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### Cattle and Beef Imports

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No. 86

## Senate

FRIDAY, MAY 1, 1964

(Legislative day of Monday, March 30, 1964)

### CATTLE AND BEEF IMPORTS

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a statement presented by me before the U.S. Tariff Commission on the subject of cattle and beef imports; also a statement presented by Robert Barthelme, president of the Montana Stock Growers Association, before the Senate Committee on Finance on March 17, 1964; also a letter from Dr. R. W. Gustafson, president of the Montana Veterinary Medical Association, dated April 22, 1964, addressed to the Trades and Tariff Commission, Washington, D.C., and statements presented to the U.S. Tariff Commission by Senator William R. Mackay, of Carbon County, and Carl W. Bell, of Glasgow, in behalf of the Montana Chamber of Commerce.

There being no objection, the statements and letter were ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR MIKE MANSFIELD,  
DEMOCRAT, OF MONTANA, BEFORE U.S. TARIFF  
COMMISSION, MAY 1, 1964

#### CATTLE AND BEEF IMPORTS

Mr. Chairman, we all know that the livestock industry is confronted with a very difficult economic situation. The price of cattle, beef, veal, mutton, and lamb at the marketplace has been down for some time and despite optimistic predictions there has been no relief. It is a most serious matter and the livestock industry cannot continue to hold up under these depressed conditions. Unfortunately, it is the small operator who is being hit first and the hardest.

There are a number of theories and proposals on how best to help the industry. The time for action is now and the Tariff Commission can be of great service by making a very thorough and expeditious study of the situation and then make its recommendations known to the Congress and the President. Based on information currently available I can see no other result than a recommendation in behalf of some immediate protection for the cattle industry.

I believe that the administration, the Congress, and all concerned are trying their best to aid the domestic industry. The administration has entered into voluntary agreements with the major exporters of beef to the United States. Both the Department of Defense and the Department of Agriculture have announced purchase programs which will remove millions of pounds of beef from the market. The administration announced on April 7 that Australia had voluntarily agreed to reduce its imports by 170 million pounds or 29 percent of 1963, and New Zealand 50 million pounds or 22 percent under its 1963 imports. This comes to a

total of 220 million pounds less in 1964 than in 1963, or a 27-percent reduction.

Under the bill I introduced seeking to establish a quota over a 5-year average, which I discussed with officials of the national and Montana cattlemen's groups and met with their approval, the total amount of imported beef by Australia and New Zealand would have amounted to 337 million pounds, or a 33-percent reduction. While the goal I tried for was not achieved, nevertheless, I think substantial progress has been made in the reduction of imports of beef by Australia and New Zealand by 27 percent for 1964 and it is my intention to pursue this so that further reductions are made.

The Secretary of Defense has also placed orders for 36 million pounds of beef for our overseas bases, plus 18 million pounds of beef to be put in cold storage. Furthermore, the Department of Agriculture is spending \$20 million for the purchase of beef for school lunch programs and other projects.

In addition to this, Senator GALE McGEE, of Wyoming is investigating chainstore practices to find out the reasons for the situation prevailing wherein the cattlemen get lower prices and the consumer receives none of the benefits. Prices paid to producers—since 1947—dropped 13.8 percent and prices paid by consumers rose 26 percent (U.S.D.A.). Chains can manipulate prices they charge by operating their own feedlots for fattening their cattle. By drawing on their own feedlots until their withdrawal from the market has depressed prices, they can then resume purchasing while prices are down. The power to depress prices to producers and inflate prices to consumers was inherent in the arrangement 44 years ago when the courts required the major meatpackers to get out of the retail business. If it is against the public interest for processors to retail meat, why is it not the same for retailers to process meat?

On April 14, the President notified me that Secretary McNamara had ordered an additional 14 million pounds of beef for use at overseas bases. As of this date, the picture was as follows: The Defense Department, for overseas use, had purchased 50 million pounds of beef plus 18 million pounds to be put in storage; the Department of Agriculture had purchased \$20 million worth of beef for school lunch programs and other projects; and Australia and New Zealand had agreed to reduce their imports about a total of 220 million pounds less in 1964 than in 1963 or a 27-percent reduction in 1964 imports under 1963. These are all steps in the right direction, but they are not enough and the cattleman wants, needs, and deserves something on a more permanent basis.

