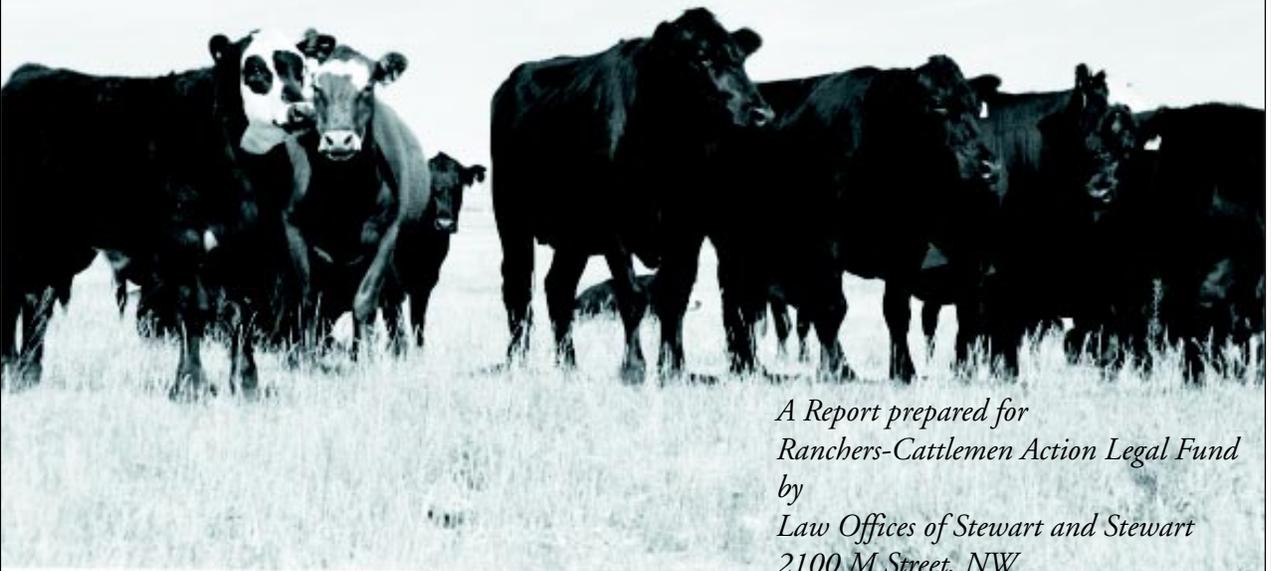


# The Cattle Industry in America:



*Portrait of an Industry in Crisis  
The View from Elected Officials*



*A Report prepared for  
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Photographs relating to cattle and the cattle industry used in this publication are the work of Melissa J. Stewart.

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*Senator Thomas Daschle, Democratic Leader (SD)*

“If we don’t act soon, and act decisively, our rural infrastructure will likely be lost for good. Not only do I find this intolerable as a representative of a largely rural state, but it could have very serious implications for our nation’s food security, the preservation of plants and animal biodiversity, and the management of our nation’s natural resources. Clearly these factors should be of concern to all Americans.” Tr. at 13

“Ranchers in South Dakota have seen hard times before, but the past five years have been among the worst in memory. Ranches across the state have gone bankrupt. Many others have lost significant amounts of equity, and in some cases equity that has been built up over generations. Having run out of other sources of lending, some ranchers are running up credit card debt simply to pay for the most basic goods for their families.” Tr. at 13

“One of Congress’ leading priorities today is health care reform, and providing patients a bill of rights. Yet, the most pressing concern many ranching families face is whether they will have any insurance at all. Many families no longer carry health insurance. Others have been forced to limit their coverage to catastrophic illness.” Tr. at 13-14.

“Some ranch families have been forced onto welfare, and ironically, even to take food assistance. Surveys taken by some rural churches in my state show roughly a quarter of those surveyed need to use food pantries.” Tr. at 14

“Purchases, even of necessities, are put on hold or eliminated. With negative returns, ranchers cannot afford to maintain hired workers, or replace equipment, which further erodes rural economies built on agriculture. During a hearing I conducted earlier this year, a shop manager from Lemmon, South Dakota, told of the devastation that her community has witnessed because of depressed prices on cattle and other agricultural products, shops closed, entire neighborhoods are boarded up, and schools cannot stay open.” Tr. at 14

*Senator Max Baucus (D-MT)*

“[T]he picture of rural America . . . is bleak. It is very bleak. Due to herd liquidations brought about by very low cattle prices, the 1999 US calf numbers were at their lowest point in about 50 years. With this drop in production, one would expect prices to rise. That has not been the case. Prices have remained low for an extended period of time, with little prognosis of an upswing. Cattle producers in Montana and across the nation need a fair price for their product. . . .” Tr. at 20.

