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The Future of the Meat Packing Industry in New Mexico

Robert G. Conway

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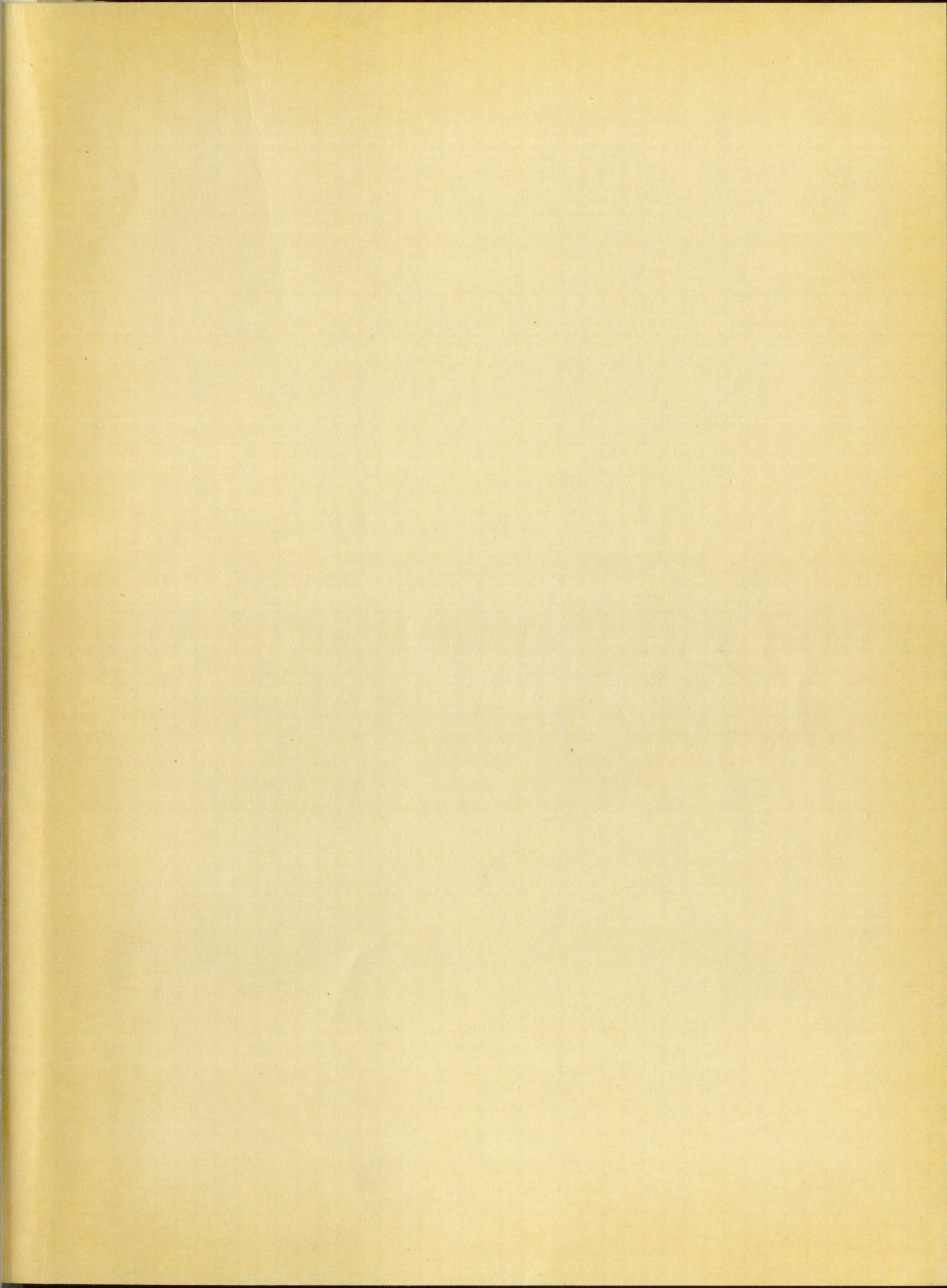
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THE FUTURE OF THE MEAT PACKING INDUSTRY IN NEW MEXICO

A Thesis

Presented to

the Faculty of the Department of Economics

University of New Mexico

In Partial Fulfillment

of the Requirements for the Degree

Master of Arts

by

Robert G. Conway

June, 1946

THE UNITED STATES OF AMERICA

1911

1. That

Presented to

the Faculty of the Department of Education

University of the Pacific

1911

Is hereby

of the Faculty of the Department of Education

Master of Arts

1911

by

Faculty of the Department of Education

1911

This thesis, directed and approved by the candidate's committee, has been accepted by the Graduate Committee of the University of New Mexico in partial fulfillment of the requirements for the degree of

MASTER OF ARTS

Harold D. Larsen
DEAN

DATE June 22, 1946

Thesis committee

Ralph L. Edgel
CHAIRMAN

Vernon G. Sourell

Dorothy Woodward

104031

The above named person has been appointed as a member of the
University of New South Wales, and is hereby notified that he is
entitled to the same rights and privileges as the other members of the
University.

WALTER O. WATTS

THE CHIEF

104031

THE CHIEF

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PREFACE

This thesis is intended as a survey of facts that will lead to the answer to the question, "What is the future of the meat packing industry in New Mexico"? As work progressed the writer became acutely aware of the complexity of the problem and realized his inadequacy for a more complete analysis. For that reason, he has limited his considerations to an appraisal of natural resources as they relate to the expansion of the meat packing industry in the State. While it is apparent that no single answer to the question exists, it has been possible to reach conclusions on some of the many ramifications of the problem. Those conclusions, when assembled, do not provide a simple picture but only emphasize further the multitude of factors entering the field.

The writer wishes to express his appreciation to everyone who aided in the preparation of this study and in particular to Mr. Ralph L. Edgel, Director of the Bureau of Business Research, University of New Mexico, for his criticism and assistance.

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CHAPTER I

INTRODUCTION

The Purpose of the Study. New Mexico, compared with most of the states of this nation, is a vast, undeveloped area. In certain lines, such as the growing of livestock, catering to tourists, lumbering, and mining, there has been a considerable amount of activity. In order that these industries, and perhaps new ones, may in the future be able to support an increased population and improve the living standards of the existing population, it has been repeatedly suggested that research be done concerning the possibilities of expansion in certain fields that seem the most promising to the state. The meat packing industry has aroused considerable interest in this respect. Although that industry has been thoroughly investigated elsewhere, there has been no recent investigation of the considerations surrounding its development and possible expansion in New Mexico.

It is a matter of casual observation that a great deal of the meat sold by food stores in New Mexico is packed in other states. In view of the fact that livestock raising is one of the principal industries in the state, the question arises as to why it is necessary to import meat into the state. Partially to answer the question that arose as to the cause of this situation, partially to determine the amount

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of packing conducted within the state boundaries, and partially to discover what to expect of this industry in the future, this work has been undertaken.

Findings of a previous study. The National Resources Planning Board, in a survey of industrial development for the mountain states region: New Mexico, Colorado, and Wyoming, published its findings in 1942 as part of its duties in the mobilization of industry in the war production program. To quote a portion of the conclusion which is entitled "Opportunities for Development of Specific Industries in the Region," would add fundamentally to the picture and be a starting point for the combining of the facts which are of interest on the subject. Under the subtitle of "Meat Packing," the following conclusions are stated:

"Outside of the current stimulus given to livestock, agriculture, and meat packing, as a result of the war program, further development of meat packing in the region is dependent largely on changes in the pattern of relative transportation costs. Since the early part of the 1920's, a local meat packing has not increased materially. This, however, is not true of the quantity of livestock handled at the livestock market in Denver. Even at the expense of markets in the middlewest, Denver has increased in importance in almost all types of livestock--cattle, sheep, and hogs. However, as long as the freight rate structure is geared to shipment of livestock as opposed to dressed and prepared meats, meat packing will not increase to any extent in the region. Some adjustments have been made on relative freight rates on livestock and dressed meat from Denver and Pueblo east, but such changes have not been effected on shipments to the Pacific coast. Consequently, today, shipment of dressed meat from these two points west are practically prohibitive. Hogs, in contrast with cattle and sheep, move through the Denver and Pueblo markets from east to west, but only those consumed in regional markets are packed there."

"Meat packing in the areas of the region outside of Denver is dependent not only on the normal growth in population in the local consuming areas and on favorable freight rates, but also on development of feeding lots and additional local markets. Considerable research in this direction remains to be done in all three states by the universities, agricultural planning committees, and Chambers of Commerce. Such research should not go through a transportation cost investigation, but should include an analysis of all factors bearing on the ability of each area to pack meats and to develop the necessary markets on a long-term basis."¹

It is also pointed out in the same report that in the region referred to the most important food processing industry was meat packing. On a national basis, the value of manufactured food in 1939 amounted to 18.6 percent of the total value of all manufactured goods produced in the United States, whereas in the mountain region it amounted to 51.7 percent of the total. New Mexico did not come up to the regional average, but produced only six percent of its manufactured goods in the form of food products. Besides meat packing, other food manufacturing considered were milling, dairy products, and, in Colorado, beet sugar production.²

Locational factors for the meat packing industry with its growth in particular areas within the region can be attributed to several causes, according to the Resources Planning Board. The early demands for meat by miners, smelter workers,

¹ National Resources Planning Board, Mountain States Region Industrial Development (Washington, D. C.: United States Government Printing Office, 1943), p. 57.

² Ibid., p. 28.

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1 National Resources Planning Board, Mountain States
 Region Industrial Development (Washington, D.C., United
 States Government Printing Office, 1943), p. 17.

and centers of population came from Colorado. Denver and Pueblo, rather than Albuquerque, were the closest to that market and consequently took the lead which they still maintain. Denver has an advantageous location at the east-central gateway to the livestock raising states and Colorado, in general, has had a very great advantage by having feed lots which utilized otherwise waste materials of her sugar-beet crops.

Sources of information. It was intended in this investigation to seek definite information that could be used in an effort to discover the future of the meat packing industry. Owing to the lack of previous studies, a great deal of the information was only to be found from original sources. In many cases, the sources of information were persons acting in official capacities as state or federal employees who expressed opinions and gave information but asked that they not be quoted. This situation leaves much to be desired in the way of documented authority. Each of the persons mentioned gave as his reason for not wishing to be quoted the fact that he was connected with a governmental agency that supposedly acted in an unbiased manner, and that any expression on the part of individuals might harm persons connected with the industry.

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publications by the Agricultural Experiment Station of the New Mexico College of Agriculture and Mechanical Arts, a series of lectures presented at the University of Chicago, which were later published in book form, laws and census material of the United States, the laws of the State of New Mexico, and Ordinances of the City of Albuquerque.

Limitations of the study. It must be emphasized that a great deal of material has not been available to the writer for a variety of reasons. With the addition of such information, it would be possible to form much more definite conclusions on many phases of the subject. It should also be made clear that in actuality, this work is an effort to analyze completely the meat packing industry, to tie it up with the cattle growing and feeding industries, and then to interpret the information. Such a task, obviously, presents a great many difficulties and ramifications. For a more authentic account, experts from all of the fields dealt with could, by conferring and pooling information, come forth with a much more valuable account. In the absence of a work of this nature prepared by those interested experts, this study has been undertaken.

In order to keep the study within certain limits, it has been necessary to avoid topics of small consequence or topics that have no direct bearing on New Mexico's ability to produce meat. In some cases, material has been omitted owing to the fact that it would only serve to further

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complicate an already complicated problem. The subject of transportation rates, a major cost to any industry, has been entirely ignored since that field should be subjected to further study by itself. The freight rate structure in the west is designed for the transportation of livestock to the large mid-western packing centers and not for the transportation of packed meat products. In as much as this study is intended to determine the feasibility, in terms of resources, of meat packing in New Mexico, the actual means of local financing of plants has not been taken into consideration since it is believed that it also should undergo separate treatment. Unusual war and postwar conditions and rigorous governmental controls of the industry have not been considered, since it is assumed that such conditions are transient and will not have an important bearing on the future. Subsidies for meat in the packing plant and on the farms are not dealt with on these same grounds although at the present time they are vital and mean a great deal to the industry. The lack of enough government meat graders and inspectors, along with shortages of packing plants, ranch and farm laborers, has also been assumed to be a temporary condition.

To attempt a consideration of future or present prices of cattle, hogs, sheep, corn, or the other price and cost factors that can make or break the industry, would naturally be highly speculative and with even the best reports and estimates could not be considered as a basis for predictions for this purpose.

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experimental controls of the industry but it is hoped that
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It has not been the intention that this work be turned into a treatise on cattle feeding, on sanitary conditions in packing plants, or on any other particular factor entering into the production of meat. However, it is the tendency of the story to break down into many topics, each a field in itself, that play a substantial role in the meat packing industry.

The plan. Having conveniently eliminated so much, it may make the reader wonder just what remains to be discussed. New Mexico has, beyond a doubt, a substantial supply of the raw materials for a packing industry. The raw material, of course, is livestock. Until the livestock has been aged, fed, and finished, it cannot be used by the meat packing industry except as veal and lamb. If New Mexico would be a meat packing state, it is quite apparent that fed livestock are necessary. Consequently, the need for the expansion of the feeding industry is discussed at considerable length. On the subject of feeding, various types are discussed as to their use in, and adaptability to New Mexico.

After cattle and sheep are fattened for the market, they must be disposed of by the feeder. In New Mexico, the existing facilities for selling them are sales rings located at several points throughout the state. The need for a federally-inspected stockyard to attract local sellers of beef and mutton is discussed in connection with the topic of sales rings. After the animals have been fattened, they

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are then placed on the market for sale and at that point the raw material becomes available to the meat packer. Differences in local meat packing, such as that conducted in New Mexico, and nationwide meat packing typified by Swift, Armour, Cudahy, and Morris, are pointed out with the advantages of large scale production stressed. The basic deficiencies of New Mexico are pointed out: the differences in modes of distribution, the preference for federally-inspected meat, and the advantage of the large producer with a well-established trademark are also reviewed.

The potential market that New Mexico may possess, as well as the characteristics limiting the consumption of meat by the state's population, are very important factors to the future of New Mexican meat packing. These topics constitute the study and it is hoped that as the result of bringing them together reasonable conclusions may be drawn that will justify this work.

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CHAPTER II

THE MEAT PACKING INDUSTRY

Types of production. The meat packing industry of the United States is made up of at least two distinct types. The first in importance to the nation as a whole is the production of the large national and regional packers, with whom almost everyone is familiar--Swift, Armour, Morris, and Cudahy, as well as a number of others. Not so well publicized but of perhaps equal importance to the meat consumer, is the small producer who specializes in local production for local consumption. Few of this category ship outside of state boundaries and in this class fall all of the New Mexico packers. None produce on a large scale, and except for special wartime permission, none are allowed to ship to markets outside of New Mexico.

A twofold distinction may be made in the different types of meat packers--one on the basis of inspection and one on the basis of size. Whether or not a plant is under federal inspection determines its market area, since those plants that are not inspected may not ship outside of the state boundaries. The amount of meat produced, of course, would determine the scale of a plant's production. A local producer not under federal inspection may actually approach large scale production, whereas a regional or national producer, at least in theory, may be relatively small scale.

In order of size, the nation's meat packers are grouped in the following manner. There are 477 large scale plants belonging to 360 different concerns, 365 plants producing over 2,000,000 pounds of meat a year but which may not enter into interstate commerce due to the lack of federal inspection, 4,300 packers who produce from 300,000 to 2,000,000 pounds. Added together these packers of various size total 5,142.¹ Along with those recognized as packers are 22,000 butchers and over four million ranchers and farmers who add to the total meat supply.

It is possible to find distinctions in nearly all processes of production, between large and small scale operations. National, large scale, meat packing primarily is conducted in areas where there are abundant supplies of fattened livestock. Smaller scale, local, packing on the other hand takes place at the market for its products, using whatever supplies of livestock that may be available. Production differences range from modern, scientific, factory methods with full use made of all parts of the slaughtered animals to old farmyard methods, reminiscent of the by-gone days. It is quite impossible for slaughterers of small scale to make full use of the whole animal. Today, many by-products require not only the processing of a great volume of animals before sufficient supplies of glands and organs, used for

¹ Swift and Company, Yearbook of 1945 (Chicago, privately printed, 1945), p. 17.

some of the wide variety of products, are available, but also a great deal of technical skill and knowledge. It is true that parts not usable may perhaps be sold to satellite industries. That practice, however, was abandoned by the large scale plants who also went through a phase in which they too supported such by-product industries. When the economy of completing a great many of these by-product operations became apparent, they were gradually absorbed by the packers.

Meat packing is subject to a wide variety of sanitary regulations. The federal meat inspection program has built up a widespread and justified confidence in its adequacy. However, a host of meat producers are not subject to that act but rather to state or local laws of varying degrees of stringency.

One of the most beneficial aspects of large scale meat packing, due to the widespread location of plants belonging to the same company, is its ability to move meats from areas of plenty to areas of scarcity and thus prevent seasonal factors from denying the consumer meats that would otherwise be unobtainable. The local packer on the other hand, is dependent entirely upon the local supply which may vary a great deal with the seasons. Without exception, the difference in the two general types of production, national federally inspected and local, indicates an advantage in favor of large scale production.

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New Mexico producers of meat all fall in the category of small scale packers whose markets are normally confined to local areas. In attempting to throw light on the questions, "Why is meat packing small scale in New Mexico?" or "What is the opportunity for large scale meat packing in New Mexico?" it would appear necessary to examine the influences underlying the present location of large scale meat packing industries to discover what the factors are that determine the location of large scale packing. It may then be possible to determine to what extent they condition the future of the meat packing industry in New Mexico.

