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REVIEW OF MEAT GRADING STANDARDS

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HEARINGS

BEFORE THE

SUBCOMMITTEE ON LIVESTOCK AND GRAINS

OF THE

COMMITTEE ON AGRICULTURE

HOUSE OF REPRESENTATIVES

NINETY-THIRD CONGRESS

SECOND SESSION

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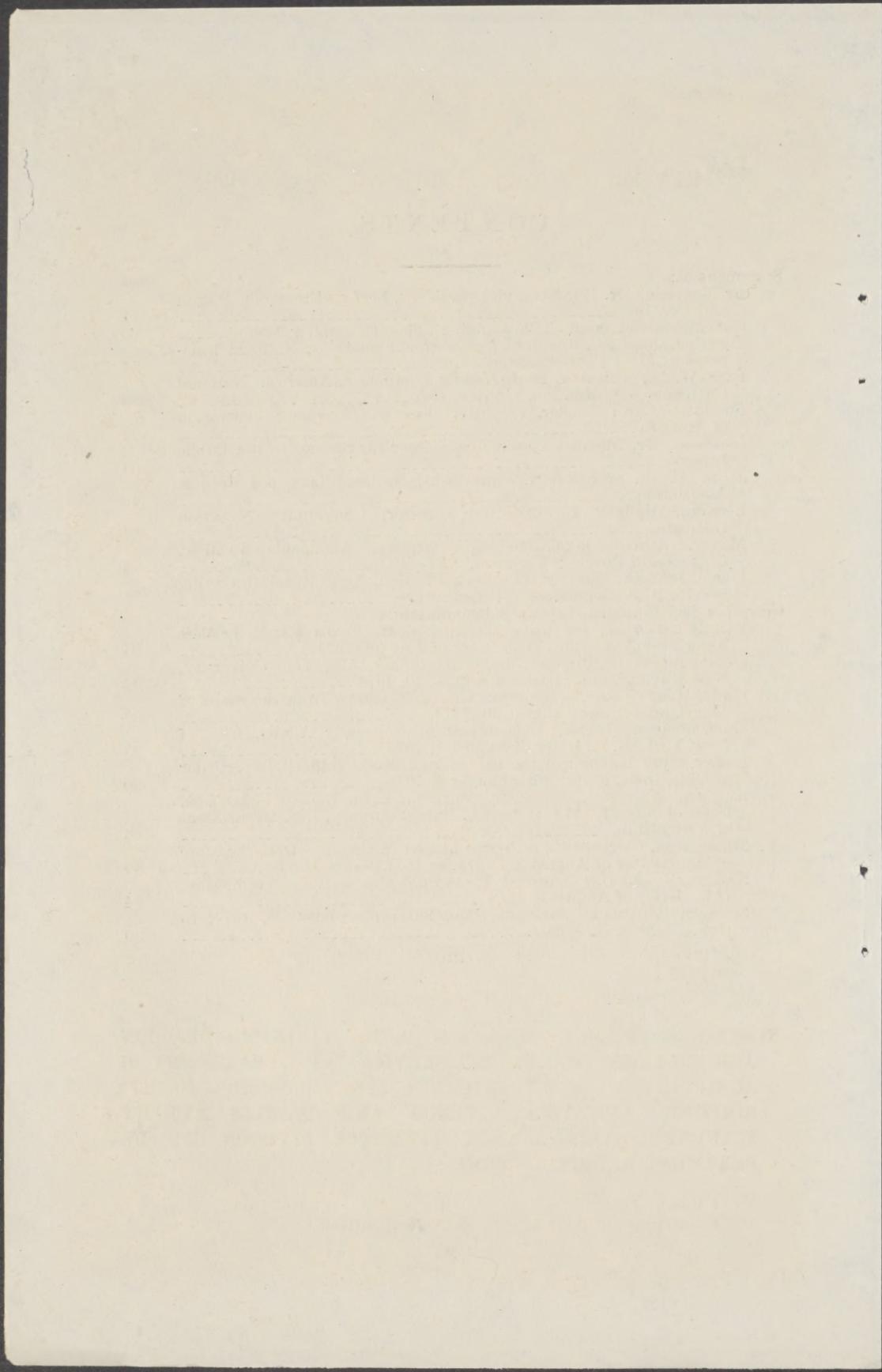
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REVIEW OF MEAT GRADING STANDARDS

THURSDAY, JULY 25, 1974

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON LIVESTOCK AND GRAINS,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to call, at 10 a.m., in room 1301, Longworth House Office Building, Hon. Thomas A. Foley (chairman of the subcommittee) presiding.

Present: Representatives Foley, Sisk, Denholm, Litton, Sebelius, and Thone.

Also present: John Rainbolt, associate counsel; L. T. Easley, press assistant; and Glenda Temple, staff assistant.

Mr. FOLEY. The Subcommittee on Livestock and Grains will come to order. The subcommittee meets this morning for discussion and review of the meat grading standards.

There is no legislative proposal before the subcommittee at present and I again emphasize that the subcommittee meets for the purpose of a general review of meat grading standards in accordance with its oversight functions.

Recently there has been a great deal of discussion in various parts of the country concerning the possibility of revising and reviewing existing grade standards.

The subcommittee intends to hear general witnesses next Wednesday including various groups in the meat processing industry, the livestock industry, the retail industry, consumer groups, and others, for the purpose of furthering the discussions on this important subject.

This morning we are pleased to have Mr. John C. Pierce, Director, Livestock Division of the U.S. Department of Agriculture, accompanied by Mr. Jerry Goodall, Deputy Director, Livestock Division, and Mr. Charles Murphy, Standardization Branch, Livestock Division, Agricultural Marketing Service, U.S. Department of Agriculture.

Gentlemen, if you would all like to come up and take seats at the witness table.

Mr. Pierce, I believe you have a statement?

**STATEMENT OF JOHN C. PIERCE, DIRECTOR, LIVESTOCK DIVISION,
AGRICULTURAL MARKETING SERVICE, U.S. DEPARTMENT OF
AGRICULTURE, ACCOMPANIED BY JERRY GOODALL, DEPUTY
DIRECTOR, LIVESTOCK DIVISION, AND CHARLES MURPHY,
STANDARDIZATION BRANCH, LIVESTOCK DIVISION, U.S. DE-
PARTMENT OF AGRICULTURE**

Mr. PIERCE. Yes, sir.

Mr. Chairman, and members of the committee:

We welcome the opportunity to appear before your committee today to review the Federal beef grading standards and their use in expediting the marketing of beef.

Since few of us can recall when Federal grade standards for beef were first adopted and the grading program initiated, a brief review of this background may be helpful.

Grade standards for beef were adopted by the U.S. Department of Agriculture in 1926 and the Federal grading of beef began on an experimental basis in 1927. In this connection, it may be interesting for the committee to know that beef grading was started as the direct result of efforts by a group of cattle producers.

These cattlemen formed an organization called the Better Beef Association with the primary purpose of promoting the initiation of a Federal grading service for beef. It was their contention that, if beef could be identified for quality, consumers would buy beef with greater confidence and increase their consumption of it and this, in turn, would indirectly stimulate the production of more and better cattle.

In effect, that group was looking for a system through which consumer preference, as reflected in the marketplace, could be signaled back to them on the production line. The growth and use of grading in the national merchandising of beef makes that objective even more fundamental in formulating today's standards.

After the experimental period of grading during 1927, Federal meat grading was established on a voluntary, fee-for-service basis on July 1, 1928. With the exception of two periods of compulsory grading emergency price control periods, meat grading has continued on the same voluntary, self-supporting basis. Therefore, since the user pays for the cost of the service, beef will be graded only when it can be sold more advantageously with the Federal grademark than without it.

The U.S. beef grades have been designed to identify differences in characteristics associated with eating quality, that is its tenderness, juiciness, and flavor, and the yield of salable meat from carcasses or wholesale cuts. These are factors which affect acceptability and value but which are not otherwise readily identified within the marketing system. Eight grades are used to identify quality differences—Prime, Choice, Good, Standard, Commercial, Utility, Cutter and Canner. Five numerical grades, 1 through 5, identify carcasses or wholesale cuts for their relative yields of salable meat.

We recognize that the Federal beef grades cannot remain static and serve the needs of a changing industry. Thus, these standards have undergone major revisions through the years. Changes were made in 1939, 1941, 1949, 1950, 1956, 1965 and 1973, some of these were quite significant.

The change in 1939 established the role of maturity as a major factor in grading and in 1950, major changes were made in the higher grades, when Choice and Prime were combined and renamed Prime; Good was renamed Choice; and a new Good grade was established from a portion of the Commercial grade.

The change in 1965 included a completely new dimension—a system for measuring the yield of closely trimmed retail cuts from carcasses or wholesale cuts was added.

Beef grades are under continual review by technicians in the Agricultural Marketing Service and revisions are proposed as needed to reflect, primarily, one or more of the following developments:

1. New research information which can be used to improve the accuracy of grading.

2. Significant changes that occur in the kind of cattle produced.

3. Changes that become evident in consumers' preferences for beef.

The change in 1965 is an excellent example of new information that added precision in grading. For some years, it had been recognized that there was an increasing consumer aversion to excess fat on beef cuts and that retailers were having to trim away an increasing quantity of fat to satisfy these consumer demands.

After extensive research to identify and establish the relative importance of factors affecting the yield of trimmed retail cuts, yield grades were proposed in 1962 and adopted for optional use in 1965.

The yield grades, numbered 1 through 5, identify carcasses and animals based on differences in value caused by variations in yields of retail cuts or "cutability." The quantity of trimmable fat is the most important factor affecting cutability but differences in muscling are also taken into account.

The significance of yield grades becomes evident when one realizes that carcasses of the same quality grade—such as Choice—vary widely in cutability and may differ in retail cutout value by \$75 or more.

In 1966, the first year that yield grades were available, only 31½ percent of the beef that was quality graded was also yield graded. However, since that time, the use of yield grades has increased greatly until, at present, nearly 70 percent of the beef that is quality graded also is yield graded.

The growth in beef grading for quality has closely paralleled the increased production of fed beef since the early 1950's. Sixty to 65 percent of the total beef has been quality graded in recent years and over 9 percent of the beef graded now qualifies for the Prime, Choice, or Good grades. Virtually all of the beef that qualifies for the Prime and Choice grades is federally graded. It is estimated that about 25 percent of the beef that would qualify for the Good grade is federally graded. The remainder of the beef produced sells ungraded or under private brands.

The per capita consumption of beef has nearly doubled in the last 20 years. This development closely paralleled (1) the growth in cattle feeding and increased production of high-quality—Choice and Prime—beef and (2) the increased use of Federal grades to identify such beefs. These developments appear to be interrelated and to reflect, in part, the effectiveness of grade for conveying consumer's preferences for high-quality beef back to producers.

In addition to serving as a common denominator for transmitting signals about demand, the "quality" grademark is frequently credited with being a major factor in the consumer selection of beef. This is a basic objective of grades, yet most consumers are still unfamiliar with beef grade terminology. However, the use of grades by retailers to maintain a uniform level in quality of beef that satisfies their customers helps to accomplish that objective.

Retailers also use Federal grades to buy beef nationwide and without the necessity of personal selection. This practice not only reduces marketing cost, but also has helped to create a national market for beef. Grades open sales outlets to packers on a national scale virtually from the day a plant begins production. Thus, beef grades serve to broaden competition for both cattle and beef.

Most grading systems have definite limitations. The grading system for beef is no exception. Identifying and evaluating the factors that affects beef's eating quality have been especially complex problems. As a result, our quality grades do not identify differences in palatability as precisely as would be desired. To date, though, the degree of marbling and carcass indications of maturity provide the most reliable basis for evaluating differences in quality that research has provided. The beef standards are based on the premise that increasing marbling improves beef palatability while increasing maturity has an adverse effect.

During the past several months, the Department has received very divergent but specific recommendations for changes in the beef grade standards from five major segments of the cattle and beef industry. We shall briefly summarize these recommendations and the manner in which they differ. The major changes in each of these recommendations revolve around the relative emphasis placed on marbling and maturity in determining quality grades.

[The following charts were developed to illustrate the recommendations.]

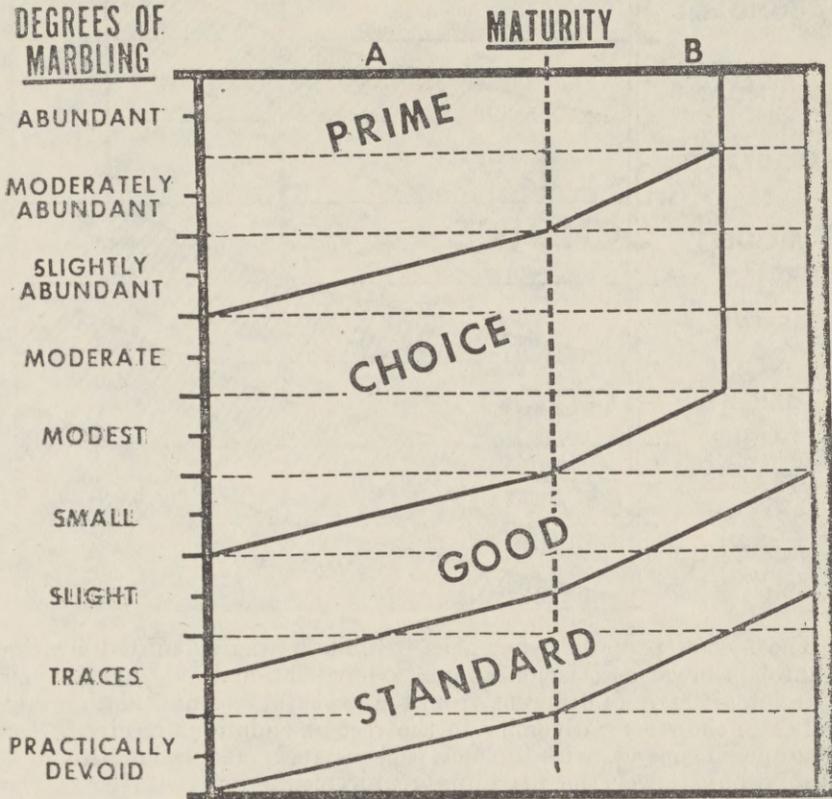
Exhibit 1 illustrates the relationship between marbling, maturity and quality grade in the present standards. The maturity groups on the chart are indicated as A and B, with A representing beef from relatively young cattle—less than 28 to 30 months of age—and B represents beef from older cattle—up to about 4 years of age. The requirements shown are only for those grades that are generally merchandised as fresh cuts at the retail market. Also, by referring to the marbling illustrations which have been furnished you, you can note the quantitative amounts of marbling associated with each grade.

The first proposal, which is identified as Exhibit 2, represents the recommendations of the three major meatpacking associations. This proposal would reduce the emphasis on the maturity factor. All beef classified in the A maturity group would qualify for a given grade with the same degree of marbling. Thus, for example, there is no change in the marbling requirements for the youngest beef within the Choice grade, but for beef from cattle 28 to 30 months of age or older, the grade requirements would be reduced by two-thirds of a grade. The shaded portions show the deviations from the present grade lines.

Mr. FOLEY. I assume the dark, unbroken line represents the present situation, and the shaded area is what they propose to include.

Mr. PIERCE. That's right, sir.

RELATIONSHIP BETWEEN MARBLING, MATURITY, AND QUALITY

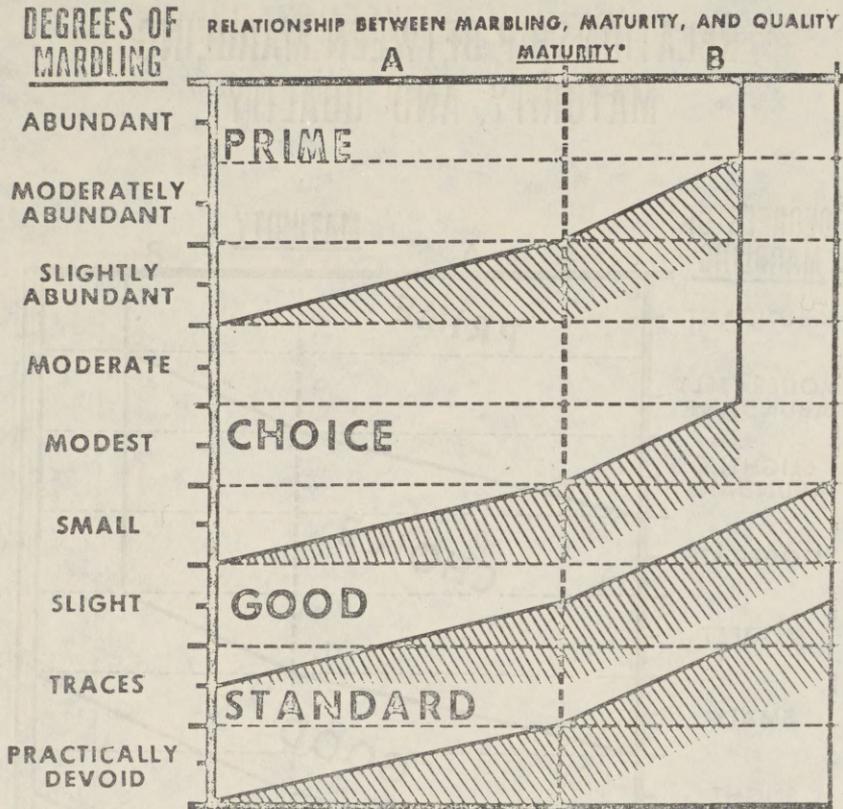


I should point out that if any of these groups have changed their positions, I will try to reflect that, as it has been forwarded to us.

Mr. DENHOLM. Excuse me.

Who recommended this change?

Mr. PIERCE. This was recommended by the three major meatpacking associations, sir. It was a joint recommendation from The American Meat Institute, the National Independent Meat Packers, and the Western States Meat Packers.



The second proposal, shown as exhibit 3, was submitted by the Charolais breed association as a recommendation last year. As you will note, it is quite different from the packers' recommendation and indicates the strong diversity in the recommendations received. For example, in contrast with the meatpackers' recommendation, this proposal would lower the marbling requirements for beef from very young cattle in the Choice grade. Also, in contrast with the flat marbling-maturity line of the packers' proposal for the Choice grade, this recommendation would require a very substantial increase in marbling with increasing increments of maturity and result in lowering the grade of some of the beef now graded Choice. This recommendation would place much more emphasis on increases in marbling with increasing maturity than any USDA standards—past or present.

RELATIONSHIP BETWEEN MARBLING, MATURITY, AND QUALITY

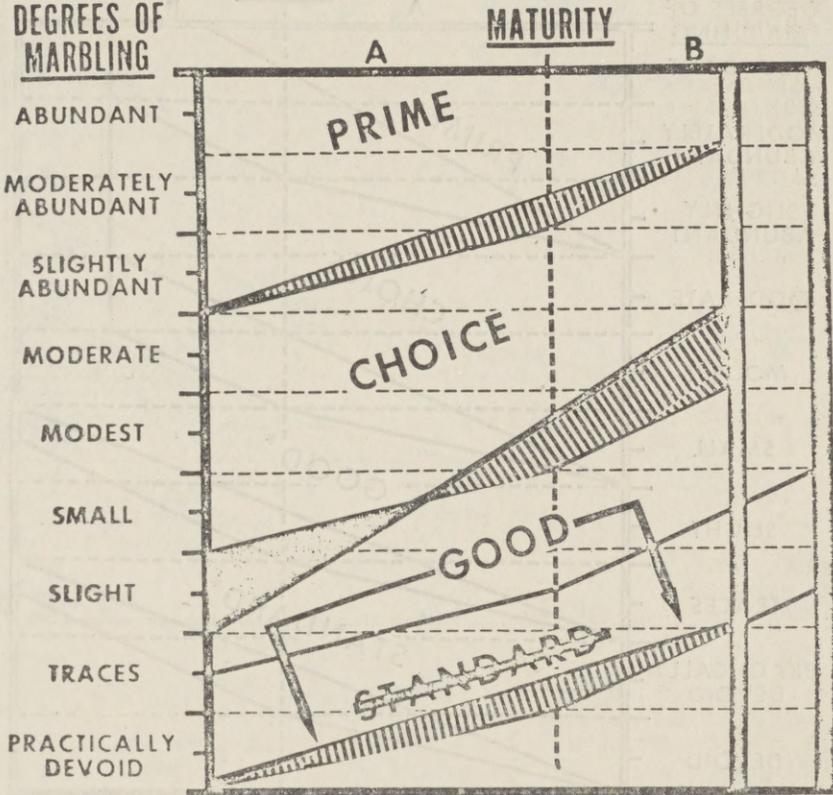


Exhibit 4 illustrates the recommendations of the National Restaurant Association. That association recommended increasing the requirements for the Choice grade by placing more emphasis on marbling with changing maturity. They proposed reinstating the marbling requirements for A and B maturity that were in effect prior to the relaxation in the grade standards in 1965. The shaded areas on the chart indicate the extent to which the standards would be tightened if this recommendation were adopted. This group also recommended the establishment of a new grade designation for young beef lacking sufficient marbling to qualify for the present Choice grade.

However, this recommendation was revised, in part, by the American National Cattlemen's Association on Friday, July 19. Their revised proposal adopts the same marbling-maturity line for beef from young cattle as recommended by the meatpacker associations but continues the group's recommendation that conformation be removed as a factor in determining the quality grade and that it be retained as a separate grade for use on an optional basis. It also proposed that a single standard be established which would require that all carcasses which are federally graded be identified for both the quality and yield grade.

RELATIONSHIP BETWEEN MARBLING, MATURITY, AND QUALITY

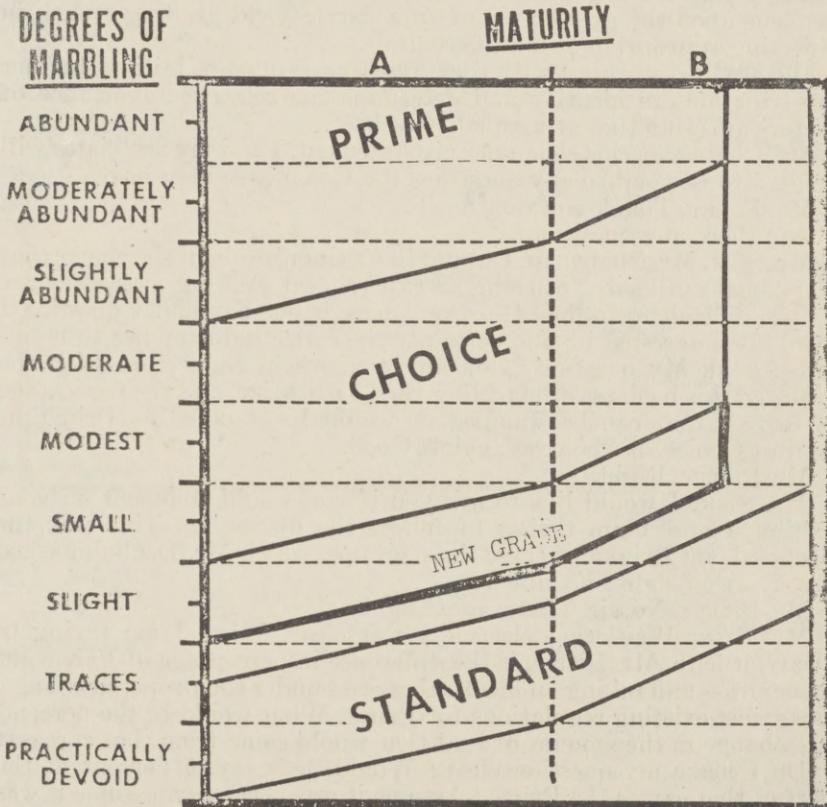


Exhibit 6 is designed to illustrate the recommendations of the National Livestock Feeders Association. This is the same as the first chart we saw, which illustrates the present grade standards.

They strongly recommended that the present marbling maturity relationships be maintained and that the quality lines be retained at their present levels.

They further indicated concurrence with the removal of conformation as a factor in the quality standards, provided it was given a separate identity or adequate consideration in a yield grade that would appear on the carcass.

These proposals for revision of the standards and other possible alternatives that are being developed by our standardization staff will be given careful consideration by Department officials.

Any Department proposal for revision of the standards will of course, be published in the Federal Register and widely publicized to provide ample opportunity for the public to offer comments.

In the meantime, our standardization staff is also actively engaged in developing information that will provide additional precision in our yield grades. The type of cattle has changed considerably since our original data were collected, and while the yield grades still prove to be a very useful barometer of value difference in cattle within each quality grade, we hope to improve this important tool. We feel strongly that the real potential for reducing excess fat on beef is dependent upon the greater use of an accurate yield grading system in reflecting appropriate price differentials.

We are also working with some research groups to initiate further investigations to identify and determine the relative importance of factors affecting the eating quality of beef.

Mr. Chairman, this concludes my statement. I and my associates will be glad to respond to any questions the Committee may have.

Mr. FOLEY. Thank you very much.

Are there any questions?

Mr. SISK. Mr. Chairman, I would like to inquire about the charts that Pierce has outlined. Not being an expert meat grading man, they are a little difficult to follow. However, there is one particular question I would be interested in, and certainly the cattle industry has to be interested in. My question is on any changes in connection with the grading, this business of marbling versus maturity, and the percentage of carcass that can be stamped or would be stamped as Prime, as against Choice, or Choice as against Good.

Mr. PIERCE. Right.

Mr. SISK. I would like to ask you if you would comment on your exhibit 4 and I am trying to follow the discussion. This was the proposal, am I right, of these three groups, which Mr. Denholm asked about, is that right? Exhibit 4?

Mr. PIERCE. No, sir. That was exhibit 2.

Mr. SISK. Wait, then, let me get it clear. What I am trying to arrive at here, Mr. Pierce, is the difference in percentage of Prime out of a carcass and taking an identical carcass under the proposed change, as against existing regulations for Prime. What would be the percentage change in the amount of beef that would come from that carcass?

Do I make my question clear? Would, let's say, 5 percent of the beef of that carcass be Prime? Assume it was—let's say, assume it was 10 percent more, it would be Prime?

Mr. PIERCE. Ten percent of the total production of cattle; is that your point?

Mr. SISK. No. I am trying—let's take one animal, a carcass.

Mr. PIERCE. If the carcass is graded Prime, then all the cuts are entitled to carry the grade of prime, sir. Most of our grading is on a carcass basis. However, we do grade some wholesale cuts—

Mr. SISK. In other words, on the carcass, if the carcass is marked Prime, then all the beef coming out of that carcass is Prime?

Mr. PIERCE. That's right.

Mr. SISK. In other words, one part of that carcass may be more marbled than another part?

Mr. PIERCE. Yes.

Mr. SISK. But it would still be Prime?

Mr. PIERCE. Yes.

Mr. SISK. You see, what I am trying to get at is what effects do these lines, the changing in these lines in connection with the marbling and so on, what effect does it have on prices that cattlemen and feeders would get. That is what I am trying to get at, because certainly, when you lower the line for Prime, or you raise the line, you are going to affect substantially the retail price of that carcass.

I am talking now about the line in regard to the marbling versus the maturity.

Mr. PIERCE. If you assume that cattle would be fed the same way they are at the present time the principal thing you would change is the proportion of cattle which fall into a given grade.

Mr. SISK. Right.

Mr. PIERCE. About 80 percent of the graded beef is in the Choice grade and about 50 percent of the total beef production is eligible for the Federal grade of Choice.

So, if there was no change in feeding practices, then the lowering of this line would put more cattle into that particular grade.

However, I think that's a hypothetical assumption. If you lower the line and the beef is accepted by the users, then there will probably also be some reduction in the feeding period. Just how much the proportion of these grades would change would be impossible to predict.

Mr. SISK. Well, assume there was a difference in position between various groups. Now, you mentioned the group, which I believe was the National Restaurant?

Mr. PIERCE. Yes, sir. The National Restaurant Association.

Mr. SISK. The National Restaurant Association. Which exhibit was that?

Mr. PIERCE. Exhibit 4.

Mr. SISK. Well, that I had. I know I made a note on it. Well, why do they seek a change?

Mr. PIERCE. Basically, they are opposed to a relaxation of the standards, and would prefer a tightening. Their position, as I understand it, is that they feel that if we relax the standards, they may be getting into a quality of beef in the Choice grade that will not satisfy their customers. They suggested that we create a new grade for the young cattle that did not now qualify for Choice rather than relaxing the grade standards.

Mr. SISK. I didn't mean to take so much time, here. But, frankly, this is an area that I am certainly not an expert in. The cattle industry, I am speaking now of the breeders, are—and I guess traditionally, for many years, they have done a great deal of work in new breeds and new hybrids, I guess I would call it—I am comparing them with plants—in which they crossbreed with imports from Europe and other places. I noticed recently some names that I can't even recall, some of the names of new breeds that are just coming in. I can't even remember the name of the new breeds they are working on out in New Mexico.

Is the purpose, basically, in this connection, to try to create an animal, I suppose, number one, that is large, has a lot of meat on it, and do it rather quickly. That is in terms of turning feed into protein, or grain into protein. Does that have a substantial effect? Are we moving in an area where we will increase the number of private carcasses that will go Prime as against, let's say, cattle 5 years ago? Ten years ago? Twenty years ago? Or really, is their prime interest there in something they can convert feed grain into quick beef? I am just curious as to what the intent is.

Mr. PIERCE. Your question is beyond my expertise, but my impression, sir, is that most of the new breeds are being introduced primarily because they are very growthy cattle. They tend to be slightly slow maturing, which is often associated, of course, with a larger mature size. Insofar as grading is concerned, the problem that has been encountered is that many of these cattle do not reach the preferred grade of choice at the conventional market weight. This is the basic problem. I think the numbers of these cattle are increasing noticeably in this country.

Mr. SISK. Well, then, I guess the final question is, eatability of the beef.

Mr. FOLEY. Palatability.

