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Federal Reserve Bank of Chicago - -

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**EXPENDITURES FOR FOOD** increased sharply last year, reaching a record total of about \$101 billion—\$6 billion more than in 1967. More than half the increase was due to higher prices. Prices rose about 3.5 percent in 1968, reflecting the very strong demand for food stimulated by higher incomes. Consumption rose despite the higher prices, however, increasing about 1 percent per person.

Short-term changes in consumption of food are associated largely with fluctuations in supplies. Supplies of many farm commodities were larger than last year, especially meats. As a result, most of the increase in consumption centered in meat products. Beef consumption rose to a record 110 pounds per person—about 3.5 pounds more than 1967. Pork consumption rose 2 pounds to 66 pounds per person, the largest since 1959.

Current and prospective expansion in agricultural output indicates a further increase in food consumption this year. Department of Agriculture projections point to another 1-percent increase in per-capita food consumption.

Meat supplies are apt to run larger most of the year. Supplies of beef are expected to be particularly large in the first half, and pork supplies are apt to be larger all year. Broiler production will probably rise sharply after the first quarter, and turkey supplies will probably increase more than usual in the second half of the year.

Crop products are also likely to be in larger supply this year. Fruit production will probably recover from its setbacks in 1968. Larger supplies of processed vegetables are on hand because of the large harvest last year. Larger output of winter vegetables is also indicated currently.

Longer-term food consumption patterns are influenced by several factors, such as dietary considerations, shifts in the composition of population, changes in income levels, development of synthetic and substitute products, and changes in processing methods. The index used to measure per-capita food consumption has edged upward only slightly in recent years. In terms of both pounds of food and number of calories, per-capita consumption has declined, reflecting substantial shifts in consumption patterns. Since the early 1950s, pounds and calories have declined around 4 to 5 percent, while in terms of constant prices, consumption has increased about 5 percent. Most of the increase has been in the last few years.

Consumers have tended to increase their use of animal products much faster than crop products. Increases in consumption of beef and poultry have been primarily responsible for the increased consumption of animal products. Since 1950, beef consumption has risen about 47 pounds per person and poultry consumption has risen 20 pounds. These gains were more than enough to offset declines in consumption of pork and veal.

Consumption of crop products has been strongly influenced by the switch from fresh foods to more highly pro-

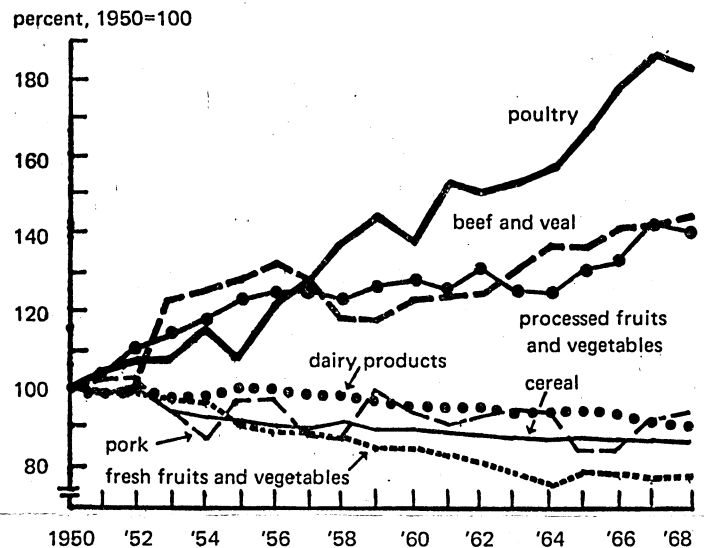
# Agricultural Letter

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cessed foods. While consumption of fresh fruits and vegetables has dropped about a fifth, the decline has been largely offset by sharp gains in the consumption of processed foods, especially frozen vegetables and citrus concentrate. Consumption of these products has more than quadrupled since the early 1950s.

Substantial Shifts in Consumption Patterns Indicated



Changes in consumption patterns are almost certain to continue, even accelerate. In addition to new technologies to improve the qualities of food items, the development of synthetic and substitute products may have a substantial impact on some agricultural products. Up until now, most of the impact has been confined to nonfood areas, such as fibers, oils, and adhesives. But in recent years, synthetics and substitutes have been making greater inroads into markets for sugar, citrus fruits, and dairy products. Many dairy products, especially butter and cream, have had substantial competition from non-dairy products for several years. But more recently, filled milks (those in which dairy fats have been replaced with vegetable fats) and imitation milks have competed for a share of the fluid milk market. Also, several new substitute meat products, such as bacon-flavored vegetable protein, have been developed and marketed. These products, while still of little importance, could pose serious competition for processed meats.

Roby L. Sloan  
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