Factors of location of the packing industry. In the days of American colonial development, there was no meat packing industry and meat was obtained by butchering at home. Salting, drying, pickling, and smoking were then the only ways of preserving meat, since facilities for refrigeration had not come into use or had not been invented. If meat was not prepared for saving, it had to be used quickly.

As cities grew up along the Atlantic coast, there grew up a need for persons who could supply meat. Consequently, the local butchers became the first packers and, incidentally, established one of the first industries in America. As the frontier was extended westward, trade between the frontier and the coastal cities began. Since transportation was poor, the commodity most easily transported was livestock as animals could transport themselves. Livestock growing proved

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quite suitable to sparsely populated areas. Large herds were then driven to New York, Philadelphia, and Baltimore, from as far west as Ohio.²

Gradually the west developed a meat packing center of its own at Cincinnati. Being particularly well situated on the Ohio river in the heart of the corn and hog region of the Ohio valley, and with the railroads yet to come into importance, Cincinnati grew rapidly into a large packing center.

After the Civil War, with the further growth of railroads, the pacification of the Indians and the destruction of the bison, the west was turned into a vast cattle range. The packing industry pushed farther west. Cincinnati no longer dominated the scene, being too far east and also because of its specializing in pork packing. The future was in the packing centers nearer the source of cattle. Chicago, Kansas City, and Omaha came to the front, with Chicago taking the lead which it still holds. The great names in the meat packing industry established themselves as leaders and dominators and the names of these new meat barons--Swift, Armour, Hammond, and Morris--became familiar in almost every household in the land.

It appears that the four principal factors accounting for the growth of the meat packing industry in certain localities, as well as reasons for the tremendous size of some

² R. H. Gabriel, Editor, "Preparing a Nation's Meat," Pageant of America. (New Haven: Yale University Press, 1926), V. 256.

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of the establishments, are: (1) the coming of the railroads, (2) the invention and use of refrigerator equipment and its important adaptation to use in railroad refrigerator cars, (3) the complete use of all of the animal due to the development of by-products, and of great importance (4) the occurrence of livestock supplies in certain areas.

With railroads spanning the country, there still remained the problem of transporting fresh meat long distances in good condition. The refrigerator car system was deemed practical by few at first, but it had some staunch advocates. Among them was Gustavus F. Swift, the meat packer who stated, "No one could haul cattle east, slaughter them there, and sell the meat for anything like what it was costing us to lay down Chicago beef at the same point. We were not paying freight on the inedible portions of the animals, not feeding them for another thousand miles of railroad journey and standing a heavy shrinkage in the shipment to boot."³ A three way savings of freight, shrinkage and feed would appear to constitute a worthwhile economy.

The coming of the railroads had a great deal to do with the growth and centralization of the packing industry. Owing to the cost of freight, such bulky commodities as corn could be raised for profitable sale only a relatively short distance from the market, while the territory upon which livestock

³ Louis F. Swift, The Yankee of the Yards, (Chicago, A. W. Shaw Co., 1927), p. 24.

could be advantageously raised was for or five times as extensive.⁴ To bear out this statement is the usual practice of shipping cattle to the feed rather than feed to the cattle. Apparently then, the most economical practice would be to pack meat in a feeding area rather than at the original source of the livestock or at the final market area. The answer, to the question of shipping the meat, would be the refrigerator car.

The use of refrigeration equipment, which in its present form is comparatively new, has, nevertheless, an interesting history. In direct relationship with the use of such equipment was the once violent prejudice against meat that was not absolutely fresh.⁵ Western or Chicago beef, as it was called, was frowned upon since by the time it was offered for sale it was at least a week old. The fact that it was not only as good but even better for having hung for a few days wasn't established until packers, such as Swift and Armour, forced their way into the eastern markets by drastically lowering the price of their products.

The first successful experiments with the use of the refrigerator car came about 1870. Not only were they opposed by the wiseacres who knew they wouldn't work but also by the railroads who felt that they would lose freight. In order to overcome the opposition of the railroads, Chicago packers

⁴ Ibid., p. 27.

⁵ Ibid., p. 69.

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had to furnish their own cars which even today they continue to operate.⁶

The complete utilization of livestock in the meat packing industry came about by degrees and only after years of experimentation and research. By-products not only aided the industry in obtaining greater markets but also instituted many economies. In earlier days, it was the custom to throw a large portion of the slaughtered animals away. The butchers were glad to have the refuse carted away as it was difficult to dispose of. In the main, by-products are derived from hides, bones, horns, and hoofs, wool, hair, and bristles, intestines, meat scraps, and blood, glands and organs, fats and edible by-products. From these various parts many products are made. Medicine, margarine, soap, glue, fertilizer, animal feeds, and oils are but a few of the long list. By-products have come to be most important as a source of revenue to packers, as well as an asset to the general well-being.

Millions of dollars have been spent on research by packers, who in hoping to further increase their incomes have directly benefited mankind. Income from the sale of by-products is in direct relationship with the ability of the individual company to process and market the variety of products that it has for sale. The development of many of

⁶ L. D. H. Weld, "The Packing Industry: Its History and General Economics," The Packing Industry (Chicago: University of Chicago Press, 1924), p. 71.

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these by-products involves research requiring considerable time and money. The equipment necessary in their production may also require substantial investment. Complete by-product utilization is an expensive process which only pays off in the long run. This means that only those companies with large financial resources are in a position to take advantage of complete by-product utilization.

The fact that Chicago and other midwestern cities thrived as meat packing centers gives evidence that they grew not only from need but that their presence gave further impetus to the continued development of the cattle, sheep, and hog industries of the west and midwest. Before the growth of adequate packing facilities, farmers west of the Adirondacks saw fit to turn their corn into whiskey but later, when a ready market became available and the Internal Revenue Act was enforced, the raising of hogs became much more inviting.⁷ Similarly, with the advent of the railroad and plenty of cheap or free land available in the west, the raising of cattle and sheep became quite popular.

The cattle growing industry in the United States, both in range and farming areas, has been undergoing a gradual period of transition. It is the transition experienced by all new countries. The pastoral type of livestock production is a frontier industry and is normally and steadily relegated

⁷ N. C. Hill, "The Development of Chicago as a Center of the Meat Packing Industry," Mississippi Valley Historical Review, 1923, X, 253.

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The cattle growing industry in the United States, both in range and farming areas, has been undergoing a gradual period of transition. It is the transition experienced by all new countries. The pastoral type of livestock production is a frontier industry and is normally and speedily replaced

to areas where physical limitations render crop production unprofitable or impossible. Farm crops that take the place of livestock in more fertile areas may then be fed to livestock for fattening.

New Mexico is an area of definite physical limitations for crop production. Irrigation and dry-farming have made it possible for New Mexico to produce more and more feed and farm products. However, it is very doubtful that New Mexico could change from its pastoral production of livestock to an agricultural state. This would not prevent it from becoming industrial to some degree, however.

In review of locational factors, modern refrigeration, railroads, the occurrence in certain localities of fattened livestock, early large growth, and complete utilization of animals by the development of by-products, all contributed materially to the location of large plants in certain areas. By moving away from the markets, large packers demonstrated a willingness to depend upon railroads and refrigeration to transport their goods. Distance from markets alone does not necessarily bar any particular section of the country from selling meat to more populous areas. The more important locational factor appears to be the presence of fed livestock that may be slaughtered and, if necessary, shipped great distances. Early seizure of markets, the development of by-products and large scale economies seem to be quite important in view of the previous discussion.

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New Mexico is an area of fertile land. It is possible for New Mexico to produce more livestock than it can consume. However, it is not possible for New Mexico to produce more livestock than it can consume. New Mexico could change from a livestock area to an agricultural area. From becoming industrialized, New Mexico could become agricultural.

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Advantages of large scale operation in meat packing.

At various places throughout this study, reference is made to the advantages which are enjoyed by the large scale packer. A further consideration of the source of these advantages will serve to indicate their nature and the position and prospects of the meat packer in New Mexico.

Granted the point that early establishment by the great corporations of the industry gave them certain advantages, such as the selection of the most ideal locations; a clientele of faithful customers who look for the familiar trademark; unlimited room for expansion in an uncrowded field of opportunity; the possibility, due to early large growth, to seize available markets for by-products and to conduct investigations in order that new markets might be found; it would seem quite apparent that newcomers, in any state, should have difficulty in taking much business from those established firms.

Large scale operations, with adequate facilities, make it possible for huge quantities of fat livestock to be absorbed from the market during a season of plenty. Use can be found for all of the animals since the large packer serves many markets in many ways. Means of saving surpluses, while not necessarily available to smaller concerns are normal and common to large packers. They include selling to areas of less abundance, storage, canning, and freezing. Their large size and widespread organization enables them to know the

condition of markets in all parts of the country and through these organizations they are able to remove surpluses in one area in order to supply deficiencies in another.

In packing plants, the savings that normally accrue through large scale production are available in the industry. Full benefit may be obtained from the employment of machinery and skilled labor, as well as high caliber management. In selling, a large turnover keeps the facilities and employees occupied, to obtain full benefit from their use and to reduce costs.⁸

One of the foremost advantages of large scale operation lies in the utilization of by-products.. The importance of by-products to the industry can hardly be over-emphasized. In the early years of the industry, a considerable portion of an animal was considered as waste material. Virtually everything but the edible meat was given away or sold cheap. At an early time, satellite industries began to grow up around packing plants, finding a profitable existence in processing the waste materials of meat packing. These early scavenger industries were primarily concerned with the production of soap, glue, and fertilizer. It was not until the meat packers themselves became conscious of the possibility of making by-products bear a substantial proportion of the cost of operation that the utilization of by-products began to become

⁸ Victor H. Munnecke, "Operations: Beef, Lamb, and By-Products," The Packing Industry, (Chicago, University of Chicago Press, 1924), p. 164.

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complete. Then they began to absorb the satellites and instigated research in utilization of former waste products with the result that virtually every portion of an animal is now utilized for something. It should be pointed out again that the small scale packer who is not able to take advantage of an increase in income from the sale of by-products must, in order to be able to compete, make savings in other directions.

In figuring the unit cost of operation, the packers who operate on a volume basis are spreading those costs over a much broader base than the smaller packers who butcher few animals.

As it is pointed out in the discussion on the distribution of federally inspected meats in New Mexico, the national packer has a distinct distributional advantage in that he can serve along the most economical lines of transportation whereas the local packer may not. The local packer has but one source of supply from which to draw. By keeping in touch with nationwide trends, the national packer may be more apt to sense a shift in demand while the local packer may only judge by local activity. In times of complete absence of raw material on the local market, the national packer is able to send in products to meet those needs from other sources where raw material exists.

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tain instances the local packer is alone in his raw material

as well as his market. His transportation costs are negligible and the length of time that he has to find buyers for his products is greater. He may have the desirable asset of personal contact which would tend to make advertising inexpensive and even unnecessary. The large national packer, if he hopes to hold his place, must advertise constantly in order to keep his name and trademark familiar to his customers.

A great advantage held by the national packer is his nearly limitless resources, his ability to weather bad times and to seize new opportunities for markets and growth by having competent advice and plenty of money to finance new enterprises. Although the local packer may approach those qualities, the chances of having that ability are not so great.

The importance of raw materials. With even the most casual examination, it is apparent that New Mexico is not at present a meat packing state. Compared with Illinois, Kansas, Iowa, Nebraska, and Missouri--the corn belt states--where much of the fattening of livestock is done, New Mexico's meat production is quite insignificant. By comparing the conditions under which the packers of the meat-packing centers operate with those under which they operate in New Mexico, the present position and future possibilities of meat packing in this state may be more readily evaluated.

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Not all packing plants have similar advantages and disadvantages with respect to their ability to obtain their raw materials and to bring their products to market. The presence of transportation facilities or the lack of them, differences in the quality of meat produced by different sections, differences in the quality and quantity demanded in different sections and the differences in the type and phase of livestock production all serve to influence strongly the meat packer in the type of business that he may conduct.

The livestock of the southwest, including New Mexico differs a great deal from that of the corn belt in the respect that primary functions or phases of handling are different. The reason that cattle are taken to the corn belt is that they are to be fattened there, whereas in New Mexico they are bred and matured but to only a limited extent are they fed and finished. New Mexico lies in that portion of the western states commonly known as the range area. Native grasses and forages are utilized by grazing cattle and sheep on that land that cannot be economically cultivated, as enormous parts of it cannot be. In spite of the unfavorable climatic conditions of the state, crop adaptation, improved methods of dry-farming, advances in methods of conserving rainfall, have resulted in improved methods of beef production. The irrigation of land has made possible the growing of various necessary feeds which has further increased the amount of finished beef.

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In spite of the fact that it is most impossible to finish beef in New Mexico, the corn belt states easily surpass its greatest efforts or ability. There, feeds are usually abundant, whereas in New Mexico, they are scarce. That very condition alone causes the function of the two areas to differ in livestock handling.

It should be noted that livestock growing is a very essential part of the meat packing industry. The major part of the packer's operating dollar (eighty cents approximately) is spent on the raw materials of the industry, livestock. The packing industry, unlike most industries does not consist of bringing parts together for assembly, but rather the cutting apart of the finished product--livestock--for consumption. The meat packer is very close to the farm and ranch.

New Mexico has a very definite connection with the packing industry, if not by the presence of large scale packing houses, by the large amounts of cattle and sheep raised. New Mexico cattle growers raised and sent to market 840,300 cattle and calves in the year 1945. Of that number only 81,000 were slaughtered in New Mexico.¹⁰ Of the large number raised, an estimated 1,242,000 were destined for feed lots of more northern states and even to grazing areas, due to unusually severe drouth conditions during the summer months.

⁹ E. A. Cudahy, "Financing the Packing Industry," The Packing Industry, (Chicago: University of Chicago Press, 1924), p. 169.

¹⁰ Figures supplied by the New Mexico Cattle Sanitary Board.

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J. E. A. Gandy, "Financing the Packing Industry," in
Packing Industry, (Chicago: University of Chicago Press,
1951), p. 159.

10 Figures supplied by the New Mexico Cattle Raisers
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in the southern part of the state. The year was unusual in that 90,000 more cattle and calves were sold than in the preceding year, 1944. Not only did drought conditions aid in the increase, but also the heavy demands for meat and the high prices available. Due to wartime practices and demands, the state slaughter was a great deal heavier than usual. The last peacetime year prior to the outbreak of hostilities--1941--saw but 44,000 cattle slaughtered in New Mexico.

Quite in reverse of the cattle situation, the sheep population has taken an apparent fall. New Mexico sheep growers shipped 517,892 lambs and 139,036 ewes to market in 1945. In 1944, 68,708 more lambs were shipped, but only 90,000 ewes, indicating a serious cut in breeding flocks, with approximately 49,000 less ewes available for breeding purposes.

The problem of obtaining sheep for slaughter is somewhat different than that of securing cattle. Lamb and mutton has taken the place of wool as the principal source of revenue from range sheep. Formerly, with wool being the primary source of revenue, lambs were retained until several clippings of wool had been obtained, but with the improvement of transportation in the rough range country and the increased demand for lamb, sheep ranchers now make it a practice to sell the lambs at four to six months of age. After lambs have reached the desired weight, they are separated from the ewes and sent to market. Many fat lambs are ready for slaughter immediately.

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The problem of obtaining sheep for slaughter is now what different than that of securing cattle. Lamb and meat has taken the place of wool as the principal source of revenue from range sheep. Formerly, with wool being the primary source of revenue, lambs were retained until several months of wool had been obtained, but with the increased demand for lamb, sheep ranchers now make it a practice to sell their lambs at four to six months of age. Almost lambs have reached the desired weight, they are separated from the ewes and set to market. Many fat lambs are ready for slaughter immediately.

while the remainder are sold to feeders.. Roughly fifty per cent of the lambs marketed may be slaughtered without additional feeding.¹¹ Since it is lamb and most grown sheep that is demanded for meat, the supply of fat lambs to furnish local packers would be ample except in very poor seasons.

New Mexico makes no claim at being a hog-raising state. That distinction is reserved for the great corn producing states. Yet, in spite of the fact that New Mexico had a very small hog population only a few years ago, enough for some home consumption and many thousands besides are raised annually. It is estimated that New Mexico has an excess of 113,000 head which are, for the most part, shipped to Los Angeles, Dallas, Fort Worth, Kansas City, and Denver.¹² Many of these, if the demand existed, could be retained for slaughter in New Mexico.

In 1945, hogs sold in New Mexico amounted to 84,000 head. Curry and Roosevelt counties on the eastern side of the state and San Juan County in the northwest are the best hog producing locales in the state.

Although meat packers are concerned almost entirely with cattle, sheep, and hogs, there is also poultry to be taken into consideration. Poultry packers are usually specialized in that field and many of the largest meat packers

¹¹ J. M. Cooper, Range Sheep Production, (Farmers Bulletin #1710, United States Department of Agriculture, August, 1933) p. 2.

¹² New Mexico Cattle Sanitary Board, 1945 figures.

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states. Yet, in spite of the fact that New Mexico had a very
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home consumption and many thousands of hogs are raised annu-
ally. It is estimated that New Mexico has an excess of 1,000
head which are, for the most part, shipped to Los Angeles,
Dallas, Fort Worth, Kansas City, and Denver. If many of these
if the demand existed, could be returned for shipment in
New Mexico.

In 1945, hogs sold in New Mexico amounted to 24,000
head. Gurney and Roosevelt counted one who eastern side of
the state and San Juan County in the northwest are the two
hog producing localities in the state.

Although most packers are concerned almost entirely
with cattle, sheep, and hogs, there is some poultry to be
taken into consideration. Poultry packers are usually
specialized in that field and many of them largest meat packers

U. S. M. Cooper, Range Area Production, (Kansas
Bulletin 1710, United States Department of Agriculture,
August, 1933) p. 2.

