

# How We Market Our Livestock ...the Trends



Reports from the public stockyards and from the federally inspected points of slaughter give a partial but somewhat incomplete picture of livestock marketing in Iowa. In addition, we need to understand how the patterns of marketing livestock have developed and changed.

by Sam H. Thompson and Wilbur R. Maki

**L**IVESTOCK PRODUCERS have several important decisions to make when they sell their livestock. Among these are the decisions on the time and place of sale. Time of sale is determined partly, but not entirely, by the time of breeding or of the purchase of feeder animals. But we also try to select the periods of the most favorable livestock prices as well as the most profitable place of sale.

How do Iowa livestock producers market their livestock? Reports from the public stockyards and from the federally inspected points of slaughter give a partial, but not complete, picture. From an analysis of a scientifically designed sample of Iowa farms, we now have a relatively complete preliminary picture of the Iowa livestock marketing pattern in 1954. This picture is more meaningful, however, if coupled with an understanding of how the marketing pattern has changed and developed.

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In this article, we'll take a look at the livestock marketing patterns in the state's early and more recent history. Then, in a later article, we'll take a closer look at some of the "inner workings" and the significance of the marketing pattern as analyzed for 1954.

## In Pioneer Days . . .

In pioneer days the eastern part of the state was settled first. Farms then were operated mainly on a self-sufficient basis. The crops and stock on the farm were used to maintain the farm family—either as food or as products to trade directly for other family needs. When surplus livestock began to appear, there was no adequate transportation system and few available market outlets.

Livestock, mainly hogs, were driven to packing houses on the Mississippi River. Slaughter operations were carried on only a part of the year. The livestock products were then transported downriver by keel boat. Later, the building of railroads in the 1850's broadened possible livestock outlets.

The Union Stockyards at Chicago began operations on Christ-

mas Day, 1865. Meanwhile, and later as Iowa was developed, many packing plants sprang up throughout the state. Many of these passed out of the picture—though sometimes new ones arose to take their places. There were packing plants at early dates at Davenport and Dubuque. Two additional plants (Cedar Rapids in 1871 and Ottumwa in 1878) also became important in the packing of Iowa hogs and cattle.

Public stockyards were established at Omaha in 1884 and at Sioux City in 1887. In the next 50 years, other packing plants were opened, or some then in operation came under the direction of new owners at Waterloo, Mason City, Des Moines, Fort Dodge, Storm Lake and other Iowa locations and at Austin and Albert Lea, Minn., and other out-of-state points. These packers established many buying stations in the state, and many independent dealers were active in buying for resale and shipment to packers.

## Before 1930 . . .

Livestock cooperatives and auction sales barns began operating in Iowa in 1904. Local coopera-

tives handled 25 percent of the Iowa livestock in 1925 and were active throughout the 20's before they declined. Livestock auctions reached their peak in numbers in the 30's and still handle stocker, feeder and breeder animals in large volume as well as two-way cattle and veal calves.

From 1920 to the mid-30's, local buyers sharply expanded their operations and demand for livestock in Iowa. Increased slaughter resulted from the expansion of operations at old plants as well as from the construction of new ones. Also during this period, three national packers took over existing interior plants and began operations in Iowa. One of these packers constructed an additional new plant.

Expansion of packing plants was followed by expansion of packer buying stations. But local livestock marketing cooperatives declined rapidly after the mid-20's.

#### Since 1930 . . .

By 1930 there were 3.6 million head of hogs being processed in Iowa plants—more than twice the number 10 years earlier. In that same 10 years, the proportion of total receipts of Iowa hogs sold

at packing houses in Iowa increased to 30.1 percent. The proportion of total receipts from Iowa at packing plants in other states in the same period climbed to 31.5 percent. But the proportion of hogs from Iowa consigned to public stockyards from 1920 to 1930 fell from 67.4 percent to 38.4 percent.

In spite of reduced hog production in the last half of the 30's, Iowa packing plants received 7.4 million head of Iowa hogs in 1940—nearly double the number received 10 years earlier. The proportion of all Iowa hogs received at Iowa packing plants in 1940 rose to 54.9 percent. In contrast, the proportion received at packing plants in other states declined steadily—particularly in the last half of the 30's.

The chart suggests that the proportion of Iowa hogs received at public stockyards since 1935 has tended to increase (as the proportion to all packing plants declined slightly). But the proportion of total shipments of Iowa hogs received at Iowa packing plants continued to rise to a peak of 58.9 percent in 1942. In 1952 the proportion of Iowa hogs received at public stockyards was 30 percent; at Iowa packing plants, 52 percent; and at pack-

ing plants in other states, 18 percent.