***Senator Conrad Burns (R-MT)***

“If you compare the prices we are receiving for all commodities on the farm now, they are at a level worse than the Great Depression in the '30s. That's hard to believe. And we are expected to operate our farms and our ranches under the expenses of today and still take prices lower than they were back in those tough years.” Tr. at 22

“Our public services, our roads, our schools, our everything, the whole economy collapses when [farm] prices are taken advantage of.” Tr. at 23

“Keep in mind that this country eats cheaper than any other country in the world, and as long as we are efficient and proficient, we can do that.” Tr. at 23-24.

“There is just not . . . enough pennies out of the consumer dollar getting back to the farm.” Tr. at 24

***Senator Craig Thomas (R-WY)***

“Agriculture is our third largest industry, and cattle production represents about 60 percent of that. We are . . . well aware of the crisis that exists in the cattle industry. . . .” Tr. at 26

***Senator Kent Conrad (D-ND)***

“Agriculture is number one in our state. It is the basis for our economy, and cattle is the second greatest contributor to cash receipts in the agricultural sector in my state.” Tr. at 28

“Farmers are slashing costs. They are deferring maintenance on buildings and equipment. They are not rebuilding structures. They are dropping their health insurance. I can tell you, as I went across North Dakota during the August break, over and over producers told me they are dropping their health insurance because they simply cannot afford it with the current economic conditions. And they are going deeper into debt. That is undeniably the case in my state.” Tr. at 29

“Ranchers in my state and across the country need and deserve a fair price for their product. If prices do not rise soon and significantly, we are going to see a mass exodus from ranching in my state. It is clearly the case. I believe, based on the statistics from our state university, that we can anticipate losing 30 percent of the ranchers in my state in the next 18 months if there is a failure to act. That is the hard reality of what we confront. That would have devastating consequences for my state.” Tr. at 30-31.

***Sen. Michael Enzi (R-WY)***

“Wyoming's history is a story of family ranchers and farmers. Our cattle producers are still an important part of our state economy and our nation's common culture. Agriculture accounts for \$1.5 billion of our state's economy and provides 15 percent of our jobs. Wyoming's top agricultural product is cattle, an industry that accounts for well over 50 percent of the state's agricultural cash receipts.” Tr. at 31-32.

During August, my wife and I put in 4,000 miles driving around Wyoming, doing town meetings, talking to people, particularly ranchers. . . . In our discussion with producers and residents of agricultural communities, it became clear that the situation for cattle producers could not be much worse. Many ranching families were barely hanging on. They're heavily in debt, and they find it difficult to make even the most necessary purchases." Tr. at 32.

"Parts of my state that were once prime grazing land now lie dormant because ranchers can no longer afford to properly manage their most precious resource. Equipment is not being replaced when needed due to a lack of credit." Tr. at 32-33

"As a member of the Senate Banking Committee, it's particularly disturbing for me to see the loss of equity that's occurred to our ranchers, equity that was built up over lifetimes and, in some cases, over generations. Bankers in the state tell me that many ranchers are at risk financially. Cattle producers failed to break even." Tr. at 33.

"The economic activity of Wyoming's cities and towns declined significantly. Almost all of Wyoming is comprised of ranching communities. Of the 263 communities in the state, 247 have less than 3,500 population. Only 16 exceed 3,500 population. These small ranching communities that have been on the map for more than a century are at risk of disappearing." Tr. at 33.