Mr. SISK. All right, palatability.

In other words, how is it going to taste for the consumers?

What is the effect on the consumer, then? In fact, are we improving the consumer's acceptance? May I put it like that? The consumer's acceptance of the meats in the so-called "improved breeds"?

Mr. PIERCE. There are differences of opinion; I am not in a position to answer that question. It would be very difficult to substantiate your answer.

I would like to emphasize that eating quality is a continuous variable. In other words, you don't have any sharp demarcation that you can point to and draw a line and say "Anything above this line is all completely interchangeable and that below is unacceptable." The main thing that you do, by using the higher grades of beef, I suppose, is to improve your batting average so you have a higher percentage of beef that tends to be tender, juicy and flavorful.

Obviously those cattle just above the Choice line, for example, and those just below, are practically identical and there is no place that you can draw this line where that will not be true.

However, an important consideration, when you decide on the width of a grade is whether the units are relatively interchangeable between the low and the high end of the grade. That is why a grade becomes important, I think, and is used by different segments of the trade as a means of identifying what they want to buy.

Mr. SISK. Thank you.

Mr. Chairman, there are a number of recommendations here for changes. I was trying to get some idea of the reason for the changes. Thank you, sir.

Mr. FOLEY. Mr. Thone.

Mr. THONE. Mr. Pierce, the last changes were made in 1973, and what were they?

Mr. PIERCE. That change was to provide a grading system for bullock beef. There is interest, as you know, in the feeding of young bulls.

After considerable research into this field we concluded that they needed a separate identification from steers and heifers and also from mature bull beef. The revised standards became effective in 1973.

Mr. THONE. And this entire service is self-supporting and voluntary?

Mr. PIERCE. Yes, sir.

Mr. THONE. Well, let's hope it stays that way.

Like Mr. Sisk, I don't want to take too much here and expose my ignorance.

Mr. SISK. Will my colleague yield? I exposed mine. [Laughter.]

Mr. THONE. Toward the end of your statement you said even if you recommended some proposals, they have to be published in the Federal Register. How long would it take before they would be effective? Can you estimate from practical experience on past changes?

Mr. PIERCE. The time required seems to be related to the diversity of comments and the magnitude of the change. The last time we made a major change in standards, the proposal was offered for comment in 1962. A revision was finally effected in 1965. However, most changes have been affected in a much shorter period of time. Normally, from 3 to 6 months would be provided for comments on a significant change.

The comments that are submitted would then be carefully analyzed and evaluated and if they supported the proposal. The revision could be promulgated with a very short public notification period. If training of the staff on new grade lines or the use of new criteria was involved, 3 months might be required before making the standards effective.

Mr. THONE. Do you assume that the pattern of marketing is going to change a little with high cost of feed grains? Are you going to have more grass-fed beef coming to market? Is this of concern to you?

Mr. PIERCE. I would expect that this will be the case this year. I am not good enough as a forecaster to say how long this grain/beef price relationship that exists at the present time will continue.

Mr. THONE. So you haven't geared that into your processes yet, because you think it may be temporary. Is that right?

Mr. PIERCE. Well, sir, I mentioned some basic considerations for changing the standards. One of them was a change in the cattle population. If you have a grading system set up to cover everything that cores to market and a certain portion of it virtually disappears from the market, then, obviously, that grade or grades become relatively unimportant, so there is a need to revise the standards.

However, we are quite a long ways from reaching that point now. But that doesn't mean that some improvements in the grading standards are not possible. Currently we are giving consideration to several alternatives.

Mr. THONE. Now, you already touched on this in your statement. This whole grading system works more within the industry than with consumers as far as knowledge and acceptance; do you agree?

Mr. PIERCE. Yes.

Mr. THONE. The average consumer really doesn't distinguish when buying between Prime, Choice and Good, so long as it has that USDA stamp on it. Doesn't he kind of throw it all in the same category or am I oversimplifying it?

Mr. PIERCE. I feel that the predominance of consumers do not know the actual grade they purchase. They tend to go to a store that handles a consistent quality of beef, and the store management may be using the grade as a quality control to satisfy their customers.

Mr. THONE. So the store management is a lot more sophisticated?

Mr. PIERCE. The store manager is doing his best to reflect the quality of meat that his customers want. Of course, not all people want the same grade of meat, and they don't all go to stores that handle that same grade of meat.

Mr. THONE. But, that's where it serves a real purpose, then?

Mr. PIERCE. Yes. Although, there are, of course, those consumers who do look for the grade and there are apparently enough of them that many different retailers feel it important to advertise the grade that they are selling.

I personally feel that, unfortunately, that percentage of consumers.

Mr. THONE. That includes my wife, by the way.

Thank you, Mr. Chairman.

Mr. FOLEY. Mr. Denholm.

Mr. DENHOLM. Is it correct that there is no existing law that requires the grading of meat?

Mr. PIERCE. That's correct.

Mr. DENHOLM. It is a voluntary, self-serving, self-sustaining procedure?

Mr. PIERCE. Yes.

Mr. DENHOLM. And is it a marketing technique?

Mr. PIERCE. Yes. It's authorized under the Agricultural Marketing Act. While the Secretary is both authorized and directed to provide grading services, there is also a provision that makes it very plain that grading is to be on a voluntary basis.

Mr. DENHOLM. I commend you for a reasonably succinct statement on a very complex problem. You've covered much of the history in grading procedures and the results thereof. Do the consumers or producers have anything to do with the grading procedures?

Mr. PIERCE. Do consumers or producers have anything to do with the grading; is that the question?

Mr. DENHOLM. Yes.

Mr. PIERCE. Not directly.

Mr. DENHOLM. But it does affect both doesn't it?

Mr. PIERCE. Oh, yes, they both have an interest in it.

Mr. DENHOLM. Now, who does the grading of meats?

Mr. PIERCE. The grading is done by Federal meat graders with civil service status. They are employees of the Department of Agriculture. The program is financed from a trust fund from the collection of fees from the user of this service. It is usually the packer who requests the service.

Mr. DENHOLM. The packer requests the service and pays for it, doesn't he?

Mr. PIERCE. Yes, sir. He pays for it.

Mr. DENHOLM. How do the packers pay for meat graded and how much—to whom?

Mr. PIERCE. He currently is paying \$13.80 an hour.

Mr. DENHOLM. Is the money paid to a trust fund which the Civil Service employees of the Department of Agriculture are paid from by the U.S. Government?

Mr. PIERCE. That's right. This covers the administration of the program, the supervision of the program, salaries and all fringe benefits of Federal personnel who perform the service.

Mr. DENHOLM. The grading procedure involves a matter of value judgments of men, does it not?

Mr. PIERCE. Yes, sir.

Mr. DENHOLM. Have you done grading?

Mr. PIERCE. I have not been a plant grader. I have graded meats and have worked in this field for over 25 years.

Mr. DENHOLM. Meat doesn't have to be graded at all—does it?

Mr. PIERCE. No, sir, it does not.

Mr. DENHOLM. If the packer is not satisfied with the grades on meat, what are his alternatives?

Mr. PIERCE. To sell it under a private brand, or sell it ungraded.

Mr. DENHOLM. I recall the merchandising of Pride Ham. There wasn't any grade on Pride Ham, was there?

Mr. PIERCE. No. We do not grade pork except for a very small volume of carcass grading. We do not grade cuts of pork.

Mr. DENHOLM. I think you said—

Mr. PIERCE. You are correct, sir, that there has been much beef, for example, sold, and still is, under a private brand.

Mr. DENHOLM. You indicated that age has something to do with the grade that the Federal grader stamps on meat. Can you ascertain the age of a cow after 4 years of age?

Mr. PIERCE. Yes, this involves an evaluation of the physiological evidence of age or maturity. It is based upon bone structure and the color and texture of the meat. This is not necessarily perfectly correlated with chronological age, but I think it is probably just as accurate an indication of the stage of maturity as if we had chronological age. Cattle mature somewhat like people. They take on some of the evidences of advanced maturity at a younger age, like some of us, who may be over 60 and look 40, and the reverse situation also happens.

Mr. DENHOLM. Is boning of beef a procedure that has been done rather extensively in recent years? And, after the bone is removed, do you have the same workability in determining the grade level?

Mr. PIERCE. No, sir, we do not grade boneless beef. We grade it before the bones are removed.

Mr. DENHOLM. What is the difference when it is merchandized for hamburger?

Mr. PIERCE. They do not know. Hamburger is not identified by a Federal grade.

Mr. DENHOLM. Do you agree that the public is generally convinced or has reason to believe that unless the Federal Government is involved in the grading that there will be no value in the stamp that appears on beef?

Mr. PIERCE. On the grade stamp, sir?

Mr. DENHOLM. Yes.

Mr. PIERCE. Yes.

Mr. DENHOLM. They rely on it, don't they?

Mr. PIERCE. I feel those that are knowledgeable about beef grades do rely on them.

Mr. DENHOLM. And it does influence the price consumers pay for the product at the retail market outlet, doesn't it?

Mr. PIERCE. Yes, if the purchaser is looking for a specific grade. As indicated earlier, I feel this type of purchaser is in the minority.

Mr. DENHOLM. Can you explain why some Choice cut rump roast is tender and some very tough of the same grade?

Mr. PIERCE. Sir, as I pointed out earlier, no one has contended that the grade is a perfect indicator of the palatability of a beef cut. This is not hard for me to understand if I reconcile the fact that we have some 25 or 30 different breeds and that factors like tenderness are heritable. Also the cattle may have been handled in vastly different environments before they are brought together in a feed lot. They are then fed out and eventually presented on the rail as dressed carcasses. There just can't be anything magic about an evaluation that will make them all eat in an identical fashion. I wish we had that ability. But frankly, we do not.

Mr. DENHOLM. So you can't really grade meat solely on the appearance of the meat?

Mr. PIERCE. You have to grade on what is before you; that's all you have, sir. I think we can grade meat to the general satisfaction of most discriminating people.

Mr. DENHOLM. Let me give you an example of what bothers me and others of the quality grading standards. I don't know that anything can be done about it. I am not suggesting that anybody is at fault. The judging team of a midwestern university together with their coach, judged a certain amount of meat on the rail, the carcasses, before the Federal U.S. Department of Agriculture employee graded and stamped it.

The ratings on this meat by the judging team didn't come out the same as the grade level stamped by the Federal Government employee. A discussion followed. They had graded it much lower than what the meat grader, the Federal employee, did, when he graded it. He wouldn't even talk to them about it. He said, "That's my stamp. I've graded it. That's it."

Now, the judging team had won national honors in competition in grading meats. I don't know why they were all wrong, and the coach was wrong. I don't know whether or not the Federal meat grader was right. Is it possible to merchandise Choice beef as Prime beef and would that result in a higher cost to the consumer?

Mr. PIERCE. If you merchandise Choice beef as Prime beef would it result in a higher cost to the consumer?

Mr. DENHOLM. Yes.

Mr. PIERCE. Beef is not identified officially into segments of a grade.

But Good has been running around 12 percent of the volume graded. About 98 percent of the meat that we grade is made up of Prime, Choice, or Good. We grade very little of the lower grades.

You need to recognize, of course, that this includes only that portion that we grade which is different from the total production. We normally grade only 60 to 65 percent of the total production, which includes all the processing beef.

Mr. LITTON. Could you guess how much of that Good is high Good? Just a ballpark guess?

Mr. PIERCE. Mr. Murphy, would you like to answer that?

Mr. MURPHY. Well, roughly a third or a little more than that.

Mr. LITTON. Now, the question is, what would happen if you changed the beef grades? If we took high Good and put it into Choice? How would that affect the price of Choice to the consumer?

Mr. PIERCE. If you took high Good and made no other changes in the standard and included it in with Choice and we continued to produce the same amount of Choice as we are producing now, under competitive conditions, you should lower the price of all Choice beef.

Mr. LITTON. In other words, that change, by itself, would in fact, lower the price of Choice beef to the consumer?

Mr. PIERCE. Under competitive conditions, I would expect that result.

Mr. LITTON. Would you have any idea at all how much it might lower the price?

Mr. PIERCE. I wouldn't want to speculate on that, sir.

Mr. LITTON. The Department would have no figures or even any guesses on that.

Mr. PIERCE. They could give some estimates, but it would be no more than that.

Mr. LITTON. I notice that your testimony included the recommendation of changing the standard on the basis of recommendations from packers, feeders, and restaurants from different segments of the industry. I didn't notice any from the USDA. Do you have any recommendations?

Mr. PIERCE. We do not have an official proposal at this time.

Mr. LITTON. So the restaurants, the feeders, packers, cattlemen, all have recommendations, but you have none?

Mr. PIERCE. No. As I indicated earlier, the recommendations of these groups along with all the research information that is available on the subject is being studied and the merit of various alternatives are being considered.

Mr. LITTON. Do you have any recommendations from consumer groups?

Mr. PIERCE. We do not have any official recommendations from consumer groups. We have letters from consumers about some of the industry proposals that have been offered but we do not have definite recommendations from consumer groups.

Mr. PIERCE. If the quantity was limited, I suppose it would. If this was a widespread practice, you would probably find Prime and Choice selling at the same price. It often does, now, as a matter of fact, in many places in this country.

Mr. DENHOLM. The industry does merchandise boneless beef—and in the Midwest box meat is merchandised. Suppose it is purchased as Choice and sold for Prime. Is that an advantage or disadvantage to the retailer?

Mr. PIERCE. I don't believe you could do that very well, sir.

Mr. DENHOLM. Well, suppose you did on one carload. Would it be of economic advantage to the retailer?

Mr. PIERCE. I suppose it would be an advantage to the packer, if he bought the cattle at a Choice price and sold them for Prime. Maybe I didn't understand your question, sir.

Mr. DENHOLM. I am asking about the retailer.

Mr. PIERCE. Are you talking about box beef?

Mr. DENHOLM. Suppose the product was purchased from a Midwest packer as Choice meat and in a box. Suppose it is sold at a Prime price level. How does that benefit the packer?

Mr. PIERCE. Well, the beef, if it comes in a box identified as Choice, it's going to the retailer as Choice meat, even though it's been boned, it's still graded Choice.

Mr. DENHOLM. No. I want to know how box meat and boned beef and hamburger can be identified by grade?

Mr. PIERCE. He's going to sell it for as high a price as he can get.

Mr. DENHOLM. Then how does that benefit the packer? It is a benefit to the retailer, isn't it?

Mr. PIERCE. If I understand your questions right, the seller will get the benefit of the highest price that he can get.

Mr. DENHOLM. Very well, thank you.

Mr. FOLEY. Mr. Litton.

Mr. LITTON. Mr. Pierce, I am interested in this question about why some meat is tender and some is not. I would like the record to show that beef carcasses, like Congressmen, are different, some are tougher than others. [Laughter.]

I have got two or three questions. How much Prime beef is there? How much tonnage in a year?

Mr. PIERCE. I'll have to supply that figure. If you want it in terms of tonnage. In recent years it has been running about 6 to 7 percent of the total beef that we grade.

Mr. LITTON. What about Choice?

Mr. PIERCE. Choice has been running about 80 percent of the beef that we grade.

Mr. LITTON. What about high Good?

Mr. LITTON. Would it be your opinion that consumer groups would favor change in the beef grading standards that would place more of the Good or high Good into the Choice category?

Mr. PIERCE. I don't really have any basis for assuming that, sir. I don't know how consumer groups would react to this. I think their basic understanding of the nature of the change, and why it was proposed would influence their reaction. I did note a west coast news release yesterday which cited consumer opposition to a proposal of that type.

Mr. LITTON. I have visited with some—I think there will be testimony provided to this committee a little later from the Office of Consumer Affairs in New York City that reflected a different attitude than that.

Let me ask you this: What's the difference in the cost of producing a pound of fat as opposed to a pound of lean?

Mr. PIERCE. It has to be higher. I am not sure how much higher.

Mr. LITTON. Would it be approximately? Would it be about 2½ times as expensive? Is this a pretty good ball park figure?

Mr. PIERCE. There is about 2¼ times as much energy in fat as there is in protein, so that might be one way of getting at it.

Mr. LITTON. So if we placed some of the high Good into Choice, we would actually be putting the same amount of protein in the hands of the consumer at a lower price, not only in terms of the amount that's there, but additionally, because it costs the producer less to produce it; right?

Mr. PIERCE. That's certainly true—the cost of production would be lower.

Mr. LITTON. I will just add one other thought. I notice the USDA sent out a booklet a few days ago and it has an illustration that says the average person in America spends 17 cents more per day for food in 1973 than compared to 1972. More than half of the increase was spent

for meat and one-fourth of the 17 cents increase per day was spent for Choice beef, so I suppose what we are really saying is that if some of the changes we are talking about took place, then we would really be reducing the cost of the food to the consumer and be reducing in that area that contributed to a lot of the increase in the last year; is that right?

Mr. PIERCE. The ultimate cost to the consumer is probably not quite that simple, but that reasoning sounds logical.

Mr. LITTON. Well, if you put more beef in their hands, that cost the producer less to produce, it would cost the consumer less, wouldn't it?

Well, let me ask you this: You have been in this business a long time. Let's say you have 1,000 cattle on feed and you can kill what you want to eat for your own table. What are you going to kill? Prime? Choice? Or Good? What is your preference? You own them all. What would you buy?

Mr. PIERCE. What would I personally buy?

Mr. LITTON. What would you kill?

Mr. PIERCE. For roasting and broiling purposes, I'd prefer a yield grade 2 Prime.

Mr. LITTON. You don't have that choice if you put a carcass in your freezer.

Mr. PIERCE. That's right. Personally I would prefer the yield grade 2 Prime carcass.

Mr. LITTON. I was out in Missouri visiting some feeders and I asked that question of several, and every one of them told me what they killed themselves was high Good. Would you say that many cattlemen prefer high Good for their own diner table?

Mr. PIERCE. Your survey is broader than mine. [Laughter.]

Mr. LITTON. I won't go into it any further.

Mr. PIERCE. I think there is a point here. We in USDA are in the business of changing standards. We would like to base changes on sound information. However, we have had no direct recommendations from retailers who use federally graded beef for sale to consumers. That's with respect to your question about what consumers prefer. I think there is a survey that's maybe getting a little old now, but I don't know that preferences have changed that much. It was made by Dr. Harold Tuma of Kansas State University and released in, I believe, March of 1971. He surveyed retailers across the entire country. He asked them what they would like to buy for their particular trade. If I remember the figures correctly, it indicated that 70 percent of the retailers wanted to buy average to high Choice, 20 percent low Choice or higher, and 10 percent wanted a Good grade quality.

Mr. LITTON. One final thought. A consumer leader was in my district last weekend. We visited several feedlots. While looking at one group of cattle the feeder was asked where the cattle were headed from this point. And he said, "Into the feedlot to be on grain for 60 to 90 days." He pointed out that he was going to kill his beef out of the group that we were looking at. That's what he and his family preferred. And he was asked, "Why are you planning to send them on into the feedlot and put all that expensive corn into them?"

Well, he said, "Because the housewife in the big cities won't buy beef unless it is Choice." Do we go to that expense just to get Choice grade stamped on the carcass?

I think these are things the USDA should take a good look at. If the cattlemen, feeders, restaurants, and packers say we need a change, I think the USDA ought to do something about this.

Mr. PIERCE. I expect we will, sir.

Mr. FOLEY. Mr. Sebelius.

Mr. SEBELIUS. I have no questions.

Mr. FOLEY. Mr. Pierce, is it fair to say, that the last major adjustment in grades, as standards, was made in 1950?

Mr. PIERCE. That was probably the most drastic change, in 1950.

Mr. FOLEY. In 1973 you established the Good grade of beef?

Mr. PIERCE. Yes, sir, 1973.

Mr. FOLEY. Am I correct in saying that that's all that happened in 1973 while in 1965 a major change was made to add Yield grade, thus giving a new dimension of grades? In other words, since 1965 no significant change in grading has occurred.

Mr. PIERCE. That, in my opinion, sir, was perhaps the most significant change that was made at that time. However at that time there was a relaxation of the marbling in relation to maturity of about the same magnitude of that being recommended at the present time. There are some groups who consider the change in the quality grades in 1965 as a very significant change.

Mr. FOLEY. I wouldn't try to characterize it as changes, but there was a major change in the nonyield standards in 1965. Is that correct?

Mr. PIERCE. In 1965, yes.

Mr. FOLEY. I am not referring to the yield standard.

Mr. PIERCE. Yes, sir. Exhibit 4 also illustrates the extent of the relaxation in marbling at that time.

Mr. FOLEY. Was that the last time there was a major relaxation?

Mr. PIERCE. That's right, sir.

Mr. FOLEY. Is there an advisory committee within the Department with which you consult regarding proposed grade changes?

Mr. PIERCE. There is not an advisory committee that has been utilized for that specific purpose.

Mr. FOLEY. I am speaking of non-USDA employees, outside the advisory committee.

Mr. PIERCE. Yes, I understood your question.

Mr. FOLEY. Were the recommendations under consideration solicited by the department or were they volunteered by various segments of the beef industry?

Mr. PIERCE. I think it is both. Certainly we have met with most segments of the industry and discussed the possibility of changes. We have also discussed the pros and cons of various changes.

Mr. FOLEY. You mentioned that you would like to have more input from retailers.

Mr. PIERCE. Yes.

Mr. FOLEY. Is the problem that the retailers, through their various organizations, have not come forward with any specific recommendations or responses?

Mr. PIERCE. That's right, sir.

Mr. FOLEY. Have you attempted to encourage them to do so?

Mr. PIERCE. Yes, sir. This has been discussed with different retailers.

Mr. FOLEY. To your knowledge, have there been any formal recommendations regarding grading from any groups that could be identified as consumer groups?

Mr. PIERCE. I am not aware of specific recommendations from consumer groups.

Mr. FOLEY. Have you actively sought any advice from any such groups?

Mr. PIERCE. Not at this point.

Mr. FOLEY. Do you think that the reaction of consumers to possible grading standards is a matter of significance in terms of the department's consideration of proposals?

Mr. PIERCE. Yes, I certainly do.

Mr. FOLEY. Would that indicate, then, that there may be some need to elicit responses from organizations that might be representative of the consumer opinion?

Mr. PIERCE. Yes. However, I think that probably comes at the time we have a definite proposal to discuss with this group.

Mr. FOLEY. Has the department, to your knowledge, considered any level? The establishment of an informal or formal advisory committee regarding grading standards?

Mr. PIERCE. I am aware that the suggestion has been made and that it is under consideration. I do not know if a decision has been reached on this approach.

Mr. FOLEY. Going back to your statement, Mr. Pierce, in which, you say that 60 to 65 percent of the total beef produced has been quality graded in recent years and that 90 percent of that beef qualifies for either Prime, Choice or Good, I understood you to say that perhaps about 6 or 7 percent of the 60 or 65 that is graded qualifies as Prime, about 80 percent as Choice, and about 12 percent as Good. Is that correct?

Mr. PIERCE. That's my estimate.

Mr. FOLEY. We won't hold you to the exact figure.

Mr. PIERCE. That's my estimate of what the figures would probably show for the fiscal year 1973.

[Mr. Pierce subsequently provided the following:]

BEEF OFFICIALLY GRADED AND GRADE MARKED BY THE U.S. DEPARTMENT OF AGRICULTURE, 1973

Grade	Quantity (millions of pounds)	Percent of total graded
Prime	741	6.2
Choice	9,705	80.5
Good	1,475	12.2
Standard	25	.2
Commercial	15	.1
Utility	83	.7
Canner and cutter	9	.1
Total	12,053	100.0

Mr. FOLEY. I gather that about one-third of the meat graded Good would actually be high Good; is that correct?

Mr. PIERCE. I didn't mean to leave that impression. Of the 12 percent of the beef that we grade, I doubt that a third of that is high Good. I feel that much of the high Good is being merchandised under private brands, rather than being offered for grading.

Mr. FOLEY. I see.

The categories within grading standards are 1 through 5. Do you have a 1 to 5?

Mr. PIERCE. For indicating the yield of salable beef.

Mr. FOLEY. How many categories are there within the Good grade. We are talking about high Good. What does that mean?

Mr. PIERCE. Is the question relating to yield grades? How many yield grades apply to high Good?

These are two different grade designations. One of them indicates the quality. The other one indicates yield grade.

Mr. FOLEY. I am talking about the quality grade.

Is there any subdivision of the Good in the quality grading?

Mr. PIERCE. No, sir. We do not try to break down the grade. If it qualifies for Choice, it's Choice. If it qualifies for Good, it's Good in so far as our official grade designation is concerned—

Mr. THONE. Will the gentleman yield?

Mr. FOLEY. Yes, go ahead.

Mr. THONE. What's all this high Good reference we have been hearing about? I am now confused.

Mr. PIERCE. Obviously some of the carcasses just barely miss the Choice grade. They are what we call "borderline" carcasses. And the term "high Good" is used to try to identify their location in the Good grade. It's an unofficial term in that we do not really grade stamp beef carcasses that way, but it's generally considered to be the third of the grade that have characteristics nearest to Choice.

Mr. FOLEY. In other words, this isn't a formal grading designation, although a meat grader could look at the carcass and say that it is, in his judgment, a borderline Choice which more properly falls in the Good grade and therefore is referred to as high Good?

Mr. PIERCE. That's right.

Mr. FOLEY. But there isn't any actual grading of the beef?

Mr. PIERCE. No official grade designation, as such.

Mr. FOLEY. Is a low Good just as much a classification as a high Good?

Mr. PIERCE. That's right, sir.

Mr. FOLEY. Would you provide us with the Department's estimates of the total volume of all meat produced in the United States—not just what is graded. It would be very helpful to see, in terms of both percentage and tonnage the amount which would fall within the various grades, if all were graded.

I understand that this will have to be an estimate rather than a statistic.

Mr. PIERCE. You mean of the total eight grades?

Mr. FOLEY. Yes, how much of the total beef production, in your judgment, would fall into each of the eight categories by the percentage and by actual tonnage, if there were 100 percent grading all meat produced in the United States.

Mr. PIERCE. Would you like this for a specific year? 1973, for example?

Mr. FOLEY. Yes, 1973. I think we would be most interested in that, rather than figures of historical interest.

Mr. PIERCE. We can make such an estimate and, with the understanding, of course, that it will be only an estimate. We will be glad to submit it.

Mr. FOLEY. When the figures are available, I am particularly interested in looking at the amount that would, be classified as Good.

Mr. PIERCE. Yes, sir.

[Mr. Pierce subsequently submitted the following:]

The following estimate is based primarily on the production of steer and heifer beef relative to total beef production in 1973 and data collected by USDA's meat grading activity.

ESTIMATED GRADE COMPOSITION OF COMMERCIAL BEEF PRODUCTION, UNITED STATES, 1973

Grade	Production (millions of pounds)	Percent of total
Prime.....	843	4.0
Choice.....	10,544	50.0
Good.....	5,905	28.0
Standard.....	211	1.0
Commercial.....	843	4.0
Utility.....	1,160	5.5
Canner and cutter.....	1,582	7.5
Total.....	21,088	100.0

Mr. FOLEY. Whether it is an accurate reflection of reality or not, I think many of us have experienced the difficulty in most of the major chains, at least retail chains, of finding a Good grade of meat. Instead, the prevailing experience has been to find only Choice or Prime. That would seem to be reflected by your figures of 80 percent of all graded beef being graded as Choice. One hears complaints from time to time from people who say they would like to be able to buy a Good grade of meat, but find it extremely difficult to find. It would appear that there is no great effort being made to offer that grade to the consumer.

Mr. PIERCE. There are certain chains or supermarkets that carry that quality of meat, but they usually sell it under a brand name, rather than having it identified by grade. In some parts of the country, you will find that the Good grade is advertised and there seems to be a preference for Good in a few locations. But the quantity of Good being graded has not been increasing. It has actually been decreasing. I don't think the quantity of beef that would qualify for Good has been decreasing. In recent months, at least, it has probably increased.

Mr. FOLEY. Is there any estimate available of the amount, by grading category, that is actually retailed as opposed to that which is used for restaurants and for manufacturing purposes?

Mr. PIERCE. We could only provide estimates.

Mr. FOLEY. I would appreciate that. Do you understand my request?

Mr. PIERCE. Yes, sir. We will provide estimates if the basic data is available.

(Mr. Pierce subsequently submitted the following:)

After checking available Department data, we conclude that there is insufficient information on the grade and quantity of beef used by different outlets to provide a basis for the estimates requested.

Mr. FOLEY. In the Department itself, how is the grading service organized with respect to the inspection service? Does it operate in conjunction with inspection or independently?

Mr. PIERCE. The grading service operates independent of the inspection service. They are in different agencies. The grading service is a branch of the Livestock Division.

Mr. FOLEY. What is its exact relation to the agricultural marketing service?

Mr. PIERCE. The Livestock Division is one of several commodity divisions in the Agricultural Marketing Service and the meat grading program is one branch of the Livestock Division, sir.

Mr. FOLEY. Where does the inspection service figure in?

Mr. PIERCE. The meat and poultry inspection service is a part of the Animal and Plant Health Inspection Service.

Mr. FOLEY. Is that part of the Agricultural Marketing Service?

