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THE Marketing and Transportation SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
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Some Developments in Marketing Frozen Foods
Federal Excise Taxes on Transportation as a Factor Affecting Agriculture
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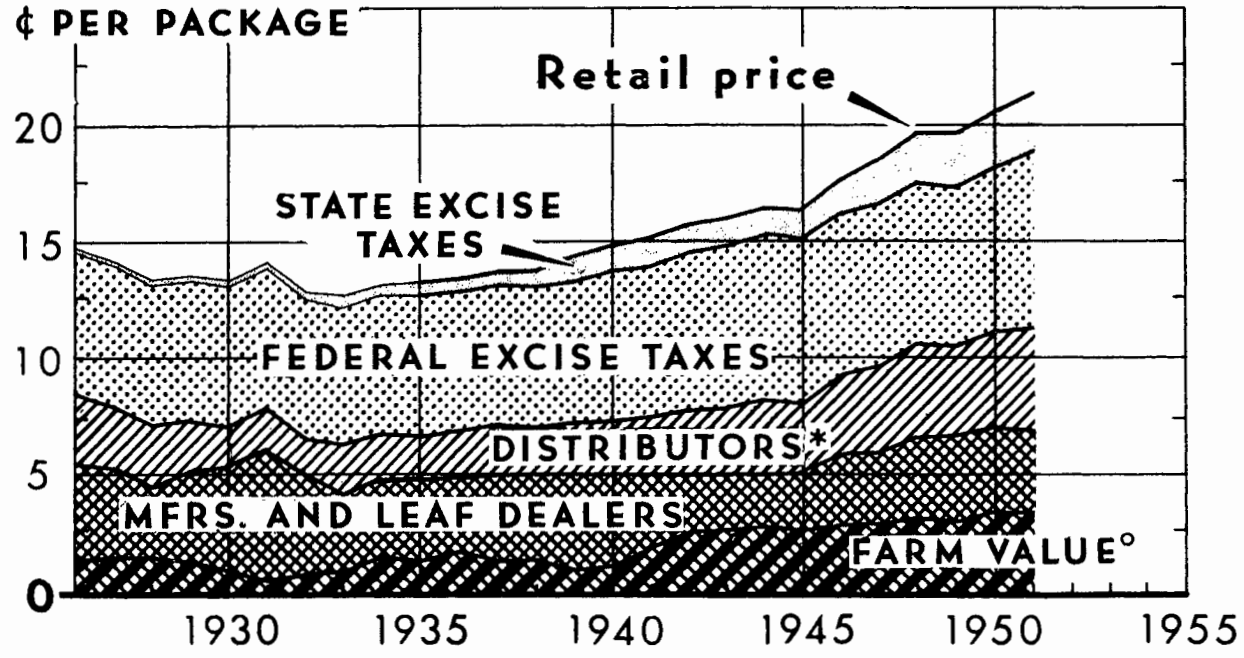
CIGARETTES

Estimated Farm Value of Leaf Tobacco, Marketing Margins, and Taxes



YEAR BEGINNING JULY 1. * *RETAILERS AND WHOLESALERS.*
° *PAYMENT TO FARMERS FOR TOBACCO EQUIVALENT TO PACKAGE OF CIGARETTES.*

U.S. DEPARTMENT OF AGRICULTURE NEG. 48115-XX BUREAU OF AGRICULTURAL ECONOMICS

The farm value of the leaf tobacco in a package of standard-size, popular brand cigarettes increased approximately 23 percent from 1945-46 to 1951-52; the combined manufacturers' and distributors' margin increased 46 percent; and Federal and State excise taxes 20 percent. The retail price of a package of cigarettes rose about 30 percent during the period.

It is estimated that the farm value of the leaf tobacco was about 16 percent of the retail price in 1951-52; the manufacturers' and distributors' margin was 37 percent; and Federal and State excise taxes were 47 percent.

STATISTICAL SUMMARY OF MARKET INFORMATION

Item	Unit or base period	1951 Year	1951 Dec.	1952 Oct.	1952 Nov.	1952 Dec.
Farm-to-retail price spreads						
Farm-food market basket: 1/						
Retail cost	Dol.	722	741	736	737	731
Farm value	"	360	367	341	339	331
Marketing charges	"	362	374	394	398	400
Farmer's share of retail cost	Pct.	50	50	46	46	45
		1951			1952	
		Year	Oct.-Dec.	Year	July-Sept.	Oct.-Dec.
Cotton: 2/						
Retail cost	Dol.	59.35	58.23	56.36	56.12	56.17
Farm value	"	8.63	8.84	7.91	8.20	6.97
Marketing charges	"	50.72	49.39	48.45	47.92	49.20
Farmer's share of retail cost	Pct.	14.5	15.2	14.0	14.6	12.4
Tobacco: 3/						
Retail cost	Dol.	3.09	---	---	---	---
Farm value	"	.504	---	---	---	---
Federal and State excise taxes	"	1.27	---	---	---	---
Marketing charges	"	1.32	---	---	---	---
Farmer's share of retail cost	Pct.	16.3	---	---	---	---
General economic indicators						
Consumers' per capita income and expenditures: 4/						
Disposable personal income	Dol.	1,450	1,481	1,484	1,486	1,528
Expenditures for goods and services	"	1,340	1,347	1,370	1,358	1,399
Expenditures for food	"	392	395	404	406	406
Expenditures for food as percentage of disposable income	Pct.	27	27	27	27	27
		1951			1952	
		Year	Dec.	Oct.	Nov.	Dec.
Hourly earnings per employed factory worker 5/	Dol.	1.59	1.64	1.70	1.72	1.73
Hourly earnings of food marketing employees 6/	"	1.48	1.52	1.57	1.59	
Retail sales: 7/						
Food stores	Mil. dol.	3,136	3,210	3,418	3,340	3,380
Apparel stores	"	851	869	925	870	960
Manufacturers' inventories: 7/						
Food and kindred products	"	3,542	3,479	3,488	3,450	3,308
Textile-mill products	"	3,206	3,045	2,841	2,743	2,660
Tobacco products	"	1,637	1,761	1,726	1,742	1,776
Indexes of industrial production: 8/						
Manufactured food products	1935-39=100	165	160	164	161	161
Textiles and products	"	174	152	172	176	167
Tobacco products	"	175	147	190	181	181
Index of physical volume of farm marketings	"	147	157	220	190	180
Price indexes						
Consumers' price index 5/	"	186	189	191	191	191
Wholesale prices of food 5/	"	232	233	230	228	220
Wholesale prices of cotton goods 5/	"	269	249	239	237	236
Wholesale prices of woolen and worsted goods 5/	"	250	208	196	195	195
Prices received by farmers 9/	"	281	284	263	258	250
Prices paid by farmers 9/	"	219	220	217	216	215

1/ Average annual quantities of farm-food products purchased per family of three average consumers, 1935-39. 2/ 42 cotton articles of clothing and housefurnishings, weighted by average annual quantities bought by wage earners and clerical workers as reported in 1934-36 survey. Data are for last month of quarter. 3/ Four tobacco products from 1 pound of leaf tobacco (farm-sales weight), weighted by leaf equivalents of tax-paid withdrawals, 1935-39. Data are for year beginning July 1. 4/ Seasonally adjusted annual rates, calculated from U. S. Dept. of Commerce data. 5/ U. S. Dept. of Labor. Indexes of wholesale prices converted from 1947-49 base. 6/ Weighted composite earnings in steam railways, food processing, wholesale trade and retail food stores, calculated from data of U. S. Dept. of Labor and Interstate Commerce Commission. 7/ Seasonally adjusted, U. S. Dept. of Commerce. Annual data for 1951 are on average monthly basis. 8/ Seasonally adjusted, Board of Governors of Federal Reserve System. 9/ Converted from 1910-14 base.

THE MARKETING AND TRANSPORTATION SITUATION

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SUMMARY

Farm prices of food products declined during 1952 but increased marketing costs offset almost all the advantage consumers might have expected from these declines. Charges for marketing the farm-produced foods in the family market basket were approximately 7 percent higher in the final quarter of 1952 than in the same period of 1951. The average retail cost of these foods was about the same in both periods but their farm value was about 7 percent lower in the last quarter of 1952. Decreases in the farm prices of meat animals accounted for most of the decline in the farm value.