12 New Mexico Cattle Sanitary Records, 1945 figures.

maintain plants devoted exclusively to poultry packing. Chickens are raised in practically all parts of the United States and most of the smaller cities draw a large percentage of their poultry supply from local production. In January, 1946, a poultry population of over 1,300,000 was concentrated in the small grains areas of New Mexico.

It would appear, on the surface,, that New Mexico would have all of the livestock that it would possibly need if it could possibly finish livestock, especially cattle. However, feeding as it is carried out elsewhere is limited. In recent purchases of cattle, one New Mexico packer related his difficulty in securing "finished" animals for slaughter during the winter months of 1945-1946, saying that the animals he found himself obliged to purchase were not "choice" but of "good" grade.¹³ They had aged and grazed on winter wheat lands of West Texas and did have "bloom" but not "finish."¹⁴ Apparently that situation is most unusual. The largest packer in the state, in volume of cattle slaughtered, does at least a portion of his own fattening and finishing in feed lots and pastures established next to his plant. Such a condition makes obvious the lack of interest among cattle growers of the state to attempt any finishing. It

¹³ "Finished" animals are animals fattened for slaughter. The terms "choice" and "good" refer to the two top grades employed in the United States Department of Agriculture in grading meat.

¹⁴ "Bloom" is a term which is used to refer to the appearance of meat from animals which have been fattened on grass rather than on grain.

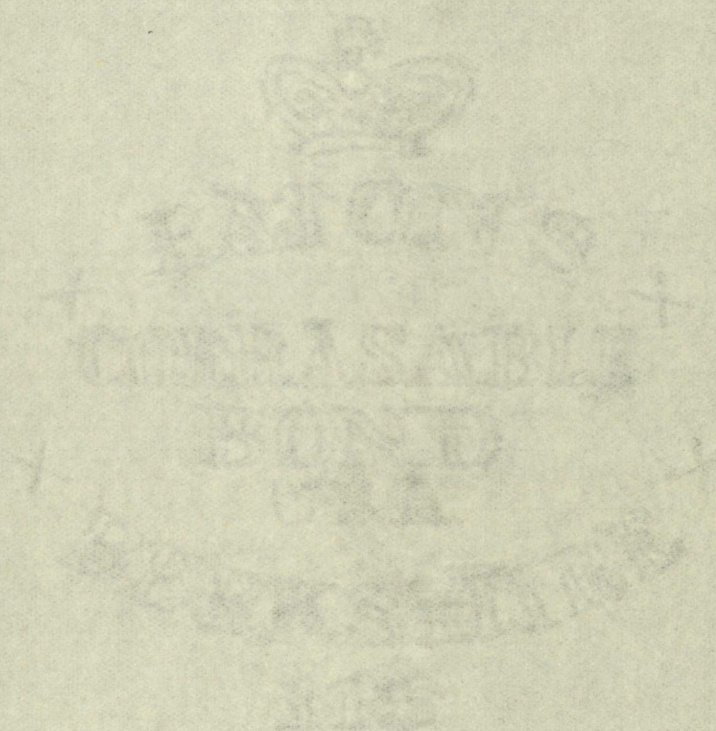
maintain plants devoted exclusively to poultry packing. Chickens are raised in practically all parts of the United States and most of the smaller cities draw a large percentage of their poultry supply from local production. In January, 1946, a poultry population of over 11,300,000 was concentrated in the small grain areas of New Mexico.

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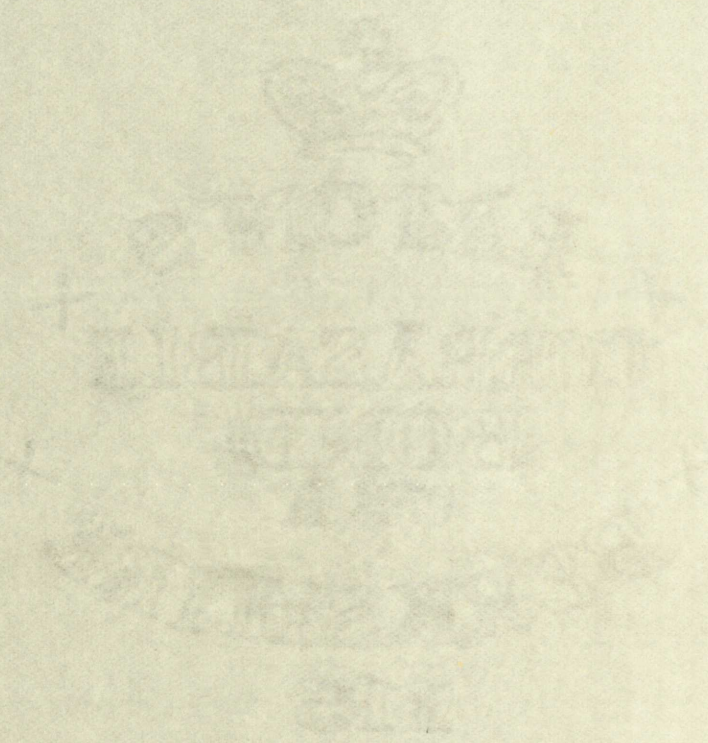
14 "Bloom" is a term which is used to refer to the appearance of meat from animals which have been fattened on grass rather than on grain.

is possible that it may be inherent inability due to lack of feed or owing to unfavorable profit opportunities.¹⁵



¹⁵ New Mexico Cattle Sanitary Board, 1945 figures

is possible that it may be inherent in the nature of the
of food or owing to unfavorable conditions of environment.



New Mexico State Library, Santa Fe, N.M.

CHAPTER III

THE MEAT PACKING INDUSTRY IN NEW MEXICO

Meat consumption in New Mexico. It has been previously pointed out in the discussion of types of production that there are a number of different types of meat producers that furnish meat to consumers in this country. In New Mexico a great deal of nationally packed meat is consumed in the urban centers. However, more typical is the state's local and home slaughter, ranging in size from the individual who slaughters his own livestock for his own consumption to the commercial packers located in numerous towns and cities, who supply meat in rather large quantities. The relative importance of the various producers of meat to New Mexico is somewhat elusive since figures are available for sample years only, or are not available at all. At best, the application of these figures to the problem at hand is of an arbitrary nature with approximations and suppositions playing a large part.

According to E. L. Moulton, "At present about fifty percent of the packing house products consumed in New Mexico are shipped in from El Paso, from Colorado, and from the Middle West."¹ The estimate appears to be within reason although it may be somewhat high. To arrive at figures by which a

¹ E. L. Moulton, New Mexico's Future, (Albuquerque: University of New Mexico Press, 1945), p. 91..

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comparison may be made, the annual per capita consumption multiplied by the number of persons in the state would produce the total amount of meat consumed for a given year. First of all, it must be assumed that the population of New Mexico, which in the Census of 1940 was 531,8318, came fairly close to the national average of meat consumption per capita. The figure of 140 pounds per capita is used, being slightly lower than the national average for reasons discussed in a later topic in this work entitled, "The Population of New Mexico as a Market." It is possible, therefore, to approximate a total consumption of meat by the state's population for 1940 of 74,454,520 pounds. That figure, of course, must include meat from all sources, out-of-state packers, local packers, and home slaughterers. According to the Interstate Commerce Commission's Bureau of Statistics, for 1940, New Mexico imported 8,602,000 pounds of meat on Class I railroads, and those railroads brought in ninety percent of all freight to the state.² As some meat is shipped into the northern part of the state by truck, there may be some fault in attempting to use the figure, but the error is not too great to create the approximate picture. The remaining 65,850,000 pounds of meat must have been produced within the state's borders. The greatest part of that amount undoubtedly was prepared for use by home slaughterers. Ver

² National Resources Planning Board,, Industrial Development, Mountain States Region, (Washington: United States Government Printing Office, 1942), pp. 21-23.

few of the packers of New Mexico approach large scale production with the possible exception of once or two, and they are normally in urban centers confining themselves to the local market. When it is considered that two-thirds of the population of the state lives in rural areas, the difficulty of distribution becomes apparent and the necessity for home slaughter more understandable. The majority of packing-house products of national and local origin, due to the sparseness of population and difficulties of transportation, are consumed by the 171,401 persons living in urban centers of New Mexico. Basing the estimate on the previously used 140 pounds per capita, meat consumption figure, those persons would have used roughly 24,600,000 pounds of meat and meat products. Only one third of that amount came in by rail in 1940, but taking into consideration the possible shipments by truck, it is possible to arrive back at the starting point of Mr. Moulton's statement. However, although one-third to one-half of the packing-house products consumed was from out of the state, the greater part of the meat supply still was of local origin, not, however, from packing plants.

Existing facilities of production. In 1945, the state of New Mexico, through the New Mexico Cattle Sanitary Board, licensed twenty-five different concerns to slaughter more than 250 head each of cattle or 150 each of hogs and

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253 slaughterers who were authorized to slaughter up to those amounts.³

Although the various licenses are issued to persons in all sections of the state, the licenses that may be considered the most important tend to be quite sectionalized.⁴ Those licenses, which would be the packers' licenses, were issued largely to concerns operating in the eastern half of the state. Eddy County, in the state's southeastern corner, led with five licenses; Curry County, on the eastern border had four licenses; Albuquerque, the state's largest center of population, had four also, although it is located in the west-central section. Outside of Fort Sumner, in DeBaca County, with two licenses, the remainder were rather scattered and no more than one license per county was obtained. The other counties were Colfax, in the northeast, Mora, also in the northeast, Quay, east-central, Chaves, southeastern, Otero, south-central, Sierra and Luna Counties, southwestern, and Socorro, south-central.

Sixteen of the concerns were located in the eastern half of the state and half of those were in the Pecos valley. The northwestern corner of the state was entirely without existing packing facilities although small slaughterers operated to some extent, being on a somewhat semi-permanent basis.

³ Figures from the New Mexico Cattle Sanitary Board.

⁴ See map, page 33, figure 1.

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Figures from the New Mexico Cattle Sanitary Board.

A See map, page 33, figure 1.

MEAT PACKERS IN NEW MEXICO

33

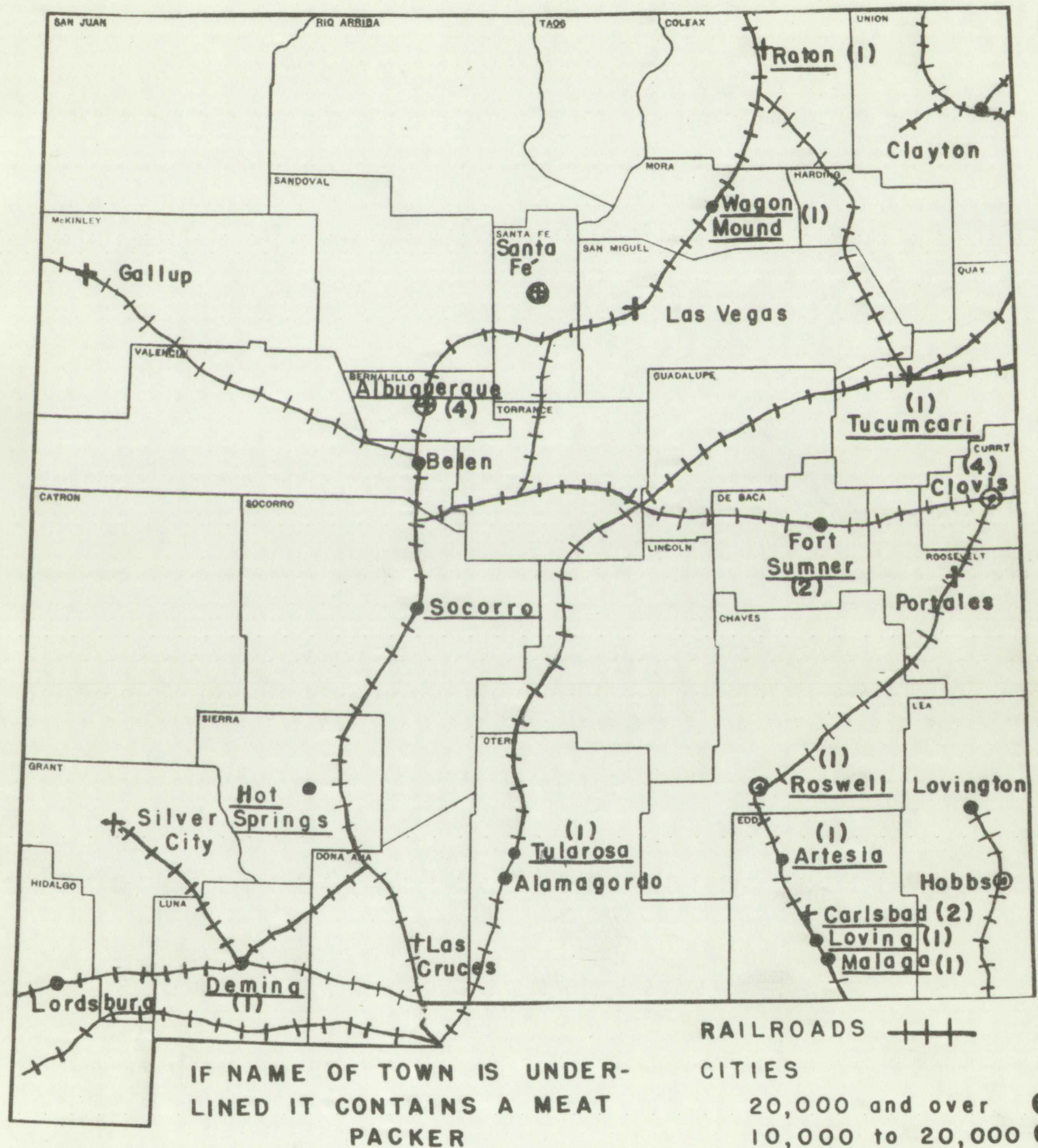
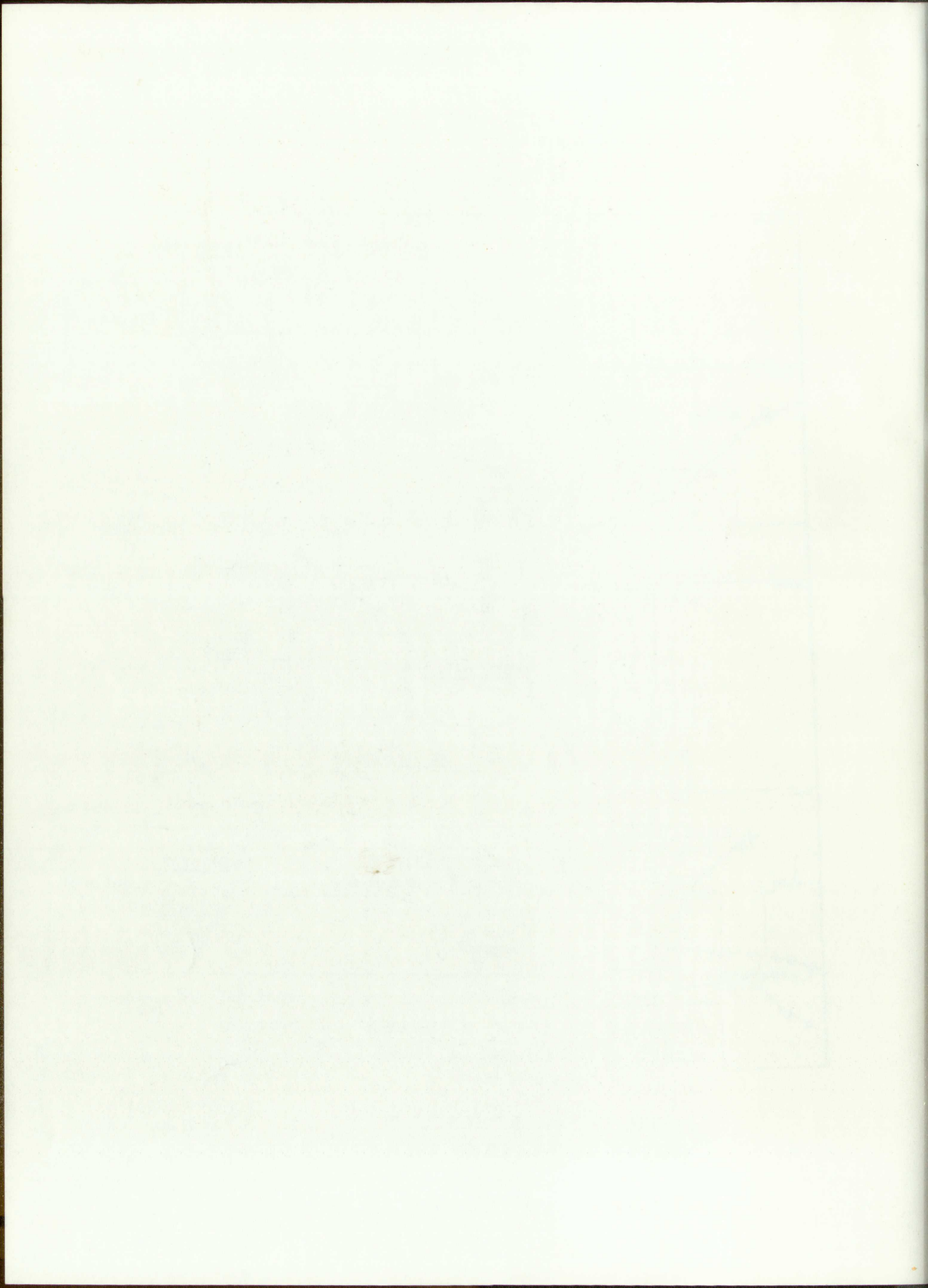


FIGURE I



Judging the importance of the existing plants is a speculative venture, particularly since they are, at the present time, under rigid output supervision. Whether the demand is not great enough to cause expansion or whether it is realized that part of the demand is probably on a short-term, emergency basis that will in all likelihood fall off remains to be seen in the future.