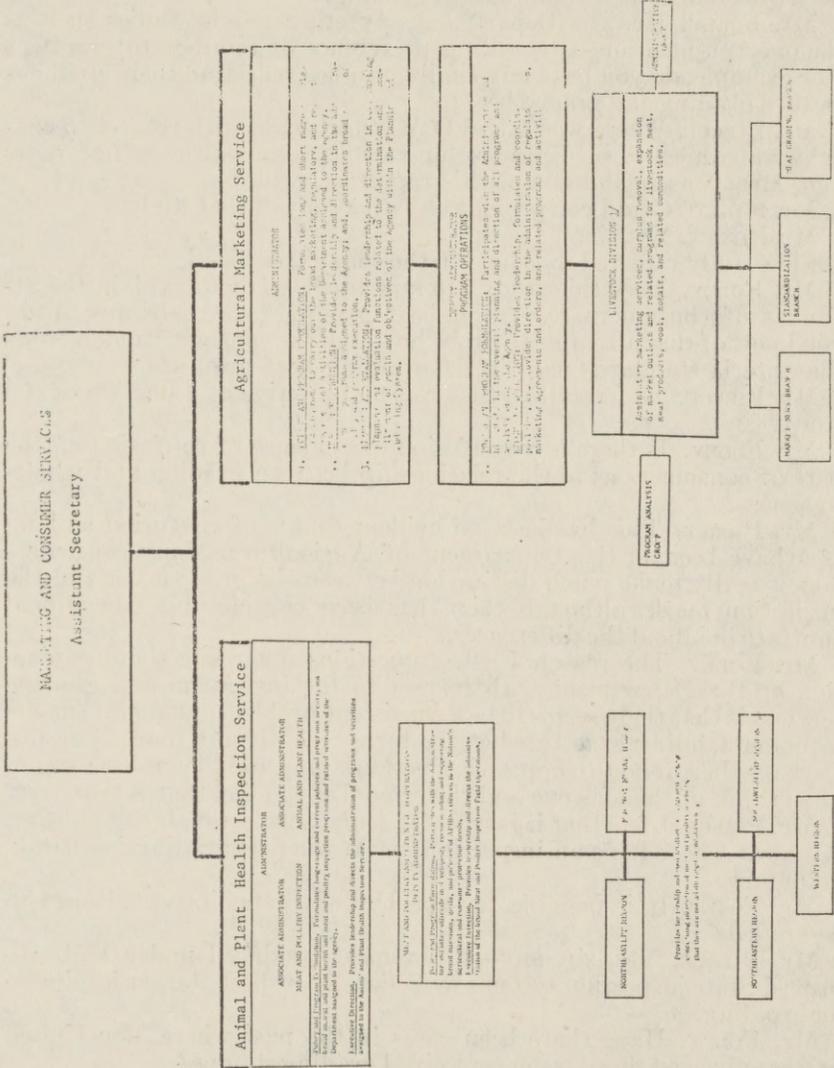
Mr. PIERCE. No, sir. That's a separate agency.

Mr. FOLEY. Can you supply the committee with an organization chart that shows the relationship within the Department? Is that possible?

Mr. PIERCE. Yes, sir.

[Mr. Pierce subsequently submitted the following:]

The attached chart, which includes selected parts of USDA's organizational chart, shows the relationship between the meat grading and meat inspection functions. The heads of the respective agencies—Agricultural Marketing Service (meat grading) and Animal and Plant Health Inspection Service (meat inspection)—report to the Assistant Secretary of Agriculture (Marketing and Consumer Services).



Mr. FOLEY. The grading service has approximately how many employees?

Mr. PIERCE. Approximately 400 employees.

Mr. FOLEY. Has the demand for grading been rising recently?

Mr. PIERCE. The demand for grading, sir, usually parallels the production of fed beef and it was rising until about 1972. As the proportion of fed beef has declined in relation to the total, there has been a decline in the volume of beef grading.

Mr. FOLEY. Has the Department any other recent studies such as the one you mentioned regarding preference of retailers to grading? For example, do you have any similar studies reflecting their attitudes toward grading and graded beef?

Mr. PIERCE. There was a U.S.D.A. study made with respect to consumer attitudes toward grades for various commodities a few years ago. Meat was included and this report is available.

Mr. FOLEY. Could you provide us with a copy of that study?

Mr. PIERCE. Yes, sir.

[The study referred to is held in the committee files.]

Mr. FOLEY. Does this study attempt to show, or to explain the attitudes of consumers regarding beef grading? Is there any study you know of that attempts to probe how well the consumer understands the criteria standards used in determining beef grades?

Mr. PIERCE. As I recall it, that was an objective of a portion of the study.

Mr. FOLEY. Is there any confusion or evidence of confusion on the part of consumers as to the relationship between grading and wholesomeness?

Mr. PIERCE. This has been an evident source of confusion as long as I have been in the Department of Agriculture. Many consumers do not really make much distinction between the grade mark and the inspection mark, although there has been considerable educational efforts to point out the differences.

Mr. FOLEY. The reason I asked questions regarding the organization of the Department with respect to the inspection and grading services is that there seems to be a consistent problem among consumers in understanding exactly what the term "identifying marks" means. Perhaps there tend to compare inspection stamp and the grading stamp or to think of them as one and the same. Do you feel that is true?

Mr. PIERCE. I feel that it is true. Of course, inspection is compulsory. All meat has to have an inspection mark, whereas grading is entirely voluntary.

Mr. FOLEY. Is it possible for non-United States inspected meat to be graded?

Mr. PIERCE. Yes, sir, any—either meat produced under U.S. approved State inspection systems or Federally inspected meat is eligible for grading.

Mr. FOLEY. Have there been cases in the past where, non-United States approved State systems received grading stamps?

Under the Wholesome Meat Act of 1967, as you know, the law requires that all State inspection systems be certified by the Department as equal to Federal standards of inspection.

Mr. PIERCE. No, sir, grading cannot be provided to plants under non-approved State inspection systems.

Mr. FOLEY. Was that true prior to 1967?

Mr. PIERCE. Yes; but we had a different procedure before the 1967. Through an arrangement with the meat inspection agency, Federal inspectors determined that non-Federal inspection systems and the plants provided grading service met the minimum requirements for sanitation and wholesomeness that were required in our grading regulations.

Mr. FOLEY. In other words, you required some clearance from the Federal Inspection Service, that the State inspection plans met at least minimum standards in regards to wholesomeness and sanitation before you permitted them this rating service?

Mr. PIERCE. That's right.

Mr. FOLEY. Under the present law, do you provide rating service only to plants certified by the Department as meeting the standards of the 1967 act?

Mr. PIERCE. Yes; either certified directly by Department inspectors or from meat inspection systems that the Department has certified as being equal to.

Mr. FOLEY. Would you repeat that?

Mr. PIERCE. Either plants that are operating under Federal inspection or plants that are operating under a meat inspection system that have been certified as equal to.

Mr. FOLEY. Thank you.

You indicated, in answer to Mr. Litton's question, that—and in your statement—that the Department was considering various suggestions that had been made by a number of organizations relative to possible changes in the grading standards.

If I can probe a little further, is that consideration to be designated an active consideration?

Mr. PIERCE. Yes, it's active.

Mr. FOLEY. Is it perhaps more accurately described as an on-going consideration?

Mr. PIERCE. Well, I'd say both of those words describe it.

Mr. FOLEY. Is there any possibility that the Department will decide to promulgate some changes in the grading standards in the near future, or do you feel it is more likely that there won't be any recommended promulgated changes? Are you at liberty to answer?

Mr. PIERCE. I feel it would be inappropriate for me to speculate on a timetable, sir.

Mr. FOLEY. Mr. Denholm.

Mr. DENHOLM. Mr. Pierce, how much of all meat that is marketed in consumer retail outlets is quality graded? Do you know the percentage of the total meat marketed?

Mr. PIERCE. No, in recent years, we have estimated that about 80 percent of the fresh beef cuts that were sold at retail. This excludes the ground beef that you mentioned earlier which, of course, is not sold on a graded basis.

Mr. DENHOLM. How much of the meat consumed by Americans is inspected?

Mr. PIERCE. How much is inspected?

Mr. DENHOLM. Yes.

Mr. PIERCE. It's all inspected, unless it is slaughtered on the farm.

Mr. DENHOLM. It would all be inspected, but it would not necessarily all be graded?

Mr. PIERCE. That's right. It would all be inspected but not all graded.

Mr. DENHOLM. How much of the imported beef is graded?

Mr. PIERCE. Virtually none, sir.

Mr. DENHOLM. You don't know how much of that or what kind is sold as hamburger in the consumer market?

Mr. PIERCE. No, sir, I do not.

Mr. DENHOLM. Do you think there is any need for legislation as to quality grading, particularly as to imports competing with domestically produced meats in the consumer market?

Mr. PIERCE. I have not considered that possibility, sir. It's my impression that most of the imported meat is processing type meat, which is not usually graded domestically. So, to the extent that it's comparable, I would not see much reason for grading imported processing type meat because it is not normally graded in this country.

Mr. DENHOLM. Is it fair to domestic producers to compete with non-graded imported beef?

Mr. PIERCE. Sir?

Mr. DENHOLM. Is it equitably fair, economically fair, to the domestic producers, to compete with imported meat that is not graded?

Mr. PIERCE. That is a rather involved question, and I would like to pass on it. I haven't given that much thought, sir.

Mr. DENHOLM. I represent consumers—and producers. I now refer to your exhibit 2 on page 11 and your recommended changes. Can you explain how that will benefit farmers, feeders, and ranchers?

Mr. PIERCE. Exhibit 2. That's one recommended proposal for changing standards. I am not in a position to say whom this would benefit. From a grading standpoint I think it depends primarily on what the reaction of the users of graded beef would be. I do not know whether they would consider this change so significant that they would change their buying practices and insist on a personal inspection to get the quality of meat they want, or whether they would think this was a relatively insignificant change in quality and proceed as they have in the past. Therefore, you get into the area of speculation and opinion.

Mr. DENHOLM. When you refer to users, are you referring to consumers?

Mr. PIERCE. I am talking primarily of the people who supply consumers—the retailers and the restaurant, hotel, and institutional suppliers.

Mr. DENHOLM. Will the proposed changes in exhibit 2 benefit the consumers?

Mr. PIERCE. I don't know the extent to which this would benefit consumers. I prefer not to take a position on this change at this time. I do think that involved in this whole question of changes is whether or not the changes are significant enough that they cause people to change their buying habits and this gets to be a matter of opinion until it is an accomplished fact.

Mr. DENHOLM. Well, Mr. Pierce, your response to my question, then, is related to your response to the questions of the chairman of the committee as to how effective you are in making any changes at all. You don't have an opinion as to who would benefit, if it would benefit the consumers or the producers. Obviously, you are in need of more study on the proposed change.

Mr. PIERCE. Well, there are other points, of course, on which the standards can be changed, and some of these are also under consideration.

Mr. DENHOLM. What are those changes that will benefit the consumers or the producers?

Mr. PIERCE. The matter of removing conformation from the quality standard was mentioned earlier today in one of the proposals. We proposed in 1962 that conformation be removed from the quality standards and this would, in my opinion, make the grades somewhat more uniform.

In other words, to the extent that confrontation is a deciding factor in the final grade, it increases the variability of the quality in the grade. Also in 1962, we proposed a single standard system of grading beef that would include a quality designation and a yield-grade designation. The comments did not support that position and conformation was retained. Since conformation has no effect upon the eating quality of beef, this change would improve the uniformity of the quality grades.

Mr. DENHOLM. My experience in the livestock industry is limited to that which occurs prior to the time the carcass is on the rail and I have had no experience in marketing techniques after the dressed carcass is on the rail, so consequently, I can only relate to the terminology that you have recited here for the record as to how it affects the price levels received by producers. If an animal is produced and fed for the market with an anticipated grade of prime, choice, or good—the grade level does affect the price level that the producer received at the live weight sale. And so, what you folks do and are doing, on the other side of the rail, influences the level of prices the farmers and feeders receive for their cattle.

It also, in my judgment, affects the price levels paid by the consumers in the display case of the retailer, doesn't it?

Mr. PIERCE. Yes, particularly the consistency and uniformity with which we carry out our grading. I think that the supply of any given grade in relation to the demand, is what establishes the price. For example, you will find that the differential between choice and good is about double what it was a year ago. I assume that much of this can be accounted for by the substantive difference in the relative supply of the two grades.

Mr. DENHOLM. Do you think that quality grade of beef depends upon supply and demand?

Mr. PIERCE. No, sir, I think the supply of and the demand for a specific quality grade determines the price.

Mr. DENHOLM. Well, I hope that is true.

Mr. PIERCE. I would, too.

Mr. DENHOLM. You said there were three majors that were proposing the change in quality grade standards—AMI and Western States. What was the other one?

Mr. PIERCE. The National Independent Meatpackers Association.

Mr. DENHOLM. Thank you very much.

Mr. FOLEY. Mr. Pierce, you indicated that in 1962, the Department proposed dropping the conformation as one of the criteria of grading. Is that correct?

Mr. PIERCE. Yes, sir.

Mr. FOLEY. Could you identify from where the opposition came?

Mr. PIERCE. There was strong opposition from much of the cattle industry. There was also some packer opposition and some opposition from the hotel-restaurant suppliers, as I recall it.

Mr. FOLEY. Do you think that opposition has increased or decreased?

Mr. PIERCE. I think the opposition is less from most segments of the industry. I think the concern of cattle producers especially has lessened considerably as they have seen the yield grades used more extensively and as they see that yield grades can perform the basic function of identification of the contribution of conformation with respect to value.

Mr. FOLEY. Has conformation any relevance at all to the tenderness or palatability of meat?

Mr. PIERCE. No, sir, not that we have been able to identify.

Mr. FOLEY. Aside from concern with tenderness and palatability, do you feel it safe to say that the consumer has little interest in the grading standards?

Mr. PIERCE. No. Their interest is very indirect, sir. Since conformation is a measure of muscling, it can affect the quantity of muscle in relation to bone. However, the yield grade system takes this into consideration as accurately as we know how.

Mr. FOLEY. Since the development of yield grading in 1965, could one argue that conformation is even less important to the grading system?

Mr. PIERCE. Yes, particularly as the use of yield grades has increased. Of course, all beef is not yield graded yet.

Mr. FOLEY. There are proposals being both advanced and resisted for mandatory yield grades?

Mr. PIERCE. That's right.

Mr. LITTON. Mr. Chairman, I have a couple of questions.

Would you say that the consumer preference for fatter beef has decreased in recent years?

Mr. PIERCE. I think the consumer aversion to fat, sir, has been a continuing thing that has intensified over time and that we are having to trim meat more closely to meet the demands of the consumers.

Mr. LITTON. So the consumers are not as interested in fat now as they once were?

Mr. PIERCE. Consumers have not been interested in outside fat for a long time. They want that trimmed off. I think the consumers are still interested in meat that is juicy and flavorful and that is generally associated with some marbling.

Mr. LITTON. We have already established the fact that normally fatter beef is more costly to produce and the consumer pays more when he buys it.

Now, I think there is one thing we need to clarify—we have talked about the 12 percent that is graded good. And you have suggested that about a third of it would be high good. This sounds like an insignificant amount of meat that would then go on into the choice grade, which really would not have a great effect on price of beef to the consumers. I think we have perhaps overlooked the fact that if the grade for choice were relaxed somewhat that much of the 80 percent that is choice would not be as fat tomorrow as it now is. So we are not just talking about the high good. We are also talking about a change in the fat in the 80 percent that is now choice; aren't we?

Mr. PIERCE. Yes, I think that if you draw the line to include high good that the feeders will readjust their feeding practices for cattle that now qualify for choice. I believe that if we had enough data to identify where choice cattle fall within the grade we would find that the majority of them are falling in the lower third of choice.

Mr. FOLEY. Would that be true of every grade?

Mr. PIERCE. That would be true of the grades that are being volume graded, sir, but that only applies, really, to prime and choice.

Mr. FOLEY. But it's a natural tendency to try to meet the standard; isn't it?

Mr. PIERCE. Yes, but I think you need to keep in mind that the bulk of the market is for choice beef. Most of the high good produced is from cattle that were fed along with choice cattle but under the feeding and management regime used, they did not have the genetic make-up to qualify for the choice grade.

Mr. FOLEY. It fell beneath the standard?

Mr. PIERCE. Some of them fall not only in high good but some of them fall throughout the good grade.

Mr. FOLEY. Are there any studies or estimates as to how long cattle must be kept on feeds, on the average, in order to fall within each category?

Mr. PIERCE. There has been some research on this subject. You have to qualify it by where you start from in terms of the age and breeding of the cattle and other variables such as background feeding.

Mr. FOLEY. Although I would assume it is a very complex situation, are there general estimates of how feeding requirements might be reduced if the grades were broadened?

Mr. PIERCE. I do not have any estimates.

Mr. FOLEY. The assumption is made that if you broadened or relaxed the choice band, it would reduce the feeding time.

Mr. PIERCE. Yes, it would reduce the feeding time.

Mr. FOLEY. Can one logically assume that this would lower the cost of feeding cattle while freeing grains, thus, hopefully, lowering prices for the consumer?

Mr. PIERCE. Yes, I think it is a valid assumption.

Mr. FOLEY. The difficulty is in setting up a precise estimate as to how much less feeding would be required?

Mr. PIERCE. Yes.

Mr. FOLEY. Then this would be complicated if specific changes were made. Is that so?

Mr. PIERCE. Yes, sir. And it is even more difficult to predict the buyer reaction to the beef produced.

Mr. LITTON. The chairman stated it much better than I was prepared to, thank you.

Mr. DENHOLM. The whole process involves merchandising to the consumer. The grading is an attempt to provide a sense of procedure to that system of marketing, is it not?

Mr. PIERCE. Yes, sir.

Quality grading, as I indicated in my statement, was established in the beginning as a means of translating consumer preference back through the marketing system to the producer. I think this is fundamentally a sound concept.

Mr. DENHOLM. Has the Department ever made any attempt or distributed any publications to inform the public on the merchandising procedures?

Mr. PIERCE. On grades, you mean?

Mr. DENHOLM. On quality grading.

Mr. PIERCE. Yes. We have publications on how to use the grades in beef selection.

Mr. DENHOLM. Have you told them that it is not required?

Mr. PIERCE. Yes.

Mr. DENHOLM. That it's voluntary and serving the merchandising procedures of the industry?

Mr. PIERCE. Yes.

Mr. DENHOLM. And have you told them that the request comes, primarily, from packers and that the graders are paid by the packers?

Mr. PIERCE. I don't know that all of that is included in these publications. While it's true that the packer requests this service, he often requests the service primarily in order to fill an order from a retailer, or restaurant supplier. Thus, it is the buyer in many instances who causes the beef to be graded.

Mr. DENHOLM. Now, you are referring to users in the trade and they seek a measure of quality in the merchandised product?

Mr. PIERCE. Yes, the buyer wants assurance of the quality.

Mr. DENHOLM. But do you charge the packer for the grading service?

Mr. PIERCE. We charge the packer because he is the man that requested the service.

Mr. DENHOLM. Does the packer benefit from the service?

Mr. PIERCE. I am sure that he would not be paying for a service unless he expected to benefit from it. In other words, he has the option of selling it without the grade, and I don't think any meat is ever graded if it can be sold more advantageously without being graded.

Mr. DENHOLM. The packers would not pay for grading if it wasn't advantageous to merchandising the product?

Mr. PIERCE. That's right. It increases the scope of his sale outlets or it has other advantages to him.

Mr. DENHOLM. Do you have recommendations for the members of this committee as to how we can improve the marketing procedures?

Mr. PIERCE. That's a pretty broad field.

Mr. DENHOLM. We are seeking information. Is there something that we can do to better represent the interests of the consumers, producers, packers, and retailers.

Mr. PIERCE. As you have pointed out, we haven't even been able to solve all the grading problems, so I had better confine my comments to that area.

Mr. DENHOLM. Thank you, sir.

Mr. FOLEY. If there are no further questions, we want to thank you very much, Mr. Pierce, for appearing here.

The subcommittee will stand adjourned. We will be meeting at 10 a.m. on Wednesday, next. We will have witnesses other than departmental witnesses, in respect to this matter.

[Whereupon, at 12:05 p.m. the subcommittee adjourned to reconvene at 10 a.m., Wednesday, July 31, 1974.]

REVIEW OF MEAT GRADING STANDARDS

WEDNESDAY, JULY 31, 1974

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON LIVESTOCK AND GRAINS,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:05 a.m., in room 1302, Longworth House Office Building, Hon. Thomas S. Foley (chairman of the subcommittee) presiding.

Present: Representatives Foley, Melcher, Bergland, Denholm, Litton, Sebelius, and Johnson.

Also present: Steve Pringle, staff assistant; L. T. Easley, press assistant; and Glenda Temple, staff assistant.

Mr. FOLEY. The Subcommittee on Livestock and Grains will come to order.

The subcommittee meets for further consideration of meat grading standards. I should like to emphasize that these are oversight and review hearings. There is no specific legislation before the subcommittee at this time.

Last week, the committee heard from representatives of the Department of Agriculture. Today, however, we have a number of distinguished witnesses from various organizations interested in this subject.

Our first witness will be Mr. W. D. Farr, who is the chairman of the American National Cattlemen's Association Beef Grading Committee, Greeley, Colo.

Mr. Farr will be accompanied by Dr. Zerle Carpenter, Texas A. & M. University, College Station, Tex.

Mr. Farr.

STATEMENT OF W. D. FARR, CHAIRMAN, BEEF GRADING COMMITTEE, AMERICAN NATIONAL CATTLEMEN'S ASSOCIATION, GREELEY, COLO., ACCOMPANIED BY ZERLE CARPENTER, PROFESSOR OF MEAT SCIENCE, TEXAS A. & M. UNIVERSITY, COLLEGE STATION, TEX.

Mr. FARR. Thank you, Mr. Chairman.

Mr. FOLEY. We are very happy to welcome you back to the subcommittee, Mr. Farr.

Mr. FARR. You will have my statement, but I will read it with a few digressions.

My name is W. D. Farr. I am president of Farr Farms Co., Greeley, Colo. I am a past president of the American National Cattlemen's Association—ANCA—and presently serve as chairman of ANCA's Beef Grading Committee.

The ANCA is a nonprofit corporation organized to carry out activities for the betterment of the cattle industry in the United States. ANCA is in its 77th year as national spokesman for the cattle industry and represents directly or indirectly over 250,000 cattlemen. There are 59 associations affiliated with ANSA. These include 46 State cattle associations and 13 national beef breed associations. These affiliated associations are all represented on the ANCA board of directors.

The U.S. Department of Agriculture's beef grade standards are of paramount importance to the entire cattle industry. These standards assist in transmitting consumer desires and beef value differentials through the production and marketing system. Standards provide the common denominator for wide dissemination of market news, which establishes the price mechanism for the beef cattle industry. In effect, the grading system sets many of the goals of the cattle industry.

Because USDA's beef grading standards are so widely utilized and exert such an influence on cattle production systems and methods, the objectives, provisions and accuracy of the standards must be continuously analyzed. It is necessary to keep the standards up to date in order to encourage efficient production of consumer-preferred beef.

Several developments in recent years—including changes in beef cattle population, shifts in consumer desires, new beef research evidence and increases in costs of feed and other production items—have caused a number of industry groups to suggest modifications to the official standards for beef grading. Consumer spokesmen have also asked for changes.

During the past 18 months, the ANCA beef grading committee has intensively studied the entire subject of grading, including modifications proposed by other industry groups, as well as by ANCA members.

The committee is composed of representatives of purebred producers, commercial producers and cattle feeders. With me today is Dr. Zerle Carpenter, Professor of Meat Science, Texas A&M University, who has served as technical adviser to our beef grading committee during this time of study. Dr. Carpenter has helped compile a great deal of research and other information of value to our committee in developing our recommendations.

And I would like to show you the kind of work that the committee has done. All of this material has been prepared by Dr. Carpenter, so we have a great deal of detail to base our judgment on. We have spent a lot of time and effort, and this material (indicating) is available to the committee if they would like to have it. It supports our position.

The committee has met with representatives of other organizations and with individuals associated with the marketing of our product. The organizations include the American Meat Institute, Western States Meat Packers Association, National Livestock and Meat Board, National Independent Meat Packers Association, National Association of Meat Purveyors, National Restaurant Association, National Livestock Feeders Association, National Association of Food Chains, Advance Beef Breeds Federation, U.S. Beef Breeds Council, USDA and numerous university and experiment station researchers. The consumers were very much in the minds of our committee

members as we met over the past 1½ years during beef boycotts, rising prices, price controls, and even beef shortages which made us even more aware of the consumer's preference for high quality, nutritious beef.

Now, in January, at our convention, the ANCA made a recommendation to the Department to establish a new quality grade that John Pierce referred to in your hearings last week. And more recently, at our board of directors meeting 2 weeks ago, we modified that position and, our recommendations. I will refer to our new position and elaborate on the reasons why NACA has changed this position. The current ANCA recommendations will encourage production of beef containing less excess fat. The proposals are also aimed at reducing the amount of increasingly expensive feed grain needed to finish cattle for market.

U.S. consumers strongly prefer fed beef—beef which is adequately marbled and tender—the kind of beef which results from feedlot finishing prior to marketing. The proposed grading standard changes will help the cattle industry produce this kind of beef more efficiently.

If the grading standards are changed along the lines we recommend, consumers as well as efficient producers will benefit. For one thing, there will be a reduction in the amount of excess or trimable fat and an increase in the proportion of edible or salable meat in beef carcasses. Second, more of our choice grade beef will contain ample marbling for desired palatability or quality. Third, it will be possible to produce fed beef more economically, using less grain and shortening the average period in the feedlot.

As you know, the USDA grading system includes both quality grades—which measure palatability or quality—and yield grades—which measure the quantity of retail cuts, or lean meat, in each carcass. Yield grades provide the means of reflecting preferences for beef with a high ratio of lean to fat.

The ANCA recommendations to USDA deal with both quality and yield grades. The ANCA proposal includes three major elements which are important to both the livestock industry and the consuming public.

First, it is recommended that the quality and yield grade systems be combined into a single grade system. That is, every carcass submitted for quality grading must also be identified for yield grade.

In 1965, the Department of Agriculture offered yield grading to the industry on a voluntary basis. For the first 3 years, it was used very little. During the past 3 years, yield grading has become understood and accepted by all elements of the industry.

If all cattle graded had both a quality grade and a yield grade, then the true total value of the carcass would be identified and the cattleman paid for his production of high quality, lean beef, commensurate with the way his product measures up to the standards.

One of our great weaknesses in the cattle industry is that we use averages. Currently, we are not maximally using the available tools to establish real incentives to produce a superior product. If yield grading were necessary on all cattle that were quality graded, then the penalty for producing overfat cattle would fall on the producer or the feeder. Some of our recent financial troubles and low markets have been caused by the uneconomical, inefficient production of these wasteful cattle.

Research indicates that it requires seven times as much feed to produce a pound of fat as a pound of lean. In addition, this waste fat which is trimmed from the carcasses and has a low salvage value represents an unrecoverable loss.

Data compiled by the University of Florida indicates that in 1973, approximately 2.5 billion pounds of excess fat were trimmed from beef by the retailer. Since the salvage value of trimmed fat was only \$450 million, the \$1.15 billion difference, or economic loss, must be passed on to or absorbed by producers, processors, and consumers. In addition, this represents an almost inexcusable waste of our feed grains.

Our industry must insist that price differentials be more universally applied. It is our conviction that greater incorporation of the yield grade system into the basic market pricing mechanism will accelerate improvements in the industry.

The introduction of voluntary yield grading in 1965 was a very controversial topic. There were many comments made about how it complicated grading, how much more time it would take, how much more cost would be involved. However, many in the industry later realized what a great extra tool yield grading really was, and its use in the past year has increased dramatically.

Currently, on a voluntary basis, beef is yield graded at a rate of 70 to 75 percent. If it is voluntarily used in 70 to 75 percent, it is reasonable that if all beef carried the yield grade, then we could use this tool to maximum efficiency particularly in the breeding and development of inheritable traits of our animals to eliminate this excess fat that is partly an inheritable characteristic and partly overfeeding.

No. 2, it is recommended that conformation grades be transferred from the quality standards into a separate grade category which would be available on an optional basis.

This recommendation is made for two major reasons: (A) Research shows that eating quality of beef is not influenced by the shape of the carcass; (B) Use of conformation in the quality grade system causes needless variability in quality within the grades. For example, a Prime quality of beef carcass with good conformation will grade USDA Choice, a grade which does not identify the actual quality of the meat.

The conformation grade would be purely voluntary and would be used by only certain segment of the industry. The hotel and restaurant trade and meat purveyors would find this new voluntary conformation grade useful in that they could specify the shape of the primal cut they would be ordering for their use.

Cafeterias and buffets, for example, use large numbers of whole rounds. They want thick, plump rounds for eye appeal and carving ease. The other possibility of this conformation grade is for a rancher or feeder who is genetically producing superior cattle. This grade gives him the incentive to use all of the genetics possible and get paid for his achievements.

And third, it is recommended that the quality grade system be modified for cattle less than 30 months of age which is known as A maturity—so as not to require increases in marbling with increases in maturity or age.

Research evidence from experiment stations in Wisconsin, South Dakota, Texas, and more recently, California, indicate that differences

in tenderness among youthful carcasses are not significant. In the case of more youthful maturity groups, marbling appears to be more highly related to juiciness and flavor than to tenderness. Therefore, for the youngest beef, we do not recommend a lowering of the marbling requirements, but we recommend the specific levels of marbling for the various grades be required for the entire width of A maturity beef. What is now the minimum marbling requirement for the youngest cattle to make a particular grade would be the minimum for all cattle up to 30 months of age.

It is our opinion that this modification will help discourage over-feeding cattle, and therefore will result in increased efficiencies in the industry, yet maintain the eating quality of beef presently available to the consumer.

I would ask you gentlemen to please turn to the back sheet of my statement where the charts are, and I would like to digress a moment here.

If you will notice, the top is the ANCA recommendation; the bottom is the current USDA standards. You will notice that the line at the bottom of each grade is straightened through the A maturity rather than the linear line as currently is established.

Now, the point that I want to make is very important. I am a cattle feeder. I have been for many, many years. Most of the cattle that we have in the feedlots that go to slaughter are in the age bracket of 20 to 24 months—along about the middle of "A" maturity, or a little bit to the right-hand side. And as these animals progress, it is obvious they have to have more fat, so, we keep the animals in the feedlot. Because of age, a few animals that have a little more age on them, we have to feed animals approximately 150 days to get 80 to 85 percent of them to grade Choice. As we straighten this line, we use the same amount of marbling, small marbling, all of the way across. And this means that what will happen, we will actually feed the animals approximately 2 weeks less and still have a small amount of marbling. Now, that 15 days of feed that will be saved is at the end of the period where the animals are consuming a large amount of grain. There is a cost in current prices; this is approximately a \$20 per head cost savings. That will reduce the price of producing Choice beef by \$15 to \$20 per head, that the consumer will indirectly benefit by, because against the cost of production is what limits the quantity of beef produced.