With marketing charges higher and farm prices lower, the farmer's share of the dollar consumers spent for farm-produced foods averaged 46 cents in the final quarter of 1952 compared with 50 cents a year earlier.

Costs of performing marketing services increased during the year. Average hourly earnings of employees in food marketing enterprises were 5 percent higher in November than a year earlier. Transportation rates of both rail and motor carriers were raised during 1952. Rents and other costs of firms marketing agricultural products advanced during the year. No significant reduction in wages, rents, or transportation costs is anticipated in the near future. Therefore, it seems reasonable to expect that the present level of food-marketing charges probably will be at least maintained in 1953.

The retail cost of 42 articles of cotton clothing and household furnishings averaged about 5 percent less in 1952 than in 1951. Farmers received 8 percent less for the lint cotton from which the articles were made. The spread between the retail cost and farm value decreased 4 percent. The farmer's share of the dollar that consumers spent for these articles was 14.0 cents in 1952 compared with 14.5 cents in 1951.

It is estimated that during the year beginning in July 1951, Federal and State excise taxes represented 47 percent of the average retail price of a package of standard-size cigarettes, the combined leaf dealers', manufacturers', and distributors' margin accounted for 37 percent, and the payment to the farmer for the leaf tobacco for 16 percent.

Consumers have spent approximately 27 percent of their disposable income for food in each quarter since the first quarter of 1951 when they spent 28 percent. Consumers' expenditures for food (seasonally adjusted) in the fourth quarter of 1952 were at an annual rate of $406 per person, about 3 percent higher than a year earlier.

FARM-RETAIL PRICE SPREADS

The Market Basket of Farm Foods 1/

Farm Value Lower in 1952

The annual average farm value of the foods in the market basket declined 2 percent from $360 in 1951 to $353 in 1952 (table 1). On a monthly basis, the farm value decreased sharply from January to February and then rose to an annual rate of $365 in July, the high for the year. By December the farm value had dropped to $331, the lowest since November 1950.

All commodity groups except dairy products and fruits and vegetables had lower annual average farm values in 1952 than in 1951. The meat products group showed the largest decline (table 2).

Marketing Charges Reach New High

Charges for marketing the foods in the market basket established a record annual average of $386 in 1952, which was 7 percent higher than the $362 in 1951. 2/ Marketing charges during 1952 varied from a low annual rate of $369 in March to a high of $400 in December. The December estimate was 7 percent above that for December 1951.

Annual average marketing charges for all commodity groups, except miscellaneous products, were higher in 1952 than in 1951. But the fruits and vegetables and meat products groups accounted for most of the over-all increase.

1/ The "market basket" contains quantities of farm food products equal to the 1935-39 average annual purchases per family of three average consumers. Full details are presented in Agricultural Information Bulletin No. 4, "Price Spreads Between Farmers and Consumers."

2/ Marketing charges, as used here, are the charges for all marketing operations between farmers and consumers and include charges for assembling, processing, transporting, and distributing.

Table 1.- THE MARKET BASKET: Retail cost of 1935-39 average annual purchases of farm food products by a family of three average consumers, farm value of equivalent quantities sold by producers, marketing charges, and farmer's share of the consumer's food dollar, 1935-52

Year	Retail cost 1/	Farm value 2/	Marketing charges 3/	Farmer's share
	Dollars	Dollars	Dollars	Percent
1935-39 average	341	135	204	40
1940	319	127	192	40
1941	349	154	194	44
1942	409	195	213	48
1943	459	236	229	51
1944	451	233	230	52
1945	459	246	229	54
1946	528	279	258	53
1947	644	335	308	52
1948	690	350	340	51
1949	646	308	338	48
1950	645	308	337	48
1951	722	4/ 360	4/ 362	50
1952	740	353	386	48
1951 - Dec.	741	367	374	50
1952 - Jan.	746	364	382	49
Feb.	726	354	372	49
Mar.	725	356	369	49
Apr.	738	358	380	48
May	744	362	382	49
June	746	359	388	48
July	755	365	390	48
Aug.	754	359	394	48
Sept.	738	348	390	47
Oct.	736	341	394	46
Nov.	737	339	398	46
Dec.	731	331	400	45

1/ Calculated from retail prices collected by the Bureau of Labor Statistics and the Bureau of Agricultural Economics.

2/ Payments to farmers for equivalent quantities of farm produce minus imputed value of byproducts obtained in processing.

3/ Marketing charges equal margin (difference between retail cost and farm value) minus processor taxes plus Government payments to marketing agencies.

4/ Revised.

Table 2.- The market basket of farm food products: Annual average retail cost, farm value, marketing charges, and farmer's share, 1952 and 1951

Commodity	Retail cost		Change - 1952 from 1951	
	1952	1951	Actual	Percentage
	Dollars	Dollars	Dollars	Percent
Market basket	739.70	722.25	17.45	2
Meat products	220.59	225.88	- 5.29	- 2
Dairy products	140.06	134.76	5.30	4
Poultry and eggs	51.86	54.89	- 3.03	- 6
Bakery and other cereal products	106.54	103.94	2.60	3
Fruits and vegetables	178.23	156.36	21.87	14
Miscellaneous products	42.42	46.42	- 4.00	- 9
	Farm value			
Market basket	352.87	359.90	- 7.03	- 2
Meat products	132.19	147.60	- 15.41	- 10
Dairy products	78.63	74.39	4.24	6
Poultry and eggs	33.04	36.55	- 3.51	- 10
Bakery and other cereal products	27.80	28.35	- .55	- 2
Fruits and vegetables	65.26	55.25	10.01	18
Miscellaneous products	15.95	17.76	- 1.81	- 10
	Marketing charges			
Market basket	386.49	362.01	24.48	7
Meat products	88.40	78.28	10.12	13
Dairy products	61.43	60.37	1.06	2
Poultry and eggs	18.82	18.34	.48	3
Bakery and other cereal products	78.70	75.55	3.15	4
Fruits and vegetables	112.97	101.11	11.86	12
Miscellaneous products	26.17	28.36	- 2.19	- 8
	Farmer's share of consumer's dollar			
	Cents	Cents	Cents	
Market basket	48	50	- 2	
Meat products	60	65	- 5	
Dairy products	56	55	1	
Poultry and eggs	64	67	- 3	
Bakery and other cereal products	26	27	- 1	
Fruits and vegetables	37	35	2	
Miscellaneous products	38	38	0	

Costs of performing marketing services generally were higher in 1952 than in 1951. Hourly earnings of employees in food marketing firms averaged about 5 percent higher in the first 11 months of 1952 (data for the final month are not yet available) than in the same period of 1951. Transportation rates of both rail and motor carriers were raised during the year. Average hourly earnings of Class I railroad employees were 6 percent higher in the first 10 months of 1952 than in the same period of 1951.

Retail Cost of Farm Foods Rises to Record Level

A record annual average retail cost of $740 was established by the foods in the market basket in 1952. 3/ This was $18 or 2 percent above the previous high of $722, recorded in 1951. During the second half of 1952 the retail cost declined from a peak annual rate of $755 in July to $731 in December.

Annual averages for the meat products, poultry and eggs, and miscellaneous products groups were lower than in 1951, but these decreases were more than offset by increases for the other groups. The largest gain was made by the fruits and vegetables group, whose annual average was 14 percent higher than in 1951.

Farmer's Share 2 Cents Smaller

The annual average share that the farmer received of the dollar the consumer spent for farm foods in 1952 was 48 cents compared with 50 cents in 1951. 4/ During 1952 the farmer's share varied from 49 cents in the first 3 months of the year to 45 cents in December.

Changes in Annual Averages from 1951 to 1952 by Commodity Groups

Meat Products: Annual average charges for marketing the meat products in the family market basket were $10 higher in 1952 than in 1951. But the retail cost and the farm value were down $5 and $15, respectively, from the averages for the previous year (table 2). The share received by the farmer from the dollar that the consumer spent for meat products was 60 cents in 1952 compared with the record of 65 cents in 1951.