The livestock industry wants import quotas. I have sponsored legislation in the form of an amendment to a House-passed bill which would impose such quotas based on an average of imports over the past 5 years. This approach is now being thoroughly reviewed by the Senate Finance Committee and hearings will be resumed as

soon as the pending legislation is disposed of. It is my belief that the Finance Committee will report out favorable legislation and then, if my reasoning is right, it will go—not to the House—but to a conference committee for consideration and then if agreement is reached go to both Houses for final consideration. Import quotas would provide long term protection, a plan under which the industry could plan and develop its own marketing procedures. The voluntary agreements are not restrictive enough and the purchase programs are short term in nature. I believe the imposition of reasonable import quotas is the most realistic and valuable. May I say, incidentally, that the National Association on its own initiative did send a delegation to Australia some months ago to try to work out a voluntary agreement but was unsuccessful. What I am saying, in effect, is that before coming to the Congress for assistance, the cattlemen themselves, in line with their longstanding traditions, tried to do something on their own.

In supporting the import quota proposal, I am well aware that this is not the only problem and solution to the domestic industry. There are other issues such as changes in marketing practices and vertical integration of the industry. These are all very important, but relief is needed now and it appears to me that the quickest way of providing long-term protection is through the import quota system.

During recent months there has been a great deal of talk about the Kennedy round of GATT negotiations and the sensitivity over any action that might be harmful to our position. I certainly do not want to recommend anything that might place the United States in a difficult position. However, I am certain that our friends and allies are conscious of their own domestic needs, as we should be, and have taken steps to provide reasonable protection where necessary. I believe that the United States has fewer trade barriers to foreign imports of cattle and beef than any other nation. I do not believe that an import quota based on a high 5-year average is unreasonable.

The United States has become the largest importer of beef and veal in the world.

The United States offers higher prices, lower tariffs, and fewer restrictions than any of the major meat importing nations. These factors are being taken advantage of by those who export meats.

I would most respectfully suggest that some method be considered, preferably that of the National American Cattlemen's Association and the Montana Stockgrowers' Association, which would allow importers to bring in approximately 6 percent rather than in excess of 11 percent of the total, as was the case last year, and to do this, a ratio based on the years 1959 to 1963 be adopted.

I would most respectfully bring to the attention of the Commission that the only protection offered the livestock producers in the country is a flat 3 cents per pound tariff,

and, that, you may recall, was reduced from 6 cents per pound in 1948.

The two heaviest exporters of beef to the United States are Australia and New Zealand. I am informed that Australia prohibits imports of cattle and beef, and imports of hogs and hog products from the United States under a health restriction. I would urge that in view of the letter from Dr. R. W. Gustafson of Conrad and statements made to me by Senator John Melcher of Rosaland County, that this matter of health restrictions, and health inspection be looked into from this end as far as the imports of meat are concerned.

It is interesting to note that the Australian Government Tariff Board has the authority to impose emergency tariffs or other types of import controls whenever it is deemed necessary to protect domestic producers against competition from imports.

I would suggest that its parallel organization, the U.S. Tariff Commission consider this also.

It is my further understanding that New Zealand, the largest exporter of lamb, and, next to Australia, the largest exporter of beef and veal to the United States, prohibits imports of most meats and packinghouse products.

Other countries have restrictions differing in degree, and I would hope that the Commission would bear all these factors in mind in its recommendations to the Finance Committee, which that committee has requested it receive by June 30, and also, in its recommendations to the White House, which is also vitally interested in this matter.

On Monday, I talked with the Department of Agriculture and the predictions for the cattle market are not good. On Friday of last week, the price for choice steers at Chicago was between \$20.50 and \$22, as low as it has been since 1957. The feedlot situation has not improved. The number of animals weighing 1,100 pounds is considerably above last year. As of April 1 there was approximately 16 percent more of this class of animal in the feedlots than at the same time a year ago. This means that there will be a considerable impact on the market. I know of no one who can predict that there will be a substantial improvement in the market price until early fall, if then.

