

Money Spent For Beef And Pork

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Rising food prices and large increases in the total grocery bill have been and continue to be a major concern of U.S. consumers. Many of the concerns and much of the news coverage on food costs have focused on retail beef and pork prices. One reason for this is that meat accounts for roughly one-third of the total spent for food, and beef and pork are the two major meat products consumed in the U.S.

Sharp Rise in Total Dollars Spent for Beef and Pork

Approximately 15 years ago — back in 1960 — the amount of money Americans spent for beef averaged \$50.51 per year per person (Table 1 and Figure 1). Expenditures for beef per person increased about \$3 per year, and reached \$82.96 by 1970. Consumer expenditures

Table 1. Per Capita Income and Expenditures for Beef and Pork, U.S.

Year	Disposable	Money Spent		Proportion of	
	Income per Person ¹	per Person for Beef	Pork ²	Income Spent for Beef	Pork
	Dollars			Percent	
1960	1,937	50.51	33.74	2.6	1.7
1965	2,436	58.98	35.92	2.4	1.5
1970	3,376	82.96	48.17	2.5	1.4
1971	3,603	87.13	47.73	2.4	1.3
1972	3,816	97.69	52.15	2.6	1.4
1973	4,187	109.80	62.90	2.6	1.5
1974 ³	1,103	30.02	17.97	2.7	1.6

¹ Income after payment of personal taxes.

² Based on retail weight of consumption times average retail price for pork and for Choice grade beef. Conversion factors of .74 for beef & .93 for pork were used to adjust carcass weight consumption to retail weight consumption.

³ Income and expenditures for 1974 are for first quarter.

for beef increased further to an average of almost \$110 per person by 1973, more than double the 1960 amount. It appears the 1974 beef expenditures will average at least \$120 per person.

The annual average cost of pork per person increased from \$34 in 1960 to \$63 in 1973. For the year 1974, it is estimated that this will climb to about \$72 per person.

These increases in beef and pork expenditures have

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Note: Data used in this article, including tables and charts, are from U.S. Department of Agriculture, LIVESTOCK AND MEAT SITUATION, LMS-196, May 1974; and U.S. Department of Agriculture, 1973 HANDBOOK OF AGRICULTURAL CHARTS, Agriculture Handbook No. 455, October 1973, p. 77.

occurred primarily because of (1) upward trend in quantities purchased and consumed and (2) rising retail prices.

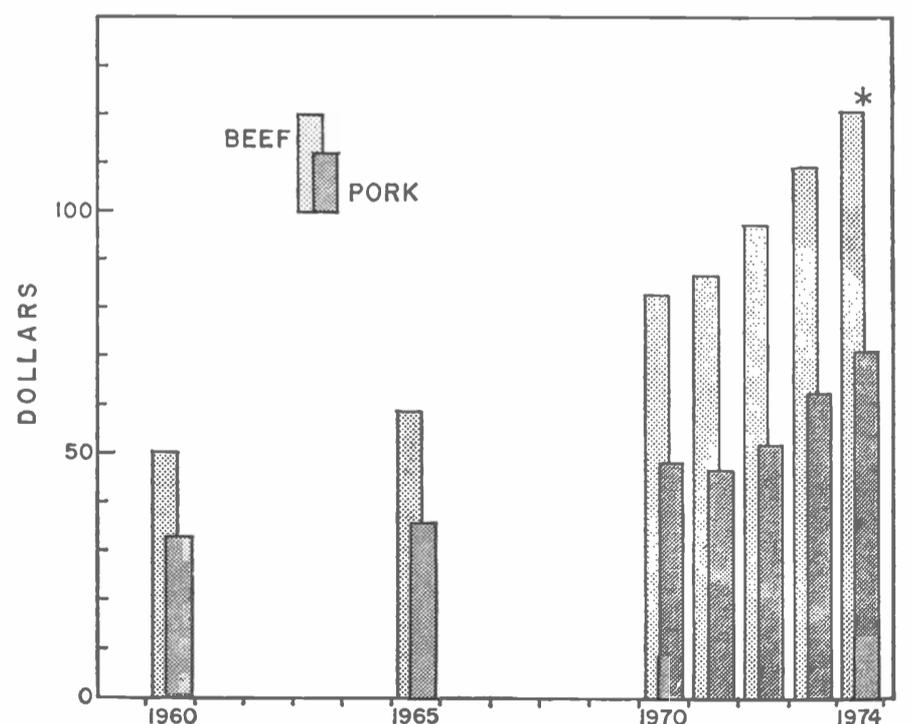
Trends in Per Capita Consumption of Beef and Pork

U.S. consumption of beef in 1960 averaged 85 pounds per person, and pork consumption averaged 65 pounds (Figure 2). By 1972, per capita beef consumption had risen to an all time high of 116 pounds, but then declined to 109 pounds in 1973.

