are designed for a purpose similar to tariffs. They are worse because they may be insensitive to changes in the volume of demand, and to changes in costs of production and prices, and are almost always discriminatory in assigning shares of the market. A quota has the purpose of boosting the market price just as does the tariff. If consumer demand grows, except by specific administrative action, there can be no increase in imports as even a tariff allows, and the only alternative is for the price to rise even more. Quotas imply the assignment of shares, and this inevitably means that choices must be made among countries of supply and individual traders."

While this report was issued over 8 years ago, we respectfully submit that it is still valid, and we thoroughly agree with its reasoning.

The proposed Mansfield amendment to H.R. 1839 is not only objectionable on these general grounds, but it is also clearly special-interest legislation designed to protect the cattle feeders from import competition.

We agree that the rising imports of fresh or frozen beef, veal, mutton, and lamb do present a special problem, but we believe that it should be noted that the U.S. Tariff Commission is currently conducting an investigation on the conditions of competition in the United States between beef and beef products produced in this country and in foreign countries. This investigation is under section 332 of the Tariff Act of 1930 pursuant to a resolution adopted November 20, 1963 by your committee. The Tariff Commission held a hearing on this subject in April, and is due to make a report to your committee next week on June 30.

Furthermore, on April 1, 1964, President Johnson sent letters to both the House and the Senate urging the establishment of a 15-member committee to study the changes taking place in the American food industry, and to conduct a detailed inquiry into all factors influencing food prices. The President's suggestion was that a committee be established consisting of five Members of the House, five Senators, and five private citizens to be appointed by the President. Senator Gale W. McGee, one of the cosponsors of the proposed amendment to H.R. 1839, promptly introduced an amendment to Senate Joint Resolution 71 that had been introduced by him on April 26, 1963, to establish a bipartisan National Commission on Food Marketing to carry out the President's new proposal. Senate Joint Resolution 71 is now pending before the Senate Committee on Commerce.

In view of the fact that the Senate Committee on Commerce is giving active consideration to the McGee amendment to Senate Joint Resolution 71, and also that the Tariff Commission is now conducting an investigation of beef and beef products, we respectfully submit that any action on the Mansfield amendment to H.R. 1839 by your committee at this time would be premature.

Another important objection to the Mansfield amendment is that only recently the United States concluded agreements with Australia and New Zealand in which these two foreign countries, the principal suppliers of fresh or frozen meat imports, have agreed to limit their future exports of those products to the United States. Unilateral action in the form of a much more restrictive quota arrangement, as envisioned by the Mansfield amendment, would certainly infringe on international agreements, negotiated and concluded in good faith, and would, therefore, be a serious affront to these two friendly countries.

The proposed quotas would also result in serious psychological repercussions in foreign countries, and tend to frustrate the attempts of our own Government to persuade other countries from employing quotas against our exports. In our view, the enactment of restrictive legislation on meat products in the early days of the Kennedy round would hamstring the U.S. delegation which will be striving to persuade the Common Market countries and other contracting parties to the General Agreement on Tariffs and Trade to eliminate quotas and other artificial restrictions on agricultural as well as on industrial products.

We respectfully submit that new restrictions on imports are not the solution for the livestock problem. It is well known that domestic production has been greatly increased as a result of the Department of Agriculture's feed grain subsidy.

American consumers, as taxpayers, are already paying for the feed grain subsidy program, and to impose a limitation on the imports of manufacturing grades of beef, veal, mutton, and lamb that are chiefly used for hot dogs, hamburgers, and bologna, extensively purchased by low-income groups, means that they will have to pay both the feed grain subsidy as taxpayers and higher prices for their hot dogs. This would hit the consumers in both pockets.

Respectfully yours,

HARRY S. RADCLIFFE,
Executive Vice President.

MEAT IMPORTERS' COUNCIL,
New York, N.Y., June 24, 1964.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.

DEAR SENATOR BYRD: In response to the notice contained in your letter of June 18, I am enclosing herewith 20 copies of a statement filed by the Meat Importers' Council with the U.S. Tariff Commission in connection with the investigation conducted by that Commission pursuant to direction of your committee.

The said statement includes all of the facts and views of the Meat Importers' Council which are considered to be relevant to legislation pending before the Committee on Finance and in the form it would be presented if I were permitted to appear in person and testify.

I accordingly request that copies of the said statement be circulated among the members of the committee for consideration and inserted in the hearings in the same manner as if read into the record.

Thanking you, and with every good wish, I am,

Sincerely,

SYDNEY M. WASHER.

BRIEF OF MEAT IMPORTERS COUNCIL, INC.

The Meat Importers Council, Inc., submits the following statement pursuant to leave granted at the conclusion of the public hearing herein. Said council includes 31 importing concerns located throughout the country who engage in active, keen competition, each with the other, in the importation and sale of beef and beef products in the United States. Its total membership,[1] is is believed, accounts for the major part of all such products entering the United States.

This is a general investigation instituted by the Commission on November 26, 1963, under the authority of section 332 of the Tariff Act of 1930 (19 U.S.C. 1332), as amended, of the conditions of competition in the United States between between beef and beef products produced in the United States and in foreign countries.

The investigation was instituted pursuant to a resolution adopted November 20, 1963, by the Committee on Finance, U.S. Senate, directing the Commission to report results of the investigation not later than June 30, 1964, and in its report to set forth "a summary of the facts obtained in the investigation, including a descripion of the domestic industry, domestic production, foreign production, imports, including sources of foreign supply, consumption, channels and methods of distribution, price, U.S. exports, U.S. customs treatment since 1930, and other factors affecting the competition between domestic and imported beef and beef products."

A public hearing was held in Washington on April 28, 29, 30, May 1, 5, and 6 at which representatives of interested parties appeared and offered evidence.

In an investigation under section 332 the Commission acts solely as a fact-finding agency. In this case, accordingly, announcement was made at the outset of the hearing that the Commission will report the facts bearing on the competition between domestic and imported beef and beef products, and that "the Commission will not take or recommend any action directed toward alteration of existing restrictions applicable to the imports of beef and beef products."

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[1] A complete list of all present members is set forth in the appendix.

With this limitation in mind, the following comments and suggestions are offered in aid of the Commission's determination of relevant facts.

SCOPE OF INVESTIGATION

The investigation, as above indicated, is limited to a determination of conditions of competition in the United States between beef and beef products produced in the United States and in foreign countries.

It is recognized that the Commission has gathered considerable evidence in the course of its investigation and that the hearing is but an incident therein. Nonetheless, it should be noted that at the hearing the only evidence offered on behalf of domestic producers was by cattle raisers, cattle feeders, and meat processors. Some of these latter organizations, to be sure, slaughter cattle and produce beef as an incidental part of their operations. No formal presentation whatever, however, was made by or on behalf of the domestic beef industry.

Cattle are not beef or beef products. Cattle are the source of beef and beef products.[2] Again, cattle are not competitive directly or indirectly with beef or beef products. It is, perhaps, for this clear reason that the cattle raisers and feeders have deliberately bypassed the escape clause provisions of the Trade Expansion Act—the basic procedures established by Congress to redress injury to domestic industries from import competition.

The spokesman for the cattle raisers frankly acknowledge that the requirements of the said provisions would be very difficult, if not impossible, for the livestock industry to meet. Further, that it would indeed be difficult, if not impossible, to ascertain the special impact of imports on each separate segment of the total industry, demonstrate specific injury and set up an assistance program effective for each segment (Tr. 134, 135, 86, 123).

This frank admission by the cattle raisers of the difficulty, if not impossibility, of demonstrating injury from imports of beef (Tr. 123) supports, it is submitted, the sound conclusion that the primary effect of imports of beef and beef products must be judged on the impact, if any, of such imports on domestic producers of beef and domestic producers of beef products. If imports have resulted in any injury, it would seem manifest that the first and immediate evidence thereof would be reflected from the producers of "beef." No such evidence has been offered and it is believed none exists. Domestic producers of beef products, another scource of proof of injury, if injury exists from imports, strongly support the need for continued, unrestricted imports as a vital supplement to an inadequate domestic supply. The interests of the consumer support this conclusion.

SUMMARY OF FACTS

All of the available data, including official and trade sources and reports, and the evidence adduced at the public hearing in this investigation, clearly sustain the following findings of fact:

1. Imports of beef increased to meet the rapid growth requirements of the domestic beef products industry and to fill the substantial deficiency in the domestic supply of lean manufacturing beef.

2. Imports of lean manufacturing beef are not competitive in any degree with the domestic oversupply of fed beef and make possible valuation utilization of a portion thereof.

3. The economic structure of the domestic cattle industry offers no evidence of ability to meet the ever-increasing domestic demand for lean manufacturing beef and adequate imports are, therefore, essential.

