Agriculture by Robert L. Baker

Cartelization jeopardizes meat supply

Advertisements tell you to eat beef and pork; but the meat cartel is conniving to make this impossible.

During the 1980s, the meat protein processing industry was the sector of U.S. farm industry cartelized at the most rapid rate. This cartelization also affected production, where the American beef, pork, and sheep industries have experienced dramatic shrinkage and consolidation into the hands of fewer and fewer producers. This process of cartelization, fostered as deliberate policy by the U.S. Department of Agriculture, is threatening the ability of Americans to eat meat.

While livestock producers were struggling to survive the 1980s, the meat processing industry was being monopolized by Cargill's Excel, ConAgra, and Occidental Petroleum's Iowa Beef Processors. As a result, 60% of the beef processing industry is now controlled by these three multinationals, none of which were even in the meat business prior to 1980.

ConAgra and Cargill now own the second and third largest American cattle-feeding companies and IBP has contracts with the largest feed lot, Cactus Feeders, and the forth largest feed lot, National Farms.

By 1988, the latest big four—IBP, ConAgra, Excel, and Beef America—had grabbed about 70% of the meat market. This concentration increases meatpacking profits and depresses cattle prices in areas of no competition. The 43% return ConAgra gave investors over the past 10 years ranks ninth among Fortune 500 companies.

The 1980s saw a food promotion campaign in the United States which by implication reassured Americans that meat was being produced and in the stores to buy. Advertisements urged Americans to eat beef: "Real food for real people"; and to eat pork: "The other white meat," and so forth.

While it's a sad day when the American public must be urged to eat nourishing food, the meat cartel mega-companies were functioning hand-in-glove with Washington agriculture and trade officials to further undercut the meat supply.

The total number of cattle and calves has fallen 25% since 1975 to 100 million head, the lowest number since 1961. During the same period, beef cow numbers dropped 24 million head (42%), from 57 million head in 1975 to only 33 million by 1988. Per person, American beef cow numbers have dropped 50% over 1975-88.

Since 1980, the breeding herd for swine fell 29%, and for sheep it fell 17%.

Hundreds of thousands of livestock producers have been squeezed out of business by low prices. Since 1980, the United States has lost 266,000 cattle growers (16%), 319,000 pork producers (49%), and 12,000 sheep producers (10%).

According to the February 1989 USDA Economic Research Service report, when all economic costs are accounted for, during the years 1985, 1986, and 1987, U.S. cow-calf producers lost an average of $273, $226, and $199, respectively, per cow. Though prices are significantly higher today, when all economic costs are accounted for, the price is still below cost of production.

The USDA's agricultural information bulletin Number 551, "Financial Characteristics of U.S. Farms as of January 1, 1988," indicates that the combined farm income and cash flow statement for hog, beef, and sheep farmers is a catastrophe. The report indicates that 56% of all U.S. livestock farms had a negative cash income (all cash income minus all cash expenses) as of January 1988. Even when non-farm income was added to these farms, 42% of all livestock farms still had a negative income. This was at a time when livestock prices were better than the mid-1980s.

At the same time that producers were going broke because of low prices supposedly caused by overproduction during the 1980s, the United States became the largest importer of meat in the world, which depressed U.S. prices even further.

From 1980 to 1988, beef and pork imports increased 41% and 223% respectively. Government officials have boasted about their ability to increase meat exports to help move the farmers' product, and that the largest portion of farm exports for 1988 (37%) were animal products. What the USDA doesn't like to tell the public is that in 1988, beef imports were 370% higher than beef exports and pork imports were 600% higher than pork exports.

The importation of live animals has also increased. Comparing imports in 1980 to 1988, live cattle imports have increased 80% to 1.2 million head, live hog imports have increased 450% to 1.3 million, and feeder lamb imports have increased 575% to 115,000 head in 1989.

U.S. farmers would have to raise 5 million more cattle and 10 million more hogs to meet U.S. consumption without red meat imports. By doing this, it would be necessary to plant another 3 million acres of corn to produce the 350 million bushels needed to feed the domestically raised cattle and hogs that America otherwise currently imports.