

Agriculture by Robert L. Baker

The world beef herd is dwindling

But according to free trade advocates, this situation is a good export opportunity.

In the polite doublespeak of the market men, the major beef-producing countries are currently experiencing "tight" beef supplies. They say this could lead to export opportunities for the U.S. But why would the U.S. be exporting beef when it doesn't raise enough for its own domestic market?

Just as world grain production is falling, world beef output is falling. The USDA projects world beef and veal production, in 1989, will be about 44 million metric tons, down 500,000 tons from last year. *Oil World*, a newsletter and food analyst group based in Hamburg, West Germany, makes a similar, or worse, prediction—based on their knowledge of tight oil-seed cattle feed supplies.

The shrinking world beef supply is the result of a reduction in cattle herds in many parts of the world, especially the U.S. The United States and Europe are rapidly moving away from trade and pricing policies that have been preserving a minimum existence for individual beef producers. These government policy changes, coupled with the monopoly prices and market manipulations by international food cartels (Cargill, Armand Hammer's IBP, and others) have helped bankrupt many cattle raisers.

The smaller U.S. cattle inventory will be a major factor in reducing world beef and veal production by around 6% in 1989. The size of the U.S. cattle herd by the end of 1989 is projected to have fallen to a 29-year low of 97 million head. This is a 25% drop in U.S. beef numbers since the record high of 132 million head in 1975. So far this

year, beef and veal production in the U.S. has fallen 4% and 6% respectively, compared to the same time period one year ago in 1988. According to USDA reports, the U.S. consumed 7.5% more beef in 1988 than it produced.

Many U.S. producers have quit raising beef because of low prices. The price currently being paid to the U.S. farmers for cattle is about \$.70 per pound and is one of the highest in history. However, this is still 40% below the \$1.16 per pound parity price U.S. beef raisers need to stay in business.

The U.S. beef price is manipulated and kept low by the international meat cartels. This is done by bringing imported beef from some other country into the U.S. at a price lower than the prices paid to U.S. beef producers. This loots the exporting nation and depresses the U.S. domestic price.

Around the world, intense pressure to tear down protectionist trade and pricing policy and replace it with low prices and free trade deregulation is putting many producers out of business. Wildly irrational export-import patterns are occurring between nations, which serve no one but the cartel interests.

For instance, the U.S. is importing beef from Argentina at around \$.62 per pound, which is 8¢ below what the U.S. farmer is getting.

South Koreans are depending more on imported beef as a direct result of international pressure to liberalize trade policies in both Korea and Japan. Since 1986, the new liberalized policy has financially destroyed so

much of the Korean beef industry that the nation is no longer self sustaining, and has been made import-dependent.

South Korea is projecting a 30% drop in 1989 cattle inventories, going from about 3 million head to 2 million since 1986 as a result of liberalized trade policies. Imports are projected to be 40 million metric tons, almost 10 times higher than in 1986. The U.S. is exporting beef to South Korea for around \$.70 per pound, when Korean farmers need \$2.95-3.05 per pound to stay in operation.

The European Community is projecting a 9% drop in cattle numbers, since 1984, while the EC is the largest market for Argentine fresh beef—estimated at 330 million pounds of EC imports in 1988. The President of the Argentine beef board, Alfredo Bigatti, expects that the EC's internal trade liberalization plan, which takes effect in 1992, will mean even more Argentine beef to Europe.

Now look at the big picture of all these crazy trade patterns. The U.S. imports more beef than it exports. But according to projections of the Meat Export Federation, the U.S. stands to acquire 30% of South Korea's beef import business this year, up from 5% in 1985. Meantime, the U.S. remains the largest purchaser of canned and cooked Argentine beef, and the EC is the largest importer of Argentine fresh beef. Canadian cattle are coming into the U.S., but U.S. beef exports to Canada are almost a given as the free trade agreement goes into effect.

This is how "free trade" works. Cheap Argentinian beef is depressing both the U.S. and EC beef market. U.S. beef is being exported to South Korea and is putting both Korean and U.S. beef producers out of business. No one wins except the international food cartels, which control the "buy cheap, sell dear" markets.