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PROBLEMS IN THE BEEF-PRODUCING INDUSTRY

Mr. HANSEN. Mr. President, on April 3, 1970, the Associated Press published an article, written by Don Kendall, which referred to a so-called secret report issued by the subcommittee on Special Studies of the House Government Operations Committee. The report purportedly calls for Federal regulation of the cattle-producing industry in order to determine the price to be paid by the consumer, the price to be received by the producer, and the price to be received by the middlemen, including the packer.

This article has caused quite a stir in areas where the livestock industry has an impact on the local economy, and much concern has been generated with respect to the "secret" activities of this House subcommittee.

A copy of this report cannot be obtained from the subcommittee. My office was told by subcommittee staff members that the report could not be distributed to anyone because it has not yet been approved by the full House Government Operations Committee. I do not know why the subcommittee members are being so protective of this document. But since it apparently is of such a highly sensitive and confidential nature that only the press has been allowed access to it, I can only speculate on what it must mean to the future of mankind.

It is my understanding that the "secret" report which the Government Operations Committee will consider either today or tomorrow makes two basic recommendations:

First. The Meat Import Quota Act of 1964 should be changed so that foreign countries would be allowed to increase imports by an amount equal to the estimated gap between domestic production and consumer demand, with the estimated gap to be determined by a special commission which does not now exist.

Second. The Congress should establish a commission whose function would be to ascertain the adequacy of the meat supply for the American consumer at "reasonable" prices during the next 10 years, giving consideration to costs and profits of different segments of the industry at the producing, slaughtering, processing, and distributing levels.

Generally, the Subcommittee on Special Studies seeks to convey the impression that American consumers are paying excessive prices for their beef, and that the reason for this cost is that there is a "critical shortage" in the availability of beef. The report concludes that the way to reduce the cost to the consumer is to increase the supply by junking the import quota system and allowing greatly increased foreign imports, and to appoint a commission to investigate the supply of beef.

Mr. President, I disagree with the conclusions expressed in this report, and I reject the recommendations as hatched-up remedies to a hatched-up problem. I believe the subcommittee has made an inaccurate assessment of the real life beef industry in the United States, and I would like to point out a few of the facts which were overlooked in the subcommittee's report.

To suggest, as the subcommittee report does, that the consumer is paying an unreasonably high price for food, and in particular for beef, in the context of today's economic situation, today's income situation, and today's agricultural industry, is to display an ignorance of the facts.

Today's housewife spends an average of 16.5 percent of the family's income after taxes on food. This is the lowest percentage in history. Of this 16.5 percent, an average of 15 percent goes for meat products. When one takes a look at the overall situation and considers inflationary trends, the level of income, and the costs of other goods, it becomes obvious that food in America is more of a bargain than ever before in our history.

The subcommittee report attempts to prove that the upswing in beef prices in recent years exceeds the corresponding increase in the Consumer Price Index for the same period. If the writers of this report had been more interested in painting an accurate picture of the beef price situation, they would have pointed out in their report that the increase in beef price since 1958 has been below the amount of the increase in the Consumer Price Index for the comparable period.

In the past 12 years, the retail price of beef has gone up 30.6 percent, while the total of all consumer costs for the same period increased 31.3 percent. Average prices to producers of livestock did not make the journey from the supermarket to the producer, and did not reach the 1959 price level paid by the consumer, until 1968.

It is true that beef prices during the last year and a half have increased. I can not think of a single item, including income for most people, that has not increased dramatically in recent years. There are some reasons for these increases.

The surge in beef prices of a year ago directly reflected a bad winter, which caused increased death losses among herds and slowed down the rate of weight gain.

The major reason, however, for the recent increase in beef prices is that inflation is finally catching up with the cattle industry.

Total farm debt is the highest it has ever been. During the past several years, when producers were not receiving good prices for their product, they found it necessary time after time to borrow each year, using the value of their land as security, in order to stay in business. Skyrocketing interests rates have cut deeply into producer income, compounding problems which can only be met in ensuing years by adequate prices for the products which producers market. An industry cannot live forever on borrowed money.

