



October 15, 2021

Steve Dittmer
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Mr. Dittmer:

After reading your article titled "Implications of Fed Cattle Pricing Changes on the Cow/Calf Sector," those of us at Texas & Southwestern Cattle Raisers Association thought you might want to hear from actual cow-calf producers to better inform your opinions and correct your misinterpretation of what cow-calf producers want to achieve. We believe your readers deserve both sides of the story on such an important issue.

You are correct that cow-calf producers have been the "impetus for examining the fed cattle markets." We are proud to take on this challenge for our industry segment because, as inflation increases our cost to raise high-quality beef, higher beef prices have not made it down the supply chain to our operations. We cannot defend the status quo when our members are struggling to survive despite record beef prices.

We do agree, however, that there are substantial benefits to value-based marketing. After all, cow-calf producers invested the time, labor, and capital over the past forty years to adjust to consumer demands and improve the U.S. beef herd. Improved genetics aren't bred in a feed yard or at a packing house. While we agree on the benefits of value-based marketing, we also need robust price discovery in our market. Without it, we lose our ability to accurately price cattle and to manage risk.


TSCRA had multiple staff and leaders at the meeting in Kansas City you referenced in your article. During that meeting, cow-calf producers asked the researchers if we could retain price discovery if no cattle were negotiated for. Their answer was a resounding no.

However, TSCRA is not advocating for a 50/14 policy, as you imply. In fact, we are very much opposed to it. Unfortunately, you only consider the implications of adopting a 50/14 policy or no policy change at all. The research you reference and your article both fail to consider the actual question cow-calf producers have been asking: At what point can we maximize the benefits of value-based marketing without losing price discovery?


Is it wrong to have both? Is it wrong to defend the benefits of value-based marketing AND price discovery? We certainly don't think so because our livelihoods depend on both.

We urge you to consider ideas like negotiated grid pricing and other out-of-the-box solutions before chastising every concept other than the status quo. If cow-calf producers cannot stay in business, there will be no cattle to feed or beef for the packers to profit from.

Respectfully,


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President


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