***Senator Larry Craig (R-ID)***

"I, too, was home in August, traveling my state, listening to town meetings, town meetings very heavily attended by ranching families, moms and dads who ranch as partners in family operations. And I must tell you that in my 54 years, I have never sensed the despair that these families hold today. They see no future." Tr. at 35

"And these families, while having tightened their belt year after year, not buying the new vehicle or the equipment necessary, not upkeeping their buildings or their fences, they thought that opportunity would come once again. It is not coming. They are frightened and they are very fearful that they will have lost all of their equity and, in many instances, generations of savings. There are good many ranches in my state that are well over 100 years old, representing three or four generations of effort. My family's business is similar to that. But I must tell you, they are, even with their staying power and their toughmindedness, really incapable today of coping in an international setting, where they feel they have no power, unless we, their Government, respond in a way that they feel is critically necessary." Tr. at 35-36

***Senator Tim Johnson (D-SD)***

"Many factors make life hard for South Dakota cattle ranchers today, including poor prices, currency differentials, concentration in meat packing and retail food industries and a declining share of the consumer dollar." Tr. at 39.

"I meet regularly with cattle producers during my trips home to South Dakota. The financial standing of the industry, frankly, could not be much worse. No one is making money. Almost

all producers are deeply in debt. Ranchers have nothing but their equity when they face a banker for operating capital and that equity has been eroding quickly.” Tr. at 40.

“Ranch families that feed the nation are receiving food assistance, because they cannot afford to buy groceries for themselves.” Tr. at 40.

“Barns, windbreaks, machinery, livestock equipment are not maintained due to lack of funds.” Tr. at 40.

“In our state, we have more two-income families than almost any other state in the nation, and many of them are ranch families. In some of our ranch families, the wife works two jobs in town, the husband works at the ranch during the day and an in-town job at night.” Tr. at 40.

“Ranch-related spending has dropped in so many of our rural communities, like Lemmon, South Dakota, where over 50 percent of the main street businesses have now closed down. Rural schools lose their students and their tax base. Membership in rural church and civic organizations fall. It unravels the whole fabric of rural America.” Tr. at 40-41.

“Among the states, South Dakota has one of the highest populations of Native Americans. Cattle are the largest segment of the agriculture sector for these citizens on land on the reservations that are useable as ranch land, but for very little else. So it is not surprising that cattle are an important revenue source for Native Americans.” Tr. at 41.

***Representative Earl Pomeroy (D-At Large, ND)***

“It’s desperate in cattle country, and it’s desperate because prices are depressed. . . .” Tr. at 43.

“The cattle industry, . . . , is the second largest segment in North Dakota’s agricultural sector, valued at half a billion dollars. Our ranchers desperately need conditions of fair trade in the U.S. market.” Tr. at 44.

“Now the last four years have been disastrous. Our ranchers, no matter how hard they work, have not been able to make ends meet. As a member of the House Ag Committee, I’ve been able to hear from not just North Dakota ranchers but ranchers across the country. It’s the same story. Ranchers anywhere cannot survive on the depressed prices that have characterized the last five years. It’s as simple as that. There’s only so much belt tightening they can do. They’ve cut expenditures to the bone, traveled long distances to supplement farm income with off the farm jobs. They’ve reduced herd size and otherwise done what was humanly possible to reduce the cost structure of their operation. Still, most of our people are not even covering operating costs, as the USDA figures show on profitability of ranchers across the country. The physical and emotional exhaustion is plain to see on the face of too many of my constituents, and it all comes back to, they’re unable to make a living at these prices.” Tr. at 44.

“Seven days a week, 12 to 14 hour days, only to lose everything you’ve got, it’s just not right. It’s desperate out there.” Tr. at 44-45.

***Senator Byron Dorgan (D-ND)***

“We have a \$300 billion trade deficit. If you were in Tokyo today, buying a T-bone steak that happened to come from the United States, you’d be eating steak that had a 40.5 percent tariff on it, as it went from this country into Japan. We’ve got a trade mess. The ability to move our products out is impeded by markets that are not as open to us as they should be. The ability to control inventory and deal with issues is impeded by unfair trade coming in . . . .”  
Tr. at 46-47

***Representative John Thune (R-At Large, SD)***

“I had the opportunity during the month of August to travel on a 36 county tour across much of western South Dakota. What you hear over and over and over again repeatedly is how awful the agricultural economy is, and we are all trying to determine what we can do to restore profitability to that sector of our economy. Clearly, one of the things is to ensure that we have a level playing field with our trading partners.” Tr. at 54.

***Representative Helen Chenoweth-Hage (R-1<sup>st</sup>, ID)***

“Given its mountainous terrain, cattle grazing is one of the few viable agricultural activities in certain regions of my district.” Tr. at 55.

