

Livestock Marketing Methods
in Denmark, Great Britain
& Canada.

January, 1937

Livestock Markets in Denmark, Great Britain and Canada

BY GEOFFREY SHEPHERD

AGRICULTURAL EXPERIMENT STATION
IOWA STATE COLLEGE OF AGRICULTURE
AND MECHANIC ARTS

R. E. BUCHANAN, Director

AGRICULTURAL ECONOMICS SUBSECTION
RURAL SOCIAL SCIENCE SECTION



AMES, IOWA

SUMMARY

DANISH LIVESTOCK MARKETING PRACTICES

Denmark is about one-third the size of Iowa. Her agriculture is a small-scale, intensive business; Danish farms average only 40 acres in size. Denmark before the depression produced two-thirds as many hogs as Iowa, twice as many hogs per square mile.

Eighty-four percent of the hog slaughter in Denmark is conducted in cooperative packing plants or "bacon factories," as they are called. The average annual slaughter per plant in the cooperative plants is normally about 80,000 head, ranging from about 350,000 down to 17,000. (The largest plants in the United States slaughter about 1,000,000 head annually.)

Before the depression, the Danes exported 80 percent of their bacon; practically all of these exports went to Great Britain. The bacon is exported in the form of a relatively simple product, the Wiltshire side, which is pickled in brine for 3 or 4 days, but not smoked, before shipping.

Danish farmers sell practically all of their hogs direct. The hogs are sold, not by the head as in France, nor by live weight as in the United States, but by individual carcass weight and grade. The weight of the individual carcasses is observed and recorded in the packing plant by a municipal weighmaster. The grading is done by the packing house "master," with government inspectors checking the grades at the export shipping points. Three grades are used. The farmer is paid according to the individual weight and grade of his hog carcasses on the same day he brings in the hogs. Overweight and underweight hogs are sharply penalized.

Hog carcass prices are set each Friday for the following week by a committee of six cooperative bacon factory representatives, and broadcast Friday evening over the radio. The committee attempts to set its price at a level that will clear the market for the week—that is, a price that will move all the product into consumption.

In general, it may be said that Danish livestock marketing problems are inherently simpler than ours, due to the small size of the country and the fact that the bulk of the product is exported to one outlet in simple Wiltshire side form. The Danes have simplified their problems still further by standardizing their grades and prices.

BRITISH PRACTICES

Great Britain produces only 30 percent of the pork consumed in that country. About 30 percent of the hogs produced in Great Britain are made into bacon; the rest are sold as fresh pork.

Livestock marketing in Great Britain has always been a small-scale, heterogeneous, unorganized affair. The bulk of the livestock has generally been sold through small, primitive, local auctions at so much per head. The British bacon factories are numerous and small. The average English factory slaughters only about 20,000 hogs a year.

In 1933, the British set up a "Pigs Marketing Scheme" in an attempt to improve the marketing of bacon hogs. This scheme dispensed with the local auction method of sale. It provided that all bacon hogs must be sold under contracts with bacon curers (meat packers) on an individual carcass weight and grade basis; the contracts call for the delivery of a stated number of hogs through the year.

The weighing and grading of the carcasses are done jointly by a packer grader and a Pigs Marketing Board grader. The grading is based upon the weight of the carcass and a few measurements made with special calipers.

Hog prices are set monthly, by a fixed formula, in relation to (a) the cost of a specified hog feeding ration, and (b) the wholesale price of bacon. The formula is set afresh each year by direct negotiation between the Pigs Marketing Board, representing the farmers, and the Bacon Marketing Board, representing the bacon curers.

An additional, but voluntary, scheme called the National Grade and Dead Weight Scheme has recently been set up. Under this scheme any kind of livestock can be sold on the basis of its carcass weight and grade. Government graders at the large markets do the weighing and grading of the carcasses that are handled on this basis, and settlement is made according to these carcass weights and grades. The numbers of livestock handled under this scheme are increasing rapidly, but the percentage of the total livestock is still small (January, 1937).

The British are attempting, by these and other means, to move at one step from their previous antiquated marketing methods to a system that is in some respects more advanced than that of Denmark.

CANADIAN PRACTICES

Canada is primarily a grain producing country, but livestock ranks next to grain as a source of agricultural income. Canadian Dominion-inspected hog slaughter ranges between 2.5 and 3 million head per year. Meat slaughtering and packing ranks fourth in importance in Canadian industries.

Exports of Canadian pork average about 34 percent of the total Dominion-inspected slaughter. The trend of exports has remained roughly horizontal since the World War.

Thirty-eight packing establishments slaughter hogs in Canada. The average annual Dominion-inspected hog slaughter per plant is 74,000 head. This is about half the figure for the United States, where the average annual federally inspected hog slaughter per plant is about 150,000 head. The largest packing plants in Canada are not as large as the largest packing plants in the United States; they each slaughter about 250,000 head of hogs per year. A few of the Canadian packing plants are controlled by United States packing firms.

Direct marketing of livestock has been developing rapidly in Canada since the World War. In 1935, 64 percent of the hogs and 19 percent of the cattle were shipped direct to packing plants. (The corresponding figures in the United States were 44 percent for hogs and 16 percent for cattle.)

In 1922, the Canadians set up official government grades and standards for live hogs and adopted a national government live hog grading system. Under this system, all hogs were sold on official government grades, the grading being either performed or directly checked by government graders. This official live grading procedure has been maintained up to the present time.

In 1934, hog *carcass* grades and standards were set up and a voluntary government hog carcass grading system established. Under this system the farmer was paid for his hogs on the basis of the weight and grade of the carcasses. The carcass grading was performed by government carcass graders stationed in those packing plants that wished to use this system. In 1935, 115,000 head of hogs were slaughtered and paid for on this carcass basis. In 1936, the numbers were more than three times as high—441,162—which is 13 percent of the total 1936 Dominion-inspected hog slaughter.