



NEWS from U.S. Senator Bob Dole

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DEPRESSION IN THE LIVESTOCK INDUSTRY JUNE 17, 1974

Mr. Dole. Mr. President, A great deal has been said here recently, on both sides of the aisle, about the severe conditions in the livestock industry. These actions are greatly needed. Every livestock producer I know -- and that includes cattlemen, hog farmers and everyone else involved in animal husbandry -- is in deep financial trouble. At stake are food prices for consumers, the viability of the livestock industry and ultimately the economy as a whole. So it is entirely appropriate that the situation be discussed here and solutions be proposed.

TIME FOR ACTION

However, I believe the time has come to stop talking about the situation and to start taking action. Together with many of my distinguished colleagues, I have had meetings with numerous Administration officials. Yet we still see our borders wide open to shipments of foreign beef -- at a time when all other major importing nations have closed their doors to meat imports from our country and others. In my opinion, the Administration has failed to take sufficiently positive action on import quotas and other measures.

CONGRESSIONAL INITIATIVE NEEDED

So it is time for the Congress to take action. I have made several proposals before this body concerning import quotas, guaranteed loans and increased consumption of beef, and I hope we can act on them promptly.

It is significant that we are having hearings on guaranteed loan proposals this afternoon in the Senate Agriculture Committee. I am looking forward to testifying on my own bill.

HANDOUTS NOT WANTED

It should be said, to the credit of the livestock producers, that they are not looking for Government handouts; they are not looking for subsidies; they do not want some grandiose, expensive Federal relief program. This type of program would invite additional Government interference in the industry and in general terms is contrary to the tradition of livestock producers. However, they do, I think, need financial backing to stay in business through this crisis. This is why I proposed a measure to provide guaranteed loans, but without subsidized interest rates.

Mr. President, several bills have been introduced in the Senate to provide loans to cattlemen, and hog and other livestock producers, at reduced interest rates. I have not given my support to these measures.

I have met and talked to a large number of cattlemen, their representatives and their organizations. I have also talked with their bankers. Almost to a man, they have opposed Government-subsidized loans.

The cattle business and other livestock industries have traditionally been independent of Government assistance. They are proud of their tradition of self-sufficiency.

Cattlemen understand the problems of consumers. They do not want to saddle consumers with higher meat prices through a loan program subsidized by tax dollars.

So I think a guaranteed loan program without subsidized interest rates is responsive to the needs of the industry. It would prevent the financial collapse of those involved in animal husbandry while not costing the Government large sums of money. Since this type of program would help prevent the recurrence of meat shortages and soaring meat prices, with a low cost to taxpayers, it can be described as truly anti-inflationary.

There is concern among at least some cattlemen, that a guaranteed loan program, once started, would be continued indefinitely by the Congress. Rather than making such a program a further addition to the Federal bureaucracy and to Federal involvement, a specific limitation should be made that the program will expire upon recovery of the market.

IMPORT QUOTAS NEEDED

Mr. President, at a time when we have no restrictions at all on incoming shipments of foreign meat, the major importing nations in the European economic community and Japan have closed their doors.

While the liberalization of trade offers much benefit to agriculture as a whole, it appears we have a tendency to give away our bargaining positions unilaterally without obtaining comparable concessions from other nations. We see that a recommendation has been made to extend the suspension of import quotas on wheat. A similar position seems to be developing on meat imports.

Last week I offered an amendment to reimpose import quotas. It was withdrawn to give the administration officials, producers, packers and retailers meeting at the White House conference being held today an opportunity to work out a complete program.

However, if those efforts fail there, I believe it is imperative that the Senate should act on the import quota issue. Considering the condition of the livestock industry, ranchers and farmers do not need the additional "salt in the wound" of record level imports. As I promised last week, I plan to offer my amendment for a vote if more positive action is not taken by the Administration on the import issue.

1974 IMPORTS UP

Since beef import quotas were lifted in 1972, we have seen the United States become "the world's dumping ground for beef". We have seen incoming shipments of beef rise to 1,354,000,000 pounds of beef in 1973.

