

THE INSTITUTE OF ECONOMICS
INVESTIGATIONS IN INTERNATIONAL COMMERCIAL POLICIES

THE CATTLE INDUSTRY AND
THE TARIFF



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THE CATTLE INDUSTRY AND THE TARIFF

BY

LYNN RAMSAY EDMINSTER

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OF THE INSTITUTE OF ECONOMICS

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DIRECTOR'S PREFACE

To the people of the United States international commercial policies constitute, at the present time, a subject of unusual interest. Within the last decade an entirely new set of economic relationships between this country and the rest of the world has been created. Certain old questions have reappeared in new aspects and with changed implications. The tariff, as the most important expression of trade policy of this country, deserves renewed attention. Consequently, the Institute of Economics has undertaken an analysis of the entire American system of customs duties.

Before attempting any broad generalizations regarding the wisdom of American tariff policy as a whole, the Institute will first present a series of special investigations dealing with the relation of the tariff to particular lines of production in the United States. The tariff is not a single problem to be solved by the application of any one general formula. With reference to each particular industry it gives rise to a variety of concrete questions of public policy. There has been an abundance of abstract theorizing in the United States about the principles of protection and free trade and there has been no dearth of statistical data submitted

by interested parties. But unfortunately, there has been very little effort toward dispassionate investigation of the concrete effects of particular tariff duties from the point of view of the public welfare.

In these studies of special commodities, answers are given to the questions: Have the duties imposed accomplished the purposes intended? What is the present situation with respect to the burdens and benefits of the tariff? What would be the probable effects upon the industry and upon the public of a change in the rate? A conclusion is then reached in the light of the available evidence.

In all matters except the conclusion the study need make no reference to general tariff policy. Each specific case can be studied simply on its own merits. In some cases even the conclusion may be arrived at without giving consideration to general principles of tariff policy. The facts may point so clearly to the futility or to the ill effects of a duty that its removal appears desirable from any point of view. In other cases, however, some balancing of conflicting national policies can not be escaped. The study will show that the duty has certain definite effects. It may bring a pecuniary benefit to some interests and a pecuniary burden to others. It may be indicative of a trend towards national self-sufficiency and insularity on the one hand, or towards increasing international interdependence on the other. It may promote a diversification of industry but at considerable economic cost.

Under such conditions different individuals might well reach different conclusions. For example, suppose the study shows a pecuniary gain to one class purchased at the expense of a greater pecuniary loss to another. A person may be convinced that good national policy calls for the assistance of the benefited class even at that cost. Suppose that the study shows that the duty will greatly expand an important domestic industry, but at the cost of diverting labor and capital from channels in which they might be more effectively employed. To some minds such expansion may seem well worth the cost. Suppose that the study shows that the removal of the duty will cause considerable disturbance to existing business, and considerable loss to the laborers and investors concerned. Some persons may nevertheless feel that the ultimate public good justifies the incidental disturbance and loss. The conclusion reached in each study put out by the Institute has been arrived at by men of different points of view after thorough discussion both of the evidence adduced in the specific case and of the ends sought. It is perhaps too much to expect that all readers will accept this conclusion. But if the study has put before the reader all the pertinent facts in the case and the reasons on which the findings are based, and has thereby so clarified the whole situation in his mind as to enable him to form an intelligent judgment of his own, it will have amply justified itself.

The present study of the duties on cattle and

beef is the third of a series dealing with agricultural commodities. This particular group of commodities has been selected not only because of its economic importance but because it best illustrates the wide diversity of considerations that must be weighed before appraising our general tariff policy. Amongst the several branches of agriculture the cattle industry has been chosen, partly because of its economic importance, but also because it has reached a stage which makes peculiarly timely an analysis of its relation to the tariff. Previous commodity studies have dealt with sugar and wool. Others will deal with animal and vegetable oils, cotton, and wheat. They will be followed by a general discussion of the effects of the tariff upon American agriculture as a whole. The conclusions of the present study will be found on pages 264-7.

HAROLD G. MOULTON,
Director.

Institute of Economics,
March, 1926

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LYNN RAMSAY EDMINSTER.

Washington, D. C.,
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CONTENTS

	PAGE
DIRECTOR'S PREFACE	vii
AUTHOR'S ACKNOWLEDGMENTS	xi
CHAPTER I	
INTRODUCTION	1
PART I—THE NATURE AND STATUS OF THE DOMESTIC INDUSTRY	
CHAPTER II	
THE DOMESTIC INDUSTRY	9
I The Agricultural Stage	9
II The Industrial Stage	31
CHAPTER III	
THE PASSING OF OUR NATIONAL BEEF SURPLUS	40
I The Decline in Our Beef Production and Consump- tion	41
II Why Production Has Failed to Keep Pace with Consumption	49
III Possibilities of Stimulating Production	59
IV Price Stimulation and Expansion of Production	69
CHAPTER IV	
THE POST-WAR CRISIS IN THE DOMESTIC INDUSTRY	73

PART II — THE COMPETITIVE SITUATION

CHAPTER V

	PAGE
FOREIGN TRADE	83
I The Trade in Cattle and Beef	83
II The Trade in Related Products: Meats, Fats, and Hides	94

CHAPTER VI

THE CATTLE TARIFF PROBLEM	99
I Conditions of Cattle Production in Adjacent Coun- tries	99
II Origin of the Cattle Tariff Problem	108
III Effects of Tariff Changes, 1910-25	115
IV Conclusions	138

CHAPTER VII

DRESSED BEEF: OVERSEAS SOURCES OF SUPPLY	141
I Sources of Possible Competition	141
II Argentina	145
III Uruguay	159
IV Other South American Countries	163
V Australia	166
VI New Zealand	178
VII South Africa	182
VIII Summary	184

CHAPTER VIII

DRESSED BEEF: THE COMPETITIVE SITUATION	187
I Statistical Analysis	187
II Factors in Competition that Cannot Be Shown by Statistics	201

PART III—THE EFFICACY AND EXPEDIENCY OF
DUTIES ON CATTLE AND BEEF

CHAPTER IX

	PAGE
THE EFFICACY OF DUTIES ON CATTLE AND BEEF	225
I The Elasticity of the Demand for Beef	225
II Costs and Output	231

CHAPTER X

PUBLIC POLICY	242
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APPENDIX A

COSTS OF PRODUCTION	271
I Costs of Production in the United States	273
II Costs of Production in Argentina	286
III Comparisons of Argentine and Domestic Cattle and Beef Costs	293
IV Interest as a Cost Factor	298
V Conclusions	303

APPENDIX B

STATISTICAL TABLES	304
BIBLIOGRAPHY	317
INDEX	327