

USDA

(Continued From Page 6)
relevance for production decisions; and their products are "subsidizing" other items in the supermarket.

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In making their recommendations, the team usually indicated what action should be taken in the short run, and what problems would take longer to solve. Some of the key findings follow:

EGGS

The egg marketing team called for some type of quantity or price adjustment program to solve the industry's most pressing problem—instability of output and prices. It recommended a special study of the possibilities of:

- quota programs;
- pricing programs without regulation of volume; and
- price support devices that encourage voluntary compliance with out-put goals.

An in-depth study would be completed by mid-1973, and results would be widely circulated and discussed before any positive action would be taken.

The egg team found that certain income tax policies have led to the industry's overexpansion and instability. For example, most egg producers now use the cash accounting method for tax purposes, which permits the reporting of expenses when incurred and income when it is received.

This method encourages

producers to reinvest net income, before taxes, into expansion of their operations in good years. That's because a producer can write off in the current tax year the entire cost of raising a bird to laying age, even though the bird won't generate revenue till the following year. In effect, the producer saves on taxes, and uses this money to make additions to his laying flock.

The egg marketing team prescribed two steps to hold back industry expansion: (1) that a laying hen be treated as a capital asset, with cost deductions deferred until the hen goes into production; and (2) that all egg producers, as soon as feasible, convert to the accrual method of accounting, under which taxes are paid on the basis of changes in inventory value.

During its investigation, the egg marketing team received many comments that the various statistical series published by USDA agencies should be revised or expanded to help industry decisionmaking and outlook projections.

Among the team's suggested changes:

- USDA's Statistical Reporting Service (SRS) should make separate estimates for eggs produced for table use and for hatching;

- SRS should report all egg data on a calendar year and calendar month basis;
- USDA's Market News Service should release monthly inventories of egg solid stocks on hand;
- The Market News Service should report weekly retail prices for cartoned eggs in a substantial number of cities in every major region.

The team further advised that USDA and the industry compile and periodically revise a nationwide inventory of locations, sizes, and characteristics of egg-producing flocks. This would provide a broad data base, and an up-to-date reference for Civil Defense and various disaster relief agencies.

PORK

The pork marketing team claimed that today's hog is meeting consumer demands—more protein and less fat. Over the past 2 decades, fat content of the average hog carcass has been trimmed about 20 pounds, and replaced by lean.

Nevertheless, pork still suffers from a negative consumer image; namely, that it's too fatty and too fattening, that it's unsafe to eat unless thoroughly cooked,

and that its quality is inconsistent and unreliable.

A consumer knowledge gap about the merits of pork, the team reported, may be the industry's most pressing problem. Besides intensive promotion, bridging this gap requires continued research into production and marketing practices that will lead to consistently high pork quality.

The pork team called for vigorous research in breeding, reproduction, and nutrition to increase the number of pigs marketed per sow. Also, it recommended the establishment of national standards to identify superior sires with potential to produce high-value pork products.

The pork team also prescribed further research into the causes and prevention of hog diseases—still the single most important factor in limiting pig production—and a uniform national system of producer and slaughter hog identification. The system would help officials trace the source of a disease and contain its spread.

Packers have already begun programs to trace animals back to producers, but these systems vary from one packer to another. Most producers interviewed favored a uniform identification system. They also felt this kind of program should be designed to reward producers of high value hogs as well as to identify and discount lower quality animals.

To avoid high freight charges and eliminate the stress and weight loss suffered by hogs during transit, slaughter hogs have been sold increasingly in decentralized local markets rather than large terminal markets. This, however, exposes the hogs to a limited number of potential buyers, and thus reduces competition.

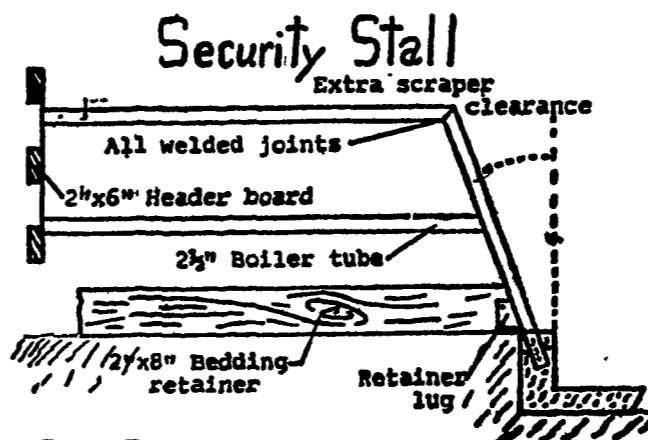
To minimize movement of live animals and maximize competition, the team urged

(Continued On Page 9)

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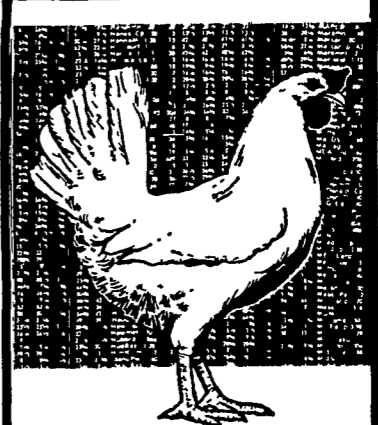
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