Admittedly, it now appears that the import situation will not be as bad this year. The most recent information from the Department of Agriculture indicates that imports from Australia and New Zealand are down and are likely to remain down during the year. These exporters are finding other attractive competitive markets. We have no guarantee that this will continue, however. In view of the domestic market situation, we cannot afford to have imports at these high levels. The combination of imports with heavy domestic production can be disastrous.

Again, I wish to stress the need for early action, and the U.S. Tariff Commission can do a great service for the economy of the Nation by making expeditious recommendations in behalf of relief for the livestock industry.

Mr. Chairman, I ask that several items be incorporated at the conclusion of my remarks: a statement prepared by Robert Barthelme, president, Montana Stock Growers Association, which states most concisely and explicitly the situation as it exists in the State of Montana and is, in my opinion, an extremely sound exposition on the situation which confronts Montana and the Nation's cattlemen. Bob Barthelme is a man who depends for his livelihood on his cattle spread and he represents the feelings of the Montana Stock Growers Association with clarity, with a deep understanding, and with a thorough knowledge of the situation. May I say in this respect that my interest is in the stock-growers who raise cattle for a living, not in the "sideline ranchers," the oil men, doctors and others who invest in cattle ranches as sidelines to their main means of livelihood.

I also ask that the letter from Dr. R. W. Gustafson, president, Montana AVMA, to which I previously referred be incorporated at the conclusion of my remarks.

[From the Montana Stockgrower, April 1964]

YOUR PRESIDENT TESTIFIES ON IMPORTS  
(Statement presented to U.S. Senate Finance Committee March 17, 1964, by Robert Barthelme, MSGA President.)

My name is Bob Barthelme. I am president of Montana's 5,000-member stockgrowers association. It is comprised mostly of small ranchers and is affiliated with the American National Cattlemen's Association. It is an organization of cowmen who believe in their ability to think clearly and work freely in honoring their obligations to society and country.

This is the fourth time in 5 months that I have carried their cudgel to Washington on the matter of multiquality beef imports. It is an absolute sincerity that I speak for them for it is under conditions of utmost urgency that they be heard. Their business is in a serious state of affairs, their actual living is being jeopardized, and their future destined adversely by this uncontrolled reason. To allow an industry of prideful history, ambitious responsibility, and faithful patriotism to fall due to encouraged, promoted, and limitless imports is an injustice of major proportions.

I am one of six children born to parents who homesteaded near Powder River in southeastern Montana. It was through the grace of a cow that we were raised there. My elementary education was acquired in a one-room rural school. I attended high school but graduated from no college. I operate a ranch that runs 300 cows, am married to a ranch-raised girl, and we have four children. We do our own work, operate within our means, and depend on our neighbors when I am away. We are proud of our way of life, grateful to those who made it, and have a desperate and hopeful will to retain it.

It should not have been necessary for me to come here for the cause should not be. My place is home, being the head of our household, providing for my family. I am here however, here for them, here for our industry, and here for all people whose living depends upon us. I am here for a cause that is proper, just as our freedom is proper, just as our Bill of Rights is proper, and just as our Constitution is proper. I am here to help plead the case of a basic and necessary industry and its rightful status in our free enterprise system. I beg of you to judge our cause on its worth, its worth to those in it, its worth to our economy, but most of all its worth to the United States of America.

Last year, 1963, we imported into this country more beef and veal in live equivalent (3,500,000 head) than all the cattle on all the farms, in all the feed lots, and on all the ranches of my State. These imports, as cattle, would have used more feed and more grass than consumed within the boundaries of Montana, and would have serviced the beef-consuming needs of our entire Nation for one-twelfth of a year, a complete month.

Consider, if you will, that this volume of imports, and it is capable, could completely replace Montana's livestock production. This could mean that our industry's labor force would be unemployed, its machinery and equipment would not be purchased nor used, its insurance and taxes would not be paid, its contribution to our education would fail, its feed requirements would not be raised, and its overall quality and worth to our communities would be rendered useless. The amount of imports, in other words, unloaded in the United States last year could conceivably and completely eliminate Montana from the Nation's livestock industry. This should show certainly and in a revealing sense the impact of the quantity of this product on our business nationally.

