

Federal Reserve Bank of San Francisco

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National Bird

While roast goose reigns in England, baked ham in France and roast pig in the Philippines, most Americans look to the turkey as the gastronomic centerpiece of their Christmas dinners. On Christmas, the turkeys who survived the Thanksgiving massacre will complete their collective march from the nation's turkey farms to their final destination on festive holiday tables. For as the data show, Americans have tripled their per capita turkey consumption over the past generation, and altogether, consume about two billion pounds annually—roughly half of that in the last several months of the year.

The holiday season will close a happy bicentennial year for bargain-hunting turkey consumers, but a less prosperous one for producers of what Benjamin Franklin labelled the national bird. Production for 1976 has been averaging about 11 percent above year-earlier levels, causing downward pressure on prices—and this situation has been aggravated by the heavy supplies of broilers, pork and beef overhanging the market. The New York wholesale price of young hens has been running about 14 percent below last year, and the National Turkey Federation claims that growers are losing 4 to 6 cents on each pound of turkey they sell. Higher feed costs—which account for two-thirds of total production costs—and lower turkey prices are

simply not consistent with profitability.

Turkey's life

If the turkey producer's life is sometimes difficult, the turkey itself has an even bleaker fate. The human community has decided that the turkey community shall have but one purpose in life—to gain as much weight in as little time as possible. Produced by artificial insemination and nurtured in the egg by artificial incubation, the young turkey, or poult, soon finds himself surrounded by thousands of other young turkeys on one of the nation's turkey farms—very likely in Minnesota or California which together produce almost a third of the nation's turkeys. For 4 to 6 months, he will be automatically fed a scientifically-designed, minimum-cost ration, consisting of ground corn, alfalfa, feathers, fish and crab shells blended with a dash of tranin, methionine and calcium propionate and an occasional touch of penicillin.

After his stay on the turkey farm, the fattened bird—weighing 8-16 pounds for hens and 14-25 pounds for toms—is transported to the processing plant, where his soul is sent to turkey heaven and his body prepared for turkey dinner. He has a 50-50 chance of coming out the other end of the processing plant as a whole turkey. Otherwise he will end up as turkey parts or even (a

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new marketing triumph) disguised as hamburger or some other meat substitute.

Producer's life

The industry has shown a great deal of Yankee ingenuity in handling the all-American bird in recent decades, beginning with attempts to iron out the distorted seasonal pattern of consumption, which has forced them to operate their slaughter plants at less than half-capacity over much of the year. In the 1940's and 1950's, the industry began to transform the whole turkey from a perishable commodity into one that could be stored during periods of excess production. The trick, of course, was simply freezing and accumulation in cold storage. (Currently, about 80 percent of all turkeys are sold frozen.) This technique also expanded the market geographically, since frozen birds can be sold nationally as well as locally.

More importantly, the industry has developed and promoted a host of processed turkey products, beginning with cut-up turkey parts, turkey pot pies and frozen turkey dinners. But the most spectacular

advances have occurred only in the last few years, with the development of turkey ham, turkey franks, turkey burgers, turkey pastrami and turkey bologna, to cite only a few new products.

Claiming "fowl play," red-meat producers argue that turkey producers should at least change the names of their new products to forestall any mis-identification. But consumers seem to be attracted by the fact that these ersatz products are lower in fat and cholesterol, higher in protein, and also cheaper than their red-meat prototypes. As a result, the processed share of total turkey output has jumped from 11 percent to almost 50 percent over the past decade and a half. While these efforts have not made every day a Thanksgiving, they have begun to even out the seasonal consumption pattern, so that the fourth quarter now accounts for about 47 percent of annual consumption—down from a 56-percent share just fifteen years ago.

Towards concentration

Along with increased diversification has gone increased concentration. In earlier years, ownership of the turkey changed hands several times along the way from the primary breeder, the hatchery, the turkey farm, and the processor to the wholesale and retail distributor; today, ownership frequently changes hands only at the processor-to-distributor stage. The turkey industry appears to be

following in the footsteps of the broiler industry, which produces close to 95 percent of all its chickens under vertically integrated arrangements. In 1970, about 54 percent of all turkeys were farmed either by or under contract for various agribusiness corporations, and the figure probably approaches 75 percent today. In California's Central Valley, almost one-third of all turkey farms reportedly have closed down or sold out to bigger operations over the past few years. Of course, this is only one aspect of a general trend throughout agriculture; over the past 15 years, the total number of farms has fallen by almost one-third, while the average size of farms has risen by one-third.

Another aspect of this trend has been an increasingly efficient use of feed and labor. Between 1965 and 1972, the amount of feed required to produce a pound of turkey fell from 4.8 to 4.1 pounds, and the labor requirement per pound of turkey fell by a dramatic 50 percent. Because of these productivity gains, the price of turkey has remained relatively low and competitive with red meats. Indeed, over the past decade, the wholesale price of turkeys rose only about half as fast as the wholesale price of beef.

The processing stage of turkey production has also become more concentrated and more efficient over time, although several studies indicate that the average-sized

plant is still only about one-third the size of the minimum-cost plant. In a modern turkey-processing facility, the high degree of specialization makes Adam Smith's pin factory look like an exercise in job enrichment. A typical plant which kills, defeathers, guts and chills turkeys may have some 40 separate work stations, with birds passing by workers at the rate of 15 per minute. Meanwhile, as the processing industry becomes more efficient, it also becomes more concentrated; between 1960 and 1972, the share of federally inspected turkeys slaughtered by the eight largest firms rose from 32 to 46 percent.

While 1976 may be less than rosy for turkey producers, the industry's future looks relatively bright, especially in view of the steady uptrend in per capita consumption and growing consumer acceptance of new processed products. On the other hand, many small independent producers may lose their independence or go out of business altogether as the turkey industry marches up the steep, vertically integrated path already traced by the broiler industry.

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