Inflation, which affects each and every one of us, has meant that the cattle producer has to pay twice as much as he did 20 years ago for most kinds of machinery necessary to his operation. The cost of land, labor, and other products necessary to the operation of a cattle-producing unit, including the cost of transportation from farm to market, have accounted for the increase in beef prices at the ranch or stockyard.

But the major increases in prices have not originated at the ranch or feedlot level. The higher costs reflected at supermarket counters cannot be fully traced back to the man who raises the cow.

Three-fifths of all retail food prices is paid for labor. During the past 10 years, the labor cost per unit of food rose 58 percent. When we look at the total food bill of Americans each year, statistics show that the difference between what consumer pays for retail food and what the farmer receives is $160.6 billion. Labor costs accounted for one-half of this difference.

The report concludes that restrictions on foreign beef imports are not needed to protect the domestic industry because the forecast is that a shortage of beef will develop which will reach "some magnitude" between now and the end of 1975.

In testimony before the subcommittee, Dr. Herrell De Graff of the American Meat Institute testified that population expansion and demand for beef would require a herd of 114 million head in this country in 1975. This compared with 110 million in 1968. This would be an additional 4 million head of cattle.

In 1969, cattlemen added 2.5 million cattle and calves to their herds. As 1970 began, the total inventory stood at 112.3 million. It is estimated that in one State alone—the State of Iowa—cattle production could be doubled, should increases in consumer demand dictate the need for increased numbers. I think the writers of the subcommittee report are misinformed if they do not believe Americans can increase cattle numbers by an amount sufficient to meet demand in 1975.

The Secretary of Agriculture recently issued a statement which indicates that U.S. producers are turning out a sharply increasing volume of beef, at lower cost in relation to consumer hourly earnings, thus fulfilling consumer demand for quality beef. There is nothing to indicate that the industry will not continue to meet demands in the foreseeable future.

If Congress were to adopt the subcommittee's report and carry out its recommendations, all restrictions on foreign beef imports would be lifted. Our cattle industry would be competing directly with countries like New Zealand, Australia, and Ireland. We would be putting our ranchers in the position of competing with countries which pay their farmworkers an average of $20 to $23.50 a week, including room and board. The average farmworker in the United States receives $11.40 per day. If he puts in 5 days of work each week, that means he is earning a minimum of $57 each week. The Australian worker who produces the beef sent to this country does not pay one red cent in taxes to support the Government the United States. The American producer helps support government at the Federal, State, and local levels, and in States like Wyoming accounts for the lion's share of the revenue in many counties. The Australian worker does not spend his income in the American market on tires, oil, and gas, feed for his cattle, products for his home, and machinery for his operation. The money he makes from the American consumer purchasing Australian beef goes back into the economy of Australia—not America. When we talk about reducing prices to the American consumer by inviting increased imports, we are talking about boosting the economies of foreign nations, while hurting our own economy by depressing our own industries.

Australia shipped 543 million pounds of beef to the United States in 1969. In order to force exporters to seek markets other than in the United States, the Australian Meat Board instituted a regulation requiring exporters to ship 1 pound of beef to other nations for every pound of beef exported to the United States, even though they could receive far higher prices on the U.S. market.

This means that, instead of the 150 million pounds which the subcommittee would have us believe would be the maximum shipped into the United States with no quota system in effect, the fact is that 500 million pounds would be available from Australia alone, and there would be no reason to continue the requirement of shipments to other nations when Australians could have free access to the higher priced American market.

It is not exaggerating to suggest that an influx of cheaply produced foreign products which would compete on our markets with domestically produced products, would eventually put domestic industries out of business.

When certain members of Congress proposed policies which threaten domestic industries, they had better take a look at exactly what will be wrought.

In 1969, there were 10 million farm employees in America. One can only speculate as to how many additional thousands of jobs depend on the production of crop and beef products. Are the proponents of this report prepared to find jobs for the large number of unemployed who would find themselves without jobs as a result of the hold on our market by foreign nations?