4. The present cattle cycle has developed record increases in cattle inventories acompanied by a large expansion in production and irregular marketing of overweight cattle—the basic direct cause of lower prices for domestic fed cattle.

5. The buildup of beef cattle inventories, the tremendous increase in grain feeding resulting from ever-expanding feedlot operations, and the decline in the size of the dairy herd, reduced the slaughter of lean manufacturing cattle, despite a sharply increasing demand for this type beef from manufacturers and processors.

6. Any assessment or calculation of possible import impact should not include imported live animals or imported canned beef products.

7. Existing agreements and recent developments provide adequate protection to American cattle raisers and feeders.

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[2] The Tariff Schedules of the United States carefully distinguish between cattle, beef in its various forms, and beef products. Separate classifications and separate rates of duty apply thereto.

1. Imports of beef increased to meet the rapid growth requirements of the domestic beef products industry and to fill the substantial deficiency in the domestic supply of lean manufacturing beef

Imports of fresh and frozen beef[3] consist almost entirely of frozen boneless beef, the bulk of which is suitable only for manufacturing use.[4] This type of beef is generally termed 90 percent visual lean. As a rule of thumb this will generally test chemically at 85 percent lean or only 15 percent fat content and the product when sold carries this lean content guarantee.[5]

The rapid rise in beef imports begining in 1958 is accounted for entirely by imports of boneless beef. This increase coincides with a sharp drop in the supply of domestic boning beef as shown by the following data.

Pounds of lean manufacturing beef (carcass equivalent) per capita

Year	From domestic Cutter and Canner cows and bulls	From imported boneless manufacturing beef	Year	From domestic Cutter and Canner cows and bulls	From imported boneless manufacturing beef
1954	13.2	0.1	1959	7.3	3.4
1955	14.0	.2	1960	7.9	2.6
1956	13.6	.2	1961	7.0	3.6
1957	12.3	.7	1962	7.1	5.8
1958	8.1	2.0	1963	6.3	6.5

NOTE.—Based on table 7, appendix.

The reasons for the decline in domestic lean manufacturing beef are hereinafter developed. It suffices to say here that in the face of this declining supply of domestic manufacturing beef, it would have been impossible for the domestic processed beef product industry to meet the growing demand for hamburgers, sausage, and the like, and accomplish its tremendous expansion without increased imports. In the absence of imports, the quantities of lean manufacturing beef would have been totally inadequate.[6] High prices for such meat during the 1957–59 period, and, it is believed, even higher prices subsequently, did not and would not have increased the domestic supply appreciably, because the cows were committed to much more valuable purposes, namely, production of calves and milk.

If imported lean beef had not been available in sufficient supply, the consequences would have been disastrous to the beef processing industry and the consumer would have been adversely affected as well.[7] It is particularly important to note that the increased volume of imports not only served a very useful purpose but did not prevent a well-sustained price level for cows, especially for Cutter and Canner cattle, whose meat is most in demand for manufacturing purposes.

2. Imports of lean manufacturing beef are not competitive in any degree with the domestic oversupply of fed beef and make possible valuable utilization of a portion thereof

Virtually all imported beef supplements and is of the same type as domestic Canner and Cutter boneless cow and bull beef, which accounts for most of the domestic lean manufacturing beef production.[8] At the point where imports began to form a substantial part of the lean manufacturing beef supply, the price of Canner and Cutter cows had advanced to levels which by comparison with prices for table beef animals were excessive. The data below illustrate the comparatively great rise in the price of manufacturing beef animals.[9]

[3] See appendix tables 10 and 11.
[4] A negligible part of the total imports can be used as table beef. Witnesses Washer, Tr. 678, Gibson, Tr. 764.
[5] Witness Washer, Tr. 661.
[6] See Witnesses Allen, Tr. 728–729, and Gibson, 764, 778.
[7] See Witness Kern, Tr. 813.
[8] See Allen, Tr. 712.
[9] Based on appendix, table 5.

Indexes of cattle prices (1954–57=100)

	Choice steer, Chicago	Canner and Cutter cows			Cutter (bologna) bulls, Chicago
		Chicago	St. Paul	Fort Worth	
1954–57	100	100	100	100	100
1958	117	159	161	165	155
1959	118	156	156	157	155
1963	99	129	132	130	132

The 10-year history of prices indicates the extremes to which manufacturing beef cattle prices rose following the very depressed prices caused by excessive marketings under drought conditions in the early part of the period. It should be observed that the strong prices of 1958 for manufacturing beef cattle reflected an acute shortage in supply. The carryover of these excessively high prices into 1959 might have been expected to stimulate the supply if offerings of such cattle normally responded to the prices at which they sell. This was not the result and Canner and Cutter cow beef declined further from 1.4 billion pounds in 1958 to 1.3 billion pounds in 1959.[10] This is a typical example of the relative inelasticity of the supply of cows whose availability is primarily determined by the value of their contributions in milk or calves.[11] The supply and price situation has been relatively stable in the years since 1959. Imports in this period have compensated to a large extent for the deficiency of domestic lean manufacturing beef but the supply has not been adequate. As a result, prices for boneless beef, both domestic and imported, have been steady during the 1960's except for short intervals.[12] Quite clearly increased imports have not brought about low prices for domestic Canner and Cutter cattle. In fact these prices have been some 30 percent above the average prices prevailing in the 1954–57 period. They will probably continue to be strong without relation to fed beef price levels.

Meat processors generally prefer domestic boneless beef to frozen imported boneless beef in many of their operations.[13] This is usually reflected in a premium of 1 to 2 cents a pound in the price for fresh beef over the price for frozen beef. Although processors have generally favored the domestic product, an adequate and stable supply has not been available for many years.[14] This shortage of Canner and Cutter beef forced boneless beef suppliers and users to supplement domestic supplies with imports.[15] They have, therefore, adapted their operations to the utilization of the imported product.[16]

A rise in prices for Canner and Cutter animals will not bring about an appreciable improvement in the domestic supply of this type of beef. This conclusion is fully supported by the testimony before the Commission[17] and is manifestly clear from the history of 1958–59 when despite an extreme rise in the prices for lean manufacturing beef the domestic supply continued to dwindle.

Beef falls into two broad categories—(1) manufacturing quality which is lean and tough in character; imported beef falls into this category, and (2) table beef utilized for steaks and roasts produced from domestic fed cattle. The so-called two-way beef which is flexible has more and more, in recent years, gone into the expanding feedlot operation, and has not gone to the slaughterhouse as might have been the case if feedlot operators were not actively competing for this type of animal.

The domestic cattle industry has recognized the need for lean manufacturing beef in the profitable disposition of fed beef residue.[18] It has been asserted, however, that imported beef is competitive with fed beef generally and, in particular, with the byproduct fatty trimmings and rough cuts of fed beef.[19] This contention is completely untenable.

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[10] See appendix, table 8.
[11] See Witnesses Gibson, Tr. 770, and Allen, Tr. 724.
[12] See appendix, table 12.
[13] See Witnesses Washer, Tr. 685, and Kern, Tr. 810.
[14] See Witnesses Weingarten, Tr. 829–830, Kern, Tr. 808, Rind, Tr. 839, and Tackeff, Tr. 824.
[15] See Witness Kern, Tr. 808; see also statement filed by boner of manufacturing beef, B. Schwarts.
[16] See Witness Weingarten, Tr. 831.
[17] See Witnesses Kern, Tr. 812–813, and Rind, Tr. 839–840.
[18] See Witness McMillan, Tr. 146–147.
[19] See Witnesses McMillan and Jones, Tr. 92 and 242–248, respectively.

