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Congressional Record S. 6247 - Meat Price Controls

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Why not clothing, automobiles, lumber, and many other commodities and products which I could mention? Why should the farmer, alone, be penalized?

Mr. President, let me read a portion of a commentary by Mr. James J. Kilpatrick, a conservative columnist for whom I have the highest regard because, while we may differ, I appreciate his honesty and his forthrightness, and I can understand his logic. The excerpt reads as follows:

The Springfield News & Leader, out in Greene County, Mo., came up with a pointed editorial. Steers were then selling at around $44 to $46 per hundredweight.

If beef prices had increased since 1950 at the same rate as postage stamps, the editor observed, beef would have been at $77. If beef prices had merely kept pace with increases in hourly pay in industry, the figure would have been $60. If the price on beef had followed the price of medical care, a producer would have been getting $179 per hundredweight. Granted, meat prices are high today compared to meat prices a few years ago, but these are not the only comparisons that ought to be made.

Mr. President, in 1951, the beef producer received an average of $34.92 per hundredweight. This was the highest price until 1973 when the average annual price was $35.93 per hundred. Prices have gone up in the last 2 or 3 months and at the present time, stand somewhere in the vicinity of approximately $44, based on the best estimate possible, and this is a result of a decline over the past several weeks. When comparing these prices, one should keep in mind that during the two decades since the Korean war, the costs to the farmers in all categories have increased substantially. Furthermore, over the years, the farmers have had their ups and downs because the very nature of his occupation makes him a gambler. He has to be because of weather, prices, and other factors inherent in his profession.

The President, instead of penalizing the farmer, should take a new look at the inflationary picture and the first thing he should do would be to abolish phase III with its "flexibility" and a "club in the closet" approach because it just will not work, and return to phase II which did work reasonably well. It did keep inflation down and it did give a sense of security and stability to the American people, as a whole.

The time to act is now, not just on a piecemeal basis, and the time to act is now because of four factors:

First. Inflation, in practically all segments of the economy;

Second. The two devaluations of the dollar which have already occurred and now the "floating" of the dollar;

Third. The drop in the stock market; and

Fourth. The continued adverse balance of trade.

Mr. President, the farmer is a consumer, too, and he is entitled to parity with labor and not a "club in the closet" to be used against him alone.

Mr. President, I ask unanimous consent that the column entitled "Everything Is Going Up, So Why Pick On the
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CONGRESSIONAL RECORD — SENATE

EVERYTHING IS GOING UP, SO WHY PICK ON THE FARMER

(By James J. Kilpatrick)

SCRAPPLE, Va.—The Black Angus cows move across the meadows here in the Blue Ridge Mountains as slowly as shadows, as softly as dark smoke from some great green rolling homes. Untill this past year or so, local farmers might have been better off investing in seaweed or shadows than in cows and calves. They have known hard times. Now they're solvent and they want to stay that way.

This is cattle country, and in some ways fairly typical cattle country. Virginia has a large part of the millions of animals a year, but most of our livestock men are small operators. This is the picture elsewhere. In the nation as a whole, an estimated 250,000 large producers account for 80 percent of the beef, but another 1.7 million farm families also earn their living on livestock.

It has been, to put the matter mildly, a very poor living. A typical small rancher in the Southwest, according to a recent study, netted only $379 in actual profits on his herd of cattle in the last year. Idaho or Montana, according to the same report, netted $35,000 on an investment of $200,000 and 7 percent without taking his years of labor into account.

In recent months, as meat prices have increased, livestock producers have begun to share in the general increase in disposable income that city dwellers have been enjoying right along. These farm families are getting a pleasant taste of new cars, color television, new furniture, and appliances. Now they turn on the TV, and see that the wives of workers who make automobiles, furniture and electric appliances are counting a buck on meat in an effort to drive the price back down. My country friends are burned up, and justifiably so.

It is a curious notion, or so it seems to me, which holds that food costs should stay down while everything else goes up. No one has proposed a boycott on housing or clothing or automobiles. The housewives who are leading this movement would be angry and alarmed if their own husbands’ salaries were subjected to organized assault. Why do they want to hurt the farm family whose average income last year was under $6,800?

The Springfield News & Leader, out in Greene county, has a pointed editorial. Steers were then selling at around $44 to $48 a hundredweight, the editor points out, and government had increased the price of postage stamps, the editor observed, beef prices had increased about $30 and livestock producers have merely kept pace with increases in hourly pay in industry, the figure would have been $480. If the first example followed, the price of medical care, a producer would have been getting $179 per hundredweight.

Granted, meat prices are high today compared to meat prices a few years ago, but these are not the only comparisons that ought to be made:

Why does beef cost so much? The answer lies, at bottom, in the inexorable law of supply and demand. A bill production has remained relatively stable, but thousands of families who couldn't afford sirloin steak in the past, have been eager to dig in and put steak on the table. Their cumulative demand drives the price up. Other factors, of course, are controls, price controls on other goods, even the impact of the food-stamp program. The basic factor is old-fashioned demand.

The housewives' boycott may produce illusory benefits. Temporarily, meat prices may be driven down; over the long haul, organized consumer resistance is bound to be self-defeating. Instead of responding to increasing demand, the herd, livestock men will counter by keeping production stable. The farmer has to have some incentive for increasing his investment and thus increasing his risk. The housewives, if they succeed, will take the risk away. If we are patient, a satisfactory answer can be found in simply leaving the market alone. Even at today's prices, livestock producers are not getting rich. For a whole lot of hard work, they're earning a little more money. In simple justice, who can fairly object to that?

Mr. GRIFFIN. Mr. President, there is a great deal of criticism of President Nixon's order of last Thursday because he did not roll back the price of beef, pork, and lamb. Surely the action of the President was a balanced decision which took into account the fact that meat prices at the supermarkets have reached a point just about as high as the housewife can possibly tolerate. President Nixon's order says that prices shall not go higher.

I believe there are a number of things that can be done to fight the battle against inflation. One of the most important actions could be taken right here tomorrow when the Senate will decide, at 2 o'clock, whether to sustain the President's veto of the food-stamp bill of this session. At that time, we will see whether or not Congress—particularly this body—will play a responsible role in the effort to hold a ceiling on Federal expenditures.

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

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

Mr. MANSFIELD. The distinguished acting minority leader has used the word “balance.” I do not think any balance is entailed when the farmer is singled out for specific action, as he was last Thursday.

So far as budget busting is concerned, I would point out that Congress will again, for the fifth time in a row under the present administration, reduce the President's budget request below the figure he requested.

I point out that in the last 4 years, the first 4 years of the Nixon administration, Congress did reduce the President's budget requests by $20.2 billion, but that in that period, the administration accumulated an additional deficit of $104.3 billion.

I am confident that again this year, Congress will reduce the overall spending requests proposed by the administration and it will add some of the savings to matters of higher priority. This is the issue at stake tomorrow, when the Senate confronts the question of whether to override the President's veto of the food-stamp bill. I urge a yes vote.

To this vital proposal, Congress has given a higher priority than has the administration. In turn, Congress will place in a lower priority status certain administration spending requests and will cut those items accordingly. In this fashion, I am confident Congress will reorder the Nation's priorities and will reduce overall spending in doing so.