Following the pronounced upward trend during the 1960's, per capita beef consumption has remained fairly stable at 110-115 pounds during the early 1970's. Typically, the U.S. has consumed almost all of the nation's beef output, plus some imported beef products. Thus, the leveling-off in per capita beef consumption may have been due more to lack of supply than to a limit of consumers desires.

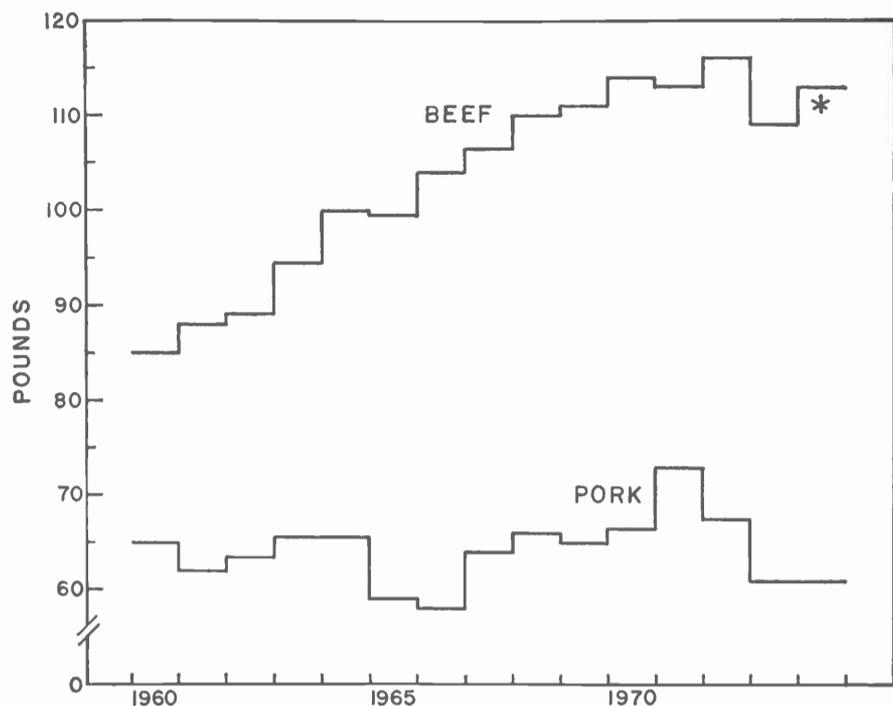
In addition to the increase in the quantity consumed per person, there was an appreciable upgrading in the quality of beef produced and consumed in the U.S. In 1960, 41 percent of the U.S. beef output was Prime and Choice grades (Table 2). By 1972, these two top grades of beef accounted for 64 percent of total production. This improvement in quality has raised the cost of producing beef, which in turn has exerted upward pressure on retail beef prices.

Figure 1. Expenditures per Person for Beef and Pork, U.S.



* Estimated for year on basis of 1st quarter expenditures of \$30.02 for beef and \$17.97 for pork.

Figure 2. Consumption of Beef and Pork per Person, U.S. (carcass weight)



* Estimated for year on basis of first quarter consumption.

In contrast to the pronounced and steady increase in per capita beef consumption, per capita pork consumption varied from 58 to 66 pounds annually during the

Table 2. Percentage Distribution of U.S. Beef Production by Grade, Selected Years.

Year	Prime	Choice	Good	Standard and Commercial	Utility, Canner & Cutter
	<i>Percent of Total</i>				
1960	4	37	28	13	18
1965	4	47	17	12	20
1970	4	59	16	8	13
1971	4	59	16	8	13
1972	4	60	16	8	12

1960's. Consumption averaged 73 pounds per person in 1971, but had declined to 61 pounds two years later.

Big Increase in Retail Prices

During the eight years 1960 through 1967, the U.S. average retail price for all cuts of Choice grade beef remained fairly stable at near 80 cents per pound (Figure 3). Thus, practically all of the increase in the money spent per person for beef during these years was due to increased consumption.

