

AGRICULTURAL EXPERIMENT STATION  
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OPA DRESSED MEAT CEILINGS,  
SUBSIDIES TO SLAUGHTERERS and  
COMPARABLE LIVE ANIMAL VALUES

by  
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It is the intent of this circular to show, as nearly as possible, values of live animals in light of present OPA ceilings on dressed meats and the Federal Subsidies now being paid to the slaughterers. Since practically no meat now sells below the OPA ceilings, we now know what the slaughterer is getting for the dressed meat. We also know the subsidy which he is getting from the Federal Government. This makes it possible to estimate the value of livestock on a live weight basis quite accurately. This was not possible before OPA ceilings. No market quotations on dressed meats were then available in the Northwest. Neither the Federal market-reporting agencies nor the various newspapers published such information for Portland although it was done in market centers in California, the Middlewest and Atlantic states. This situation was changed by the OPA. Since OPA ceiling prices are published every farmer can know the price of the dressed meat obtained from his animals.

The OPA ceilings are uniform within a particular area. In the case of beef, lamb and mutton the United States is divided into ten price zones. Within each zone the price is the same at all points. Oregon is in Zone 1, which includes all of Washington, Oregon, Nevada and California. The OPA ceiling prices for all forms of dressed beef, lamb and mutton are, therefore, the same in the most isolated community of Nevada as in Portland or Los Angeles. Each of the other nine zones has its own ceiling prices.

Note: Since this circular is based upon governmental rulings and regulations as well as upon supply and demand conditions, the situation may change rapidly. The statements contained in this circular should, therefore, be considered as representing the best information and the best judgment available at the date of going to press. Persons who would like to study the price ceilings on beef and veal in detail should write to the Office of Price Administration, Bedell Building, Portland, Oregon, for MPR 169, for lamb and mutton MPR 239, for pork and pork cuts, wholesale, MPR 148, for pork cuts, retail, MPR 336, and live hogs, MPR 469. In writing for any of these, always ask that all the amendments to date be included. Information on the payment of subsidies to killers may be found in "Subsidy Payment Regulation" No. 3 of the Defense Supplies Corporation. Copies of this regulation may be obtained in the office of your County Agent.

On June 7, 1943 these ceiling prices were all reduced by about two cents a pound wholesale. This was to "roll back" the price of meat to the consumer. In order that the packers might not have cause to reduce the price of live animals, the packers were given a subsidy intended to offset the reduction in meat prices. The subsidy was based upon the live weight of animals rather than the dressed weight. The subsidy being paid to the killer since June 7 is \$1.10 per hundred pounds live weight on cattle and calves, 95 cents per hundred pounds live weight on sheep and lambs and \$1.30 per hundred pounds live weight on hogs. This subsidy, however, is not paid to farmer slaughterers who do not kill more than 4000 pounds a month.

In addition to the dressed meat, the killer gets the by-products including the hides and pelts.

The prices for beef, veal, lamb and mutton are based upon grades with a wide difference between the best and poorest grades. The grades for steers are essentially those established by the federal government some 15 or 20 years ago for market-reporting purposes and still used for that purpose. They are not very definite, however, and there are not many men competent to grade meats accurately according to this system. In the case of cows the system was changed somewhat in that the meat was marked down in grade on account of age. This was necessitated by the fact that the OPA established the same prices for cows and heifers as for steers of the same grade.

The ceiling prices on pork are based on the wholesale cuts rather than upon the entire carcass. The ceiling prices on wholesale pork cuts make some allowance for size in the case of ham and bacon. Also, some allowance is made for grade in the case of bacon. In the retail prices, however, no distinction is made for weight and quality except in the case of bacon.

To estimate the value of a live animal from the established ceiling, it is necessary first to estimate the grade of the carcass which would probably be obtained from this animal. The OPA ceiling then shows the price of the dressed meat per pound. The next step is to estimate the dressing percentage and from that the value of meat which would be obtained from hundred pounds live weight. To the value of the meat must be added the federal subsidy as mentioned above and the value of hides and pelts. The by-products other than hides and pelts should about offset the cost of killing.

The dressing percentage will vary from animal to animal within a rather wide range. Yet on the average, each grade of livestock should average out about a certain percentage as based upon stockyard weights. Where the animals are weighed at home full of feed and water, the dressing percentage will be lower.

### Cattle

The most difficult thing in estimating the value of cattle alive from the meat prices is the matter of hides and by-products. The packers know this thoroughly but the public does not. It is a common practice at Portland to figure the value of hides and other by-products as adding \$2.00 per hundred pounds to the price of the dressed meat. This is probably quite a little bit lower than the actual value and perhaps enough so to offset the cost of killing. The National Livestock Producers Association estimates the value of hides and offal at about double this figure, but when they make an allowance for the cost of killing and handling the final figure comes out about the same. The Portland practice then for determining the value of the animal alive would be to add \$2.00 to the ceiling price per hundred pounds on dressed beef, multiply by the dressing percentage, and add the federal subsidy of \$1.10 per 100 pounds live weight. The estimated value of cattle of different grades for Portland are shown in the following tabulation.