Cattle consume large amounts of corn and other feed grains. As a matter of fact, the domestic beef cattle industry consumes the greatest proportion of all feed grains produced in the United States. Is the subcommittee prepared to pay out additional billions of dollars in farm program payments to control surpluses which would result from decreased consumption by the livestock industry, as a result of increased foreign imports?

Our trade balance—or rather our trade imbalance—must also be considered. The U.S. balance-of-trade deficit created a monetary crisis in 1968, and an increased flow of American dollars to Australia, New Zealand, and other beef-producing countries would certainly aggravate this problem.

The subcommittee members who endorsed the report professed throughout the document a deep concern for the consumer, whom they feel is troubled by excessive costs.

I suggest, Mr. President, that those who endorse the conclusions of the report apparently do not realize that when they make the domestic cattle industry the fall-guy for reducing prices to the housewife, it is not only the producer they are hurting. They are also hurting the housewife and all consumers, because they are depressing a vital force in the national economy, and particularly in the State and local economies of many areas.

Let me cite as an example what would happen to a particular community in my State of Wyoming, where agriculture is second only to natural resources development in the maintenance of the State's economy. The town of Torrington, Wyo., derives 83 percent of its revenues from agriculture. If American housewives start buying Australian beef because it is cheaper, the cowmen in Wyoming will suffer. The wheat and feed grains growers in Wyoming will suffer, because the cowmen will no longer be buying as much feed. The taxpayers will see more Federal dollars spent to handle wheat and feed grains surpluses. The small businesses in Torrington which depend for their existence on sales to agricultural producers of such items as tires, gasoline, oil, farm implements, seed, fertilizer, lumber, automobiles, insurance, and all other items, will suffer from the loss of business. The schools of Goshen County, in which Torrington is located, would suffer from the loss of revenues provided by taxes producers pay on vast land areas. The nonagricultural workers of Torrington would suffer because the businesses which employ them would suffer a loss of revenue and would no longer be in a position to pay labor costs.

Mr. President, I could go on and on citing examples of what would happen if the barriers were removed on foreign imports. It does not take a genius to figure out that the Australians can sell their beef in this country at a cheaper rate than the domestic industry, because they do not pay the costs to produce their product that the domestic producer pays. It stands to reason that the housewife is going to buy the cheaper product if she can, and it also stands to reason that the Australians would orient their entire industry toward producing for the American market if they thought they could ship unlimited quantities of beef across our borders. They practically are producing solely for the United States as it is.

The livestock industry makes a tremendous contribution to the economic and social well-being of this Nation, and the industry is not making an exhorbitant profit on its products. The originators of this report would do well to consider how the United States would replace the losses that would result from the policies they advocate in terms of taxes paid to the Government for all the various Federal programs, in terms of support to State and local economies, and in terms of meeting the very selective demands of the consumers of this country for a price that simply must be viewed as a bargain when all the facts are taken into consideration.

We have observed, in recent months, as campaign time nears, an emerging philosophy that the best way to reduce the cost of goods to the consumer is to force American prices down by inviting an influx of cheaper foreign products. We see this approach in the subcommittee's proposals and we have seen it expressed in connection with the oil import situation. In its face, this philosophy may sound good to the consumer, who is finding the cost of everything to be much higher than it was a few years ago.

Proponents of this approach, playing to the voter, are quick to make a popular demand for cheap imports without explaining the ramifications or the impact on the domestic economy, and without accepting the responsibility for the long-term consequences of such actions.

The cattle industry has managed to remain relatively stable throughout the years because it has remained free of Federal controls and regulations. I cannot think of a quicker way to throw the industry into chaos than to invite the Government to decide what the supply should be and how much the producer should be paid. We have only to look at the present situation with respect to Federal programs for wheat, feed grains, and cotton to know that the Government is the most inefficient farm manager there is.

Mr. HRUSKA. Mr. President, will the Senator yield?

Mr. HANSEN. Mr. President, I am very happy to yield to the distinguished Senator from Nebraska.