Our market last year, largely due to cheaply produced, low quality imports, dropped more than 27 percent. On an average this amounts to a loss of \$28 per head, including calves, heifers, steers, bulls, and cows. Montanans sold nearly a million head of cattle last year so consequently received \$28 million less than the previous year. Compound this as to its effect on jobs, main street trade, taxes, schools, welfare, and living standards (let alone what it does to the rancher) and the result is devastating. Much of this meat is produced at a ratio of 250 to 1 on overseas land costs against domestic costs. It is produced at less than half the labor costs of ours and is dispatched under much less rigid conditions in processing plants over there than are our packers allowed to slaughter here in this country. Australia has cut per capita consumption 20 pounds to meet export abilities, and Argentina packers have asked their governments to declare two meatless days a week on their consumers to meet shipments to the United States. Foreign suppliers have more liberties than we do on our own market.

The continued level of present imports thrusts a dark future on the sky over the American cattle industry. On February 17, the U.S. Department of State announced the signing of voluntary agreements with our two major suppliers. This agreement without sincere consideration for all concerned guaranteed the same high base which is so injurious to us now. It provided not only for continued access levels but stipulated increased use of our markets for the future. Montanans wonder at the word voluntary. Who does it apply to? The livestock industry was refused in their willingness to furnish council for the negotiating team, and apparently its big trust the Congress, was not extended a warranted view. We are becoming alarmed at the indifference some Government officials hold for our elected representatives in these halls of authority. Congress is the guardian of our people and Nation, if it is bypassed, our greatest arm of Government is not the function it was meant to be.

With significant timing the Department of Agriculture announced its intention to purchase surplus beef to service school lunch and other needs. This is well and good, but to use the program to dull the edge of a "will" by Congress to pass required and constitutional legislation is a blow far below the belt. Our market has been critically low for many months. Why, then was this gesture held until now? It seems unfair and ill-advised that the American taxpayer in such a deal would be required to bail up, it would seem, a foreign industry which is not down but enjoying great prosperity. In reality for our Government to buy beef to make room for imports doesn't seem consistent or sound. It taxes one's intellect to find the reason for such a move without protection.

Great Britain knows what it is to face a loss of food from destroyed import routes. They have been there and gone without. Today they are building a food producing island, protecting it against excessive imports and stabilizing their self-sufficiency. Here, on the other hand, we are on the verge of crippling our domestic meat plant, depending more on foreign supply lines and putting the Nation in such time of an emergency out on a meatless limb.

Serious consideration has been given by our industry to an accelerated promotion program on meat consumption. Tremendous increases were sustained when in 1953 stockmen took the bull by the horns and with assistance began their self-help campaign to get beef as a food of quality before the public. Thanks to a Congress-passed checkoff bill, this selling idea was legally and solidly financed. Today the industry would like to again concentrate on this avenue of retrieve. It cannot, however, reconcile itself to spending \$1 out of every \$10 used to promote consumption of a foreign

competitive product. Irrespective of which way you look the barrier looms large and formidable. Legislation provides the only consistent, substantial, and lasting remedy. Again, as it should be, we turn to Congress.

This legislation on imports is a very graphic step in the democratic function of government. It provides the framework for remedial action which can give stockmen and their families the protection so vitally needed. It does not entail a draft on the taxpayer in undesirable and unwanted subsidy but gives the industry the freedom to operate in some measure of equality with foreign competition. Montanans are consistent with national cattlemen. They approve the 5-year base, they favor inclusion of beef, veal, lamb, and mutton (which includes cured and cooked), they sanction equal quarterly shipments, they need the effective date of December 31, 1964, and they feel the growth should be shared only after a parity price is reached domestically.

