



NEWS from U.S. Senator Bob Dole

EMBARGOED FOR RELEASE
A.M. THURSDAY, JUNE 8, 1978

CONTACT: Bill Kats

RAISING MEAT IMPORTS COULD BOOST MEAT PRICES

WASHINGTON, DC....."The expected announcement by President Carter to re-negotiate higher import quotas to allow an additional 200 million pounds of beef into the United States could trigger a new round of higher meat prices and inflation throughout the world," Senator Bob Dole said today.

Responding to reports that President Carter will announce that he will allow more meat imports as a means to fight inflation, Dole indicated that there is not sufficient meat available to import to accomplish any real reduction in meat prices.

"Australia is reported to have about 250 million pounds of beef available, half of which they have been trying to sell to Russia. It is possible that following the expected announcement Russia may buy this beef, setting off more worldwide inflation."

"Meanwhile, our cattlemen will not increase their production as long as this Administration takes such actions against them. Cattlemen have lost money 7 out of the past 11 years and are just now beginning to recover from disastrously low prices the past four years. They have been selling their cows due to low prices the past three years. The present time is the cow breeding season and cattlemen are considering whether or not to start rebuilding their herds as prices rise. Since this rebuilding takes from 24 to 30 months to realize any additional production of beef, they are hesitant to invest more money when the government takes actions designed to lower increased prices. Cattlemen need positive action by the Administration that will give them confidence in the future of the beef market. Then they will expand their beef production.

Long range, overall beef prices will continue to climb until we can expand production or until consumers slow down their purchases.

Two long range problems such action could cause:

-- Australia would expand production in hopes that they can further expand their sales into this market the next time we have a similar situation.

-- Our farmers would continue to hesitate to invest in expanded herds.

Consumers are justifiably concerned about higher beef prices, but that concern has not been seen as yet in the grocery store. Consumers can and should determine the price of beef and all foods at the grocery store by what they purchase. They have a wide range of protein foods to purchase at competitive prices if they feel they cannot afford beef steak. Government intervention to lower or control prices does not work. Consumer preference through their purchases is the proper way to determine prices.

If we allow this preference to be effective without government intervention, then farmers can make plans and expand production of the agricultural commodities the consumer wants. They can expand their cattle herds according to the demand, and the current climbing beef prices will respond, higher or lower.

This expected action is just another band aid approach in accordance with the cheap food policy we have seen demonstrated by this Administration against farmers. This "quick fix" approach the President is expected to take will inhibit expansion of beef production, and if Russia should buy Australian beef it could result in higher beef prices.

Regardless of what the Council of Economic Advisors tells us, higher meat prices are not the major reason for inflation. It seems inflation has continued at a pretty good pace the past three years when farmers were getting a third to a half less than they are getting for their cattle today (1975: \$37.00/cwt; 1978: \$60.00/cwt choice Omaha steers).

Several other Senators will join me in a discussion of this problem next Tuesday on the floor of the Senate."