Mr. HRUSKA. Mr. President, the thrust of the subcommittee's report is certainly from the area of those who find themselves constrained to speak up on behalf of the consumers. We are all consumers, Mr. President, and I do not think there is anyone who is more concerned about consumers than the Senator from Wyoming or the Senator from Nebraska. But when we get into a matter such as the subject that was covered by the committee report in the other body, there are are few principles that we just must recognize.

We must recognize the factor of inflation which has entered the picture. We must recognize that there is a difference between meat prices and cattle prices. The farmers and the ranchers do not sell meat. The farmers and the ranchers sell cattle on the hoof. Those are the first sales and the first purchases by those who process the meat.

Mr. President, I have a chart that I should like to introduce into the RECORD in due time which indicates that last year for the first time since 1952 the price of choice cattle exceeded $30 a hundredweight.

Here are the average prices for cattle, choice steers, in 20 markets during 1950, 1951, and 1952.

In 1950 it was $29.02.

In 1951 it was $35.24.

In 1952 it was $32.44.

Mr. President, from that year until 1969, there was never a year when cattle prices went over $30. Most of the prices were in the middle and low $20 price range.

The Senator has commented on inflation. I give these figures and ask the Senator if he has not come across them in his reading and study of the problem.

The farmer must live and support his family on what he is paid for crops and livestock. During the last 20 years, wages have more than doubled.

In 1950 the average wage rate in manufacturing, according to the Department of Labor, was $1.44 an hour. Today wages are $3.24. Yet, the price of cattle today is lower than it was during the years 1950, 1951, and 1952.

Is that the result of the Senator's study on this subject?

Mr. HANSEN. Mr. President, the Senator from Nebraska is entirely correct. There is no student of the cattle industry who is more astute or more knowledgeable, in my opinion, than is the Senator from Nebraska. He has often been recognized as the spokesman for the livestock industry. And the facts he is calling to the attention of the Senate are most relevant in the results of the charts, that there is nothing inflationary about the price of cattle.

Mr. HRUSKA. It certainly does not seem to be in the figures. It is distressing because we get letters all the time from consumers and restaurant associations saying that the prices of meat and cattle are at an alltime high. That just is not true. It is not true that cattle are at an alltime high. As a matter of fact, the table to which I refer has material in it to indicate not only the average price of steers in the first purchase, but the wholesale value of carcasses per hundred pounds, the retail value, and it shows there is no parallel between the retail value of that merchandise as compared with the first purchase of cattle for processing because whether it goes up or down in the value of choice steer, that up or down does not coincide with the up or down in the retail meat market.

To give an idea on the subject, in 1950 when cattle were selling for $29, their retail value was $60.28. In 1968, cattle were selling for $26.75, and the retail price was $64.56. There was no correlation between them.

I do not know where the causes are. That is something for the economists to figure out. But the figures in the cattle market necessary for the farmer and the rancher to meet those prices are easy to understand. I am informed that the purchasing power of the 1950 dollar in 1969, was 62 cents. If we consider that cattle are selling in the $30 range, up or down from that, and that is where they were 20 years ago, it means we would have to deduct 38 cents from the dollar he used to get in 1950, and that is what he is getting today because his labor costs more, his gasoline costs more, his tractor costs more, everything he uses costs more, and especially in the area of labor.

Mr. HANSEN. As I understand it, the Senator is saying the cattle rancher today is not nearly as well off, with the decreased value of the dollar today, as he was 20 years ago.

Mr. HRUSKA. That is right. Roughly he takes 40 percent off of every dollar to compare with the same $30 price he got in 1950 because the buying power of the dollar has decreased so much.

Mr. MANSFIELD. Mr. President, will the Senator yield at that point?

Mr. HRUSKA. I yield.

Mr. MANSFIELD. Mr. President, I was interested in the remarks made by the distinguished Senator from Nebraska. The Senator will recall that about 6 years ago he and I were responsible for the passage of an import quota for the first time based on beef and lamb frozen products from outside the United States.

