

Potatoes Prove Point About Prices

A FEW DAYS ago we bought some potatoes for \$384 a bushel. Not very many at that price, of course.

The deal was consummated in the lobby convenience shop of a Dallas hotel. Compared to prices on other snacks offered, 50 cents for 1½ ounces of spuds didn't seem to be out of line.

The farmer who grew the potatoes probably got around \$2 a bushel for them, although this year's short crop might bring more.

The potatoes had been peeled, sliced into thin chips, salted and cooked in "partially hydrogenated cottonseed oil." A mixture of a dozen other ingredients gave them "a barbecue flavor." They were packed in a laminated plastic bag to protect the goodies from moisture and "harmful light rays," the label stated.

This may be an extreme example of how marketing costs have become the principal factor in nearly everything we buy. We pay a lot for convenience, quality and steady supply of what we wear, eat and use.

Wheat growers have made much

of the fact that a loaf of bread which retails for around 50 cents contains less than a dime's worth of grain. This hasn't caused many housewives to take up home baking and apparently the news hasn't had much effect on the market price of wheat.

Cotton growers point out that there may be only 50 or 75 cents worth of cotton in a shirt that retails for \$15 or \$20.

A cattleman may sell a load of steers for 60 or 70 cents a pound and then stop in a nearby cafe for a 6-ounce chicken fried steak that costs \$3.99 or more, including service and trimmings.

Farmers always have been aware of how rapidly their commodities increase in value after they sell. Inflation is bringing the economic facts of life to attention of consumers.

From time to time movements arise to shortcut marketing processes, to eliminate middlemen, to cut out "frills" and to sell directly from producers to consumers. Such movements seldom last.

The rate of inflation has been calculated at 18 per cent per year, but the Tax Foundation, Inc., says that taxes are rising faster than anything else, including prices.

The higher your tax bracket, the harder you are hit by inflation. As salaries and wages follow the upward spiral, you must earn more money in order to pay taxes and buy what you need or want.

In a comparative application of this fact, U.S. News and World Report figured that if you are in an 18 per cent tax bracket, you must earn 30 cents to buy a 25 cent candy bar (that used to sell for a nickel.) If your tax bracket is 28 per cent, you will need 35 cents.

A pair of men's dress shoes that retails for \$45 may cost the 18-per-cent taxpayer \$54.88 in pretax dollars, and the man in the 49-percent tax bracket would need to take in \$88.24 to buy them.

Ronald Reagan recently was quoted as saying that the only thing about the dollar that is more valuable than it used to be is the motto, "In God we trust."