3/ Total retail cost of all foods currently consumed per family of three average consumers is roughly 60 percent higher than the retail cost of the "market basket." The market basket of farm-food products does not include imported foods, fishery products, or other foods of nonfarm origin; it does not include food consumed in households on farms where produced; it measures the cost at current prices of 1935-39 average prewar purchases and does not allow for the currently higher level of per capita food consumption, which is 10 to 15 percent above the level for 1935-39; and does not include additional mark-ups for preparation and service of meals purchased in eating places.

4/ Estimates of the division of the retail price between farmers and marketing agencies are based on comparisons of concurrent prices at the farm and retail levels, except for seasonal canning crops, dried fruits, sugar, and vegetable-oil products. During a period of rising prices, the farmer's share calculated on this basis is somewhat higher than the share which would be obtained by comparing prices received by farmers for particular lots of products with prices paid by consumers for the same lots after they have moved through the marketing system. The reverse is true in periods of declining prices.

Dairy Products: This was one of the two commodity groups showing an increase in the farm value from 1951 to 1952. Since charges for marketing these products did not advance appreciably, the retail cost rose only slightly more than the farm value.

Each of the principal individual products in the group (fluid milk, butter, American cheese, and evaporated milk) showed increases in its annual average retail price and farm value. Marketing charges for most of the products advanced, the largest increase was about 4 percent.

Farmers received an average of 56 cents of the dollar that consumers spent for dairy products in 1952 compared with 55 cents in 1951. The record annual average of 59 cents was established in 1947.

Poultry and Eggs: Both the retail cost and the farm value of the poultry and eggs group declined about the same amount. Charges for marketing these products were about the same as in 1951 and the farmer's share declined from 67 cents in 1951 to 64 cents in 1952. The farmer's share for the poultry and eggs group in 1952 was 2 cents smaller than in 1935-39. Shares for all other groups were higher than prewar.

Bakery and Other Cereal Products: The farm value of this group of products declined about 2 percent from 1951 to 1952. But this decrease was more than offset by a 4 percent increase in marketing charges and the retail cost increased 3 percent. The advances in the retail cost and marketing charges continued trends that began when World War II price controls were removed.

Of the money that consumers spend on these products, more is spent for white bread than for any other item. The retail price of white bread and charges for marketing it both averaged higher in 1952 (table 17), but the farm value was slightly lower.

Fruits and Vegetables: The retail cost, farm value, and marketing charges for this group all averaged substantially higher in 1952 than in 1951. These increases were caused by the fresh products in the group as the retail cost and marketing charges for the canned items were lower in 1952 than in 1951. Increases were larger for fresh vegetables than for fresh fruits.

Farmers received 37 cents of the dollar that consumers spent for fruits and vegetables in 1952. During the postwar years the farmer's share has varied from 43 cents in 1946 to 35 cents in 1950 and 1951.

Recent Farm-Retail Price Spreads for Meat Products

The average retail price of Choice grade beef cuts in the final quarter of 1952 was approximately 4 cents per pound below the post-Korean peak reached a year earlier (table 3). Farm prices of Choice grade beef cattle rose to a high in the first quarter of 1951. The net farm value of the liveweight equivalent of a pound of Choice grade beef cuts at that time was about 6 cents higher than in the last quarter of 1952. Smaller increases in the average retail price than in the net farm value reduced the margin between the two in the last quarter of 1950 and the first quarter of 1951.

Table 3.- Farm-retail price spreads for meat products: Retail price per pound, farm value of equivalent quantities sold by producers, byproduct adjustment, marketing margin, and farmer's share of retail price, quarterly averages, 1950-52

Item	Unit	1950				1951				1952			
		Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.
Beef (Choice grade)													
Retail price	Cents	67.2	71.9	77.6	77.2	84.3	84.9	84.8	88.8	87.7	86.8	85.7	84.4
Gross farm value	"	55.4	56.0	58.7	61.2	72.2	71.6	71.0	71.8	69.3	67.5	63.9	62.3
Byproduct allowance	"	5.3	5.4	6.6	7.1	8.5	8.0	7.8	7.1	5.7	5.4	5.3	4.8
Net farm value	"	50.1	50.6	52.1	54.1	63.7	63.6	63.2	64.7	63.6	62.1	58.6	57.5
Margin	"	17.1	21.3	25.5	23.1	20.6	21.3	21.6	24.1	24.1	24.7	27.1	26.9
Farmer's share	Percent	75	70	67	70	76	75	75	73	73	72	68	68
Pork (including lard)													
Retail price	Cents	36.4	38.9	45.4	41.9	45.0	45.2	45.6	44.0	40.7	40.3	43.4	40.7
Net farm value	"	22.1	24.2	29.6	25.4	29.2	28.7	28.4	25.9	23.8	25.9	27.8	23.8
Margin	"	14.3	14.7	15.8	16.5	15.8	16.5	17.2	18.1	16.9	14.4	15.6	16.9
Farmer's share	Percent	61	62	65	61	65	63	62	59	58	64	64	58
Lamb and mutton													
Retail price	Cents	64.1	71.3	71.6	71.4	74.1	77.3	77.8	80.3	76.3	76.1	78.4	70.4
Gross farm value	"	49.5	53.0	54.3	57.9	71.0	70.9	64.6	62.9	58.0	56.5	54.2	45.1
Byproduct allowance	"	8.7	6.9	8.3	11.9	21.2	14.8	9.8	10.2	10.4	6.7	6.7	7.2
Net farm value	"	40.8	46.1	46.0	46.0	49.8	56.1	54.8	52.7	47.6	49.8	47.5	37.9
Margin	"	23.3	25.2	25.6	25.4	24.3	21.2	23.0	27.6	28.7	26.3	30.9	32.5
Farmer's share	Percent	64	65	64	64	67	73	70	66	62	65	61	54

Subsequent advances in the retail price and decreases in the farm prices of beef cattle widened the margin from 21 cents in the first quarter of 1951 to 27 cents in the third quarter of 1952. The share farmers received of the dollar consumers spent for Choice grade beef cuts rose to a high of 76 cents in the first quarter of 1951. It declined to 68 cents in the third quarter of 1951. Part of the reduction in the farm price of beef cattle during the last 2 years was caused by decreases in the prices of hides, tallow, and other nonedible byproducts.

Prices of lower grade cattle declined more than prices of the Choice grade during the second half of 1952. Farm-retail price spreads are not available for lower grade cattle because retail prices are collected only for Choice grade cuts.

The composite retail price of 1 pound of pork products including lard in the last quarter of 1952 was about 5 cents lower than the peak in the third quarter of 1951. The net farm value was about 6 cents lower than the high in the third quarter of 1950. Margins between the composite retail price and farm value increased from the second to the fourth quarter of 1952. The fourth quarter margin was approximately 1 cent less than the maximum reached a year earlier. Farmers received 58 cents of the dollar consumers spent on pork and lard in the last quarter of 1952. During 1951 and 1952 the farmer's share varied from 58 to 65 cents. The retail price of lard declined 35 percent from the first quarter of 1951 to the final quarter of 1952. This accounted for much of the reduction in the composite retail price.

The average retail price of lamb per pound in the last quarter of 1952 was almost 10 cents below the peak reached a year earlier and was at the lowest level since the first quarter of 1950. Farm prices of lambs averaged lower than during any other quarter in the 1950-52 period. The farm value was about one-third lower than the high in the second quarter of 1951. The margin between the retail price and farm value established a new record in the fourth quarter of 1952. It was 5 cents wider than a year earlier. Farmers received 54 cents of the dollar consumers spent for lamb in the fourth quarter. During 1950-52, the farmer's share varied from 54 cents to 73 cents. Decreases in the prices of wool accounted for part of the decline in the farm price of lambs in 1951 and 1952.