What he has said about the decrease in the value of the dollar and the increase in the cost to the cattleman is true. We could spread it far beyond the cattle industry and take in a good deal of the rest of the agriculture economy—feed prices, for example—and find that prices have gone up as far as the consumer is concerned, but as far as the original producer is concerned—and this applies to both the wheat rancher and the cattleman—costs have gone up while prices have remained stable. Only in the last year and a half have cattle prices gone up to a reasonable level. Before that it was touch and go for a good many small producers. Too many people want to make the producers in the cattle industry the villains, just as they want to make the wheat farmers the villains in connection with, for example, the price of bread.

I congratulate the Senator from Nebraska and the Senator from Wyoming for setting the record straight and putting the facts down as they are and telling the story as it is. It is about time we began to do our thing and put in the RECORD the situation which confronts the American cattleman; and get away from the proposals, which I understand are originating in the House and which would make the situation of the cattleman that much more insecure and bring about a migration from the farm economy into our already overly congested areas.

These people have been getting by pretty much on what they have done themselves. They deserve a great deal of credit. The facts brought out by the Senator from Wyoming and the Senator from Nebraska should set the record straight.

The dollar, in the last year or so, has declined again because of inflation. However, costs have not decreased; as a matter of fact, they have increased. I do not know the figures but I imagine punchers today are paid $325 a month in addition to room and board. The same figures would apply to herders in the sheep industry, and herders are hard to come by.

These are added costs and they are an added burden on the sheep and cattle rancher and the wheat rancher. This is a situation which the urban east and the urban west does not fully understand. I think the two Senators have done a real service in laying the facts on the line today.

Mr. HRUSKA. Mr. President, I recall with pleasure the cooperation of the majority leader and other Members of the Senate during 1964 when we passed the import quota bill to which the Senator has referred.

We are importing about 1 billion pounds of beef today.

Mr. MANSFIELD. Over. It is a little over that.

Mr. HRUSKA. It is a little over 1 billion pounds, more or less, but it is not quite at the trigger point in that import quota law.

Demands are being made that that quota be relinquished because the price of meat is so high. When letters are received from the restaurant people, I recall the fact, which is a simple one, that if we consider in 1958 the price of a meal was $1, the price of a meal in December 1969 was $1.50. By that standard, if we had a $30 price on cattle back in 1950—not on meat, but on cattle, which is what the farmer and the rancher sell—we should be getting $45 a hundred for those cattle. We do not have it.

We have the wage earner who in 1950 was getting $1.44 an hour. He does not get $1.44 anymore. The national average is $3.28, more than double. If our beef prices were doubled we should be getting $60 for a hundred pounds of cattle on the hoof.

It does not make any sense to speak in terms of taking an industry like that and say, "Let us take into this country larger amounts of imports so that consumers will have cheaper meat prices." Why can that not be said of textiles, shoes, electronic parts, and a host of other things?

The Representative from Connecticut, I think it was, who headed the hearings on the other side, indicated that he had some concern about these imports because they are imports of industrial goods that come into America that hurt the industry in his State; so he had some sympathy with the idea that we should be a little careful about letting down the bars of other imports into this country.

Mr. COTTON. Mr. President, will the Senator yield to me on that point?

Mr. HRUSKA. I yield.

Mr. COTTON. Mr. President, I agree thoroughly with what the distinguished Senator from Nebraska has said. It does not make a bit of difference whether it is beef, shoes, or textiles, the same principle is involved.

The reason I asked the Senator to yield is that I wish to call attention to the fact, and I am sure the Senator will agree with me, that we have many very sincere and dedicated Members of Congress who are always talking about the consumer. They want to let down the bars and let in all of these products, whether it is manufactured goods, beef, or something else, in the interest of low prices to the consumers.

Although I live in the East, I am not one who represents a highly urbanized constituency. There is one thing that those who do forget: History has shown that as soon as foreign competitors, whether it is in manufactured articles or agricultural products or anything else, have run out of competitors and destroyed to a great extent their American competition, then prices go up. To a large extent those businesses have given up their investments, and there is less capability of production. Every time that happens, history shows that prices have gone up.

