Lowering Beef Prices Without Harming the Cattle Industry

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Overview

The central policy question is not simply how to make beef cheaper. It is how to increase the quantity of beef available to American consumers while preserving the economic incentive for American ranchers to rebuild the cattle herd. That distinction is critical because the present problem is fundamentally a supply problem. The Federal Reserve Bank of Kansas City recently concluded that beef prices have risen because U.S. consumption has outpaced domestic supply and that uncertainty and production costs are preventing ranchers from meaningfully expanding herds.[1] The USDA likewise expects tight cattle supplies to continue supporting cattle prices into 2027.[2]

Prices Are Signals

High beef prices tell consumers that beef is relatively scarce and tell producers that additional production is valuable. A sound policy should allow those signals to work rather than attempt to suppress them through price controls or policies that make cattle less profitable to produce.

Temporary imports can, nevertheless, provide short-term consumer relief. President Trump announced on August 21, 2026, that the United States would *temporarily* allow an additional 300,000 metric tons of ground beef imports at lower tariff rates for 90 days.[3] The administration says participating exporters have committed to selling the imported beef at prices substantially below current market prices. *As a short-term bridge, additional supply can help consumers.*

But imports are not a substitute for rebuilding the American cattle herd. The central economic risk is that a policy designed to reduce retail prices can also reduce the price signal received by cattle producers. That is precisely the signal needed to encourage ranchers to retain heifers, expand cow herds and invest in pasture, water and livestock infrastructure. *A temporary import program may be defensible; a continuing strategy of using imports to suppress domestic cattle prices would be counterproductive.*

The timing problem is especially important. A rancher cannot respond to today's beef shortage by producing finished cattle tomorrow. Herd rebuilding requires retaining replacement heifers, breeding cows, carrying pregnancies and waiting for calves to move through the production system. The supply response therefore takes time. If policymakers undermine producer incentives during that rebuilding period, they risk extending the shortage rather than solving it.

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[1] Federal Reserve Bank of Kansas City, Economic Bulletin, "High Costs and Uncertainty Will Likely Keep Cattle Inventories Low, Beef Prices Elevated for Some Time," August 2026.
[2] USDA Economic Research Service, Cattle & Beef – Market Outlook, updated Aug. 19, 2026, https://www.ers.usda.gov/topics/animal-products/cattle-beef/market-outlook
[3] Reuters, August 21, 2026, reporting on the administration's temporary 300,000-metric-ton ground-beef import measure.

A better long-term policy would concentrate on the cost and risk of producing more cattle in America. That means reducing unnecessary regulatory costs; improving access to grazing, forage and water; encouraging investment in livestock facilities and pasture; improving access to agricultural credit; addressing drought risk; preserving reasonable tax treatment for capital investment and intergenerational transfers; and avoiding policies that unnecessarily raise the cost of feed, fuel, fertilizer and transportation.

Processing Capacity Also Matters

The beef supply chain runs from cow-calf producers through stocker operations, feedlots, packers, wholesalers and retailers. High consumer prices cannot automatically be blamed on the rancher. Policymakers should examine the entire supply chain, including processing capacity, transportation, labor, energy, regulatory costs and retail margins. Where there is evidence of anticompetitive conduct, enforcement of the antitrust laws is appropriate. But concentration, standing alone, is not proof of an antitrust violation. The relevant question is whether the concentration has resulted in, or is being maintained through, conduct that unlawfully restrains competition or creates or maintains market power through anticompetitive means.[4]

Expanding domestic processing capacity could be particularly valuable. More regional and smaller-scale processing options could improve resilience and give producers additional marketing alternatives. Government should be cautious, however, about trying to engineer the structure of the packing industry. The better approach is to remove unnecessary barriers to entry and let competitive markets determine which processors survive.

What Is the Answer?