So, this is a very important part of our proposal at this current time, with grain problems all over the world. And that is the reason for this particular recommendation and, really, for this particular modification. Consumers do not want the fat, and we hold the animals for the extra period in order to get them to grade Choice. Because there is a difference between the prices of Choice and Good grade beef, it is important that we get them into the Choice grade. The way the linear line works is more difficult.

In summary, these ANCA recommendations have been derived after 11½ years of study.

The committee has accumulated a vast quantity of research which, as I told you, is available here. And we do have other information.

We strongly recommend continued research activities, and we support research aimed at developing improved methods for identification and grading of economical, efficiently produced, consumer-preferred beef.

Beef grading standards are very basic to our industry and reflect consumer preferences. These standards must be on a national level and must be for the good of the total livestock and meat industry, not any single segment. They must accurately identify our product to the consuming public.

We believe the modifications proposed by ANCA deserve careful consideration by the U.S. Department of Agriculture. It is our opinion, because of the energy crunch, spiraling food costs, and present and prospective beef and grain costs, these matters deserve immediate attention.

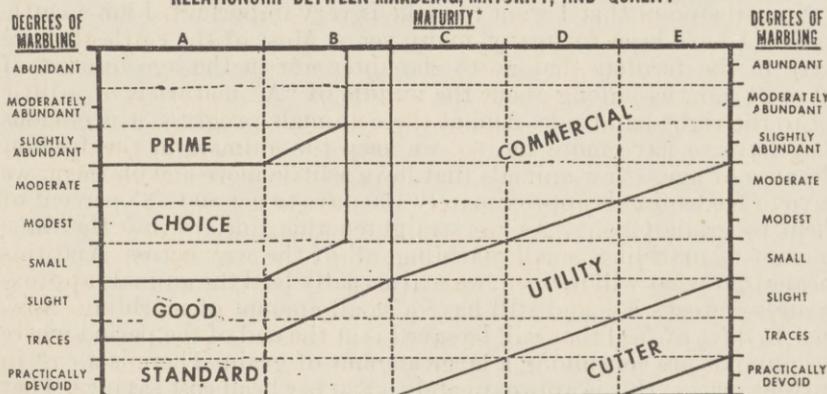
I appreciate the opportunity to present the views of the American National Cattlemen's Association before this committee. Dr. Carpenter and I would be glad to answer any questions at this time or any other time.

Thank you very much.

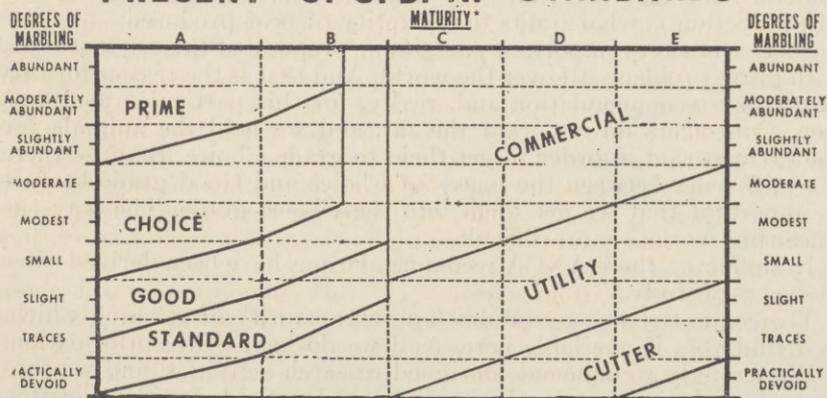
[The chart referred to by Mr. Farr follows:]

A. N. C. A. RECOMMENDATION

RELATIONSHIP BETWEEN MARBLING, MATURITY, AND QUALY



PRESENT U. S. D. A. STANDARDS



* Maturity increases from left to right.
 "A" - 9 to 30 months of age;
 "B" - 30 to 48;
 "C" - 48 to 60;
 "D" and "E" - over 60.

Mr. DENHOLM [presiding]. Thank you very much, Mr. Farr. We appreciate your presence and testimony for the record today.

Off the record, please.

[Discussion off the record.]

Mr. DENHOLM. If there is no objection, we will proceed on the record accordingly.

Mr. Farr, how will the proposed modifications in grading standards result in greater efficiency of feed consumption and reduce the cost of production?

Mr. FARR. Well, our present costs, for example, of producing 1 pound of beef in feedlots, with present grain prices, are approximately 55 cents per pound for feed, labor, interest—the complete cost. In some areas it is as high as 60 cents.

A steer in a feedlot will gain about $2\frac{1}{2}$ pounds per day; so you multiply those out, and you will get— $2\frac{1}{2}$ pounds a day and 55 cents—you come up with about $\$1.37\frac{1}{2}$ a day as cost of feeding an animal for a single day. And if you multiply that by 15 days, you will arrive at the \$20 per head saving that I mentioned before. And the whole problem is at the end of the feeding period.

That total, \$20, does two things. It saves primarily—out of the \$20, it would save about \$15 worth of grain that would not be used. It would be conserved for other uses. The reduction in the yield of dressed beef on the carcass, the animal, would not yield as many pounds of meat—would take about one-half of that. There would be a net saving to the cattle feeder, a net cost of production, of about \$10 per head.

Mr. DENHOLM. Will those changes provide proper incentives for the beef cattle producers to continue to improve the product for the benefit of the consumers?

Mr. FARR. Well, if the yield grade is incorporated, then very definitely it will. The yield grade system numbers carcasses from one to five; No. 1 being the animal—they all have the same quality of meat, as the meat grader examines the ribeye of the carcass and sees how much the marbling is, the minimum here would be small marbling. A No. 1 carcass has the highest cutout value; No. 2, the next; and No. 3, the next.

At current wholesale values of around 70 to 75 cents per pound for wholesale beef carcasses, the differences in cutout value between a two and three, or between a three and a four, runs in the neighborhood of close to \$6 per 100 pounds. So, if the beef carcass weighs 700 pounds just the difference between a three and a four, or a four and a five, can amount to \$30 or \$40 per animal. The difference between a one and a five can easily reach \$100 per animal—with the same quality grade. And to put them altogether and average them, we do not pay the producers that produce superior animals—either the breeder that produced them in the first place or the feeder that intelligently feeds these cattle—is not paid if he has a high percentage of one's, two's, and three's. We do it on averages.

So, American National feels very, very strongly that the most important thing that can be accomplished for the permanent good for many, many years to come is the incorporation of the yield grade and the quality grade to be combined, and then we can intelligently breed better animals to produce better beef for the future as well as currently.

Mr. DENHOLM. Will there be a substantial change in the percentage of beef in the Choice grade level if the changes that you have suggested are enacted?

Mr. FARR. No, sir; in my judgment, there will not be.

As a cattle feeder, we try to have our cattle out of the feedlot grade 80 to 80 percent Choice. We will still try to accomplish that same figure. But as I explained, we think we can do this with 2 weeks less feed and still have the same number. I do not think that the quantity of beef graded Choice will increase, but it will save the feed and we will have the same quantity we currently have.

Now, the beef that falls out, the 20 percent that does not grade choice, basically these are genetic weaknesses in the animal which do not allow them to grade choice. They do not have the ability to marble; and meat without the marbling is not as good, so it must be sold at a lower price.

Mr. DENHOLM. How will the cattle feeders adjust to such proposed changes? What must they do?

Mr. FARR. Well, of course, if these were the regulations, they could adjust immediately with cattle in their feedlot, as they would understand; and as their animals would go to market. Most feedlots sell cattle frequently. Some of the smaller cattle feeders sell cattle two, three, or four times a year. The bigger feedlots—personally, we sell cattle every week. We would adjust very quickly. We would have to work with the packers; we would have to go to the slaughter houses and watch the cattle graded and see what the new regulations, how they change their operations; and in a matter of a very few weeks, the buyers and we, as producers, would understand the new rules just as well as we understand the current rules.

Mr. DENHOLM. What will the benefits be to the consumers if the changes are enacted?

Mr. FARR. The benefit to the consumers will be that our choice beef, a large percentage of it, would not have as much outside fat nor as much inside fat. Beef quality is judged by the small marbling in the rib eye of the meat as the grader looks at it; and an animal that has a large amount of outside fat will also have a large amount of fat particularly in the forequarters, in the pot roast area; that is, inside. It is very difficult for the consumer to trim out, and she objects to it. As we reduce this, as we maintain our small, but do away with the linear line, we will produce much less outside fat and much less inside fat—particularly in the forequarter.

Mr. DENHOLM. How can production of overfat—that is, wastey beef—be discouraged?

Mr. FARR. By incorporating yield grades. Because here again, if we have \$30, \$40, or \$100 difference with the same animal the way we currently do, we can have two animals or carcasses graded choice; that is the same grade, the same marbling, the same quality of beef, and there can be \$100 per carcass difference in what the butcher can cut out of that to sell to the consumer.

So, if the carcasses are identified, the man that is producing the four's and the five's that are worth \$100 less, if he is penalized that much, obviously he will not produce that kind. It will help eliminate the problems that we have had in the past year where sometimes people held cattle for too long a period; they overfed them. They did these things because our industry is based on averages; and while they took a lower price, they did not take as low a price as they should have taken. And so there was not the discouragement to it.

Yield grade helps with the basic genetic foundation, purebred bull raiser, and it helps in the feedlot because we have the rules that we feed by. And if I know I am going to be penalized, as a feeder, I will not be, obviously, trying to produce something I will be penalized in price for. But the only way we can do this is to have a yield grade as part of the grading system on all carcasses, rather than on 70 to 75 percent of them.

Mr. DENHOLM. Off the record please.

[Discussion off the record.]

Mr. DENHOLM. On the record, please.

Mr. FARR and Dr. Carpenter, I know other members of the committee have many questions of you, but we do have a long list of witnesses appearing before the committee this morning. Do you object if we hear the prepared statements of the other witnesses present and then return to you for questioning. Is that agreeable to you gentlemen?

Mr. FARR. Yes, sir. We would be agreeable.

Mr. ZWACH. Mr. Chairman?

Mr. DENHOLM. Mr. Zwach?

Mr. ZWACH. I have some very important questions that I want to ask this gentleman. He is in the same business I am in, and I want to explore some things. But I think we will wait for that.

Mr. DENHOLM. If there is no objection by the members of the committee, we will proceed on that basis.

The next scheduled witness is Dr. Burdette Breidenstein, vice president of beef and research of the Wilson & Co. We will be glad to hear from Dr. Breidenstein at this time.

**STATEMENT OF DR. BURDETTE BREIDENSTEIN, VICE PRESIDENT,
BEEF AND RESEARCH, WILSON & CO., INC., ACCOMPANIED BY
ANN ROSSMEIER, DIRECTOR OF CONSUMER AFFAIRS, AMERICAN
MEAT INSTITUTE**

Dr. BREIDENSTEIN. Thank you.

My name is Burdette Breidenstein, and I am vice president of research for Wilson & Co., Inc. I am also chairman of the beef grading subcommittee on the American Meat Institute's Beef Committee, and I am appearing at this committee on behalf of the American Meat Institute.

The American Meat Institute is a national trade organization of meatpackers with some 300 members doing business in all of the 50 States. We are pleased that this committee has taken an interest in the subject of beef grading, and appreciate the opportunity to present our views on this important subject.

Prior to my association with Wilson & Co. and with the American Meat Institute, I was head of the meat science division in the college of agriculture at the University of Illinois. In this capacity, I directed a number of research projects dealing with both the qualitative and quantitative evaluation of beef and other meat products.

I am accompanied this morning by Miss Ann Rossmeier, director of consumer affairs, the American Meat Institute.

Going back to the 1920's, the country's beef supply was derived mainly from dairy-type animals and grass-fed cattle of our western ranges. These animals, when mature, invariably were of an age which insured their being tough; so tough, in fact, that a broiled, rare steak was a novelty anywhere except in the most exclusive restaurants.

Early research provided the basis for identifying the factors which made the meat from some cattle more tender, juicy and flavorful than that from other animals. It also established the terms "Prime," "Choice," and "Good" as indicators of quality differences.

Beef grading by the USDA began as a voluntary program designed to sort out the relatively few superior carcasses to be sold to discriminating accounts at premium prices. During World War II, grading was required in conjunction with price controls. But it was, however, the postwar needs of rapidly growing supermarket self-service retailers which made "Choice" become the popular grade. At that time, the eating quality of our beef supply was still quite variable, especially as it relates to tenderness. But because of the near revolutionary changes that have taken place in cattle raising and beef distribution, almost the exact reverse exists today. The quality consistencies of beef today are remarkable by comparison with the 1940's or 50's.

Over the past two decades, farmers, ranchers, and feeders have found that the most profitable animal for them to produce is one ready for market weighing between 1,000 and 1,200 pounds and carrying only sufficient fat to qualify for the Choice stamp. In contrast with 30 years ago, these cattle are invariably young, mostly under 24 months of age, and still well within the maturity limits that permit tenderness we expect of top eating beef.

Paralleling this development has been the great change in the kinds of cattle going into the country's feedlots. Whereas it was once thought that grain fed beef could come only from the dominant beef breeds, commercial feeders have found that steers and heifers from dairy breeds and crossbreeds, commonly called "Okies", do well in the feedlot also. Furthermore, the introduction of the so-called exotic breeds has provided a genetic boost to the production efficiency of our meat industry.

These technological developments, added to the fact that feed supplies have been abundant, have made it possible for the production of fed cattle to triple in the past two decades, and for U.S. beef consumption to increase from 62 to 116 pounds per capita.

Turning to the distribution side of the subject, there is no question that the Federal grade standards have been a useful tool in the buying and selling of carcass beef among packers, wholesalers, retailers, and other members of the wholesale trade. As with many other commodities, Federal grades have become a part of the "language of trade."

However, because of the great popularity of the word "Choice" in modern meat merchandising, the inference has been established that beef not carrying this grade stamp is somehow inferior. This is indeed a mistake. As has been pointed out, present day feedlot operators are turning out a highly uniform supply of good eating beef. Unfortunately, a significant part of this beef supply fails to make the Choice grade, even though its eating quality is, perhaps, virtually identical to Choice. This beef should not be lost to the consumer because of a grade stamp signifying lesser popularity.

For these reasons, the Beef Committee of the American Meat Institute undertook a study of Federal grading standards in 1969. In doing so, the committee noted that despite the reluctance of a large part of the beef packing industry to abandon its own grades and brands for beef. Federal grading had become an established part of the beef

industry. With this in mind, it seemed appropriate to recognize the role of grading in the beef business and, at the same time, contribute our best judgment to making the system work as well as possible.

The conclusions of this study were transmitted to Mr. John Pierce in a letter dated October 17, 1969, and included the recommendation that conformation be eliminated as a factor in the determination of quality grades for beef. It also was pointed out in this letter that, in the Institute's opinion, the time had come when we should be concerned with the question of producing acceptable quality beef with a lower proportion of fat, especially waste fat.

Perhaps we were ahead of our time. In any event, we were unable, until recently, to gather much interest in the proposition that a revision in the grade standards for beef was needed. Now as Mr. Pierce's testimony of last week pointed out, several groups have come forward with alternative proposals. Also, since 1969 both the meat packing industry and cattle producers have continued to study the subject with special attention directed to the marbling requirements of present standards. While our organizations have differed somewhat, we understand that the concensus now favors the so-called flat line approach to the grade factor. Attachment A is similar to Mr. Farr's (See p. 38.) I will not go into this again. This has been the American Meat Institute's, the Western States Meat Packer's Association's, and the National Independent Meatpacker's position since October of 1972.

At this point, it is worth noting that in arriving at this suggestion as a firm proposal to the USDA, we contacted some 70 meat scientists in several universities having teaching and research programs in meat. About 35 of these scientists responded, and over 90 percent of the respondents agreed that changes in the direction proposed by the meat industry trade association groups were appropriate.

With respect to the conformation question, our recommendation to drop this factor from present standards can be summed up in the statement, "You cannot eat conformation." In other words, the shape of the carcass has nothing to do with how it tastes. We believe that this concept now has general acceptance, since the contribution which conformation has made to value differences between carcasses is better expressed in terms of the yield grades now in general use on a voluntary basis throughout much of the beef industry.

With respect to the subject of yield grades, the assumption is made by some that compulsory yield grading would have decreased the number of overfat cattle in the most recent 9 months. That premise must be based on the theory that no attempt is now being made to effect a price differentiation in buying instructions for cutability differences. This is erroneous. The wide differentials in sale prices between yield grade 3's and yield grade 4's and 5's experienced during the past few months are well known. For example, for the entire month of March 1974, the price difference for yield grade 5's, in the 600- to 700-pound Choice steer, versus yield grade 3's in the same weight and quality ranges, was \$13.50 per hundredweight. To assume that such differentials did not enter into cattle buying instructions ignores a very basic business fact of life; namely, that every attempt is made to buy cattle in accord with values to be realized. This is true whether such value determinants be for class, quality grade, estimated weight average, cutability, or the supplier's reputation with regard to value detractors, such as grubs, bruises or liver condemnations.

It is reasonable to assume that the inclusion of cutability considerations in buying instructions has paralleled the use of yield grading in selling.

It is apparent that voluntary use of both yield grade and quality grade has resulted in a practical and understandably accurate identification of value differences in relation to marketable meat. The mandatory application of yield grades on all cattle on which a quality grade is applied will not affect the mechanical efficiency of value transmission in the marketing process.

Perhaps it is well to mention here that Mr. John Pierce, Director, Livestock Division, Agricultural Marketing Service, USDA, has recently estimated that 70 percent of the beef now quality graded is also yield graded. This high degree of voluntary acceptance of yield grading is impressive when one considers how recently yield grading was initiated.

We have been asked the question as to what we think will be the net impact of our recommended grade changes. We have no data on the volume of beef produced in each of the grades this year, so it is difficult to answer. I have put some of the figures together, in the prepared information that is before you, and would call attention to a few particularly important things.

The percentile of beef graded that does fit each of the quality grades is well known and published, at least informally, by the USDA. Indeed, 8½ percent of the beef that is subjected to USDA quality grading is Choice grade. I call to your attention, however, that roughly 9,700,000,000 pounds in 1973 was U.S. Choice, out of a total of 21,060,000,000 commercial production. That would bring the percentage of cattle in the total commercial production that were graded Choice to in the range of 46 to 47 percent. If you work over the figures USDA has also published, and do a few arithmetic gymnastics, you can conclude that the steer and heifer component of that total production represents about 83 percent of it. The steers and heifers are the only ones that, by virtue of maturity, could in fact be graded Choice. When you translate that, you conclude that, of that component of the total production that could be eligible by virtue of maturity to be graded Choice, roughly 55 to 57 percent of it does, in fact, wear the Choice stamp. But we are looking at something like 43 to 45 percent of that, which would be qualified by virtue of age, that is in fact graded Choice.

The question of how much grain might be saved by the proposed grade changes also has been discussed. In view of the tight feed situation developing, this is a pertinent inquiry. No doubt the savings will be substantial. Since, however, this is a production subject, we would prefer that it be answered by knowledgeable persons in the cattle feeding industry, and Mr. Farr has already given you his very, very knowledgeable estimate of the savings that might be expected.

In conclusion, we would like to emphasize four points in our recommendation. First, that beef produced today does not need as much internal fat to be of Choice eating quality as the present standards for the USDA Choice requirements. Second, conformation, or carcass contour, contributes nothing to the eating satisfaction of beef. Third, yield grades, although in need of some revision, are superior to conformation as a means of assessing the quantitative yield of salable

meat from beef carcasses. And finally, the high percentage of the beef supply now being yield graded on a voluntary basis. We strongly recommend that it remain an optional device.

Thank you. I would be glad again to answer any questions, either now or later, that might arise.

Mr. DENHOLM. Thank you, Dr. Breidenstein. Will you introduce the person accompanying you at the witness table this morning?

Dr. BREIDENSTEIN. Yes. Miss Ann Rossmeier, director of consumer affairs, American Meat Institute.

Mr. DENHOLM. We are pleased to have you with us this morning. If there is no objection, we will proceed in the same manner as we did with the preceding witnesses. I have a few questions that should be answered following your testimony, then we will ask you to return to the witness table with other witnesses for further response to questions of the members of the committee.

Dr. BREIDENSTEIN. Very good.

Mr. DENHOLM. Dr. Breidenstein, what factors are responsible for the differences in the edible quality of beef, and how well does our current grading system provide assurances of the eating quality to the consumer?

Dr. BREIDENSTEIN. With respect to the question of eating qualities, the criteria used in the grade standards—and for which I have no better substitute, incidentally—include an appraisal of conformation, in that older cattle tend to be somewhat tougher; less tender is a more desirable term, I guess. Also, somewhat more intense in flavor, perhaps going to the extent of being too intense.

The second characteristic, that is a positive factor with respect to the derivation of quality grades, is that of marbling; and as Mr. Farr has pointed out, and with which I concur, the question of flavor and juiciness is most assuredly associated with marbling. And, if one went to very advanced maturity, particularly relevant in the case of cows and old beef, there is a benefit on tenderness of the increases in marbling. But, as he pointed out again, not in the youthful groups. So this is the reason for the American National's, and the institute's, position with respect to flat line.

Mr. DENHOLM. What effect would the ANCA proposal, if enacted, have on the eating quality of beef in the Choice grade?

Dr. BREIDENSTEIN. Again, I would cite research that says that there is no relationship between tenderness and marbling in youthful animals, and this a maturity designation, which represents roughly under 30 months of age, fits that category. So, the elimination of the need to have increasing amounts of marbling as we progress toward a more mature stage, would not seem to be justified, based upon research.

I would include, in addition to the list Mr. Farr gave, research at the Oklahoma State University as well. So we are then back to the question of what represents the kind of flavor and juiciness expectations for the current Choice grade, which has been a very popular grade; and that is the minimum marbling amount, small. So, our general reaction to that would be that it would do nothing to reduce the quality image of beef. In fact, by virtue of some of the other characteristics, such as fatness, would, in fact, enhance it.

Mr. DENHOLM. What is the relationship between the actual age of the animal and the maturity, as described by the Department of Agriculture?

Dr. BREIDENSTEIN. Could I first say that, of course, with maturity we are looking at "physiological age" rather than chronological age, and there is no good definition of this. But if you were to relate that physiological, with the Department's connotation of maturity, then the relationship is by no means perfect. In fact, there are data which say that you are almost as good as flipping a coin when you try to estimate chronological age from physiological factors such as the bone mineralization and the color of muscle. To relate it to what most of us think of—namely, chronological age—is a very poor relationship.

Mr. DENHOLM. In your opinion, what should a Government-administered grading program do for the American public?

Dr. BREIDENSTEIN. The paramount purpose, in my opinion, is a system which accurately identifies, in the most practical sense, the wishes of the consumer which can then be, by virtue of universal language, transferred back through the various segments of the marketing chain to signal to producers the best manner in which to use the resources they have, whether they be feed, labor, or capital. So I am very concerned that the system accurately transmit the values reflected in the retail marketplace, back through the entire chain to the producing segment of our industry.

Mr. DENHOLM. I think we probably all have more questions of you, Dr. Breidenstein. But, if you do not mind, I will forego further questions at this time, and ask you to return with the panel of witnesses after all have been heard.

Mr. PRICE. Mr. Chairman, do you have intentions of questioning all of the witnesses when we get through?

Mr. DENHOLM. No.

Mr. PRICE. If you do, I am going to object that a quorum is not present, because the rest of us would like to ask questions too, and I do not think counsel has had any more experience feeding cattle than the rest of us.

Mr. JOHNSON. I did not understand that we were not going to be allowed to ask questions. I have some questions of Mr. Farr, for example. I thought you said after we got through, if there were witnesses, we would call them back.

Mr. DENHOLM. I will again discuss this off the record for the benefit of all members of the committee.

[Discussion off the record.]

Mr. DENHOLM. If there is no objection, we will proceed.

Our next witness is Mr. Arnold Mayer, legislative representative of the Amalgamated Meat Cutters. We are glad to have you appear this morning, Mr. Mayer—and you may proceed.

**STATEMENT OF ARNOLD MAYER, LEGISLATIVE REPRESENTATIVE,
AMALGAMATED MEAT CUTTERS & BUTCHER WORKMEN, AFL-
CIO**

Mr. MAYER. Thank you, Mr. Chairman.

Mr. Chairman, gentlemen of the committee, my name is Arnold Mayer. I am the legislative representative of the Amalgamated Meat Cutters and Butchers of the AFL-CIO. The Amalgamated is a labor union with 500,000 members organized in about 650 local unions throughout the United States and Canada. The Amalgamated and its

local unions have contracts with thousands of employers in the meat, retail, poultry, egg, canning, leather, fish processing, sugar refining, and fur industries.

The Amalgamated Meat Cutters and Butcher Workmen, AFL-CIO, welcomes these hearings. We would like to congratulate the Subcommittee for holding them, for we believe a revision of meat grading standards to reduce the emphasis on fat is long overdue.

The present grading standards and the importance of fat in them are based on several assumptions which are no longer valid. These outmoded assumptions are:

One, the consumer wants tenderness in meat above all other characteristics, and thoroughly fattening the animal is the means of achieving this goal. The consumer is willing to make sacrifices in other meat qualities to achieve the maximum in tenderness.

This assumption may not only be based on the consumer preferences of decades ago, it may actually have its roots in the very old English concept that the fatter the animal, the better the meat.

Two, the United States will have a perpetual glut of grains and the heavy feeding of cattle is among the best ways of getting rid of it. In fact, the farmer-feeder will use up his excess corn by finishing off the cattle himself.

Three, cattle need a heavy coating of fat to protect the meat in the aging process after slaughter.

Changes in consumer preference and meat industry practices have swept these assumptions aside. In fact, the present grading standards aim for goals which are no longer desired.

Consumers no longer seek heavy layers of fat or a great deal of marbling. Fat is considered economically wasteful to the already battered pocketbooks of consumers, and is regarded with some fear as to healthfulness.

The United States no longer overproduces grains. On the contrary, a worldwide shortage, which our farmers must help meet, is increasingly likely. The price of feed and other grains currently reflects the imbalance toward demand instead of the previous one toward supply.

The farmer who raised his cattle and finished it off with the feed which he grew himself has become less prevalent. Cattlemen raise their animals and then send them to the feedlots, where they are finished off with heavy grain feeding.

Nor does meat go through so long an aging process after slaughter anymore. Meat is now aged 7 to 10 days, instead of the previous 21 days.

Obviously, cattle must be finished off before slaughter. The American consumer would not like the toughness and stringiness of grass fed cattle. But the extent of heavy feeding now required to produce Choice and Prime meat is, we believe, unnecessary.

Younger animals are being marketed today. Their meat is basically more tender. Instead of 2 to 5 years old as decades ago, or 15-18 months as in recent years, steers now go to feedlots 6-18 months of age. Instead of being finished off in the feedlots for a year, as in the past, they are now sent to slaughter after 5 to 6 months.

It is also important to note that some meatmen argue that the heavy finishing adversely affects the taste of meat. They claim that heavy marbling makes the meat soggy and reduces the basic meat flavor.

If the meat grading standards were revised to require less feeding in the finishing process, the following benefits would, in our opinion, accrue to the consumers:

The price of meat to consumers could be kept stable—despite the drought—as the cost of producing cattle, that is the use of feed, is reduced.

Consumer concern with the health problems of fat would be reduced.

Choices available to consumers would increase as supermarkets stocked lean meat. Since most urban retail chains carry only Choice and Prime meat today, the consumer has difficulty purchasing leaner meats.

Since the high cost of feed is a major contributor to the disastrous economic problems of the cattle raising industry, a revision of the grading standards to lessen the fat content would benefit the industry as much as consumers. The amount of grain needed to finish cattle would be reduced, and the cost of raising a steer could therefore be markedly lessened. Cattlemen and feeds could probably make money again, even while the consumer price of meat was kept stable or reduced.

The meat industry, as a whole, would be aided. Meat consumption could increase as both the price and content of the meat became more pleasing to consumers. Obviously, our union's members in the industry would benefit from greater meat production and sales.

In short, Mr. Chairman and gentlemen of the committee, the Amalgamated Meat Cutters and Butcher Workmen, AFL-CIO, would welcome a revision in meat grading standards to reduce the emphasis on fat. We hope you will urge the Agriculture Department to work speedily toward this goal.

But one word of caution. We sincerely hope that the Department will consult consumers instead of following its usual "Papa knows best" attitude is discussing its proposals only with the industry. It is absolutely essential for consumers to be fully a part of the decision-making process.

We urge, therefore, that a committee be established by USDA to advise on grading revisions and that consumers be strongly represented on it. Hopefully, these grading changes can be achieved without the decisions being made behind closed doors, and without the resultant suspicions.

Mr. DENHOLM. Thank you, Mr. Mayer. We ask you, please, to remain if possible, and join the other witnesses for questions later. We appreciate your testimony. Can you stay for questioning by members of the committee at the close of prepared statement by witnesses present?

Mr. MAYER. Yes, sir.

Mr. DENHOLM. Very well.

Our next witness will be Mr. B. H. Jones, executive vice president, National Livestock Feeders Association.

Mr. Jones?

**STATEMENT OF B. H. JONES, EXECUTIVE VICE PRESIDENT,
NATIONAL LIVESTOCK FEEDERS ASSOCIATION**

Mr. JONES. Good morning, Mr. Chairman. I believe in the interest of time, if the committee has no objection, I will do some briefing of our statement. This will allow you more time for other witnesses, and also hopefully allow you some time for the important questions that Congressman Zwach has indicated he has to ask us.

