

from the office

LEAD IN

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The Beferendum has failed.

The reasons for failure will probably receive considerable discussion, and analysis may provide useful information for improving communication and understanding within the cattle industry. But it still failed. Undoubtedly grass-roots communication and understanding were inadequate. In addition, a very small number of people used deliberate misrepresentation to cast a shadow over the Beef Research and Information Act and made cattlemen suspect that it might be controlled by the U.S. Dept. of Agriculture.

Therefore, rejection of the Beferendum reflects widespread discontent on the part of the beef cattle producers with our government and especially with the U.S. Dept. of Agriculture. A vote against the Beferendum in many areas became a vote against the USDA and bureaucracy in general. But the fact remains that a majority of cattle producers voted against the Beferendum and, unfortunately, all cattle producers will pay for it. Hindsight improves vision, and there probably will be very few people in the future who will admit publicly that they opposed the Beferendum.

Objective

The Beferendum would have dealt with the demand for beef. Beef demand, as a percent of per capita income, has been relatively constant for many years—and this has produced constantly increasing per capita consumption of beef. The objective of the Beferendum was to provide new product research, promotion and nutrition education to at least stabilize the decline in beef demand and, hopefully, improve it in the future. The Beferendum was a positive approach trying to present the value and real contribution of beef to human well being. Perhaps we can accomplish the same objectives by other means, but alternate approaches have yet to be developed.

The fact remains that beef demand is slipping, not because people don't like beef but because the health food industry and the producers of the polyunsaturated oils and synthetic food products have spent millions promoting their goods. They

haven't tried to promote their products on taste, because that is something every consumer could easily determine. Instead they have taken advantage of consumer concern for the health and well being of their families and advertised the so-called "health benefits" of their products and promoted the idea of a relationship between animal fat and heart disease and/or cancer.

Profitable

It has been profitable—very profitable—to kick red meat producers. And it's safe. So safe, in fact, that some writers, consumer groups and researchers have jumped on the bandwagon with wild claims to gain instant notoriety or contributions to their coffers.

These people have not been held accountable for their statements even when there is clear-cut scientific data disputing their allegations. Neither beef producers nor the organizations that represent them have filed suits against fraudulent claims and stories. Partly because cattlemen distrust courts and don't want their associations initiating litigation. And partly because litigation is unlikely to be successful with our liberal interpretation of the right to free speech—no matter how inaccurate or inflammatory the statement or claim.

So what will be the effect of the failure of the Beferendum? Nothing? I can't believe that the decline in beef demand will stop because beef producers are nice people. If anything, our reluctance to "take charge" will signal that we are still unorganized and unwilling to fight for our own interest and thus encourage further attacks on the beef industry.

By-Product Business

The beef industry certainly will continue, and in many cases, it will continue to be a by-product of land ownership. As in the past, profits in one segment frequently will come out of the pockets of cattlemen in another segment of the industry rather than from consumers paying producers a fair profit. If past trends continue, only a few years out of every cattle cycle will it be profitable for everybody. This will happen when cattle supplies are short enough (low

per capita production) that consumers pay more for beef than cost of production.

Unless alternate approaches are developed, beef demand will continue to slip, which will mean that break-even prices will be at lower per capita consumption levels than in the past. This quite likely could shorten the profitable part of the current cattle cycle. Instead of the cattle cycle peaking in 1983 or 1984 or even later because of slow herd rebuilding, as has been predicted, we could find the cycle peak quicker and at a smaller cattle population than normally would be expected.

The fact that Angus breeders overwhelmingly supported the Beferendum and that the Angus association was very active in promoting it will not protect them from decreased beef demand. The last couple of years have been good ones in which it was profitable to maintain or build cow herd sizes.

Shortened Cycle

I expect that the next two years also will be good, but unless something happens to restore beef demand and quiet the inaccurate accusers of beef, then it may be unprofitable for a few years after that. Angus breeders should use the current part of the cattle cycle to cull their herds. The very top cows almost always will be profitable, but now is a good time to sell lower end cows while prices are good.

When prices are increasing as they have in the past two years, it is profitable to maintain ownership of cattle (except fat cattle) longer because the market gets better monthly. However, once you reach a plateau or start down, it is important to sell cattle as soon as possible.

Breeders should look very closely at the bull calves they are keeping. I sure think there will be good demand for the next year or so, but it is only logical to sell a bull now as a \$500 steer calf if you don't expect him to make a very good bull. The Angus breed and Angus breeders will benefit if we are more selective with the bulls we keep over as yearlings and 2-year-olds. Good cattle and fewer poor bulls will help keep our supply from getting out of line with demand.