Rather than being competitive with fed beef, it is well recognized that lean manufacturing beef is a very necessary complement to the utilization of fatty trimmings and rough cuts from the fed beef carcass.[20]

Witness Breimyer states "Restrictions on beef imports would accentuate the fat problem in fed cattle, for lean imported beef is now used for mixing with [domestic] fat trimmings. Without the lean imports the large tonnage of [domestic] trimmings would be an even greater economic loss."[21] This statement is in accord with the great weight of all evidence available and fully supports the conclusion that imported lean beef is not competitive with either fed beef or the residue thereof. On the contrary, lean beef is a vitally necessary aid to the disposition of a considerable part of the fed beef carcass.[22]

3. The economic structure of the domestic cattle industry offers no evidence of ability to meet the ever-increasing domestic demand for lean manufacturing beef and adequate imports are, therefore, essential

The cattle industry has increasingly shifted its emphasis to fed cattle and has reduced its production of lean grass-fattened animals. In the course of this change tremendous investments have been made in feedlots which engage in large scale production of intensively fed cattle.[23] This expansion in the production of grain fed cattle has been underwritten by the abundant feed grain supply which promises to continue to be large.[24] Finally, the demand on the part of the American public for grain-fattened rather than grass-fattened table beef portends a continuing and expanding market for grain-finished beef.[25]

Fed beef cannot be substituted for lean manufacturing beef,[26] and any added supplies of domestic manufacturing beef must come primarily from the cow and bull herds. However, it is not the total numbers in such herds that count but rather the number that will be culled for slaughter. There appears to be no prospect that the volume of lean manufacturing beef animals will increase over the long term period. The primary reasons for this condition are the decline in dairy cow numbers, the decline in bull numbers because of the employment of artificial insemination, the holding of beef cows beyond normal culling age and the practice of grain-feeding cull animals which removes them from the lean manufacturing beef class.[27]

If supply is not supplemented by large imports, sharply higher prices will result as processors vie for the lean beef. The curtailment of their operations would cause large unemployment[28] in the processing industry and probable loss of productive capacity.[29] The higher prices would reduce demand for processed beef products and shift demand primarily to products such as spaghetti, poultry, and the like. In the case of hamburger in particular, the price increase would be great enough to severely limit its consumption[30] and thus severely reduce the utilization of fat trimmings from table beef.[31]

The most likely increase in supplies would come from greater liquidation of old cows in the beef herd and this would add only temporarily to the supply. With the present growth in demand for beef based on trends of the past decade[32] the likelihood of drastic herd liquidation is not great and any passing increase in beef cow liquidation would be relatively smaller than in past cattle cycles.[33]

Unless there are drastic changes in the economy of the cattle industry it is safe to predict that there will be, over a period of years, a shortage of domestic lean manufacturing beef in the United States. Furthermore, the volume of fat

[20] See DeGraff "Beef Production and Distribution," p. 109.
[21] See Witness Breimyer, Tr. 615.
[22] See appendix table 6.
[23] DeGraff exhibit 22, p. 7; Breimyer, Tr. 612; McMillan exhibit 21, p. 1.
[24] See Witness Washer, Tr. 663.
[25] See Witness Allen, Tr. 715.
[26] See Witness Weingarten, Tr. 830.
[27] See Witnesses Gibson, Tr. 770, and Kern, Tr. 811.
[28] Russell B. Dresser, director of the Packinghouse Department, Amalgamated Meat Cutters and Butcher Workmen (AFL–CIO) has stated that in the absence of large imports in recent years "Workers in sausage processing would have taken layoffs by the hundreds. Total volume of meat for retail sales would have been cut and with it total consumer supplies of meat. Prices on lower grades (of cattle) might have been higher but without bringing any increase in supply" (The National Provisioner, Jan. 25, 1964).
[29] Kern, Tr. 807, 808.
[30] Without imports "the price of hamburger would have gone up to 70, 80, or 90 cents per pound." Statement, N. L. Choplicki, vice president National Tea Co., Supermarket News, Mar. 30, 1964.
[31] Allen, Tr. 729.
[32] See appendix table 18.
[33] Gibson, Tr. 775.

trimmings and rough cuts from fed cattle will increase, requiring a constantly increasing supply of lean manufacturing beef as a supplement for blending with this otherwise economically burdensome byproduct.

4. The present cattle cycle has developed record increases in cattle inventories accompanied by a large expansion in production and irregular marketings of overweight cattle—the basic direct cause of lower prices for domestic fed cattle

During each of the years from 1960 to 1964 the inventory of beef cattle increased successively to record high levels over each of the preceding years. By January 1, 1964, the inventory totaled 79 million head and was 33 percent greater than it was in 1958. This increase resulted, to a large extent, from the low rate of slaughter although the inventory buildup included other herd categories as well.

The increment to the beef herd has also been accompanied by an increase in total cattle slaughter which went up approximately 17 percent from 24 million head in 1958 to 28 million head in 1963. At the same time, beef production developed at an accelerated rate and outpaced the rate of cattle slaughter because of the increase in the average weight of the cattle being marketed. Beef production rose by 24 percent from 13.3 billion pounds in 1958 to 16.4 billion pounds in 1963. The increases in cattle slaughter and beef production were especially sharp in 1963 with slaughter increasing 6 percent and beef production by more than 7 percent above the 1962 levels.

The rise in the supply of domestic beef by more than 3 billion pounds annually between 1958 and 1963 at a rate far in excess of the rate of slaughter, occurred primarily as a result of the increasing number of grain fed cattle from the feedlot that went into the slaughter mix. Additionally, the decline in the slaughter of cows, the dressed carcasses of which have an average weight below that of fed cattle, has affected the ratio of slaughter rate to beef production.

During the period of the present beef cattle cycle, the number of cattle sold from feedlots increased 41 percent from 10.8 million head in 1958 to 15.3 million head in 1963. However, the intensified practice of grain feeding has resulted in an increase of 2½ percent in the average weight of fed beef carcasses so that the total fed beef production increased by 45 percent.

The burdensome supply of table beef in the market today is largely the result of the practice of intensified grain feeding. Moreover, these feeding methods have created too much fat, heavy beef which the consumer finds less desirable than beef produced from cattle that have not been overfed. This additional factor has also made the present marketing problem more difficult for the domestic cattle producers. It is probable, however, that fed cattle will continue to predominate in domestic beef production because of the abundance of low-priced feed grains and the consumer preference for grain fed table beef. "The day of a market for grass-fed cattle is gone * * *."

Domestic cattle producers and feeders have persistently attributed to imports the responsibility for the decline in fed cattle prices. However, repeated admonitions by the U.S. Department of Agriculture and by eminent agricultural economists have been directed to this industry, urging producers and feeders to

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See appendix, table 1.
See appendix, table 2.
See Witness Allen, Tr. 721–722.
See appendix, table 8.
See Witness Breimyer, Tr. 607–608.
See appendix, table 4.
See Witness Kern, Tr. 810.
See Witness Breimyer, Tr. 608–609.
Quoted from speech of C. W. McMillan. See exhibit 21, and Witness Breimyer, Tr. 612–618.

regularize their marketing practices and to bring down the weight of the animals they offer for slaughter in order to improve cattle prices.[43]

Similar advice was given to cattle producers recently by Dr. Herrell DeGraff who stated:[44]

"If you are a feeder, do not overfeed the cattle in your lots. Additional gain is costly—ruinously so—heavyweights are discounted, and the extra pounds of carcass do not help the market. Historically there have been few times when light cattle were coming to market that the cattle industry was in trouble. It's almost always in trouble when the cattle are too heavy.

"Do not bunch the marketings. We are in a time of high beef volume in the market—a time when bunched-up marketings can only mean further price troubles."

Prices for fed cattle weakened in 1963 and continue to be soft at the present time. This weakness followed strong prices in 1962 which averaged $3 a hundred pounds higher than in 1961 and $6 higher than prices in early May 1964.[45] It is noteworthy that the average weight of choice steer in 1962 was 28 pounds below that in 1961 and substantially under current weights which for all grades were about 82 pounds heavier in May 1964 than in May 1963.

Reference to available data on domestic production and imports of beef and veal would seem to clearly refute any suggestions that imports have contributed to the drop in domestic cattle prices. Thus, in 1962, a year of high domestic prices, domestic production decreased a nominal 2 million pounds; while imports of boneless beef, which accounted for substantially all of the increased volume, rose from 528 million pounds to 819 million pounds or by 291 million pounds. In 1963, domestic production rose sharply to an all-time record total of 16,423 million pounds or by 1,127 million pounds. In the same year, imports rose from 819 million pounds to 940 million or by only 121 million pounds.

If imports were the cause, why did not domestic prices break in 1962, the year of greatest import increase and when domestic production showed no increase. Clearly, the sharp rise in domestic beef production in 1963 was the depressing factor.

The contention that imports have been a major factor in depressing fed beef prices has been effectively rebutted not only by the U.S. Department of Agriculture, but also by such economists as DeGraff, Kollner,[46] and others.[47] These authorities have concluded that imports have not been responsible for more than a nominal part (about 50 cents a hundred pounds) of the decline in fed beef prices.

Testimony at the Tariff Commission hearings established, however, that even the alleged minimal effect of imports upon fed cattle prices was highly theoretical and did not take into consideration the following significant factors:[48]

(a) the extent to which the demand for fed beef would have been weakened in the absence of a large market for processed beef products, particularly hamburger, and

(b) the extent to which the use of fed beef rough cuts and fat trimmings would have been curtailed in the absence of lean beef imports.