However, from 1967 to 1970, the U.S. average retail price for Choice Beef rose from 83 cents to 99 cents per pound, an increase of 16 cents per pound. Then, during the next three years, prices increased another 37 cents to an average of \$1.36 per pound for 1973. Thus, almost all of the increase in money spent per person for beef since the late 1960's has been due to the increase in retail prices, because consumption has remained fairly stable during this period.

Retail pork prices remained fairly stable at 55 to 60 cents per pound during the early 1960's. From 1965 through 1972 average retail pork prices ranged between

66 and 83 cents per pound. But, in 1973 the average price increased to \$1.10 per pound.

Over the entire 15 years from 1960 to 1974, almost all of the increase in money spent for pork has to be attributed to increases in retail prices. Consumption had little effect on pork expenditures since consumption remained fairly stable at approximately 65 pounds per person.

Peoples Incomes Are Rising, Too

The large increases in expenditures per person for beef and pork have been possible primarily because of comparable increases in per capita disposable incomes. Disposable income is the money individuals have left after paying personal taxes which can be used for buying food and other goods and services.

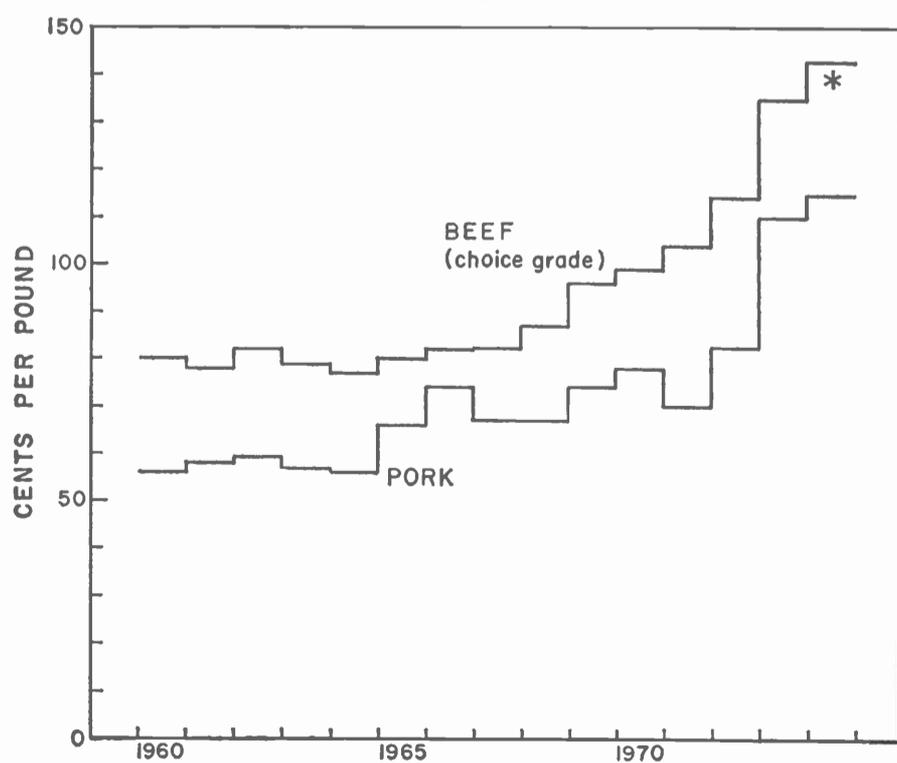
Disposable income per person has risen from \$1,937 in 1960 to \$4,187 in 1973 (Table 1). This is an increase of 116 percent. During the same period, money spent per person increased 117 percent for beef and 86 percent for pork. The combined expenditures for beef and pork increased 105 percent, which is less than the 116 percent increase in disposable income per person.

Proportion of Incomes Spent for Beef and Pork

Although total dollars spent per person for beef and pork in 1973 was double the dollars spent in 1960, there was little change in the *percent* of disposable incomes used for these two food products during this 14-year period. In 1960, U.S. consumers spent an average of 2.6 percent of their incomes for beef and 1.7 percent for pork (Table 1). In 1973, 2.6 percent was spent for beef and 1.5 percent for pork.

During the period 1960-1973, people increased their beef consumption by an average of 25 pounds per person, and continued to eat about the same amount of pork. Thus, on an average U.S. consumers were able to appreciably increase the total amount of beef and pork in their diets without spending a greater proportion of their incomes for these meats.

Figure 3. Average Retail Price per Pound for Beef and Pork, U.S.



*Average for first four months of 1974.