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Federal Reserve Bank of Chicago - -

January 9, 1959

Agricultural Letter

"The United States needs more than double its present cattle population," writes Professor Sumner Slichter of the Economics Department of Harvard University. This is necessary, according to Slichter, if the U. S., the richest country in the world, is to shift from "a hamburger standard of living" into "a nation of steak eaters."

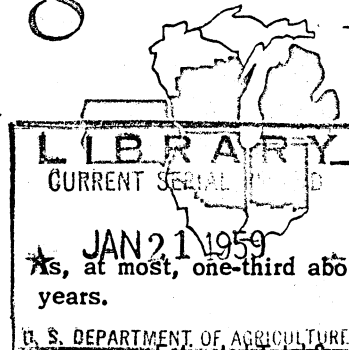
Obviously, such a development would be of great importance to the Midwest feed-livestock areas as well as to other areas where grazing is or can become important. Slichter's observation is of special interest at this time since the U. S. appears to be on the threshold of substantial expansions in output of beef, pork and poultry, and surpluses of feed grains continue to pile up.

How much increase in meat consumption can be expected in the United States?

Consumption of all meat in the United States has shown a definite upward trend in the past 25 years, allowing for year-to-year and cyclical fluctuations. A peak of 207 pounds per person was reached in 1956. Poultry consumption has doubled since the 1930's reaching a record 28.5 pounds last year. Beef, which has shown an equally pronounced rise, reached a peak of 85 pounds per person in 1956, but this was only 15 per cent above the level in 1909 and that level was not exceeded until 1953. Consumption of pork, on the other hand, has shown a downward trend since World War II.

Two major factors have influenced the long-term trends in meat consumption. First, the rapid urbanization of the population after the turn of the century tended to reduce meat consumption. Second, as consumers have received higher incomes, they have increased meat consumption primarily through eating more beef.

Compared with other countries, the U. S. ranks fifth in meat consumption per capita. Uruguay, Argentina, Australia and New Zealand all exceed the United States in total supplies of meat per capita. While the accuracy of the estimates may vary considerably from country to country, the indicated supply of meat in these countries



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As, at most, one-third above the United States in recent years.

U. S. DEPARTMENT OF AGRICULTURE
Estimated Total Supplies of Meat Per Capita*

	Uruguay	Argentina	Australia (pounds)	New Zealand	U. S.
1935-39	n.a.	235	264	240	156
1953	264	224	244	220	194
1954	211	216	238	227	194
1955	n.a.	251	238	231	202

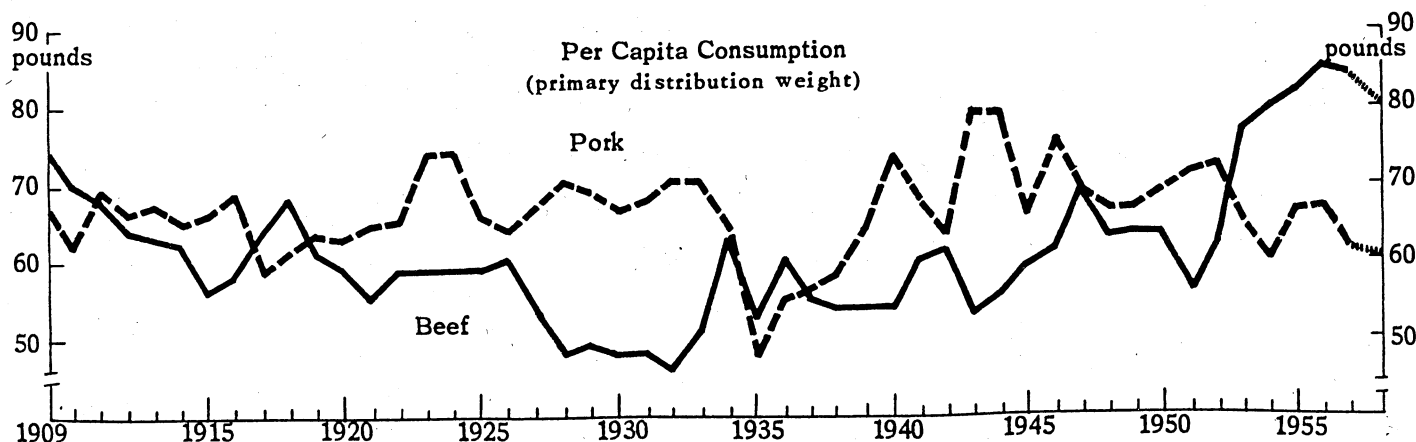
* Includes poultry and game.