## BEEF CEILINGS, SUBSIDIES AND COMPARABLE LIVE CATTLE VALUES

For Washington, Oregon, Nevada and California

U.S. Government grade	Ceiling price for dressed carcass per cwt.	Allowance for hides and offal less costs	Carcass ceiling plus \$2. for hides and offal	Dress- ing per- cent	Value carcass hides & offal per cwt. alive	Federal subsidy per cwt. alive	Total value per cwt. alive
AA Choice	21.75	2.00	23.75	59	14.01	1.10	15.11
A Good	20.75	2.00	22.75	57	12.97	1.10	14.07
B Medium, or Commercial	18.75	2.00	20.75	55	11.41	1.10	12.51
C Common, or Utility	16.75	2.00	18.75	53	9.94	1.10	11.04
D Cutter and Canner	14.25	2.00	16.25	48	7.80	1.10	8.90
Belogna Bulls	14.75	2.00	16.75	53	8.80	1.10	9.90

## VEAL CEILINGS, SUBSIDIES AND COMPARABLE LIVE VEAL VALUES

Weights 57 to 170 lbs. dressed\*

AA Choice	22.25	Ceiling prices	68	15.13	1.10	16.23
A Good	21.25	for dressed veal	67	14.24	1.10	14.34
B Medium, or Commercial	19.50	are for the car-	66	12.87	1.10	12.97
C Common, or Utility	17.75	cass with the	65	11.54	1.10	11.64
D Cull	15.50	hide on and head	64	9.92	1.10	11.02
		off.				

\*Carcasses weighing 170 to 315 lbs., 50 cents less dressed or 32 to 34 cents less alive.

Carcasses weighing less than 57 lbs., \$1.00 less dressed or 64 to 68 cents less alive.

Carcasses weighing over 315 classified as beef and subject to beef ceilings.

Note: The ceiling prices for dressed beef at St. Paul, Omaha and Kansas City are \$1.75 less than in the four Pacific Coast states. This would make the comparable values of live cattle 85 cents to \$1.00 less.

The ceiling prices for dressed veal at St. Paul, Omaha and Kansas City are \$2.50 less than in the four Pacific Coast states. This would make the comparable live veal values \$1.60 to \$1.70 less.

Since the ceiling prices are the same for all points in Oregon, Washington, California and Nevada, these live prices would theoretically apply to all points. They do represent the value of the animal to the local butcher at all points but where there is more beef produced than the local butcher can consume, the producer must ship his livestock to some larger market and must pay the freight and other expenses of getting it there.

The above prices apply to steers, cows, and heifers except where indicated as applying to bulls. Cows and heifers, however, do not put on their fat as smoothly and evenly as do steers and so will not grade as high as a steer of the same breeding and the same degree of finish. Furthermore, the OPA graders mark down the older cows on account of age as evidenced by the hardness of the bones. Very few cows, therefore, ever grade as high as A and practically none AA. On the other hand, very few steers ever get down into the D or Cutter and Canner Grade.

#### Lamb and Mutton

The value of lambs and sheep is calculated in the same way as for cattle. It is a common practice for killers to credit their sheep buyers with a fixed amount per hundred pounds live weight as the value of the pelts in order that the buyer may more easily figure the cost of the mutton on the hooks. This amount may be changed and will be different for different types of sheep and lambs and is, of course, different for shorn lambs. These allowances are usually fairly well known in the trade and in Chicago the allowances are quoted weekly in the packer magazine, The National Provisioner. As this is written, September 1943, the allowance in Portland on ewes and unshorn lambs is \$2.40 per hundred pounds live weight. This, of course, does not include miscellaneous by-products which may or may not offset the costs of killing.

The dressing percentage of sheep and lambs is more variable than with cattle on account of the variation in the weight of the pelt.

DRESSED LAMB AND MUTTON CEILINGS, SUBSIDIES AND  
COMPARABLE LIVE ANIMAL VALUES

For all points in Washington, Oregon, Nevada and California

U.S. Government Grade	Ceiling price for dressed carcass per cwt. pluck out	Dressing percent	Value dressed carcass per cwt. alive	Value of pelt per cwt. alive*	Federal Subsidy per cwt. alive	Total value per cwt. alive
<u>Lambs (Wooled)</u>						
AA Choice	\$26.00	49	\$12.74	\$2.40	.95	\$16.09
A Good	24.50	47½	11.64	2.40	.95	14.99
B Commercial	22.50	46	10.35	2.40	.95	13.70
C Utility	20.25	44	8.91	2.40	.95	12.26
<u>Ewes and Wethers (Wooled)</u>						
S Good	13.25	50	6.63	2.40	.95	9.98
M Medium	12.00	48	5.76	2.40	.95	9.11
R Poor	10.75	46	4.95	2.40	.95	8.30

\*For Portland, September 1943. This allowance changes with the time of year and the market price of wool.