By 1955 there were 49 livestock slaughtering plants in the state, with a total output of more than 300,000 pounds liveweight annually. Of these, 21 were operating under federal inspection, and 28 were not. Of the plants not federally inspected, 7 were wholesale establishments with over 2 million pounds liveweight volume, and 21 were retail establishments with 300,000 to 2 million pounds liveweight volume annually. Some processing, in addition, was done by locker plants and local butchers.

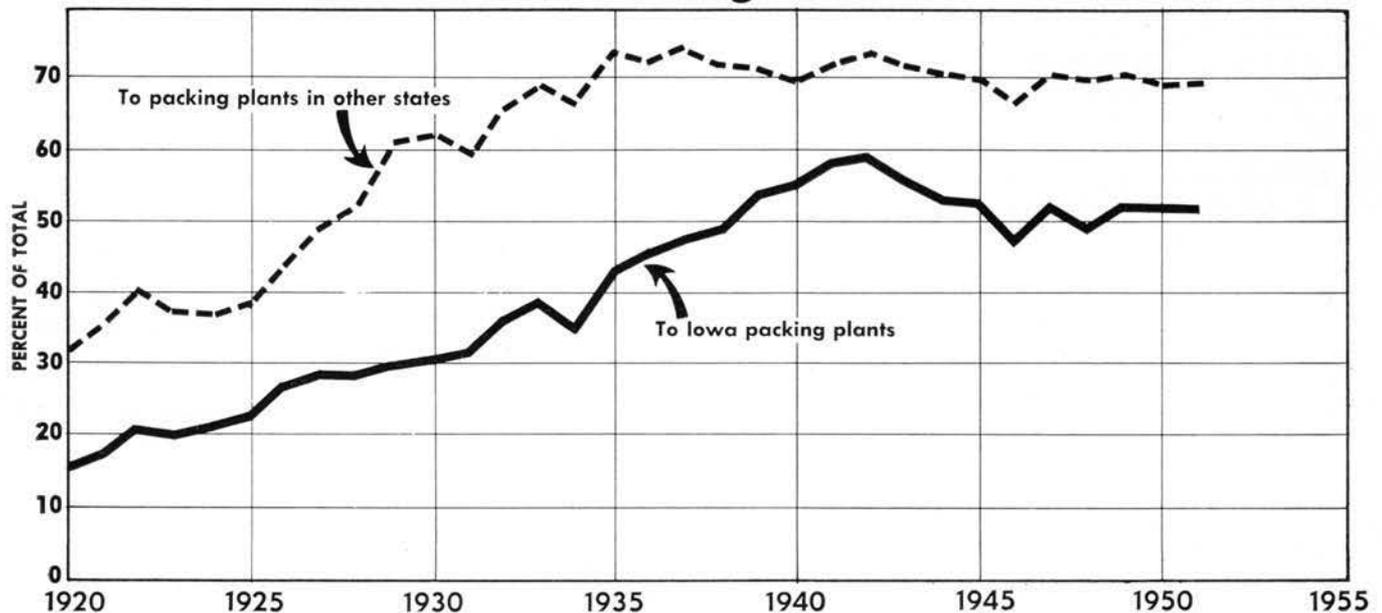
Today there are 25 federally inspected slaughter plants in Iowa. Also several easily accessible packing plant outlets are available in surrounding states.

Now, in the light of these trends, what livestock did Iowa producers market in 1954?

#### Marketings in 1954 . . .

The 1954 survey of livestock marketings gives estimates of total marketings in Iowa of 16.9 million hogs and 4.1 million cattle and calves. Our surveys don't show sheep sales, but the USDA places 1954 Iowa marketings of

### Receipts of Iowa Hogs Annually at Public Stockyards and Packing Plants



sheep and lambs at 1.5 million head.

We estimated a total of 193,643 farms in the state at the beginning of the survey period. Of these farms, about 84 percent reported both cattle and hogs, 10 percent had cattle only, 3 percent had hogs only and slightly over 3 percent reported neither cattle nor hogs. The proportion of all farms reporting cattle was estimated at about 94 percent, and the proportion reporting hogs, 87 percent. One farm in five had sheep.

Not all of these animals were sold for slaughter. Of the total hogs marketed by farmers, estimates indicate that 90 percent were slaughter animals, 6½ percent were feeders, 2½ percent were for breeding herds, and the use of 1 percent was unknown.

A smaller proportion of the cattle were slaughter animals. Of the total number of cattle sold by farmers, about 81 percent were estimated to be slaughter animals, 10 percent were feeders, 8 percent were for breeding herds, while the use of 1 percent was unknown.

