Pros and cons about Beef Referendum

At annual meeting

Farmers Union slams proposed beef checkoff

HARRISBURG — Although the upcoming Beef Check-off is pegged as a "self help", a voluntary program of beef research, consumer information, promotion and foreign market development, the Pennsylvania Farmers Union does not agree.

Leonard Zemaitis, Pennsylvania Farmers Union, Administrative Director, says that a truly voluntary program would allow cattlemen to deduct the beef tax at the time of sale **only** if they wanted it deducted.

Under the rules of the Beef Check-off, deductions of beef tax are mandatory all along the way to the slaughter house. Then the packer turns the money over to the Beef Board created by the Beef Research and Information Act

To get beef tax money returned, cattlemen must prove value added.

Zemaitis says it is mandatory that the tax be paid by the packer. If he can't deduct it from the seller, then the packer will include it in his cost of production. The result will be lower prices for the producer. Zemaitis believes that the producer will eventually pay the total bill.

There will also be cases where value has been decreased. Cattle often changes hands several times before they end up in the feedlot or slaughter house. If the value decreases and then is added back in the next transaction, double taxation will result over a portion of the final sale price, Zemaitis says.

It is difficult to understand why Beef Check-off proponents want a tax based on price, he said. The same people wanted beef imports controlled on a per head basis.

If cattlemen need a program as proposed, it would be better to have the tax a fixed amount per head, Zemaitis concludes.

Robert Mullens of the National Farmers Union told local Farmers Union members to vote against the upcoming Beeferendum. He outlined his reasons at the Pennsylvania Farmers Union meeting this week. At table in foreground is PFU Administrative Director Leonard Zemaitis.

Concerned Cattlemen question referendum

CRESBARD, S.D. — When the Beeferendum was voted on the first time last year, it may have gained over 50 per cent of the vote. But actually only 5.6 per cent of the eligible voters were in favor of it, the Concerned Cattlemen of the Dakotas contend.

Proponents of the upcoming Beeferendum 1980 say that a majority of cattlemen recognize the need for more adequate funding of research and information programs.

It's true, spokesman Larry Lindhorst says, that cattlemen are in favor of such programs. But, there is no way cattlemen will be assured they really want such a program.

A majority to me, Lindhorst says, would mean at least half of the eligible cattlemen who can register to vote.

In the last election 1.8 million persons were eligible. But, he said, less than 18 per cent showed up to register. Of the 322,175 registered voters, 130,464 or 40.5 per cent voted yes.

Lindhorst said that 191,711 didn't vote or voted no.

He said when less than 6 per cent of the grassroots cattlemen vote in favor of something, it is questionable whether or not the electorate is favorable or unfavorable toward the issue.

Few statisticians, Lindhorst said, could say that such a vote is representative with out giving a large margin of error.

Lindhorst said the Concerned Cattlemen are not against any of the purposes of the Beeferendum. But, they are opposed to the method of taxation, who pays the bill and how those who pay the bill will be represented.

The cow-calf operator will pay the full fare for all programs and costs if Beeferendum 1980 passes, the Concerned Cattlemen taskforce calculates.

Costs to producers, they say, will total more than trucking, commission, yardage, feed and insurance when the feeder-calf producer markets his cattle.

Current marketing costs based on a 50-mile haul will average about 15 per head, spokesmen LeRoy Vogel, Hoven, has determined. Beeferendum programs after the first two years will run as high as $6.40.

"Our earlier estimates were not high enough," Vogel said. "Cost to the producer could run from 1 to 1.6 per cent of the feeder calf selling price."

Our earlier projections included only the out-of-the-pocket Beeferendum costs, he said. Since then we have calculated the extra costs of production that must be passed down in the form of lower prices.

Vogel explained that everyone in the chain above the cow-calf operator can deduct cost of the program from someone else. The packer can reduce prices to the feeder, the feeder to the yearling operator and yearling operator to the feeder-calf producer.

They reduce the price for two reasons, he said, tax they take out for the Beeferendum and administrative costs.

According to testimony in the Federal Register, estimates of all costs to the industry (tax and administration) will be 0.8 cents per pound of beef.

With the price of beef (meat) more than 100 per hundredweight, that additional cost on fat steers for slaughter would come to about $6.40 per head. Vogel said that expense will eighter be deducted or passed along in tax or lower prices to the feeder-calf producer.

On a $45,000 load of calves, he said, that will amount to $720 out of the producer's pocket.

PFU speaks out against Beeferendum

HARRISBURG — The nation's cattle producers will be asked to fork over some hefty outlays of cash if the proposed beef promotion program is approved.

According to estimates made by the National Farmers Union, the "value-added tax" on cattle producers would pull more than $60 million out of producers' pockets during the first year of operation.

