

## Agriculture by Marcia Merry

### Where's the beef?

*The USDA statistics lied for years about the "phantom herd," and now the truth shows up as missing beef.*

**T**he national beef shortage is now making headlines. The shortage would be even more dramatic, but many households hit by unemployment and tight budgets have cut back on meat purchases of any kind, so beef still appears on the supermarket shelves, but at record-high consumer prices. Meanwhile, profits are monopolized by the cartel meatpackers, and the cattle growers remain underpaid, so the beef shortage will only get worse.

The underlying cause is simple: The national cattle herd is far too low to support beef needed for the food supply. This has been masked by cartel-controlled beef and cattle imports. And also, the U.S. Department of Agriculture (USDA) has lied about the volume of cattle and beef "in the pipeline." Now some of the lies are coming out.

It's the "phantom herd problem," according to wags in the commodity trade. For example, the USDA overestimated the number of cattle that would be slaughtered in the last three quarters (July 1990 to March 1991) by about 5%, or about 209,000 to 241,000 animals per quarter.

Is the problem bad statistics-gathering? Partly. The USDA data people make more than their share of ordinary mistakes. More and more, the career public servants at the USDA are those who survived the purges of "production agriculture" people who had common sense. Now there are swarms of "market agriculture" people who don't know what is going on.

One problem grudgingly acknowledged by Robert Cole, head of

the USDA section responsible for counting the cattle inventory, is that government estimates may include cattle produced by farmers who have left the business—the "phantom farmers." Despite all the Reagan and Bush administration claims of how the low prices of "market forces" lead to healthy competition for farmers, with the administration's General Agreement on Tariffs and Trade (GATT) and North American Free Trade Agreement policies, U.S. farmers are being ruined.

Moreover, the USDA has waved a magic wand over the cattle production cycle, with resulting ludicrous predictions. Cattle numbers have been falling during the 1980s. But the USDA asserted that as of 1990-91, the higher prices for cattle would induce farmers to raise more.

First, if you are a farmer out of business, you can't raise anything. And second, it takes almost two years to breed and raise a calf and move it to slaughter. There are no magical ways to hasten mother nature.

Over the 1980s, the total number of cattle and calves fell 25% to 100 million head, the lowest number since 1961. There were 132 million head in 1976, and 110 million in 1980. For the past several years, there have been 100 million head or fewer. This includes the national dairy herd as well as the beef cattle herd.

Between 1975 and 1988, beef cow numbers (the breeding stock) dropped by 24 million head (42%) to only 33 million by 1988.

Therefore, the USDA's projections that there would be a significant

"bounceback" of cattle going to market at the end of the 1980s were an example of the delusional "magic of the marketplace."

The specific USDA scandal that is gaining headlines recently is the issue of how many cattle are in the U.S. feedlots, the finishing phase of the fattening process before the animals are slaughtered.

The April 12 USDA report on feedlot cattle count said that in the 13 major ranch states, numbers were way up, indicating that the number of animals in line for slaughter should improve supplies for the consumer. In the short term, it may be true.

But here's the catch: Farmers are to expect low prices for their beef by the end of the year. That is the message of the media headlines, which are just coverups for the policy intentions of the cartels running the incompetent USDA.

The April 19 *Wall Street Journal* "Commodities" column quoted such trade prognosticators as Alan Tank, an analyst at U.S. Commodities, Inc., in Des Moines, Iowa, who said, "We have a potential for a serious drop" in farm cattle prices this summer.

For consumers, this all means a worsening beef shortage, not an improvement. As more farmers and ranchers are squeezed, cattle numbers will not rise.

Farmers are getting \$77.30 per hundredweight (cwt) for beef cattle (all types), which is 63% of a parity, or a fair return price. Full parity, to guarantee a secure meat supply, would be \$122 per cwt.

The meatpackers colluding to underpay farmers are the "Big Three": Cargill, ConAgra, and IBP. In recent months, rather than pay higher prices for cattle, these companies just shut down operations and laid off their workers, a lockout in the food chain. That is a big reason why the number of cattle built up in the feedlots.