Farm-Retail Price Spreads for Cotton

The spread (marketing charge) between the retail cost of 42 cotton articles and the farm value of the lint cotton from which they were made was about the same in December 1952 as in December 1951. (See table on inside of cover.) Farm value of the lint cotton declined 21 percent, or about $2, during the period. The retail cost declined approximately 4 percent, or about $2, during the year ended in December 1952. The retail cost, marketing charges, and farm value in December were still higher than in June 1950, before the rise that followed the invasion of South Korea. Marketing charges lagged behind retail prices during the advance and during the decline that began in the summer of 1951. The farmer's share of the dollar that consumers spent for these articles was 12.4 cents in December compared with 15.2 a year earlier and 12.8 cents in June 1950.

Mill margins for 17 constructions of cotton cloth declined from 33.9 cents in September 1951 to a low of 24.4 cents in June 1952, then rose to 31.1 cents in September 1952 and to 36.4 cents in December. These margins are the differences between wholesale prices of unfinished cloth and the value of the cotton used in its manufacture. The average mill margin of 36.4 cents in December, or about 53 percent of the cloth prices, compares with an average of 42.0 cents, or 56 percent of the cloth prices, during the crop years 1947-49.

Farm-to-Retail Price Spreads for Cigarettes

The spread between the retail price of cigarettes and the farm value of an equivalent quantity of leaf tobacco valued at current farm prices has increased each crop year since 1942-43 (table 4). 5/ It was 17.9 cents per package during 1951-52 compared with the 1935-39 average of 12.4 cents. Most of the increase since the prewar period resulted from higher Federal and State excise taxes and a larger margin for distributors (cover chart). The manufacturer's and leaf dealer's margin in recent years was about equal to the 1935-39 average. Federal and State excise taxes have made up more than one-half of the total spread since 1931.

The Manufacturer's and Leaf Dealer's Margins

The margin of the manufacturer and the leaf dealer is the difference between the farm value of the tobacco and the average of the monthly wholesale prices (exclusive of the Federal excise tax) received by manufacturers during the year from July 1 through June 30. The farm value is a weighted average of prices farmers receive during the crop year for three types of domestic tobacco -- flue cured, Burley, and Maryland. The manufacturer's margin includes the cost of stemming, redrying, and aging the leaf in addition to the manufacturing and selling costs.

Tobacco of these types is also exported and some is used in other tobacco products. Prices of the leaf bought for these uses may be lower than those paid for that used in cigarettes. As prices paid for tobacco bought exclusively for use in cigarettes are not available, the farm value was calculated from average prices received by farmers for all grades sold. For that reason, it may be too low, particularly in earlier years. In recent years the average price of tobacco used in cigarettes was relatively closer to the average market price than was true for earlier years. It is also true that a larger quantity of the total supply was used in cigarettes and less remained for other uses. Some imported tobacco generally is used in cigarettes to heighten their flavor and aroma. In the prewar years the imported tobacco was about 10 percent of the total weight of the tobacco used, but in recent years it accounted for 5 or 6 percent. This imported tobacco usually costs manufacturers more than that grown in this country. If the imported tobacco costs more than the domestic leaf, the cost to the manufacturer of the tobacco in cigarettes is more than the farm value which is based entirely on prices of domestic tobacco.

5/ The price-spread series for standard brand cigarettes is a revision of data previously published in the April 1951 issue of this publication. Data in the present series relate to crop years rather than calendar years as in the previous series. Also, the estimates of farm value are determined from prices during the current crop year rather than an average of prices 2 and 3 years earlier.

Table 4.- Farm-to-retail price spreads for cigarettes, average retail and wholesale prices per package, farm value of equivalent leaf tobacco, excise taxes, marketing margins, and farmer's share of retail price, averages 1935-39 and 1947-49, annual 1926-51

Year beginning July	Retail price 1/	Wholesale price 2/	Farm value 3/	Farm-retail spread	Excise taxes: Federal	Excise taxes: State 4/	Excise taxes: Total	Margins, excluding taxes: Manufacturer and leaf dealer 5/	Margins, excluding taxes: Distributor 6/	Margins, excluding taxes: Total	Farmer's share of retail price
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Percent
1926	14.6	11.3	1.32	13.3	6.0	0.1	6.1	4.0	3.2	7.2	9.0
1927	14.1	11.2	1.47	12.6	6.0	.1	6.1	3.7	2.8	6.5	10.4
1928	13.4	10.6	1.45	11.9	6.0	.2	6.2	3.1	2.6	5.7	10.8
1929	13.5	11.1	1.27	12.2	6.0	.2	6.2	3.8	2.2	6.0	9.4
1930	13.3	11.3	.88	12.4	6.0	.2	6.2	4.4	1.8	6.2	6.6
1931	14.2	12.1	.56	13.6	6.0	.3	6.3	5.5	1.8	7.3	3.9
1932	12.9	11.0	.78	12.1	6.0	.3	6.3	4.2	1.6	5.8	6.0
1933 7/	12.7	10.2	.88	11.8	6.0	.4	6.4	3.3	2.1	5.4	6.9
1934 7/	13.2	10.8	1.51	11.7	6.0	.4	6.4	3.3	2.0	5.3	11.4
1935 7/	13.3	10.8	1.28	12.0	6.0	.6	6.6	3.5	1.9	5.4	9.6
1936	13.5	10.9	1.77	11.7	6.0	.6	6.6	3.1	2.0	5.1	13.1
1937	13.8	11.0	1.42	12.4	6.0	.6	6.6	3.6	2.2	5.8	10.3
1938	13.8	11.0	1.36	12.4	6.0	.7	6.7	3.6	2.1	5.7	9.9
1939	14.4	11.0	1.03	13.4	6.0	1.1	7.1	4.0	2.3	6.3	7.2
1935-39 average	13.8	10.9	1.37	12.4	6.0	.7	6.7	3.5	2.2	5.7	9.9
1940	14.9	11.5	1.08	13.8	6.5	1.1	7.6	3.9	2.3	6.2	7.2
1941	15.2	11.5	1.85	13.3	6.5	1.2	7.7	3.1	2.5	5.6	12.2
1942	15.8	11.8	2.60	13.2	6.8	1.2	8.0	2.4	2.8	5.2	16.5
1943	16.1	12.0	2.75	13.4	7.0	1.2	8.2	2.3	2.9	5.2	17.1
1944	16.5	12.0	2.81	13.7	7.0	1.2	8.2	2.2	3.3	5.5	17.0
1945	16.4	12.1	2.75	13.7	7.0	1.3	8.3	2.4	3.0	5.4	16.8
1946	17.7	12.9	2.92	14.8	7.0	1.4	8.4	3.0	3.4	6.4	16.5
1947	18.6	13.0	2.85	15.7	7.0	1.9	8.9	3.1	3.7	6.8	15.3
1948	19.7	13.7	3.14	16.6	7.0	2.1	9.1	3.6	3.9	7.5	15.9
1949	19.7	13.7	3.02	16.7	7.0	2.3	9.3	3.7	3.7	7.4	15.3
1947-49 average	19.3	13.5	3.00	16.3	7.0	2.1	9.1	3.5	3.7	7.2	15.5
1950	20.5	14.1	3.41	17.1	7.0	2.3	9.3	3.7	4.1	7.8	16.6
1951	21.3	14.7	3.37	17.9	7.7	2.3	10.0	3.6	4.3	7.9	15.8

1/ Simple average of quarterly prices reported by the Bur. of Labor Statistics for Sept., Dec., Mar., and June. Prices were collected in 34 cities 1926-46 and in 18 cities 1947-51. (Before 1935 prices were reported semiannually.)

2/ Simple average of monthly prices, July-June, reported by the Bur. of Labor Statistics. These prices are averages of list prices of three manufacturers for popular brands of cigarettes delivered to wholesalers and jobbers -- adjusted for cash and trade discounts. Wholesale price includes Federal excise tax.

3/ Value of 0.065 pound of leaf tobacco (farm-sales weight), calculated from season average prices received by farmers for cigarette-type tobacco, using types 11-14, weighted 61 percent; type 31, 37 percent; and type 32, 2 percent.

