

BEEF CATTLE

Timeline of Events

1880s

- British embargo on American beef and cattle due to Pleuropneumonia (1883)
- Bureau of Animal Industry and National Cattle Growers Association created (1884)

1920s

- Tuberculosis eradication begins with \$75,000 appropriation from Congress (1916)
- Packers and Stockyard Act passed (1921)
- Cooperative Federal-State Brucellosis Eradication Program begins (1934)
- Cattle tick fever eradicated from U.S. (1943)
- Proposed Argentine Sanitary Treaty of 1935, part of a free trade movement, killed by President Truman (1947)

1950s

- Congress appropriated \$10 million to build Plum Island Animal Disease Laboratory (1952)
- Delaney Clause passed. No substance that causes cancer in lab animals, regardless of dose, may be added to food (1958)

1960s

- Meat Import Act of 1964 (1964)
- U.S. declared “screwworm free” (1966)

1970s

- EPA and OSHA created (1970)
- Union Stockyards in Chicago closes after 106 years of operation (1971)
- Cattlemen’s Action Legislative Fund (CALF) created to raise money for the industry (1972)
- First peacetime price freeze imposed by Nixon, leads to market “drought”(1973)
- Lifting of price freeze by Nixon lead to market “flood” (1973)
- Grain export (\$1.5 billion) to USSR escalates feedyard costs in U.S. and \$200 per head loss (1973)
- “The Wreck of 1973” of the cattle industry. Operating losses of \$5 billion. Inventory reduction of \$20 billion (1973)
- First “Beef referendum” by ANCA to approve \$1 per head check-off failed (1973)
- Butz’s encouragement of U.S. grain farmers to plant “fence row to fence row” lead to flooded grain markets (1974)
- American Beef Packers (ABP) declares bankruptcy (1975)
- United States Meat Export Federation created to increase exports of beef, pork,

- mutton (75). \$2 USDA:\$1 USMEF match
- First beef referendum for checkoff receives a 56.6 percent “yes” vote, but fails due to lack of a two-thirds majority (1976)
- American Agriculture Movement created. Threatened nationwide agricultural strike if 100% parity not granted (1976)
- OSHA’s *Safety With Beef Cattle* publication becomes laughing stock of cattle industry
- ANCA and NLFA join to form NCA (1977)
- Senate Select Committee publishes controversial “Dietary Goals for the United States Recommendations to decrease consumption of meat and increase consumption of poultry (1977)
- “Tractorcade” by American Agriculture Movement (AAM) to protest low prices (1977)
- Second beef referendum fails with only a 34.65 percent “yes” vote (1978)
- CALF (1972) reorganized to NCA-PAC to (a) elect candidates who are friends of the industry and (b) gain access to them (1978)
- FDA bans DES as a growth promoter (1979)
- Meat Import Act of 1979 by Carter (1979).
- American Cattlemen’s Foundation renamed National Cattlemen’s Foundation

1980s

- Young Cattlemen’s Council created by NCA to identify and train young leaders for the industry (1980)
- Ground breaking for NCA headquarters in Denver (1980)
- Second “Beef referendum” by ANCA to approve \$1 per head check-off failed (1980).
- Kangaroo meat found in beef from Australia (1981)
- NCA Special Advisory Committee created to provide a roadmap for the cattle industry through 1990. Declared that meat industry had reached “maturity”, per capita consumption plateaued at 94 kg (1982)
- James Watt, friend of cattlemen, resigns as Secretary of Interior due to pressure from environmentalists (1982)
- Dairy PIC (Payment in Cash) bails out dairymen, leaves cattlemen holding the bag (1983)
- NCA implemented the NCA Strategic Plan to advance the economic, political, and social interests of the U.S. cattle industry (1984)
- Clara Peller asked “Where’s the Beef?” in Wendy’s commercial. Renewed public interest in beef (1984)
- *How Safe Is Your Food?, Is Anything Safe, The Battle Over Animal Rights, and The Beef Issue of the 80s* were cover stories in Time, Newsweek, Reader’s Digest, Diet/Health
- Beef Promotion and Research Act passed. Created Cattlemen’s Beef Promotion and Research Board (1985)
- Agriculture Act of 1985 lead to Dairy Termination Buy-out of 1986 involving 14,000 farmers. Beef industry lost \$25 million (1985)

- NCA sues USDA over Dairy Termination Program and wins (1986).
- \$1 per head checkoff becomes effective. NCA reaps benefits of new \$80 million per year bankroll (1986)
- “War on Fat” launched (1986)
- American Heart Association endorses beef as a healthy food (1987)
- Cattle first sold by satellite in “video auctions” (1987)
- Third “Beefeendum” by ANCA to approve \$1 per head check-off passed with a 79 percent “yes” vote (1988)
- Beef Industry Concentration/Integration Task Force created to study the concentration of segments of the industry (1988)
- Japanese Trade Agreement of 1988 opens Japanese markets (1988)
- EEC imposes hormone ban on U.S. beef; exports decreased 85% from \$129 million in 1988 to \$10 million in 1989