In the war years following 1941, a number of new plants came into existence and a number of the plants already in operation made additions to facilities. Few of the plants can be considered as serious challenges to the out-of-state packers of federally inspected meat, who will probably continue to find a ready market for their products.

Since meat packing is a business which is largely concerned with marketing and transportation of its products to market, the local packer does have some advantage in smaller freight costs, and various other factors. In spite of those advantages, the fact remains that the plants of New Mexico are comparatively small and are unable to practice many of the recognized economies that give a great deal of extra revenue to the larger packer. The complete utilization of by-products has made the packing industry known for its economy, yet no plant in New Mexico can, at least as yet, make similar savings. Outside of fertilizers, lard, hides, and tankage, which are but the beginnings of complete utilization, little is done. Substantial earnings from refuse commences when

34

Judging the importance of the existing plant is a speculative venture, particularly since there are, at the present time, under right conditions, no doubt, a number of plants which are not great enough to cause alarm or whether it is realized that part of the demand is probably on a short-term emergency basis that will in all likelihood fall off somewhat to be seen in the future.

In the war years following 1911, a number of new plants came into existence and a number of the plants already in operation made additions to facilities. Few of the plants can be considered as having facilities for the out-of-class packers of federally inspected meat, and will probably continue to find a ready market for their products.

Since meat packing is a business which is largely concerned with marketing and consumption of the products in market, the local packers have some advantage in smaller freight costs, and various other factors. In spite of these advantages, the fact remains that the plants of New Mexico are comparatively small and are unable to produce many of the recognized economies that give a great deal of return value to the larger packer. The complete utilization of by-products has made the packing industry known for its economy, yet no plant in New Mexico can, at present, do more than realize savings. Outside of facilities for hides, and tallow, which are but the beginning of complete utilization, little is done. Substantial savings from various sources are

the packer can complete all operations under his own roof without having to sell by-products to others for processing. In some cases, even fats to be rendered for lard cannot be processed in New Mexico plants, due to lack of facilities. This latter problem may be considered to be a temporary condition due to war and postwar shortages of supplies and materials and the difficulty will probably be partially overcome.

Marketing federally inspected meat in New Mexico. The major federally inspected meat packers that do business on a nationwide scale furnish a considerable quantity of meat to New Mexico. None have plants within the state and only one has a branch house to aid in meat distribution.⁵ The cost of the maintenance of a branch house in New Mexico by Swift and Company is five percent of its sales.⁶ In addition to that expense is its freight bill, its important inter-plant communication of orders, and many other expenses. Not to be overlooked of course would be advertising costs, although they are not borne by each unit individually. These costs may or may not occur with local packers, but at any rate would be of much less importance. It is probable also that there is considerable expense involved in keeping such a highly complex system functioning smoothly.

⁵ Branch House of Swift and Company, Albuquerque, New Mexico

⁶ Swift and Co., Yearbook of 1929, (Chicago, printed privately, 1929), pp. 24--30.

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Branch House of Swift and Company, Albuquerque,
New Mexico

The branch house itself usually consists of refrigerating machinery, coolers for its different products, and in some cases, equipment for further processing of meat and produce. The manager of the branch house must, in normal times, act quite independently of the parent organization, especially where competition is keen. The prices must be constantly adjusted so as to prevent meat from spoiling due to inability to sell it and to gain as much as possible from the stock at hand.

It is common practice for the packers located in Denver, who do the majority of the business in federally inspected meats sent into New Mexico, to send out "peddler cars." The car route, upon which the "peddler car" is used, is depended upon to a great extent to furnish meat to areas where a market exists but no other means of distribution exists. In this manner, those who demand federally inspected meat are able to obtain it.

A car route usually consists of a series of towns located along railroad lines, in charge of a salesman who takes orders in each town. The goods to be delivered are shipped in refrigerator cars belonging to either the packer, the railroads, or refrigerator car companies, on regularly scheduled days of the week. The goods are loaded into the cars in "station order," i.e., orders for the retailers in the first town are placed in front of the doors and the orders for dealers farther down the line at the ends of the

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It is common practice for the packers located in New York, who do the majority of the business in refrigerated meat, to send out "peddlers" to sell their goods in New Mexico, to send out "peddlers" to sell their goods in New Mexico, to send out "peddlers" to sell their goods in New Mexico. The car route, upon which the "peddlers" are sent, is dependent upon to a great extent to furnish meat to areas where a market exists but no other means of distribution exist. In this manner, those who demand refrigerated meat are able to obtain it.

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MARKETING CHANNELS

TYPICAL OF

LARGE SCALE PACKING

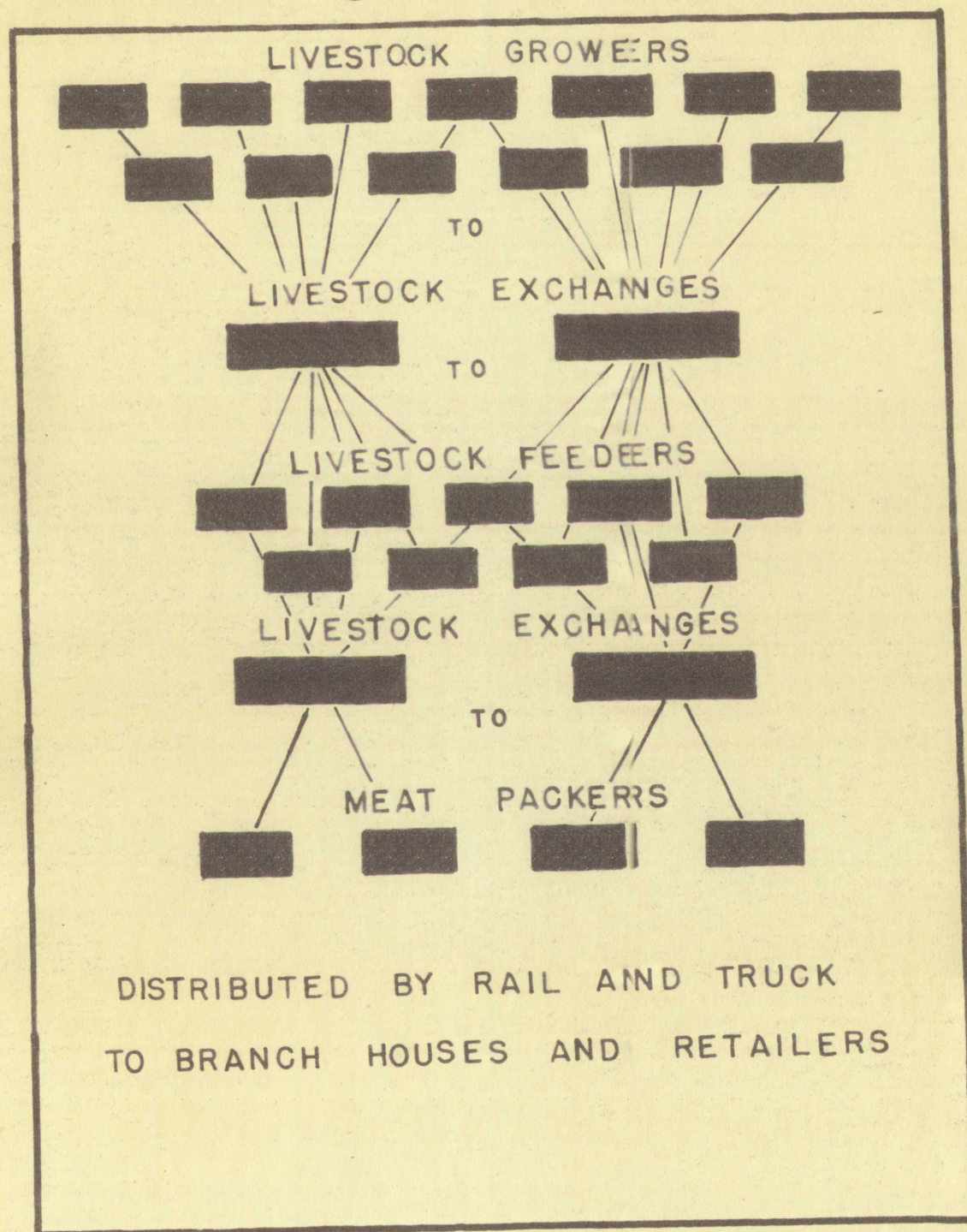
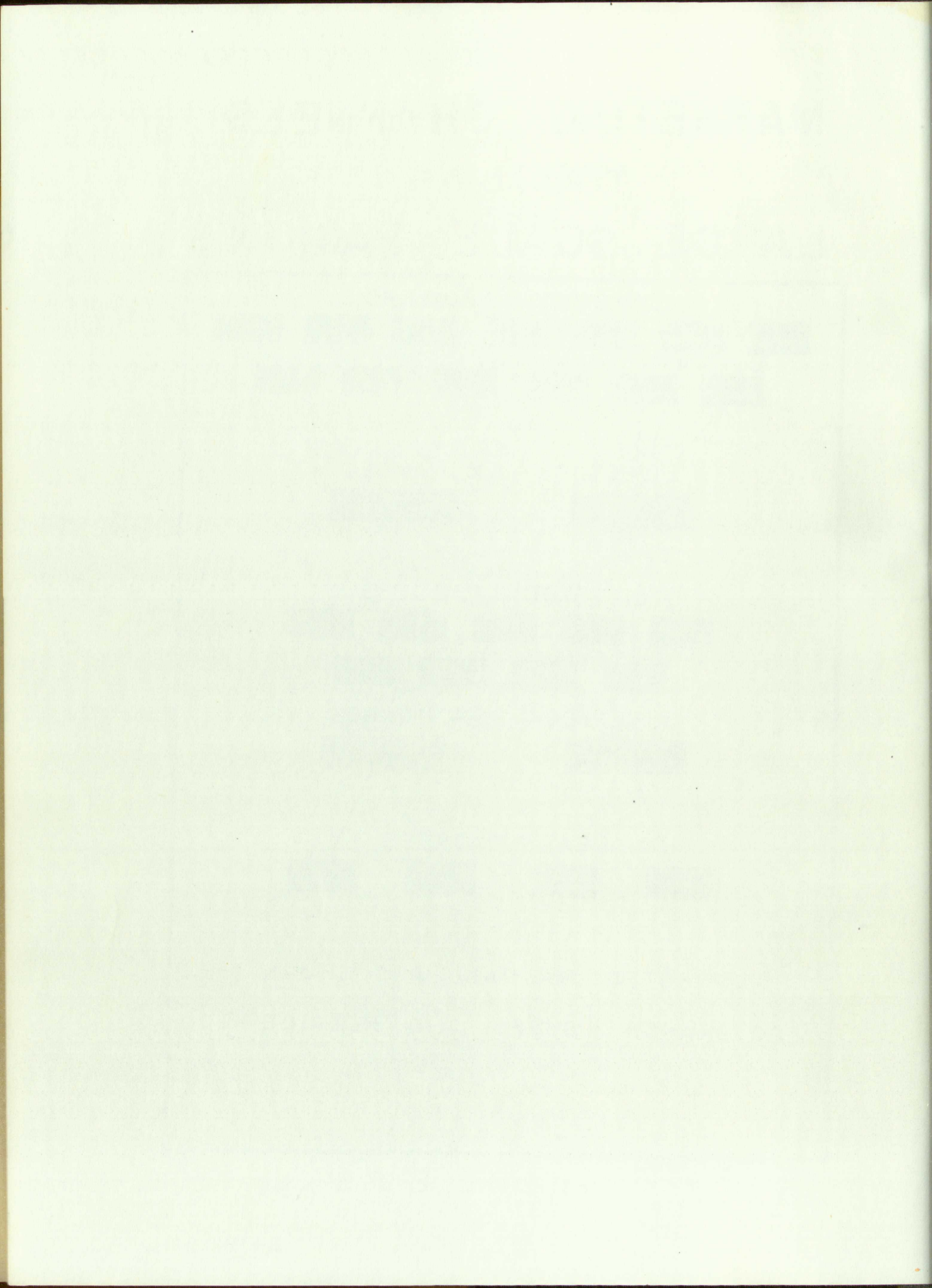


FIGURE 2



cars. As the car reaches the first town where meat is consigned, the car is opened and the meat is delivered. The car then continues on its way until the orders are all delivered and the contents of the car are exhausted.

The routes from Denver into New Mexico are several. On one route the car is first opened to discharge meat for the northern part of the state and at various points along the route, through Albuquerque, and it is finally exhausted at Williams, Arizona. Another car serves the Estancia Valley in a similar manner. Albuquerque, itself is served by direct carload shipments and serves as distributor for the immediate area.

For areas closer to the packing plant, including portions of northern New Mexico as far south as Espanola, trucks are used to make deliveries, rather than peddler cars. Below and to the south of Albuquerque, the branch house at El Paso, which is supplied by Fort Worth, sends out more peddler cars.

The system is rather complicated and subject to many limitations which would tend to discourage any great increase in the sale of meat by this method. New Mexico is one of the few states in the nation that is supplied locally with the greater part of its meat, partially due to the difficulty of distribution.

Distribution of locally packed meats. Local packers throughout the state use trucks to a very large extent for

cars. As the car reaches the first town, it is loaded in one
aligned, the car is opened and the meat is delivered. The
car then continues on its way until the next town, and all de-
livered and the contents of one car are exchanged.
The routes from Denver into New Mexico are several.
On one route the car is first opened to distribute meat for
the northern part of the state and at various points along
the route, through Albuquerque, and it is finally exchanged
at Williams, Arizona. Another car serves the Pecos Valley
in a similar manner. Albuquerque, itself, is served by cars
carried shipments and serves as distributor from the immediate
area.

For areas closer to the border plant, including
portions of northern New Mexico as far south as El Paso,
trucks are used to make deliveries, rather than peddler
cars. Below and to the south of Albuquerque, to the French
house at El Paso, which is supplied by French peddlers, sends on
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few states in the nation that is supplied locally with the
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of distribution.

Distribution of locally packed meat. Almost no meat
throughout the state are trucks to a very large extent for

delivery of their goods. The largest local non-federally inspected plant in the state delivers in this manner orders of retailers within a 150 mile radius of Albuquerque. This area would extend north to the Colorado border,, south as far as Dona Ana County, west to the Arizona, and east to the Pecos Valley.

The sales organization of the local packer may or may not be large, depending on the location of the plant and the size of the area served. This is not the advantageous position of the national packer who delivers along the most convenient and economical lines from his most suitable location. Instead the local packer is at the hub of his market with his routes radiating in all directions, and perhaps causing the need for more sales and delivery routes than would be necessary for the national packer.

In general, however, the local packer and slaughterer has his business confined to his home town and the countryside immediately surrounding his plant, with perhaps a neighboring community being served also.

Due to the vast differences in size and sales system the local and national meat packers are almost two entirely different businesses, in spite of the fact that they deal in similar products. The national packer may ship, because of federal inspection, to any part of the country where he may find it advisable and profitable to do so. However, the local packer may not. Not only is he hindered by not being

delivery of their goods. The largest local business
inspected plant in the area, delivery to retail stores
of retailers within a 100 mile radius. The
area would extend north to the town of...
as Dona Ana County, and to the south, extending to the
Pecos Valley.

The sales organization of the local business
not be large, depending on the location of the plant and the
size of the area served. It is not the intention of the
local business to compete with the national business in the
distribution of the national product, but to serve the local
market and economic life of the community. The local business
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able to ship across state lines, but in some instances may be further impeded in his activities by local or state regulations. A good example of this type of regulation may be found in the Meat Inspection Ordinance of Albuquerque.⁷

Quoting from the Ordinance:

"Permission will be granted such plants now existing and located within New Mexico to bring in- to and offer for sale meat and meat products and meat food products prepared therein, provided the municipalities in which such products are manufactured and in which such plants are located do pass a meat inspection ordinance that conforms to this ordinance in all essential details and that said municipalities do inaugurate and maintain an inspection service that meets the approval of the Meat Inspection Department of Albuquerque. And further provided that the inspector of Albuquerque shall have free access at any and all times to inspect the sanitary conditions of such plants and manner in which such inspection is being maintained."

