more cows and heifers are retained for breeding. With the shortfall in supplies and the increased demand, prices rise, which in turn encourages producers to increase production. Prices continue to rise throughout the time it takes to raise the new calves to mature slaughter weights. As marketings increase, supply will exceed demand and then as prices decline, the cycle will turn down. Producers will increase further their marketings as prices continue to fall but eventually, the decline will exhaust itself. Herd sizes will have dropped to a level where marketings cannot satisfy demand and there will be an upturn in prices. The collapse of one beef cycle generates the next.

The general causes of the trend towards greater harmony among the regional beef cycles can be identified. The most important has been the continuation of significant economic growth in the developed countries in recent decades. Increasing per capita incomes in these countries has been accompanied by increased consumption of beef. In the late 1960's it was a common assumption that economic growth would be sustained and that the demand for beef would rise to even higher levels. For example, the Federal Task Force on Agriculture in its report dated December 1969 predicted that "world demand for beef will continue to rise more rapidly than supply and world prices will be strong."[1] An equally important factor, especially in the creation of regional beef cycles, has been the policy decisions of governments concerning agricultural development and trade.

The beef industry in Canada in the past thirty years has experienced three cycles (Figure I), each of which has become more closely related to the cycle in the United States first because of the increasing dependence of our economy on the American economy and second, because of the relatively free trade in beef, veal, and live cattle on the continent. The current North American cycle began with the upturn in cattle population in 1968/9, a time of economic optimism and plentiful supplies of cheap feed grain.

In Europe, the establishment of the European Economic Community has been the primary cause of a synchronized regional cycle. In 1968 the Community created a single market for industrial and agricultural products by setting up a full customs union. Through its Common Agricultural Policy, the Community also encouraged increased beef production to alleviate the severe problems of its dairy industry and to increase its self-sufficiency in beef. To achieve this expansion, financial assistance was provided to producers, the tariff walls were raised high and the guide prices, which influence the market price and govern market intervention (government purchases) were increased frequently. These

[1]Federal Task Force on Agriculture, *Canadian Agriculture in the Seventies*, (Ottawa December 1969) p. 163