The answer to the present situation is not price controls. If beef is expensive because supply is constrained, government should focus on removing artificial impediments to expanding supply. A policy that says, 'Beef is too expensive, so we will force the price down,' risks worsening the underlying shortage. *A policy that says, 'Beef is too expensive because supply is constrained; we will temporarily supplement supply while eliminating barriers that prevent American producers from expanding,' is much more economically defensible.*

That distinction also provides a useful way to evaluate the Trump administration's temporary import policy. A 90-day increase in imports may provide consumers with some immediate relief while the domestic industry works through a multi-year herd-rebuilding process. *But the policy should remain temporary and should be accompanied by policies that strengthen - not weaken - the domestic production response.* Otherwise, the short-term political benefit of lower prices could come at the expense of long-term domestic supply.

There is another important point: consumers continue to demonstrate a strong willingness to buy beef despite higher prices. The Kansas City Fed reported in August that retail prices for ground beef and ribeye have risen substantially since 2020, yet consumer willingness to pay has also remained strong.[5] That means demand is not collapsing in response to higher prices. The market therefore needs more supply, not simply a government effort to manipulate the price.

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[4] U.S. Dep't. of Justice & Fed. Trade Comm'n., Merger Guidelines (Dec. 18, 2023) (explaining that market concentration is an indicator of a merger's likely effects on competition and that the agencies consider additional competitive effects and other evidence).

[5] Cortney Cowley, Demand for Beef Remains Strong Despite Higher Retail Prices, Federal Reserve Bank of Kansas City, Aug. 19, 2026, noting that since 2020 retail prices for ribeye steak and ground beef increased nearly 50% and 60%, respectively, while consumers' willingness to pay for meat also increased.

The practical policy package is straightforward. In the short term, allow carefully targeted temporary imports where domestic supply is inadequate, maintain reliable access to legitimate foreign cattle and beef markets subject to appropriate animal-health safeguards, and improve transparency throughout the supply chain. In the medium term, expand domestic processing capacity, reduce unnecessary regulatory barriers to new processors, improve access to livestock credit and encourage investment in pasture, water and livestock infrastructure. In the long term, preserve incentives for herd expansion, improve drought resilience, encourage technological improvements in genetics and feed efficiency, and maintain strong export markets.

Appropriate Policy Response

Reduce production costs. The bottom line is simple: If Washington wants cheaper beef *five years from now*, it should make it economically attractive to produce more cattle today. The answer to high beef prices is not to make cattle worth less. It is to reduce the costs and risks that prevent American ranchers from producing more of them.

Tax policy. Tax policy should also be used to reduce the after-tax cost and risk of expanding cattle production, rather than to manipulate cattle prices. Several avenues deserve consideration. First, Congress should preserve and, where appropriate, strengthen accelerated depreciation under IRC §§179 and 168(k) for qualifying equipment and improvements used to expand livestock production. Fencing, water systems, handling facilities, feeding equipment, barns, machinery and other productive assets can require substantial upfront capital. Faster cost recovery reduces the after-tax cost of investment and can make expansion economically feasible when a producer is deciding whether to retain capital in the operation.

In addition, policymakers should examine the tax consequences of retaining replacement heifers and rebuilding breeding herds. A rancher who sells cattle today generally recognizes income today; a rancher who retains replacement females is making a long-term investment in future production. Tax policy should not inadvertently create a stronger incentive to liquidate productive breeding stock than to retain it. Congress could consider targeted relief or more flexible cost-recovery rules for retained breeding livestock without attempting to guarantee a particular cattle price.

Existing livestock-sale rules involving drought and other disasters should remain practical and responsive. IRC §§451 and 1033 can provide relief when producers are forced to sell livestock because of drought or other qualifying circumstances. Policymakers should ensure that a disaster-induced liquidation does not create a tax burden that makes it materially harder for a producer to rebuild the herd when conditions improve.

Tax policy should also facilitate the intergenerational transfer of ranches and cattle operations. On this point, current law is favorable. This is evident with respect to special capital-gain treatment, installment-sale flexibility and relatively high levels of federal estate and gift tax exclusions. This framework can help prevent productive land, livestock and infrastructure from being sold simply to satisfy a tax liability. Preserving the economic viability of the family operation is particularly important because rebuilding a cattle herd is a multi-year process.