The availability of processed beef products at prices which tend to stimulate demand has unquestionably been a large factor in maintaining a consumer

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[43] In its November 1963 issue of Livestock and Meat Situation, the U.S. Department of Agriculture stated: "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 marketing 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 its May 1964 issue of the Livestock and Meat Situation, the Department noted that: "Steers sold at first hands in 14 selected markets averaged 1,165 pounds liveweight (all weights and grades) in March, 82 pounds heavier than a year earlier. Heifer weights at these same markets were up 22 pounds.

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"Because of prospective large marketings, fed cattle prices likely will continue near the first quarter average of $21.84 for Choice steers at Chicago for the rest of the spring and into the summer."

[44] Exhibit 23, speech, "Livestock Price and Profit Outlook" given at the 16th Annual National Livestock Conference, Mar. 5, 1964.

[45] Choice steer Chicago, see appendix table 5.

[46] See exhibit 28.

[47] See Witnesses Breimyer, Tr. 613–616 and Allen, Tr. 722.

[48] See Witnesses Gibson, Tr. 674, Allen, Tr. 727.

preference for beef and beef products which otherwise would have been transferred to less expensive nonbeef products.

The fat trimmings and rough cuts from fed table beef are not salable in that form to the ultimate consumer and amount to approximately 30 percent of the fed beef carcass. These block beef byproducts are readily accepted by the consumer in the form of hamburgers and other beef processed products when blended in the proper proportions with lean manufacturing beef. It is in this role that imported manufacturing beef has become an indispensable adjunct to the profitable disposition of the large volume of block beef residue.[49]

It is estimated that in the absence of the lean beef complement the income to the retailer from a fed beef carcass would be reduced by more than $9 per carcass.[50] This $9 per carcass when translated into the addition to the live cattle price which the cattle producer might expect to receive, amounts to more than 80 cents per hundred pounds and more than offsets the 50 cents per hundred pounds by which imports are alleged to have depressed fed cattle prices.

5. The buildup of beef cattle inventories, the tremendous increase in grain feeding resulting from ever-expanding feed lot operations and the decline in the size of the dairy herd reduced the slaughter of lean manufacturing cattle, despite a sharply increasing demand for this type beef from manufacturers and processors.

The downward trend of production in lean manufacturing beef animals (primarily cows and bulls) has been due to several factors. First, the decline in dairy cow numbers[51] which has been in evidence for many years has reduced the base for dairy cow cullout.

Another factor that has reduced the production of manufacturing beef animals has been the growing practice of artificial insemination which has caused the bull herd to drop relative to the cow herd. This has resulted in a greatly reduced number of bulls available for slaughter and a consequent shortage of bull meat for manufacturing purposes.[52] The buildup of the beef cattle herd has also greatly reduced the cullout of beef cows many of which have been held beyond normal culling age.[53]

The aggregate and cumulative effect of the factors described above has been a decline in the total output[54] of cow and bull beef from 4.1 billion pounds in 1954 to 2.9 billion pounds in 1963. Production of Cutter and Canner cow beef in the same period declined even more drastically from 2.1 billion pounds to 1.2 billion pounds. Measured in the more realistic terms of per capita supply of this type of beef the output for all cow and bull beef fell from 25.9 to 15.4 pounds per capita and for Cutter and Canner cow beef from 13.2 pounds to 6.3 pounds per capita between 1954 and 1963.[55]

It is particularly important to note that the domestic supply of lean manufacturing beef has been declining in the face of increasing per capita demand for processed beef products.[56] The management of the beef herds, however, has placed increasing emphasis upon the production of more fed beef and less lean beef. Dairy herd management has, at the same time, progressively emphasized the desirability of smaller herds with greater milk yield per cow. These practices can only be expected to continue and quite probably will become more prevalent.

There is little prospect that domestic supplies of lean manufacturing grade beef will improve except to the limited extent that temporary increases occur coincident with declines in the beef cattle cycle. Such in increase in supply might fulfill part of the existing deficiency briefly, but smaller domestic production of lean manufacturing beef would follow with the renewal of the beef cattle herd buildup. In short, it is virtually certain that the present severe deficiency in domestic lean manufacturing beef supplies will become increasingly acute, and must be considered to be a chronic condition.[57]

It has been asserted by cattle producers that they might cull cows more generously if prices were higher. This was not borne out in 1958–59 when exceptionally high prices did not lead to increased cow slaughter. That these

[49] Witness McMillan, Tr. 146–147 and 149–150.
[50] Witness Gibson, Tr. 674, Tr. 777, and appendix table 6.
[51] See appendix table 1.
[52] See Witness Rind, Tr. 837.
[53] See Witness Kern, Tr. 811.
[54] See appendix table 3.
[55] See Witness Gibson, Tr. 768.
[56] See appendix table 7.
[57] See Witness Allen, Tr. 728.

statements do not reflect the facts was also made abundantly clear in the testimony of witness Gibson who observed: [58]

"The cattlemen do not keep cows for slaughtering. The cow is basically a wornout investment that is being converted from a non-productive asset into cash and the market price for this cow is not the deciding factor in the timing of the liquidation. The real reason that cows are sold has more to do with their basic function than the price. In the dairy herds that function is to produce milk and, recently, to raise crossbred calves for feedlot fattening. In the beef business it is to produce the feeder calf. When the chances of one more calf to sell from 22 to 35 cents a pound at weaning justifies the risk, the cattlemen will hold the cow through another winter. It is not the market price of the cow but the market price of the calf that influences the sale of the breeding cow." [59]

Over the last decade the supply of domestic lean manufacturing beef declined on a per capita basis by over 50 percent [60] and the per capita consumption of processed beef products, excluding hamburger, increased from 8.8 to 14.4 pounds, or by 64 percent.[61] Hamburger consumption in 1963 is estimated at 29.8 pounds per capita,[62] a figure which it is believed bears about the same relation to total per capita consumption of beef as it did in earlier years.

The increase in per capita consumption of all processed beef products does not measure the increased volume of lean beef required for manufacturing purposes, which percentagewise is considerably greater than per capita figures would indicated.[63] The population increase in the last decade was over 17 percent. These combined factors of increased per capita consumption and population growth have stimulated demand for lean manufacturing beef in a period when the domestic lean Cutter and Canner cow beef was declining in absolute volume from 2.1 to 1.2 billion pounds.

The upward trend in consumption of processed beef products has been rapid. The popularity of hamburgers and frankfurters with teenagers,[64] as well as with adults and low-income groups, assures a continuance of this increase in consumption. The proportion of teenagers in the population is continuing to grow.[65]

The suggested use of fed beef as a supplement or replacement for lean cow beef is not practicable because of the high fat content in fed beef which makes it technically unsuited for manufacturing purposes.[66] Furthermore, the price of fed beef would make it economically impossible to produce processed products at prices which would sustain their present levels of consumption.[67]

The limited domestic supply of lean manufacturing beef and the technical and economic obstacles to the enlarged use of fed beef have compelled processors to resort to the use of lean beef imports. If processors are to continue to increase production to meet the steadily growing public demand, there must of necessity be increased imports of lean beef to meet their manufacturing requirements.[68]

6. Any assessment or calculation of possible import impact should not include imported live animals or imported canned beef products

Domestic cattle producers and supporters have uniformly represented that imports represent 11 percent of domestic production. This figure is misleading and incorrect. At most, it is submitted, imports which may be considered to have any relation whatever to domestic production represent a maximum of 8.1 percent of domestic production.

The 11-percent figure includes not only fresh and frozen beef but also imports of cattle-on-the-hoof and canned meat products neither of which categories should be included for reasons hereafter set forth.

Domestic cattle raisers are not asking for any restriction on imports of live cattle, Witness McMillan, Tr., 133, 134. Indeed, during the hearings before the Commission it was made quite clear that domestic producers were not concerned about the importation of live cattle but on the contrary favored such imports. Witness McMillan, for example, testified as follows:

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[58] See Witness Gibson, Tr. 770.

[59] See table 15 for relative unimportance of Canner-Cutter cows as part of the total revenue from the herd.

[60] See appendix, table 3.

[61] See appendix, table 7.

[62] See appendix, table 8.

[63] See Witness Gibson, Tr. 765.

[64] See Witnesses Gibson, Tr. 775 and Allen, Tr. 725.

[65] See appendix, table 9.

[66] See Witness Gibson, Tr. 774.

[67] See Witness Washer, Tr. 683.

[68] See Witness Weingarten, Tr. 831, 832.

"I would like to say that live cattle imports can be considered complementary to the beef production program in this country. Most of them eventually end up in U.S. feedlots for finishing before slaughter and distribution into the U.S. meat trade. Unlike imported beef, these cattle utilize U.S. produced feed grains, labor, transportation, provide a base for local taxes and thus contribute to the U.S. economy. Tr. 75."

