If it had to substitute domestic raw beef for imported Argentine cooked beef, it would require millions of additional pounds, because of the higher moisture content of domestic raw beef. Morton also imports millions of pounds of raw carcass beef from Australia and New Zealand annually. The increase in the cost of the domestic raw beef, plus the need to purchase the additional tonnage, would cost Morton about $5 million annually at current prices.

Proposals for import restrictions at this time do not seek to shut off the supply of imported beef completely, but any restrictions would affect processing and manufacturing costs. These costs would have to be passed on to the consumer—and in many cases to those consumers who can least afford them. The imported cooked beef is used by Morton and other frozen prepared food processors primarily for comparatively low-cost foods such as pot pies and frozen dinners which afford an inexpensive and nutritious basis for family diets. Other companies use the imported beef for chopped beef, canned corned beef and similar products which again are in the lower price range.

It is difficult to estimate how many familes now using these economical foods would feel forced to discontinue their use due to the inevitable rise in price, but the number would unquestionably be significant. Also, many would be denied the chance to purchase these products because of the artificially created shortage of these grades of beef. An inevitable result would be decreased employment in the manufacturing industries.

This does not allow for the anticipated sharp escalation in price which would be caused by the artificial shortage of manufacturing beef. The supply of manufacturing beef is severely limited in this country. Between 1955 and 1963, production of domestic manufacturing beef fell from 4.5 billion pounds a year to 2.8 billion pounds, or from 27 pounds to 14 pounds per person. Unquestionably the per capita figure is lower today. The increased demand caused by a restriction on imports would make it difficult, if not impossible, for supplies to catch up with demand.

In general, it may be said that these proposals are inflationary, and would cost consumers, particularly those in the low income brackets, millions of dollars. The protective impact of the proposals would be negligible, since the imported meat products—primarily cooked beef—of which I am speaking, are not produced in this country, and manufacturing beef, as I have pointed out, is in critically short supply. And such a reduction in imports would be a blow to the economies of the exporting countries, many of which are badly out of balance. Retaliatory measures would be sure to follow.

For these reasons, and the many others which have been advanced by the food experts appearing before your committee, and whose knowledge of the situation is broader than my own, I submit that any imposition of quotas or tariffs would result in inflated food prices and serious set-backs to the food processing industry, without materially benefiting domestic producers.

THE SMITHFIELD PACKING CO., INC.,
Smithfield, Va., June 10, 1968.

Mr. JOHN M. MARTIN, Jr.,
Chief Counsel, Committee on Ways and Means,
House of Representatives, Washington, D.C.

DEAR SIR: Our Company uses a quantity of imported meats from Australia, New Zealand and Central America. We buy boneless beef and boneless mutton, all of which is used in the processing of luncheon meats, wieners, bologna, etc.

At the present time, if we were not able to purchase these foreign meats, I do not believe that we would be able to purchase enough boneless beef and mutton in this country to continue making the quantities of these products we are now making.

You understand that the only meats we import are the boneless canner and cutter or the low grade beef and mutton.

We certainly hope there will be no change in the laws concerning the import of this product.

Yours very truly

G. R. CRAWFORD,
Executive Vice President.