Congress could also examine whether the tax code is unnecessarily increasing the cost of agricultural credit. Herd expansion, pasture improvement, water development and livestock facilities are capital-intensive. The objective should be to make productive investment more attractive, not to subsidize operating losses indefinitely.

Legal and regulatory policy. The legal and regulatory side is equally important. The Packers and Stockyards Act[6] and the federal antitrust laws provide tools for addressing genuinely unlawful conduct in livestock markets. Enforcement should focus on evidence of price manipulation, unfair or deceptive practices, discriminatory conduct, retaliation, unlawful coordination or other violations - not simply on the fact that an industry is concentrated. Concentration may create economic concerns, but concentration alone is not proof of an antitrust violation.[7]

A related priority should be removing unnecessary barriers to entry for new and regional meat processors. Federal and state governments should review permitting, inspection, environmental, zoning, transportation and other requirements to determine whether legitimate public objectives can be achieved at lower cost. More viable processors would give cattle producers additional marketing alternatives and could make the supply chain more resilient. The goal should be to lower artificial barriers to entry, not for government to decide which processors should succeed.

Water, grazing and pasture policy also deserve attention. Producers cannot rebuild herds without forage, water and land on which to carry cattle. Regulations affecting stock ponds, wells, grazing improvements, fencing and pasture development should be evaluated under a simple principle: legitimate environmental and public-safety objectives should be pursued, but unnecessary regulatory costs that reduce productive capacity should be eliminated.

Finally, risk-management and agricultural-credit programs should be structured to help producers withstand catastrophic events while preserving market incentives. Livestock Risk Protection, disaster assistance and agricultural lending programs can reduce the risk associated with rebuilding, but they should supplement rather than replace private risk management and market pricing. The objective is a cattle industry capable of standing on its own—not one permanently dependent upon federal support.

A Path Forward

So, what would I suggest be done? To summarize the above comments, the following stands out:

- Treat temporary beef imports as a short-term consumer relief measure, not a substitute for domestic herd rebuilding.
- Do not impose price controls or policies that deliberately suppress the cattle price signal.
- Reduce regulatory and infrastructure barriers to domestic cattle and beef production.
- Encourage additional regional and small-scale meat-processing capacity.
- Improve access to livestock credit and capital for herd expansion, pasture and water infrastructure.
- Maintain strong and predictable foreign markets for U.S. beef and cattle.
- Use antitrust enforcement where there is evidence of unlawful conduct, while avoiding regulation based merely on industry concentration.
- Preserve tax and regulatory incentives that make long-term herd rebuilding and intergenerational investment economically feasible.

[6] 7 U.S.C. §§181-229b.
[7] United States v. General Dynamics Corp., 415 U.S. 486 (1974) (explaining that market-concentration statistics are not conclusive indicators of anticompetitive effects); see also United States v. Baker Hughes Inc., 908 F.2d 981, 984 (D.C. Cir. 1990) (describing concentration as a starting point for a broader inquiry into competitive effects).

Conclusion

The fundamental choice facing policymakers is not between expensive beef and cheap beef. It is between a market that is allowed to produce more beef and a government policy that attempts to make beef cheaper by weakening the incentive to produce it. If the objective is genuinely to make beef more affordable for American consumers over the next five or ten years, prices should communicate scarcity, and producers should be free to respond to those signals. Government's role should be primarily to remove barriers that prevent that response.

Temporary imports can provide a bridge while the cattle cycle works through its rebuilding phase, but the permanent solution is more cattle, more efficient production, more processing capacity and stronger competition throughout the supply chain. Tax policy can lower the after-tax cost of herd expansion and infrastructure investment; credit and risk-management programs can reduce catastrophic production risk; and antitrust and Packers and Stockyards enforcement can protect genuine competition without treating mere industry concentration as unlawful. In short, Washington should not try to manufacture a lower beef price. It should create the legal, tax and economic environment in which American ranchers have a reason to produce more beef. That is how consumers ultimately get lower prices without destroying the domestic cattle industry that supplies them.