

University of Montana

ScholarWorks at University of Montana

Mike Mansfield Speeches, Statements and Interviews

Mike Mansfield Papers

6-13-1974

Congressional Record, Difficulties Confronting the American Beef Industry Today

Mike Mansfield 1903-2001

Follow this and additional works at: https://scholarworks.umt.edu/mansfield_speeches

Let us know how access to this document benefits you.

Recommended Citation

Mansfield, Mike 1903-2001, "Congressional Record, Difficulties Confronting the American Beef Industry Today" (1974). *Mike Mansfield Speeches, Statements and Interviews*. 1259.

https://scholarworks.umt.edu/mansfield_speeches/1259

This Speech is brought to you for free and open access by the Mike Mansfield Papers at ScholarWorks at University of Montana. It has been accepted for inclusion in Mike Mansfield Speeches, Statements and Interviews by an authorized administrator of ScholarWorks at University of Montana. For more information, please contact scholarworks@mso.umt.edu.

veloped. On the basis of the unanimous agreement of those present—and it was a bipartisan group of Senators—it was decided that a letter would be dispatched to the President of the United States in which certain requests would be made having to do with legislation to provide emergency assistance to the cattle industry under the Department of Agriculture loan program.

This proposal was acceded to because of the great need and the tremendous losses which the feedlot operators are undergoing at the present time.

Then an agreement was made—again unanimously—that the administration look into the possibility of expanding military food programs through the Department of Defense, and school lunch programs, through the better use of beef, pork, chickens and eggs; and, most important, it was the unanimous feeling of the bipartisan group of Senators in attendance that the President should exercise his authority in reimposing strict import quotas on beef and livestock products which compete with those in this country.

Mr. President, let me say that, in addition, the Chairman of the Committee on Agriculture and Forestry, the distinguished Senator from Georgia (Mr. TALMADGE), announced that the subcommittee, under the chairmanship of the distinguished Senator from South Dakota (Mr. McGOVERN), would hold hearings on the question of legislation to provide emergency assistance to the cattle industry under the Department of Agriculture loan program beginning on Monday next.

It was also announced that representatives of various groups connected either directly or indirectly with the beef segment of the economy had been invited to a meeting at the White House on Monday next for the purpose of considering the drastic situation which confronts the beef, the cattle, and other segments of the agricultural economy.

Mr. President, I ask unanimous consent to have printed in the RECORD the letter I wrote to the President of the United States on June 7, 1974.

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

U.S. SENATE.

Washington, D.C., June 7, 1974.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: In recent days, presentations have been made to the White House staff in behalf of a seriously depressed livestock industry. I wish to join with my colleagues in asking that you give this situation your personal attention. We cannot permit such a vital element of our economy to flounder as it is now. Action must be taken to close the gap between prices received by the livestock producers and the prices charged by the packers and retailers.

The reasons for this predicament are varied. The main point is that something has to be done now to protect the ranchers of our Nation. I am joining with several of my western colleagues in the introduction of legislation to provide emergency assistance to the cattle industry under the Department of Agriculture's loan program. These loans are vital to feedlot operators. I also concur in the recommendations that the Federal

Government introduce a beef purchase program for military and school lunches. Most importantly, I ask that you exercise your authority in reimposing strict import quotas on beef and livestock products which compete with those in this Country. As you know, I have consistently supported this safety valve and the present situation underscores the need to reimpose these quotas.

Your cooperation and assistance in this matter are vital. I am convinced that we can have a strong and healthy livestock industry if some reasonable attitudes can be returned to the price of beef in the retail market.

Respectfully yours,

MIKE MANSFIELD.

Mr. MANSFIELD. Mr. President, I received a reply to that letter this morning from Tom C. Korologos, Deputy Assistant to the President, which reads as follows:

JUNE 10, 1974.

DEAR SENATOR: I would like to acknowledge and thank you for your June 7 letter to the President expressing concern about the problems facing the cattle industry.

I have noted that you plan to join several of your colleagues in the introduction of legislation to provide emergency assistance to industry under the Department of Agriculture's loan program. I have also made note of your request that action be taken to reimpose quotas on meat imports, and I will be pleased to pass along your letter to the President upon his return from the Middle East. This matter is receiving most careful attention by his agricultural and economic advisors at this time, and you may be assured that your views will have a part in the deliberations.