Note: The ceiling prices for dressed lamb and mutton at St. Paul, Omaha and Kansas City are \$1.50 per 100 pounds less than in the four Pacific Coast States. This would make the comparable values of live lambs and sheep 70 to 75 cents less.

### Hogs

The effective ceiling price on dressed hogs is not the ceiling on dressed carcasses but the ceiling on pork cuts since not much pork changes hands in the form of whole carcasses. This makes it necessary to estimate the yield of each of the important cuts. Under the OPA, methods of cutting have changed from the old standards. The high priced cuts get very little trimming and, therefore, weigh more than formerly would have been the case.

A great deal of pork is worked up into cured and even cooked products before being sold to the retailer. Each of these processed cuts has a different ceiling. The ceiling is supposed to be enough higher to cover added costs and a little profit. In some cases it is a good deal more than this.

The National Provisioner publishes weekly the estimated value of the pork product from 100 pounds of hog live weight but it is difficult for the writer to accept these figures as being unbiased. The Bureau of Agricultural Economics publishes similar figures but the yield figures upon which these estimates are based are considerably lower than the yield data reported by the Bureau of Animal Industry. They are also lower than any experimental cutting tests made by the Oregon Experiment Station. The National Live Stock Producers Association, the big chain of cooperative commission houses, use a still higher figure. The yield data used in this circular are those used by the Bureau of Agricultural Economics and, in view of changing methods of cutting, are probably enough lower than the true yields to offset the cost of killing and handling. The slaughterers, however, will want to discount these prices by about 70 cents to cover the costs of killing and handling.

## PORK CEILINGS, SUBSIDIES AND COMPARABLE LIVE HOG VALUES

For all points in Washington, Oregon, Nevada and California

	Yield per 100 lbs. live weight**	Pacific Coast Ceiling price of dressed cut per 100 lbs.	Value of cut per 100 lbs. live weight
<u>Major Products</u>			
Reg. hams 12-14	13.5	24.75	3.34
Picnics 4-6	5.5	23.00	1.27
Bellies 10-12	12.5	20.00	2.50
Plates 4-7 (clear)	3.25	13.75	.45
Loins 8-10	9.1	26.00	2.37
Boston butts 4-6	4.0	27.50	1.10
Spareribs	1.25	16.25	.20
Lard, prime steam	11.5	15.00*	1.73
Raw leaf	2.2	14.50*	.32
<u>Minor Products</u>			
Neckbones	.54	7.25	.04
Snouts	.30	6.87	.02
Ears	.16	9.87	.016
Tails	.11	12.50	.014
Feet	1.55	9.75	.151
Reg. pork trim	4.60	20.50	.943
Cheek meat	.45	19.87*	.089
Hearts	.29	13.87*	.040
Livers	1.00	15.87*	.159
Tongues	.40	18.12*	.072
Ch. white grease	.40	6.50*	.026
Kidneys	.25	12.25*	.030
Brains	.10	15.25*	.015
			<u>14.91</u>
	Federal Subsidy		<u>1.30</u>
	Total value per 100 lbs. live weight		<u>\$16.21</u>

\*Market price rather than OPA ceiling.

\*\*Standard yield table used by the Bureau of Agricultural Economics in determining value of the hog product.

Note: The ceiling prices for dressed pork at St. Paul, Omaha, and Kansas City are \$2.50 less than in the Pacific Coast area. This would make the comparable live hog values \$1.75 less.

The ceiling prices on pork cuts are not on the same zone basis as are the ceilings for beef and mutton. The pork ceilings are based upon a base zone which includes St. Paul, Omaha, Kansas City and some surrounding territory. West of that base zone the ceilings are the base zone ceilings plus 115% of the freight rate on packing house products per 100 lbs. from St. Paul, Omaha, or Kansas City adjusted to the nearest even 25 cents. This freight rate on packing house products to nearly all points in the four Pacific Coast states west of Spokane and Huntington is \$2.05, to which must be added a 3% tax. \$2.05 plus 3% plus 15% is \$2.43. The nearest 25 cents is \$2.50. This makes the ceiling prices for the Pacific Coast \$2.50 more than the base zone ceiling. The ceiling prices at Chicago are 25 cents above the base zone prices and, therefore, \$2.25 lower than the Pacific Coast ceilings.