The midwest region of the country would contribute over 60 percent of the total under the check-off proposal.

Based on recent USDA figures, Pennsylvania cattle producers during the first year would pay approximately more than half a million dollars in assessments to the Beef Board.

The mandatory check-off, which will be voted on by producers in February, would apply to cattle each time they were sold. The tax, using the "value-added" approach, would "ride" with the animal until it was slaughtered and the funds would then be sent to the Beef Board.

Although Pennsylvania producers would be contributing about $533,000 a year, there would only be 1 member from Pennsylvania apppointed to the 60 member National Beef Board by the Secretary of Agriculture.

This Beef Board would decide, subject to the approval of the Secretary of Agriculture, where the producers' money would be spent.

The federal legislation which allows the establishment of a beef check-off program was passed by Congress in 1976. Under the law, the Beef Board could engage in promotion, advertising, research, and market development programs.

A survey of other federally-sanctioned check-off programs has shown that most of the producers' money has been spent on advertising and promotion. Out of some $42 million collected annually by the five present federal programs, over 60 percent was spent on advertising and promotion.

"The bottom line for any check-off is—will it increase producer income? We have analysed the proposed beef promotion program very carefully and have concluded that it will not, stated Leonard Zemaitis of the Pennsylvania Farmers Union.

Dairy cattle are subject to the check-off tax when livestock is sold for slaughter. Therefore, it is important for both Dairy and Beef producers producers to register for the vote.

To be eligible to vote in the Beef Referendum producers must register at their local ASCS office during the official registration period, January 28 through February 6.

The referendum will then be conducted from February 19 through 22. Producers may register and/or vote in person or by mail. Any person who owned cattle during 1979 is eligible to vote.

Supply and demand vs. Beeferendum

WECOTA, S.D. — The appetite for beef in the United States is more than equal to domestic supplies, the Concerned Cattlemen taskforce reveals.

Because of the domestic demand-supply situation, cattlemen don't need catchy little slogans to get people to eat beef any more than oil companies need slogans to get people to use gas, Chuck Bellman, Wecota, says

USDA statistics bear out that demand for beef exceeds supply. Americans are becoming more dependent on foreign beef each year.

That is why the U.S. is the biggest importer of beef in the world, he said. We import about 10 per cent more than we produce. The percentage will increase under the new counter cyclical beef import law for the next 10 years.

USDA statistics show that as per capita income increases, so does the demand for meat and meat products.

Consumption of beef, veal, poultry, fish, pork and lamb increased from 227 pounds per capita in 1964 to more than 260 pounds in 1976.

The only time meat consumption falls, Bellman says, is in a year like 1973 when supplies of all meats were lower. The big drop in supplies that year was in pork as hog men held back sows and guilts to gear up for greater production

But, Bellman says, when supplies in general dropped in 1973, income received by cattlemen shot up to 100 per cent of parity. That was caused by a six-pound drop in beef and a 12-pound per capita decrease in consumption (supply) of all meats.

On the other hand, supply and consumption of all meats jumped 10 pounds per capita in 1974. The result. Prices dropped to 70 per cent of parity.

The next two years, 1975-76, supply increased another 12 pounds and beef prices continued to drop to 59 per cent of parity.

Bellman says this type of fluctuation shows the inelasticity of demand for meat. (A little too much for too little has a great effect on price.)

Therefore, he says, it will be futile for a producer to control prices through income from a beef tax.

The counter cyclical beef import bill approved by Congress will increase imports by 40 per cent in 1980, according to the Concerned Cattlemen taskforce.

A spokesman, LeRoy Vogel, said that imports will jump from 1.2 to 1.68 billion pounds, equivalent to 200,000 head of live cows.

USDA has calculated that from 1980-1989, 14.277 billion pounds will be imported. The old law would have allowed 13.149 billion pounds.

Translated to cow numbers, Vogel says that an additional 450,000 head will be imported each year and more than 4.5 million in 10 years.

That's enough cow meat, he said, to assure two things. The consumer will become more dependent on imported beef as they have become dependent on foreign oil. And, more cattlemen will be headed for bankruptcy.

The Concerned Cattlemen consistently fought to have imports tied to price, the economic welfare of the industry, he said. The counter cyclical bill, however, is tied to cow numbers and is not in the best interests of the producer.

Proponents of the cow-number theory for beef imports are now supporting the upcoming Beeferendum, he says. Just as the new import bill will hurt the cow-calf operator the most, we find that the cow-calf operator will end up footing the bill and receive the least in return if the referendum passes.

"We didn't support a cow number formula because our studies showed we could have cheap beef even when numbers are low. This can happen during times of overliquidation or when there is an oversupply of competitive meats such as pork or chicken to replace beef in the diet," he said.