MARKETING CHANNELS

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TYPICAL OF LOCAL PACKING

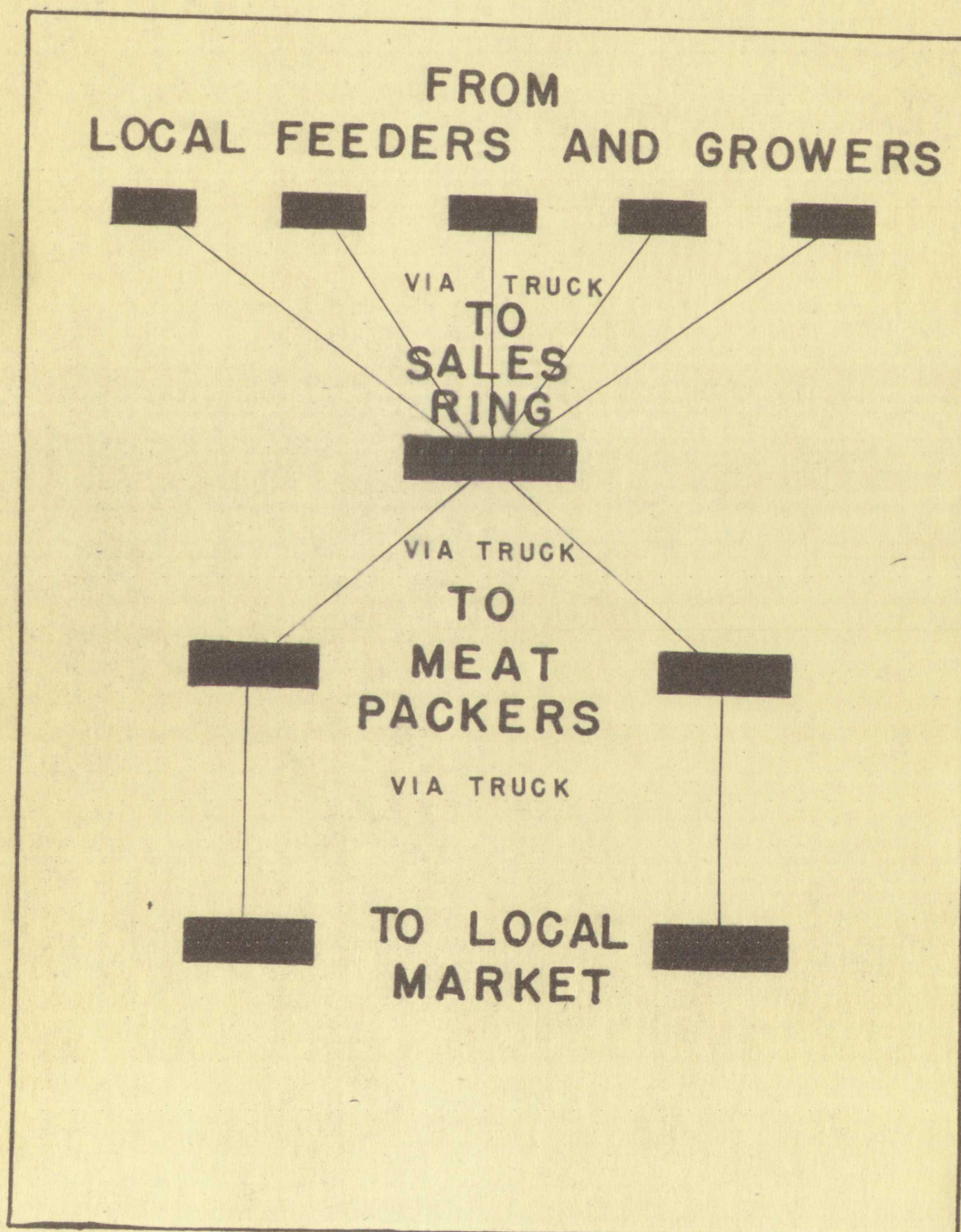
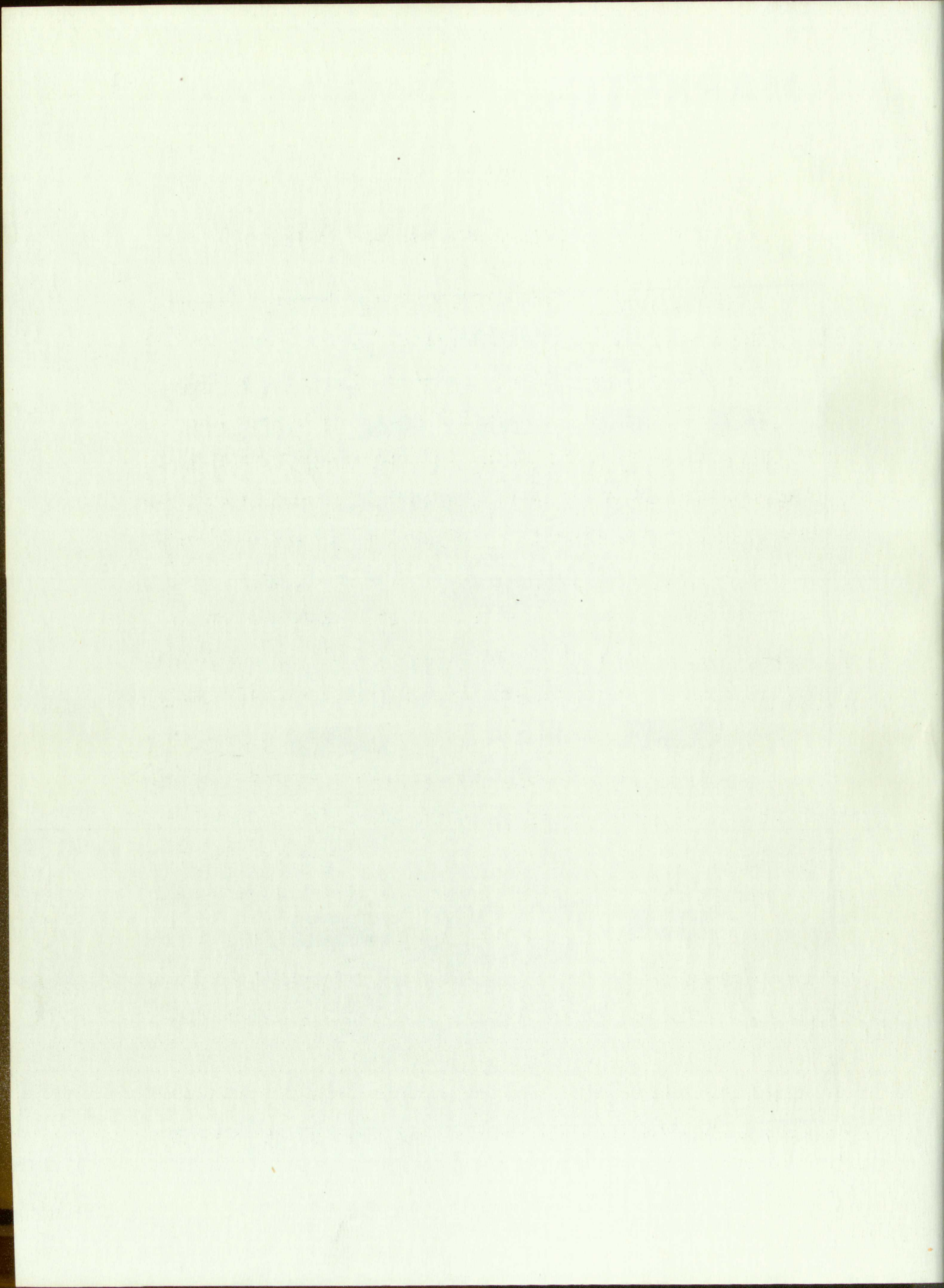


FIGURE 3



CHAPTER IV

SOME IMPORTANT DISADVANTAGES--NEW MEXICO

Introduction. In the foregoing discussions concerning the relative position and circumstances of the meat packing industry in New Mexico, several outstanding shortcomings have come to light. In the following discussions, these drawbacks will be weighed, along with the possibilities of overcoming them, in an effort to determine their importance to the future of the industry. Topics which are considered as warranting special treatment are: utilization of by-products by local packers, New Mexico as a market, meat inspection and sanitation in New Mexico, and the availability of livestock for slaughter, dealing with the problem of sales rings.

Utilization of by-products. It is a commonly accepted doctrine of the meat packing industry that for the most economical production of meat, the supply of livestock should be large enough to permit profitable utilization of the packing plant and equipment. In the opinion of Weld, several other factors prevent large scale operations from taking place in all areas. "Packing houses cannot be distributed too much throughout the actual producing fields because they would be too small for economical operation, because the livestock supply would be too seasonal and not of sufficient variety

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Introduction. In the foregoing discussion...

the relative position and importance of the... industry in New Nation... have come to light... drawings will be... overcoming them... to the future of the... as maintaining... products by local... inspection and... ity of livestock... sales rings.

Utilization of...

doctrine of the... critical production of... large enough to... plans and equipment... factors prevent... all areas... throughout the... too small for... supply would be...

in kind and quality of animal, and because the labor supply and shipping facilities would be inadequate."¹

The latter statement refers particularly to producers entering large scale, national competition. In spite of the tendency for more growth and consolidation in the larger concerns, there are many medium-sized companies in the United States doing a more local type of business, and there are thousands of country butcher shops serving a very local area. According to Weld, each class of packer is necessary and each will endure.²

It is interesting to note that while it is the tendency for the largest packers to become larger, the smaller packers are becoming more numerous. The latter case is particularly true in New Mexico. Those operators obtaining licenses to slaughter over 250 head of cattle per year have increased from sixteen in 1944 to twenty-five in 1946. Licensed slaughterers, killing less than 250 head of cattle, in 1944, were 179 while in 1946 they are 253.³ The condition of having many packers scattered over an area as large as New Mexico, particularly in view of their limited capacities, would indicate not only the difficulty of the packer

¹ L. H. D. Weld, "The Packing Industry: Its History and General Economics," The Packing Industry, (Chicago: University of Chicago Press, 1924), p. 72.

² Ibid., p. 76.

³ New Mexico Cattle Sanitary Board figures.

in kind and quality of animal, and the fact that the
and shipping facilities were in the hands of the
The latter statement is not correct, as the
entering large areas, national boundaries, and
the tendency for some growth and concentration in the
countries, there are many nationalities in the
States doing a great deal of business, and there are
thousands of companies doing business in every local
According to the fact, each of them is represented in the
will endure.

It is important to note that the
money for the industry is not as large as it was
years ago because of the war. The industry was
particularly true in the United States, where the
license to manufacture was not held by the United States
increased from about 100,000 in 1914 to 1,000,000 in 1918.
caused a shortage, which was not met until 1919.
in 1914, were 175,000 in 1918, and in 1919, the
tion of having many factories engaged in the
as New Mexico, particularly in the area of the
cities, could manufacture and export the product.

I. L. B. Smith, The New Mexico
and General Economic, The New Mexico
University of Chicago Press, 1919.

2. L. B. Smith, The New Mexico
3. New Mexico State University Press, 1919.

becoming producers of by-products but even would show the limitations to the growth of any large satellite industries that could process waste materials for many packers. There are a few by-product plants in New Mexico. Their existence reduces waste appreciably and as long as a large amount of small scale packing is expected to continue not only in New Mexico but elsewhere, they will serve a definite need. Such processors, although certain types are not to be found in New Mexico, process lard, oleo, soap, fertilizer, glue, and a number of other products. Lard refineries refine and bleach lard, oleomargarine; manufacturers make use of neutral lard and oleo oils from packing plants; soap factories purchase tallow while fertilizer plants haul off tankage and blood. Glue works gather bones from packers to manufacture their product. It was these industries that the large national meat packers saw fit to take over and combine with their own plants. With research, that field was further extended to include many other products.

Until such time as the packers of New Mexico would be able to actually absorb their satellite industries, their incomes may not be expected to be increased to the proportions of those of national packers who make full use of by-products. In the decades preceding the turn of the century, absorption of the scavenger industries that owed their existence to packing plants were being moved under the packer's roofs. During that period their incomes were growing, not

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only from increased sales of meat, but also from the sidelines that had been adopted.

Handicaps, then, consisting of inadequate production by plants existing in New Mexico and of their limited use and lack of income derived from the sale of by-products, hinder the competitive ability of those plants. By losing the possible economies offered by complete utilization of by-products, the small state plants are at a disadvantage in competing for and seizing new markets. New markets, of course, would be necessary if local plants would grow.

New Mexico as a market for meat. The population of New Mexico, according to the Census of Population of 1940, is two-thirds rural and is scattered lightly over an extensive area. In actual figures, 355,417 out of the total state population of 531,818 live in other than urban areas.⁴ An urban area, according to the Census classification, must contain at least 2,500 persons.

Such being the case, it is reasonable to assume that because of the mountainous, semi-arid character of the terrain, the poor condition of many rural roads, the lack of adequate railroad spur lines, and the custom of home slaughtering, typical of families in rural places, that the rural population of New Mexico is not favorably situated to be large purchasers of fresh meat products. Due to the high

⁴ Sixteenth Census of the United States, Population New Mexico, (U. S. Government Printing Office, Washington, D. C., 1941) First Series, p. 1.

perishable nature of meat, it must, by comparison, be rushed to customers for consumption because of the danger of spoilage. Only those persons living in communities served by good transportation or those near towns that have a packer or slaughterer may find it possible to obtain fresh meat with any frequency, unless they prepare it themselves. In the vast area that is New Mexico, it is often true that many people who live on farms and ranches are not only far from towns and railroads, but even from highways.

It cannot be said that it is definitely the habit of the rancher and farmer to buy prepared meats. Home slaughtering still remains a rather typical function on the ranch and farm. The type of packing house product that can be expected to be found would be the more or less supplementary item such as bacon or lard.

Without going into a detailed analysis of the dietary habits of the people living in the rural areas of New Mexico, it may be said, in general, that a great many persons exist on substandard diets that include very little meat. Under their present circumstances, caused by a very low income, these people are not large meat buyers. Some work that points out the extremely low standard of living among certain rural New Mexicans, points out that the consumption of meat is actually decreasing rather than increasing.⁵⁵ The work

⁵ "The Spanish-American Villages," The Tewa Basin Studies, (Albuquerque Soil Conservation Service, United States Department of Agriculture, 1939), Vol. II, pp. 7, 20, 57.

perishable nature of a life in the mountains is that
no insurance for compensation is possible. Only those
transportation of goods and people is possible. The
slaughterer may find it profitable to raise sheep and
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great since the land is not fertile. The people who live
in the towns and villages, but even there, the

It cannot be said that the people of the mountains
of the rancher and farmer are the same. The
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referred to, The Tewa Basin Studies, includes discussions of villages in the northern part of Santa Fe County, in the Rio Grande Valley, and along several minor tributaries. Although the study should be considered to be very localized, it illustrates conditions that do exist, rather notoriously in other parts of the state. The people being referred to present a grave sociological problem of the first importance and until their entire situation is improved, they cannot be considered as a prospective market for meat products. Perhaps future industrialization will improve their lot and cause them to move to areas where jobs may be available and in that manner cause them to become meat buyers.

The impracticality of establishing a sales system for the distribution of fresh meats to the rural areas, is apparent when several factors are considered. Sparseness of the population and the distances between settlements would be very disadvantageous. Meat is a highly perishable commodity not given to slow moving sales. Many people in the rural communities are still emerging from a system of barter economy and money is not plentiful. The expense of delivery, on practically a house-to-house basis, could hardly prove profitable. Other markets could be developed much more easily.

The population of New Mexico living in rural areas, for reasons enumerated before, is in a doubtful category when considered in relation to the possible expansion of the meat packing industry of New Mexico. It is not probable that

those persons will in the near future become large consumers of prepared meats packed by anyone. The sale of meat to people living in the various towns and cities of the state and possibly to markets outside of the state has much better possibilities.

Limited meat inspection and sanitation. In order for meat packers in the United States to engage in interstate commerce, they must conform with the regulations of the Meat Inspection Act of 1906, the Food and Drug Act of 1906, and the Packers and Stockyards Act of 1921. New Mexico produces no federally inspected meat and consequently its packers are limited to the confines of the state. Denver, Pueblo, and El Paso all have federally inspected plants that ship a great deal of meat into New Mexico.⁶ In addition to those firms having packing plants with federal inspection in the states adjacent to New Mexico, firms in other states find it feasible to ship their products into the state.

Prejudice against meat that does not undergo federal inspection is actual. One Albuquerque meat retailer estimated that seventy-five percent of his customers preferred federally inspected meat to that of local inspection. The market for locally produced meat appears to be materially lessened by this condition.

⁶ In Denver are Swift, Armour, and Cudahy; in Pueblo, Nuckolls; and in El Paso, Armour, Morris, Peyton, and Swift.

shows persons with... of prepared... people living... and possibly to... for possibilities.

limited past investigation... most persons in the United States... however, they must... investigation... the factors and... no federal... limited to the... All cases will have... great deal of... time having... states subject to... feasible to... The... inspection is... of that every... exactly... marked for... assessed by this...

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New Mexico and a number of its cities have a degree of the sanitary requirements set down by the Meat Inspection Act of 1906. The New Mexico Statutes set up license requirements for butcher and slaughter houses and provide for hide inspection.⁷ Other requirements specify that livestock must be inspected when it is moved from one cattle sanitary district to another.⁸ Local sanitary ordinances add to the requirements in some cities but do not approach federal stringency. It has been pointed out by a federal official, who by request will remain anonymous, that in general New Mexico packing plants have four serious faults or deficiencies.

(1) The water supply is inadequate; the supplies of hot and cold water do not meet federal requirements. (2) The methods and means of offal disposal are inadequate. (3) The plants are not so constructed as to be fly and vermin proof; many have grown and have made additions to plants that leave serious faults uncorrected. (4) The plant construction in general is at fault. Walls are not made of non-porous materials that may be thoroughly cleaned but tend to retain filth. The amount of direct sunlight made available by use of glass or glass-brick is not adequate. The general lack of adequate facilities and cramped space, making it possible for

⁷ New Mexico Statutes of 1941, annotated. Sections 49--2201 to 49--2205.

⁸ Sanitary district is an area designated by the New Mexico Cattle Sanitary Board for purposes of administering state inspection laws.

the finished product to be near the offal at the completion of operations is not desirable.

Many of these difficulties are due to insufficient capital when the businesses are starting. If the smaller local producers instead of growing as their businesses grow had previous accumulations of capital, as the large national producers have, then they too could foresee their future plant needs and build accordingly. The packers of New Mexico have had varying degrees of experience prior to starting their business, and many have grown from the community slaughterer to quite sizeable plants. In the course of their growth each developed its own ideas on maintaining sanitary conditions. Measured by federal standards, all degrees of cleanliness may be found in the many and different houses dealing in meat. In some cases, slaughtering, when done in the farm style, may be judged as being farthest away from meeting federal requirements while other plants, small as they may be in size, could actually meet those requirements.

In view of the previous discussion of the limited character of the market in New Mexico, the main hope for increased packing house production by New Mexico's producers would appear to be new markets in centers of population outside of the state. This avenue is blocked, however, by the lack of federal inspection. Lack of federal inspection not only prevents out-of-state shipments, but also causes many people to buy other than state produced meat, because of the

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prejudice against meat of local inspection. With a likely increase in population in the future, perhaps due to industrialization, a greater local market than now exists will add to demand for federally inspected meat. It is true, however that in the present day of scarcity, that many consumers forget their prejudice and use any meat that may be available. When normalcy is again reached in the supply of meat, it may be expected that the demand for federally inspected meat will go on as usual.