Our deepest hope and most urgent want is that our Congress will turn tables on the agreements outside its consideration and approval. We cannot see how an act by a department can commit an industry, Congress, and the entire country to a guarantee when it is not in accord with satisfaction. We look to this body to assert and reclaim its jurisdiction over all the Nation on this matter, place itself in judgeship over its industries and trade, and protect the basis of enterprise which has put the whole country on top in progress, respect, and responsibility. The great historical statements of "a government of, by, and for the people" has real and strong application here.

I have stated Montana's case and its feelings as they are, in fairness I hope to all related to it. All we ask is a fair verdict to our industry, to its people, and to the Nation. In this instance I think our children, too, are entitled to strong and just consideration. You will disclose their destiny.

CONRAD VETERINARY HOSPITAL,  
CONRAD, MONT.,  
April 22, 1964.

TRADES AND TARIFF COMMISSION,  
Washington, D.C.

MEMBERS: As president of the Montana Veterinary Medical Association, I would like to express my views on the importation of foreign meat and meat products.

Being in daily contact with the cattle producers in the counties of Pondera, Toole, Teton, Glacier, and Liberty in Montana, I find that their economic status is considerably affected by the present prices they receive for their produce. This reflects on the entire economy of the region and I do believe our own citizens should have some protection. I strongly urge your consideration in limiting imports of foreign beef into the United States so as not to jeopardize one of our biggest industries in this area. Furthermore, as a veterinarian, I wish to bring out the fact that all meat involved in interstate transportation is subjected to rigid inspection by the USDA. I strongly urge you to see that foreign meat is subjected to a similar inspection until its final disposition. This should include an inspection of all frozen meat coming in, by inspectors of our own Nation, to see that it is properly handled so as not to hurt its quality.

I believe I speak for the majority of the veterinarians in our State organization in the foregoing statements and I again strongly urge you to consider protecting one of the most important industries in our State.

Sincerely yours,

R. W. GUSTAFSON,  
President, Montana AVMA.

STATEMENT OF WILLIAM R. MACKEY, SECOND VICE PRESIDENT OF THE MONTANA STOCKGROWERS ASSOCIATION, TO THE U.S. TARIFF COMMISSION, ON CONDITIONS OF COMPETITION BETWEEN DOMESTIC AND FOREIGN BEEF AS IT AFFECTS THE CATTLE INDUSTRY IN THE STATE OF MONTANA

I appear before the Commission as vice president of the Montana Stockgrowers Association on behalf of the more than 5,000 cattle producing members and of the cattle industry in our State. I own and operate a cattle ranch in south-central Montana running 400 head of cows and have served Carbon County as State senator since 1953 and as representative in 1951.

The Commission has the responsibility of advising the Senate Finance Committee concerning the conditions of competition between domestic and imported beef and beef products. On behalf of the members of my organization and of the people of our State I ask the Commission to take into consideration the serious effect that past and present levels of imports have had on values and market prices and the serious implications on a major industry if they continue in the future.

Montana has twice as many cows as people—so anything that affects the values of these cows and their ability to turn grass from the native ranges, which cover two-thirds of our State, into a merchantable product is important to all Montanans.

Imports have grown in the last few years until in 1963 they amounted to enough beef to feed more than 20,570,000 people a year at the going per capita consumption rate—almost 30 times the population of our State. These excessive imports, at a time when our own production is high and our prices at a 7-year low, present a problem that has never existed before. Present prices of fed cattle are below the cost of production and if present conditions continue, prices of feeder cattle and eventually of breeding stock will drop below the cost of production.

The fact that imports continue at high levels and even increase as our domestic prices decrease would indicate that your Commission's investigation will show clearly that the costs of production of those taking over a sizable share of our market are considerably lower than ours. In other words, we cannot compete with imports when our investment and costs are considered.

Montana has increased its efficiency and its productivity as well as the quality of her cattle and beef to meet the needs of our Nation's consumers. Our cow herd alone has doubled since 1948 and yet prices today are lower than they were at that time. This means it will not be possible to continue present operations with present costs and with competition from imports which are permitted to enter at values below our cost of production. To substantiate the large investment in land, machinery, improvements and livestock, we refer you to a special summary of costs and returns to Montana farms and ranches prepared by Clarence W. Jensen, professor, Department of Agricultural Economics, Montana State College, Bozeman, Mont. This demonstrates the close margin on which we are now operating—\$20 per 100-pound cost and a national average return of \$18.50 per 100 pounds.

