against the quota toward the end of the 1960's when the difference between the two projections becomes negligible.

The imports of larger quantities of Australian meat must be examined further and not considered purely in quantitative terms. In brief, there are four convincing arguments for not imposing additional quotas on imported Australian beef.

Imports Not Affecting U.S. Cattle Industry: The current plight of American livestock farmers is related to a cost-price squeeze. In short, this means the cost of producing beef on American farms has increased more than the market prices for the product. Thus it is not a drop in prices that has depressed earning, but rather an increase in operating costs. Therefore, increased imports are not the cause of low earnings.

Different Products: The American home consumer has a preference for high fat content in beef products. This is the so-called "marbled meat" which has 25% to 30% fat content. The demand for this is satisfied by the American farmer. By contrast, the Australian imported beef is a grass-fed product with a fat content of around 10%. These lower Australian fat content meats are used for manufactured or industrial purposes and thus the imported product is not directly competitive with the domestic product.

Increased Retail Prices: If the lower priced imported products are not available to the United States industrial manufacturers, a higher price will have to be paid to American farmers to produce the deficit supply. In turn, the manufacturer must charge the consumer high prices and the net result is an increase in low priced beef products which are used by the lower income families—those least able to afford it.

Current Quotas Sufficient: Under Public Law 88–482, imports have never reached the level to trigger quotas. In fact, it is estimated by the Secretary of Agriculture that total meat imports for 1967 would be approximately 860 million pounds or 135 million pounds less than the previously established quota level.

CONCLUSION

In summary, the net effect of the proposed quota legislation will be to reduce U.S. trade to the Australia/New Zealand area. This would appear to be an unjust penalty for our longtime allies and a negative influence on American economic development. Specifically, we would: (1) encourage retaliatory trade restrictions by our best customers; (2) aggravate the balance of payments problem; (3) increase American consumer prices; and (4) limit the employment opportunities of the segment of the American economy involved in foreign commerce.