Meat shortages loom, but ideologues say the problem is 'overproduction'

by Marcia Merry

If the current decimation of livestock herds in the United States is not stopped soon, the American family will soon be looking at the McDonald's hamburger as a delicacy. The lunacy has prevailed too long in Washington, and in some farm states as well, that there is an "overproduction" of meat and milk, so that the necessary emergency measures have not been taken to restore farm productivity and restore herds. Prime milk cows, the result of centuries of careful breeding, are going into hamburger. The stage is set for shortages and price hikes this year in dairy and meat, while the very means to expand and upgrade world animal-protein supplies are being destroyed in the United States and Europe.

Even the official statistics of the U.S. Department of Agriculture show this process of herd liquidation, despite the growing unreliability of their figures since Cargill executive Daniel Amstutz took over as USDA undersecretary in 1983. As the accompanying graphs show, the national cattle inventory is down from 133 million head in 1975 to only 110 head, and the numbers are falling. The national hog inventory is down. The sheep inventory—though representing a much smaller part of the domestic meat supply—is also declining.

What do these figures mean? First, they already show up in poorer daily diets for the average American. Even the official, overstated USDA per capita consumption figures show this. Average per capita beef consumption is decreasing from an estimated 1984 annual level of 78-79 pounds to at best 74-75 pounds in 1985. Without emergency intervention, average consumption of red meat will plunge after that. Pork consumption per capita fell at least a pound over 1984 to 61 pounds annually, and it will decrease further. Per capita consumption of lamb, mutton, and veal—each only about 1.5 pounds a year—is dropping. Consumption of poultry has increased somewhat, but the trend of deteriorating diets is nevertheless clear.

The national potential to produce meat is dropping and will show up as a drastic fall in meat supplies soon. Over the past few years, and in 1984 especially, this has been masked for the U.S. consumer by several temporary factors. There are now unprecedented meat imports into the United States. Last year, the hog and pork imports from Canada and Denmark increased by over 30% in many categories. In addition, there was an unprecedented slaughter of dairy cows beginning in January 1984, with the start of the 15-month federal government milk-reduction program. Beef imports from Mexico and elsewhere have soared.

The decline in herds results directly from the bankruptcy rates in the farm belt and shutdown of whole regions of livestock production. Some of the meat animal slaughtering taking place right now is being done by farmers who are desperate to raise cash for spring planting. The herd sizes in the traditional corn-and-livestock belt in the central states, especially Iowa and Nebraska, have fallen drastically. Hog pens and cattle yards are empty. Or as one ex-farmer described it, "Now we're growing rats." Other, more peripheral, but important range-cattle areas, like the California-Nevada borderlands, are thinned out almost to nothing.

In place of the traditional productive system of independent family farms, a few dozen giant agribusiness companies are taking control over more and more of the meat supply lines, from beginning to end, in a process called "vertical integration," "custom feeding," or "contract farming." City dwellers should have no comforting illusions that this process will ensure meat on their tables, even without the family farmer.

The Iowa case

The situation in the state of Iowa shows the danger before us. As of 1961, one out of every five cattle marketed in the United States came from Iowa. By 1983, this ratio fell to less than 1 out of 10. Under Paul Volcker's high interest rates, prevailing low commodity prices, and the State Department's trade-war policies, Iowa farmers have been forced out of business in crisis numbers. Total cattle herds have declined 20% in the last 15 years. Iowa had been the national center of exports of live animals and meat (excluding poultry), accounting for about 10% of the national total meat and live animal exports. Now all that capability—vital to building up world herds and providing high-quality protein—is being totally dismantled.

The herds in the United States were overall the best developed in the world, except for the select dairy and and some other herds in Europe. Starting with already improved breeds from Europe, U.S. farmers carefully improved herds to attain the best quality possible—the most gallons of milk a year, highest weight and quality of meat per carcass. The qualities of the breeding animals are essential for improving stock worldwide. It has taken 5-10,000 years of man's intervention to produce some of the world prize breeding stock. Look at the obvious difference between the dairy animal and the beef cow. In contrast, look at the Indian Brahma animal, which has evolved without man's intervention to be productive neither for meat nor milk. Sending American herds to premature slaughter shrinks the pool of stable genetic improvements available to the world that will be impossible to rapidly recreate.

Beef cattle reduction

The reduction in cattle inventories is continuing for the third successive year. Last July, beef cows totaled 38.5 million head, down 1% from the previous year and down 4% from two years earlier. The breeding herd continues to be eroded. The calf crop has dropped 2% since a year ago, with a reduction of another 2 million head expected in 1985. During 1979-83, cow slaughter as a percent of cow herd averaged 13.8%, indicating a process of herd expansion. But in 1984, over 17% of the herd was slaughtered—a substantial liquidation.

Now fewer heifers will be calving and entering the breeding herd, and the decline will continue. Even though cattle on feed have entered 1985 at a level 5% greater than 1984—representing continued sell-off of feeder cattle—soon they will fall below last year's level and continue to decline. Six months from now, cow slaughter could be down by 5-10%, and by the end of the year down by 10 to 15%.