Of all hogs sold by Iowa farmers in 1954, about 80 percent were barrows and gilts, 11 percent were sows, 6 percent were feeder pigs, 1 percent were gilts for breeding, 1 percent were boars and stags, and for 1 percent the class was unknown. Cattle included about 51 percent steers, 9 percent mixed steers and heifers, 18 percent beef heifers, 2 percent dairy heifers, 5 percent beef cows, 5 percent dairy cows, 5 percent vealers, 2 percent bulls, 2 percent calves, and for 1 percent the class was unknown.

## Money Value . . .

Livestock in Iowa agriculture is big business. The agricultural census of 1954 indicates that the

total value of livestock sold was 1.17 billion dollars. This was about 74 percent of the money received by Iowa farmers for all farm products. Hog sales exceeded 610 million dollars; cattle, 535 million dollars; and sheep, 23 million dollars. Hogs accounted for 33.2 percent of all farm products sold; cattle and calves, 29.1 percent; and sheep, 1.3 percent.

## Market Outlets . . .

Types of markets used by Iowa farmers in 1954 for hogs and cattle are shown in table 1. There is a striking difference in the choice of markets for hogs and cattle. About an eighth of the hogs were consigned to public stockyards, but more than three-eighths of the cattle were sold through public stockyards. More than one-eighth of both cattle and hogs were sold directly to packing plants or to packer buyers.

Farmers sold 25 percent of their hogs to local dealers—but only 5 percent of their cattle this way. About 1.2 percent of the hogs were sold through local cooperatives, with practically no cattle sold that way. Less than 5 percent of the hogs were sold through auctions at sales barns,

but more than 20 percent of the cattle moved through sales barns.

Proportions of different classes of animals of one species sold through a given type of market sometimes varied widely as may be seen in tables 2 and 3 for hogs and cattle, respectively.

In a later article, we'll look more closely at how Iowa farmers marketed their livestock in 1954. We'll consider the number of animals sold per lot, the distance hauled from the farm to the first market, the average weights of each kind marketed and the price differentials involved in marketing livestock in Iowa. We'll also look at each of the major uses of the livestock marketed—slaughter, feeding and breeding.

TABLE 1. Estimated proportions of hogs and cattle marketed by farmers in 1954 at specified types of markets.

Type of market	Species marketed	
	Hogs	Cattle
Through public stockyards . . .	13.1%	45.2%
Direct to packing plants . . .	12.9	13.1
Packer buyers . . . . .	39.1	6.5
Through auction sales barn . . .	4.6	21.1
Local independent dealers . . .	23.7	4.6
Through local cooperatives . . .	1.2	0.1
Another farmer . . . . .	4.9	8.4
All other . . . . .	0.2	0.7
No information . . . . .	0.3	0.3
TOTAL . . . . .	100.0	100.0

TABLE 2. Proportions of specified classes of hogs sold by farmers at various types of markets, 1954.

Type of outlet	Class of hogs				
	Barrows and gilts	Sows	Gilts for breeding	Boars and stags	Feeder pigs
Through public stockyards . . . . .	13.8%	17.5%	0.0%	4.4%	0.7%
Packing plant or packer buyer . . . . .	58.4	45.8	0.0	17.8	0.0
Through auction sales barn . . . . .	0.8	3.5	27.6	14.6	48.3
Local independent dealers . . . . .	25.3	25.7	4.0	5.5	6.2
Through local cooperative . . . . .	1.4	0.6	0.1	0.6	0.0
Another farmer . . . . .	0.0	6.4	65.3	53.9	44.1
Not indicated . . . . .	0.3	0.5	3.0	3.2	0.7
TOTAL . . . . .	100.0	100.0	100.0	100.0	100.0

TABLE 3. Proportion of selected classes of cattle sold by farmers at various types of markets, 1954.

Type of outlet	Class of cattle								
	Steers	Mixed steers and heifers	Beef heifers	Dairy heifers	Beef cows	Dairy cows	Bulls	Calves	Vealers
Through public stockyards . . . . .	57.3%	35.5%	55.8%	1.2%	27.3%	14.3%	17.7%	0.6%	0.0%
Packing plant or packer buyer . . . . .	24.8	17.2	16.8	15.1	9.6	15.4	3.6	0.9	12.6
Through auction sales barn . . . . .	10.0	31.2	11.2	33.6	43.6	39.8	39.4	61.6	77.5
Local independent dealer . . . . .	3.4	7.2	5.5	11.0	3.1	3.8	4.5	1.5	9.9
Through local cooperative . . . . .	0.0	0.0	0.0	0.0	0.0	2.0	0.0	0.0	0.0
Another farmer . . . . .	3.7	5.9	10.3	38.1	16.4	24.5	32.5	29.7	0.0
Not indicated . . . . .	0.8	3.0	0.4	1.0	0.0	0.2	2.3	5.7	0.0
TOTAL . . . . .	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0