Livestock available through sales rings. The problems of the livestock grower are many and complex. Certainly not the least of his problems is the marketing of the stock upon which he has expended a great deal of time and money. He hopes to at least receive enough to compensate him for his expenses and realize the profit he is seeking. The stocker and the feeder who purchase that stock also find the marketing of it an important process. The meat packer is also vitally concerned with this same marketing. His profits are sure to reflect the condition of the market as well as the condition of the livestock that he buys. To anyone concerned with livestock and meat, marketing is an important problem and naturally is a vital link in converting cattle, sheep, and hogs, into beef, mutton, and pork.

The outstanding feature of the marketing system in livestock is the terminal point, usually a stockyard. The Congress of the United States, in 1921, saw fit to pass the

prejudice against me of local opinion. It is
increased in proportion to the future, because we are in
relation, a person who has been with me all his
to demand for further information. It is true, however,
that in the present, of course, I am not in a position
get their position and see how they stand. It is still
when normally in a position. It is true, of course, that
be expected that the same thing will be expected of me.
Go on as usual.

Livestock and the Livestock Industry

Some of the livestock industry is now in a position
ly not the least of the industry is the industry of the
stock upon which it is based. It is a fact that the
money. It is true that the livestock industry is now in a
him for his own sake, and for the sake of the industry.
The stocker and the farmer are the two main groups in the
the marketing of it in the market. It is true that the
is also vitally connected with the livestock industry. It
profits are not so great as the profits of the farmer as
well as the profits of the livestock industry. It is true
anyone concerned with livestock and the livestock industry.
important problem in the livestock industry is the
cattle, sheep, and pigs, and the other livestock.
The marketing of the livestock is the most important
livestock is the livestock industry. It is true that the
Government of the livestock industry is the livestock industry.

Packers and Stockyards Act designed to prevent combinations and monopoly and to improve trade practices, as to rid trading of fly-by-night dealers who appropriated funds of their customers by overcharges, non-standard devices for weighing, and many other malpractices. In places so supervised by very strict regulation and inspection, practices could not fail to improve.

According to the act, a stockyard is defined as "any place, establishment, or facility commonly known as stockyards, conducted or operated for compensation or profit as a public market, consisting of pens, or other enclosures, and their appurtenances, in which live cattle, sheep, swine, horses, mules, or goats, are received, held, or kept for sale or shipment in Commerce. This title does not apply to a stockyard of which the area normally available for handling livestock, exclusive of runs, alleys, or passageways, is less than twenty thousand square feet."⁹ The Secretary of Agriculture is authorized to decide when facilities come under the law and to enforce the law. New Mexico has no such facilities for the marketing of livestock that are large enough to be subject to the law. New Mexico does have sales rings which function in a similar manner, but with less strict regulation. Perhaps the greatest volume of livestock which is not shipped out of the state is sold in sales rings. These sales rings differ from stockyards primarily in size

⁹ The Packers and Stockyards Act of 1921--Title III, Section 302 (a).

Peckers and Brockway, who are in the business of
and monopoly and to furnish the public with
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customers by overcharging, non-attendance to their
ing, and many other dishonest practices. In fact, the
by very strict regulation and inspection, which
not fail to improve.

According to the act, a livestock market is
place, established, or to be established, for the
yards, connected or operated by a common carrier,
a public market, consisting of one or more buildings,
and their appurtenances, where livestock, horses,
horses, mules, or goats, are bought and sold, or
sale or shipment in bulk. The act also defines
a stockyard of which the owner or operator is
ing livestock, exclusive of any other business.
is less than twenty thousand pounds. The act
of Agriculture is authorized to make such regulations
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which is not subject to the law. The act also
These also rings differ from other rings in that

and the degree to which they are regulated. Since they are not large enough to come under the Federal Packers and Stockyards Act, their regulation is a matter of state concern.

While the general purpose and basic provisions of the New Mexico law are not greatly different from those of the Federal Act, it is generally agreed that the enforcement of the state law does not result in the same high standards of operation as those attained in federally regulated yards.

Sales rings differ from stockyards in still another important aspect which is at once a cause and effect of small volume: the area from which they draw cattle and buyers is quite limited. Consequently, the market forces are not so broad, the selection of livestock not so good, the flow of animals in and out not so steady, and the chances of buyers paying and sellers receiving prices in line with countrywide market conditions are relatively poor. The principal criticisms of sales rings appear to result from these two major shortcomings--lack of federal supervision and the limited character of the market. Pointing to no sales ring in particular but to non-federally supervised sales in general, certain criticisms have been raised that would tend to decrease the attractiveness of their facilities, especially to cattlemen.¹⁰ Some of these criticisms may be rather

¹⁰ Taken from conversations with meat packers, cattlemen, and from analysis of former malpractices supposedly corrected by the Packers and Stockyards Act of 1921 and New Mexico Statutes, 1941, Annotated, Article 10, Sections 49--1001 through 49--1010.

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biased opinions, but do in some cases apply. A few are (1) unsanitary conditions, (2) unsatisfactory feed and water facilities, (3) crowding of livestock, (4) "fly by night" dealers without bond, (5) prices tending to be lower than elsewhere, (6) tendency for branded animals to be retained locally in a local sales ring, (7) less opportunity for free bidding at smaller or undersupervised plant, and (8) unfair charges, weights, and sales practices. Such criticisms, whether fair or not, would appear to materially decrease the value of sales rings facilities in aiding the state of New Mexico to increase its meat packing activities.

The greatest amount of activity through sales rings is in Clovis, in Curry County, where, at the present, two rings function. Although the first of the two was not started until 1937 their growth has been rapid. In 1944, a total of 127,762 head of cattle were sold through the two rings there. The possibility of cattle market facilities in Clovis emerging as a regular stockyard is indicated in an item which appeared in the January, 1946, issue of the New Mexico Stockman, which stated, "Cattlemen in the region are looking forward to the possibility of establishing a federally inspected union stockyards with extensive packing plant facilities which will supply midwest and Pacific coast markets."

It is suggested that if federally inspected union stockyards were established, extensive packing plant

closed opinion, and it is not to be taken as a
unanimous conclusion, but it is a strong
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under charges, (8) extension of the existing
plans, whether for or against the public,
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It is suggested that the facilities are
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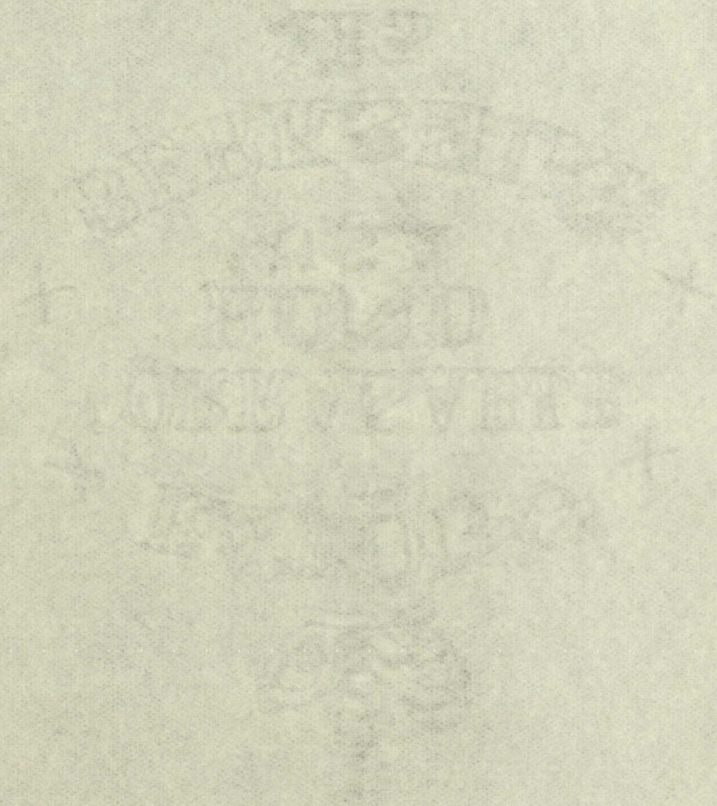
facilities would develop in New Mexico. There is no doubt that with such facilities available, the chances for the establishment of large scale packing would be greatly enhanced. Cattlemen who now prefer to ship livestock great distances to obtain the services of a federal stockyard because of their mistrust of sales rings would, in all probability, seek local buyers. A statement previously quoted from the biography of Gustavus F. Swift, the meat packer, pointed out that shipping long distances involves shrinkage of the animals, greater freight and feed expenses, and loss of some of the sales appeal by having their livestock worn and travel weary.¹¹ In cattlemen's trade journals, advertisements may be found that urge far-off sellers to ship their livestock to private feed yards near the market for rest and feeding prior to their actual presentation for sale, suggesting even greater expense to the cattlemen and the consumer.

With the availability of a greater supply of livestock, one of the chief limitations to an enlarged packing industry would be overcome--that of a lack of raw materials. In order to accomplish this desirable end of having a federally inspected union stockyards established in New Mexico, certain things would have to be done. The first need would be a yard large enough to come under the federal act. At the same time, it would be necessary for cattlemen of the area to send finished cattle to the local market which would also necessitate

¹¹ C.f. supra, p. 15.

not only a change in the customary practice of shipping feeders out of the state, but would require a supply of feed with which cattle could be finished.

not only a change in the way of thinking but a change in the way of feeling
fed back out of the system, and this is the only way in which
with which we can live in the future.



CHAPTER V

A MAJOR OBSTACLE, INSUFFICIENT LIVESTOCK FEEDING

Introduction. In order for a meat packing industry to grow in New Mexico, even in connection with a federally inspected stockyard, finished livestock must be available. Merely because a surplus of cattle, sheep, and hogs exists in the state by no means would indicate that necessary quantities of finished animals for slaughter are obtainable. By noting that the greatest packing centers are located in the areas of most abundant feed, it is possible to conclude that there is a definite connection between final finishing and the actual slaughtering of the animals. In New Mexico, with its great abundance of breeding grounds, browse lands, some grass lands, and a limited supply of grain, grown mostly on the eastern side of the state and in the San Juan valley of the northwest, it is only natural that there should be some cattle grown and fattened for slaughter. In rural areas, a good sized farm or home slaughter is conducted, while in most towns of significant size, one or more slaughterers care for the local needs to some extent. Not only in New Mexico, but in all other localities, the meat packer is limited in his production, by the amount of suitable livestock ready for slaughter that he finds available.¹ The amount and type

¹ Henry C. Wallace, "Livestock, The Raw Material of Packing," The Packing Industry, (Chicago: University of Chicago Press, 1924.), p. 54.

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Introduction. In order to ...
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of feed that is to be found naturally controls the feeding operations that are conducted and directly results in determining the number of animals that the packer may be able to use.

In general, two main types of finishing operations may be found in New Mexico.² Dry-lot fattening, which is based on the generous use of grain, as is typical of the corn belt, is secondary in New Mexico to methods which can be referred to as grass fattening, using basic feeds other than profuse amounts of grain.

Thin cattle from the range area are commonly exported to the corn belt where surplus corn is converted into meat. Grass-fed cattle, although marketed directly from the range area in very sizeable numbers, depending considerably upon the season of the year, are less desirable because of the lack of the high finish produced by dry-lot methods.³ New Mexico is one of the outstanding sources of feeder cattle ready for further fattening, but it would seem apparent that in order to make the supply of beef and mutton available in adequate quantities throughout the year for large scale packing, stock feeding would have to be conducted with the supply of feed that would be obtainable. The types of feed on hand have been subjected to many experiments in feeding and many

² W. N. Black, Feeding Cattle for Beef, Farmers Bulletin #1549, United States Department of Agriculture, February, 1928, p. 1.

³ Ibid., p. 4.

quite successful combinations have been found. In the following paragraphs, several of the various means that are at the disposal of New Mexico's feeders, which in the future may lead to an increase in the output of fat cattle, are surveyed.

Grass fattening operations. New Mexico has many large-scale ranches containing tens of thousands of acres. These organizations produce large numbers of cattle and it is sometimes their practice to buy additional steers to mature with their own herds in order to utilize surplus grass. Steers that are being matured and finished on grass are often fed cottonseed cake in addition to pasturage, when the price of cake permits its use. The use of such concentrates produces better gains and better finish than grass alone, and this system of fattening has been very satisfactory in many instances.⁴

The utilization of grain sorgums for wintering and fattening operations is very important in New Mexico, since important supplies exist. The cheapest method of utilization is said to be by removing the tops or heads from the stalks to be used for grain and using the remainder as silage or stover.⁵ Supplimented by cottonseed cake and straw, this ration has been found very satisfactory.

⁴ Virgil V. Parr, Beef Cattle Production in the Range Area, Farmers Bulletin #1395, United States Department of Agriculture, 1925, p. 31.

⁵ Ibid., p. 31.

Western markets are usually very well supplied with fat cattle in March and April, and cattle feeders who produce neither cattle nor feed take a very long chance at making a profit. It is the producer who raises both cattle and feed who stands the best chance of making a good profit.⁶ A feeder must take into consideration, if he has his own feed, the condition of the cattle he buys, the amount of feed available, probable market condition, and the supply of fattened cattle.

Fattening steers in the range area is generally confined to the irrigated farming communities and in those areas the use of alfalfa is the basis for most rations, but where native grass is exceptionally good, it is used instead. By its very nature, the irrigated land area is quite limited and its production relatively small. The effort to raise alfalfa rather than other plants is justified by the fact that alfalfa is a cheap source of protein.

In and near cotton producing areas, such as those in southern New Mexico, cottonseed products are used rather extensively, especially during years when such products are cheap and cattle market conditions are encouraging. In some areas of the southwest, feeding is conducted near cottonseed oil mills which reduces to a minimum the cost of that type of feed by elimination of transportation costs.

⁶ Ibid., p. 33.

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who stands the best... cattle.

...the use of alfalfa is...

native grass is... that alfalfa is a...

In and about... alfalfa...

These different combinations of feed and types of feeding indicate the flexibility of practice in fattening operations and lend a brighter prospect to the possibilities in New Mexico.

Irrigated pastures in grass fattening. In order to overcome the lack of grass in quantities suitable for fattening livestock, some enterprising individuals have set about to do away with that hindrance.

Numerous trials, and just as many successes, have proved the feasibility of using comparatively expensive irrigated lands of New Mexico for the purpose of irrigated pasture.⁷ The largest irrigated pasture in New Mexico, Arizona, Utah, or Colorado, flourishes a few miles south of Albuquerque in connection with the packing plant of largest volume in New Mexico. The tract under irrigation embraces 720 acres of land which previously was used to grow feed that had to be harvested. Under the new system, the cattle do their own harvesting. It is estimated that one acre will feed one steer a year, and that the alfalfa sweet clover and sudan grass which are planted and utilized in this manner pay off as well or better than the cash crops which were previously considered more profitable.

⁷ Discussion based on a series of articles appearing in several issues of The New Mexico Stockman on Irrigated Pastures, The Raising of Feed for Fattening and Future Prospects. October, 1945, pp. 28, 48; November, 1945, pp. 53, 58; and January, 1946, p. 78.

These all are... feeding... operations and... in New Mexico.

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A... in several... Pastures, The... pector. October... 28; and January, 1934.

No isolated experiment, this one case is merely the counterpart of many others throughout the state. Ranchers at Silver City, in the Virden and Red Rock valleys, at Lovington, Tatum, Lordsburg, and Tucumcari, as well as many other places, are using the same methods.

Probably the most outstanding projects which hold the greatest prospects for the future of a feeding industry in New Mexico are in the U. S. Bureau of Reclamation works at Tucumcari, Carlsbad, and Elephant Butte. The first mentioned, at Tucumcari, in the opinion of Wesley R. Nelson, Regional Director of the U. S. Bureau of Reclamation, will develop 45,000 acres which can well become a new livestock feeding center. It is estimated, for instance, that the land will produce from three quarters of a ton to over a ton per acre of alfalfa. Using the lowest estimate, that area could produce 33,750 tons of alfalfa a year or more.

According to Mr. Nelson, stockmen in the Tucumcari area are looking forward to the time when the project farms will begin to produce an abundance of feed on former grasslands. They believe that the production of row crops, alfalfa, legumes, and irrigated pastures will be of such quantity and quality that they can finish cattle in the area rather than following the practice of shipping cattle to the corn belt. In addition to the bright prospects mentioned, Tucumcari is a main junction for both the Rock Island and Southern Pacific railroads, which would aid greatly in marketing.

Stressing the importance of alfalfa production, a direct relationship can be drawn between what is now grown and the irrigated areas of the Pecos and Rio Grande valleys, by pointing out that the chief alfalfa producing counties of the state are Chaves and Eddy in the Pecos valley, and Dona Ana in the Rio Grande valley. These three counties produced 37.8 percent of the states alfalfa acreage in 1941, 38.6 percent in 1942, and 48.5 percent in 1943.⁸ The importance of the Elephant Butte and Lake Macmillan dams is more obvious in the light of these figures. Hence, with increased irrigated acreage in other parts of the state, it may be expected that the amount of alfalfa growth will increase.

Alfalfa in grass and dry-lot fattening operations.
Since alfalfa is the one leading feed crop grown in most of the irrigated valleys in New Mexico, the limitations to its use in livestock feeding would also tend to be the limitations of a livestock feeding industry. In that regard, some of its advantages should be pointed out and its disadvantages understood.