The United States will have made itself incapable of providing its own meat supply. Prices will jump and supplies will decline. When the dollar drops, the "cheap" meat from abroad won't be available anymore.

Cartelization of pork

Almost overnight the traditional hog-and-corn belt of Illinois, Iowa, and Nebraska is being shut down and replaced by "vertically integrated" corporate operations in which the farmer is nothing more than a serf or a caretaker. Unable to remain in operation independently, farmers in certain locations are agreeing to sign contracts to raise hogs for a company. The company owns the animals and dictates the conditions of hog-raising from beginning to end—the feed, the housing, the veterinary care, etc.

The few companies involved in this contract hog-raising interconnect directly with the larger food cartel and world commodity-control networks. Most have secret funding sources, and usually connect directly to family trusts in Switzerland or elsewhere in Europe. The prominent names are:

Plainview Hog Co., Juhl Feeds, Dana, Iowa. Operating in Iowa, Minnesota, South Dakota, and Nebraska;

Figure 1
Hog inventory Mil. Head

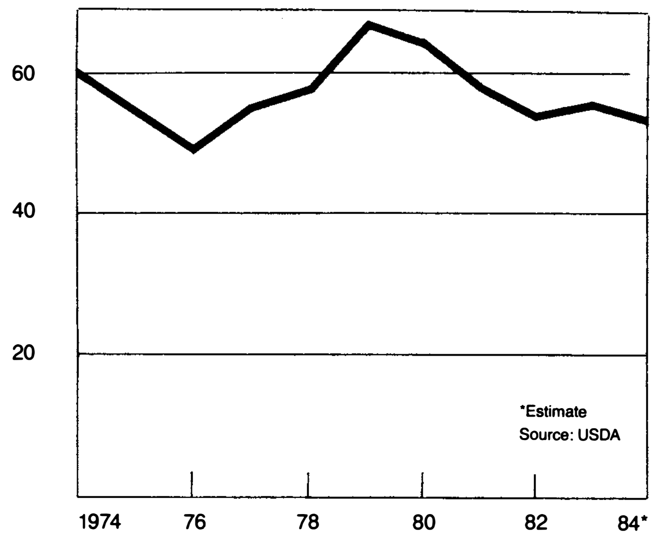


Figure 2
Sheep inventory Mil. Head

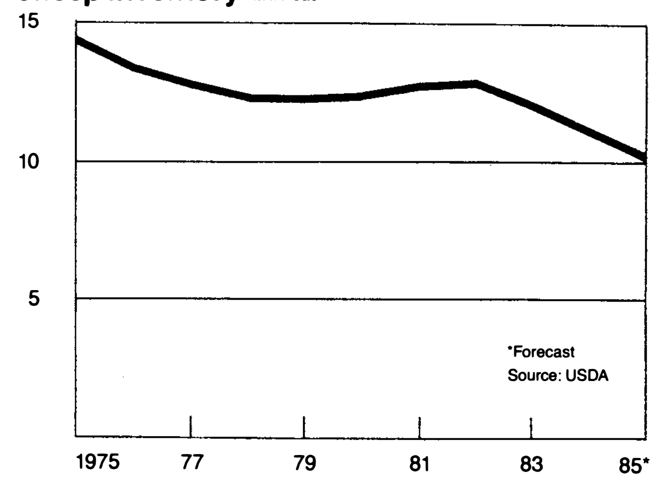


Figure 3
Cattle inventory Mil. Head

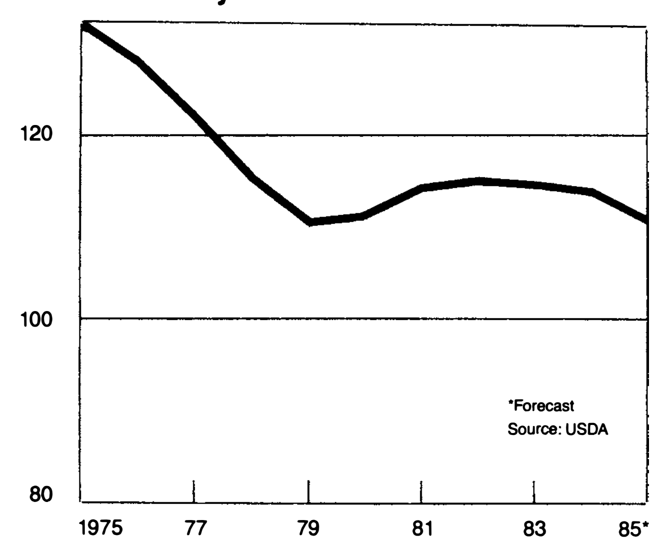
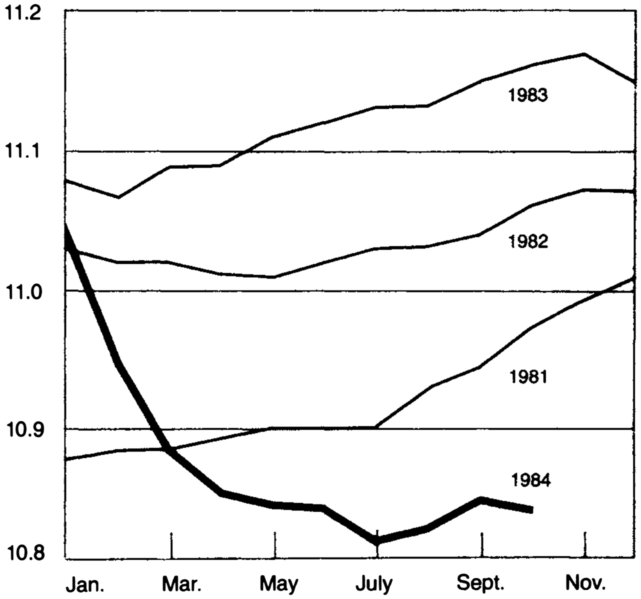


