so that the corrective legislation can be drafted and passed. In fact, the whole chain of connections between supermarkets, packing houses and large feed lots should be examined by this committee and the combinations that restrain competitive trading of livestock should be brought to light again so that the anti-monopoly laws will not be violated. And so that ranchers' markets will be free and competitive. There are many ranchers who would prefer that the federal government put this chain store house in order before any program of direct payments from the government to the ranchers, or feeder be attempted, payments which would make up the difference between the price the rancher received and what was required for satisfactory operations of the livestock industry.

A quick way in which any committee or any interested group can find out how much profit supermarkets receive on meat is by using the trade's percentage cutting sheet which gives the percent of each cut of beef or other meat in every carcass—and the percent of waste. A group familiar with cuts of beef. for example, and, which the percentage cutting sheet can check retail beef prices in stores over a certain period, and then compare them with the wholesale prices over the same periods.

Beef is in the stores only two days, sometimes only one day, and the stores have no capital invested because the bills for the meat come in after the housewife pays the store as she checks out her cart of groceries. There is a two-day turnover on beef carcasses in the big cities like Denver. After finding the mark-up per carcass it is easy to find how much the net profit would be on beef during the yearly turnover of a carcass sold each two-day period of the year.

Cervi's Rocky Mountain Journal in Denver did just that, something that can be checked any place in the country by those willing to investigate. Cervi's team of meat experts found that the markup on a 600 pound carcass costing $228.00 wholesale was, on an average for the three main chain stores about $188.00. The team estimated that the area chain stores grossed about Forty-five percent (45%) profit and Twenty-five (25%) net profit on the $228.00 carcasses. Thus, our problem now is: Twenty-five percent (25%) of $228.00 times 180 (the number of two-day periods the stores are open in a year), which is $10,260.00. This is the net profit the chains averaged if they sold a 600 pound carcass every two days during a year. The above story appeared in Cervi's Journal, January 11th, 1967.

If this rate of profit was applied to the cow-calf man on the range, without even counting cost of operations, but only a Twenty-five (25%) percent net on the cost of a cow for each two-day period of the year, the calf would have to bring the rancher about $9,000.00.

Cervi's Rocky Mountain Journal published a similar article, November 10th, 1963, using information from the "Western Livestock Journal" of November 20th, 1963. The "Western Livestock Journal" stated: "It would appear that retailers, if they sell most of the beef at 'regular' prices, are grossing well above Fifty per cent (50%) profit on carcass costs at present market prices."

It was during 1963 that agitation in regard to the chain store profit margins on meat rose to a high pitch in the livestock country, and by March 23, 1964, the Senate Committee on Commerce began hearings on Senate Joint Resolution 71. The hearings were held for several days, and among those who testified was the late Jack Toole, president of the Montana Cattlemens Association. Mr. Toole charged that, "There is more cattle rustling going on behind the meat counters of this country's chain stores than ever went on the rangelands of the West." I agree with Mr. Toole's statement. And I wish to include in the record a copy of the Article I mentioned and taken from Cervi's Rocky Mountain Journal of January 11th, 1967, which includes a percentage cutting sheet used by Cervi's team of meat experts.

I wish to point out to this committee that the nature of the Commerce Committee's hearings were changed upon the recommendation of the President, who suggested a "National Commission on Food Marketing", to study the food industry from farm to the consumer". Evidently the National Commission on Food Marketing had no mandate to correct the situation which existed then in the livestock industry, so by 1967, according to Cervi's Journal, the chain store cattle rustling was still going on as strong as ever.

It was then, in the summer of 1967, that groups of individual livestock men, some of them representing organizations such as the Independent Stockgrowers of America, the N.F.O., the California Western Beef Producers Association, the Colorado Agricultural Producers, the Independent Bankers Association, and