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South American Beef

Should South American beef be imported?

Eileen Lomasney*

Veterinarians have an active interest in the question of the importation of South American beef into this country. During the prolonged controversy which has raged over this question, they have lined up, in general, with livestock men in opposing measures which would allow South American beef to be imported into the United States in any considerable degree. In both cases, those opposed to importation do not always consider all the facts bearing on the problem; and many opposing arguments fail to distinguish between the importation of fresh beef and that of canned beef.

Cattlemen are opposed to the importation of foreign beef because of their concern over the domestic beef market. Veterinarians have a different interest in the problem—the ever-present threat of foot-and-mouth disease. This highly communicable disease exists in almost every country of the world except Australia and New Zealand, and North America, where Canada, the United States, Mexico and the Central American countries have succeeded in eradicating the disease and keeping free of it.

Outbreaks of foot-and-mouth disease have appeared in the United States on several occasions, and in several of those cases the infection was brought in by imported animals. The first outbreak was introduced by way of Canada in 1870, where the infection was spread by cattle imported from Scotland. Other outbreaks occurred in 1880, 1884, 1902, 1908, 1914, twice in 1924, and once again in 1929. Eradication has cost the United States millions of dollars, and freedom from the disease is maintained only at the expense of constant watchfulness on the part of the veterinary profession.

Since foot-and-mouth disease is common in South America, measures to permit the importation of beef from those countries have met with the opposition of veterinarians. This opposition is based on the assumption that the imported beef might again introduce foot-and-mouth disease into this country. However, there is no evidence to support the contention that any measures taken to date have opened the United States market to the South American beef industry. The State Department has taken no action, either in recent trade agreements with South American nations, or otherwise, which would admit South American beef to the United States fresh beef market. The importation of cattle, sheep, or other domestic ruminants or swine, or of fresh, chilled or frozen beef, veal, mutton, lamb or pork from foreign countries in which foot-and-mouth disease exists is prohibited by law. No cured meats or meat products from such countries can be admitted unless they meet with requirements which prevent infection through those channels.

Since the only beef imported from South America is canned beef, and since this is imported only if it meets with specified requirements which prevent the introduction of infection, the question of foot-and-mouth disease does not enter into the present import situation.

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Much of the agitation over the importation of canned beef has arisen over misapprehension as to the competition it affords the beef producer in this country, and a mistaken idea as to the amount which enters the United States.

Imported canned beef does not offer competition to the United States beef producer because our stockmen get better prices for their beef in the fresh meat trade and thus can't afford to can choice cuts of better grade beef, and because much of the inferior quality beef which used to be canned domestically is now used for ground meat products, which are more profitable to the producer than canned products. On the other hand, because of the cattle surplus in Argentina, good cuts are used for the beef canned there.

The United States did have a fairly substantial beef canning industry before about 1910, when we had a surplus supply of beef and were actually on an export basis. There was also a lack of transportation and refrigeration facilities for fresh beef. But the main reason for the decline of the beef canning industry was the fact that the processors found they could get a greater return per hundred pounds of animal by using those grades of beef formerly used for canned beef in making such products as sausage and hamburger. At about that time those American institutions, the hot dog and the hamburger, began to come into their own in the hearts (and stomachs) of Americans from Coney Island to San Francisco. The small amount of beef still canned here is practically all for government contracts.

**America Invests**

American capital has played a part in the building up of the Argentine meat packing business. At the turn of the century, when we were exporting beef, largely to the United Kingdom, we began to experience considerable competition from Australia, New Zealand, and the Argentine. By 1904 our share of the British market, which had reached about 90 percent fourteen years before, had fallen about 55 percent. Alarmed at the prospect of losing the British market to foreign production, our packers determined to invest in the Argentine and take part in the expansion of foreign beef production which was affording such competition to United States exports. In 1904 Swift and Company began operations in Argentina; Wilson and Company followed the next year; and Armour and Company opened there in 1911. Two years later the United States was practically out of the foreign beef market, but United States capital was still in the beef exporting business in the Argentine. Domestic packers also have investments in meat packing concerns in Brazil and Uruguay. In 1939, when the Navy asked Argentine packers to submit bids for supplying canned corned beef, this was done at the request of domestic packers who maintain packing plants in South America, because canned beef could be produced more cheaply in the Argentine than in the United States.

