Historically there has been a rush and an enthusiasm on the part of many who are advisors to the cattle industry, to increase the number of beef cattle in the market. This has given rise to cattle feeding in New Mexico; to removal of the calves from the range at an early age so that they might go directly into feedyards without taking up the range that another cow could use; and has caused an increase in our domestic beef production. Nationwide this increase has been 35 percent, while our human population has increased only about 8 percent.

One of the basic rules in economics is that the human stomach is one of the most inelastic organs within the human body. The affluence of the society has helped to increase the number of pounds of beef consumed by the individual each year. There is a point, though, where consumption cannot increase any more than the population increases. As beef producers we recognize this fact and feel that we can produce with these given economic facts and maintain a stable domestic market, without the influence of the widely fluctuating import situation.

### WORLD BEEF PRODUCTION INCREASES

During the '60's there also has been another factor affecting the American beef market, that is the gearing up of the world beef trade to the American market. We have not been able to export fed beef because we have not been able to conduct a complete education program in foreign countries which would make the fed beef an acceptable item in the consumers' diet. Consequently, the affluence of the American market, along with the gearing up of the world beef trade, has caused a clash and an increase in the total beef production, far beyond the elasticity of the human stomach and the affluence of the American market. This was brought out in 1964 when Congress passed Public Law 88–482 to establish for the first time, quantitative limits on meat imports. The reasons for the passage of that law are still valid and the conditions within the domestic industry further enforce those reasons.

### QUOTA TIGHTENING

We now have the experience to come to you to ask for a general tightening up of Public Law 88–482 to bring it into line with the modern market. We feel we need a stabilization of imports in order to achieve the stability and profitability on a broad scale to face the fiscal facts of life in beef production. We don't want the beef industry to face a situation that the dairy industry faced a few years ago, where individuals lost the enthusiasm for putting in the hours, labor, the risk, and capital to produce milk or continue to produce milk at a price which would not permit the returns to the various increments of business. As costs build up, then expansion would be the only way to meet the increased costs, and of course, this is a self-defeating situation unless demand increases at a greater, or at least equal, rate.

We also recognize that there are many factors involved in the packing industry which have brought about an investment of U.S. capital in foreign markets. With the use of foreign labor, the packers have been able to get boned beef, lean meat, at a lower cost than they would in the American market. This in itself, has eliminated the need for a type of cattle which prior to the '60s would go either into manufacturing beef or into the feedlot to be fattened for the domestic consumption as steaks, roasts, and rounds. A packer can now put a plant in a foreign country, get the beef, bone it, and ship it back to this country as frozen chilled beef, or for that matter, canned processed beef which is not covered by the 1964 law, and avoid the high labor costs and the wage demands of the Labor Unions in the United States. This beef, which would come in this way goes into such items as soups, T.V. Dinners, and cold meats.

We don't want to burden the committee with the continued repetition of the facts as they relate to this situation or to the processes by which manufacturing beef becomes useful in the American market, but we do want to point out that with the meat coming via this route, the two-way cattle are no longer on the scene in the American market. These cattle must go to the feedlot and be fattened for the dinner-table trade. This in turn, contributes drastically to the amount of beef tonnage that's available on the American market, and becomes a price-depressant factor. If the quotas tightened up we would then find ourselves in a position where the domestic market would again bid for these two-way cattle. Packers would need some of this manufacturing beef for the market where there's now almost exclusively foreign beef.