Imports of canned corned beef have accounted in the 1960's for the bulk of imported beef and beef products other than fresh and frozen beef.[69] Canned corned beef is made primarily from Cutter and Canner cattle. The use of fat beef is not economical because the fat content of the processed product must be limited to 10 to 15 percent.[70]

With the growing demand for hot dogs and other processed beef products, the domestic processors found it more profitable to convert Canner and Cutter beef into these products and practically ceased production of canned corned beef after World War I except for orders processed for Government account.[71] Because the amounts produced domestically for civilian consumption have been insignificant, imports have applied practically all such needs for canned corned beef since the middle 1920's.

Pickled corned beef from briskets outsides, etc., is produced in the United States but it is not in any way competitive with the canned product. It is high in prices and usually served hot with cabbage or in hot corned beef sandwiches.[72]

The imported canned product is packaged in 12-ounce cans for consumer use, in 6-pound cans for processors and manufacturers, primarily for production of canned corned beef hash, and in 3- and 5-pound cans for reprocessing (i.e. mixing with gelatine) and slicing. The several consumer products—namely, the 12-ounce cans of corned beef as imported, the canned corn beef hash, and the polyethylene packets of sliced corned beef—are all convenience forms of processed beef products and do not compete with fresh beef in any degree whatsoever.[73]

Imports of canned beef of which about 95 percent[74] is canned corned beef have averaged about 96 million pounds per year during the last 6 years (1958–63).[75] Practically all (99 percent) of U.S. imports originate in the South American countries of Argentina, Uruguay, Paraguay, and Brazil. The level of imports is more reflective of the of the South American producers' difficulties in increasing production than of the demand in the United States. Indeed, the product has been and it is probable will continue for some time at least to be in short supply.[76]

The production of canned corned beef in the United States for distribution through ordinary commercial channels is negligible because processors prefer to concentrate on other types of processed beef products. Indeed, it is, in large part, a raw material for these processors in making other products, principally corned beef hash and sliced luncheon meat. Imported canned corn beef is noncompetitive not only with fresh beef but, in the absence of its production in the United States, with any similar processed domestic beef product. It fills a vacancy among the large number of processed beef products and thus enriches the variety of such proteins offered to the consumer without in anywise injuring any segment of the beef producing and processing industries.

~~It is clear from all the foregoing that no restrictions on imported canned~~ corned beef are justified and, as indicated, the domestic producers have requested that no such limitations be placed on importation of live animals. The elimination of these two classes of products from the total volume of imports considered in this connection reduces the possible total impact from 11 percent to only 8.1 percent of domestic production. That possible impact has been further reduced below the level of approximately 7½ percent of domestic production sought by the domestic industry (Tr. 213) in agreements entered into by the United States with the principal exporting countries and by recent developments.

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[69] See table A in "Livestock and Meat Situation" (LMS–184) U.S. Department of Agriculture.
[70] Ward, Tr. 850.
[71] See "Summaries of Tariff Information," vol. 7, pt. 1, pp. 66 and 67, U.S. Tariff Commission. Washington, 1948.
[72] Ward, Tr. 850.
[73] Ward, Tr. 851.
[74] Ward, Tr. 849.
[75] See table 17.
[76] Ward, Tr. 849.

7. Existing agreements and recent developments provide adequate protection to American cattle raisers and feeders

The United States has entered into agreements with the Governments of Australia, New Zealand, Ireland, and Mexico, under which terms these countries, beginning in 1964, will voluntarily limit their exports of beef and veal in all forms other than canned, cured, and cooked meats and live cattle to the United States.[77] These countries together supply 90 percent of U.S. imports of these products. Under their agreement, the two principal suppliers to the United States of beef, Australia and New Zealand, will reduce these exports in 1964 by 6 percent. The reduction of beef and veal exports by Ireland will be by a similar amount and Mexico has agreed to limit such exports to a level of 9 percent below 1963.

The exports to the United States from these four countries in 1965 and 1966 will be allowed to grow by 3.7 percent annually over the limit set for 1964, the rate at which the consumption is expected to grow in this market. The agreements provide for triennial review of this growth factor and adjustment as appropriate for each succeeding period. As an added protection to domestic cattle interests, it has been agreed that Australia, New Zealand, and Ireland will maintain their proportion of primal cuts at not more than the approximate current levels, and Mexico has agreed to keep the proportion of fresh and chilled beef from increasing relative to frozen meat in its shipments to the United States. Finally, the agreements contain a statement that the governments favor the negotiation of international agreements leading to expanding access in meat importing countries.

Official recognition has been given to the fact that these existing agreements provide adequate protection to American cattle raisers and feeders. On May 12, 1964, the President stated that the combined effect of the lower imports plus the Government's purchase program of beef will bring about a reduction of imports to the 1958–62 average advocated by cattlemen and feeders and proposed legislation.[78]

A severe beef shortage has developed in the United Kingdom and prices have advanced 70 percent in the last year. The shortage of beef, in fact, appears to be worldwide in scope and has been brought on mainly by droughts in Argentina and a steadily increasing European demand for beef.[79] Following these developments, Australia, New Zealand, and Ireland have shipped increasing quantities to Europe with one result being that the quantities shipped to the United States thus far in 1964 have been sharply curtailed.

In addition to the voluntary agreements entered into between the United States and the major beef exporters to this country, additional steps have been taken directed toward alleviating the problems of domestic cattle producers.

The National Advisory Committee on Cattle has issued a report through the U.S. Department of Agriculture in which various recommendations were made to strengthen the cattle industry. These recommendations included the promotion of commercial sales of U.S. cattle and beef overseas by using available market development funds of the Foreign Agricultural Service. It was also recommended that steps be taken by the U.S. Department of Agriculture to encourage marketing of lighter cattle and that the current beef purchase program be expanded, with buying limited to beef of Choice quality.[80]

On May 12, 1964, the President announced that the Department of Agriculture had stepped up the purchase of Choice cattle beef and that the Department of Defense is now buying beef in the United States and shipping it to oversea stations. The latter purchases will amount to an additional 100 million pounds.[81]

The President has also appointed a committee for the purpose of studying the feasibility of developing export markets for U.S. beef.[82] It is understood, on the basis of press reports, that the committee has reported to the President that there is a severe shortage of beef and rising prices in most of Europe, and that Western Europe particularly offers an important potential market for exports from the United States.

[77] Agreements Feb. 17, 1964, with Australia and New Zealand, Feb. 25, 1964, with Ireland and May 14, 1964, with Mexico. The agreement with Australia includes also mutton.
[78] Remarks of the President to the National Farm Editors Association, May 12, 1964.
[79] New York Times, May 22, 1964.
[80] Recommendations of National Advisory Committee on Cattle issued by USDA May 1964.
[81] Remarks of the President to the National Farm Editors Association May 12, 1964.
[82] New York Times, May 15, 1964.

CONCLUSION

For all the foregoing reasons, it is respectfully submitted that no justification whatever exists for the imposition of any additional restrictions on the importation of beef and beef products into the United States. Any such restrictions would not only violate existing international commitments of the United States, but would cause severe injury to domestic meat processors, would be contrary to the best interests of the consumer, and, it is believed, would be contrary to the best interests also of domestic cattle producers.

Respectfully submitted.

MEAT IMPORTERS COUNCIL, INC.,
2 Lexington Avenue, New York, N.Y.
By:
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MAY 27, 1964.