Before proceeding with our statement, I would like to correct perhaps one statement made by a former witness, in which he said that feeders no longer feed the grain and feed that they grow. The chairman is well acquainted with the conditions in the industry, and the fact that the preponderance of our members still do grow most of the grain that they feed.

The committee is well acquainted with the National Livestock Feeders Association, and I have been before you many times, so I will not take any time telling about the association, or about myself. In the outset, let me comment that John Pierce of the USDA did a thorough and accurate job last week for you of setting forth the proposals and positions of the various groups, and I commend him for that; and insofar as his statements were made about the NFLA position, they were accurate.

The National Livestock Feeders Association agrees on the need to review the present Federal Beef Grading Standards and their application; however, the Association strongly opposes making any changes, the purpose or primary result of which is to merely relax or lower the Standards for labeling purposes, particularly with respect to widening the Choice Grade.

Voluntary beef grading and stamping service was begun by the U.S. Department of Agriculture in May 1927. Since that time the standards have been revised; and, it is especially interesting to note, the thrust of both of the last two major changes (1950 and 1965) has been to relax the standards significantly.

The objective underlying the most recent changes made in 1965 was to allow more of the younger carcasses—those with supposedly equivalent eating acceptability—into the grade. Yet, in actuality, the relaxation of the marbling requirements in relation to maturity was far greater for carcasses from cattle of around 30 months and older than for those of younger age and was, in fact, minimal for what is referred to as carcasses of A minus maturity (around 16 months).

STRAIGHT LINE PROPOSAL

There is now another proposal on the drawing board, which has been submitted by the packers, that would again relax the marbling requirements. Said proposal is referred to as the "straight or flat line" proposal because it provides for drawing the minimum-required marbling lines straight or flat throughout the A maturity category for the grades of Prime through Standard. In other words, in the case of Choice, minimum small marbling would be required for any carcass falling in the under-30-months-of-age maturity category. (See chart which is attached as a part of this statement.)

Here again, the talk among the trade is the need to accommodate the younger cattle of a minus maturity. Yet, as before, the proposal provides for far greater relaxation in the marbling requirements at the upper end of the A maturity category (approximately 30 months) than for younger cattle; and, again, is minimal for the A minus carcasses. Under the proposal, the marbling requirements for carcasses at approximately 30 months of age and older (up to 42 months) would be lowered 1 full degree.

Let me say at this point that we could look upon the proposal much more favorably if the marbling lines were drawn straight or flat through, say, 20 to 22 months (approximately midpoint of maturity category) rather than continuing throughout the full range of the A maturity category.

Now, I realize it can be argued that the population (number of carcasses) falling in the upper end of a A maturity is limited and, therefore, whether or not the marbling lines are extended as straight lines beyond the point I have indicated is a moot question.

However, there is no assurance that the current situation with respect to the age at which cattle are being marketed will remain static. In fact, all cost relationships now point to the logic of reverting to growing cattle longer before going to the feedlot for finishing. Such a shift could influence marketing ages.

The research to date is inconclusive with respect to the grading criteria currently being used to determine "quality." You can find research results to support a varied range of conclusions with respect to the interrelationship of marbling, maturity, and quality. I think it is fair to say, however, that much of the most recent evidence seems to point in the directions outlined below:

(1) Maturity does not have a significant effect on palatability (quality in the strict sense of the word) within younger cattle up around 20 to 22 months;

(2) Maturity does have an inverse effect on palatability in the range beyond the younger cattle on through the end of A maturity (30 months) to the upper limit of the grades (42 months for prime and choice).

The point(s) at which change(s) comes is not known, nor is the pattern known (abrupt, in steps, gradual change, consistent, or ?). The fact is that there has been no recent conclusive work done involving the ages of 24 to 42 months.

In view of this, there is certainly no justification for extending a straight marbling line through the upper one-half of the A maturity category.

(3) Marbling does affect flavor and juiciness, but probably does not significantly affect tenderness within younger cattle (up to 20 to 22 months). In other words, there is evidence to support the influence of marbling on flavor and juiciness, irrespective of the age group, and the same can be said with respect to tenderness in older cattle (over 20 to 22 months), but not for younger cattle.

NEW GRADE CONCEPT

During the last annual meeting of the membership, the members of the NLFA raised the questions as to whether or not there is a sufficient number of carcasses to warrant a separate grade designation,

as originally proposed by the American National Cattlemen's Association, and whether or not a new grade would gain ready acceptance as a working grade. (See chart and resolution which are attached as a part of this statement.)

The membership did not take a position in opposition to establishing a new beef grade, but did express the qualms stated above.

Since that time, we have seen preliminary figures which indicate that there is a significant number of carcasses in the designated area of the proposed grade. There is also some evidence in the trade—not at the packer level, but from the packer on—of the possibility of a new grade being accepted to the extent necessary to make it truly a working grade.

Comments coming to us now from our members indicate a growing receptivity of the idea of trying a new grade along the lines proposed. Many indicate agreement with a need to accommodate the group of younger cattle that "eat like Choice" but don't quite meet the marbling requirements to "make the grade."

On the other hand, we continue to find the attitude that the present grades should not be widened—that the Choice grade, in particular, is too wide now to be as meaningful as it should be. Our people, in the main, have great reluctance to tamper with the present Choice grade.

The committee members are well aware of the rapidly increasing popularity and consumption of beef over the past 20 years and the enviable position it holds. Therefore, I will not burden you by replotting this ground. The point I wish to make is that we must have been doing a number of things right, including grading. It is difficult to argue against success and most certainly the preponderance of consumers have associated the palatability they prefer in beef with the Choice grade.

This fact makes our members reluctant to tamper with the present quality standards for Choice.

The proposed new grade concept would accommodate the younger cattle (A minus maturity, in particular), about which concern is frequently expressed; and it would do this without disturbing the present quality standards for the Choice grade. If the new grade "would fly," fine; if not, nothing would be lost by having disturbed the present Choice.

In making these statements, we realize that adding a grade does have the disadvantage of providing additional grade-decision alternatives. In this way, it could complicate the job of the grader and, thereby, affect his performance. However, we would anticipate that if the new grade "caught on" in the trade, feeders would feed for the grade—they do now with Choice—and, in practice, the area of decisionmaking would tend to pull in from both sides.

INTERESTS OF HRI TRADE, PURVEYORS, AND RETAILERS

We submit that in the past the interests of the hotel, restaurant, and institutional trade, the meat purveyors who serve said trade, and the retailers have not been given the attention and weight they deserve in grade standard decisions. We hear constant appeals from those in the distribution segment for a useful grade standard, as contrasted to a label. "The Choice grade is so wide now that we cannot depend on it for product consistency" is the common complaint we hear.

On the other hand, the input of the packer segment has been given far greater weight than is justified.

WITHDRAWING CONFORMATION FROM QUALITY GRADE STANDARDS

It is argued that conformation is not a quality factor and, therefore, should not be considered in determining the final quality grade of dressed beef. This argument has merit; however, conformation does have an important bearing on "quantity," the other side of the grading coin. For this reason, the members of the NLFA have taken the position that the conformation criteria should be retained in grade determination and, in this regard, we do not side with those who would make conformation an optional consideration.

The resolution adopted by the membership of the NLFA states:

The membership does not oppose transferring conformation from the present quality grade, provided the impact of conformation is measured either separately or in conjunction with the yield grades.

Department specialists and technically qualified persons in the trade contend that the yield (or cutability) grades, as constituted, do reflect the influence of conformation to the extent possible from a practical standpoint.

Assuming this is true, then the position of the NLFA membership on treatment of conformation does not differ, in substance, from what the American Meat Institute has recommended. The AMI has proposed that beef carcasses by submitted for "quality" grading within the meaning of that term as defined in the current standards; carcasses that failed to achieve maximum quality grade because of inferior conformation could then, at the option of the slaughterer, be resubmitted for combination quality grading and yield (cutability) grading with conformation not to be considered in determining the quality grade when yield grading is mandatorily tied to quality grading.

YIELD (CUTABILITY) GRADING

The members of the NLFA are gravely concerned over the failure of the marketing system to transmit back to the feeder the value differentials associated with differences in cutability. Certain packers tell us their buying cards do provide price allowances for better-than-average cutability. However, even these packers no doubt still measure buyer performance, and report back to their buyers, on the basis of grade plus dressing percentage, the same as do other packers. Thus, the incentive to change traditional procedures and buying habits is absent.

In any event, it is obvious the value differences are not reflected equitably in the prices paid by packer buyers for fed cattle. Resistance to change is typical, of course.

We challenge the packer segment of the industry to undertake buyer training programs and make the in-house changes in buying procedures necessary to work toward the objectives voiced by packers in connection with seeking changes in Federal beef grades. Doing this will accomplish far more than merely changing the grading standards.

Over the past several months, our members have also voiced misgivings about the application of the yield grade standards by Federal

graders. In determining the cutability group, four factors or characteristics are considered: (1) the amount of external fat (the rind), (2) the amount of kidney, pelvic, and heart fat (cavity fat), (3) the area of the ribeye, and (4) the carcass weight.

In the industry, it is accepted that increases in carcass weight typically account for some reduction in cutability. It has seemed that graders have been prone to approach the function of carcass weight with this thought uppermost in mind and, thereby, often give it undue influence in determining the yield grade. A case in point: A typical 700- to 800-pound carcass is a yield grade 4, but not all carcasses of this weight category are typical; therefore, the fact that a given carcass weighs 700 to 800 pounds does not in and of itself put that carcass in cutability group 4. An atypical carcass of that weight may well be a 3 in cutability or, of course, going the other way, a 5.

From a pricing standpoint, the typical carcass for that weight category should be used as the base, with the carcass that will cut a 3 worth more, and the one that will cut a 5 worth less than the base. And, needless to say, the live animal from which the 3 carcass came should bring the feeder a higher price.

Also, the appraisal of cavity fat has been a source of some disagreement between graders and the owners of the carcasses in question. The amount of fat is evaluated subjectively and expressed as a percentage of the carcass weight. Note that this is not an objective factor and it is the most "nebulous" of the considerations used in evaluating the yield grade.

Note, also, that the amount of fat is expressed as a percentage of carcass weight and is entered in the grade evaluation equation in this form.

During this past period of overstayed cattle, there seems to have been a tendency on the part of graders to make their appraisals somewhat on the basis of an absolute amount of cavity fat without relating it properly to carcass weight.

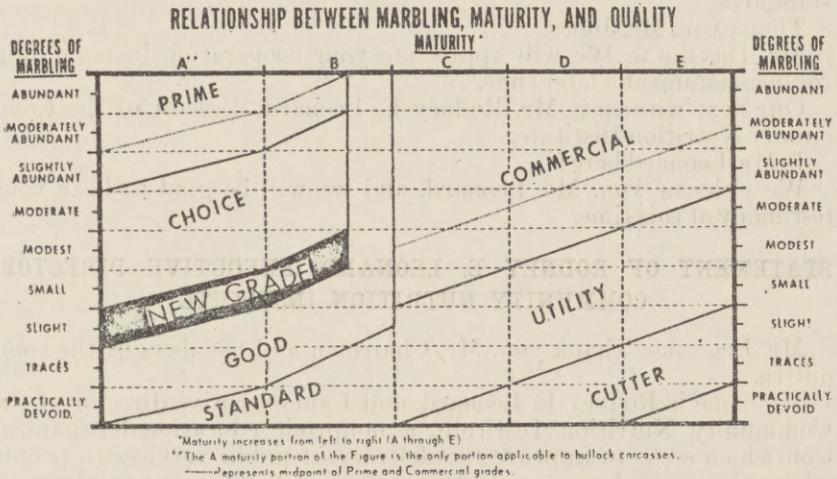
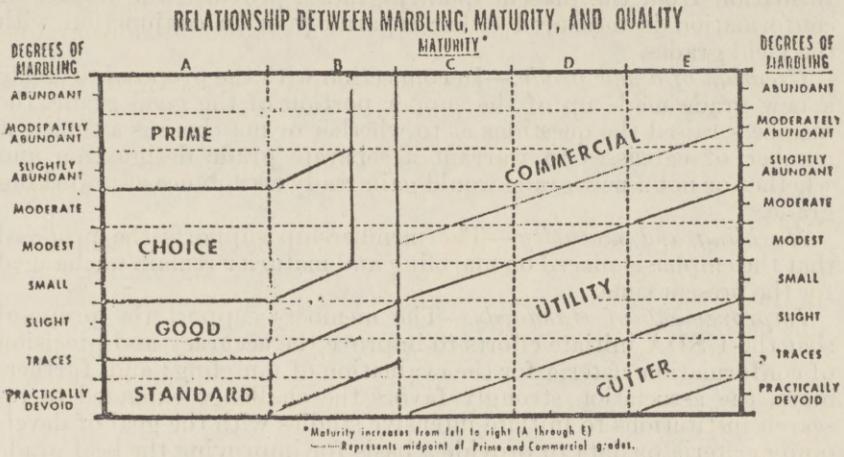
Irrespective of the reasons—and certainly, many factors other than grading entered the picture—over the past months, heavier, more-highly-finished carcasses have been discounted two and three times the amounts which can be justified on the basis of differences in cutability.

We have discussed the concerns I have outlined here, regarding the application of the yield grades, with officials of the USDA grading service, and the Department is conducting a study of the matter to determine if procedural or other changes should be made.

Let me emphasize strongly that in making the foregoing comments, I have not been damning the grading service. The association has excellent rapport with grading service officials. They listen attentively to suggestions and recommendations we offer and counsel with association officials and members whenever requested to do so. Furthermore, Department personnel are highly qualified in the meat grading area, both technically and professionally. Yield grading on a large-volume basis is of rather recent vintage and it will take time to bring refinements in the application of the standards.

Before leaving yield grading and cutability, let me say that we view the expansion of the application of the cutability concept, improvement in the application of the yield grade standards, and the transmitting of value differentials back to the feeder in the form of higher prices for better-than-average cutability as being at the top of the priority list.

PROPOSED STANDARDS



RESOLUTION ADOPTED BY NATIONAL LIVESTOCK FEEDERS ASSOCIATION
 MEMBERSHIP AT THE ANNUAL BUSINESS MEETING ON FEBRUARY 8,
 1974

BEEF GRADING STANDARDS

Be it resolved, The Board of Directors is hereby instructed to address itself, directly or through a special committee, to improving the beef grading standards and to work toward a consensus with other industry groups on possible changes to be made.

The following is for the guidance of the Board:

Relaxation of the grades.—The membership reaffirms its traditional policy of opposing a relaxation of the grade standards merely for labeling purposes, especially with respect to widening the Choice grade.

Conformation.—The membership does not oppose transferring conformation from the present quality grades, provided the impact of conformation is measured either separately or in conjunction with the yield grades.

Creation of a new grade.—In connection with the proposal to create a new grade made up of the supper portion of the good grade, the members raised the questions as to whether or not there is a sufficient number of carcasses to warrant a separate grade designation and whether or not a new grade would gain ready acceptance as a working grade.

Marbling and maturity.—The membership supports the proposal that the emphasis placed on marbling and maturity remain unchanged for the present time.

Improvement of standards.—The members support the proposal that the USDA initiate efforts to improve the accuracy and precision of conformation criteria for the evaluation of muscling; and, furthermore, the association strongly favors the challenge extended to research institutions to initiate intensive studies with the goal of developing criteria or data to provide a basis for improving the beef grade standards.

Thank you, Mr. Jones.

MR. DENHOLM. We will appreciate your cooperation in remaining for questioning at a later time.

Our next witness is Mr. Rodney E. Leonard, director of the Community Nutrition Institute.

Is Mr. Leonard here?

We welcome you, Mr. Leonard, and we will be glad to hear your testimony at this time.

STATEMENT OF RODNEY E. LEONARD, EXECUTIVE DIRECTOR, COMMUNITY NUTRITION INSTITUTE

MR. LEONARD. Thank you, Mr. Chairman and members of the committee.

My name is Rodney E. Leonard, and I am executive director of the Community Nutrition Institute, a nonprofit educational organization which seeks to improve the delivery of public services to people where they live. I appreciate the invitation to present my views on whether the present meat-grading system should be modified.

The present standards for meat grading need to be changed, and I believe a move to do so would receive widespread public support if consumers were convinced that any new standard will benefit them. I feel that public opposition would be substantial if consumers were convinced that changes were being made which would hurt their pocketbook. In that regard, the position just expressed by the Livestock Feeders Association that widening grades would increase prices for beef which now would be graded as good might be looked upon adversely by consumers.

The present meat grades emphasize tenderness as the basic quality factor, which is another way of saying that meat grades measure fat content. Generally, the higher the fat content—sometimes describes as marbling—the higher the grade.

Consumers believe that products which are of higher quality—identified by the grade determined by the Government—also have greater value. Prime beef, as a result, commands the highest price. Good beef returns a much lower price.

Prime beef is the fattest, which means that consumers pay more for beef with the highest fat content than for beef with the highest quantity of protein. The anomaly is that beef is considered the major source of protein for most Americans.

Thus the present grading system does not reward the producer for a product which the public assumes it is getting, but for a product which the Government suggests it might be getting. In this respect the Federal Government is engaged in a misleading and deceptive practice.

That is reason enough for changing the standards for meat grading. The Federal Government should develop a system of evaluating meat quality in relation to its protein content.

Who in the Government should do this?

Obviously, a congressional committee is not equipped to carry out the research and evaluation necessary to develop such a standard, but Congress has the responsibility for setting out the policies under which a standard should be developed.

The basic policy issue is whether present meat grades enable consumers to communicate effectively their demand for adequate protein which is produced at the lowest cost in terms of the resources utilized. Present meat grades do not do this. In fact, they distort consumer demand and encourage the consumption of beef which must be produced through excessive and wasteful feeding of grains and feed concentrate. The present grading system, in effect, encourages a substantially higher consumption of energy than is necessary in order to obtain an amount of protein adequate to sustain a healthy and productive life. In that sense, meat grades contribute to inflation.

Congress should establish a policy on meat grading which requires a grading system that encourages the production of meat as a protein source, and which reduces to a minimum the amount of energy resources to produce that protein.

Thank you for this opportunity to present my views.

Mr. DENHOLM. Thank you very much, Mr. Leonard.

If you will remain for questioning, we will appreciate it.

Mr. LEONARD. All right.

Mr. DENHOLM. Our next witness is Mr. John Dunning, director of government relations, National Independent Meat Packers Association. We will be glad to hear from Mr. Dunning at this time.

STATEMENT OF JOHN W. DUNNING, DIRECTOR OF GOVERNMENT RELATIONS, NATIONAL INDEPENDENT MEAT PACKERS ASSOCIATION, ACCOMPANIED BY JOHN G. MOHAY, EXECUTIVE VICE PRESIDENT OF NIMPA

Mr. DUNNING. Mr. Chairman and members of the committee, my name is John Dunning and I am director for government relations for the National Independent Meat Packers Association. With me today is Mr. John G. Mohay, executive vice president of the association.

We appreciate the opportunity to appear before you today to discuss proposed changes in the Federal beef grading standards. We are extremely interested in grading, because it is our beef packer members who use the USDA Beef Grading Service daily and pay 100 percent of the costs for doing so. The Beef Grading Service of USDA is not a tax supported function of the Government.

You can understand, therefore, that we have a vital interest in the acceptability of the beef grading standards to our customers and to the consumers of this country. Thus we are obviously involved and concerned with any changes that are made.

The Federal beef grading standards were first offered on a voluntary basis to the meat packing industry in the 1920's. Since that time, five adjustments in the standards have been made—the last one in 1965—as cattle breeding and feeding programs have materially changed the beef being marketed. The trend has been toward the production of younger cattle and since these changes are constantly taking place, it is logical that the grading standards reflect these changes from time to time for the benefit of the consumer and the producer.

While there are seven grade categories—Prime, Choice, Good, Standard, Commercial, Utility and Cutter—only those animals that fall into the first three categories are graded, as this type makes up the bulk of beef purchased by consumers. Thus, in 1973, 57.5 percent of all beef carcasses in the United States were graded Prime, Choice or Good.

The grade of a beef carcass is determined by three things—conformation, age and the degree of marbling—that is, the degree of intramuscular fat in the meat. The changes in breeding and feeding programs over the years have produced adjustments in these three factors that have resulted in five previous changes in the grading standards.

In addition to generic changes in beef animals, consumer tastes have changed. As one food chain executive has stated, "Not only has the consumer exhibited a clear preference for beef, but tastes have changed from heavy, fat, heavily marbled beef to lean beef."

Now this type of beef is available in some of the younger cattle coming to market today.

Our Beef Division has studied thoroughly the present USDA Grading Standards in view of the age and palatability of market cattle available to us, and in view of changing consumer tastes for leaner, less wasteful beef. As a result, our Board of Directors has recommended that the present Beef Grading Standards be adjusted to include in the choice grade the younger carcasses that satisfy the palatability requirements of consumers, but which the present standards bar from the Choice category.

These younger cattle are desirable to our customers and to the consumer in every respect. Available research shows that meat from these carcasses has flavor, tenderness, and juiciness, equal to Choice, but they lack the required degree of marbling—that is, fat in the muscle—to qualify for the Choice grade, and Choice is the only acceptable grade to the vast majority of American consumers.

Some fat in the muscle of the meat is, of course, desirable, and these carcasses meet that requirement. What they lack is the muscular fat normally required in older animals. The present Federal Grade Standards are designed for these older, heavier beef animals.

An additional 30 to 40 days on feed is required to insure that the majority of these younger animals grade Choice, but the extra days on feed add weight that is mostly fat and must be trimmed off by the processor and retailer to produce acceptable cuts for the consumer.

To put it another way, these extra days on feed are:

One, needlessly increasing feed costs to the producer;

Two, adding additional cents per pound to the retail price of beef, and

Three, wasting our grain supplies—a high protein feed ration—that amounts to over 2.5 million tons of feed. This excess grain could provide 15 million people in the underdeveloped countries of the world with a 1 year per capita supply of grain, which is their only source of protein.

Now, who will benefit from such a change in the grading standards?

To the consumer, a modification of the grading standards along the lines we have outlined would provide young, tender, flavorful beef in the Choice grade with less fat, and fat is an economic waste:

It increases the cost of transporting live animals to market, and that is reflected in the retail price per pound.

It increases the cost of transporting the beef carcasses, and that is reflected in the retail price per pound.

It increases the labor cost to trim it off, and that is also reflected in the retail price.

It is unwanted by the consumer. Without it, a serving of beef would have even more protein per pound of lean.

To the cattlemen, a modification of grading would increase the overall efficiency of fed cattle production by:

One, shortening the feeding cycle by 30 to 40 days. This means feeding heavier calves; greater utilization of forage crops not otherwise available as a food crop, and less grain required to finish marketable animals with reduced feed costs.

Two, establishing the incentives to carry on the genetic research to produce cattle that will mature at younger ages which can shorten the entire breeding-feeding cycle of the industry.

Three, rewarding the feeder for marketing cattle at the optimum point in the feeding cycle when the animal can make the Choice grade rather than the Good grade. In today's market, this spread is 10 cents per pound, the highest in the history of the industry.

To the entire U.S. population, it means freeing additional grain supplies for meat production and an appropriate reserve for export.

The beef packer is the one who is most involved with the grading service. He sees it at close range every day, pays the hourly charges of the graders, and has a first-hand knowledge of the good points and the bad points of the Beef Grading Standards.

He also is the one who has invested hundreds of millions of dollars in efficient, highly automated plants in an effort to satisfy the constantly increasing demand of the American consumer for high quality beef.

But naturally, in order to operate these plants at peak efficiency, there must be an adequate supply of marketable cattle. Our members are ready, willing and anxious to continue their efforts to supply the high quality beef to the American people in the large quantities which they have traditionally demanded. But, if the demand is to fall off

because the consumer is unhappy over the price or the quality of the beef we sell, this reduced demand can slow down and hurt our operations.

We see evidence that the livestock industry is near bankruptcy, producing a product that may have fit yesterday's market but does not fit today's market. There is no magic in a set of standards which simply satisfy a demand which is declining. It is imperative that the Beef Grading Standards keep in step with other activities of mankind and the demands of the consumer.

We have given a great deal of thought to this matter and have come to the conclusion that changes in the beef grading standards are long overdue and should be adopted without further delay.

We thank you, Mr. Chairman, for giving us the opportunity to present our views. We hope that we have contributed somewhat to the understanding of the present problem.

Mr. DENHOLM. Thank you, Mr. Dunning. We appreciate your appearance and your statement this morning.

Our next witness is Ms. Marsha Cohen, Consumers Union.

Is Ms. Cohen here?

We will be glad to hear from you at this time.

STATEMENT OF MARSHA COHEN, COUNSEL, WASHINGTON OFFICE, CONSUMERS UNION

Ms. COHEN. Good morning.

Gentlemen, my name is Marsha Cohen and I am an attorney with the Washington Office of the Consumers Union. Unfortunately, because of the time frame in which this hearing was set, none of the food technologists who participated in the preparation of my testimony could be here with me today.

Consumers Union of United States is a nonprofit membership organization chartered in 1936 in the State of New York to provide information, education and counsel about consumer goods and services and the management of the family income. Consumers Union's income is derived solely from the sale of "Consumers Reports" magazine and TV and other publications.

I wish to thank you for inviting us to testify at these hearings about the existing grading system for beef and possible modifications of that system. Consumers Union's longstanding interest in the food supply is frequently reflected in the pages of "Consumers Reports." Beef was the subject of a major story entitled "Meats on Sale" in August 1970, and a soon to be published issue of the magazine will carry a number of articles on beef economics, nutrition and the buying of beef in bulk. The issue of beef grading, then, has been before us recently in the preparation of these materials.

Before I turn specifically to the subject of beef grading, I would like to first note our views on the subject of grading in general. Quality grading for a greater proportion of the food supply on the market has long been a goal of the consumer movement. At the moment, there are voluntary grading systems for such products as fruits and vegetables, but they are not much used on the retail level.

We find that grading systems serve the consumer in several ways. First, if they measure relevant and important characteristics of taste and nutrition, they provide a means for the shopper to obtain a quality product at the lowest possible price.

In the absence of uniform grading, differentiation between essentially identical products—for instance, Brand A versus Brand B of canned peaches—has been accomplished largely through advertising and name recognition, although consumer perception of the quality of the product, of course, plays some role. If the consumer is assured of minimum quality by a grading system, he may seek bargain prices without fear of quality loss.

Through grading, the consumer also is conveyed the maximum amount of information about the product for the minimum price. Without grading, the consumer is left to an expensive process of trial and error.

Second, but not unrelated to the first benefit of grading, competition is enhanced by a quality grading system. This advantage of grading was recognized in the report of the National Commission on Food Marketing in 1966, which was entitled "Food From Farmer to Consumer." Because of the widespread use of consumer grades on meat, that report noted, consumer purchasing activities have been made much more meaningful, little product differentiation has occurred, and as a result competition has occurred more on the merits than in other sectors of the food industry. Although, for instance, there are heavily promoted brand name sausage and other comminuted meat products, one hardly thinks of a brand name associated with fresh cuts of meat.

Consumers Union, then, is a firm believer in the process of grading at the consumer level, and is hopeful that grading will be extended to more products in the future. We understand that there is legislation pending before Congress which would extend grading throughout the food industry and which would also ease the consumer use of existing grading systems by setting uniform names for the grades—such as, for instance A, B, and C. As you are probably aware, the top grade now carries a different designation from product to product—whereas it is Prime in the top in beef, in some fruits and vegetables some have A, some triple A, some double A—to the thorough confusion of the consumer.

But there is a danger lurking in grading that we cannot forget, and that danger is that grades will be based on factors irrelevant to consumer interests and/or that the grades will be imprecise predictors of quality. If the grades purport to divide all products of one type into good, better and best, we know that the best will be more expensive than the merely good.

If the system cannot assure that the best products will be significantly more pleasing to the consumer than the good, and thus deserving of their higher price—then it will have lulled the consumer into needless spending. And that is the major problem, as we see it, with beef grading.

Beef grading has certainly been effective. Consumers look for USDA choice meats on the market. Most consumers recognize the primacy of Prime, which is not widely available in retail outlets, and most consumers would probably pass by USDA Good in favor of Choice on the retail shelves out of their respect for the graders' supposed ability.

But Consumers Union has doubts about that ability. USDA claims that quality grades offer a consistent, reliable guide to the tenderness, juiciness and flavor of beef. That claim has not held up under our scrutiny. In testing for our "Meats on Sale" story in 1970, our expert tasters found no useful correlation between the grades and eating qualities sought by consumers.

Meats graded Choice and Prime were rated for taste, and the ratings went all of the way from excellent to very poor in overall quality, with the Prime meats not necessarily rating any better than the Choice meats. As a result, we can only suggest in our conclusion that consumers consider the grades only a crude guide for their beef buying.

Well, why is this so?

The major factors considered in USDA beef grading are maturity, conformation and finish. We generally agree that the older an animal gets, the less tender its meat becomes. However, the relationships between tastiness and tenderness on the one hand, and the other characteristics used in grading on the other, is not very clear.

In fact, there is significant scientific literature—and I have cited only a few of the articles of which we are aware—concluding that the main characteristics of a tender steer is its heredity, its parentage, a factor which is not currently traceable and is in no way incorporated into USDA grades. It would be rather a challenge, but we feel a necessary one, if they are important predictors of quality, to find a way to take genetic factors into account in beef grading.

A high degree of marbling has long been considered desirable in beef. Consumers Union's taste tests, however, show that even well-marbled meats which attain choice or prime ratings may nevertheless rate poorly in taste tests. In addition to its being a less than perfect predictor of taste, marbling presents a health danger to the American public. The well-promoted abundantly marbled beefsteak is a significant contributor of cholesterol, fatty acids and calories to a public whose diet is clearly overabundant in all three. USDA grades, we feel, should encourage rather than discourage marketing of beef that is less marbled with fat—fat that cannot be removed before cooking—for our national nutritional well-being.