1990s

- Environment, Food Safety, Animal Welfare designated as the Big Three issues for the industry. Challenged NCA to become advocates of the Big Three, rather than defenders (1990)
- Competitive Issues in The Beef Sector: Can Beef Compete In The 1990s?, published by six preeminent economists, attributes decreased market share to high cost of beef, not changes in consumer preference (1990)
- World population reaches 5.5 billion (1991)
- Total Quality Management and National Beef Quality Audit programs initiated by NCA (1991)
- Beef Quality Audit showed that \$280 loss per fed steer (\$7.2 billion per year) due to carcass “non-conformities” (e.g. injection blemish, bruises, obesity). Concludes that industry is its own worst enemy (1991)
- E. coli outbreak (1993)
- U.S. beef exports exceed imports for first time in history (1993)
- Fed cattle prices hit a record high of \$85.50 per cwt (1993).
- NAFTA and GATT (1993)
- The 12 largest environmental organizations had combined revenues of \$633 million, 51 times greater than the revenues of the NCA (1993)
- Industry-Wide Long Range Planning Task Force (also Long Range Plan Oversight Committee) created to develop a strategy for the beef industry. Identifies 8 strategic leverage points (1994)
- NCA Animal Welfare Issues Management Team, Animal Care Subcommittee, Farm Animal Welfare Coalition, Animal Industry Foundation created to counter animal rights activists (1993)
- The Big Four Packers--IBP, Excel, ConAgra and National--slaughtered 80 percent of fed cattle (1994)
- Associated Press survey says that 92 percent of Americans eat meat frequently or occasionally (1995)
- National Cattlemen’s Beef Association formed after consolidation of NCA,

- National Livestock and Meat Board, U.S. Meat Export Federation, and Beef Board (1995)
- NCA-PAC, renamed NCBA-PAC, becomes member of “top five” agribusiness PACs (1996)
 - “Economic Returns from the Beef Checkoff” showed \$5.70 return per 1.0 checkoff dollar collected (1996)
 - U.S. agricultural exports reach \$60 billion, the 2nd consecutive year that agriculture was the nation’s #1 exporting industry. Beef exports increased eight percent. Exports to Mexico doubled (96)
 - BSE shatters the beef industry in the U.K. (96)
 - NCBA and APHIS developed a BSE crisis management plan (96)

Trends

- Structural changes that are driven by economics will continue. All margin segments will see additional consolidation and concentration. The fewest changes will occur in the cow/calf segment.
- The industry as a whole will remain profitable, but margins will vary with each segment.
- Positive activities include increased profitability of all sectors, exports continue to increase, the industry is ready to meet the continuing challenge of increasing competitive meat supplies and maintaining market share in the future.
- **Environmental Policy:** Major pesticide laws may be passed. Congress is more highly anti-regulatory than past congresses, part of its Contract with America.
- **Taxes:** Taxes do not favor the survival of farms. Equitable capital gains and estate taxes are needed to protect cattlemen’s profits from the effects of inflation on their long-term investment (versus a bi-weekly earner).
- **Packer concentration:** Packing is concentrated among a few companies.
- **Decrease in Beef’s Market-share:**
Beef has suffered a 1% loss of market share annually since about 1983. By far the largest reason for loss of beef market share was price differential between beef and other commodities. Consumers will readily pay 2.5 times as much for beef (vs. poultry). They will substitute poultry and pork for beef, if the price differential exceeds 2.5. Megatrends of low-fat diets, dietary health concerns, vegetarianism, animal rights movement.
- Quality and consistency of beef products versus competing products, i.e. pork and poultry. Twenty to twenty-five percent of beef eating experiences are not satisfactory.
- Branding of competing products benefits vertical integration of the poultry industry. “There is a Tyson or Purdue man at every meat counter.”
- The beef industry can not become vertically integrated because it is far more capital-intensive than other industries.
- Despite the reduction in feeder cattle and calves, the number of fed cattle marketed

annually has been stable (24.5 to 26 million head per year). Beef production has been relatively unchanged from year to year. The reasons for steady beef production are:

- Industry producing nearly as much product today as it did in the 1920's with 32 million fewer cattle. Reasons are: increased weaning weights, increased placement weights, shorter days on feed, increased carcass weights, and improved management and nutrition.
- The conservation reserve program (CRP) had enrolled 36 million acres by 1995. Several laws prevent disturbance of key wildlife habitat and wetlands.
- Two packers, IBP and Excel, slaughtered about 70% of fed cattle in 1989 and fabricated 80% of the total boxed beef.
- Collapse of infrastructure such as University Cooperative Extension Service and state Departments of Agriculture.
- **Strategic Alliances:** Successful seed stock producers will use technology such as gene mapping, ultrasound, EPDs. Successful seed stock producers will be those with large numbers of stock to absorb the overhead costs of the operation. Higher numbers of commercial bulls will be produced by fewer breeders. Commercial bull buyers will patronize seedstock producers who offer multiple services (versus genes only).