We can meet the vagaries of weather and, given time, we can adjust to the ups and downs of a normal domestic market. But we have no way of getting at the competition from excessive imports. There are times when a controlled level of imports can serve a purpose, but when they reach the proportions of the past 2 years—equal to twice or more the total production of our State which ranks 10th in the United States in the number of beef cattle and 7th in beef cows—the effect on our economy is obvious.

By USDA appraisals, the value per head of our cattle dropped 15 percent from January 1, 1963 to January of this year—from an average

for all beef cattle of \$173 to \$146; a drop of \$27 per head and our inventory was 2,500,000 head. This would amount to \$67,500,000—a severe adjustment as far as tax base and loan values are concerned. A material proportion must be attributed to the competition from excessive imports often selling at a price lower than U.S. prices of comparable meat.

During this same period USDA prices received for all cattle dropped 14 percent from an average of \$21.50 per hundred down to \$18.50. We market about 1¼ million head a year—about 822 million pounds, which would mean a loss of \$27 million.

Since these imports are primarily the kind of beef that competes with the beef from cows and bulls, let us analyze the effect where it is direct. Cow prices dropped about 10 percent nationally—from \$15 in 1963 to \$13.80 for the United States. In Montana this price drop was to \$14.30. We in Montana sell about 200,000 head of cows and bulls each year—a loss of \$1,400,000. Even more important is the effect of low prices on cows for slaughter. Instead of two bidders for cows that should be removed from production, there is only one—the farmer with surplus feed or the marginal cattle producer who desperately needs a few more calves to try to break even. This means breeding cattle are added instead of going to slaughter where they belong. Thus production is increased and the problem is compounded—and the distorting influence is the competition from cheap imports. Last year we ended up with one of the largest increases in breeding cattle of any State. This is an unhealthy direction to be moving at such a critical time. If cheap imports were materially reduced, the bulk of our excess production would move into slaughter channels and get our cycle back where it should be.

Ours is not a business you can shut down for a while and then turn on again. Nor is it one that lends itself to moving to foreign countries where costs would be lower, where taxes would be less and investment smaller. In our State and certainly to a large extent in all parts of our country, the cattle producer and feeder is a major customer of many industries. The inroads made by continued importation of cheap overcompetitive products are being felt in the towns and by those who work in other industries. Curtailment of natural resources income that is renewable year after year slows to a halt the creation of new wealth—the wealth that has built our country and made it strong.

I thank you for the opportunity of bringing to your attention the serious effects of the kind of competition that is being encouraged to exploit our domestic market at the expense of our own producers who have built up an efficient plant to provide the beef which is needed to supply our Nation at all times and to keep it strong regardless of outside calamities.

STATEMENT OF CARL W. BELL, ON BEHALF OF MONTANA CHAMBER OF COMMERCE, AND AFFILIATED LOCAL MONTANA CHAMBERS OF COMMERCE, BEFORE THE U.S. TARIFF COMMISSION, WASHINGTON, D.C., APRIL 28, 1964, WITH RESPECT TO BEEF AND BEEF PRODUCTS

Mr. Chairman and members of the Commission, my name is Carl W. Bell, and I reside at 701 Second Avenue South, Glasgow, Mont. I am appearing on behalf of the livestock industry of the State of Montana in my position as vice president of the Montana Chamber of Commerce, which represents a cross section of Montana industry and business and which considers its interests to be in common with the livestock industry insofar as concerns the effects of beef imports on the industry in our State. I also appear before you on behalf of the several Montana local chambers of commerce listed at the end of my statement.

The agricultural committee of the Montana Chamber of Commerce, through its

chairman, C. P. Moore, a Great Falls banker, on March 18 this year filed a statement with the Senate Finance Committee in support of meat-beef import legislation proposed by the Honorable MIKE MANSFIELD, U.S. Senator from Montana. What it said at that time has application in this hearing.