Consumers Union has also been less than satisfied with the predictability of USDA's yield gradings. In research conducted for our upcoming story on bulk beef buying, we found no indication that the yield grades have even a hazy application to the realities of the bulk beef marketplace—the only marketplace, I should add, in which the ultimate consumer has direct concern and contact with the yield grading system. A Yield Grade 2 carcass, according to USDA, should be 77.4 percent usable meat, and 22.6 percent waste. But most of the sides bought by Consumers Union which were labeled or judged to be of yield grade 2, according to the USDA characteristics, showed trim losses of upward 30 percent, and in several instances at or near 40 percent. And while you would expect a trim loss of about 32 percent with yield grade 4 meat, two of our sides of that grade topped 40 percent, while a third yield grade 4 side yielded considerably more usable meat and less waste than the majority of our grade 2 sides.

Our meatcutters, by the way, trimmed no more from the sides than might a supermarket meatcutter.

We understand that when yield grading was first introduced, the carcass prices varied considerably on the basis of yield grades. Since that time, we are informed, the price differentials have significantly narrowed, undoubtedly because the experiences of large purchasers, like our own experiences, have shown limited predictability from those grades. Yield grades, as I have noted, hardly affect the ultimate consumer, except the buyer of beef in bulk.

However, any inexperienced buyer, whether for personal use or resale—for instance, a small retail operator—could be misled into be-

lieving that yield grades are a reliable indicator when we find that they are not. Therefore, Consumers Union believes that yield grades should be dropped unless USDA can more perfectly define its predictive parameters.

To return to quality grades, we do find that they are very problematical. On the one hand, it is helpful to have a quality grading system to impose order upon what could be a very chaotic marketplace in which the consumer has little ability to judge quality. We understand that the British, who do not yet have a beef grading system, share our view that the USDA system, which they have looked into, is inadequate. But notably, the British have not yet come up with any alternative. So too do we have no alternative to offer to USDA, and we recognize that the agency faces a particularly difficult problem to solve. We think that USDA should commit more of its resources into research and development of more predictive quality and yield grading systems in order to solve this problem.

In the meantime, we must conclude that the quality grading system as it stands does a disservice to consumers because it leads them to believe that meat in the top grades is invariably better than and thus justifiably more costly than, lower grade meat. One interim answer, until a totally modified grading system could be instituted, might perhaps be to draw the lines more broadly.

Currently, there are a number of grades of beef, with three grades generally considered for retail sale. Perhaps all beef, instead of being divided into seven or eight grades, should be divided into only two or three grades. The narrower one draws one's lines between categories, the more confidence one must have in the predictive factors being relied upon, and we believe that confidence simply cannot be justified at this time.

We are firmly opposed, we should note, to the often-sought palliative measure of retaining the current grades and moving more meat from Good to Choice, for which there is more consumer demand, by modifying the existing quality factors. Such pocus-pocus is irrational and serves only to elevate the prices of Good meat to Choice values. We feel that such a dropping down of the standards serves only the financial benefit of the producers and disserves the consumer.

I do want to reiterate before I close the fact that Consumers Union heartily approves of grading systems and is pleased that beef grading is almost universally used. That fact demonstrates a commitment in the industry to competition on the merits instead of on the basis of brand names or other largely irrelevant factors.

But for the competition to be truly "on the merits", the consumer must be assured that Prime is better than Choice and Choice is tastier than Good. If no such assurances can be made within the state of existing technology, then better methods should be sought or the system, albeit reluctantly, should be abandoned.

Thank you.

Mr. DENHOLM. Thank you, Marsha Cohen, for your statement of record.

We ask you to please remain for questioning.

Ms. COHEN. Surely.

Mr. DENHOLM. Our next scheduled witness is Dr. Michael Jacobson, codirector of Center for Science in the Public Interest.

Is Dr. Jacobson here?

We will be pleased to receive your testimony at this time.

STATEMENT OF DR. MICHAEL JACOBSON, CODIRECTOR, CENTER FOR SCIENCE IN THE PUBLIC INTEREST, ACCOMPANIED BY CHARLES HOMER AND MICHELE HABIBI, CENTER STAFF

Dr. JACOBSON. Thank you very much, Mr. Chairman, for this opportunity to discuss the grade labeling of meat.

I am Dr. Michael Jacobson, codirector of the Center for Science in the Public Interest. The center is a nonprofit organization staffed by scientists who investigate and seek to help solve consumer and environmental problems.

With me today are Charles Homer and Michele Habibi, who are working at the center for the summer.

This summer we have been investigating ways in which Federal agencies can use their regulatory powers to improve the diet and health of the American public.

We believe that grade labeling of meat, if done properly, would enable the public to buy meat that is just as tasty, but lower in fat and lower in cost, than that they buy now. Currently, as members of the committee are fully aware, meat is graded by the amount of fat marbling, with the top grade—Prime—having the most marbling; Choice grade, the next most; Good grades, less marbling; and so on. This system encourages the production of high fat meat.

Prime and Choice grade meat is expensive because the cattle are fed expensive grains in the feedlots instead of foraging or eating roughage. The high fat content of the meat contributes to serious public health problems. Such organizations as the American Heart Association, American Medical Association and American Health Foundation have all warned the public that eating too much saturated fat and cholesterol, which are abundant in meat, can contribute to heart disease. A diet high in fat is also likely to be high in calories, and therefore contribute to obesity. And recent laboratory and epidemiological studies have suggested a relationship between diets high in fat and cancer of the bowel and rectum—which kill about 50,000 Americans a year.

Against this backdrop of fat-related illnesses that contribute to hundreds of thousands of deaths per year, a meat grading system which rewards lean meat and penalizes fat is not only sensible, but is an absolutely necessary public health measure.

Furthermore, in light of the current—and what will certainly be a continuing—world food shortage, the only moral choice for the United States is to produce foods only by those methods which use our resources most efficiently. The widespread use of high protein grains to fatten up cattle wastes high protein grains which could be used more productively for human food.

The conversion of grain protein into beef protein is a very inefficient process. In the long run, the fattening of cattle on feed grains may be as much a detriment to the economic health of the cattle growers as to the physical health of the public.

Americans who are aware of the wastefulness of feeding grains to cattle, of the health hazards associated with fat and cholesterol and the high prices of Prime and Choice meat will be eating less and less meat. We believe that it is certainly in the interests of the cattle producers to support a new grading system that would encourage the production of low-fat meat.

In the current system of Prime, Choice and Good, it is alleged that the fat content of meat is directly proportional to the flavor. Although we are not experts in the field, we have seen indications that this supposed correlation is in fact a very poor one.

Fatty meat may have excellent or poor flavor, and likewise, lean meat may be tender and flavorful or tough and tasteless. Marsha Cohen just described Consumers Unions' test which showed no correlation between grade and taste. Also, there are reports that Texas longhorns and Kobe cattle, among other breeds, are low in fat, but very flavorful. The current grading system discriminates against breeds like these, and the cattle producers have little incentive to breed cattle which is lean but flavorful.

We would like to offer several suggestions that we believe would help to improve the situation :

1. USDA should promote the use of feeding practices that are economical of resources and conducive to lean meat, and also promote the production of flavorful, low-fat breeds of cattle ;

2. USDA should inform the public by means of supermarket signs, TV announcements, publications, and briefings with food editors, that low-fat meat can be tasty and beneficial to the public's health. The low-fat meat should also, of course, be available at grocery stores.

3. The current system of Prime, Choice and Good should be scrapped. It is too crude to be reliable, and it encourages the consumption of fatty meat.

4. USDA should identify some parameter in meat that correlates closely with flavor, and then develop some inexpensive means of measuring this characteristic. USDA should also develop instrumentation that would provide a quick, inexpensive, and accurate measure of the fat content of a cut of meat.

5. USDA should adopt a grading system that would accurately convey to the consumer the fat content and flavor of a cut of meat. For the fat content, five graduations might be used, such as very lean, lean, medium, fatty, and very fatty. A second indication on the label should grade the flavor. Grades A, B, and C might be used. And educational campaign should inform the public as to what the grades mean.

6. If the instrumentation we have described can be developed, meat labels might be able to indicate the approximate number of calories per serving, a valuable bit of information for consumers.

7. In the interim, the names of the three top grades of meat should be changed from Prime, Choice, and Good, to fatty, average, and lean. The fat content, after all, is what meat graders measure. This step should be accompanied by the general availability of lean meat and an educational campaign to inform the public on how best to cook lean meat.

Thank you, Mr. Chairman, for this opportunity to discuss our views.

Mr. DENHOLM. Thank you very much, Dr. Jacobson.

That completes the witnesses scheduled for hearing before the committee this morning. Now, we do have a copy of a letter that was circulated to members of the committee from the president of the National American Farm Bureau Federation and I have been asked that it be made a part of the record.

If there is no objection, the letter shall be entered of record and be made a part thereof.

[The letter referred to follows:]

AMERICAN FARM BUREAU FEDERATION,
Washington, D.C., July 31, 1974.

HON. THOMAS F. FOLEY,
*Chairman, Subcommittee on Livestock and Grains, Committee on Agriculture,
U.S. House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: Farm Bureau has a vital interest in meat grading standards. We have been following the discussions on changing U. S. beef quality grades and feeder cattle grade standards and are working closely with the Department of Agriculture in this area.

Attached is a letter to the Secretary of Agriculture setting forth our position and indicating our interest in this subject. We shall appreciate your making this a part of the record of hearings of your Subcommittee.

Sincerely,

JOHN C. DATT,
Director, Congressional Relations.

AMERICAN FARM BUREAU FEDERATION,
Washington, D.C., July 31, 1974.

HON. EARL L. BUTZ,
*Secretary of Agriculture,
U.S. Department of Agriculture, Washington, D.C.*

DEAR DR. BUTZ: The American Farm Bureau Federation has been closely following the discussions on changing U.S. beef quality grades and feeder cattle grade standards.

The AFBF Beef Cattle Advisory Committee discussed both of these subjects at length at its recent meeting.

At its June meeting, the AFBF Board approved the following recommendations of the Beef Cattle Advisory Committee:

Quality Grades.—"The Committee recommends that AFBF cooperate with the Livestock Division, AMS, USDA in a study to determine the advisability of revising beef quality grade standards and what changes should be made, if any. Any proposed changes should be carefully tested before implementation to make sure they are needed and will not be detrimental to beef production and merchandising. Additional research is also supported relating to reducing marbling requirements in the choice grade category to make it possible for a higher percentage of younger cattle to finish in the choice grade. The results of this study should be provided to state Farm Bureaus."

Feeder Cattle Grades.—"The Committee recommends that AFBF study the pros and cons of revising feeder cattle grade standards. The results of this study should be made available to state Farm Bureaus."

We are aware that the USDA is currently conducting studies on these standards. Please keep us advised of the progress of the studies and what we might do to be of assistance.

The American Farm Bureau Federation has a membership of 2,293,680 member families in 49 states and Puerto Rico. More than 800,000 of these members are cattle producers, feeders, or dairymen. We are very concerned that any changes made in either the feeder cattle or beef quality grade standards will be in the best interests of the total industry in the long run. We, therefore, hope that any proposed changes will be subject to extensive testing, and that industry representatives will be given an opportunity to discuss such changes before they are implemented.

Sincerely,

WILLIAM J. KUHFUSS, *President.*

MR. DENHOLM. Off the record.

[Discussion off the record.]

MR. DENHOLM. The committee will stand in recess until 2 o'clock.

[Whereupon, at 12 noon, the subcommittee recessed, to reconvene at 2 p.m., the same day.]

AFTERNOON SESSION

Mr. FOLEY. The Subcommittee of Livestock and Grains will come to order.

I would now like to ask all of this morning's witnesses who are still with us to come forward and take seats at the witness table. If there is not sufficient room at the table, additional witnesses may be given places in the first row.

Are there any questions?

Mr. Zwach?

Mr. ZWACH. Mr. Chairman, first I want to say to you that I certainly appreciate your calling these witnesses. I think they touched on some very, very important facts.

There are here with us this morning some people who will talk about the livestock business, particularly the cattle business; I operated with my father when I was a boy and went by myself, and now with my two sons in a farm operation where we have always used livestock as the base of our operation.

But I would like to throw this question out to those who especially are conversant with the feed business, Dr. Breidenstein, Mr. Jones, Mr. Leonard, and anyone else.

I have always found that I had to feed my cattle about 30 days longer than I wanted to in order to get them to grade Choice. And in fact, in our deep freeze at home is the finest meat, no finer meat in the world. And we always butcher our animal about 30 days before we sell them for Choice grade.

Another fact that I found when I sell cattle on one day, my cattle will grade 90 percent Choice when a certain grader does this job and the next day or two, I take the same kind of cattle and I can see no difference, the same feedlot, the same situation—a different man grades them—I have considerable downgrade.

There seems to be a lot of subjectivity instead of objectivity in this.

I would think that that indicates that there is something wrong with our grades, and I would like to have a reaction.

Mr. FARR, do you find this kind of situation in your operation?

Mr. FARR. A little bit from day to day or week to week, and I think this is true for several reasons.

Grading is a subjective thing, where a grader does have to look at the animals, and depending upon the cattle that are coming to market at any given day, the average quality may affect it slightly. Probably more important is the variety of cattle that we have in the United States. Any more we do not have as many straight bred cattle; we have more crossbred cattle of all kinds, and there is no question but what the genetic ability of many cattle to marble is greater than some other cattle.

And that is one of the reasons, of course, why you feed these cattle this extra 30 days, to bring up the bottom part which genetically do not have quite as much ability, and as you do this you overfeed those animals which are superior.

Mr. ZWACH. Do you feel that you have to feed longer or overfeed to get Choice grade?

Mr. FARR. To get the majority of the cattle, to get the 80 percent to 85 percent to grade Choice we have to overfeed. You can get the

first 50 percent to grade Choice in a relatively, let us say 110 to 120 days. But you have to go the extra 30 days to get the last 25 percent to grade Choice.

Mr. ZWACH. Thank you.

Doctor, is that Breidenstein?

Dr. BREIDENSTEIN. Breidenstein.

Mr. ZWACH. Would you like to comment on the statement I made?

Dr. BREIDENSTEIN. First, I would like to agree with you that the practice of applying a grade is, in a large measure, more of an art than a science. It is not an objective thing. It is putting together the characteristics presumed to be associated with eating qualities in a systematic pattern that gives us a reasonable reflection of the expected eating qualities. I think we should bear in mind that in a very practical sense the only way we could insure that every animal was of sound, acceptable quality is to subject it to a taste panel. This is a highly impractical thing. We are dealing with the biological. Animals, like people, do vary in their characteristics. They do not come out of a mold and, as has been alluded to here before, the genetic propensity of an animal to achieve marbling might be somewhat different.

I would emphasize it is subjective. I think there are other characteristics that might influence that gate cut, which I think you are referring to. You sent them a portion 1 day and a portion another day and you arrived at a considerably different grade.

That would have to do with the degree of chilling of the cattle and several other extraneous things that do influence grading. If they are not chilled properly, the softness associated with unchilled cattle is a downgrading factor. If you were to put them in a plant that was running at full capacity, the degree of chill would be reduced. If the plant was running at one-half capacity, the Btu dissipation through that same cooler would, of course, be much better on individual cattle.

So I think that is another component which could very well influence the grade.

Mr. ZWACH. Have you spent a considerable time in the slaughterhouses looking at various grades of cattle, studying them?

Dr. BREIDENSTEIN. Much more time than I would like to.

Mr. ZWACH. Have you very carefully noticed the difference between Prime, Good and Choice?

Dr. BREIDENSTEIN. Very carefully, yes.

Mr. ZWACH. Is there any difference in eating qualities?

Dr. BREIDENSTEIN. Eating qualities with respect to that—we are back to the best reliance I have on the research which has been done on the eating qualities there. Distinguishability between the top part of the Good grade and the Choice grade is very, very little.

However, I would emphasize the same difference exists between the lower third of the Choice grade and the middle third. So any time you set up a block system, you have the borderlines very close.

So the real concern I have is that, for example, last Friday we were looking at, on a typical 600- to 700-pound cattle, \$58.58 difference in market value per head between the top, Good, and Choice.

Mr. ZWACH. Were these 600 pound cattle weights or carcass weights?

Dr. BREIDENSTEIN. 650 pound dressed weight, coming from perhaps 1,050 live weight.

And to emphasize what Bill Farr said, really, cattle feeders, because of that wide difference, are forced to take out a little insurance that their cattle will, in fact, grade a majority in the Choice grade.

Mr. ZWACH. Under the present price structure, is it not true that the ordinary feeder cannot sell cattle much below Choice and come out? It has been my experience over the long haul.

Dr. BREIDENSTEIN. Very, very costly to have a, let us say, 60-percent versus 80-percent grade, yes.

Mr. ZWACH. Mr. Jones, I got from your testimony that you did not favor much change on the grading structure.

Do you want to comment on the statement that I made, that I feel I have to overfeed my cattle to get them to grade Choice, that they have more fat than I like personally and my family likes to eat?

Mr. JONES. Congressman, I think that when you talk about the differential that you may realize from a borderline animal that will just not quite make choice and one which will bend over the line, depends quite a little bit on the situation on the selling side.

If you are merchandising these cattle where they wind up in a retailer's hands that is using house grades and is merchandising cattle in this upper end, you will probably not see nearly as much difference as if your avenues of selling will go to those who primarily do concentrate on choice.

We have, I think we must realize, throughout this country no one single, narrow range of taste preferences, and whereas you might prefer the cattle on 30 days less, that does not mean that the person in the heart of Boston would prefer the same or that the person in the South-west or on the west coast would prefer that degree.

There may be some need here to accommodate these younger cattle. And certainly, we are not adverse to that.

The thing we are adverse to is widening the present standards because we feel that the standards now are too wide. We are adverse to merely shifting a line in an effort to get a label put on the cattle, because this tends to erode your standards. And I would say to you that regardless of where you draw that line, as Burdette has indicated, you will still run up against this problem of some not going over that line.

It is a little bit like the fellow putting the bricks on the wagon. You know, if it will haul this one, it will haul this one, and so forth.

So regardless of where you draw the line, it has to be somewhat arbitrary in nature because cattle that collect around that line naturally are not going to be too different. The ones who just barely will not make it will not be greatly different than those who just barely make it.

So you are always going to have this kind of situation.

Let me just make this one point, which is in our statement but which I did not concentrate on this morning. I do not need to go back over for you, particularly, for in the State from which you come. You are very well aware of the rapid increase in beef consumption both totally and per capita over the past 20 years, and I submit to you that we must have been doing some things right or the consumption would not have increased at the rapid rate that it has, and beef would not now hold the enviable position in the food group that it does if we were not doing a number of things right. And the predominance of consumers at this point in time, at least, have identified what they think they

like in the way of palatability of meat, with the choice grade. Although I must say I do not think the consumer identifies as specifically with the grade, she identifies, I think, with a store and not really with the grade.

Mr. ZWACH. We think, of course, that the American beef industry, we know it is the most efficient in the world. We know that they put out a finer product at a lower cost than anywhere else.

How do we, for instance, meet this criticism that it takes 8 lb. of grain to put on 1 lb. of meat? And interestingly enough, this worries me. I could just say to the group here and for the record that I have kept records for many, many years and I put on 1 lb. of beef for about 21½ lb. of grain, but I do it with corn silage and with an ocean of roughage and I think that in America, we have oceans of roughage which only a ruminant animal can convert to protein, that this is something that we have got to sell to our people today.

Right today I am drying out on my farm. I will have practically no corn as grain to sell, but I am going to have stuff that will go into the silos and will convert a lot of roughage, worthless in every other respect, into beef as protein. Four times I have been hailed out so badly that I did not have an ear of corn but I had some stocks, and I converted that to silage.

So in America we have so much refuse, so much unusable, so that the ruminant animal is the most economical and best converter to protein in the world. In fact, there is no other animal that does it that way.

So I realize the situation we are in. I am a little concerned and I think our organization needs to do much more in telling Americans how efficient a producer of protein utilizing roughage, that the beef animal is, and how wasteful we would be if we would not be using it for that purpose. I have used all of my time.

Thank you, Mr. Chairman.

Mr. FOLEY. Mr. Bergland.

Mr. BERGLAND. No questions.

Mr. FOLEY. Mr. Price.

Mr. PRICE. Thank you, Mr. Chairman.

Mr. FARR, I noted a little discrepancy or difference of opinion between your group and the cattle feeders group with regard to some of these grades.

I would like to discuss that a little bit because both of you are primarily engaged in that.

In your testimony, it is recommended that the quality and yield grade systems be combined into a single grade system. That is, every carcass submitted for quality grading must also be identified for yield grading.

Now as a cattle feeder myself, are you suggesting that a cattleman wait until his carcass reaches a packinghouse and that it be graded after it is killed? Are you advocating that the seller should have to wait until every animal is graded for yield and quality and so forth?

Mr. FARR. No, sir. Congressman Price, we are not advocating that, but that all carcasses at the slaughterhouse be identified for both quality and yield, and let the packer sell them as he does now. But the fact that he would be selling them if they were all identified, he would be selling them as No. 1, 2, 3, and so forth, rather than an average mixture of cattle. Then in the market the Yellow Sheet and these

other publications where prices of beef are quoted, there would be distinct prices. And if we, as feeders, follow our animals to the packing house or if we are able to produce a high percentage of 1's and 2's, then our cattle would bring the premium that they are worth.

We have no way as long as we do not—currently we are voluntarily grading 70 to 75 percent of the beef. The common practice is for the slaughterhouse to grade the 1's, 2's, and 3's, but not the 4's and 5's. The fattest, most wasteful animals are not graded. Those animals are marketed one way or another and we, as producers, feel that this weakens the whole marketing structure. Either they are blended in or they go to somebody that defats them. But there is no way to positively identify them and put the true price that they are worth.

If they were all identified, then the true worth of each animal would be known, and you would have first the incentive for the purebred bull producer to eliminate genetically these animals that are inclined to be overfat, and there is no question but that this is a highly inheritable trait, the overfattening.

Now the front end of it, to produce the 1's and 2's is also heritable, but it is also difficult to accomplish. But the purebred breeder has both propensity to improve our cattle a great deal in the next 20 years if we can give him the tools and get each carcass identified. Then, in the feedlot, if I am inclined to bull the market, let's say, and not sell cattle for a month, if I produce cattle that are overfat, I am the one who should be penalized. My cattle should not be blended with someone else who did not do that, and the beef be sold on averages, and that is what is happening now.

Mr. PRICE. Do you not think, Mr. Farr, that all you suggest is something that the cattle business has been striving for for years. The Hereford breeders, the Angus breeder, and every other breeds that we might mention, have been striving for cutability and gainability through breeding and that sort of thing.

Ten or 15 years ago a good choice Hereford or Angus or any other breed would bring a premium. Today as a rule he will not.

So it seems we have gone backwards with regard to a good choice breeding animal. The packers are looking at the yield and the grade, are they not, because that is what he sells and what he makes his money on.

Would that be correct?

Mr. FARR. Yes. Now when we speak of yield there, we need to differentiate whether we are talking about 1's, 2's, 3's or the percentage of dressing percentage.

Years ago, when we really made cattle quite fat and fat was more popular, we used to produce cattle that consistently made 64 or 65 percent meat yield. Today, the same cattle, grading Choice, make 62 or 63 percent, maybe 61 in this area. And if we would adopt this new proposal of ANCA's, the dressing percentage will drop because the animals will not be fed quite so long, but the drop will be almost entirely in excessive outside fat. That is where this extra poundage occurs—in the last part of the feeding period, the outside fat.

And that is what we are trying to eliminate with this new suggestion.

The problem of the cross breeding, of course, is that as we cross breed cattle, we get some hybrid vigor, we get some extra gain that is desirable.

There are many breeding problems connected with this and of course the introduction of all of the new breeds. There is a great genetic pool of material here that can be used intelligently if we just set up standard rules so that we all know what the rules are. And then every breed can develop within the breed or by cross breeding, to grow a much superior animal to what we have today.

Mr. PRICE. I agree, but I think that is going to have to come over the next 10 or 20 years. We can make great strides.

Mr. FARR. That is right.

Mr. PRICE. I think in one of these statements awhile ago it was said—I believe it was in this young lady Marsha Cohen's statement that "yield grades hardly affect the ultimate consumer."

I might say with regard to that that when a packer buys a carcass and it is stripped off, certainly yield does play a large part because that is how much that animal is going to yield, and he knows how much he is going to charge for it.

So in that context yield plays a great part in what it costs the consumer in the end.

Would you care to comment on that?

Ms. COHEN. Yes. What we are saying, of course, is that when you go to the supermarket and buy a sirloin steak, for instance, whether that came from a yield grade one or a yield grade four steer is not relevant. The store averages the prices when it charges you.

So what they are doing is averaging the price of all the meat they get and coming out with a price for the consumer price.

Mr. PRICE. But, of course, today, if they hold to the grades of Prime Choice, Good, and so forth, that yield is already figured in, let us say that Prime cut.

Ms. COHEN. To some extent. But the problem that we are worried about in yield is mostly putting the consumer into the position which the supermarket buyer, for instance, is in. It has been our impression that there has been a lowering of the differential in price between carcasses as sophisticated buyers recognize predictability of a system. If a sophisticated buyer does not feel that a yield grade one is worth more than a penny a pound more than a yield grade two, the sophisticated buyer will pay it.

However, a consumer who is not used to buying beef on the hoof or by the side when put into the system, depending upon the yield grades, that is the consumer who will be subjected to particular harm. That is what we mean by that.

Mr. PRICE. Dr. Carpenter, would you care to comment on that as well as comments by Dr. Jacobson? Would you tell us what we would get into if we change our grading system to lean, fat, and very fat? You have a lot of expertise in this field.

Dr. CARPENTER. Congressman Price, first, with regard to the yield grade question, I think that the yield grade is based primarily upon the yield, predicted yield of consumer cuts. Now this is based upon considering that the excess fat is trimmed from the retail cut as it is placed in the case.

So for many retail cuts it is correct that the yield grade does not necessarily affect the consumer as she purchases the meat if it is all trimmed to her specifications.

There is a problem with the higher yield grades or those that are excessively fat, for instance, our roast cuts. With the fatter carcasses you really cannot adequately trim the seams of fat that occur between the muscles.

So in this context, probably the consumer is concerned about it.

Another point on the yield grades that were brought out this morning with regard to, I believe, the Consumer's Union test of a few cattle that were yield two and yield four and the implication that it was a very inaccurate system, I do not believe that the research evidence around the country would support this.

In looking at thousands of carcasses over the last 10 years, during involvement with yield grading, we find that very clearly the yield grade system, cut under a specified cutting condition, that yield grade one carcasses will provide about 82 percent of their weight into trimmed retail cuts. And with each advancement in yield grade, we have a reduction of about 4½ percent in retail cuts.

Now, again, those that are liners, just into one yield grade or just over the line into the next, we all know that these might shift back and forth.

Mr. FOLEY. Doctor, could I interrupt you?

We have a second bell on a roll call vote on the inflation policy study. I am, therefore, going to recess the subcommittee for a period of 15 minutes.

[A brief recess was taken.]

Mr. LITTON. I do not have many questions. I did want to ask a couple of Mr. Jones.

One, do you think that consumer preferences, the eating habits of the American consumer in the last 10 or 20 years have changed?

Mr. JONES. Very definitely, yes.

Mr. LITTON. Would you not say that the cattle being bred and fed have changed in the last 10 to 20 years?

Mr. JONES. Noticeably.

Mr. LITTON. Then would it not stand to reason that if the preferences of consumers for meat has substantially changed in the last 10 or 20 years, that the cattle being produced and fed have substantially changed in the last 10 or 20 years, the standards used to grade the same product should also be changed?

Mr. JONES. Yes. There was a change, of course, a major one, in 1965, as you recognize, and we are not saying that there should be no change now. It is probably a difference in approach as to how that change should be accommodated.

Mr. LITTON. That last change occurred nearly 10 years ago.

Would you say that changes that I suggested relative to consumer preferences and the changes of cattle being bred and fed today have occurred more in the last 10 years?

Mr. JONES. That is correct.

Mr. LITTON. So most of the changes have occurred since the last change in the grading standard.

Mr. JONES. Yes. If I might comment on that score. We also have changed the directions in which we point these cattle. If we go back 10 to 20 years ago, we were feeding these cattle to above Choice and a large majority of them, most feeders, the preponderance of feeders are pointing their cattle for the bottom part of the Choice grades.

So within the industry we have made a change also.

Mr. LITTON. The change has been made within the industry. Do you not think it stands to reason that a change should therefore also be made within the standards?

Mr. JONES. More appropriate, if a change were made in the standards?

Mr. LITTON. In other words, I am suggesting that perhaps the USDA, has been dragging its feet in this area and should be indicating the direction we should be moving in rather than reflecting through out-of-date standards, the preferences and the production of the past.

Mr. JONES. I presume this would be an acceptable statement, Congressman; however, I think that changes always tend to lag or changes in standards tend to lag. Product changes come first and then the standards change. Maybe we ought to turn this around, but this is typically the way it comes, and in that regard, I think that perhaps the greatest thing of urgency here, we would agree with ANCA, would be the emphasis on the yield rate, and much of what you are saying here would be accommodated with a greater expansion of the concept of yield grading, along with possibly some changes that you are talking about in quality.

Mr. LITTON. You think we should definitely change the grading standards then?

Mr. JONES. Our position is that we are certainly willing at this point in time to review the standards and we do think that there is a need to accommodate this younger group of cattle that "eat like Choice," but do not quite make the grade.

Mr. LITTON. So you would favor a change in the standard.

Mr. JONES. Yes; we would favor changes in the standard.

Mr. LITTON. You indicated that you represent 200 State and local associations.

How many of those are State and how many of those local?

Mr. JONES. It would be roughly 11 States and the remaining local.

Mr. LITTON. How many members do you represent?

Mr. JONES. 20,000.

