

## LEAD IN

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Meatless days and beef boycotts won't help feed hungry people, nor will they serve to bring down consumer beef prices in the long run.

The argument of a few years ago that feeding grain to cattle was equal to taking grain from the mouths of hungry people can be laid to rest. At that time, grain prices seemed high to many people and some serious but misguided individuals really believed that, if everyone would eat fewer hamburgers and boycott the meat counters, the world's hungry could be fed.

Well, times have changed. Corn is selling at or below the cost of production, wheat is going at bargain rates, and soybean prices are far below their historic highs. In addition, beef production is down, we are eating less meat, and prices are up. But the world's hungry are still hungry. There has been no rush to buy cheap grain for humanitarian purposes, no rejoicing that there is less beef, only complaints about "high" beef prices. There are no simple solutions to complex problems.

### Beef Prices

Take "high" beef prices, for example. First of all, they are not really high in comparison to other consumer goods. Beef prices are low, considering inflation and what has happened to the consumer price index over the past two decades. Still, prices are considerably higher than a year ago. Moreover, publicity-seeking groups are trying to remedy the situation by having beef consumers boycott beef each Wednesday, which would only result in dramatically higher prices.

A beefless Wednesday or some other type of boycott, if successful, would stabilize prices now and dramatically increase prices in the near future. Consumers will eat less beef this year and next year because there is markedly less beef available. The end result

of a boycott would be to discourage the beef breeding herd expansion that is now underway. To slow or halt herd expansion now would be to insure continued increases in beef prices well into the future.

### Supply-Demand

A large portion of the U. S. population does not understand how the law of supply and demand works. For example, one boycott advocate was recently quoted as saying that, if Americans ate less beef, this would allow producers to put more animals back into their breeding herds and thus increase herd numbers and force prices down.

This advocate simply didn't understand that it is high prices that speed herd expansion—not lower prices. The prospect of 90¢ and \$1 feeder calf prices will do more to increase herd expansion than almost anything. Unfortunately, too many people learn their economics from union leaders who demand and get lower productivity per man hour in order to increase the number of available jobs, then combine this lower productivity with a demand for higher hourly wages. Or the public learns from industrialists so powerful that they can simultaneously cut production to reduce costs and raise prices in order to increase profits. The third great teacher of economics is the federal government, which has found the best way to raise taxes is to promote inflation, thus driving everyone into a higher tax bracket.

### A Mockery

Tactics like these make the law of supply and demand a mockery. Yet the U.S. cattle industry is governed by this law, and most of us in the cattle business feel that things should continue this way. The only way out of this dilemma is better consumer education, paid for by beef cattle producers.

A lot of people need education, not just on economics but also on how important beef cattle are to feeding a hungry world population. They need to understand that cattle don't compete with humans for protein sources. They must understand that cattle grow and reproduce on materials that are non-edible by man, thanks to their complex stomach system. Most of the world's land surface is not suitable for crop production. If we are to obtain food from it, then it has to be through the increased use of ruminants. And we will increase the numbers of beef cattle only if we make it profitable for cattlemen to raise them.

One other thing we should consider is that a majority of the feed consumed by cattle is harvested by cattle grazing. Unlike trucks and tractors, cattle do not burn fossil fuels and are a very efficient form of food.

### Production Signals

It is difficult for many people to understand that in the beef industry, lower prices for the future are brought about by paying higher prices today—and vice versa. Whether beef production is increased or decreased depends upon the signals received by the beef producer. If we consumers signal with higher prices that we want more beef, then production will increase. If we cut back our demand and pay lower prices or tell producers we are going to take action that will cause them to lose money before they have even started to recover from the last 4 years, then production will decline.

It is all based on economic law. But laws must be understood in order to be used properly. The child who doesn't understand the law of gravity can see no danger in playing on the top window ledge of a tall building. 