



Farm Talk

Jerry Webb

Beefing about monopoly

Consumers are unhappy about beef prices, farmers are unhappy about beef prices, and things are likely to get a lot worse.

Despite the fact that cattle producers have been losing money every month for the last couple of

years, consumers still think beef prices are too high. Their loyalty to the great American favorite is being severely tested by pork, and especially by chicken and turkey.

Meanwhile, those low prices in the feedlots are causing cattle -

producers to cut back on production. And that means fewer animals going to market in the future and even higher beef prices.

But if consumers and beef producers are unhappy now, wait until they see what lies ahead. There are strong indications that a meat monopoly, particularly as it affects beef, is in the making and it could be so powerful as to call the tune for both cattle producers and consumers.

Government agencies and Congressional committees have been taking a hard look at the meat business, especially the beef packers, to see if there is any unfair competition. While they haven't developed a case that will stand up in court, there are strong indications that something mighty close to a monopoly already exists in the beef business.

Consider this: The big four meat packers slaughter about two-thirds

of all the steers and heifers going to market in the 23 top beef states. Their share of those markets has increased from a little more than half only a dozen years ago. And the top two, Iowa Beef Processors and MBPXL (a Cargill subsidiary), slaughter a third of all U.S. produced beef and that's up from only 15 percent five years ago.

One observer is predicting that these two firms will be handling 60 percent of the boxed beef market by the end of 1981.

It's obvious that a third of the market doesn't constitute a monopoly on a national scale. But on a regional basis, the situation is much worse.

In some livestock markets, one of these "big four" has the only game in town. In fact, the two biggies—Iowa Beef Processors and MBPXL are expanding by leaps and bounds while third place

Swift and fourth place Morrell are having problems. In the Pacific northwest, those top two companies handle 65 percent of the beef going to market. Five years ago, they weren't even in business in that area.

Here's more proof of the concentration going on in the beef industry:

✓ Fifteen of the top 25 feedlots in the country are associated with meat packing firms. They constitute one-fifth of U.S. feedlot capacity.

✓ Government figures show 124,000 feedlots, with only 420 of them marketing over half of the U.S.'s total fed cattle supply.

✓ MBPXL is owned by Cargill, Inc. and Cargill is the world's largest grain company. (Also the U.S.'s largest cattle feeder and the sixth largest commercial feed manufacturer. In addition, Cargill

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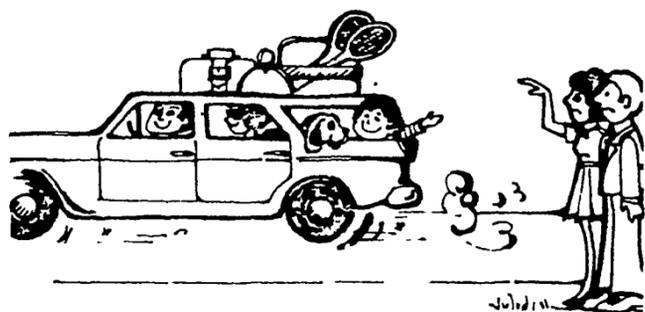
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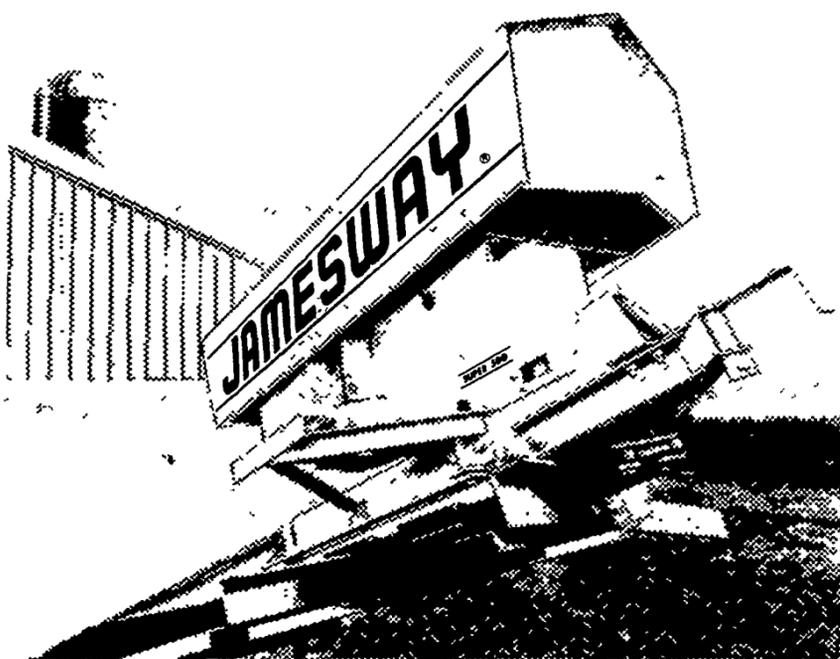
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