4/ Total revenue from State cigarette taxes divided by tax-paid withdrawals. For States not reporting revenue separately from other tobacco products, it was necessary to estimate the proportion derived from cigarettes.

5/ Difference between farm value and wholesale price, excluding Federal excise tax.

6/ Retail-wholesale price spread less average State tax.

7/ Taxes paid by processors from which benefit payments to farmers were made were not included in these computations. They amounted to 0.2 cent per package of cigarettes in 1933 and in 1935 and 0.3 cent in 1934.

The combined margin of the manufacturer and leaf dealer (difference between farm value of leaf and manufacturer's wholesale price of cigarettes less the Federal excise tax) shows a rather unusual trend. It rose to a high of 5.5 cents a package in 1931-32 when wage rates and other costs were down and was lowest during the 1942-46 period of price controls, when it varied from 2.2 to 2.4 cents. The margin increased gradually to 3.7 cents in 1949 and has remained at approximately that level for the last 3 years. As pointed out above, it seems likely that differences between the average farm value of the types of tobacco used in cigarettes and prices actually paid for leaf by cigarette manufacturers and the declining relative importance of imported leaf affect the comparability of the margins.

Prices were increased by the major companies in October 1946, July 1948, and July 1950. Controls were reestablished in early 1951. The Office of Price Stabilization permitted a price rise in November 1951, but only by the amount of the increase in the Federal excise tax. The manufacturer's wholesale price (including the tax) for 1951-52 was 21 percent higher than in 1945-46, when World War II price controls were in effect. This increase compared with an increase of 22 percent in farm prices of cigarette-leaf tobacco. But comparison of the 1951-52 wholesale price and farm value with those for 1935-39 show a much larger percentage increase in farm value than in wholesale prices.

Technological developments and the expanding demand for cigarettes, which made large-scale operations feasible, have enabled cigarette companies to increase output enormously with relatively small increases in the number of employees. In 1947, about 370 billion cigarettes were produced compared with 122 billion in 1929. But the number of production and related workers in the cigarette industry in 1947 was only 21 percent more than the number in 1929, according to census data. Total wage payments increased from 18.4 to 55.0 million dollars during the same period. 6/ The labor cost per package of cigarettes in 1947 was about the same as in 1929 although weekly earnings were about 2-1/2 times higher.

Production of cigarettes increased 13 percent between 1947 and 1951 although the number of production workers in the industry remained about the same. Average weekly earnings in 1951 were 28 percent more than in 1947. Hourly earnings increased 30 percent but the work week was shortened slightly. Thus, during recent years labor costs increased relatively more than production.

Total operating profit, less provision for Federal income and excess profits taxes, for four large tobacco companies whose principal product is cigarettes was about the same in 1951 as in 1947 but ratios of profits to sales were smaller. Operating profit (less taxes) as a percentage of sales, which averaged 9.2 percent in 1935-39, declined to 4.6 percent in 1944 and 1945, and then gradually rose to 6.1 percent in 1949. It was 5.8 percent in 1950 and 4.5 percent in 1951.

6/ Plants classified in the cigarette industry are those whose principal products are cigarettes. Some of these plants produced other tobacco products and some cigarettes were produced in plants classified in other industries, so that an exact comparison cannot be made.

The Distributor's Margin

The distributor's margin, which goes to the wholesaler and retailer, is the difference between the retail and manufacturer's wholesale prices less the estimated State excise tax. Except for 2 years, the retail price has increased each year since 1933. The increase has been larger but more gradual than the increase in the manufacturer's wholesale price.

The average spread between retail and wholesale prices increased from 2.9 cents in 1935-39 to 6.6 cents in 1951-52, but it is estimated that 1.6 cents of this increase was in State excise taxes. 7/ The distributor's margin, exclusive of State taxes, increased from 2.2 cents in the prewar period to 4.3 cents in 1951-52. A small part of this increase can be attributed to city taxes which have not been taken into account. The percentage increase in the distributor's margin between 1947 and 1951 was about the same as the increase in the margin for the manufacturer and leaf dealer.

Federal and State Excise Taxes

The Federal excise tax on cigarettes was 6.0 cents a package through June 1940, 6.5 cents from July 1940 to October 1942, 7 cents from November 1942 through October 1951, and 8 cents beginning November 1951. Under the existing law, the rate will continue at 8 cents until April 1, 1954, when it will revert to 7 cents. Together, Federal and State excise taxes have accounted for 45 to 51 percent of the retail price in all years since 1931. 8/ The Federal tax during 1947-51 varied from 34 to 38 percent of the retail price which compares with a 1935-39 average of 44 percent. State excise taxes have risen substantially since the prewar period and in recent years have accounted for 10 to 12 percent of the retail price compared with 5 percent in 1935-39. Estimated State taxes increased from an average of 0.1 cent per package in 1926 to 2.3 cents in the last 2 years. The Federal and State taxes absorbed 10 cents of the average retail price of 21.3 cents for the 1951-52 crop year.

CONSUMER INCOMES AND EXPENDITURES

Disposable personal income (personal income less personal taxes) rose from a seasonally adjusted annual rate of $1,486 per person in the third quarter of 1952 to a record $1,528 in the fourth quarter (table 5). Expenditures per person for consumer goods and services rose to a record level although expenditures for food remained unchanged. Since the increase in consumers' expenditures was about equal to the increase in their incomes, their savings per person did not change significantly. Consumers saved between 8 and 9 percent of their disposable income in the third and fourth quarters compared with 7 percent in the first half of the year.

7/ At the present time, 29 States tax cigarettes only among the tobacco products and 12 tax cigarettes and some other tobacco products. About 80 percent of the revenue is collected in the 29 States. The revenue for the 12 States was prorated in a rather arbitrary manner to obtain total estimated revenue from cigarettes.

8/ A processing tax was levied on manufacturers effective October 1933. From the proceeds of this tax, benefit payments were made to growers. The processing tax paid on the tobacco in a package of cigarettes was estimated to be 0.2 cent in 1933 and 1935 and 0.3 cent in 1934. These taxes are not included in the tax and margin data presented in this report.

Table 5.- Per capita food cost and expenditure related to disposable personal income, United States, average 1935-39, annual 1944-52

Year	Disposable personal income 1/	Total expenditure for consumer goods and services 1/	Food expenditure			Cost to consumer of fixed quantities of food representing 1935-39 average annual consumption per person 2/	
			Actual 1/	Percentage of -		Actual	Percentage of disposable income
				Disposable income	Total expenditure for goods and services		
	Dollars	Dollars	Dollars	Percent	Percent	Dollars	Percent
1935-39 av.	510	490	118.6	23	24	118.6	23
1944	1,055	801	229	22	29	171	16
1945	1,073	874	250	23	29	176	16
1946	1,117	1,032	292	26	28	201	18
1947	1,169	1,142	329	28	29	244	21
1948	1,277	1,206	350	27	29	256	20
1949	1,248	1,204	340	27	28	243	19
1950	1,346	1,272	349	26	27	245	18
1951	1,450	1,340	392	27	29	274	19
1952	1,484	1,370	404	27	29	280	19
	Annual rates, seasonally adjusted						
1951							
1st quarter	1,413	1,364	3/390	28	29	272	19
2nd "	1,441	1,320	3/387	27	29	274	19
3rd "	1,460	1,326	3/392	27	30	273	19
4th "	1,481	1,347	3/395	27	29	277	19
1952							
1st quarter	1,468	1,358	3/401	27	30	277	19
2nd "	1,469	1,364	3/403	27	30	280	19
3rd "	1,486	1,358	3/406	27	30	283	19
4th "	1,528	1,399	3/406	27	29	278	18

1/ Computed from aggregate income and expenditure data of the Dept. of Commerce. For methods of computation and data for 1929-43 see the September 1950 issue of this publication.

2/ Cost to consumers of fixed quantities of foods representing average annual consumption per person during 1935-39 is calculated by taking as a base the actual food expenditure per person in 1935-39 ($118.6) and applying to this base cost a U. S. average consumer's food price index. The index is a weighted average of indexes representing (a) retail food prices in 56 cities (U. S. Bureau of Labor Statistics), (b) retail food prices in other cities and towns, and (c) prices received by producers applied to foods consumed on farms where produced.