As pointed out in the publication of experimental tests conducted by the Experiment Station at the State Agricultural College, alfalfa is cut four or five times a year and there is considerable variation in the quality of

⁸ G. Staten, P. S. Stroud, and J. Carter, Alfalfa Production Investigation in New Mexico. Bulletin #323, New Mexico Agricultural Experiment Station, June, 1945, p. 1.

hay produced at these various cuttings.⁹ The first and last cuttings are fine stemmed and leafy while the intermediate cuttings are coarser and often contain more grass. The first and last cuttings, referred to as fine hays, are sought by dairymen, whereas fattening steers do not require fine hay, but can do well on the coarser varieties which are usually twenty-five percent cheaper in price.¹⁰

Fattening also demands use of a roughage feed if alfalfa is going to be economically utilized, as well as a certain amount of grain. The quantity of grain fed must be determined by the distance that it must be shipped, its price, as well as the amount necessary to be fed most economically. The grain best suited to New Mexico's circumstances may be considered to be sorghum. The roughage that is most plentiful in southern New Mexico is cottonseed hulls. Soybean, linseed, and peanut meal could be used if more were available.

The results of the tests conducted at State College brought several interesting conclusions. Fine alfalfa hay produced better gains and finish than coarser hay. Better gains resulted when cottonseed hulls and cottonseed meal replaced half of the third cutting of alfalfa hay. This was attributed to the slightly greater feed consumption by

⁹ J. H. Know and P. E. Neale, Alfalfa Hay as the Roughage in Cattle Fattening Rations, Bulletin #310, New Mexico Agricultural Experimental Station, Las Cruces, December, 1943, p. 1

¹⁰ Ibid., p. 1.

the cattle receiving hulls. When the cattle received the same amount of grain and with alfalfa as the only roughage, they tended to reduce feeding.

In summary, it is understood that alfalfa must be supplemented with roughages for the best results, that care must be exercised not to induce bloating or scouring by the wrong combinations, that cottonseed hulls, cake, and meal can advantageously be used in New Mexico due to the proximity of the source, and that the sorgums are an adequate source of at least some of the grain needed. The question then becomes one of the availability of the supplementary feeds needed. Those supplementary feeds mentioned are also used in regular dry-lot feeding. In the following discussion of feeds, their use and the amounts obtainable in connection with both types of feeding is to be examined.

Use and availability of supplementary feeds. Since there are no definite rules to follow in fattening operations, most successful feeders arrive at their own systems. The roughage used in dry-lot feeding determine the most desirable ration to use. Where legume hays are plentiful, a dry ration is generally used, but where straw or grass hays are raised, silage makes up the important part of the ration. Dry rations are usually associated with cattle of over eight hundred pounds, while silage rations are associated with smaller cattle that require longer feeding periods. In areas where corn is available, an approximation of the amount of corn necessary to feed and finish a two year old

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feeder is fifty bushels. Younger cattle make greater gains on the same quantity of feed. With corn and alfalfa or clover rations, a gain of one hundred pounds on three year old steers with 950 pounds of corn and 425 pounds of hay can be accomplished. Two year olds require ninety-three to ninety-five percent as much feed and calves seventy to seventy-five percent.¹¹

For feeding operations, the following common feeds are used extensively. Dry feeds--(1) corn, legume hay, or (2) corn, protein meal and mixed hay or (3) milo, kafir, or barley, protein meal and sorgo fodder. Succulent rations include (1) corn, protein meal, mixed hay, and silage, (2) corn, protein meal, straw, and silage, (3) milo, kafir or barley, protein meal, grass hay and silage. These feeds and combinations of feeds are those which have been tried and found to be successful. The feeds recommended by the United States Department of Agriculture include several feeds of which the State of New Mexico has the greatest supply and those that could be of the most economical use. Grain is needed to supplement feeding which is based on alfalfa. The grains that could be used for such a purpose in New Mexico, in order of importance based on the quantity produced in 1939 are: grain sorgum, corn, oats, and barley. The latter two crops, however, are of very limited quantity and consequently play a small part in feeding.

¹¹ W. H. Black, Feeding Cattle for Beef, Farmers Bulletin #1549, United States Department of Agriculture, February, 1928, pp. 7 and 8.

Corn and sorgum are of considerable importance to New Mexico. Both are produced on rather small scale in comparison to other parts of the country. In a sample year, 1939, New Mexico harvested 1,967,780 bushels of corn for grain cut, 18,833 tons of corn for silage, and hogged or grazed 30,464 acres of land.¹² Although those figures show that New Mexico doesn't come close to ranking with the Corn Belt states in corn production, they do indicate that considerable quantities are available. Corn production is used in the following manner: ninety percent for livestock feeding, with thirty percent of that for hogs, thirty percent for horses and mules, and thirty percent for other animals, including cattle, and the remaining ten percent is consumed by humans in one form or another.¹³

The limited possibilities of finishing cattle in New Mexico, with a ration based on corn, are indicated by the following analysis. Two primary assumptions must be made in order to arrive at the amount of feeding that can be done with the corn that is available in New Mexico. First, the assumption is made that the amount of corn needed from the beginning of feeding to the end of feeding for a two year old steer is fifty bushels. Secondly, it is assumed that the

¹² Sixteenth Census of the United States, Agriculture, New Mexico, (Washington, D. C.: U. S. Government Printing Office, 1939) Series I, p. 9.

¹³ H. F. Bruning, "Prices of Corn and Corn Products," War Industries Board, Washington, D. C., 1919, p. 6.

Corn and sorghum are the principal crops of New Mexico, and are produced in large quantities for export to other parts of the country. In 1939, New Mexico produced 1,501,783 bushels of corn and 18,311 tons of sorghum. The total value of these crops was \$30,100,000. It is estimated that New Mexico's corn and sorghum production is worth \$30,000,000 annually. Corn is used for human consumption, for animal feed, and for industrial purposes. Sorghum is used for animal feed and for industrial purposes. The following table shows the quantity of corn and sorghum used in the various industries in New Mexico in 1939.

Feeding, with other grains of the same kind, is the principal use of corn and sorghum in New Mexico. In 1939, 1,000,000 bushels of corn and 100,000 tons of sorghum were used for feeding. The value of these crops was \$10,000,000. The following table shows the quantity of corn and sorghum used in the various industries in New Mexico in 1939.

The United States is the principal market for New Mexico's corn and sorghum. In 1939, 1,000,000 bushels of corn and 100,000 tons of sorghum were exported to the United States. The value of these exports was \$10,000,000. The following table shows the quantity of corn and sorghum exported to the United States in 1939.

IN FURTHERance of the above, the following table shows the quantity of corn and sorghum produced in New Mexico in 1939. The total value of these crops was \$30,100,000. The following table shows the quantity of corn and sorghum produced in New Mexico in 1939.

amount of corn fed to cattle in New Mexico is thirty percent of the crop. In 1939, 590,334 bushels would have been available, which would have fed only 11,807 steers. On that basis, it is quite apparent that corn must not have been used as a basic diet, but that the much greater number of cattle that were slaughtered were fed on other feeds as well. Corn could be considered completely supplemental to an alfalfa base.

The amount of corn necessary to feed hogs varies according to the amount of corn available and its price. The amount fed to hogs varies from two bushels in the south where peanuts are used as a supplemental feed, to seven to eight bushels in the corn belt.¹⁴ In many instances, hogs are raised as scavengers, or allowed to grow wild, foraging nuts which have fallen from trees. In the vicinity of many cities, a hog growing industry is established on the basis of a garbage diet. In connection with a cattle feeding industry, it is the advised practice to utilize the services of a good, thrifty shote to every two steers being fed to follow the cattle.¹⁵ In fact, hogs will survive and thrive on almost any type of fodder or feed. The feed factor for

¹⁴ Lester E. Klimm, Otis P. Starkey, Norman F. Hall, Introductory Economic Geography (New York: Harcourt, Brace, and Company, 1940) p. 180.

¹⁵ W. H. Black, Feeding Cattle for Beef, Farmers Bulletin #1549, United States Department of Agriculture, February, 1928, p. 16.

amount of corn fed to cattle in New Mexico is about 100,000 bushels of the crop. In 1933, 190,000 bushels would have been available, which would have fed only 11,000 head of cattle. If it is only 100,000 bushels, then the number of cattle as a basis also. But that the number of cattle that were slaughtered and fed to other purposes is small. It could be considered approximately equivalent to the amount of base.

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hogs is, therefore, most difficult to determine since they can and do make use of almost any type of vegetation. More concentrated solids are preferable however. New Mexico has, in limited quantities, some corn and sorghum, as well as less recognized foods, that may be utilized. In the event that the cattle feeding industry would be expanded on a grain feeding basis in the future in New Mexico, there would also be the possibility that there would be an increase in hog population. Such a possibility hinges on the expansion of grain production which in all probability can be realized only as additional land is brought under irrigation.

The obvious shortage of corn in New Mexico is somewhat alleviated by the more plentiful supplies of grain sorghums. The state of New Mexico, in 1939, produced a sorghum crop of 2,499,979 bushels of grain, 36,018 tons of green hay, and 226,843 tons of dry hay. Much of the state's output is fed to livestock for fattening, in lieu of corn. Using the same basis for arriving at a figure of production as was used for corn feeding, an additional 14,999 head of cattle could be fattened annually. The arbitrary nature of these figures should be pointed out since many cattle are not being prepared for slaughter but are being maintained for breeding purposes. Hence, even if perfect accuracy could be gained as to how many cattle could be fed on any given amount of grain, the results would not show how many would actually be marketed.

As is pointed out in the section in this work on irrigated pastures, the future of feed production in New Mexico will be determined by the amount of land that can be brought under irrigation in the vicinity of various projects throughout the state. While the sorgums are normally considered to be products of the dry farming areas of eastern New Mexico, it is reasonable to assume that under irrigation and fertilization, the expansion of production of this vital crop can be increased. Not only irrigation and fertilization, but many other means of soil conservation and erosion control, are being used to an ever increasing extent and in the future should pay off with greater crop yields and fewer years of utter failure.

Summary of feeding possibilities. In summary of the feeding situation in New Mexico, it is evident that a definite shortage of feeds is the common condition. New Mexico is unable to supply enough feed for large scale feeding operations under present conditions, but would have to rely on areas outside of the state to supplement its crops, if feeding is to be undertaken. In some crops, production is sizeable and is likely to increase. Alfalfa, which can be grown in New Mexico at an advantage on irrigated lands, would be the most likely basis for extensive feeding operations but would have to be fed in conjunction with other feeds. Grain sorgum and cottonseed are products quite available in New Mexico with additional amounts being grown in areas

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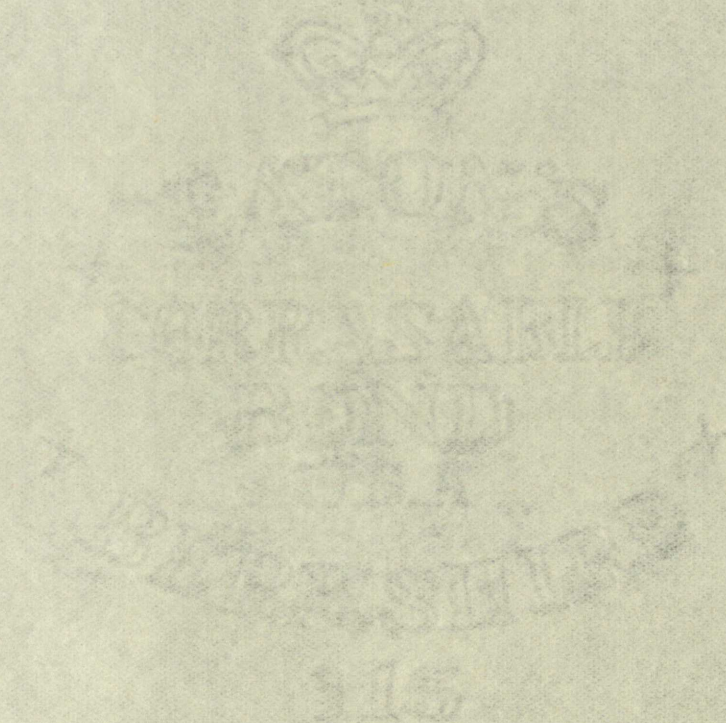
Summary of Feeding Problems

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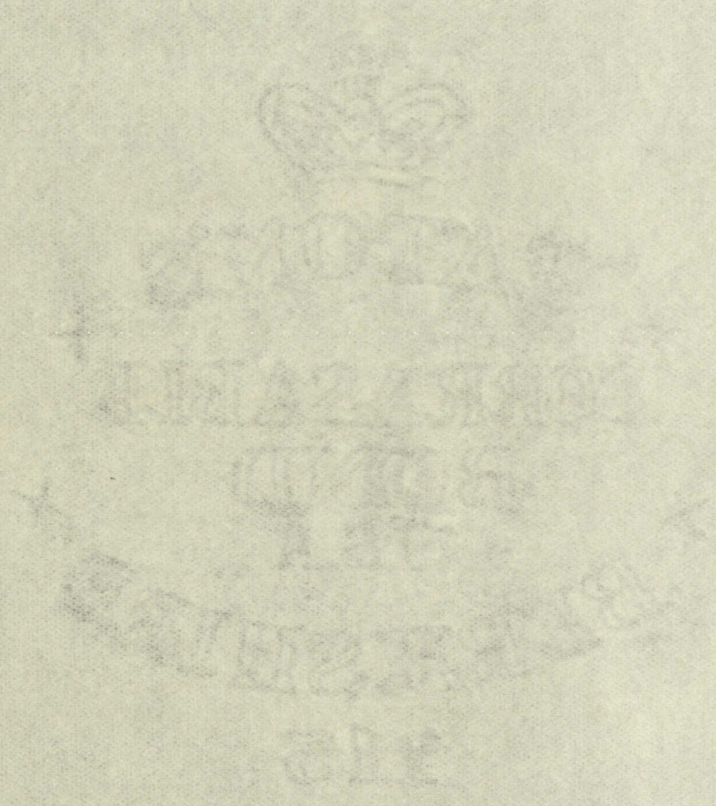
close by. Naturally prices and costs would play a great part in determining the extent of feeding operations and those prices and costs would also hinge on the quantity of livestock demanded.

Feeding is but part of the production process and the lack of any substantial local demand along with the traditional selling habits would tend to discourage local feeding. Although prices of grains and cattle have not been investigated, those prices would actually hold the key to feeding. The feeder who raises his own livestock and feed runs the least risk whereas the person who buys both is in a purely speculative position and is more likely to suffer losses with market breaks. New Mexico is characteristically a livestock-breeding state and the cattle grower is not apt to be engaged in feed raising. The feeder in New Mexico is in a speculative position since it is likely that he must buy either the feed or the livestock. The mid-western corn belt feeder is typically the corn raising farmer who has abundant supplies of corn to be converted into profit in the form of meat. Local feeders would experience some difficulties in obtaining supplementary feeds, while in all likelihood the midwesterner would grow more of those feeds himself. After combining the known factors, it would be found that the New Mexico feeder speculates in a number of items necessary to turn out finished livestock. Nevertheless, feeding would be greatly encouraged if suitable marketing

channels existed locally, perhaps in the form of a federal stockyard, upon which several large scale meat packers were dependent.



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CHAPTER VI

THE FUTURE OF THE MEAT PACKING INDUSTRY IN NEW MEXICO

It is quite apparent that many variable factors govern the future growth of meat packing in New Mexico. Each phase that has been previously discussed has brought out advantages and disadvantages that the state possesses. A summary of some of the more important factors will show more easily the future trends.

Size and economy. Dealing first with the existing packing plant facilities already established in New Mexico, it has been found to be the rule that plants already established within the boundaries of the state are too small to practice but few of the recognized economies of the meat packing industry. Failure to make full use of by-products cuts into the amount of profits available to these plants, reducing their ability to expand, to seek new markets and to undertake necessary research.

Local advantage. Due to the presence of plants within the market area, comparatively close to their source of livestock, the cost of transportation for local packers is small. The disadvantage of being unable to make full use of by-products is offset to some extent and allows local packers to compete with national packers in the local market. The fact that no New Mexican packer has federal inspection of

THE FUTURE OF THE FARM
It is not a new thing to say that the future of the farm is a problem. The future of the farm is a problem that has been greatly complicated by the discovery that the farm is not only a source of food but also a source of many of the raw materials of industry. The future of the farm is a problem that has been greatly complicated by the discovery that the farm is not only a source of food but also a source of many of the raw materials of industry.

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meat reduces the market area to the state. Since local operation gives each packer a comparative advantage in his own locality, due to low cost in transportation, he would experience a disadvantage in attempting competition in cities in other parts of the state. Lack of uniformity in inspection of meat and meat products by local agencies is a drawback to the industry. A sample of that lack may be found in the Albuquerque City Ordinance #499 which prohibits the sale of meats in Albuquerque by packers located in other cities of the state if they are not under a similar ordinance and inspection system, agreeable to Albuquerque.¹

To improve inspection. Since no uniformity in inspection may be found, it would be beneficial from the consumer's viewpoint especially, if basic inspection requirements were set up by the State of New Mexico. The actual adoption of federal requirements by the state and a state inspection department would seem quite advisable. Although the state of New Mexico has many laws regulating livestock sales, inspection, and slaughter, they are not written with the consumer in mind, but rather, the cattle and sheep grower. The power to regulate and inspect meat is granted to individual towns and cities by state laws.²

¹ City of Albuquerque, Commission Ordinance No. 499, Section 36, 1941.

² New Mexico Statutes, 1941 Annotated, Vol. 1, Article 18, Sections 14--1834, 14--1815, 14--3514.

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A stockyard needed. Along with the lack of federally inspected plants in New Mexico, there is also lacking federally inspected stockyards. The state of New Mexico does have a law regulating the operation of sales rings for livestock which is regarded as more lenient than the federal law. Sales rings, are, when it is necessary, patronized rather dubiously by many cattle growers. Many cattlemen would rather ship to a federally inspected yard elsewhere. Sales rings must reach considerable size before coming under federal law, and at the present time, none come under the law.³

The local market. The fact that 66 percent of New Mexico's population is rural, that home slaughter is typical, that many people in the rural areas of New Mexico cannot afford any great amount of meat, would indicate the limitations of the possibility of expanding state consumption of meat. State packers could possibly gain new customers from persons now purchasing federally inspected, out-of-state packed meats, but are limited to sales within the boundaries of the state.