“Most cattle producers are flat broke. Many have not made one cent of profit off of their labor in the past four years. They are sinking further into debt every year. Some ranches are falling into disrepair and not because their owners have lost interest in them; quite the contrary. But rather many ranchers can no longer afford to hire the workers, treat for weeds and purchase new equipment or fix broken equipment and make other expenditures normally required to operate a ranch.” Tr. at 56.

“These are the hardest working people in America, yet many wonder how they will be able to continue providing for their families. . . .” Tr. at 56.

“The problems facing cattle producers are very simple. They are not receiving a fair price for their product that they raise.” Tr. at 56.

***Representative Greg Walden (R-2<sup>nd</sup>, OR)***

“Cattle are raised throughout eastern Oregon, where the dry climate and range land make it ideal for cattle production. In aggregate terms, cattle comprises the lion’s share of agricultural sales in Oregon, 56.2 percent of total sales totaling over \$500 million in 1997 alone. Indeed, 55.4 percent of Oregon’s agricultural acreage is used for pasture land and range land.” Tr. at 65.

“The current farm crisis is forcing many ranchers to seek employment off the ranch in order to generate income to cover operating losses. Family members are putting more and more hours into keeping their operations afloat. A combination of longer hours working the ranch, second jobs in distant locations and the financial insecurity that has resulted from tough times

has added significant stress to the people in my district. It is not surprising that many ranches are closing, which in turn harms the local economy and erodes the tax basis. The economic crisis for Oregon's ranchers is real and painful." Tr. at 66-67.

***Representative Mike Simpson (R-2<sup>nd</sup>, ID)***

"The Snake River Valley, which runs through my district, is recognized as the state's principal agricultural region not only because of its row crops, but also because of its cattle production. Cattle are also raised outside of the Snake River Valley mainly in the district's extensive range lands. The range land areas of the district are highly dependent upon cattle as these regions are not particularly suited for other types of agricultural production." Tr. at 68-69.

"Many of the producers in my district are not even making enough to cover the cost of production and are in jeopardy of losing their generations-owned family operations." Tr. at 70.

***Rick Kirchoff, Executive Director of the National Association of State Departments of Agriculture (NASDA)***

"NASDA is a nonprofit association, representing the commissioners, secretaries, and directors of agriculture in the 50 states and four territories, and our members certainly have heard firsthand from the cattle producers around this country. . . ." Tr. at 82

"Cattle production forms the largest segment of American agriculture. Beef cattle are raised in all 50 states .... A healthy cattle industry is important to nearly every state's agricultural base." Tr. at 83

"The damaged state of the cattle sector is obvious to anyone in contact with our ranchers, as our members certainly are on a day-to-day basis. Increased debt, lack of spending power and the inability of cattle producers to cover even out-of-pocket costs in many cases has led to the drying up of entire rural communities and significant societal costs." Tr. at 83-84.

"Ranchers and their spouses are increasingly taking off-farm jobs to make ends meet. Many cannot afford health care coverage from their ranch income. Needed equipment is not being purchased because cattle producers cannot afford it." Tr. at 84.

"For much of the last five years, many ranchers have essentially had to pay for the opportunity to produce our food supply, and we just don't believe that's right. Such a condition is obviously not sustainable, and it's not fair. Our ranchers need fair prices for their cattle. . . ." Tr. at 84.

**Correspondence to US International Trade Commission  
From Congress and State and Local Governments  
On Crisis in Cattle Industry**

*Letter of October 23, 1998 from Senator Orrin G. Hatch (R-UT)*

“This industry, including that in my own state of Utah, faces a severe financial crisis. The numbers of cattle ranchers and related businesses are diminishing, and these losses are igniting a devastating ripple effect throughout many rural economies. At risk is a major element of our agricultural base, with an estimated slaughter value in 1997 of more than \$36 billion.”

*Letter of November 3, 1998 from Idaho Senators Kempthorne and Craig and Representatives Crapo and Chenoweth*

“We are told that in the State of Idaho ranchers and feeders are currently losing \$50 to \$100 per head sold . . . .”

