Cattle producers have beef with 35-year-old marketing campaign

'Beef. It's what's for dinner' is one of the nation's most iconic checkoff slogans

By ROXANA HEGEMAN
Associated Press

BELLE PLAINE, Kan. — Cattle producers for 35 years have been bankrolling one of the nation's most iconic marketing campaigns, but now many want to end the program that created the "Beef. It's What's for Dinner" slogan.

What's the ranchers' beef? It's that their mandatory fee of $1 per head of cattle sold is not specifically promoting American beef at a time when imports are flooding the market and plant-based, "fake meat" products are proliferating in grocery stores.

"The American consumer is deceived at the meat counter and our checkoff funds do not do anything to help create clarity or answer the question of where was that sirloin born, raised and harvested," said Karina Jones, a Nebraska cattle rancher and field director for the R-CALF USA trade group that is seeking to end the checkoff.

Opponents of the beef checkoff program, which was established by federal law in 1986, are urging cattle producers to a sign a petition calling for a referendum vote on terminating the program.

Agriculture Secretary Tom Vilsack last month granted an extension until Oct. 3 for them to collect the required signatures due to the coronavirus pandemic.

Petition supporters argue the beef checkoff is a government-mandated assessment to fund government speech. Beef checkoff funds by law cannot be used to advertise against other meats such as pork or chicken, nor can they be used for lobbying. But they complain much of the money nonetheless props up lobbying groups such as the National Cattlemen's Beef Association that oppose mandatory country-of-origin labels.

They also point out that today's U.S. cattle industry is radically different than it was when the checkoff program was put into place, with more imported beef and greater meatpacker concentration.

"Now we are paying the advertising bill for four major meatpacking plants that are able to import beef and source it from cheaper countries and fool our consumers," Jones said.

The petition has created a schism in the livestock industry between those who support the checkoff and those who don't.

Since 1966, Congress has authorized industry-funded research and promotion boards to help agricultural producers pool resources and develop new markets. USDA's Agricultural Marketing Service now provides oversight for 22 such commodity programs, according to its website.

The mandatory nature of the various commodity checkoff programs has been controversial, sparking thousands of lawsuits over the years. Three cases reached the U.S. Supreme Court with mixed outcomes, Kaiser said.

The nation's highest court ruled in 1997 in a case by fruit tree farmers that commodity advertising was constitutional because it was a part of a broader regulatory program. But four years later, the Supreme Court ruled a federally mandated mushroom advertising program was not part of a larger regulatory program and was therefore unconstitutional as compelled private speech. And in 2005, the Supreme Court found the beef checkoff program was constitutional on government speech grounds.

This is not the first time critics of the beef checkoff program have tried to wrangle enough signatures on a petition. The Agricultural Marketing Service received a petition from cattle producers in 1999 and determined the signatures fell short of the required number.

It takes the petition signatures of 10% of the nation's cattle producers — in this case 88,269 valid signatures — to put the issue before the agriculture secretary. Any cattle producer who has owned, sold or purchased cattle from July 2, 2020 through July 1, 2021 is eligible to sign the petition. Vilsack would then decide whether to hold a referendum on ending the program.

So far, checkoff opponents have gathered around 30,000 signatures, Jones said.

Kansas rancher Steve Stratford, one of the people who initiated the petition, said meatpackers — who do not pay into the checkoff program — are the ones whose profit margin has increased while the checkoff has been in existence.

"Long story short: The person that is paying the dollar is not the one reaping the benefits of better demand and higher beef prices," Stratford said.

But Greg Hanes, the chief executive officer of the beef board that runs the checkoff program, said that when it was established there was a "conscientious decision" not to have the packers participate so that it is driven by producers. He noted that market dynamics are always changing and, at times, the packers are doing better than producers and sometimes producers are doing better than packers.

Hanes defended the checkoff, saying that it is especially important for research in nutrition and that without the program consumers don't get information on the benefits of beef.

Sierra Dawn McClain/Capital Press File

A plant manager walks through rows of carcasses at a meat processing facility. The USDA is considering how to create more competition among processors.

Groups differ on expanding processing capacity

By CAROL RYAN DUMAS
Capital Press

In mid-June, USDA announced it would invest $500 million to support new entrants in the meat and poultry processing industries to expand capacity through grants, loans and technical assistance.

But the question remained: How can the department best create more processing plants? The answer depends on who you ask.

Fueled by the pandemic, the initiative was in response to President Joe Biden's executive order to restore market competition throughout the U.S. economy.

USDA's comment period on how to improve processing infrastructure closed Aug. 30.

Recommendations from the National Association of State Departments of Agriculture focused on flexible funding for solutions to workforce shortages and processing infrastructure investments for small to mid-sized facilities.

NASDA, whose members do state meat and poultry inspections, said those things are critical to ensuring the U.S. food system is built to handle future challenges.

Nationwide, NASDA members report small establishments are facing significant challenges with shortages of inspectors and workers. They also report high investment costs and outdated facilities as a primary concern for smaller processors.

"We must do all we can to support our small establishments and invest in their ability to stand on their own into the future," said Barb Glenn, the association's CEO.

The North American Meat Institute, however, cautioned against trying to fix something that isn't broken.

"The pandemic that began in 2020 and continues today may be the ultimate black swan. But its occurrence does not automatically mean the system needs to be torn down and rebuilt," said Mark Dopp, Meat Institute COO.

The Meat Institute said the industry fared reasonably well in the extraordinary circumstances of a 2019 fire at a Tyson plant in Kansas, the recent cybersecurity attack on JBS and the COVID-19 pandemic.

"Before trying to 'fix' something, it is prudent to look back and acknowledge the benefits that flow from the system as it exists," it said in its comments.

Americans spend less of their disposable income — 9.5% in 2019 — on food than any other country in the world, attributable largely to efficiencies that allow food processors to offer food to consumers at lower prices, it said.

The Meat Institute also supplied data to show the concentration ratio of the Big 4 meatpackers has not changed meaningfully in more than 25 years and that concentration has not precluded profits to the cow-calf and feedlot sectors.

In addition, it's not just a matter of capacity, the institute said. Livestock inventories and the ability to utilize capacity to process inventories affect markets.

The pandemic limited processing due to reduced labor and government intervention that closed some plants at a time when livestock numbers were high, the Meat Institute said.

The calls for more capacity need to come with answers as to who will fund it, who will staff it and will there be enough livestock in years to come, it said.

"Adding more capacity for the sake of capacity may be shortsighted," the Meat Institute said.

As for calls for smaller, regional plants to build resiliency, the Meat Institute referenced a Rabobank report saying that strategy is unlikely to work and adding capacity must be driven by long-run economics.

In addition the call for more capacity ignores the fundamental problem of labor shortage, it said.

To view all the comments submitted to USDA, got to: www.regulations.gov.