3/ Quarterly data are estimates by the Bureau of Agricultural Economics from expenditures for food and alcoholic beverages reported by the Dept. of Commerce.

Little Change in Expenditures for Food During 1952

Consumers' expenditures for food were comparatively stable during 1952, varying from a seasonally adjusted annual rate of $401 per person in the first quarter to $406 in the fourth quarter. Annual expenditures of $404 in 1952 were about 3 percent higher than the previous record of $392 established in 1951. Prices paid by consumers for food averaged about 2 percent higher in 1952 than in the previous year.

Consumers spent approximately 27 percent of their disposable income for food in 1952, the same percentage as in 1951. During the postwar years, annual expenditures for food have varied from 26 to 28 percent of disposable income.

SOME CURRENT DEVELOPMENTS IN MARKETING FARM PRODUCTS

Marketing Activities Continue at High Level

Farmers marketed a substantially larger volume of crops in the fourth quarter of 1952 than in the same quarter of the previous year and marketings of livestock and livestock products were slightly larger. The index of the physical volume of farm marketings (1935-39 = 100) averaged 197 in the final quarter of 1952 compared with 186 in the same quarter of 1951.

The output of manufactured food products in the final months of 1952 matched the high level of the preceding year. The Federal Reserve Board's seasonally adjusted index in December stood at 161 (1935-39 = 100), about the same as a year earlier. The book value of inventories held by food manufacturers at the end of November was about 4 percent less than on the same date in 1951.

Production of textiles and textile products increased substantially in August and a larger volume was produced last fall than during the fall of 1951. The Federal Reserve Board's adjusted index averaged 173 (1935-39 = 100) in the September-December period compared with 156 for the same months of 1951. Production of these products in 1952 did not come up to the previous year's level until August. The value of inventories of textiles held by textile manufacturers on November 30, 1952, was about 14 percent less than those held a year earlier.

The seasonally adjusted index of the output of manufactured tobacco products averaged about the same in the fall months of 1952 and 1951. Inventories held by manufacturers in November had about the same book value as those held in November 1951.

Food wholesalers had about the same dollar volume of sales in November 1952 as in the same month of the previous year but the value of their inventories was about 4 percent larger. Sales of apparel and dry goods wholesalers were down 4 percent but their inventories were slightly larger.

Retail food-stores' dollar sales were slightly larger in each month of 1952 than in the corresponding month of 1951. Dollar sales of retail apparel stores totaled about 3 percent more last year than in 1951. December sales were 10 percent larger than in the previous year. The value of inventories held by apparel stores at the end of 1952 was 7 percent larger than a year earlier.

Some Developments in Marketing Frozen Foods

The rapid growth in the production of frozen concentrated orange juice is the most noteworthy trend in the frozen-food industry since the war ended. The output of frozen concentrated lemonade, grape juice, and various deciduous fruit juices also has been expanding. Between the pack years 1946-47 and 1951-52, the total production of all frozen concentrated citrus fruit juices increased from approximately 6 million pounds to about 552 million pounds. Other frozen foods also have grown in volume. The output of frozen vegetables has risen sharply. Substantial increases have been made in the packs of frozen meats and sea foods. The number of frozen products has been considerably enlarged by the addition of such specialty items as frozen waffles, chicken pot pies, and precooked and frozen dinners. Most of the increase in the pack during the past few years has been accomplished by an expansion in the output of firms already in the industry rather than by the entry of new firms. Although the output of frozen foods has increased rapidly, it is still small in comparison with the quantities canned, and it has caused no reductions in the canned packs of most products.

Packing

Perhaps the most outstanding development in the packing of frozen foods during recent years has been the substitution of machines for hand labor in cleaning, sorting, and grading fruits and vegetables and in packing the product. In many plants the packaging and freezing operations have become a continuous process performed largely by machinery.

During recent years, many packing plants and warehouses have been remodeled and enlarged and some new plants have been built. Improvements have been made in plant layout and in the handling of materials. By these improvements in operational efficiency and by increasing the number of products produced, packers have been able to reduce their average costs per unit.

Another result of the use of machines in sorting and grading fruits and vegetables has been an increase in the uniformity of the product. It was found that grade standards could be approximated more closely than when these operations were performed by hand. This was one reason for introducing "B" grades of frozen fruits and vegetables.

Storage and Transportation

During recent years, improvements have been made in the facilities for storing and transporting frozen foods. To prevent deterioration in

quality, the temperature of these products must be held at near zero degrees, particularly during the long periods when they are in storage and while in transit from producing regions to consuming markets. New-type refrigerator cars and trucks have been built in which the temperature can be held near zero degrees, but the supply of both is still inadequate and further improvements are needed. Of the different types available at the present time, mechanically refrigerated cars and trucks appear to be the most suitable for shipping frozen foods.

The capacity of warehouses in which a temperature of zero degrees can be maintained has been increased. This increase has been brought about both by the construction of new facilities and by the conversion of cooler rooms to freezer rooms. According to a recent report of the United States Department of Agriculture, gross capacity of warehouses providing sharp freezer storage (temperature at zero degrees or lower) increased from 168 million cubic feet in 1949 to 212 million cubic feet in 1951. In most of the new and remodeled warehouses in-and-out movement has been facilitated by improved design and the use of modern handling equipment. These improvements have generally resulted in some reduction in handling costs as well as in lessening product deterioration.

The need for protecting frozen foods, particularly meat and poultry, from drying out while in sharp-freezer storage has been recognized. At the present time, this is generally being accomplished through the use of packaging materials which resist desiccation. Equipment for maintaining high humidity throughout the storage room has been devised, but its use has not become widespread.

Wholesaling

Perhaps the most significant change during the past 2 years in the wholesaling of frozen foods has been the increase in direct marketing from packers to chain food-store companies. Until recently, most chain-store companies bought their supplies of frozen foods from independent distributors, whereas now they usually buy only the specialty and the slower-moving frozen items from distributors. Some of the larger chains commonly sell frozen-foods under their own brands. In some instances the warehousing and delivering is handled entirely in chain-store facilities; in other instances "deals" are worked out with distributors and warehousemen to perform these functions. To compensate for the loss of trade as a result of direct marketing, distributors have increased the number of specialty items which they carry.

Frequent deliveries to retail stores and less-than-case-lot sales have been common in distributing frozen foods. The frozen-food cabinets in many retail stores provide space for only 1 or 2 days' supply. Some distributors believe that as soon as retail stores expand their storage space, marketing costs can be significantly reduced by making less frequent deliveries and curtailing less-than-case-lot sales.

Retailing

The number of retail stores selling frozen foods has increased considerably during recent years. Although virtually all self-service stores have installed frozen-food cabinets, some of the smaller service-type neighborhood grocery stores have not as yet added these facilities. In such instances the chief deterrent factors are the high initial cost of the cabinets and the lack of space in the retail stores. At times, cabinets have been difficult to obtain because of shortages of materials for building them. Uncertainty as to the future demand for these products undoubtedly retarded expansion in the number of stores selling them. Much of this hesitation was overcome by the rapid growth in the demand for frozen concentrated orange juice, which provided a frozen-food item that could be sold in volume. Most of the many new or remodeled retail stores have space for frozen-food cabinets. Some observers believe that the shortage of cabinet space in retail stores is the greatest barrier to growth in the frozen-food industry at the present time.

Although commercially frozen foods are sold by some locker plants and by firms supplying owners of home freezers, the bulk of the frozen foods sold to consumers are bought from retail stores. A large part of the sales made by locker plants and home-freezer suppliers are in "quantity" lots for which some discount in price is allowed.

Recently home-freezer frozen-food plans have attracted much attention. Some sponsors of plans operate their own warehouses and delivery trucks. As many of the national packer-distributors of frozen foods have refused to sell to sponsors of food plans, these plans generally have been able to handle only the products of the smaller and less well known packer-distributors. To compete with dealers sponsoring these plans, other sellers of home freezers have made arrangements for distributors in some of the larger cities to sell and deliver case lots of frozen foods directly to owners of home freezers. These arrangements have usually been made with distributors whose business is primarily with institutions or restaurants as distributors who sell mainly to retail stores have refused to compete with these outlets by selling direct to consumers.

