



Beferendum Executive Director John Huston

BEEFERENDUM: an alternative to extinction

Seventy-seven percent of the American people want to know more about nutrition," says a nutrition study for consumer information conducted by Yankelovich, Skelly & White, Inc., in 1978.

So what happens? The public is bombarded with erroneous propaganda about the linking of beef with cancer and heart disease, the "eat less beef" campaigns. Not to mention the latest, a report from the surgeon general on the dangers of eating beef.

With this in mind, the diet-conscious consumer—who merely *thinks* beef adds to cholesterol levels, initiates cancer and promotes heart disease—*will* be reaching for alternatives.

Authorities strongly suspect that if these misconceptions continue, an erosion of the beef cattle market could occur and cause a shrinking demand that would be noticeable within another year. Something has to be done or cattlemen will find it more difficult than ever to market a saleable product that consumers demand.

by Linda Wells

Environmental concerns, beef boycotts and the volatile cattle market can hardly be overlooked.

With the large number of people in the cattle business, each making individual production and marketing decisions, the result is over-production and low prices at one point in the cycle—herd liquidation, under-production and low prices at another point.

This cyclical fluctuation in supply and prices causes problems throughout the industry and, at the low point in the cycle, adversely affects consumers.

Cattlemen need a way or ways to smooth out these peaks and valleys in the cattle cycle to benefit the entire beef cattle industry as well as the consumer.

Consequently, there is an alternative. The beef cattle industry can continue to be (1) just a way of life or (2), by passing the Beef Research and Information Act (BRIA), a profitable business providing cattlemen with the incentive to increase production.

Self-Help Program

Its enactment will enable legislation to make it possible for the cattle industry to establish, finance and operate a coordinated self-help program, purely on a voluntary basis. A program operated solely by cattlemen throughout the country that will include research, market development, consumer and producer information, and promotion. And does not involve tax dollars.

Industry-wide effort to win a majority vote by cattlemen in a national referendum, referred to as Beferendum, is coordinated by Executive Director John Huston of the National Live Stock and Meat Board, Chicago, Ill., and Chairwoman Jo Ann Smith, Micanopy, Fla.

Huston explains that the initiative of cattlemen and the cattle industry brought about the whole concept of the BRIA. In 1974 Gordon Van Vleck, then president of the former American National Cattlemen's Assn., appointed a study committee to evaluate the need for and feasibility of a research and information program. The

committee members agreed that a uniform collection plan to finance a national program for the development and improvement of markets for beef was needed.

BDT Recommended

It was then recommended by the committee to create a Beef Development Taskforce (BDT) representing eight national beef and dairy producer and marketing organizations. A number of state and other national producer organizations joined in with BDT to work with congress in development and enactment of the BRIA. The original law required that there be a two-thirds favorable vote of cattlemen in order to have a research and information program.

Voted on once before in 1977, the act failed. Most producers favored a research and information program, but the favorable vote did not reach two-thirds. However, through industry efforts, the enabling legislation was amended in 1978 to provide for referendum approval by a simple majority of those voting.

Huston notes that the biggest challenge concerning the program was communication. Helping the industry understand what the program is really about and how it works.

Basic Need

"There is a basic need for a 'yes' vote to help fight beef propaganda, to promote nutrition, to counter the extremes of the cattle cycle, to combat beef substitutes and to expand foreign markets," says Huston.

Huston adds, "Those who are against the program have a right, and I'm not going to dwell on it. It is important, however, that it is fully understood. If a cattleman has fully studied the program and if he feels it is against the cattle industry, then I have no objection to that man's thinking or his opinion."

But it is a necessity to maintain beef's place in the market and to expand, not to go backwards or decline.

The program is not some scheme

dreamed up by the government. It came about because the industry saw a need for the program and wanted it.

After several months of grass roots evaluation and input, a beef order was proposed Feb. 26, 1979, by the Beferendum Advisory Board, superheaded by the National Cattlemen's Assn. (NCA) and a dozen other national organizations that included American Farm Bureau Federation, American Meat Institute, American National CowBelles, Livestock Marketing Assn., National Grange, National Independent Meat Packers Assn., National Live Stock and Meat Board, National Milk Producers Federation, River Markets Group and U.S. Beef Breeds Council. In addition to other associations represented by the Independent Cattlemen's Assn.

A Rule Book

The Beef Research and Information Order is simply a rule book to guide operation of the program. The order authorizes formation of a Beef Board composed of producers representing the total industry, with representation proportional to cattle numbers or production in each state or area. A solely industry-oriented, industry-financed, industry-controlled program.

The Beef Board, made up entirely of cattlemen submitted by certified cattlemen's organizations, will make the decisions and have ultimate responsibility. By law, the Beef Board is charged with properly administering the program in accordance with the act and order.

The program will not be run by the government, nor will the Secretary of Agriculture be telling the industry what to do. The Secretary will, however, have two primary responsibilities. One, to select and confirm Beef Board members from cattlemen nominated by certified industry organizations. The second, to assure that the program is run in accordance with the law, simply to protect the public interest. The Secretary may not initiate or reject projects so long as the board is operating

within the intent of the enabling legislation. Only the Beef Board has the authority to initiate and direct the operation of programs.