So some of our friends who, in complete sincerity, are saying, "I do not want quotas. I do not want any restrictions on imports because I am for the consumer" really, in the long run, are not for the consumer at all, because as soon as we impair our own productiveness for the consumer and have to rely upon imports of any kind, then the prices on those imports go back up and the consumer is in trouble.

Is that not true?

Mr. HRUSKA. That is true. The Senator from New Hampshire speaks well.

I would say this lest there be some misunderstanding or miscalculation about it. It has not been the position of the beef industry or the cattle industry that imports should be shut off. We have said we will accept a reasonable quantity of imports. I believe it started, in 1964, somewhere in the neighborhood of 700 million pounds. The imports were geared to an increase which had to do with the consumption of beef in this country, so that as the market increased, there would be an increase in imports. Imports are now in excess of 1 billion pounds, not including canned beef and other prepared beef and veal.

The same thing is true in the thinking of the Senator from New Hampshire. If I misspeak him, he will correct me. It is not the position here at all—certainly it is not in the cattle industry—that we should bar all imports. We have to buy if we want to sell, but we should not buy in such quantities that we will destroy an industry in this country. When overalls or shoes or automobiles are involved, the manufacture of those products can be curtailed or stopped for a while. We cannot do that in the cattle industry. By the laws of nature, it takes so many months and years to develop a critter before he is ready for slaughter or the packer.

Mr. President, I ask unanimous consent to insert in the RECORD at this time a table which appears on page 34 of the hearings held by a subcommittee of the Committee on Government Operations of the other body. It is a table prepared by the Department of Agriculture and is self-explanatory. As to the years covered, the table runs from 1949 to 1969, and it has various statistics with reference to the average market price of a Choice steer, the wholesale value of carcass and byproducts, wholesale carcass value, retail value for 100-pound carcass, wholesale to retail spread, and farmer to retail spread.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Year	Choice steer, average price, 20 markets [1]	Wholesale value, carcass and byproducts [2]	Wholesale carcass value, 100 lbs [3]	Retail value meat in 100# carcass [4]	Wholesale to retail spread [5]	Farmer to retail spread 100# [6]
1949	25.56	27.65	42.81	54.75	11.94	29.19
1950	29.02	30.68	47.46	60.28	12.82	31.26
1951	35.24	37.02	56.88	70.55	13.67	35.31
1952	32.44	34.52	54.68	68.67	13.99	36.23
1953	23.50	26.19	41.03	54.35	13.32	30.85
1954	23.70	26.18	41.03	53.44	12.41	29.74
1955	22.84	25.36	39.91	52.17	12.26	29.33
1956	21.55	24.46	37.99	50.62	12.63	29.07
1957	23.06	25.90	40.12	53.65	13.53	30.59
1958	27.19	26.76	46.04	60.98	14.94	33.79
1959	27.62	30.48	46.69	61.85	15.25	34.23
1960	25.92	28.94	44.50	59.90	15.40	33.98
1961	24.55	27.51	41.92	58.57	16.65	34.02
1962	26.80	29.85	45.30	61.42	16.12	34.62
1963	23.75	27.28	41.56	59.93	18.37	36.18
1964	22.48	26.44	39.82	57.48	17.66	35.00
1965	24.93	28.30	42.70	60.20	17.50	35.27
1966	25.74	29.26	43.61	62.36	18.75	36.62
1967	25.35	29.20	44.24	62.24	18.00	36.89
1968	26.75	30.66	46.67	64.56	17.89	37.81
July 7, 1969	32.75	37.38	57.13	75.26	18.07	42.51

[1] Average of price quotation for choice grade steers at 20 leading public stockyards.
[2] Wholesale value of carcass and byproducts per 100 pounds live weight.
[3] Average of price quotations for choice grade carcasses in New York, Chicago, Los Angeles, San Francisco, and Seattle.
[4] Calculated from average retail prices of major retail cuts of meat in urban areas, published by the Bureau of Labor Statistics. The retail value per 100 pounds carcass weight is 74 percent of the average retail cost of 100 pounds of retail cuts for beef.
[5] The difference between wholesale price and retail value.
[6] The difference between price of steers(1) and retail value in 100# carcass(4).