The growth of these plans has spurred some distributors and retailers to provide a means by which housewives could make savings on bulk purchases similar to those offered by the sponsors of home-freezer frozen-food plans. The distributors have cooperated by giving retailers price discounts on frozen foods sold to consumers under these plans. The sale to the consumer is made in the retail store, although in some instances delivery is made from the distributor's or chain-store warehouse direct to the consumer.

Factors Increasing the Demand

The increase of cabinet space in retail stores has been one of the foremost factors accounting for the growth in the demand for these products.

Displays of frozen foods in retail stores have caught the attention of consumers and induced many consumers to try them.

Advertising and other promotional work have increased consumers' awareness of frozen foods. Undoubtedly the extensive advertising and promotional campaigns conducted by the sponsors of home-freezer frozen-food plans have stimulated the sale of frozen foods.

The increase in the number of home freezers and refrigerators has provided greater space for storing frozen foods in the home. Many of the newer refrigerators have deep-freeze compartments in which frozen foods may be stored without deteriorating. This increase in home storage space has particular bearing upon the demand for frozen food because of the trend to once-a-week shopping. It is reported that there are currently over 4 million freezers in American homes, whereas 4 years ago there were less than 1 million.

Introduction of a "B" grade has created a market for frozen foods among families in the lower-income brackets. Although in some instances the "B" grade products have cut into the market for "A" grade products, they have perhaps increased the total sales substantially.

Sales of frozen foods to the Armed Forces have increased considerably during recent years. Fruits, vegetables, and concentrates have been purchased for use at home and abroad. Frozen foods are now a regular part of the Quartermaster Corps' nutritional program.

The high level of consumer income has been a factor strengthening the demand for frozen foods. Another has been the growing preference for prepared foods.

FEDERAL EXCISE TAXES ON TRANSPORTATION AS A FACTOR AFFECTING AGRICULTURE

By James R. Snitzler, Transportation Economist

Transportation costs absorb a considerable portion of the wholesale prices of many farm commodities that are produced at a distance from the main terminal markets. Prices of the commodities that farmers buy are also affected by transportation costs. Most of the increase in these costs since the war ended is due to the sharp rise in freight charges. Among other factors which have increased marketing costs for the farmer are the excise taxes on the transportation of persons and property. The tax on the transportation of property increases transportation costs by the full amount of the tax. It also applies to other services furnished by the carrier in connection with shipping a commodity. The tax on passenger fares indirectly affects freight rates through its influence on the passenger service deficit.

Transportation taxes were a part of World War I revenue legislation and were repealed on January 1, 1922. The present taxes were enacted during World War II for revenue purposes, although the tax on the transportation of persons was also designed to discourage unnecessary wartime travel. The total revenue raised by the transportation taxes are large compared with that from the other excise taxes; in fact, it is exceeded only by the revenue from distilled spirits, cigarettes, and fermented malt liquors.

A tax on the transportation of persons became effective at the rate of 5 percent on October 10, 1941. It was increased to 10 percent on November 1, 1942, and to 15 percent on April 1, 1944. The tax applies to charges by carriers for seating or sleeping accommodations furnished persons traveling within the United States by rail, motor vehicle, water, or air.

The tax on the transportation of property became effective on December 1, 1942. It is levied at the rate of 3 percent of the transportation charges made by rail, motor, water, or air carriers, except on coal which carries a rate of 4 cents per short ton. 1/ All types of for-hire transportation are subjected to the tax including common and contract carriers, local moving firms, express companies, freight forwarders, etc. Exemptions to the tax that affect agriculture are:

1. Payments for the transportation of property intended for export.
2. Payments for the transportation of property by a freight forwarder, express company, or other carrier for which a transportation tax has already been paid.

Through September 1952 taxes collected on the transportation of persons totaled 2,283 million dollars while taxes collected on the transportation of property exceeded 2,800 million dollars (table 6). It has been estimated that approximately 22 percent of the tax collections on the transportation of property from 1943 through 1948 was derived from the movement of agricultural products. 2/ The effect that the tax on the transportation of persons has on freight rates

1/ An excise tax of 4-1/2 percent is also levied on the transportation of petroleum by pipe line.

2/ Ezekiel Limmer, The Federal Excise Tax on the Transportation of Property With Special Reference to Agriculture. Bur. Agr. Econ., June 1949.

cannot be quantitatively estimated. However, the general effects of this tax on rail revenues, freight revenues, and transportation charges are discussed below.

Table 6.- Treasury receipts from transportation taxes, 1942-52

Calendar year	Tax on charges for carrying -		Total
	Persons	Property	
	Million dollars	Million dollars	Million dollars
1942	49	---	49
1943	138	192	330
1944	1/ 202	221	423
1945	224	219	443
1946	242	245	487
1947	245	293	538
1948	251	339	590
1949	238	322	560
1950	222	350	572
1951	260	377	637
1952 (Jan. through Sept.)	212	287	499
Total	2,283	2,845	5,128

1/ Effective Apr. 1, 1944, tax rate was increased from 10 percent to 15 percent.

Dept. of the Treasury, Annual Reports of the Comissioner of Internal Revenue, and Comparative Statements of Internal Revenue Collections.

The Economic Effects of the Tax on the Transportation of Property

Effects Upon Prices

The tax on the transportation of property tends to increase the prices of the commodities which the farmer buys and to reduce the prices that he receives for the commodities which he sells. The division of the tax among the parties involved may differ in the long run and in the short run. In the short run, market conditions may result in producers or dealers absorbing all or part of the tax. The long-run effects, however, are likely to be quite different. To the extent that competition exists within markets and complete mobility of factors of production prevails, there is a tendency for consumers eventually to bear a substantial portion of the tax. 3/ Since the tax is a fixed percentage, any increase in the rate will be accompanied by an increase in the tax. Freight rates have been increased 12 times since the end of the war; therefore, the tax in cents per 100 pounds has increased substantially during this period. For example, on the movement of fresh meats from South St. Paul, Minn., to New York City, N. Y., the rate increased from $1.13 per 100 pounds in 1946 to $2.21 in 1952. This increased the tax from 3.4 cents to 6.6 cents.

3/ For further discussion of this point see D. P. Locklin, Economics of Transportation, 1947, pp. 27-30.

The increase in the prices paid by consumers resulting from the transportation tax is often greater than the tax itself. The increase in price will exceed the amount of the tax to the extent that middlemen price goods at a fixed percentage above the cost. To illustrate, assume that a retailer purchases goods valued at $5,000, including transportation costs of $800, exclusive of the tax. At a 25 percent mark-up on cost, the retailer's gross margin would equal $1,250 and the selling price would equal $6,250. However, when the transportation tax of $24 (3 percent of $800) is added, total costs now equal $5,024. Computing the mark-up on the basis of the larger cost increases the selling price to $6,280. This latter figure exceeds the former selling price plus the transportation tax by $6; an amount which represents a 25 percent mark-up on the transportation tax. The more often this process is repeated the greater the effect of the tax. In complex trade channels made up of several middlemen, the result may be to increase prices substantially.

Another significant aspect of the effect of the tax results from the fact that changes in transportation charges tend to lag behind price changes. Thus, when the price of a commodity is declining, transportation charges make up an increasing proportion of the retail value. Since the transportation tax is a fixed percentage of the freight charges, it also increases in relation to the retail price.

Effects Upon the Competitive Positions of Producers and Shippers

A flat percentage increase in freight rates will affect adversely the competitive position of the long distance shipper. This principle has been recognized in many general rate increases through the use of "hold-downs" on a number of agricultural commodities. Maximum rate increases on selected agricultural commodities were limited to a specified amount in cents per 100 pounds. 4/ In some cases the effect of the "hold-downs" was to maintain the status quo for distant producers within a given market while in others the rate differentials in dollars and cents were increased by less than would have been the case had the full amount of the general rate increases been applied.