Feeding. It was previously stated that New Mexico raised a large quantity of livestock but was not among those states that do the feeding and finishing. It was also pointed out that the importation of feeds is less of a practice than shipping livestock to feeding areas for fattening.

³ United States Packers and Stockyards Act, 1921,
Title III, Section 302 (a).

Some fattening is done in the state but such fattening is usually limited to areas and periods of abundant grass. The practice of fattening cattle on irrigated pastures is becoming increasingly common. The basic feeds that are common for cattle feeding are rather scarce in New Mexico. Grain sorgums are more abundant than corn and prove to be a very valuable substitute. Alfalfa is raised in the irrigated valleys of New Mexico, and it is believed that a feeding industry, based on alfalfa may result from this crop. Success of several irrigation ventures will have a direct bearing on the amount of alfalfa grown and consequently the number of livestock fattened. The presence of a cotton growing area close by in southern New Mexico furnishes some cotton seed meal, cake, and hulls which are considered highly desirable for a livestock feeding industry.

The future. The future of the meat packing industry depends on each and all of the foregoing factors. Being a sparsely populated state, the expansion of packers within the state, based on a strictly local trade, would seem quite limited. Assuming the freight rate structure to be favorable to New Mexico, which it actually isn't, New Mexico packers in seeking larger markets still couldn't ship outside of the state. If a local packer was to be federally inspected, he'd still experience difficulty in obtaining adequate supplies of livestock for slaughter due to the lack of a real feeding industry. The establishment of a feeding

Some fattening is done in the state, but it is usually limited to a few large concerns. The practice of fattening cattle and hogs is common, especially in the central and southern portions of the state. The cattle are usually fattened for a few months before being sent to market. Grain is raised in the state, but it is not a very valuable article. The principal crops raised are cotton, sugar, and rice. The value of the cotton crop is estimated at \$10,000,000. The sugar crop is valued at \$5,000,000. The rice crop is valued at \$2,000,000. The principal exports of the state are cotton, sugar, and rice. The principal imports are flour, oil, and other foodstuffs. The principal industries of the state are cotton, sugar, and rice. The principal occupations of the people are agriculture and stock raising. The principal cities of the state are Havana, Santiago de Cuba, and Matanzas. The principal ports of the state are Havana, Santiago de Cuba, and Matanzas. The principal sources of revenue of the state are customs duties, taxes, and the sale of public lands. The principal sources of expenditure of the state are the payment of interest on the public debt, the maintenance of the public service, and the improvement of the public works. The principal sources of information of the state are the newspapers, the magazines, and the books. The principal sources of entertainment of the people are the theaters, the concerts, and the public games. The principal sources of education of the people are the schools, the colleges, and the universities. The principal sources of health of the people are the hospitals, the dispensaries, and the public health offices. The principal sources of security of the people are the police, the army, and the navy. The principal sources of justice of the people are the courts, the judges, and the lawyers. The principal sources of religion of the people are the churches, the priests, and the monks. The principal sources of culture of the people are the libraries, the museums, and the public buildings. The principal sources of science of the people are the laboratories, the observatories, and the scientific institutions. The principal sources of art of the people are the galleries, the theaters, and the public exhibitions. The principal sources of music of the people are the concert halls, the opera houses, and the public performances. The principal sources of dance of the people are the ballrooms, the theaters, and the public dances. The principal sources of sports of the people are the stadiums, the arenas, and the public games. The principal sources of recreation of the people are the parks, the gardens, and the public grounds. The principal sources of amusement of the people are the theaters, the concerts, and the public games. The principal sources of entertainment of the people are the theaters, the concerts, and the public games. The principal sources of education of the people are the schools, the colleges, and the universities. The principal sources of health of the people are the hospitals, the dispensaries, and the public health offices. The principal sources of security of the people are the police, the army, and the navy. The principal sources of justice of the people are the courts, the judges, and the lawyers. The principal sources of religion of the people are the churches, the priests, and the monks. The principal sources of culture of the people are the libraries, the museums, and the public buildings. The principal sources of science of the people are the laboratories, the observatories, and the scientific institutions. The principal sources of art of the people are the galleries, the theaters, and the public exhibitions. The principal sources of music of the people are the concert halls, the opera houses, and the public performances. The principal sources of dance of the people are the ballrooms, the theaters, and the public dances. The principal sources of sports of the people are the stadiums, the arenas, and the public games. The principal sources of recreation of the people are the parks, the gardens, and the public grounds. The principal sources of amusement of the people are the theaters, the concerts, and the public games.

industry then hinges on the amount of feeds available as well as favorable prices. The amount of feed available in New Mexico depends on the luck that is with the dry farming areas on the eastern side of the state and on the development of larger irrigated crops in the river valleys. Both of the latter have their limitations. In connection with an enlarged feeding industry, the sale of livestock on the local markets would appear to be hampered by the lack of a federal stockyard and the presence of a number of small sales rings.

Departing from the negative aspects of the situation, as it was previously stated, one area in particular does possess many desirable features and factors of production that would make it more promising than other sections of the state. The area referred to has as its center Clovis, in Curry County. In that locale, a considerable amount of cattle are fed and sold through rather large scale sales rings. That area is also the center of the eastern New Mexico grain supply and is adequately served by railroads. It would be logical that if there is any possibility of large scale operations in New Mexico in meat packing, that that area would be best suited.

One of the major problems that would have to be solved would be finding markets for its products. Clovis is surrounded by a vast expanse of lightly settled territory and would be a great distance from its most probable markets on the Pacific coast. In order to meet competition in that

area, it would be necessary for a plant to be large enough to secure all of the savings of large scale production and use of by-products. It is doubtful that at this time such a plant would have adequate year around supplies of live-stock available for slaughter. However, with a federal stockyard available such a possibility would be much more likely. Part of the problem would be to break down the selling habits of stockmen who seek more distant markets at the present. It is doubtful that labor would be a great problem since it is known that New Mexico constitutes a sizeable reservoir of manpower.

At a greater disadvantage as to the proximity of livestock is Albuquerque in Bernalillo County, but still well located to warrant serious consideration. However, large scale production would depend also on the amount of slaughterable livestock available. The source of those livestock would still remain Clovis and its limitations would remain the same. Albuquerque has an advantageous position in the rather populous Rio Grande Valley, but to grow, a plant would still have to seek outside markets for real expansion. An adequate labor supply would be even more obtainable and its position in relation to rail transportation would appear more advantageous than that of Clovis. With a federal stockyard, federal meat inspection, adequate feeding, favorable freight rates plus a combination of other important factors, increased production for out-of-state consumption could be possible.

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possible.

It is quite improbable that such a combination of advantages would suddenly materialize. It would seem more likely for existing facilities to maintain themselves during the present period of great demand and later for some failures to result from tighter competition and more plentiful supplies. Areas of the greatest advantage may be expected to keep that advantage due to natural conditions and the most favorable locations.

Many factors have been avoided altogether that obviously oppose an expansion of meat packing in New Mexico. Such was the intention. An unfavorable freight rate structure has a great deal to do with the limitations of the industry in the Mountain States area. A host of factors work against New Mexico, some of which may be overcome in time, but in all likelihood, the present trend towards a considerable number of small producers will continue. Continued growth by certain outstanding meat packers within the state may bring about an increase in all phases of the industry which would add further impetus to feed raising and feeding and result in more ideal conditions.

It is noted that the present situation is not

unusual and that the present situation is not

likely for a long time to remain as it is

the present period of rapid change and development

will result in a new situation and a new

supply. It is noted that the present situation is not

likely for a long time to remain as it is

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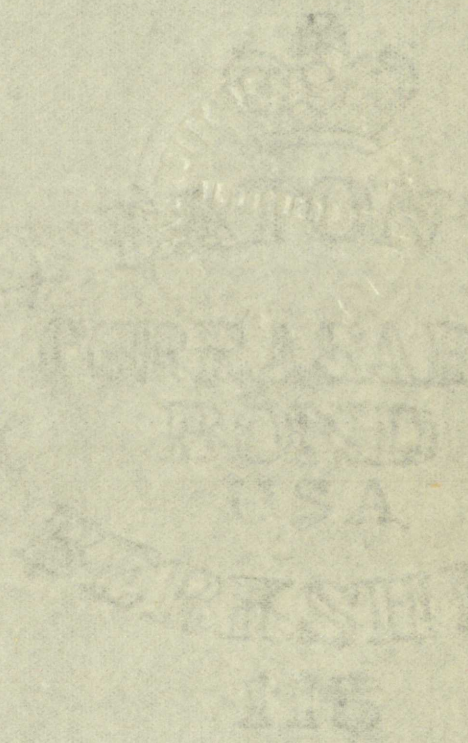
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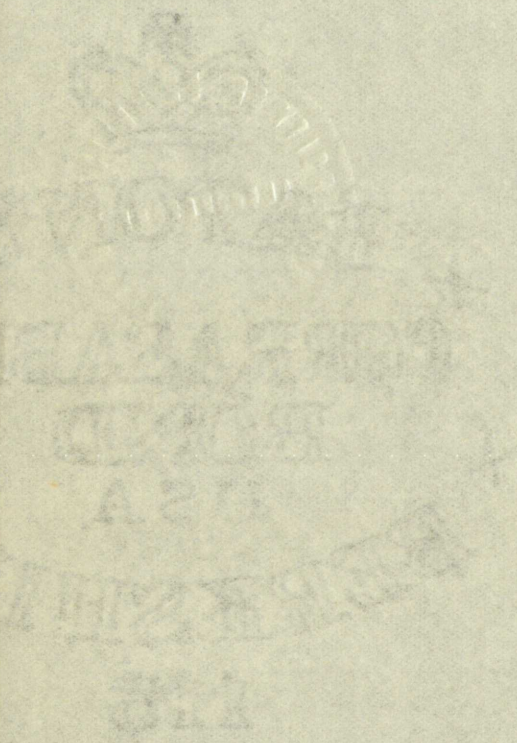
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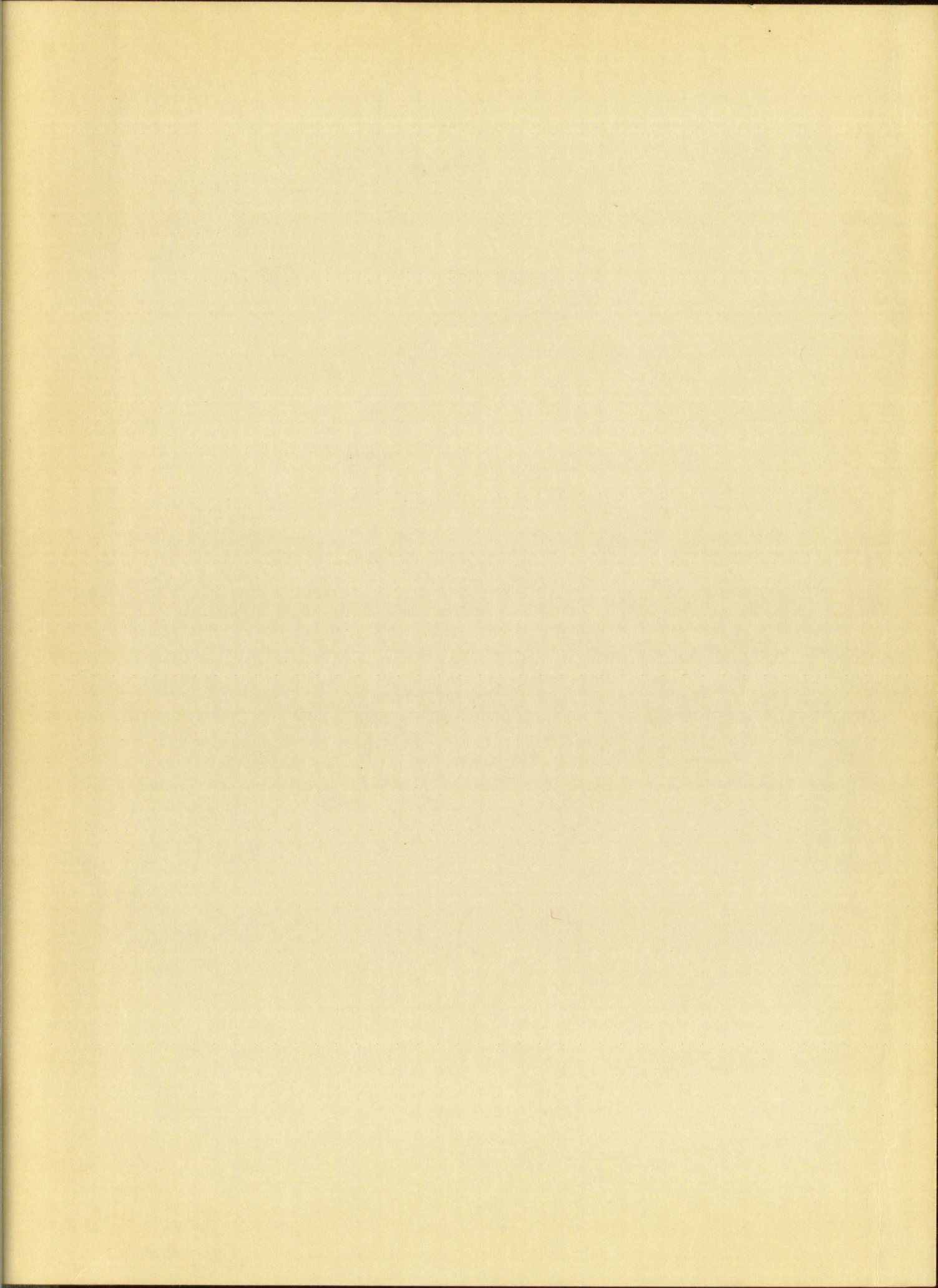


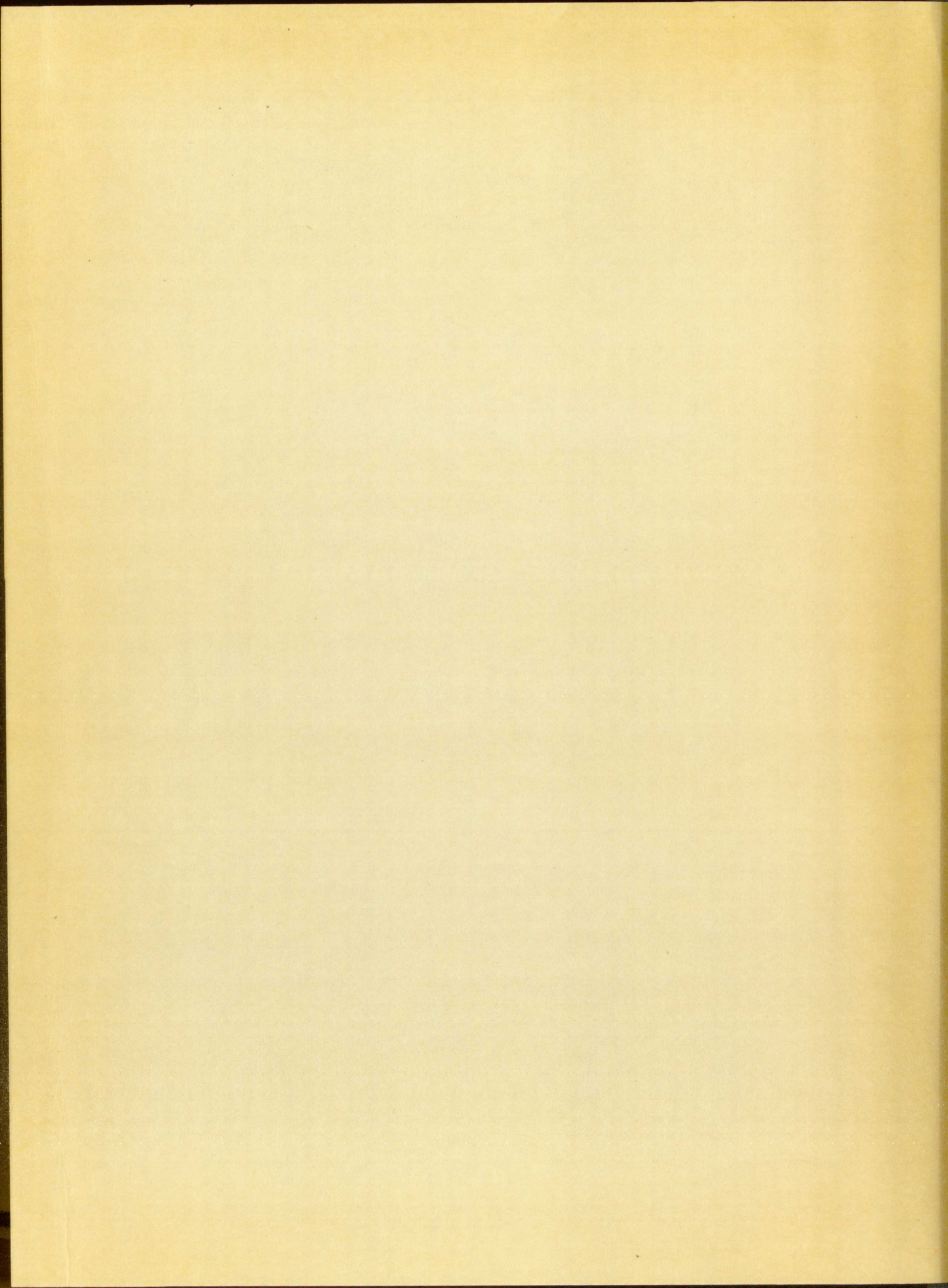
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