Uncertainties For The future

- Continual availability of funds to support this acreage is questionable. Part of the acreage may be returned to livestock grazing, and become support for plentiful numbers of cattle.
- emergency livestock feed assistance programs may be dismantled. Will an insurance-substitute program that would apply to range or pasture losses replace the emergency program?
- Can cow-calf producers increase production efficiencies to narrow the price spread between beef and other products?
- Can cow-calf producers vigorously attack the industry's quality and consistency problems (e.g. injection site lesions)?
- **Endangered Species Act:** Will there be continual controversies over public land management? Arizona Cattle Growers' Association is involved in 7 lawsuits driven by the ESA. Eighty-five percent of land in AZ is owned by governments. Yellowstone National Park bison are threatening Montana's brucellosis class-free status.
- **State Land Leases:** uncertain--AZ is involved in a lawsuit over leasing of State Trust lands for grazing, and whether the lands should be auctioned.
- **Clean Water Act:** Will the rule-making process for non-point source pollution be acceptable? The issue of non-point source best management practices for grazing is now going through the rule-making process. The EPA's budget may be slashed.
- Will producers be allowed to continue to use natural resources to graze and sustain

cattle operations? Showing that the land is important to cattlemen's livelihood and that ranchers are indeed good stewards of the land.

- Will the growing conflict continue between rural and urban dwellers and the associated environmental pressures? Debates over large versus small farms. Urban sprawl and the influence of urban attitudes and policies, even into rural areas because of recreational and preservation interests.
- Will there be more international trade issues for border states, including "country-of-origin" labeling of animal and products? What will be the effects--perceived and/or real-- of Canadian cattle imports on the industry?
- Will industry's frustrations over food-safety and environmental issues e.g. *E. coli.*, BSE, chicken manure, etc. continue? Issues that directly affect a producer but are, in many instances, totally outside of a producer's control. How to manage misinformation and negative publicity about beef safety, nutrition and health?
- Will the industry establish United States beef as the world standard for food quality?
- Will the recently-created single, unified industry organization be lean, responsive, efficient, and effective?
- Can the industry increase market share while maintaining industry profitability?
- Can the industry foster strategic alliances which enable all segments and sizes of operations to enjoy profits and consistently produce what consumers want?
- Can the industry ensure that grassroots-driven policies are effectively developed and managed to position the industry with one voice, as an influential force in public affairs?
- What will be the impact of concentration of the industry on producer profits? Legislation has been proposed in Congress to create a commission to further study concentration?
- Can the industry adopt efficiencies through the beef industry that allow the industry to provide its customer a quality, yet cost-competitive product?
- Can the industry instill confidence among consumers and key influencers that beef is a safe, wholesome, nutritious food product that meets consumer taste preference and is produced under environmentally-friendly conditions?
- Will the industry increase access and acceptance of United States Beef in international markets?
- To base production and processing management decision on consumer preferences from conception to consumption?
- Can the industry provide a business environment that simulates quality beef production at a profit?

--from the Beef Industry Long Range Plan, 1993

- Will there be a successful strategy to attract the next century's generation to the industry?
- Can the industry develop an effective, proactive approach rather than a strictly defensive approach to issues? The best public relations strategy is doing good and

then telling about it. Producing and marketing lean, trimmed beef does more to build beef's image among health-conscious consumers than arguing against widely accepted diet-disease hypotheses. An industry-sponsored Beef Quality Assurance program does more to assure safety than simple denials of critics' charges. Cattle producers who win environmental Stewardship Awards do more to build recognition of producers's resource stewardship than criticism of environmentalists.

- Can the industry learn to manage unforeseen events and unexpected technical reports critical of beef or beef production that create crises for the industry? These crises must be managed. But many potentially adverse public reactions can be headed off by smart issues management--anticipating issues, developing needed information and preventing adverse effects on the marketing climate for beef.
- Can working cattle producers, using scientific facts and their own experience, become increasingly credible spokespersons for the industry? Government and academic "experts" are becoming more suspect, research shows.
- Will production -related issues, especially environment-related issues, continue to grow in importance? Will product-related issues, including safety, quality and consistency, and healthfulness, remain important. The processing function will be more significant in future representation of the beef business.
- Will there be sufficient grassroots involvement in policy development and implementation? Industry organizations and their leaders must lead, but they cannot get too far in front of the parade.
- Will the numbers of beef producers continue to decline? Will coalitions be able to successfully address specific issues? National and state cooperation and grassroots involvement will be more important than ever in government and public affairs work.
- Can the industry's organization carry out product-related initiatives that will facilitate product improvements, promotion and research that help beef regain market share? Competing industries--poultry and, to a growing extent, pork--are made up of businesses that develop, produce, process and market quality-controlled, differentiated, brand-identified products. The beef business, meanwhile, remains largely a segmented, commodity business. Can and when will the industry change?
- Can the organization develop and disseminate information to help industry members cope with structural changes?

References

1. Ball, C.E. Building the beef industry--a century of commitment--1898-1998. Saratoga, WY: Saratoga Publishing group, 1997.

Beef 2

Beef 3