With warm regard,
Sincerely,

TOM C. KOROLOGOS,
Deputy Assistant to the President.

Mr. President, I also made an opening statement to the bipartisan group of Senators which met this morning which reads, in part, as follows:

The White House yesterday announced a conference of cattlemen, meat packers, grocery-chain executives and agricultural lenders next Monday to see what can be done to reverse the falling price of live cattle and prevent the threat of widespread bankruptcies among the cattle feeders.

Cattle feeders have been complaining that although the price of beef on the hoof has dropped more than 25 percent since the beginning of the year.

The cattle feeders claim they are losing between \$100 and \$200 on each animal they market because of the continued high price of feed and the plunging price of cattle.

Yesterday the price of cattle dropped another \$1 per hundred pounds in the Omaha livestock markets for the third consecutive day. The price of an average 1,100-pound prime steer has declined between \$30 and \$35 this week alone.

Paarlberg, however, indicated that the Nixon administration may be opposed to bills in Congress to provide up to \$3 billion in government-backed loan guarantees to cattle feeders to stave off bankruptcies because "it would be bailing out creditors rather than helping out farmers."

I disagree with that contention.

Continuing the statement:

Senate hearings are scheduled Monday on the various financial assistance measures.

Mr. President, if my information is correct, that will get underway in the House Agricultural Committee, and they will consider an omnibus bill related to the

TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there now be a resumption of the period for the transaction of routine morning business, with statements therein limited to 5 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. BARTLETT). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

DIFFICULTIES CONFRONTING THE AMERICAN BEEF INDUSTRY TODAY

Mr. MANSFIELD. Mr. President, a group of between 35 and 40 Senators from the cattle-producing States met this morning for the purpose of considering the difficulties which confront the beef industry of this country today.

Not only is cattle production in a precarious condition at the present time due to the decline in prices and the increase in costs, but the same applies in a similar degree to chickens, eggs, and the pork segments of the economy.

At that time, the group met for the purpose of considering ways and means to cope with the situation which has de-

various matters concerned with the situation which has developed.

That is about it, Mr. President, at this time.

Mr. HANSEN. Mr. President, will the distinguished majority leader yield?

Mr. MANSFIELD. Yes, indeed; I am glad to yield to the Senator from Wyoming.

Mr. HANSEN. Mr. President, I want to compliment the distinguished majority leader for his continuing interest in and concern for the problems of all Americans, including those in the livestock business.

I am one of those who attended the meeting this morning, responding to the Majority Leader's call that we get together to discuss what might be done to solve the cattlemen's problems and what steps could be taken in order to bring such measures of relief as are within the purview of Congress, and further to explore with him and others some suggestions to the executive branch of the government. For those who are uniquely familiar with agriculture, there is an awareness that the livestock industry, the cattle business specifically, has never asked for the kind of support or the kind of programs that we have seen in operation in times past with many other segments of agriculture. Beef is not a price-supported commodity as wheat has been, as cotton has been, as corn has been, as tobacco has been, as wool has been, and as many other products have been. Rather, the feeling of the typical cowman has been that he would rather take his lumps, take the ups and downs in the market, and have the opportunity of benefiting when prices rise, than to be locked into a Government price support program, to price controls, to Government controls—period—programs that all too often have kept agriculture in a deeply depressed state.

Under this philosophy, it is true that the typical cattleman has had good times and bad times. What is not generally known is that for nearly 20 years the price of cattle in this country was lower than it was in the early 1950's. I think that in 1951 or 1952 the price was higher than it was at any subsequent time for a period of almost 20 years. Everyone will recall that last August, when price controls were removed from most products, most commodities, they were not removed from beef. As a consequence, many feeders who had cattle on feed then made what has since proved to be a very bad decision.

Anticipating the time when price controls would be removed, as indeed they would be later, they kept their cattle. They withheld from the market cattle that normally would have been marketed.

There was intense resentment throughout the country over the sharp escalation in the price of beef, and the typical housewife reacted as we might all have anticipated she would. She readily joined others in reducing purchases of beef.

About the time the price controls were taken off, the pattern seemed to have been set, the pattern that was being manifested in homes all across America, that they were going to eat products

other than beef, or at least eat less beef than they had been eating earlier.