APPENDIX

MEAT IMPORTERS' COUNCIL, INC., MEMBERSHIP ROSTER

Allied Packers Co., Ltd., 100 Old York Road, Jenkintown, Pa.
C. F. Anderson Markets Inc., 420 South Avenue, Whitman, Mass.
Atalanta Trading Corp., 17 Varick Street, New York, N.Y.
Austracan (U.S.A.) Inc., 855 Avenue of the Americas, New York, N.Y.
Balfour, Guthrie & Co., Ltd., 255 California Street, San Francisco, Calif.
Boukouris & Co., Ltd., 80 Broad Street, New York, N.Y.
B.N.S. International Sales Corp., 52 Broadway, New York, N.Y.
Thomas Borthwick & Sons (U.S.A.) Ltd., 61 Broadway, New York, N.Y.
Bernard Bowman Corp., 122 East 42d Street, New York, N.Y.
Canada Packers, 24 State Street, New York, N.Y.
Capri Importers Trading Enterprises, Inc., 2860 18th Street, Detroit, Mich.
Central Beef Co., 255 South Hampton Street, Boston, Mass.
Chicago Dressed Beef Co., 256 Franklin Street, Worcester, Mass.
Commodity Service Corp., 120 Wall Street, New York, N.Y.
A. J. Cunningham Packing Corp., 88 Newmarket Square, Boston, Mass.
Dalgety (U.S.A.) Ltd., 616 East Glenoaks Boulevard, Glendale, Calif.
Intercontinental Meat Traders, Inc., 228 North La Salle Street, Chicago, Ill.
International Packers, Ltd., 2 Broadway, New York, N.Y.
Kanematsu New York, Inc., 1 Whitehall Street, New York, N.Y.
Kress-Dobkin Co., Inc., Post Office Box 8539 (875 Greentree Road), Pittsburgh, Pa.
Martin Packing Co., 49 Plane Street, Newark, N.J.
A. J. Mills & Co., Inc., 342 Madison Avenue, New York, N.Y.
Milwaukee Cheese Co., 770 Springdale Road, Waukesha, Wis.
Milwaukee Import Co., Inc., 2900 Fourth Avenue South, Seattle, Wash.
B. Schwartz & Co., 2055 West Pershing Road, Chicago, Ill.
Sheed, Thomson & Co. (North America) Ltd., 3600 Wilshire Boulevard, Los Angeles, Calif.
S. & W. Imports, Inc., 3725 South Halstead Street, Chicago, Ill.
John Thallon & Co., Inc., 50 Broad Street, New York, N.Y.
Trugman-Nash, Inc., 99 Hudson Street, New York, N.Y.
The Tupman Thurlow Co., Inc., 155 East 44th Street, New York, N.Y.
Ziel & Co., Inc., 230 California Street, San Francisco, Calif.

TABLE 1.—*Cattle and calves on farms Jan. 1: Number by classes, United States, 1954–64*

[In thousand head]

Year	Kept for milk				Other						Total cattle and calves
	Cows and heifers 2 years and older	Heifers 1 to 2 years old	Heifer calves	Total	Cows and heifers 2 years and older	Heifers 1 to 2 years old	Calves	Steers 1 year and older	Bulls 1 year and older	Total	
1954	23,896	5,873	6,392	36,161	25,050	6,365	17,978	8,229	1,896	59,518	95,679
1955	23,462	5,786	6,094	35,342	25,659	6,514	18,804	8,444	1,829	61,250	96,592
1956	22,912	5,407	5,890	34,209	25,371	6,206	18,869	9,483	1,762	61,691	95,900
1957	22,325	5,267	5,699	33,291	24,534	5,926	18,405	8,991	1,713	59,569	92,860
1958	21,265	5,126	5,571	31,962	24,165	5,903	18,275	9,252	1,619	59,214	91,176
1959	20,132	5,050	5,526	30,708	25,112	6,557	19,407	9,931	1,607	62,614	93,322
1960	19,527	5,079	5,575	30,181	26,344	7,036	20,425	10,574	1,676	66,055	96,236
1961	19,361	5,063	5,550	29,974	27,102	7,069	20,705	10,977	1,707	67,560	97,534
1962	19,167	4,965	5,418	29,550	28,305	7,333	22,050	11,060	1,704	70,452	100,002
1963	18,730	4,831	5,286	28,847	29,960	7,889	23,185	12,127	1,746	74,907	103,754
1964	18,073	4,560	5,021	27,654	30,779	8,313	24,417	12,513	1,912	78,838	106,492

Source: U.S. Department of Agriculture, Statistical Bulletin 333, and Livestock and Poultry Inventory, Jan. 1, 1964.

TABLE 2.—*Slaughter and beef and veal production*

Year	Slaughter (in thousand head)			Beef and veal production (in millions of pounds)		
	Cattle	Calves	Total	Beef	Veal	Total
1954	25,889	13,270	39,159	12,963	1,647	14,610
1955	26,587	12,864	39,451	13,569	1,578	15,147
1956	27,775	12,999	40,774	14,462	1,632	16,034
1957	27,068	12,353	39,421	14,202	1,526	15,728
1958	24,368	9,738	34,106	13,330	1,186	14,516
1959	23,722	8,072	31,794	13,580	1,008	14,588
1960	26,026	8,611	34,637	14,727	1,108	15,835
1961	26,467	8,081	34,548	15,298	1,044	16,342
1962	26,905	7,854	34,759	15,296	1,015	16,311
1963	28,610	7,198	35,808	16,423	927	17,350

Source: U.S. Department of Agriculture, Statistical Bulletin No. 333, and U.S. Department of Agriculture Livestock Slaughter, 1963.

TABLE 3.—*Computation of domestic boning beef per capita*

Year	Pounds per capita		Year	Millions of pounds	
	Cow and bull beef, total [1]	Boning beef [2]		Cow and bull beef, total [1]	Boning beef [2]
I. Per capita consumption:			II. Carcass weight:		
1954	25.9	13.2	1954	4,121	2,102
1955	27.4	14.0	1955	4,449	2,269
1956	26.4	13.6	1956	4,369	2,246
1957	24.3	12.3	1957	4,086	2,065
1958	18.6	8.1	1958	3,192	1,395
1959	16.5	7.3	1959	2,884	1,280
1960	17.0	7.9	1960	3,012	1,398
1961	15.3	7.0	1961	2,753	1,253
1962	16.0	7.1	1962	2,922	1,294
1963 [3]	15.4	6.3	1963 [3]	2,851	1,163

[1] Source: U.S. Department of Agriculture publications.
[2] Based on percentage of Canner and Cutter animals in total federally inspected slaughter of cows and bulls.
[3] Preliminary.

TABLE 4.—*Computation of grain fed beef production*

Year	Thousands of head sold from feedlots	Pounds, average dressed weight	Millions of pounds of fed beef produced	Pounds per capita	Percent of total head slaughtered	Percent of total beef produced
1954	8,893	598	5,319	33.3	34.4	41.0
1955	10,071	602	6,068	37.2	37.9	44.7
1956	10,642	614	6,536	39.3	38.3	45.2
1957	10,623	613	6,510	38.5	39.2	45.8
1958	10,844	624	6,764	39.3	44.5	50.7
1959	11,800	620	7,316	41.7	49.7	53.9
1960	12,900	625	8,062	45.2	49.6	54.7
1961	13,800	635	8,763	48.4	52.2	57.3
1962	14,400	620	8,928	48.6	53.5	58.4
1963	15,300	639	9,777	52.4	54.5	59.6

Source: "Livestock and Meat Situation," August 1963, table 4, p. 13; 1954-58, "Beef Production and Distribution," Herrel De Graff; and 1959-63, "Cattle Marketed From Feedlots," quarterly data totaled by years based on USDA reports.

TABLE 5.—*Cattle prices for specified grades and markets, 1954–63 and 1964*

[In dollars per 100 pounds liveweight]

Period	Choice steers, Chicago	Cutter-Canner cows			Utility cows, Chicago	Cutter (bologna) bulls, Chicago
		Chicago	St. Paul	Fort Worth		
1954	24.66	9.60	9.19	8.06	11.46	11.97
1955	23.16	10.00	9.43	8.87	11.52	12.87
1956	22.30	10.00	9.46	8.62	11.37	12.88
1957	23.83	12.06	11.41	11.20	13.61	15.06
1958	27.42	16.54	15.87	15.20	18.41	20.40
1959	27.83	16.27	15.36	14.41	17.79	20.49
1960	26.24	14.14	13.67	13.11	15.68	18.02
1961	24.65	14.39	13.80	13.47	15.66	18.53
1962	27.67	13.97	13.48	12.86	15.50	17.63
1963	23.36	13.46	13.02	11.91	15.10	17.42
1963 October-December average	23.34	11.98	11.87	10.85	13.71	16.77
1964, May 9	21.59	13.39	12.75	11.14	14.84	17.75

Source: From U.S. Department of Agriculture, Statistical Bulletin 333, Livestock Meat and Wool Market News and from unpublished data supplied by the Department.

TABLE 6.—*Disposition of rough trimmings from fat cattle*

Normal procedure:	
Rough Choice trimmings (50-percent fat), 40 pounds at 45 cents	$18.00
Lean trimmings (10-percent fat), 60 pounds at 45 cents	27.00
Hamburger (26-percent fat)	45.00
Alternate procedure:	
Selected Choice trimmings (30-percent fat), 29 pounds at 45 cents	13.05
Fat to render (100-percent fat), 11 pounds at 2 cents	.22
Total, 40 pounds	13.27
Loss per head	4.73
Expense trimming, ½ hour at $3	1.50
Loss retailer volume, 71 pounds at 10 percent of 45 cents per pound	3.20
Total difference to retailer per head	9.43

Source: M. T. Gibson (part of collective exhibit No. 22 presented at Tariff Commission hearing on beef and beef products).