Financing

Financing will come from assessments on producers' receipts from the sale of cattle. The enabling legislation provides a maximum rate of .5% (.5 of 1%) of sales value, but the proposed order recommends a rate of just .2% (.2 of 1%) for at least the first two years of the program.

Funds will be collected according to a "value-added" concept. Each seller of cattle will be assessed .2%, or 20¢ per \$100, of the value of cattle sold. Slaughterers will collect and remit the assessments to the Beef Board. However, prior sales of feeder cattle will have been covered by the program. For example, .2% of the value of a feeder animal will be deducted from the sales price when the cattle feeder purchases the animal. This is part of the "value-added" concept. Everyone shares in paying for the program.

Huston simplifies the assessments by explaining it this way: "For a \$400 animal, .2% would make an 80¢ assessment. This 80¢ could be a physical exchange of money between the buyer and seller. The amount could be deducted from the original sales price. Or the amount could be taken into consideration on the agreed price.

Self-Policing

"It will become self-policing. Ultimately, cattle will be assessed when slaughtered, so it will be the only fair way for all cattlemen concerned to assess their sales in the chain of transactions. If for some reason cattlemen decide the program isn't helping, all they have to do is stop paying. It's that simple."

Placing the amount on a percentage basis will allow flexibility within the program as beef prices fluctuate, as opposed to a fixed price of 20¢, for example. The safeguard here is that each producer can keep track of his investment in the program.





TOP PHOTO: Beferendum Director John Huston and Chairwoman Jo Ann Smith confirm plans with Assistant Secretary of Agriculture Bobby Smith (center) in Washington, D.C., Sept. 10. LOWER PHOTO: Barbara Schlei (left), administrator of the Agricultural Marketing Service, USDA, discusses plans for Beferendum kick-off with Huston and Smith.

A major concern to many people will be that breeding cattle and commercial animals used for milk production, validly designated as such, will be exempt from assessment.

"The word 'registered' was taken out of the original order because it didn't truly cover every aspect. That is, high-grade nonregistered cattle will be exempt, such as in the case of production sales where the cattle bring top dollar," Huston explains.

New Provisions

There are several new provisions the latest proposed order contains that the previous BRIA did not.

Comparing the proposed order developed by the Beferendum Advisory Group with the order voted on in 1977, there are several primary differences.

1. An assessment rate of .2% (.2 of 1%) rather than .3% for at least the first two years. Based on the 1978 cattle slaughter values estimated by USDA, the .2% rate will generate \$30-\$40 million a year for the program.

2. The 11-member executive committee appointed by the Beef Board will include eight members representing geographical regions based on cattle population. Based on the 1978 cattle inventory, the total board initially will have 60 members. The act permits up to 68 members on the board.

3. The proposed order changes the formula for returning funds to state beef pro-

motion organizations, which will be able to obtain 10% of the state's net assessments, or an amount equal to the organization's beef promotion collections for the past 12 months, less one-half of the producer refunds in that state.

4. Breeding cattle and cattle used for commercial milk production, when validly designated as such by the seller, will be exempt from assessments until time of slaughter.

Kick-Off Oct. 25

The Beferendum kick-off date is set for Oct. 25. At this time, a major campaign will come about to solicit "yes" votes from cattlemen across the country. All interested farm groups and livestock organizations are encouraged to participate.

Voting will take place at county Agricultural Stabilization and Conservation Service (ASCS) offices—hopefully during the first quarter of 1980. The official referendum dates will be set following the final decision on the Beef Research and Information Order.

Any separate business entity who has owned one head of cattle in the previous 12 months is eligible to vote. A partnership has one vote. A youth with a separate business entity from his family is assured one vote. A man and wife are counted as one vote.

There will be four days of registration, a 10-day waiting period and four days of voting. Cattlemen will vote by secret ballot.

Simple Majority to Pass

Of those who register to vote, at least 50% return and a simple majority of those who vote will enable the program to pass.

The program proposed in this order will only cost about 18¢ per capita for research and industry information. This is a small investment for the industry to invest in a business that had cash receipts in 1978 of \$28.1 billion and which includes 1.7 million cattle operators of all sizes and types plus hundreds of thousands of people employed as truck drivers, meat cutters, food service employees, store clerks and others involved in beef processing and marketing.

The program can make possible several things of value to both the public and the industry. Economic research and information to help moderate the cattle cycle, thereby providing more supply and price stability for both producers and consumers. Nutrition research to resolve the controversy over diet and health. Educating and informing consumers on beef's role in a balanced diet. Product development and improvement. Financing of needed market and production research; improvement of production efficiency. Development of improved merchandising tools. Help in building foreign markets for beef. Improving and maintaining dollar demand for beef and beef's top position in the consumer market place.

It's a pretty small investment for an assured future. A