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Cheap Food Policy Grows Problems

THE COMMITMENT of government to a cheap food policy is well-known, but proposals for continuing it are hard to comprehend.

Generally, they would compel consumers to pay more for food and taxes, without helping farmers very much.

Congress has rejected legislation designed to assure 100 per cent of parity for farmers, on condition that they would cut acerages planted to specified crops in half.

The theory seems to be that doubling the price on half as much would produce more income for farmers. Farmers say they need more income, but how would this kind of mathematics produce it?

One thing is evident. Taxpayers would be involved in larger subsidies for farmers producing less food, in spite of early assertions by striking farmers that they did not want subsidies.

Subsidies would be required under such plans, because consumers come in large voting blocs and they would not quietly watch food prices soar 20 percent or more. They aren't quiet now about predictions that retail food prices may rise 6 to 8 percent in 1978.

President Carter's proposals don't seem to be very different from the defeated plan. Carter proposes to cut food output and raise farm income some $4 billion. His plan includes higher deficit payments to farmers who can't get fair market prices.

Consumers complain that they are having a hard time keeping up with inflation and many claim that it now takes two $20 bills to buy food they used to get for one.

This might be true, but they fail to note that they may be earning three or four $20 bills for doing work that formerly paid them just one. Wages become inflated, too.

Since only about 17 percent of the average family's income is spent for food, an increase of 5 percent in pay is not offset by a 5 percent increase in the cost of food. It would take about 25 percent rise in food prices to offset a 5 percent pay raise.

However, the gain in income could be and often is wiped out in its entirety by a combination of higher taxes, higher prices on food, housing, clothing, recreation, medical expenses and fuel costs for cars and homes.

As long as government is dedicated to a policy of cheap food, producers, are bound to have problems. "Good politics" will not allow prices at the supermarket to rise enough to satisfy growers.

Federal price manipulations are possible by reducing grain exports, increasing meat imports, surpluses in government warehouses, subsidies, acreage controls and setting high or low loan rates.

Like cheap energy, cheap food in terms of long-remembered depression price levels is gone forever. Because food costs are highly visible, politicians will perpetuate the illusion that they are trying to do something about it in fighting inflation.

Their predecessors won votes by alternately speaking up for farmers and consumers. The same scheme may work in the future.