#### Live Hog Ceilings

On October 4, ceiling prices on live hogs become effective. These are \$14.75 at Chicago, \$14.45 at Omaha and St. Paul and \$15.75 at Portland. In Oregon outside of Portland the ceiling is \$15.15 in Umatilla, Union, Wallowa, Grant, Baker, Harney, Malheur, Curry, Josephine, Jackson, Klamath and Lake counties; \$15.45 in Clatsop, Columbia, Washington, Multnomah, Tillamook, Yamhill, Clackamas, Polk, Marion, Linn, Benton, Lincoln counties; and \$15.30 in all other counties.

These published ceilings for hogs in Oregon are probably not of any practical importance. The ceilings that really count on the Pacific Coast are the ceiling prices on hogs in the western edge of the corn belt; that is, central Kansas, central Nebraska and the eastern Dakotas. The ceilings in this area range from \$13.94 to \$14.10 and the freight rates from these points to Portland 90 cents to \$1.09 per hundred pounds. In addition to the freight, some feed and incidentals must be allowed. Portland buyers should have no difficulty in getting hogs delivered in Portland at around \$15.20 instead of the theoretical ceiling of \$15.75 as posted by the OPA. For country points in Oregon the actual ceilings would then be approximately \$15.20 less the cost of getting the hogs to Portland.

There is nothing new about this situation and it was not created by the OPA order since prices in Portland have always been controlled to a large degree by the cost of getting hogs from the western edge of the corn belt. For the last five years the price of hogs in Portland as shown by the BAE reports averaged 68 cents above the price of similar hogs at Omaha. Portland prices may occasionally get lower than Omaha and sometimes a dollar or more higher, but in the long run Portland prices can not get very far away from the prices in the western edge of the corn belt plus the freight and other incidental costs of shipping. In the long run, therefore, the ceilings as established recently by the OPA actually mean about \$15.20 in Portland instead of the \$15.75 as posted in the official order.

The government, by various means and for all practical purposes, has fixed the price of feeds of all kinds and thereby fixed the costs of producing hogs. Under these conditions the average cost of producing hogs in Oregon and delivering them to Portland is about \$16.00. (See Oregon Experiment Station Circular 56.)



### Support Prices

Several months ago the government announced a support price of \$13.75 at Chicago for hogs weighing between 240 and 270 pounds alive. No support price for hogs of other weights or hogs on other markets has yet been announced in spite of the many rumors to the contrary. So far hogs have not been below \$13.75 in Chicago except for occasional very short periods. If the price of these heavier hogs at Chicago should get below the support price, it is quite possible that some schedule of support prices at all the major markets would be arranged. Even if not, however, and the support should be limited to Chicago for hogs weighing 240 to 270 pounds, the price of hogs of other weights could not get very far out of line. Likewise the price at other markets could not get very far out of line with that at Chicago. For the past five years the price of hogs in Portland has been 25 to 30 cents above Chicago. If this analysis is correct and the price of hogs should be depressed at Chicago to the support price of \$13.75, good hogs in Portland should run around \$14.00.

# MEAT CEILINGS, SUBSIDIES AND COMPARABLE LIVESTOCK VALUES

## SUMMARY

Below are given the prices which the slaughterers should be able to pay for live animals in view of existing OPA ceilings on dressed meats, government subsidies to the slaughterers and prices of by-products. These prices apply to all slaughtering plants located in Washington, Oregon, Nevada and California, prices rounded to the nearest 25 cents, as of September 27, 1943.

<u>Cattle</u>	
AA Choice	\$15.00
A Good	14.00
B Medium, or Commercial	12.50
C Common, or Utility	11.00
Cutters and Cannors	9.00
Bologna Bulls	10.00
Cows and heifers same as steers but graded down on account of age. Cows rarely grade above medium.	
<u>Veal (57-170 lbs. dressed)</u>	
AA Choice	16.25
A Good	14.25
B Medium, or Commercial	13.00
C Common, or Utility	11.75
D Cull	11.00
Over 170 lbs. dressed, 32 to 34 cents less.	
Under 57 lbs. dressed, 64 to 68 cents less.	
Over 315 lbs. dressed, classified as beef.	
<u>Lambs (Wooled)</u>	
AA Choice	16.00
A Good	15.00
B Medium, or Commercial	13.75
C Common or Utility	12.25
<u>Ewes and Wethers (Wooled)</u>	
S Good mutton	10.00
M Medium mutton	9.00
R Poor mutton	8.25
Shorn sheep and lambs about \$2.00 less	
<u>Hogs</u>	
Good hogs, top of market	16.25
Good hogs, average	15.75

Note: The above values are calculated on average dressing percentages and average by-product returns. Actual live animal values may sometimes differ from the above by as much as 50 cents per 100 pounds.