

Beef Grades

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PRESENT AND PROPOSED STANDARDS

The proposed changes can be discussed in three categories: (1) Marbling and maturity, (2) conformation, and (3) yield grade.

Figure 1 displays the current and proposed standards for the relationship among marbling, maturity, and quality. The

present marbling requirements are indicated by the light lines and the proposed standards by the heavier lines. The sections marked with parallel lines indicate a change to the next higher grade. The crosshatched area indicates a change from Good to Standard. A further change not indicated by Figure 1 reduces the maximum maturity allowable in the

Good and Standard grades to that of Choice and Prime. The youngest cattle qualifying as beef are of "A" maturity (approximately 9 to 30 months of age). Under the proposal no increased marbling is required for increasing maturity within the "A" maturity range. With "B" maturity, increasing marbling is required with the same slope as in the current standards.

Under the proposal, conformation would be eliminated from the factors used in determining the quality grade.

Currently, carcasses may be either quality graded or yield graded or both. Under the proposed standards, carcasses, if graded must be identified for both.

In order to analyze the effects or judge the wisdom of a proposed grade change, some thought should be given to the function of grades. Grading can be defined as a method of classifying or grouping units of a commodity such that the variation or change in quality is smaller within the group than over the whole range of the commodity.

Industry objectives for grades have differed. Traders were first interested in having an unambiguous and consistent language for market news reporting and maintaining consistent supplies of goods. Early support for beef grading among farmers and their representatives was producer-oriented with a view toward the promotion

of purebred cattle, although there was an agreement that grades should have meaning to consumers. Consumers were not a strong force in formulating grades, although their support has been important in preserving them. Most would agree that grades are helpful to consumers if they allow more informed shopping. Whether grades should attempt to indicate rank ordering of palatability, nutritional content, or only categorize according to "relevant criteria" is a personal judgment. Unless all consumers agree on which quality group is best, grades should probably be descriptive.

Diverse objectives or functions ascribed to grades and grading by economists may be summarized and abbreviated by directing production towards those items most demanded by consumers. Grades are beneficial if they (1) help consumers to gain maximum satisfaction from their dollars and (2) assist producers and marketing firms in allocating resources efficiently and equitably.

IMPLICATIONS

Are the grade changes consistent with economic objectives? How might separate industry segments be affected? What reallocation of resources might be expected due to the adoption of the proposed grade change?

Economic Objectives
Conformation: Con-

formation as presently identified is not a good criterion for carcass grading. It has served to change the quality group or grade assigned to a carcass. Therefore, it has added variability within quality classes.

Its elimination, especially with the availability of the yield grade, which does a better job of measuring the effects of differences in cutability, is consistent with increasing homogeneity within a quality class, without affecting the number or width of grades.

Yield grade: Variation in cutability exists within quality grades (under both the current or proposed standards). The yield grade explains an important part of this variability. Yield grade, therefore, identifies the variation in cutability within quality grades and has the potential for improving pricing accuracy.

Marbling and maturity are a part of the grade standards solely to classify beef for eating quality. The proposed change is merely a definitional one. If it results in more homogeneous grouping of real and valuable attributes within grades, then the change is desirable. The direction of the change is consistent with recent palatability research.

Effect on

Industry Segments

Consumers: The part of the change of direct concern to consumers is the marbling and maturity relationship.

This change is small and probably undetectable to consumers for beef in the Prime and Choice grades. The variation within the Good grade should be reduced to an extent noticeable to consumers having access to meat graded Good. The consumer could be indirectly affected by lower relative prices of Choice if the supply of Choice should increase dramatically due to the change, and by lower prices in general if efficiency of the industry is improved.

Retailers: Many retailers have found it profitable to carry only one grade of beef, often Choice or a branded product consisting of Good as well as other grades. If the demand for Good increases, they may find it profitable to carry both Good and Choice.

Retailers who have successfully specialized in merchandising "top Good" beef under a brand name may find some of their supply gone to the Choice grade. These retailers would have to adjust to a different grade level for branding or adjust their merchandising practices in some other way. Retailers who normally have carried the Choice (or Prime) grade would also be affected by an increase in the supply of Choice relative to Good.

Packers: Packers may find it necessary to adjust buying practices to account more closely for cutability

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