In 1974, imports are expected to rise to 1.55 billion pounds. This is about 200 million pounds more than last year's shipment for an astounding increase of nearly 15 percent. Such a level of imports is equivalent to about 3.25 million head of cattle.

In terms of the overall beef industry in the United States, the 1.55 billion pounds of beef imports expected this year represents over 7 percent of the total quantity of beef produced in this country last year. Clearly this portion of the market is enough to have a harmful effect on prices.

And the true level and impact of beef imports this year may not have been properly evaluated yet. Large numbers of cattle are reportedly being fattened in Australia for export. This beef is expected to hit the U.S. market later this summer at the same time numbers of American cattle will be ready for sale.

MARKET DEPRESSED BY IMPORTS

The impact of beef imported into this country will be to further depress the market. This meat comes from countries where cattle are fattened for market on grass. While grass-fed cattle can be fattened more cheaply, the meat from these animals is not of the quality most desired by American consumers. The major portion of grass-fed beef will find its way into cheaper cuts such as hamburger and lunch meat.

The deluge of Australian meat expected later this summer will drive the market even lower than the present disastrous prices. The effect is likely to be that most commercial feedlots where prime American beef is produced will be driven out of business and the domestic output of meat will decline.

Mr. President, the outlook for the cattle industry is especially severe for several reasons. First, cow slaughter and the thinning of cowherds is above normal. Second, we have a large inventory of beef in storage at this time. Third, there is a large supply of beef on the hoof presently existing in feedlots which must come to the market in the near future. Finally, since import restrictions have been implemented in Japan and the European Economic Community, we have seen the shipments of beef all over the world redirected to the United States.

All of these trends mean additional beef coming onto the U. S. market. The addition of increased imports will greatly contribute to the market glut and a disastrous situation in the livestock market. The only result can be widespread bankruptcy for cattlemen in Kansas and all across the country.

To provide relief from this increase in imports, we need an immediate reimposition of meat import quotas.

Increased Consumption Needed

In addition, several other actions should be taken to increase the consumption of meat. For example, the government could be expanding its purchases of beef. This would only be a tiny part of the market, but it would help. And it would be a thrifty purchase for taxpayers, now that livestock is at the lowest prices in ten years in some cases.

Packers and retailers also may find it beneficial to take actions to strengthen the market. It has been pointed out that packers and retailers are integral parts of the industry. If producers and feeders go out of business, the packing and retail companies will also undoubtedly suffer. Special sales, reduced margins and stronger bidding may be ways to accomplish this.

I am not advocating that packers and retailers should not receive a fair profit. On the contrary, it is with fair profits and steady incomes in mind that I hope the entire meat industry will keep these suggestions in mind.

In addition, the Department of Agriculture could take a more active role in the exports of our animal products. The Canadians need to be better informed about D.E.S. in our cattle feeding. The E.E.C. and Japanese governments should be strongly encouraged to modify their import policies.

Consumer Is Main Concern

As I have said many times before, the most important point of this whole situation is that consumers will ultimately be hurt the most by economic disaster in the cattle industry, and this, Mr. President, is an issue that every member of this legislative body will have to answer to.

Cheap imported meat this summer may lower the food bill for housewives for awhile, but the disruption in the domestic production of beef will ultimately lead to higher prices.

The present trend in the cattle business is that cowherds are being thinned, feedlots are being shut down, and there is a general decline in our ability to produce meat. The future outlook promises a continuation of this trend.

As every cattleman knows, it takes a 3-year cycle to increase the production of beef again once it has dropped. If our capacity to produce is hurt this year, consumers can ultimately expect a long and higher priced road back to an ample supply of tender and juicy choice beef.

Mr. President, again, I want to stress that the time has come to stop talking and start taking action. I believe every Senator should agree on this matter, because in this case, consumer and livestock producer interests are the same. Hopefully, we will soon see more positive actions taken to relieve the conditions in the livestock industry.

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