The statement pointed out that the beef cattle industry in Montana and the Nation has made an enviable record. Through efficiency and quality improvement, it has provided the maximum per capita supply of beef at a reasonable price to the consumer. Per capita consumption has reached 95 pounds a year for the Nation. More important, an hour's work in our country will buy more beef than anywhere in the world.

This progress has just begun. In a State like ours, the entire business community plays a part. We raise cattle and feed grains in Montana. More than two-thirds of the 90 million acres in the State is rangeland. It has economic value only through the conversion of grass to merchantable beef through the raising of livestock.

All of us in Montana are working hard to build our economy—to build our future. We see primary potentials in livestock operation and utilization of feed grains. Can we be blamed if we are seriously concerned about the recent sharp drop in livestock prices and the reasons that have contributed to this?

While the process is often painful, we are accustomed to working out the hardships of cycles in livestock production. And the shakedowns that come with drouth or adverse prices are felt all along the main streets of our towns. Now we find ourselves faced with an additional influence on our basic economy—the effect of excessive imports of meat from foreign countries, which operate on much lower cost standards than we do. This comes at a time when the U.S. production is more than sufficient to meet demands. We feel certain that record quantities of imports, in addition to high domestic production, are material reasons for the low prices being received by American producers. We feel that it is of utmost importance that your commission recognize this and give sufficient information to the Senate Finance Committee so that it can take appropriate action.

Montana is a raw material State, and as a producing State for livestock we are more seriously affected and will be even more so in the future. The big increase in imports has been in what is termed "manufacturing beef" and similar meats. This competes directly with the products of our cows and bulls and indirectly with all beef production. The sale of cows and bulls alone constitutes a very important income to our producers in Montana.

Specifically, our ranchers in Montana sell some 200 million pounds of cows and bulls each year. There is no question that the addition of some 2 billion pounds of competitive foreign meat has had a direct and adverse effect on our market. Our total annual sale of all types of cattle is about 1¼ million head. This means we market about 822 million pounds each year. When imports are added to an already heavy national supply, we lose a lot of potential returns. Last year, this loss for Montana was conservatively estimated at \$28 million. The loss will be considerably more this year—even if imports remain at about the same level. Our feeder customers are going to pass their recent losses back to us when they purchase replacement cattle for their feed lots.

Artificial conditions have made the law of competitive markets inoperative, so far as imports are concerned. In the past, when prices declined so did imports. But, for 2 years, prices have gone down, while imports continue to increase. So the effect of imports has been more severe and will continue to be.

Losses to Montana cattle producers are of concern to everyone in the State. We cannot progress, cannot even hold our own, with such serious effects from a situation over which we have no control. When cattle producers do not receive fair returns on the heavy investments they have made in land and livestock, the rest of us cannot expect our businesses to prosper. The tax burden to maintain schools and government falls on fewer and fewer people. Every trade area in our State is hit by this situation.

Today, at least half of our cattle are sold at local livestock auction markets throughout the State. It is a good system, and it has been estimated that each \$1 million dollars of livestock sold through one of these markets is equal to an industrial plant with a payroll of 160 persons. Ordinarily, our local markets do a business of about \$100 million a year. It is easy to figure that our local communities suffer a direct and heavy loss in this one field alone.

Many more examples could be given you of the effects on our business, on our trade and employment. But we are sure that the Commission, with its experience in this field, can accurately determine what has happened, as well as foresee what will happen unless something is done. Thank you for the opportunity of appearing before you today.

Local Montana chambers of commerce endorsing Mr. Bell's statement are: Baker Chamber of Commerce, Beaverhead Chamber of Commerce, Billings Chamber of Commerce, Butte Chamber of Commerce, Glasgow Chamber of Commerce, Glendive Chamber of Commerce, Great Falls Chamber of Commerce, Harlowton Chamber of Commerce, Havre Chamber of Commerce, Helena Chamber of Commerce, Kalispell Chamber of Commerce, Roundup Chamber of Commerce, Shelby Chamber of Commerce, and Sidney Chamber of Commerce.