TABLE 7.—*Production of manufactured beef products*

Year	Luncheon meats[1] (1)	Frankfurters[2] (2)	Canned meats[3] (3)	Subtotal (4)	Hamburgers[4] (5)	Total, all products (6)
	I. Per capita production (pounds per capita)					
1954	2.6	3.8	2.4	8.8	1.4	10.2
1955	3.0	3.9	2.3	9.2	1.4	10.6
1956	3.7	3.9	3.0	10.6	2.0	12.6
1957	4.0	4.0	2.5	10.5	1.6	12.1
1958	5.1	4.1	2.3	11.5	1.5	13.0
1959	5.4	4.1	2.4	11.9	1.7	13.6
1960	5.8	4.1	2.5	12.4	2.0	14.4
1961	6.2	4.2	3.3	13.7	2.1	15.8
1962	6.6	4.2	3.3	14.1	2.2	16.3
1963	7.0	4.2	3.2	14.4	2.3	16.7
	II. Carcass weight (millions of pounds)					
1954	417	610	377	1,404	226	1,630
1955	502	627	375	1,504	226	1,730
1956	611	664	496	1,771	329	2,100
1957	690	673	421	1,784	268	2,052
1958	883	698	391	1,972	260	2,232
1959	957	716	415	2,088	295	2,383
1960	1,027	740	442	2,209	359	2,568
1961	1,123	761	600	2,484	377	2,861
1962	1,211	771	613	2,595	399	2,994
1963	1,306	787	597	2,690	435	3,125

[1] [2] Luncheon meats and frankfurters includes actual production in plants operating under Federal meat inspection from the U.S. Department of Agriculture and a projection by Agri Research, Inc., of production in all other plants based on the 1954 and 1958 U.S. Census of Manufacturers.

[3] [4] Includes only production in plants with Federal meat inspection taken from U.S. Department of Agriculture publications.

Explanation: All product statistics have been converted to the beef portion only on a carcass weight basis using USDA conversion tables.

Col. 1. Luncheon meats includes cooked or smoked products, but excludes dried or semidried products.

Col. 3. Canned meats and other products includes canned beef and gravy, corned beef hash, canned vienna sausage, canned chopped beef, canned meat stew, chili con carne, and spaghetti meat products.

Col. 4. The sum of cols. 1, 2, and 3.

Col. 5. Plants operating under Federal meat inspection produce only 8 percent of the total U.S. hamburger consumption estimated to have been 29.4 pounds per capita in 1963.

Col. 6. The sum of cols. 4 and 5.

Part of collective exhibit No. 20 presented at Tariff Commission hearing on beef and beef products.

TABLE 8.—*Estimated hamburger consumption in 1963*

[By source of product]

	Pounds per capita	Quanity (millions of pounds)
Consumption from production in—		
Federally inspected plants [1]	2.3	435
Retail stores and non-federally inspected plants: [2]		
(a) Beef trimmings from—		
(1) Fed beef	12.0	2,245
(2) 2-way beef	6.9	1,270
Total beef trimmings	18.9	3,515
(b) Conversion of excess fat from—		
(1) fed beef (50 percent utilization)	7.1	1,330
(2) 2-way beef (30 percent utilization)	1.0	180
Total conversion of excess fat	8.1	1,510
Total hamburger consumption	29.3	5,460

	Percent
Total beef consumption per capita	30.8
Distribution by type of sales outlet:	
Retail food stores	20.0
Institutions, restaurants, drive-ins, and hamburger stands	10.8

[1] See app. table 7, col. 5.
[2] See details as follows:

Details of estimated hamburger production in retail stores and non-federally-inspected plants in 1963

	Before trimming (pounds per capita)	Cut out (percent)	After trimming (pounds per capita)
(a) Beef trimmings from—			
(1) Fed beef supply per capita	52.40		
Estimated cut out of grinding meats		23	
Estimated hamburger production			12.0
(2) 2-way beef supply per capita	27.60		
Estimated cut out of grinding meats		25	
Estimated hamburger production			6.9
Total beef trimmings utilized			18.9
(b) Conversion of excess fatty trimmings from—			
(1) Fed beef supply per capita	52.40		
Estimated cut out of fatty trimmings		11	
Estimated supply of fat used (52.4×11 percent×50 percent utilization)	2.85		
Required lean beef at 60-40 mixture	4.25		
Estimated hamburger production			7.1
(2) 2-way beef supply per capita	27.60		
Estimated cut out of fatty trimmings		5	
Estimated supply of fat used (27.6×5 percent×30 percent utilization)	.40		
Required lean beef at 60-40 mixture	.60		
Estimated hamburger production			1.0
Total excess fats converted			8.1

Explanation: Estimated cut out of grinding meats and excess fatty trimmings based on retail cut-out tests from published and private sources. Mixture of 60 pounds of boneless lean meat to 40 pounds of excess fatty trimmings based on information from private sources. Amount of utilization of excess fatty trimmings estimated by Agri Research, Inc.

NOTE. Part of collective exhibit No. 20 presented at Tariff Commission hearing on beef and beef products.

TABLE 9.—*Projections of teenage population*

Year	Age group 10 to 14 (1)	Age group 15 to 19 (2)	Age group Total (3)	Percent of U.S. population (4)
	Millions	*Millions*	*Millions*	
1950	11.2	10.7	21.9	14.4
1955	13.3	10.7	24.0	14.9
1960	17.0	13.4	30.4	16.8
1962	17.7	15.0	32.7	17.5
1963	18.0	15.5	33.5	17.7
Projections:				
1965	18.9	17.0	35.9	18.5
1970	20.4	18.9	39.3	18.8

NOTE.—Part of collective exhibit No. 20 presented at Tariff Commission hearing on beef and beef products.

Source: Statistical Abstracts, U.S. Department of Commerce, 1956, 1962, and 1963; and Current Population Reports, Bureau of Census, U.S. Department of Commerce; and Current Population Estimate, February 1964.

TABLE 10.—*Beef, boneless, fresh, chilled, or frozen: U.S. imports for consumption, by principal sources, 1956 and 1958–63*

Source	1956	1958	1959	1960	1961	[1] 1962	[1] 1963
	Quantity (thousand pounds)						
Australia	2,835	16,065	220,840	142,345	230,107	440,526	509,263
New Zealand	4,012	152,027	135,403	115,634	139,152	189,485	213,996
Ireland (Eire)	3,725	23,636	41,013	43,601	61,096	70,519	72,474
Mexico	5,347	67,763	38,439	37,065	49,480	55,394	67,058
Nicaragua	...	40	5,729	9,853	13,021	12,374	21,463
Costa Rica	45	1,662	8,714	15,264	8,674	8,088	14,716
Guatemala	...	...	...	...	1,927	11,864	14,168
Canada	9,158	21,236	11,919	12,922	16,491	12,064	10,345
Honduras	...	...	1,430	3,391	5,499	9,003	9,195
United Kingdom	...	...	1,696	2,978	1,312	6,891	3,905
Haiti	...	...	...	...	308	2,420	2,381
Argentina	322	1,477	...	...	...	...	69
Dominican Republic	...	1,905	1,778	585	202	120	8
Cuba	...	23	1,501	51	...	...	...
Other	...	...	662	175	252	309	867
Total, all sources	25,444	285,854	469,184	383,864	527,521	819,057	939,906
	Foreign value (thousand dollars)						
Australia	680	5,476	80,940	50,506	76,841	135,321	160,702
New Zealand	900	51,345	50,023	41,052	47,589	58,757	68,791
Ireland (Eire)	1,011	8,538	17,007	15,954	21,573	23,112	23,773
Mexico	1,308	22,134	16,611	14,262	18,119	19,160	21,759
Nicaragua	...	12	1,823	3,114	4,271	3,934	6,983
Costa Rica	9	291	2,862	5,220	2,671	2,631	4,816
Guatemala	...	...	...	...	675	4,081	4,759
Canada	2,460	9,067	5,063	4,920	5,109	4,644	3,932
Honduras	...	...	458	1,268	2,247	3,259	2,819
United Kingdom	...	...	702	1,082	440	2,256	1,273
Haiti	...	...	...	...	101	779	748
Argentina	46	344	...	...	...	...	22
Dominican Republic	...	571	627	221	90	54	3
Cuba	...	9	548	18	...	...	...
Other	...	...	249	76	124	105	264
Total, all sources	6,414	97,787	176,913	137,693	179,850	258,093	299,644

[1] Preliminary.

Source: Compiled from official statistics of the U.S. Department of Commerce.