Mr. LITTON. Mr. Farr, your organization represents feeders, too, does it not?

Mr. FARR. Yes, sir.

Mr. LITTON. How many feeders does it represent?

Mr. FARR. I am trying to search my memory. All of the largest State cattle feeders association, every State that has a State cattle feeding association, such as California, Arizona, Texas, Colorado, Washington, Idaho, all of these States have State cattle feeders associations and they are all members of ANCA.

They would probably be, in all of these organizations, maybe 10,000 to 15,000 cattle feeders.

Mr. LITTON. I guess the question I am asking is, your organization represents 10,000 to 15,000 feeders and Mr. Jones' group represents 20,000 feeders, and your organization proposes one direction and Mr. Jones' group proposes the other direction.

What, basically, is the difference between the two groups relative to the makeup of the feeders you represent?

Mr. FARR. Well, I would guess that perhaps—again, Mr. Jones represents the National Livestock Feeders Association, which are

basically the older farm feeder, the people in these Midwest States, the smaller farm producer that uses cattle to use up his farm crops. They feed in the neighborhood of one half of the cattle in the Corn Belt and the other half are fed out of these States, more in the Western States through larger feedlots. And in one year's time, about half of the cattle are fed in the Corn Belt and half are fed in other areas.

So it is a split proposition so far as numbers within a point or two.

Of course, in addition to this, ANCA does represent all of the range producers, the purebred associations and the cattle industry in total, rather than just for the feeding segment.

So the ANCA recommendation is for the total good of the cattle industry in total and not any one segment of it. We are trying to look at it from the purebred producer that has to produce the feedstock for the feeder cattle that go all the way through to the feeder, and Mr. Jones' position and ours is not too far apart. We are making a specific proposal and he is saying that they are willing to go part way on it but not quite as far as we are proposing, I believe.

Of course, I think it is fair to have him answer that question. He has made the statement that we were twice as brave. In studying the charts, we are straightening the line, there is exactly the same amount—there is no difference in the grades in the proposal and what they were. It is no wider, there are no more lines of quality within any grade. We have changed; we have straightened the lines of all of the four grades that are used for fed cattle. And really, all cattle, these other grades over here that are used on cows are used very little.

So we have not widened it. Our principal recommendation is for yield grading to go with quality grading and, second, to straighten that line so that we can save some grain and save some expense and consequently, produce a better product for the consumer at lower cost.

Mr. LITTON. Mr. Jones, would you like to respond to that?

Mr. JONES. Well, I think it is almost imperative that I do.

In the area where our membership is concentrated we do feed about 55 percent of the cattle that are fed in the Nation; that is the fed cattle market. And I do not think that, really, the two groups are sufficiently far apart to really make that much of it. In fact, the two groups are very close together until ANCA met recently and somewhat modified their position.

Our membership has not met since that time and, when our membership meets again or the board meets again, they may see fit to modify our position some. This is a changing world, as you have noted, and we do not think it is any crime to change a position from day to day as the industry changes. And this may well be some what of a change to be consummated at the next meeting of our members.

So I do not really feel that the two groups—well, they were not far apart at all until ANCA did change their position. So I do not really think that we serve the interests, perhaps, in dwelling on the difference between the two organizations. I really believe that the two can get together on this.

Mr. LITTON. I would just like to make one further observation.

When Ms. Cohen made the comment relative to doing a better job within our grade standards of identifying more tasty and flavorful

meat and some of those characteristics that consumers have a preference for, I noticed a number of eyebrows were raised in this room, perhaps questions raised as to whether or not this is possible.

I have had some background in the computerized evaluation of the genetic relationships of one gene to another, one trait to another, and I know that it is possible. Perhaps it has not been done in the past because we have not given enough emphasis to it or had enough interest in it.

I recognize that any changes made probably will not be legislative ones but ones that the USDA directs to be made. I do not think their mood now is to do much. I think their mood has been to drag their feet for a long time. But I would like to suggest some of the recommendations made here have merit, and I would hope that the USDA would consider them more seriously than apparently they have in the last 10 years.

Mr. DENHOLM. The Chair will recognize the gentleman from Colorado, Mr. Johnson.

Mr. JOHNSON. Thank you, Mr. Chairman.

About the only advantage of being the low man on the totem pole is that most of your questions are asked by the time it gets to be your turn. But I do have a question of Mr. Farr and Mr. Dunning.

There is a growing recognition around the world of the existing famine and famines that are expected to come. Mr. Dunning touched on this when he was talking about the amounts in tons of feed that could be saved. But your time estimate on cutting feeding time, Mr. Dunning, was 30 to 40 days, and Mr. Farr's estimate was 14 days. The difference is Mr. Farr was talking about a 10 percent cut in the feeding time and you are talking about approximately 25 percent, as I gather.

I would like to have you gentlemen discuss that with the feasibility of the 14 days versus the 30 and 40 days, and I would also like to have you touch on the amount of grain that could be saved under Mr. Farr's evaluation and also, whether or not, just by saving that grain, it can necessarily be converted to human consumption, assuming we can deliver to these various places around the world.

There is a great concern about this and people are writing articles all over the country. There is an expert at the University of Washington who is pushing this through the Rockefeller Foundation and through others, and I think we are going to have to come to grips with this and it is a good place to talk about it.

Mr. DUNNING. Let me take the first part of it and you take the second.

Mr. FARR. Go ahead.

Mr. DUNNING. The question that you raise is a very good one and Bill and I had chatted at lunch about the discrepancy between what we are talking about here.

I represent meat packers and our members do feed some cattle as a very minor phase of their business. The information I got was 30 to 40 days and the figure I used was based upon 30 days. I will just tell you how I went through my computation and then Mr. Farr can correct this.

He is a big feeder with an excellent reputation, and I would defer to his figures. The summation is my figures are too low. We would save more grain than I have indicated. I think I indicated in my statement

something like $2\frac{1}{2}$ million tons of grain, and I think the figure is, according to Bill, somewhere over $3\frac{1}{2}$ million tons of grain. I took 30 days at 15 pounds a day feed, which is 450 pounds of grain. But I only converted it to something like $12\frac{1}{2}$ million head of cattle, which is the Prime, Choice and Good cattle that goes through the lots, and came up with my figure.

Now Bill pointed out that that is really not quite accurate. You have to figure it over the whole spread of cattle that are fed. His figure, as he will tell you, is based upon 15 days, and he can take it from here, if he will, Mr. Farr.

Mr. FARR. Well, Congressman, as has been pointed out, cattlefeeding has developed very rapidly, in the last 20 years. We have doubled beef consumption almost with the same caliber by feeding the animals the grain.

Up until 2 years ago, we have operated under a proposition of having surplus grain and grain was very cheap, because we had the great surpluses. So a lot of beef has been produced in feedlots and with grain.

Now as we approach these new world problems of less grain available, more people to eat it, more problems of this kind, that is basically the reason we are reevaluating these problems.

Now this morning, as I testified, I said that we would save the 2 weeks or 14 days. In feeding cattle, we feed approximately 20 pounds of grain per head per day on the finish end of the feeding, for the last period that the animals are in the lot, and this varies a little bit. But that is a good round figure.

If you take 15 days and 20 pounds per day, that is 300 pounds of grain. The cattlemen feed in 1 year's time in any given time, as you take the cattle on the feed reports that are issued quarterly, it will vary from 10 to 15 million cattle in the feedlots constantly that are being drawn on and slaughtered each month. We are feeding now approximately 25 million cattle per year through the feedlots; 25 million cattle times 300 pounds of grain per animal will figure out 3,750,000 tons of feed grain that would be saved, in our judgment, if this line was straightened as we suggest, and that is a substantial amount of grain.

Mr. Dunning said 2.5 million tons would feed 15 million people, and I am suggesting that—I made this calculation at noon—that I think the savings in grain was 3,750,000 or somewhere in that area. So you can take that on out to where there is perhaps feed grain for 25 million people. Now, the problem is that the United States has a tremendous amount of land that will not raise grain. All it is good for is to raise grass, other roughage.

As Congressman Zwach pointed out, there is a lot of roughage, if we utilize all of this and supplement it with grain, to produce beef. This is one of the things we are suggesting would yield great. If we can identify the ones, twos and threes, these animals will take less grain, as well as if we straighten the line and get away from some of the subjectivity of the grading, and it will help produce the efficiencies in cattle feeding.

Obviously, we are going to have to make more of our weight on grass and less of it in the feed lot. We have been placing 400, 500 pound animals in the feedlot, and producing 500, 600 pounds of gain in the feedlot. This is going to have to change and we will have to produce

more of it with silage, as the Congressman suggested, or other roughage and constantly less with grain as time goes on. If we release a little bit of grain, this will take care of the problems now. There is no use in releasing all of the feed grains. There are many feed grains, like milo and barley, that people do not consume. They are strictly feed grains.

75 percent of all feed grain used goes to poultry and livestock, and it is not used by humans. Eventually it can be, when that time comes. But we are not to the point where we need every pound of feed grain by any means to support human people on this world yet.

Mr. JOHNSON. Mr. Dunning, where did you get your estimate that 2.5 million tons of that grain would feed 15 million people?

Mr. DUNNING. The average in the underdeveloped countries in the world—India and places in Africa—they get their protein from an average of 400 pounds of grain per capita. So I simply divided 400 pounds into this to determine how many people we could feed.

Mr. JOHNSON. It does not relate to the problem Mr. Farr was talking about of raising milo.

Mr. DUNNING. Well, it does directly, in that we are interested in having grain to feed our cattle. But we can make some economies here that I think this country is going to have to make. I would not want to have to decide whether to feed that animal or to feed you or myself, and so on. It is directly related.

Mr. JOHNSON. Mr. Farr, if we go to this process of putting more gain on by grass, we lengthen the time it takes to feed the animal and bring him up to slaughter weight, does it not?

Mr. FARR. Well, you lengthen the time. There are two options here. You can put the animal in the feedlot and feed it a lot of silage, and instead of 150 days take 200 days and just have the animal gain slower, or the animals can stay out on the ranch in the wheat pastures, sugar beet tops like you have in your area of Colorado, and many, many feeds. But as long as grain was cheap we wasted a lot of other feed because it was more economical to feed a concentrated feed because you could do it with less labor. And now that grain has become higher in value, these waste products have more value and the animals will undoubtedly stay at the ranch level until they are older before they ever move into the feedlots. So the animal is likely to be 4 to 6 months older before it comes to the feedlot than it has been.

I am sure that that transition is starting this year. It is evident in the price of feeder cattle. For years and years, the highest priced feeder cattle have been calves, and the lighter they were the more premium they obtained and the heavier they were the cheaper.

Today we have the inverse ratio that the highest priced feeder animal is an 800-pound steer because of the cost of grain to put that weight on and the lowest priced animal is the calf which has just been weaned from its mother. So you have an absolute 180-degree turn in the value of cattle in the last 12 to 18 months, and it would appear that this is going to be a permanent inverse ratio to a greater or lesser degree, and thus will force the range cattle industry to take this calf and grow it somehow, in some way, with ranch feed, before we buy it in the feedlot.

Mr. JOHNSON. As you see it, this lengthening of this period of time will probably result in a lessening of the price to the consumer?

Mr. FARR. Yes, definitely. With high grain prices, this will save the consumer money. Her beef will cost less by producing this extra 200 or 300 pounds with feed that is not convertible to energy by any other livestock. Cattle and sheep are the only ruminants that can convert these various herbacious products.

Mr. JOHNSON. Thank you, gentlemen.

Thank you, Mr. Chairman.

Mr. DENHOLM. Thank you, Mr. Johnson.

Mr. Bergland?

Mr. BERGLAND. (Nods in the negative.)

Mr. DENHOLM. Mr. Foley?

Mr. JOHNSON. As you see it, this lengthening of this period of time have additional comments they would like to make before we close the hearing, perhaps we could give them an opportunity to do so.

Mr. DENHOLM. Mr. Jones?

Mr. JONES. Mr. Chairman, the format we have had here today, I think it is very important that we put this question of feed and feed grains in proper perspective. We hear the statement oftentimes of the 800 to 1 ratio and so on, and I know that to the uninitiated who are not familiar with the industry that this indicates to them 800 pounds of grain per pound of beef, which of course is not true. I do not think we ought to be making grading decisions on the basis of short-term changes.

You know, we just looked around yesterday, as Congressman Zwach pointed out, and we had grain literally running out of our ears. This situation now has apparently changed. But before we make any permanent changes, I think that we need to see a little bit more history behind us to be sure of exactly what direction we are pointing.

Also, certainly by feeding a beef animal a pound of grain it does not mean that you take a pound of grain out of the mouth of a human. This is just not the way it works. Before these grains are going to be utilized it may be freed here from shortening up the feeding period, it will be necessary for these other countries not only to need the grain but also to be able to buy it.

So just the availability of grain does not mean that that grain is going to arrive in the mouths of people who are hungry. We have seen this traditionally around this world for a long time. Even much of the grain we may send to a country where they do have hungry people still does not reach the people who need it because of deficiencies in transportation systems, distribution systems, and so on. And I think that we need to put this into proper perspective, and I think we cannot just conclude that 1 pound of grain saved here as far as livestock feeding is automatically going to wind up in some hungry person's mouth, because it is just not the way it works.

If we go back a little bit in time, Mr. Farr would recognize this, too, that we used to carry on what we called delayed feeding programs, and we did hold these animals on grass, on roughage. It was only when the price of grains became cheap relative to the price of roughage that the feedlot took on the growing function. And I think all we are saying here now is that perhaps we went a little too far this way, Bill, that we now will back up a little bit and start doing a little bit more growing, a little bit more backgrounding outside the feedlot, because those cost relationships have changed. And this is what will bring the change.

Mr. DENHOLM. Dr. Carpenter?

Dr. CARPENTER. Mr. Chairman, Congressman Price before the recess asked me to comment on a couple of things in Dr. Jacobson's statement, and I do have some concerns about one area of the statement—that is, concerning the use or assumption that low-fat meat should be identified, and further that flavor characteristics of meat should be identified. Now, these two primary concerns are not entirely compatible. If we carefully view the research conducted several years ago at the University of California, the University of Florida, and in the Department of Agriculture, we find that if we would extract or remove all of the fat from the lean tissue of meat that all of that meat would just have a meaty flavor. This means that if you extract the fat from poultry and pork and beef and goat and horse, the lean meat would all taste the same. The species difference, the fullness of flavor that we obtain from meat, is from compounds primarily deposited during the growth process in the adipose or fatty tissue.

This does not mean that you must have 30-percent fat to have this flavor. We think there is probably some level that is probably necessary to insure the desirable flavor. We think that that is somewhere in the ball park that we are talking about on the grade standards in the high Good to low Choice range that we have in our current standards, and for that reason, for that very reason, the ANCA committee and others have reached that decision that this marbling requirement should not be substantially reduced for our preferred consumer grades.

Now, in addition to that, the suggestion was made that, you know, we should scrap our system and identify cattle according to fat content. That can be done. It will be an enormous cost to the total industry, and I assume that it would be to the consumer.

We have heard a lot about costs of nutritional labeling, and at some point along the way we pay for this, and it will not be as easy for beef cattle, because anytime that we vary, say, 1 percent in fat content, since these are in percentages, that also means that protein and moisture will vary. So it is a very complicated process as we begin to discuss the exact definition of a product for these nutrients.

I believe that would conclude my statement.

Mr. FOLEY. Dr. Breidenstein, do you have a comment?

Dr. BREIDENSTEIN. Yes.

I would like to point out a couple of things. First, we have a system which has functioned for many years. Certainly all of us agree it is in need of continuous revision. It is an imperfect system based upon estimates. I would emphasize that the first time we have any real clue as to the objective characteristics that relate to the values that are, at least to our opinion, being transmitted back to the consumer after the cattle is dressed that applies to the weight, the quality grade, to the yield grade. So, in fact, these factors are applicable only at the point of purchase. So the transmission of values has that ineffectiveness at that point.

I would just comment a word or two on what Dr. Carpenter said. If we were in fact primarily concerned with protein content of beef, we have a system now that functions. Cutter canners are very high in protein, very low in fat, not very palatable. So I think we could go too far, and I think that is in part what you are saying, sir, that there is a level of fat associated with acceptability. Whether it is the fat itself,

or something deposited simultaneously, or something in the management regime we use to finish cattle, we do not know. It is a very complex subject.

Thank you.

Mr. FOLEY. Mr. Mayer.

Mr. MAYER. Mr. Chairman, since we are talking about a perspective on this issue, I think there is another factor that ought to be considered. The statement was made that during the last 20 years there has been a sharp increase in meat consumption. That statement is absolutely true. As per capita income in this country increased after the depression, people bought more meat. They were able to afford more meat, and they did buy more meat.

As a matter of fact, the idea then developed that people had to have meat. Price was considered only one factor, and not always the most important factor, in determining how much meat people bought. Last year, unfortunately, we learned that the acceleration in the consumption of meat was not necessarily a permanent factor. While more meat is being purchased, the acceleration of consumption is now decreasing. Price has proved to be the major factor.

Also, there are some deep consumer concerns, unfortunately, about meat right now. I think we have to deal with them and be concerned about them because if there is less acceleration in consumption of meat, then this industry has some real problems. That is one of the reasons why we are urging that a strong look be taken at what the grading standards are and how they fit consumer preferences. That is one of the reasons we urge that consumers fully participate in making changes in the standards. It is certainly to the interest of the industry, and we are a part of it, that the increase in consumption continue. The fact that there is a worldwide grain shortage and a worldwide need for grain will also be a factor in determining how much meat people will eat. It is certainly not in the interest of this industry that people feel guilty about eating meat.

So I think these are all factors that have to be considered. We sincerely hope that this subcommittee and the committee will press the Department of Agriculture into looking at the standards, into dealing with the standards, changing the standards and consulting consumer fully about the standards.

Mr. FOLEY. I notice, Mr. Mayer, you suggested in your statement that an Advisory Commission, with consumer participation, should be established by the USDA to critically examine various grading standards proposals.

Is there any objection to that concept by any of the witnesses?

Mr. JONES. It has some problems, I think.

Mr. FOLEY. What do you think the potential problems would be, Mr. Jones?

Mr. JONES. Well, I have not read this law that Congress passed carefully lately, but it would have to be done, I think, within the context of—

Mr. FOLEY. A public meeting?

Mr. JONES. Yes, the public meeting concept, and also I think that we have to realize that a task force or an advisory committee or something like this is not always the answer, that this can become rather complex sometimes and not really very fruitful.

We have participated in these, and oftentimes we find that our time is not nearly as fruitful as it is in working with other groups, and then in turn working informally with the USDA to get changes made.

We would have no public opposition, of course, to something of this nature, but I think that we have to realize its limitations along with the good points that it might have.

Mr. FOLEY. Are there any other comments?

Mr. Leonard?

Mr. LEONARD. On the point of the advisory committee, I think one of the problems in the past with advisory committees has been that they are set up mainly as lightning rods. They are not set up to do anything in a substantive way.

Mr. FOLEY. I am sorry. I did not hear the descriptive term. Would you please repeat it.

Mr. LEONARD. I said they are often set up as lightning rods to divert pressure away from the administration or pressure away from a committee, or pressure away from the target to which it should be pointed. I think one of the things that would be helpful, if an advisory committee is set up, is that this committee representing Congress, representing the policy formulating body of our Government, would set out some basic criteria and standards such as that if grades are going to be developed or changed, that they ought not result in increased prices to consumers. Or that any change in grades that result in the moving around of values within the total meat industry, that those changes, where they benefit certain farmers or call for farmers to take certain actions, that benefit from those changes accrue to the farmer; that certain basic criteria could be set out that could guide an advisory committee.

The problem referred to here, that very often time could be better used by not participating in advisory committees is simply that the advisory committee is not there to do anything substantively and has not been given any clear direction.

Mr. FOLEY. Thank you.

I am a little concerned about the difficulty that any congressional committee has, as Mr. Leonard pointed out, in trying to make decisions on matters that are complex and involve technical data, research, and expertise. I am also a little concerned that there is a tendency, both in the Congress and in the executive branch, to wait for a perfect consensus before doing anything.

I would personally hope, Mr. Chairman, that the Department could seriously consider the suggestions advanced by a number of sources, such as groups within the livestock, packing, and retail industry, and by consumer groups.

The last major changes as I understand it, took place in the grading standards in 1965. While we did have some minor changes in 1973, the only really extensive change of any character took place in 1965. Yet during this time, certainly, enormous changes have occurred in the price of grain, in cattle feeding practices, and in cattle prices. Consumer attitudes, I think, have also changed to some degree since 1965. Although I really do not want to see the Department rush in a hasty or ungrounded change for change's sake, I would hope we might undertake through review of grading standards that would go beyond the ongoing review which has always existed.

Whatever the mechanism for review, I personally want to underscore the need for consumer participation. Mr. Pierce, the very distinguished head of the grading section, testified last week that they really did not have any input from consumer organizations, and that if these groups did not come to the Department, it did not seek them out. Granted that it is sometimes more difficult to identify consumer attitudes as carefully and as easily as it is the attitudes of cattle feeders, cattle operators, or the packing industry.

Nevertheless I think the point has to be underscored that consumers have a vital interest and stake in the decisions made. Moreover, as a practical matter, if consumers do not adequately comprehend the changes or proposed changes, there may be misunderstandings and reactions that would otherwise be avoided.

Thank you, Mr. Chairman.

Mr. DENHOLM. Thank you.

Mr. Zwach, do you have further questions?

Mr. ZWACH. No, thank you.

Mr. DENHOLM. I have a few questions, in summary. Dr. Breidenstein, who is the American Meat Institute?

Dr. BREIDENSTEIN. Who the American Meat Institute is?

Mr. DENHOLM. Yes.

Dr. BREIDENSTEIN. A trade association representing some 300 different packing companies of different sizes throughout the United States in all 50 States.

Mr. DENHOLM. Who are the Western States Packers? Are they a part of the American Meat Institute?

Dr. BREIDENSTEIN. They are not. They are a similar trade association made up of packers in the Western region of the United States. Some packers belong to more than one, either to the American Meat Institute in Western States, or NIMPA in Western States. NIMPA and the American Meat Institute, so there are many packer organizations, rather packing companies who belong to more than one trade association.

Mr. DENHOLM. Is it true that quality grading is a tool of merchandising?

Dr. BREIDENSTEIN. Yes.

Mr. DENHOLM. Is all grading paid for by packers?

Dr. BREIDENSTEIN. Yes.

Mr. DENHOLM. Are the employees actually employed by the Federal Government?

Dr. BREIDENSTEIN. Under the civil service of the Federal Government, and packers are charged on an hourly basis for the service rendered.

Mr. DENHOLM. How many packers are there in the United States; do you know?

Dr. BREIDENSTEIN. The figures I have heard—and of course, it depends entirely upon what you define as a packer, whether it includes a small processor of sausage or something like that. Please do not hold me to this, but I think it is around 1,200.

Mr. DENHOLM. There is a transmission of values based upon the quality of the grading programs that relate to consumers and producers—

Dr. BREIDENSTEIN. Transmission of values? Yes. Whether or not this is a prime function of the grading system, yes.

Mr. DENHOLM. That reaches to the farmer, to the feeder, and to the rancher, does it not?

Dr. BREIDENSTEIN. Correct, and I would emphasize it is somewhat imperfect because the cow-calf man sells a calf to a man such as Mr. Farr. Mr. Farr then performs the feeding function and in many instances sells it to us or a packer like us who then in turn sells it to a retailer. So the transmission of values becomes somewhat less effective as we straighten out the chain. At least, I feel it is safe to say that.

Mr. DENHOLM. May I conclude from the evidence and testimony of the record that you are not really interested in changing the quality of the meat marketed. You are simply interested in changing the level of certain fixed grade lines on that meat that is in the market.

Is that correct?

Dr. BREIDENSTEIN. Again I would emphasize that our organization, and I think shared by many, we do not want to diminish the quality image, and of course, the quality aspect.

The question now becomes that of a refined method or a refinement in the method by which we express that by grade lines. So the point I am making here is this. The evidence and research conducted since 1960—and we have cited the research; several have—says that within the youthful group of cattle, we need not increase marbling to insure tenderness, as we advance through that youthful group.

So we are saying simply that inasmuch as research shows the difference to be nonexistent, why do we have a line that says it is different.

Mr. DENHOLM. Is it the general consensus of all witnesses present that you are prompted to change the grading lines based on economic advantages in merchandising.

Dr. BREIDENSTEIN. Well, I think it is safe to say that the initiative for change is in large part one of economics. However, the economics have been evolving over some period of time, basically saying that we are wasteful by virtue of the present system of the feed resource, the grain feed resource, specifically.

Mr. DENHOLM. When you emphasize economics in that sense, are you referring to the cost of the product in the market and reducing the cost to the consumer?

Dr. BREIDENSTEIN. I think the two questions are inseparable and the answer is the same, and I say for this reason:

I would emphasize costs are always relative. If we talk about the impact of this change within the next 2 years, one could not talk about that without also talking about the general level of the economy or, if you like, inflation.

So, in terms of what would have been true had we not made the change, the point is well taken that costs to produce and costs at the consumer counter would be reduced.

Mr. DENHOLM. Now we are referring to the present shortage of feed grains in the world which I presume has been a fact for centuries. The fact is that we are now distributing more of our feed grains on the international market than we have in the past, and consequently we are concerned about the economics of the production of a pound of beef in the consumer market. The theory probably has some merit

until the consumer price is decreased and then I wonder what impact that will have in the transmission of values and if the change in the line of grade values will result in no comparative economic advantage?

Do any of you have a comment on that proposition?

Do you have any reaction or observations on the economic advantage to consumers or producers?

Dr. BREIDENSTEIN. I am sure others have reactions also, but I would like to make this comment. First of all, the initiation of the suggestion by the trade associations is some 3 or 4 years old, the meat trade associations.

Second, we have recognized for some time that the deposition of fat is a very costly facet of our beef cattle finishing, and anything we can reduce it does in fact have the effect of reducing the cost of beef produced. And the competitive nature of the beef cattle business will in fact then put that in at a lower relative cost.

So I think another point that should be made, we have talked rather loosely about the question of 8 or 7 pounds of feed required to produce 1 pound of beef. I think Congressman Zwach had a very good point. It is not all on grain. It is only in the finishing period that we use grain. So the calf or cow, rather, does not eat grain. She eats forages and up to 400 or 500 or 600 pounds live weight. That is the source of the beef, and only beyond that point do we use grain, and then we use it only in part. So putting it in those terms is a little more realistic, I think, as you pointed out.

Third, I would go on and say this. The further we go in the maturation of the cattle, the more costly become the gains. In other words, once the animal hits the maturity with respect to muscle development we are depositing only fat. So the figure required at that point to put on a pound of grain might be very well 12 or 14 pounds. It averages off 7 or 8.

So the point we are making is, if we take it off on the far end of the finishing period, the impact is greater than it is on the average. So we are not talking about the average consumption per pound, but that which occurs at the most highly inefficient point of the conversion.

So I think this puts the economics a little better in perspective. Others probably have other comments on that.

Mr. DENHOLM. Do any of the rest of you have a comment on the ultimate outcome of what may occur when the grade level is changed?

Mr. JONES. Your comments bring out, I think, very clearly, the reason why we do not feel just shifting that line necessarily is the answer. We see this in any kind of a product. If you shift the line downward, a little time passes and the pressure is again to shift it on downward. So I think we need to look at other ways, perhaps, of reflecting through more specifically the objectives that the packers are putting forth here than just merely shifting that bottom line because once you have shifted by as far as economic advantage is concerned, I think then it is just as you have described.

Now, if we go back to one other thing, perhaps, that Dr. Breidenstein did bring out, and that is I think we need to look at this, perhaps, as vigorously or even more so than we do the experience in the feedlot, and that is we know that certain strains, certain cattle do have the inherited ability to turn feed into muscle where others do not, and certainly on this time we should be searching for those strains and con-

centrating on bringing those strains to the forefront, and certainly in this way, coupled with cutting back our growing in the feedlot itself, the background of these cattle longer, this I think will make the shift that is necessary here with our grain economy shifting relatively to forage.

Mr. FOLEY. Although I realize this is a bit off the subject at hand, as I recall, about 80 percent of the beef that is graded is graded choice.

Mr. JONES. Only of the beef that is graded, however.

Mr. FOLEY. Yes, I am talking about the beef that is graded. It is sometimes alleged that this reflects an accurate indication of consumer preferences.

However, the consumer who wants to buy a good grade or simply meat with less fat is often unable to do so because most supermarkets handle the prime and choice grades exclusively. Therefore, I do not know how consumers are able to express a preference for less than a choice grade.

In other words, if every supermarket had three bins, ones with steaks that are Prime, one Choice and one Good, and different cuts of meats available, we might get some surprising consumer reactions. I wonder if anyone sees the problem I'm pointing to.

Mr. JONES. Well, if I might respond to that first, Congressman, I think that rather than having different bins containing different meat, what we do is have stores containing somewhat different meat, and instead of sorting the bins, the consumer sorts the store.

Mr. FOLEY. If I can stop you there, that is correct; but that approach requires the consumer to choose the store on the basis of its selection of meat grading, which is not necessarily easy to do or convenient. If the consumer has to drive outside his local neighborhood to go to a supermarket in the suburbs that handles a Good grade of meat rather than Choice, he has to have enormous motivation, time, and expense.

Is that a fair statement?

Mr. JONES. I think we have an attorney over here who is itching to get her hands on this microphone.

I would make one further comment before I relinquish it to her, that my experience in the consumer field, in research work and so on, leads me to make this statement, that consumers by and large do not object to well-finished meat, using that term in relative terms. They do object to wasteful meat. There are differences of course within the choice grade, and they make those selections based upon those differences, and in this they do generally have a range from which they can choose. Perhaps you can say that we do not give them enough choice to where we really let them sort out and vote their dollars, but I am convinced that we do, and if you look at the differences in eating habits around various areas, the difference is reflected very definitely from region to region.