*Letter from 24 Senators, October 5, 1999: Daschle (D-SD); Burns (R-MT); Baucus (D-MT); Johnson (D-SD); Harkin (D-IA); Thomas (R-WY); Wellstone (D-MN); Enzi (R-WY); Conrad (D-ND); Dorgan (D-ND); Craig (R-ID); Campbell (R-CO); Kerrey (D-NE); Lincoln (D-AR); Hollings (D-NC); Abraham (R-MI); Crapo (R-ID); Kohl (D-WI); Bond (R-MO); Smith (R-OR); Hatch (R-R-UT); Byrd (D-WV); Bennett (R-UT); Ashcroft (R-MO)*

“Many of the farmers and ranchers in our states who raise cattle are hurting and have been for a number of years. Even though our agricultural producers feed our nation and millions outside our borders, many of us know of situations where these same farmers and ranchers are unable to buy food for their own families because of the low prices they receive for their product. Such a condition is not acceptable. The crisis our cattle producers, their families and their communities are living through is very real.”

*Letter of October 13, 1999 from Senator Hagel (R-NE), Canadian dumping “greatly affects cattle producers in Nebraska”.*

*Letter of October 22, 1999 from Senators Torricelli (D-NJ), Wyden (D-OR) and DeWine (R-OH):*

“Ag bankers in our states have indicated that the financial stress on many ranches threatens the continued survival of a substantial portion of their customers. Alarming, ranches that literally have been in the same families for generations are seeing the wealth in the land accumulated over time being dramatically eroded. These kinds of conditions are simply not acceptable in an otherwise prosperous nation such as the United States is today.”

“Cattle prices have been so low for so long that many ranchers or members of their families have resorted to taking second jobs in town to supplement their incomes, and/or to obtain health insurance benefits which they would otherwise not be able to afford. Many ranching families are dropping their health insurance entirely. Producers can’t replace old equipment

or, in some cases, even maintain the equipment. Many are unable to purchase such fundamental resources as fertilizer that are needed to maintain their land so it can sustain cattle production. They cannot buy new breeding bulls and cows and are keeping their older bulls and cows longer, which adversely affects the efficiency of production. Hired help is unaffordable in many cases, so ranchers are having to work longer and longer hours. The stress within many of our families is enormous. The churches in our rural communities are making an effort to provide some of the social services the current stress is warranting. The children of our ranchers can't afford to enter ranching today as a general matter, and their parents are urging them not to come back to the land because there isn't the money to support even the parents. The hardship and pain these people are enduring is much greater than can be really measured by mere statistical data."

***Letter of October 12, 1999 from Democratic Leader Richard Gephardt***

"Cattle production is a major industry in Missouri. In fact, cattle is ranked number one in market value of agricultural sales in the state, constituting more than 21% of total agricultural sales receipts in 1998. The state has many cattle associations headquartered within its borders. These include both the Missouri Cattlemen's Association and the Livestock Marketing Association. The overall economic effect of the cattle industry is felt throughout the state, both in rural and urban areas."

"The crisis faced by the cattle industry has greatly affected Missouri's cattle producers. Many of our producers have been losing profits on their cattle since the mid-1990s. Like many other states, Missouri has suffered a loss of both ranches and farmers in recent years. That trend will accelerate if cattle producers are not able to obtain a fair price for their product."

"Cattle-producing farms in Missouri are often small, diversified operations. In the past, when prices on cattle were depressed, profits from other farm products compensated for livestock losses. However, given the current widespread farm crisis, the losses incurred by cattle operations have had no cover from other products. The result has been greatly expanded debt, a drastic curtailment of expenditures by cattle producers, and an extraordinary toll on Missouri cattle producers."

***Letter of October 13, 1999 from 31 House members: Hill (R-At Large, MT); Pomeroy (D-At Large, ND); Hansen (R-1<sup>st</sup>, UT); Gephardt (D-3<sup>rd</sup>, MO); McInnis (R-3<sup>rd</sup>, CO); Chenoweth Hage (R-1<sup>st</sup>, ID); Walden (R-2<sup>nd</sup>, OR); Hastings (R-4<sup>th</sup>, WA); Thune (R-At Large, SD); Simpson (R-2<sup>nd</sup>, ID); Lampon (D-9<sup>th</sup>, TX); Udall (D-3<sup>rd</sup>, NM); Holt (D-12<sup>th</sup>, NJ); Turner (D-2<sup>nd</sup>, TX); Hall (D-4<sup>th</sup>, TX); Sandlin (D-1<sup>st</sup>-TX); Cubin (R-At Large, WY); Moran (R-1<sup>st</sup>, KS); Ros-Lehtinen (R-18<sup>th</sup>, FL); Cook (R-2<sup>nd</sup>, UT); Hooley (D-5<sup>th</sup>, OR); Watkins (R-3<sup>rd</sup>, OK); DeFazio (D-4<sup>th</sup>, OR); Roukema (R-5<sup>th</sup>, NJ); Shaw (R-22<sup>nd</sup>, FL); Canady (R-12<sup>th</sup>, FL); Barrett (R-3<sup>rd</sup>, NE); Berry (D-1<sup>st</sup>, AR); Nethercutt (R-5<sup>th</sup>, WA); Diaz-Balart (R-21<sup>st</sup>, FL); Mica (R-7<sup>th</sup>, FL):***