TABLE 11.—*Beef, bone in, fresh chilled or frozen: U.S. imports for consumption, by principal sources, 1956 and 1958–63*

Source	1956	1958	1959	1960	1961	[1] 1962	[1] 1963
	Quantity (thousand pounds)						
Australia	110	25	1,576	601	493	2,518	4,674
Mexico	1,164	5,958	10,016	1,977	3,614	2,864	5,095
Nicaragua			35	180	1,463	3,363	2,961
New Zealand	199	19,756	15,002	2,684	2,244	3,292	2,962
Canada	2,523	29,250	6,142	3,853	13,536	4,647	1,845
Guatemala	10					404	500
Dominican Republic	600	2,166	3,528	4,903	3,463	619	5
Costa Rica	29	1,099	1,034	65		18	374
Ireland (Eire)	453	106	964	13	2	208	240
Other	42	521	839	319	292	836	1,291
Total	5,140	58,880	39,136	14,685	25,097	18,767	19,947
	Foreign value (thousand dollars)						
Australia	20	13	557	253	170	835	1,794
Mexico	160	1,943	3,299	509	1,050	880	1,418
Nicaragua			11	54	406	932	829
New Zealand	51	5,300	3,859	758	688	813	728
Canada	663	9,722	2,098	1,236	3,667	1,570	633
Guatemala	2					152	156
Dominican Republic	171	604	1,117	1,640	1,176	211	1
Costa Rica	5	213	323	30		5	130
Ireland (Eire)	135	38	423	8	1	71	76
Other	6	132	214	82	81	223	398
Total	1,213	17,965	11,869	4,650	7,348	5,602	6,163

[1] Preliminary.

Source: Compiled from official statistics of the U.S. Department of Commerce.

TABLE 12–A.—*Comparative beef prices*

[Cents per pound]

	Domestic canner and cutter [1]			Imported [2]	
	Carcass cow	Boneless bull	Boneless cow	Boneless bull	Boneless cow
January 1958	31¼	46	44	39	35¼
July 1959	35	51	48	48	41
February 1959	38	55½	52½	48½	45¼
July 1959	35	53	49	46	44
January 1960	30	47	44	43¾	41¾
July 1960	31	47½	45	42½	40¾
January 1961	30½	46½	42½	42	40½
July 1961	30	43½	([3])	40½	38
January 1962	29¾	45½	42	38½	39½
July 1962	34¼	45½	43½	39	39
January 1963	28½	45	41	40½	38
July 1963	28½	46	41½	41½	38½
January 1964	26½	44	39	39¾	37
April 1964	29½	45	42½	42¾	41

[1] Chicago wholesale market.
[2] Ex-dock east coast.
[3] Not quoted.

Source: Domestic prices—National Provisioner "Yellow Sheet." Imported prices—International packers invoice records.

TABLE 12-B.—*Wholesale beef prices*

[Cents per pound—Chicago]

	500 to 600 pounds	Choice steer		800 to 900 pounds
		600 to 700 pounds	700 to 800 pounds	
January 1958	0.4478	0.4478	0.4297	0.4161
July 1958	.4478	.4478	.4345	.4240
January 1959	.4669	.4669	.4489	.4271
July 1959	.4563	.4519	.4362	.4263
January 1960	.4497	.4452	.4282	.4062
July 1960	.4358	.4321	.4142	.4040
January 1961	.4536	.4536	.4436	.4190
July 1961	.3781	.3731	.3588	.3429
January 1962	.4381	.4381	.4283	.4419
July 1962	.4264	.4264	.4225	.4075
Jan. 11, 1963	.4625	.4625	.4569	.4375
July 12, 1963	.4312	.4250	.4160	.3950
Jan. 12, 1964	.3912	.3912	.3812	.3562
Apr. 24, 1964	.3750	.3738	.3675	.3400

NOTE.—Part of collective exhibit No. 22 presented at the Tariff Commission hearing on beef and beef products.

Source: 1958-62—Livestock and Meat Statistics, USDA. 1963-64—Weekly Livestock Market News, USDA.

TABLE 13.—*Beef consumption by quality of product*

Calendar year	Total beef (1)	Higher valued beef (2)	2-way beef (3)	Manufacturing beef[1] (4)
	I. Per capita consumption (pounds per capita)			
1954	80.1	24.0	45.9	10.2
1955	82.0	26.0	45.4	10.6
1956	85.4	28.7	44.1	12.6
1957	84.6	32.7	39.8	12.1
1958	80.5	35.0	32.5	13.0
1959	81.4	37.7	30.1	13.6
1960	85.2	43.4	27.4	14.4
1961	88.0	47.7	24.5	15.8
1962	89.1	48.1	24.7	16.3
1963[2]	95.2	51.9	26.6	16.7
	II. Carcass weight (millions of pounds)			
1954	12,743	3,830	7,283	1,630
1955	13,313	4,248	7,335	1,730
1956	14,121	4,771	7,250	2,100
1957	14,216	5,534	6,660	2,052
1958	13,786	6,020	5,534	2,232
1959	14,202	6,621	5,198	2,383
1960	15,121	7,740	4,813	2,568
1961	15,871	8,632	4,378	2,861
1962	16,303	8,839	4,470	2,994
1963[2]	17,688	9,679	4,884	3,125

[1] Includes only the beef equivalent of product weight based on USDA conversion tables.
[2] Preliminary.

NOTE.—Part of collective exhibit No. 20 presented at the Tariff Commission hearing on beef and beef products.

Source:
Cols. 1, 2, and 4: USDA statistics.
Col. 3 computed by Agri Research, Inc. (Col. 1 less (Cols. 2+4)).

Explanation:
Col. 2 includes Prime, Choice, and Good grade steer and heifer beef.
Col. 3 includes all other steer and heifer beef and Commercial and Utility grade cow beef not used in manufacturing.
Col. 4 includes Canner and Cutter grade cow and bull beef, imported boneless beef, and all other beef used in manufacturing.
Cols. 2 and 3 includes the carcass weight of beef sold in ground beef or hamburger in retail food stores.

TABLE 14.—*Beef and veal production, exports, imports, and apparent consumption, 1963*

	Millions of pounds carcass equivalent	Percent of domestic consumption	Percent of domestic production
Beef and veal production:			
Beef	16,423		
Veal	927		
Total	17,350		
Exports of beef and beef products	32		
Net production consumed	17,318	91.2	
Imports of beef and veal:			
Fresh and frozen	1,410	7.4	8.1
Canned and otherwise processed	269	1.4	1.6
Total imports of beef and veal	1,679	8.8	9.7
Total apparent consumption	18,997	100.0	
Live cattle imports and exports other than dairy and breeding stock:			
Imports	180	.9	1.0
Exports	1		
Net imports	179		

Source: From data supplied by the Agricultural Marketing Service of the U.S. Department of Agriculture.

TABLE 15.—*Revenue from beef and dairy herds, 1962*

[Dollar amounts in millions]

	Amount	Percent
Farm value of milk produced [1]	$5,183	
Net income from beef cattle and calves [2]	5,711	
Total revenue	10,894	
Cutter and Canner cows	539	
Percent Canner and Cutter is to total revenue [3]		4.95

[1] See table 565, "Agricultural Statistics 1963, USADA."
[2] See table 40, "Statistical Bulletin 333, USDA."
[3] Live weight of Cutter and Canner cow slaughter estimated at 3,852 million pounds priced at 14 cents Chicago.

TABLE 16.—*Beef, canned:*[1] *U.S. imports for consumption, by principal sources, 1956 and 1958-63*

Source	1956	1958	1959	1960	1961	1962[2]	1963[2]
	Quantity (thousands of pounds)						
Argentina	64,718	84,601	56,470	46,935	56,046	45,549	78,890
Brazil	3,052	10,135	20,317	8,417	13,697	13,417	7,066
Paraguay	1,276	8,911	8,751	9,732	10,081	8,167	12,283
Uruguay	3,514	9,461	8,911	10,753	14,410	16,117	16,028
Australia	108	241	203	680	363	274	168
Other	59	85	0	17	637	431	1,030
Total, all sources	72,727	113,437	94,667	76,534	95,234	83,958	113,303
	Foreign value (thousands of dollars)						
Argentina	17,894	22,438	16,257	14,805	19,704	15,328	21,086
Brazil	855	2,974	6,489	2,825	5,144	4,500	2,458
Paraguay	353	2,438	2,778	3,426	3,711	2,815	3,721
Uruguay	1,136	2,753	2,725	3,706	5,367	5,546	4,684
Australia	28	61	74	235	167	120	40
Other	19	27	4	5	243	192	360
Total, all sources	20,285	30,694	28,327	25,092	31,436	28,501	35,398

[1] Includes corned beef.
[2] Preliminary.

Source: Compiled from official statistics of the U.S. Department of Commerce.

(Whereupon, at 11:45 a.m., the committee recessed subject to call of the Chair.)

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