Figure 4
Milk herd declines Milk cows on farms, in millions



*Source: National Farmers Organization

Tyson Foods, Springdale, Arkansas;

Murphy Farms, Inc., Rose Hill, North Carolina. Operating in North and South Carolina;

Cargill, Inc., Wilson, North Carolina (for the hog division). Operating in North Carolina, Arkansas, and selectively throughout the Midwest;

Dick Van Lunen, Digit Data Corp., Jessup, Maryland. Operating in Iowa, Illinois, Indiana, and Nebraska;

Carroll's of Warsaw, Inc., Warsaw, North Carolina;

Goldkist Pork, Talmo, Georgia;

L.L. Murphrey Hog Co., Inc., Farmville, North Carolina;

Yeager & Sullivan, Inc., Camden, Indiana.

Ownership concentration in pork is undergoing the same process as in poultry, where the top 10 companies (including Tyson Foods and Goldkist, as well as Continental Grain) control 51% of all U.S. broilers. The major broiler companies are usually referred to as "integrators," because they command the production process from bird grow-out to processing to distribution. Under this contract system, the poultry farmer is completely at the economic mercy of the company. If the company decides there is "overproduction" in the United States and chooses not to provide the farmer with birds for a grow-out, then the farmer has no work or income. And the citizens of the country have fewer or no chickens.

Aiding the shutdown of Midwest independent-farm hog production are the Canadian hog imports and Danish pork imports—all handled through the same cartel commodity-trade channels that are taking over U.S. hog production. Live-hog imports from Canada totaled 740,765 head during January to July 1984, compared with 273,659 the previous year.

Together the United States and Western Europe have produced over 40% of the world's milk supply. The dairy herds and infrastructure involved in that output potentially could double and triple output within only a few years' time. Yet the infrastructure is now being dismantled. During 1984, both the European Community and the U.S. Department of Agriculture implemented sweeping milk output reduction plans. From a potential 4% annual milk increase, European milk output has decreased 4%. U.S. milk production fell at least that much.

The U.S. dairy herd decreased by at least 320,000 milk cows over the year. Under the unprecedented federal Dairy Diversion Program, begun in January 1984, farmers who volunteer sign contracts with the government to reduce their average monthly milk output by at least 10% to 30%, and receive $10 for every 100 pounds of milk they do not produce. Meantime, a production tax of 50¢ was levied on every 100 pounds of milk a month produced by any dairy farmer. The Diversion program expires in March, and some farmer associations have even proposed extending the plan for another nine months, under the delusion that reducing supply will drive up their prices.

As it is, dairy farmers are receiving at least $5 per 100 pounds less than their minimal costs of production, and so many farmers are shutting down that regional milk shortages are spreading across the country. By last fall, raw milk output had fallen fully 25% in Georgia, and 20% or more in other southern states. By winter, even western Pennsylvania—always a milk surplus area—turned short of milk for the first time ever. The fluid milk supply is maintained to the American consumer right now by a wild criss-cross transport of raw milk across state borders, mostly from the north central region. However, farmers there predict that by this summer they will not have enough milk to supply Florida and other milk deficit regions, so de facto rationing and empty dairy cases will show up in the stores. It is also an open secret that dried milk powder is being reconsituted to stretch current raw supplies.

The same pattern exists in Western Europe, where regions like Bavaria, traditionally able to meet local needs and also ship fresh fluid milk to Italy, now can barely meet local needs. Yet the member countries of the European Community are proceeding with plans to liquidate a certain number of farms by mandatory milk-quota reductions. Britain's plan is called the "outgoers scheme," whereby the government will buy out farms of a certain size and allocate the "allowable production quota" from this defunct group to another group of farmers. West Germany also has a farm "retirement" scheme by which 20,000 farmers will be put out of business. The French "retirement" scheme aims to shove farmers out of production once they pass a certain age.