Source: Food and Agriculture Organization of the United Nations.
n.a. not available.

The potential increases in the United States have been estimated on the basis of additional amounts of meat which would be taken as consumers receive higher incomes. A recent study at the University of Minnesota shows that if meat consumption of those people in the lower half of the income distribution in the U. S. were raised to the consumption level at average incomes, total utilization of meat would increase by less than 10 per cent. Beef would increase somewhat more while pork would show a much smaller gain.

These estimates assume that meat prices would not change greatly relative to prices of other things. Also, they assume that consumers' demand for meat relative to other things would remain relatively constant. Of course, both could change and apparently would need to change greatly if we were to double our consumption of beef.

Research Department



FARM BUSINESS CONDITIONS
NOVEMBER 1958, with Comparisons

I T E M S	1958		1957
	November	October	November
PRICES:			
Received by farmers (1947 - 49 = 100)	93	93	89
Paid by farmers (1947 - 49 = 100)	123	123	119
Parity price ratio (1910 - 14 = 100)	81	82	81
Wholesale, all commodities (1947 - 49 = 100)	119	119	118
Paid by consumers (1947 - 49 = 100)	124	124	122
Wheat, No. 2 red winter, Chicago (dol. per bu.)	1.95	1.92	2.19
Corn, No. 2 yellow, Chicago (dol. per bu.)	1.15	1.21	1.19
Oats, No. 2 white, Chicago (dol. per bu.) . . . . .	.66	.63	.76
Soybeans, No. 1 yellow, Chicago (dol. per bu.)	2.14	2.11	2.29
Hogs, barrows and gilts, Chicago (dol. per cwt.)	18.51	19.08	17.17
Beef steers, choice grade, Chicago (dol. per cwt.)	26.77	26.67	25.20
Milk, wholesale, U.S. (dol. per cwt.)	4.50	4.46	4.65
Butterfat, local markets, U.S. (dol. per lb.) . . . . .	.59	.59	.60
Chickens, local markets, U.S. (dol. per lb.) . . . . .	.15	.15	.16
Eggs, local markets, U.S. (dol. per doz.) . . . . .	.38	.38	.45
Milk cows, U.S. (dol. per head)	222	220	174
Farm labor, U.S. (dol. per week without board)	--	42.25	41.00 ^a
Factory labor, U.S. (dol. earned per week)	86.58	84.96	82.92
PRODUCTION:			
Industrial, physical volume (1947 - 49 = 100)	141	138	139
Farm marketings, physical volume (1947 - 49 = 100)	159	178	145
INCOME PAYMENTS:			
Total personal income, U.S. (annual rate, bil. of dol.)	360	358	350
Cash farm income, U.S. ¹ (annual rate, bil. of dol.)	--	34	29 ^a
EMPLOYMENT:			
Farm (millions)	5.7	6.4	5.8
Nonagricultural (millions)	59.0	58.9	59.1
FINANCIAL (District member banks):			
Demand deposits:			
Agricultural banks (1955 monthly average = 100)	110.4	110.6	103.3
Nonagricultural banks (1955 monthly average = 100)	106.5	102.4	101.4
Time deposits:			
Agricultural banks (1955 monthly average = 100)	123.6	123.0	113.2
Nonagricultural banks (1955 monthly average = 100)	122.1	123.1	111.5
^a October			
¹ Based on estimated monthly income.			

Compiled from official sources by the Research Department, Federal Reserve Bank of Chicago