

from the office

LEAD IN

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The year 1980 dawned full of promise for Angus breeders. Cattle numbers were low, and with the industry at the beginning of the expansion phase of the cattle cycle, with registered bull and heifer prices at record highs, it appeared to most of us to be the start of good times.

But gradually, almost imperceptibly, problems began to bombard us from all sides. Most of them were not of our making and were completely outside our control. Nevertheless, they combined to put a damper on our business and to tarnish the first year of the shiny new decade that many of us had anticipated for so long.

Who would have thought just a year ago that cattlemen would be forced to pay 15-20% interest on money to purchase cattle? Inflation and the fed's money policies have dampened the enthusiasm of many to borrow money to expand their herds or to start new ones.

The President's grain embargo was another damaging factor. It forced a drop in grain prices across the board that took money directly from the pockets of farmers who were forced to sell their crops, and it has influenced many more to keep their grain in storage, hoping for high prices. In both cases, there's less money available to invest in cattle or land.

Beef Demand Down

Beef demand has slackened significantly. Faced with rising costs, many housewives have switched to lower priced pork and poultry for their families.

What's more, in an election year, few politicians—from the President on down—want to be accused because of any of their actions of causing an increase in food prices. It's become fashionable to advise eating less beef as a means of balancing the household budget.

Even the Iranian situation, so far removed from American farms and ranches, has had a psychological effect on all of us. It



has caused many to stop and take a second look at any expansion plans. Uncertainty and confusion have, in many cases, spawned inaction.

And finally, we defeated the Beefeferendum. Certainly not me. And probably not you either. But an overwhelming majority of cattlemen who voted in the election were against it. And the timing couldn't have been worse. I don't know when in our history we have needed a beef promotion program more than we do now. But we are going to have to get along without one, at least a major one, for some time to come.

All Is Not Lost

Yes, we have suffered our setbacks since the beginning of the year, but all is not lost. The challenge of 1980, it seems to me, is to recognize the problems that face us, look realistically at our opportunities and make plans for what undoubtedly will be a future brighter than our present.

Our biggest asset is still our cattle. As one regional manager commented the other day, "If you think Angus prices are

low, you should be trying to sell the other breeds. It's really tough for them." It is true that our cattle are in stronger demand than any other breed.

There is still a lot of crossbreeding around, but the Angus cow is now the most sought-after mother in the bovine world. She has replaced the black whiteface in the No. 1 slot.

In addition, tough times force cattle producers to place more emphasis on efficiency. As costs go up and profits go down, it makes more and more sense to raise Angus. Pulling calves, dehorning cattle, culling and doctoring cows because of cancer eye, and milking out cows with snow-burned udders are all bad enough in good times. Many cattlemen, however, avoid them like the plague in times of economic adversity. And that's why Angus demand remains strongest, why we are in a position to strengthen our relative position in the industry.

Looking to the Future

Looking to the future, I would like to think that interest rates are coming down one of these days. But I won't guarantee it. In addition, the supplies of poultry and pork are going to decline. The desire of hog and poultry producers to put a chicken or a pork chop in every pot no doubt will be tempered by their inability to continue to produce at a loss. We are going to have less competition in the years ahead, and that is going to increase the demand for beef.

There is little doubt that 1980 will go down as unique in the history of the cattle business. We have many challenges to meet and some serious planning to do yet this year. But we still have the best breed of cattle—we're still at what should be the beginning of the expansion phase of the cattle cycle—and despite the bad press we sometimes receive, this is still a nation that loves good beef. I, for one, look for continued growth of the Angus breed. 