Mr. HRUSKA. Mr. President, last week the Associated Press carried a wire story about a most extraordinary House subcommittee proposed report dealing with the Nation's beef supply. This proposed report contains such alarming and almost unbelievable implications that it seems necessary to hold it up to the light, examine it, and make clear to the public just what some of those implications are, and where they might lead us.

The report referred to came from a curious source to be advising us where and how to get our meat supply. It did not come from a subcommittee of the House Committee on Agriculture, which knows all about the cattle industry, which produces our beef supply. It did not come from the House Ways and Means Committee which has jurisdiction and knowledge on our system of meat import controls. It did not even come from the

House Committee on Interstate and Foreign Commerce which traditionally has handled legislation aimed at protecting the consumer.

It did not come from any of these groups which traditionally have expertise and jurisdiction over such a matter. Instead, it came from what is called the Special Studies Subcommittee of the House Committee on Government Operations, which subcommittee is headed by Congressman MONAGAN, of Connecticut. It is difficult to understand what possible claim such a subcommittee could have to jurisdiction over measures relating to our beef supply, or to special knowledge on such a subject.

Perhaps that fact explains the extraordinary and ill-advised suggestions contained in the subcommittee's draft report.

The central concept in the subcommittee's recommendations is that the Government should take the beef industry in hand, pass judgment on its manner of operating, decide on the prices and incomes that ought to be received by each segment of the industry—from the ranch and the feedlot through the packinghouse and wholesaler to the retailer—and then take steps to make sure that consumers are supplied with the meat they require, and "to assure a stable market at reasonable prices."

What a breathtaking concept it is. It is almost as if beef were to be treated as the model for a fully planned and controlled economy. It is true the report does not suggest that the Government should take physical control over the meat as it moves through the channels of trade. However, it does propose governmental intervention into the pricing at every level.

Some of my friends in the livestock industry have spoken of this report as a proposal to treat the beef industry like a public utility. But it goes further than that. Ordinarily in the case of a public utility only the price of the end product is regulated. All else is left to management to determine.

In this proposed Monagan report it is recommended that a Government commission should pass judgment on "the share of the retail price going to each major subdivision of the above three segments of the industry, the costs incurred and the profits realized by each." Then, Government policies, particularly over imports, are to be manipulated to achieve the effects on prices and profits that are desired by the planners.

Mr. President, it is well to face the full implications of such a line of thought before we take the first step along the path that leads to that result. In a moment I shall discuss the beef industry in this country briefly in terms of its record of accomplishments, its own problems and needs, and the present situation.

Before I do, however, let me remind the Senate that if top-to-bottom price manipulation—from the producer to the consumer—can be imposed on the beef industry, it can also be imposed on any other food industry, on the textile and garment industries, on the construction industry and the chemical industry and the fishing industry and every other industry in this country. It is no use taking the first step unless we are willing to follow the path to the very end.

I do not believe the Congress or the country is willing to join the Monagan subcommittee in such a massive assault on the private enterprise system. I sincerely hope that the House Government Operations Committee will take second thoughts before it puts its stamp of approval on such a strange, ill-considered proposal.

Let me now discuss briefly the beef situation and some of the points about the future of our beef supply which seem to trouble the House subcommittee.

I recognize that many consumers have been upset by increases in the price of meat. Parenthetically, let me remind the Senate that the cattleman does not sell meat, he sells cattle. Changes in the retail price of meat are not always necessarily reflected in the price received by the producer or feeder when selling his cattle.

The Monagan subcommittee, having noted recent fluctuations in beef prices, unfortunately leaps to the conclusion that there is some kind of danger of a future shortage of beef in this country. In fact, the wording of its conclusions implies that the Department of Agriculture and the American Meat Institute forecast a shortage to occur about 1975.