**Affect of Importation**

The general impression has been that imports of canned beef have been depriving the American beef producer of a sizeable share of the domestic market and have had a depressing effect on prices. But imports of canned beef, of which Argentina and Uruguay supply the greater part, with Brazil and Paraguay supplying smaller amounts, have been equal in recent years (until 1941) to less than 3 percent of domestic production of beef and veal on a dressed-weight basis. As for the effect of importation on beef prices in the United States, larger canned beef imports of recent years have been accompanied by higher average farm prices of beef cattle on the domestic market. When prices are low, imports fall to the point where they supply only the specialty trade; when prices rise, imports increase proportionately. In 1932, when the total national income was low, consumption of beef averaged 46 pounds per capita, and cattlemen received $4.07 per hundred pounds. In 1939 the nation income had risen from about 40 billion dollars to over 68 billion, consumption of beef had increased to 52 pounds per capita, and cattlemen received $7.03 per hundred pounds.

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Imports of beef, during this time, had increased with rising prices. In 1941, when canned beef imports rose sharply, cattlemen were receiving $9.36 for beef cattle by the middle of September, because consumer buying power had increased still more.

During the first World War, from 1915 to 1918, the American market absorbed an additional 21 percent of beef and veal from increased production and decreased exports. During that same period, average farm prices for beef and veal rose 57 percent.

Consumer Buying Power

These facts indicate that consumer buying power, rather than imports, is the biggest factor in the domestic beef market. Consumer buying power is up now considerably higher than it has been for some time, and this, plus increases in the armed forces, account for the increased demand for canned beef imports. During the past five years imports of canned beef from South American countries have averaged about 63,600,000 pounds annually. This amount rose sharply to more than 100,000,000 pounds in 1941. A War Production Board order of June 23 this year froze all large stocks of imported canned beef in the United States for ninety days to make them available to the armed services, indicating at the same time that after July 2 all canned beef imports would probably be diverted to the army and navy. Canned beef is a “must” item in the army and navy food budgets to substitute for fresh meat when circumstances make it impossible to include fresh meat in the diet. Army units in field operations and ships at sea far from fresh meat supplies have to depend on canned meat products like canned corned beef.

Even if all imports are not earmarked for the armed forces, consumer buying power can be counted on to absorb the rest, even considerably increased quantities, without causing any decline in prices, and without depriving the American producer of his market—because buying power has risen with increased employment and larger payrolls.

The consumer’s wages depend for the most part on continued employment and expanded industry. Industry, in turn, depends on markets. During this war period, the armed forces and our allies are supplying those markets, but after the war it will be a different story. Latin America is one of our best prospective customers in the post-war period. But in considering customers we must also consider their purchasing power. The Latin American countries, like all other customers, can’t buy unless they can also sell. The more goods and products we buy from them—including canned beef—the more goods they can buy from us. The exchange of agricultural products and manufactured goods with foreign countries works in an unbroken circle. The beef producer in this country, therefore, has as big a stake in enlivened trade with Latin America and the importation of canned beef from those countries as anyone in our whole domestic economy.

Pan-American Unity

Had we been a little more realistic about the question of importing canned beef in the past, perhaps Argentina would not have remained so dangerously indifferent to our efforts towards Pan American unity.

In view of the facts, which demonstrate that we can import canned beef without danger of importing livestock diseases, or damaging the domestic beef market, continued opposition to importation of South American canned beef does not appear to be founded on substantial grounds.

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William Holden, ’44, was married to Miss Marjory Irene Sumner of Murphysboro, Ill. on June 20. The wedding took place in St. Louis, Mo.