

The red meat industry, being highly dependent on feed prices, has closely followed the price cycles of the grain industry. Consequently, the red meat industry as a whole was not very profitable during the mid-1960s when grain prices were high, was again profitable in the late 1960s and early 1970s as grain prices dropped, and took a downward turn again in the mid-1970s, when grain sales and prices rose again. Feedlots emptied and breeding herds declined. The problems in the industry were compounded over the 1960-1985 period by a major change in consumption patterns. In 1960, annual beef consumption was 70 pounds per capita and, as incomes grew and per capita consumption kept pace, reached 84 pounds in 1970; in 1979, per capita consumption was 88 pounds, and projections were for it to increase up to 100 to 110 pounds per year by 1990. Yet, as the 1990s approach, even with relatively low beef prices, annual per capita consumption remains in the 85 pounds range. Health concerns and low poultry prices have had a major impact on beef consumption in North America. After suffering such financial difficulty for a number of years, however, the beef industry faces relatively strong prices in a stable market.

The hog industry has also experienced significant changes closely related to the availability of cheap feed grain and to various provincial subsidy programs. Although in 1969-71 western hog production increased significantly, as a result of large carryovers of feed grain, in 1972-73 it declined by almost 50% as grain sales increased and prices rose. In Eastern Canada there was an increase in production through to the early 1980s, with Quebec in particular encouraging production and the industry moving into vertically-integrated operations. After 1980, western producers, again responding to low feed prices, also began to increase their production. Consolidation has been taking place across the country; between 1966 and 1976 the number of hog farms fell by 61% as the industry moved toward intensive production requiring major capital investments.

In recent years, farm financial problems have been concentrated in the grain and oilseed industry, partly because of its size and its value to the economy, and partly because of subsidies being paid by the United States and the European Economic Community to their domestic producers. The present downturn is not the first in the grain industry since 1960. The grain industry suffered a downturn and a price slump in that year and also late in the 1960s, when, after improving, the market waned and prices fell again, leaving farmers with bins full of unsaleable grain and falling land prices. In the early 1970s, however, markets once again expanded, primarily because of large crop failures in the U.S.S.R. and drought in Africa. Prices remained high and land values increased through to 1976. Input prices also began to rise, particularly petroleum-based fuel and