The price of live cattle started dropping. It has since dropped steadily, so that today we find, comparing the price of live cattle now with what it was less than a year ago, the drop has not only been dramatic; it has been disastrous.

Many feeders, as the distinguished majority leader has said, have gone broke. The losses throughout the feeding industry are oftentimes from \$100 to \$150 per head, collectively some \$1.5 billion. Some feeders have experienced losses even more severe than those figures, or \$150 to \$200.

There have been a great number of bankruptcies throughout the United States. Some people who are in the so-called cow and calf business, who sell feeder animals, may think, if they have not been in business very long, that this is of no particular concern to them. But it is of great concern to everyone and to that group of cattle producers particularly, because what they are able to get for their animals offered to the feeders will be a reflection of the profitability of feeder operations in the past feeding season.

As a consequence, the disastrous experience that the feeders have had certainly is being driven home very forcibly and traumatically to cattle producers today. Feeder prices of calves which a year ago were from as much as 80 cents per pound to 60 cents per pound have dropped this year to prices in the thirties.

We are finding out, as we should have known all along, that if the feeder does not have a profitable operation, those in the cattle-raising business may also anticipate not having a profitable operation.

While the price of live cattle has been dropping, the costs of raising cattle have continued to go up. The price of labor is higher. The price of practically everything that the farmer and rancher uses is higher. The price of baling wire has gone up, I am told by some of my constituents, as much as 4 times what it was a year ago, for those who can even find this product.

One of the things has been speculated about by a number of people is, Why is it that despite the very dramatic and significant drop in the price of live cattle, we find no significant paralleling drop at the retail level?

Economists oftentimes discuss this facet of the economy—that is, that when prices are rising, the spread between what live cattle sell for and what the price of beef is at the retail level is narrow.

I suppose what happens invariably is that with prices of live cattle rising, there is a built-in resistance to rising prices in the supermarket. As a consequence, the margin, the difference between the price of meat at the marketplace and the price of beef on the hoof, tends to be narrower than it otherwise would be. Conversely, when the price of live cattle is dropping, as is now the case, it is easier for retailers to sustain prices at the high level than to lower them, then raise them back up again when live cattle increase.

I think there is this lesson to be

learned from this fact that is constantly demonstrated in the marketplace: that is, that we can expect, in a market which is characterized by declining live cattle prices, that the spread will be greater. Many stock men are anxious to find out the reasons for the depressed price of what they have to sell, which primarily is beef on the hoof.

We look around for scapegoats. We look around for people to blame.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. GRIFFIN. Mr. President, will the Chair recognize the junior Senator from Michigan?

The PRESIDING OFFICER. The Senator from Michigan is recognized.

Mr. GRIFFIN. I yield to the Senator from Wyoming.

Mr. HANSEN. I thank the distinguished Senator, the minority whip, and express my appreciation to him.

Mr. President, there probably is plenty of blame to go around everywhere. Certainly, there is no doubt that the price of beef in the supermarket could be lowered, and there would still be a nice margin of profit. I hope that the retail markets in America will take this step very shortly, because in so doing they could increase the consumption of beef; they could make it more accessible to all the people, and in greater quantities than before, by the simple tactic of lowering price, and at the same time could bring a measure of relief that is sorely needed now to the livestock industry.

If the financially disruptive experiences of the cow business continue it certainly follows that there will be less beef down the road for all Americans. I say that because no one wants to stay in a business that is losing money and that is precisely what has been happening to the cow business for a number of months.

I think the President of the United States should exercise the authority he has under the import quota law passed in 1964 to halt the flow of imports that have been rejected by the rest of the world, almost, and now are being diverted to be sold here in America.

What has been happening is that Japan had built up a rather significant trade in the beef business. There is a great appetite developing among the Nipponese for beef and it was being imported in great quantities, but with inflation reaching the proportions that it has in Japan, the Japanese have embargoed the importation of beef, for all practical purposes, to that country. This has happened also in the European Common Market. So today we find other countries exporting the products only, for all practical purposes, to the United States of America.

This compounds the problem of the livestock men and results in the fact that at the end of this year, 1974, in all probability, 7 percent of the beef that is consumed in America will be imported beef. On top of the very serious oversupply situation that we now have, this will be too much and it will mean there will be further bankruptcies throughout Cattle Land, U.S.A., and we can expect to find