

Ferdie J. Deering

JUN 8 1974

Food Profit Goes to City Folks

CITY folks blame farmers for food prices, but they shouldn't press the matter too hard. They might be asking for a cut in their own pay.

City folks actually make more money out of food than farmers do. Over the past decade, the farmers' share of consumers' food dollars ranged from 37 to 41 cents, according to the U.S. Department of Agriculture. Those who transport, process, distribute, and market the groceries got the other 59 to 63 cents.

That is why a 50 per cent reduction in the farm price of a commodity may result in only a 20 or 25 per cent drop in the price of a product made from it. For example, in the last four months, live cattle prices have dropped 22 per cent, while retail prices of beef are down an average of only 12 per cent.

The price of wheat has dropped from a high of \$6 in February, when farmers had little to sell, to about \$3.15 a bushel, now that a big harvest is under way. It may go lower. Bread prices have come down from about 40 cents to around 30 cents a loaf.

These price relationships are important to consumers who are looking for cheaper food. Many of the costs involved are geared to union labor contracts and federal wage laws. Taxes are paid by everybody, and federal laws regulating employment practices, safety procedures, and environmental precautions have boosted costs.

In addition, costs of non-farm ingredients, equipment, fuel, supplies, packaging materials and other expenses are up and rising.

Practically all of the farmers' share of the consumers' food dollars finds its way into channels of trade to buy tractors, trucks and automobiles; fuel, feed, seed, fertilizer and supplies; food, clothing, housing, furniture and appliances; recreation and other commodities, nearly all from city businesses.

So city people depend upon agriculture for their food, and many of them depend upon food sales directly for their incomes, while others sell merchandise and services to farmers.

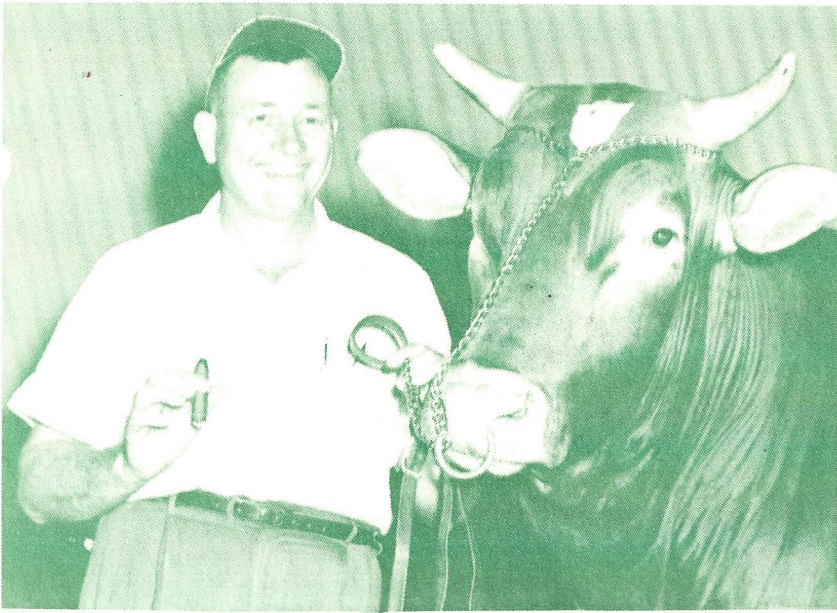
Our concept of food prices is behind the times. We have moved

ahead in our notions of record high incomes, which we accept readily, and high taxes, which we pay reluctantly. We also willingly pay \$3 to see a two-bit movie and shell out more for a new car than we used to pay for a house and lot. But we still think of the times when we paid 30 cents a dozen for eggs, 49 cents a pound for T-bone steak, and a dime a loaf for bread.

Remember, consumers censured farmers when prices were low, too, and the government set up programs to keep our food plants in operation. Stored surpluses actually held down farm prices, and consumers benefited from subsidies at least as much as farmers, probably more.

The fact is that we are living on an entirely different economic scale from that of 10 years ago. We are confused because we don't have stable economic gauges to evaluate things. Dollar values have changed and we can't get our income-outgo into perspective.

In the inflated 1970s, everybody is rich with poor dollars, and we will get along better if we will accept our wealthy poverty and start economizing on our luxuries.



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Ferdie Deering
Oklahoma Publishing Company
500 North Broadway
Oklahoma City, Oklahoma

Dear Ferdie:

Your article, "Food Profit Goes to City Folks" was excellent.

Falling in this same area is the manner in which the bureaucratic agencies are buying hamburger meat. They take the low bid of 50¢ or whatever it might be, the packer has to make his margin, then the trucker and commission company will make theirs. The lower the packer bids to sell hamburger to these agencies, the lower he'll have his buyers pay for the animal in order to make cheaper hamburger.

I hope I've gotten my idea across. You would know how to write it. Keep up the good work. We people on the farm appreciate it.

Sincerely,

J. Jene Mungle

JJM/gw