So I think that they do have a selection. But typically, we will feed for a grade if that is the most popular grade, and I think the reason the stores have settled on a specific kind of meat that they have handled is that they have tried other ways, and we have talked this thing over with retailers time after time after time, and every one of them will tell us that their conclusion is that it just does not add up in any way, shape or form for them to carry more than one grade of beef.

Ms. COHEN. I think what you said about the supermarkets is a true problem except that the supermarket that the consumer might be going to a few miles away from the neighborhood supermarket to get better meat will also have it labeled Choice, not necessarily Good, and the prices might not necessarily be any better. And that is what we found when we did a study in 1970, which we published. In fact, it was a study of supermarket meats in Washington and Baltimore supermarkets, and found that certain supermarkets seemed consistently to have better meat than others, even though we were dealing with all Choice, because that was what was available.

And that suggests defects, as we discussed earlier, of a grading system, because if it does not say anything to the consumer, then what good is it? If 80 percent of the meat is graded Choice and some of it is poor to the consumer's point of view, and some of it is excellent, why should not the excellent be getting a higher grade than the poor? And that is why we think there should be really a fundamental change in the grading system, that there should be some research done into why consumers like certain meats and return to certain stores. If it is the heredity of the cows, perhaps USDA will have to find a way to work this into the grading system. If it is something else, those factors should also be weighted in. But the current factors do not seem to give a consistent, predictable answer.

Mr. DENHOLM. Will the gentleman yield?

Mr. FOLEY. [Nods in the affirmative.]

Mr. DENHOLM. Do you agree that quality grading is a subjective test that depends upon the psychological consumer acceptance of the product?

Ms. COHEN. Do you mean the quality grading as USDA does it?

Mr. DENHOLM. As it is done now, it is a subjective test?

Ms. COHEN. Presumably, USDA says that it is attempting to test tenderness and palatability. Presumably you can measure tenderness with instruments. And palatability and taste factors, of course, do have some subjective elements, although some of them probably could be quantified by sophisticated analysis.

Mr. DENHOLM. When a man is at the packinghouse in the cold storage area and he is proceeding with a rubber stamp to grade the carcass, does he make a subjective evaluation or proceed with tests to determine what the carcass will grade?

Ms. COHEN. He is actually supposed to be making a more or less objective analysis. The point of grade standards, as I would see them, is that some group here, USDA has defined factors which the general public defines as good, better and best, and takes those factors and creates a test that is as objective as possible to reflect them.

If you could say for sure—and I am just using a hypothetical—that it was 100 percent correlated with taste in meat, which of course it is not, and the older a steer got the less tasty it was, then you would determine what the grader would be doing would be looking at the carcass, saying how old it is and grading it accordingly. It is very complex because you have a lot of factors, some of which are hard to describe in such a way that all of the beef graders across the country can use the same set of objective criteria to come out with a grade that would describe an ultimate subjective experience. That is why it is so difficult.

Mr. FOLEY. Mr. Chairman, Mr. Mayer has a comment, I believe.

Mr. MAYER. Mr. Foley, I think your question and point were very well taken. I think the major supermarkets in the Washington area and most cities generally handle only choice, and then some of the stores in the more affluent areas will also handle prime. You will have great trouble getting meat in the good grade.

I think also that we may not really know what consumers prefer. We are now going on the assumption that they prefer choice. It might be a very good experiment to find out that if leaner meat were readily available in the supermarket at a lower price, would the consumer buy it in preference to choice. I have some ideas on this subject, but I do not know whether they are correct. At the moment, I do not think we really know what the consumer does prefer because he or she does not have the opportunity to choose.

Mr. DENHOLM. I think that in less than 6 months you may have a chance to find out because there will likely be a shortage of prime beef in the retail market.

Mr. DUNNING. Mr. Chairman, I wonder if I could excuse myself. I have to catch a plane.

Mr. FOLEY. I wonder, Mr. Chairman, if we should come very shortly to a conclusion. Perhaps Mr. Breidenstein could make a comment, and we will then close the hearing.

We want to thank you very much for your attendance.

Dr. BREIDENSTEIN. I just wish to make a point that if you wish to call it an experiment, one is in progress now in Detroit where in Kroger I recently saw a two page ad where they are dealing with not top Good, but probably I can categorize it in terms of USDA grade low Good and top Standard and have literally torn the market apart, so I am told.

Mr. JONES. May I respond a little bit to this?

I do not think we should let the record indicate that everyone is operating in the dark here. There have been numerous studies carried on by our land grant colleges and consumer groups, consumer research groups and also by retailers to determine what is desired. So it is not just a case of operating completely in the dark and shooting an arrow out here and saying that we attach Choice grade to it and that is what we are going to sell. It is not that way at all.

Mr. FOLEY. Thank you, Mr. Jones.

I want to thank all of the witnesses on behalf of the subcommittee, and we appreciate your patience in going through a very long afternoon.

Your comments and testimony will be of great value to the subcommittee, and will be printed along with any additional submissions in the record.

Thank you.

Mr. DENHOLM. Thank you very much.

[Whereupon, at 3:55 p.m., the subcommittee adjourned, subject to the call of the Chair.]

[The following additional material was submitted to the subcommittee:]

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., August 30, 1974.

HON. THOMAS S. FOLEY,
Chairman, Livestock and Grains Subcommittee, Agriculture Committee, U.S.
House of Representatives.

DEAR TOM: It has come to my attention that the Livestock and Grains Subcommittee of the Agriculture Committee is considering making a recommendation to the U.S. Department of Agriculture on beef grading.

I would like to urge the Subcommittee to mention the detrimental effects of beef with high fat content in its recommendation for improvement of the grading system. The question of high cholesterol and obesity are major health concerns in the United States.

Thank you for your attention.

Sincerely,

GILBERT GUDE.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., August 29, 1974.

HON. WILEY MAYNE,
Livestock and Grains Subcommittee, House Agriculture Committee, Longworth
H.O.B., Washington, D.C.

DEAR WILEY: Please find enclosed a copy of a letter we have received from Mr. R. Duane Plymale, our constituent from Jackson, Ohio, commenting on the proposal to effect changes in the grading of beef cattle.

In light of Mr. Plymale's training and experience in breeding cattle, we wanted the Subcommittee to have the benefit of his views in opposition to the proposed changes.

We have forwarded a copy of his letter to Chairman Foley as well, with a request that it be entered in the record of the hearings on this subject if possible.

Sincerely,

CLARENCE E. MILLER,
Member of Congress.

Enclosure.

JACKSON, OHIO,
August 23, 1974.

HON. CLARENCE E. MILLER,
1430 East Main Street,
Lancaster, Ohio

DEAR SIR: I am deeply concerned over the possibility of grading changes in beef cattle for the near future.

I have been associated with beef cattle most of my life, have a Master's Degree in Animal Science and have bred purebred and commercial cattle for the past ten years.

I believe I am open minded and surely think I am young enough (30 years old) to be able to make some sound common sense that applies for today's American consumer (Mrs. Housewife). I believe:

1. If the quality grades are lowered, it will greatly reduce the per capita consumption of beef. If people cannot get reliable, flavorful, juicy quality beef, they will go to more substitutes.

2. By lowering the marbling standards, the flavor, juiciness and perhaps some tenderness are going to be significantly reduced. I believe this will have a great negative effect on the beef producers' income, aid on the consumer in terms of consumption.

3. It is outright fraud on the part of those who are trying to promote the change in grading rules.

4. Why are these people trying to change the grading standards?

a. Is it the people who are producing cattle that will not grade?

b. Is it the people's cattle who are too big or too old to get any resemblance of marbling and intra-muscular fat streaking within the red meat?

If this ruling goes through, the consuming public will have available the bulk of beef that does not have flavor and juiciness and therefore will be forced to either use substitutes for beef or beef or accept mediocrity across the meat counter.

My family and relatives vote to keep the grading standards high as they now are. I would appreciate your making my thoughts known to people on the House Agriculture Committee. Thank you.

Respectfully yours,

R. DUANE PLYMALE.

BISHOP BUFFETS, INC.,
Cedar Rapids, Iowa, September 4, 1974.

Hon. THOMAS S. FOLEY,
Chairman, House Subcommittee on Livestock and Grains, Committee on Agriculture, Washington, D.C.

DEAR MR. FOLEY: Taking note of your participation in the USDA Beef Grading controversy, as a member of the Subcommittee on Livestock and Grains, we would like to get our oar in for the purpose of contributing to a broad understanding of this issue.

We speak as a major consumer of USDA Choice quality beef, used exclusively by our Bishop houses from about the time this grading service was first introduced in the Thirties.

Our concern for having the meaningfulness of USDA beef grades retained, and thus our active opposition to actions detrimental to this USDA service, taken individually and through the National Restaurant Association, has provided us a broad firsthand knowledge and a set of firsthand, acquired convictions of the right and the wrong of what is being said and done on this subject.

To be noted is that it is the American consumer who alone supports the entire beef production gamut, from breeder to local retail shop, yet who is never actually present or represented in studies and conferences on beef grade revisions. Such occurred with the Subcommittee meeting on this subject this past July. Mr. Robert Neville, representing the National Restaurant Association, spoke for consumers indirectly as patrons of the nation's restaurants, and, of course, John Pierce does endeavor strongly to keep mindful of the value of the USDA beef grades to both consumers and producers.

We think in terms of the consumer, which, in effect, we are in a very important way. Over these many past years, we have at Bishops depended upon USDA grading for both quality and cost control.

We have spent hundreds of thousands of dollars in premium costs, based upon our confidence in the guaranty USDA Choice provided us, and we, in turn, our patrons.

It is thus that we have not taken kindly to these continuing maneuvers among elements along the beef production channel designed to shove poor qualities of beef up into the next higher priced USDA grades.

Over these years, and especially during the past two, we have encountered many experiences with authoritative individuals along the beef production channel, and within university animal husbandry departments. We have found certain positions taken, claims made, and "facts" presented which, to us, are subject to serious question. We believe no decision on the further contemplated beef grade changes can be solely made without an awareness of some of these questions that need to be raised and answered—and so raised and answered from the consumer's point of view.

For example, much weight is given to AMI advice in sponsoring and supporting this current lowering of USDA beef grade lines, a repetition of action accomplished in 1965. AMI is quoted in printed articles reaching the public, and was represented at the July conference. AMI is the country's packing industry, which suggests that this question be raised:

(a) When the packing industry, in 1953, considered the USDA beef grading program so contrary to the economics of their business as to cause their quite unbelievable decision to jointly discontinue USDA grading as a service to the American consumer, could such establish AMI and its membership as friends of USDA grading?

It would seem quite doubtful that the economics of the packing business has, during the intervening time, changed so as to reverse that industry's basis for USDA beef grading abandonment. Additional information on this is a matter of our personal record. We personally led the move, through NRA, which leveled criticism by the restaurant industry of the packing houses for depriving our industry of USDA graded beef, and which action, to say the least, was substantially responsible for the packers reversing their action.

Perhaps but one fact stands out clearly as an accomplishment to be expected from the current AMI proposal. A higher price would be obtained by packers and certain other elements along the beef production channel for certain quality levels of beef by the lowering of USDA grade standards. Which, at the same time, means the consumer would find his USDA grades less dependable, with lower grades of beef mixed in with his traditional higher grade favorites, and tagged at the higher grade price.

Among much to be said on this subject, there are also these questions that need to be posed:

(b) Why do some knowledgeable and authoritative individuals speak for the health values of fat-free beef, yet then conclude with statements favorable to the AMI proposal? This meaning that those desiring to buy the relatively fat-free beef could not do so because of being moved up into the nicely marbled USDA Choice grade.

(c) Why do some promoters of the current "save the grain" idea likewise speak favorably of the AMI proposal, which, as above, would prevent those consumers wanting to cooperate from finding beef of such characteristics so identified and available to them at their market place?

(d) Why, with so much having been publicized and found true of the reduced cost of producing the splendid new beef crossbreeds, should the consumer be deprived of a fair share of the savings involved? This new beef, very lean and reasonably tender at 15 to 16 months' maturity, and normal marketable weights of around 1100 pounds would, at reduced costs, meet great consumer demand. Yet, moved up into the nicely marbled USDA Choice grade, it, too, would be mixed in and priced with that fancier high cost quality.

(e) Why, when the beef preference of the wide majority of consumers throughout this country, recognized and catered to by this country's leading food merchants, is undeniably established as "USDA Choice" (that with the nicely marbled and tender characteristics), do those among university faculties strive to produce proof to the contrary? The support from this group given the AMI viewpoint is subject to a number of questions for which we cannot find justification—particularly so from the consumer's point of view. Much can be said resulting from conferences and correspondence with this group.

(f) Why should faculty of an animal science department find, in the name of scientific research, in favor of the AMI proposal for USDA beef grading revisions, choosing to rely upon a mechanical measuring device which admittedly is not capable of detecting the presence of marbling in USDA Choice grade quality beef, while disregarding the proof of preference shown by the undeniable ultimate test—the American consumer? A preference shown convincingly, since freely purchased at premium prices.

(g) Why, when currently about 80% of all graded beef (per USDA records) is graded "USDA Choice", is there this pressure to change the grade standards, which some authoritative individuals predict would increase this percentage to approximately 90%? This same move, successfully urged upon USDA in 1964 and made effective in 1965, has already placed beef of too wide a range of quality characteristics into the "Choice" grade to be meaningful in the consumer as a realistic measure of quality and a true measure of value among their available sources of supply.

(h) Why are so many forthright and knowledgeable authorities predicting that to again revise the USDA beef grades would so broaden the qualities of beef under the "Choice" grade (as referred to above) as to make the USDA beef grades virtually meaningless, it becoming a virtually one-grade system? This could logically represent the final move towards the destruction of its value to the American consumer, and the abandonment of this USDA service itself. This, then, accomplishing the step briefly effected in 1953.

(i) *Why is there not a wholehearted support for the introduction of the proposed new USDA grade that would accommodate and respond fully and honestly to these currently recognized trends in beef production and consumer preferences?* Restricted to the more youthful of "A" maturity animals of 15 to 16 months maximum, so as to be reasonably tender, and assuredly lean, it would be met with vast and immediate popularity by the consumer.

Note that: (1) At a time when the consumer's needs for improved meaningfulness in product identification in this country are in so many ways being heeded, enabling him to spend his money more wisely, there comes this pressure for the further downgrading of the meaningfulness of our USDA beef grading service.

(2) At a time when modern developments in beef breeding and feeding are just getting underway promising the consumer fine new beef of highly desirable characteristics, there comes this pressure to bury it within the long serving grades where consumers who would desire it would not be able to identify it, and those millions of Americans who prefer the traditionally favored, fancier, marbled beef would no longer be assured of avoiding the lean lower grades.

Any way you look at it, the use of a new USDA beef grade is the best long term, long serving answer.

The currently advocated manipulating of this country's beef grades would bring more immediate cash to some elements in the production channel, but accomplished at a price to the consumer, paid in higher meat costs, a loss of quality control, and of the direct advantages of the progress being made in animal science developments.

There are other questions and a goodly range of view and facts that we have acquired. Always, time for satisfactory exchange of thought, of course, represents a problem. But, in the process of acquiring good and satisfactory judgment on this beef grading issue, we respectfully recommend that the consumer be heard from, and that time be taken to do so.

We believe that we have had a somewhat unique experience in both time and contacts on this subject as a consumer, which would lend value to this cause.

Sincerely yours,

BISHOP BUFFETS, INC.
CYRIL L. KEGLER,
Chairman of the Board.

STATEMENT OF CAROL TUCKER FOREMAN, EXECUTIVE DIRECTOR, CONSUMER
FEDERATION OF AMERICA

Consumer Federation of America is grateful for the opportunity to submit comments on the question of reforming United States Department of Agriculture meat grading standards.

CFA is a federation of 185 national, state and local non-profit organizations that have joined together to present the consumer viewpoint. CFA and its member groups represent over 30 million consumers throughout the United States. A list of our membership is included for the record.

The question of re-evaluating meat grading standards is a prudent one both in terms of economics and health. From 1971 to 1973, beef has risen over 30 cents per pound at the supermarket (annual average). In the last year, however, cattlemen have experienced price drops of 30-40%. This resulting paradox has caused major concern to cattlemen and consumer alike. The former cannot afford to produce and the latter cannot afford to feed their families.

While there are many reasons for the wide price spread which require Congressional investigation and action, there is one area where immediate measures can be undertaken to benefit both cattlemen and consumers. This is the area of beef grading reform.

In preparation for this testimony, Consumer Federation of America conducted an informal survey of 50 meat shoppers at the Giant Store in Wheaton, Maryland, a middle-income suburb of Washington, D.C. While 50 shoppers is a relatively small random sampling, we have no reason to believe their responses are not indicative of consumers at large. The findings show that shoppers would be enthusiastic about a new grade of beef that is lower in cholesterol than Prime or Choice, providing tenderness and flavor could be maintained.

Of the 50 consumers questioned, 21 replied that nutritional value and cholesterol level were their most important concern when buying meat. 15 looked for tenderness first, 10 considered cost and the remaining 4 were primarily concerned with flavor.

On the question of buying preferences in grades, 41 shoppers preferred Choice, 6 referred Prime and 3 did not know the difference. Good and Standard grades were not available at this Giant store.

The reasons for purchasing Prime beef were generally based on misconception. Shoppers felt that Prime beef was lower in fat (cholesterol) and consequently healthier. In fact to qualify for Prime grade the meat must have abundant marbling or flecks of fat within the lean. Choice is less marbled and grades lower than Choice have little or no marbling. One woman commented that she had to purchase Prime beef even though it was more expensive because her husband had a heart condition and had to limit his cholesterol intake. This emphasizes the need for a massive education program to inform consumers what beef grades mean.

And consumers want more facts. 43 of the 50 shoppers said they would like to see more nutritional information on individual beef packages explaining amounts of fat, protein, vitamins and minerals.

The misunderstandings in beef grading do not appear to be a problem in chopped beef or hamburger. Giant divides their ground beef into three categories—extra lean, lean and regular. All but three of the shoppers knew that the difference between them was based on fat content. However, 45 of the shoppers stated that they would like to have labels state what type and cut of meat was in each package.

There are no glaring problems of consumer misunderstanding in the chopped beef area. The most expensive beef, logically is lower in fat and consequently has more protein per pound if lean. In short it is healthier. The consumer responses regarding beef steaks and roasts point out the need for re-evaluating meat grading standards to better reflect consumer preferences based on high quality and nutritional value instead of fat content.

Cattlemen seem to agree that the last 40 days of feeding required to meet USDA Choice standards are a heavy financial burden. While the American consumer would not like the toughness and stringiness of older grassfed cattle the extent of heavy feeding preceding slaughter is unnecessary. Most important younger cattle weighing 1000 to 1200 pounds at under 30 months of age are reported to be just as tender, flavorful and juicy as the older Prime and Choice grades.

CFA suggests that a new grade of cattle for young tender cattle be created. In addition to being more economical for cattleman and consumer there is growing evidence that they are better for one's health.

Heart disease kills more Americans than every other cause of death combined. In 1973, cardiovascular disease took 1,021,630 lives, over 53% of all deaths that year. The American Heart Association estimates that over 27 million Americans now have some major form of heart and blood vessel disease. One of the suspected causes of this form of death is high cholesterol levels in the blood caused by the amount of saturated fats and dietary cholesterol consumed normally.

Changing the present beef grading system to reduce the amount of internal fat of the retail grades would help reduce the incidence of heart disease in this country without significantly lowering the quality of the meat. We believe protein is a more healthful and economically wiser criterion for grading than fat.

In addition to the adoption of new beef grading standards, Consumer Federation of America would again like to stress the need for a widespread consumer education program to teach consumers the facts about beef grading. The success of any new program, ultimately will lie in public acceptance, and the public will only learn the benefits of eating leaner, younger beef if there is a major public information campaign conducted under the auspices of USDA and Congress.

Thank you.

THE CITY OF NEW YORK,
DEPARTMENT OF CONSUMER AFFAIRS,
New York, N.Y., August 5, 1974.

THOMAS S. FOLEY, M.C.,

Chairman, Subcommittee on Livestock and Grains, House Agriculture Committee, U.S. House of Representatives, Washington, D.C.

DEAR CONGRESSMAN FOLEY: On behalf of the consumers of New York City, I would like to express our deep concern over the high and increasing cost of beef. We are obviously interested in how the proposals presently being considered by your subcommittee may affect these prices, and we are anxious to do anything which would promote an increase in the supply of relatively inexpensive and nutritionally sound meat.

We have studied the proposals before you carefully. On the one hand, they may serve to reduce beef prices by shortening the time cattle spend in feed lots, thereby decreasing the amount and cost of grain needed to prepare beef for market. On the other hand, we are fearful of the effects of merging presently lower grade "good" beef, which now can be purchased for less than higher grade "choice" or "prime" beef, into the "choice" category. The adoption of such a system may eliminate the less expensive type of beef from the marketplace. Therefore, unless assurances can be offered to prevent this, the Department of Consumer Affairs is not convinced that allowing "good" beef to be labeled as "choice" would benefit consumers.

We are, however, interested in ascertaining whether lower grade beef with little marbling and less excess fat might be nutritionally better for consumers than beef of a higher grade. Our Department is taking steps toward obtaining this information. Our study may enable us as well to suggest changes in federal grading standards which would be based on both nutritional and economic value, and we may wish to engage in an educational program to encourage shoppers to purchase lower grade beef.

I urge you and your colleagues on the subcommittee to make a complete study of the potential effects of allowing "good" beef to be labeled "choice" before proceeding with this, and to consider other grading systems that would encourage consumers to buy the less expensive, leaner beef.

Sincerely,

ELINOR GUGGENHEIMER.

NATIONAL RESTAURANT ASSOCIATION,
Washington, D.C., August 6, 1974.

HON. THOMAS S. FOLEY,
Chairman, Subcommittee on Livestock and Grains, Committee on Agriculture,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: I am writing on behalf of the National Restaurant Association in order to share with you our views concerning the subject of meat grading standards which your subcommittee currently has under consideration.

The National Restaurant Association is a business league composed of some 13,000 individual members. We represent many times that number of foodservice establishments through the membership in our organization of hundreds of multi-unit firms plus the organizational membership of 47 affiliated State restaurant associations. With this broad based membership, having members in every State of the Union, our association is generally recognized as the national spokesman for the foodservice industry.

Quite naturally, our industry has a substantial interest in the beef grading system as we are a leading consumer of the products of the cattle industry. We are second only to the supermarkets in meat purchases and probably the number one buyer of the better cuts of beef. Additionally, as concerned citizens, we consider it to be in the public interest to assure fairness to the individual consumers of beef in the retail marketplace. We are conscious of the absolute necessity of keeping the consumer happy so he will continue to keep both the meat industry and our restaurant industry economically sound. While our day to day quality requirements may be different from those of the housewife who buys in the supermarket, because the "dining out" public demands exceptional quality, we do not believe lowering the beef grading standards is in the best interest of either the housewife or our industry.

Our principal concern relates to the proposals presented to your subcommittee which would change the present grading system to reduce the quality of the present grade categories. These proposals would simply change the existing marbling requirements so that more beef presently graded "Choice" would be labeled "Prime," and more beef presently graded "Good" would be labeled "Choice." In effect, this is a name changing exercise only, which has occurred before and which we feel would further mislead the American consumer and work to his detriment. Because of this conviction, we wish to express our opposition to the proposals which call for a reduction in the current grading requirements.

The proponents for lessening the criteria now used seem most favorably disposed to the so-called "flat line" method, which would downgrade the current system by extending the minimum requirements for marbling directly across the entire Category A maturity groups. There are two common arguments used to support this approach, but on close scrutiny, we believe that neither is valid.

First, it is argued that the proposal would permit the marketing of younger cattle, with an accompanying saving in grain feed and other costs. It is claimed that this would result in a lower cost to the ultimate consumer and, because the cattle would be much younger, it is further argued that there would be no sacrifice in quality.

However, even the most cursory glance at a chart depicting the "flat line" method reveals that it would have a minimal effect on the younger cattle in Category A and, in truth, this expanded coverage would have its greatest effect on the older cattle in this group. While it is conceded that some saving in the pro-

duction chain would result, there is no assurance that any portion of these savings will actually reach the ultimate consumer. Permitting beef formerly in the "Good" grade to be sold as "Choice," will undoubtedly increase profits along the line, but it is worth considering whether that is where the matter may end, without any benefit being realized by the consumer. After all, he will be buying what he thinks is "Choice," and most likely at "Choice" prices.

Even though the contentions vary, most agree that juiciness and flavor, at least, are related to the marbling in the youthful maturity groups. Certainly to this degree, the quality to which the consumer has become accustomed and which he has a right to expect, would be reduced as the marbling requirement is reduced.

The second principal argument for change in the standards is that the end product would have a lower fat content and would therefore be more healthful to our nation of beef eaters. We have no quarrel with making available to the consumer beef with a lower fat content, even aside from any medical considerations involved. If that is what the consumer wants, it should be made available to him. The fact is, however, that this type of beef is available in the marketplace now and, if there were a demand for it, it would be stocked by food stores. However, it should be made available for what it is, and not under the guise of a misleading label. The meat industry should not add to the creation of more confusion in the consumers' mind by lowering the quality of beef to be offered in the "Choice" grade. Two thoughts are worth considering here. Perhaps some honest and forthright advertising is in order to educate the American consumer of the lower fat content of some of the existing grades. If the demand is there, the supply will soon follow. As an alternative, we would favor and have previously recommended the establishment of a new grade between "Choice" and "Good," for the type of beef involved. This would foster its availability, without deceiving the consumer. He would get what he thinks he is buying and would not pay "Choice" prices for what was yesterday's "Good" beef.

It is also felt that lowering the grading standards will have the effect of ultimately reducing the breadth of product selection now available. Initially, the young, lean beef newly labeled "Choice" would be only a part of the whole "Choice" category with the more abundant marbling, and it is questionable whether the buyer with a preference for lean could properly identify his preference from within this broad spectrum. Eventually, however, because of the lower expense and higher profits available through the marketing of the young, lean beef, it is likely that the "Choice" as it is known today will become a rarity. The same would extend upward through the "Prime" category, and these top grades would become unavailable or prohibitively expensive.

In summary, Mr. Chairman, we oppose the lowering of the grading standards which now exist. We feel that the objectives of the proponents of the changes can be met by establishing a new grade category to accommodate the needs of the producers and consumers alike. Lowering the standards would be a deception by our Government on the American consumer at a time when he has come to expect that regulated labeling requires honest disclosures and accurate information so that he can make a more intelligent choice, and spend his money more wisely.

We appreciate the opportunity to express our views on this subject for the consideration of your subcommittee. Naturally, we will be pleased to meet with you or members of your staff to discuss this matter further or provide any additional information which you feel would be of assistance.

Sincerely,

ROBERT B. NEVILLE,
Washington Counsel.

TEXAS CATTLE FEEDERS ASSOCIATION,
Amarillo, Tex., July 29, 1974.

Representative THOMAS S. FOLEY,
Longworth House Office Building,
Washington, D.C.

DEAR MR. FOLEY: You will be interested in the attached resolution passed last week by the Board of Directors, Texas Cattle Feeders Association, in which we endorse changes in USDA beef grading standards as proposed by the American National Cattlemen's Association.

Further, we urge the USDA to immediately take steps to implement these constructive changes, which would help (1) stretch available grain supplies, (2) minimize cattle feeders' losses, and (3) provide the kind of lean meat that most consumers want.

Respectfully yours,

CHARLES E. BALL,
Executive Vice President.

Attachment.

RESOLUTION BY BOARD OF DIRECTORS, TEXAS CATTLE FEEDERS ASSOCIATION,
JULY 25, 1974

Whereas, cattle feeders and consumers in the United States are facing economic problems that relate to the following facts:

1. Cattle feeders are paying near record high prices for feed grain, which is contributing to sustained losses on every animal fed, and an impending drought indicates a further shortage of grain and still higher prices;
2. Many foreign countries have expressed a dire need and desire to purchase more grain from the United States, which could improve our balance of payments position but intensify the critical grain situation;
3. Cattle gain less efficiently during the last 30 to 40 days of normal feeding, meaning that it takes more pounds of grain per pound of gain to put on the excessive fat;
4. Cattle placements in feedyards have been down for fifteen consecutive months, indicating a shortage of fed beef in the coming months;
5. American consumers have developed a taste and desire for more lean meat, at the same time expressing some fear of excess fat; and

Whereas, the American National Cattlemen's Association has developed recommendations for modifying USDA beef grading standards, which would help solve all of these problems;

Now therefore be it resolved:

1. That the Texas Cattle Feeders Association goes on record as endorsing the proposed changes by the American National Cattlemen's Association; and
2. That the USDA be urged to immediately take steps to implement these constructive changes, which would help (1) stretch available grain supplies, (2) minimize cattle feeders' losses, and (3) provide the kind of lean meat that most consumers want.

YALE UNIVERSITY,
UNIVERSITY DINING HALLS,
New Haven, Conn., August 20, 1974.

HON. THOMAS S. FOLEY,
*Chairman, Subcommittee on Livestock and Grains, House of Representatives,
Washington, D.C.*

DEAR MR. CHAIRMAN: I am writing concerning the subject of changing meat grading standards which your subcommittee is capacity considering.

Over a good number of years, the food service industry as well as the home consumer has come to know and rely upon the various grades of beef presently used by the United States Government. To lower those standards at this time would be grossly unfair to the American public.

It is my firm belief that even though the proponents of the change in grading standards claim that prices will be lowered to the ultimate consumer that this, in fact, will not happen. Rather, the consumer will end up with an inferior grade of meat while thinking he is purchasing a higher grade and will be spending a relatively larger sum of money for the inferior product. I do believe that we, as consumers, have been subjected to so many pressures in the market place that to change the grading system at this point in time would be unconscionable.

Sincerely yours,

ALBERT R. DOBIE,
Director, University Dining Halls.