"The cattle industry is one of the largest components of American agriculture. Cattle producers range from small farmers seeking to diversify their operations by raising beef cattle to large ranches with hundreds of thousands of head. Numerous communities throughout the country are dependent, either directly or indirectly, upon income generated through cattle production.

It is difficult to overstate the importance of the cattle industry to our country's rural economy, and to the nation's economy as a whole."

"The economic crisis for our ranchers is real and ongoing. They have not been able to participate in the economic expansion of this decade, and very much need to obtain a fair price for their cattle."

***Letter of November 4, 1998 from Philip E. Batt, Governor, State of Idaho***

"Agriculture accounts for 33% of our total economy, and beef cattle are the largest single component of our agricultural base. The beef industry is experiencing a severe financial crisis. Cattle ranchers and related businesses are facing devastating losses, and these losses are reverberating throughout our economy.

***Letter of January 11, 1999 from the Summit County Board of Commissioners, Utah***

"Ranchers have not received a reasonable return in many years. Many ranchers have opted to sell out to try to regain their losses. . . . The open space and the quality of life we have enjoyed in Summit County and across the nation is being threatened."

***Letter of January 14, 1999 from Michael Leavitt, Governor, State of Utah***

"Our cattle producing industry is in serious trouble. It is not uncommon that their losses are up to \$100 per head. And thousands of fellow producers and ranchers are being economically forced out of business."

***Letter of September 21, 1999 from Oklahoma Senator Bruce Price (Vice Chairman of Oklahoma Ag Committee)***

"[T]he state of agriculture in Oklahoma and across the nation is at an all-time critical low. Our beef producers are the most efficient in the world and can barely compete or at best break even in their domestic marketplace. The number of cattle ranchers and related businesses is declining, and ranchers' losses are reverberating throughout the economy of many rural Oklahoma communities as well as the rest of the country."

***Letter of September 21, 1999 from Dennis V. Howard, Secretary of Agriculture, State of Oklahoma***

The state's "63,000 cattlemen . . . make up the state's largest single agricultural industry with \$2 billion in annual sales. . . ." "For several years our producers have continuously lost equity. . . ."

***Letter of September 28, 1999 from Speaker of the Colorado House of Representatives Russell George***

"Agriculture is the third largest industry in Colorado and provides over 86,000 jobs in the state, some 6.3 percent of the state's total. Agricultural cash receipts for Colorado exceed

\$4.4 billion annually with 69 percent accredited to livestock, mainly to cattle and calves. Cattle and calves are the state's top agricultural commodity. There are about 9,000 beef producers in Colorado.”

“Cattle producers in my district and throughout Colorado are experiencing grave hardship. I understand that in one region in my district the number of full-time ranchers has fallen by over 90 percent in the last decade. Many others are just hanging on in these difficult times. Many folks that I talk to have been forced to take jobs off the ranch to support the ranch. All have been forced to cut back on all types of expenditures. Loss of health care or limits on health care coverage to catastrophic illness only is quite common. My ranching constituents are worried about their future and about their ability to keep their ranches going. Unless prices for their products return to profitable levels very soon, I am concerned that family ranches and farms in Colorado will become objects of the past.”

“The crisis caused by low cattle prices is particularly acute in my district and in other parts of the state that resemble it. Due to the mountainous terrain of much of my district and the semi-arid conditions in its flatter regions, cattle production is one of the few viable economic activities available in large areas of it. Without the option of cattle production, parts of my district will have few if any other alternatives for employment and for use of the land.”

***Letter of October 5, 1999 from Daniel Chadwick, Executive Director, Idaho Association of Counties***

“The Idaho Association of Counties (IAC is a non-profit service and educational organization that represents the Commissioners and other elected officials in each of Idaho's forty-four counties.”