Now the fact is that the Department of Agriculture has made no such forecast, and neither has the American Meat Institute. An official of the Department of Agriculture stated that he was confident that beef production would be expanded adequately over the next few years, if beef producers received favorable prices. Dr. Herrell DeGraff, president of the American Meat Institute, pointed out that beef production probably would not be increased unless cattle prices were permitted to rise somewhat from the depressed levels of cattle prices experienced during the last few years up until the past year. Mr. DeGraff stated it quite bluntly in saying:

> I have to say to consumers that, on a continuing basis, they cannot have both the beef supply they seem to want and the lower level of beef prices they also seem to want.

Mr. DeGraff expressed no doubt, however, about the possibility of securing an expansion of the domestic beef industry at a properly remunerative level of prices, consistent with the increased level of costs of the cattleman.

Statistically, the expansion to be accomplished is not so gigantic as to be frightening. Our population is increasing at the rate of about 1 percent per year. The public appetite for beef is also increasing on a per capita basis, and experience indicates that this increase may be at the rate of not over 2 percent per year. Thus, it is necessary to think in terms of an increase in production on the order of 3 percent per year, or perhaps a trifle less.

Dr. Upchurch, Administrator of the Economic Research Service in the Department of Agriculture, presented the subcommittee with a tabulation showing that a steady increase in the inventory of cattle and calves on farms between 1970 and 1975 from 110 to 118 million head was entirely possible provided beef prices continue to be remunerative, and that this could be accomplished without unduly shortening current supplies. By this tabulation the civilian supply would rise from 110.7 pounds per capita to 117.6 pounds per capita.

Mr. DeGraff presented a tabulation on a slightly different basis which calculated that our cattle inventory could be increased to 114 million head by 1975 and from this inventory, together with imported live animals from Canada and Mexico and beef imports at the same level as at present, there could be provided a beef supply of 120 pounds per capita in 1975.

Both Dr. Upchurch and Mr. DeGraff pointed out that cattle prices would have to be adequately remunerative to producers in order to permit this expansion to be accomplished.

In fact, the domestic industry has accomplished much greater prodigies of expansion than this in the past. By Mr. DeGraff's calculation, for example, beef and veal production would be increased from 21.1 billion pounds in 1970 to 24.8 billion pounds in 1975.

By comparison, during the 10-year period between 1959 and 1969 beef production was increased from 13.5 billion pounds to over 21 billion pounds, a gain of over 50 percent in 10 years or about 5 percent per year. It was a rate of gain far greater than that which must be accomplished to give us the beef we need during the coming 5 years.

In all candor the worst possible prescription for action is that proposed by the Monagan subcommittee that the floodgates of our quota system be opened and prices in our cattle markets be pushed down by a mounting tide of imports. Such a course of action would destroy any hope that the domestic industry will gear itself for expansion.

I am grateful to the Senator from Wyoming for having brought this subject up, because it is about time that the literature started building up to produce the true facts, not the facts that are selectively depended upon for such documentation as the alleged report of the other body, but the true facts and the overall picture.

When the Senator from Wyoming indicates that the cattle industry accounts for the consumption of most of the feed grains in this country, and the raising of feed grains and the raising of cattle are representative of a vast industry which would be seriously impaired and would affect all of the economy, he has done a great service and I am grateful to him for having done so.

Mr. HANSEN. I appreciate the kind words of my distinguished colleague.

Mr. MANSFIELD. Mr. President, will the Senator from Wyoming yield?

Mr. HANSEN. I yield to the distinguished majority leader.

Mr. MANSFIELD. I want to join in the remarks of the distinguished Senator from Wyoming relative to the purported report of the House committee, which I read with distress. If anybody wants to investigate prices, then they ought to investigate at the consumer level, not at the production level, because there it is a matter of public record. The questions

ought to be asked about what happens when the product reaches from the rancher to the packinghouse to the middleman and eventually to the consumer. That is where the questions ought to be asked, not at the point of origin, where it is already a matter of public knowledge.