“In many of Idaho's rural counties, the cattle industry is a major component of the local economy. Our small communities do not have the economic diversification of the more urban areas and therefore, any downturn in one of the major industries — such as we have experienced in timber, mining and more recently, cattle — places a disproportionate strain on us. We simply do not have the resources to absorb any more ‘hits’.”

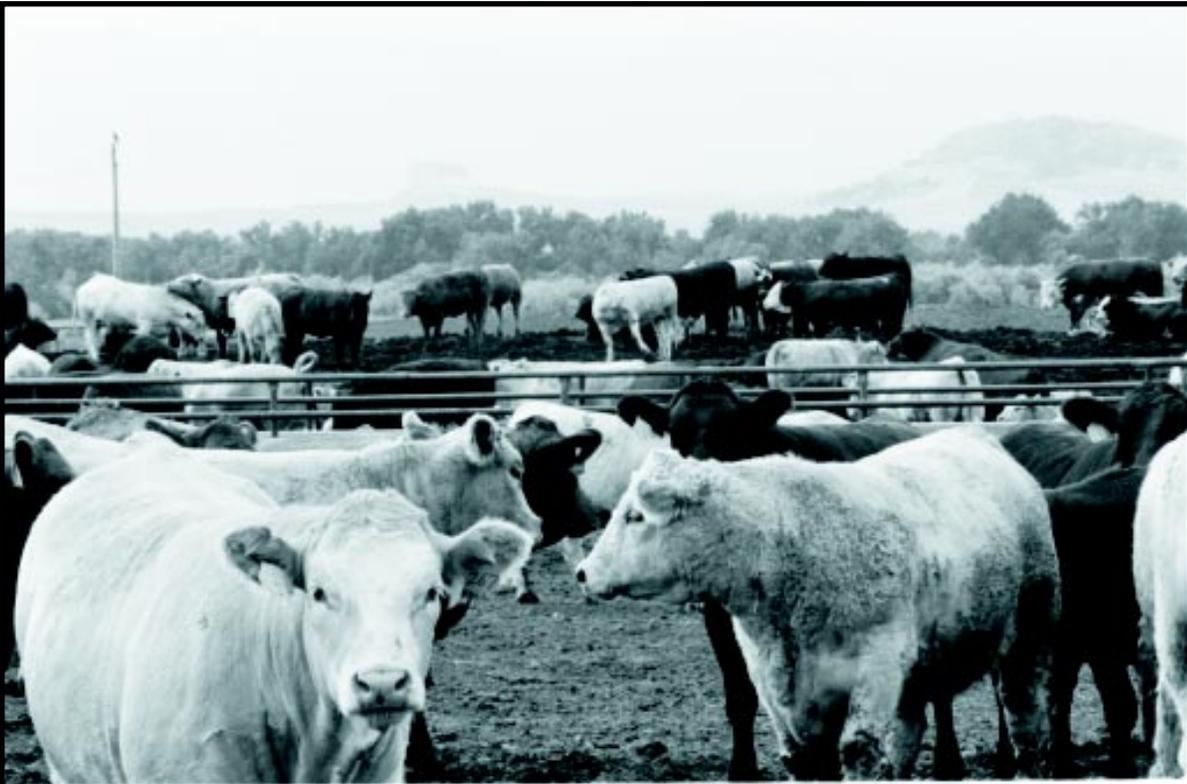
***Letter of October 14, 1999 from Edward T. Schafer, Governor, North Dakota***

“The harmful effects of unfair trading practices are felt by states like North Dakota in many ways. For every head of livestock that is replaced by a head of livestock entering the United States through unfair trading practices, my state loses the revenue of that individual animal and all of the inputs that would have been used to produce that animal. The economic multiplier that is attributed to animal production is lost to my state.”

“That in turn, has an effect on the state's communities in the form of lost revenue to the feed dealer, the veterinary supplier, the hardware store, and other community businesses like the local café, clothing store, and grocery store. All of this reduces tax revenue to the state that would in turn be used to pay for state services like human services, transportation infrastructure and general government.”

“In addition, the stress of the current situation in agriculture, which includes animal agriculture, has placed additional demand upon state services like ag mediation, human services programs like counseling, food stamps and other forms of public assistance.”





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