When the 3 percent tax on property is applied to the individual rates, the rate differentials between long- and short-haul producers is increased. The Federal excise tax thus has the same effect on rate differentials as a 3 percent general freight-rate increase without "hold-down" provisions. For example, the rates on shipments of celery to New York City are $2.38 per 100 pounds from Chula Vista, Calif., and 60 cents from Marion, N. Y., or a difference of $1.78 (table 7). When the tax is added to the rates, the differential becomes $1.83. 5/ Similar results are illustrated for the other commodities listed in table 7. If protective services were included, the increase in the differentials due to the tax would be even greater.

4/ Fresh fruits and vegetables, melons, edible nuts, and canned and preserved food products were permitted a maximum increase of 12 cents per 100 pounds; sugar, 10 cents per 100 pounds; and grain 12 percent. Ex Parte 175, Increased Freight Rates, 1951, 284 I.C.C. 662.

5/ Based upon a minimum carload of 20,000 pounds, the California producer would pay a tax of $14.28 per carload, while the New York producer pays a tax of only $3.60 per carload.

Table 7.- Comparative freight rates per 100 pounds and taxes for selected fruits and vegetables from specified origin points to New York City, December 1, 1952 1/

Commodity and origin	Rate		Tax		Rate plus tax	
	Amount	Excess over lowest origin	Amount	Excess over lowest origin	Amount	Excess over lowest origin
	Cents	Cents	Cents	Cents	Cents	Cents
Celery						
Marion, N. Y.	60	---	1.8	---	61.8	---
Sanford, Fla.	145	85	4.4	2.6	149.4	87.6
Chula Vista, Calif.	238	178	7.1	5.3	245.1	183.3
Potatoes						
Riverhead, L. I.	43	---	1.3	---	44.3	---
Caribou, Maine	86	43	2.6	1.3	88.6	44.3
Idaho Falls, Idaho	161	118	4.8	3.5	165.8	121.5
Bakersfield, Calif.	182	139	5.5	4.2	187.5	143.2
Cabbage						
Williamson, N. Y.	59	---	1.8	---	60.8	---
Winter Garden, Fla.	135	76	4.0	2.2	139.0	78.2
Harlingen, Tex.	182	123	5.5	3.7	187.5	126.7
Tomatoes						
Goulds, Fla.	174	---	5.2	---	179.2	---
Jacksonville, Tex.	200	26	6.0	.8	206.0	26.8
Carbona, Calif.	238	64	7.1	1.9	245.1	65.9
Oranges						
Lake Wales, Fla.	110	---	3.3	---	113.3	---
Fullerton, Calif.	185	75	5.6	2.3	190.6	77.3
Lettuce						
Sanford, Fla.	157	---	4.7	---	161.7	---
Phoenix, Ariz.	228	71	6.8	2.1	234.8	73.1
Salinas, Calif.	238	81	7.1	2.4	245.1	83.4
Peaches						
Candor, N. C.	121	---	3.6	---	124.6	---
Ridge Springs, S. C.	129	8	3.9	.3	132.9	8.3
Ft. Valley, Ga.	140	19	4.2	.6	144.2	19.6
Yuba City, Calif.	204	83	6.1	2.5	210.1	85.5
Apples						
Germantown, N. Y.	43	---	1.3	---	44.3	---
Winchester, Va.	62	19	1.9	.6	63.9	19.6
Hood River, Oreg.	204	161	6.1	4.8	210.1	165.8

1/ Excludes protective services.

Compiled from data furnished by Production and Marketing Administration.

Finally, since transportation by private carriage is not subject to the tax, shippers who provide their own transportation have a 3 percent advantage over other shippers. Testimony presented at the congressional hearings on proposed revisions of the Internal Revenue Code indicated that the move toward increased private carriage has been accelerated since the tax went into effect.

Effects Upon Carriers

The principal effect of the tax upon common carriers (rail, motor, water, and air) has been to divert traffic to private carriage. In its 62nd Annual Report, the Interstate Commerce Commission pointed out this problem by declaring: "This method of taxation . . . adds to the difficulties of for-hire carriers in their competition with private transportation since the war, it appears reasonable to question whether continued use of for-hire carriers for tax-collecting purposes is justified." Furthermore, the tax has undoubtedly tended to reduce long-haul transportation and thus to affect carriers' revenues adversely.

Since the transportation tax tends to increase the prices of the vast majority of commodities sold on the American market, the operating costs of carriers will show a corresponding rise. Increases in cost of carrier operations with subsequent reductions in net revenues are invariably followed by requests for rate increases. In the long run, a failure to raise rates in line with increases in costs would mean a decline in the quantity and quality of common carrier operations.

The Economic Effects of the Tax on the Transportation of Persons

The Federal excise tax on the transportation of persons is one of the factors affecting freight rates on agricultural commodities because the ever-increasing passenger service deficit is being borne by freight shippers in the form of higher rates. To the extent that the transportation tax reduces rail passenger revenues through diversion of traffic to private autos, it increases the carriers' unit costs and, at the same time, increases the passenger deficit. 6/ In addition, the fact that the deficit necessitates higher freight rates increases the difficulties of the railroads in meeting competition from other kinds of transportation in hauling freight. Inasmuch as railroad passenger operating deficits have occurred regularly since World War II (table 8), this problem has become increasingly important to agriculture.

Effect of the Tax on the Passenger Deficit

One indicator of the diversion of passenger traffic is the comparison of total passenger-miles by type of transportation (table 9). For example, the upsurge in passenger-miles for private auto since 1946 contrasts sharply with the substantial decline experienced by the railroads during the same period. In 1951, private automobiles accounted for nearly 85 percent of the

6/ The Interstate Commerce Commission pointed out this difficulty in 1950 by stating: "The need for volume passenger travel is obvious from the experience of World War II, but the competition of travel by private car and other means is one which few railroads have met with any success and generally only as to particular trains." Annual Report, Interstate Commerce Commission, Nov. 1, 1950, p. 5.

Table 8.- Net railway operating income derived from carrying freight and passengers, and percentage of income from freight absorbed by passenger deficit

Year	Income from carrying -		Total passenger deficit as percentage of income from freight
	Freight	Passengers	
	Million dollars	Million dollars	Percent
1936	891.7	1/ 233.3	26
1937	827.1	1/ 241.6	29
1938	626.3	1/ 255.3	41
1939	837.9	1/ 250.9	30
1940	942.5	1/ 262.1	28
1941	1,223.1	1/ 226.1	18
1942	1,394.4	89.3	---
1943	1,080.0	279.8	---
1944	871.3	234.1	---
1945	620.6	230.1	---
1946	759.7	1/ 139.7	18
1947	1,206.4	1/ 426.5	35
1948	1,561.0	1/ 559.8	36
1949	1,335.5	1/ 649.6	49
1950	1,547.7	1/2/508.5	33
1951	1,622.9	1/ 680.8	42

1/ Deficit.

2/ Decline below 1949 level was due largely to a retroactive mail payment of 107 million dollars.

Statistics of Railways in the United States, 1936-50, and Distribution of the Passenger Deficit for the Year 1951 by Types of Traffic, Interstate Commerce Commission.

Table 9.- Volume of intercity traffic in passenger-miles, by type of transportation, 1942-51

Transport agency	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951 1/
	Bil.	Bil.	Bil.	Bil.	Bil.	Bil.	Bil.	Bil.	Bil.	Bil.
Railroads	50.3	84.6	92.2	88.1	60.4	40.8	35.3	36.0	32.5	35.3
Buses	21.5	27.4	26.5	26.9	25.6	23.9	23.7	22.4	21.3	21.5
Private auto	199.6	147.1	151.3	179.8	253.6	273.0	287.4	316.7	337.3	379.3
Air lines	1.4	1.6	2.3	3.4	5.9	6.1	5.8	6.8	8.0	10.6
Waterways	1.9	1.9	2.2	2.1	2.3	1.8	1.8	1.4	1.2	1.4

1/ Preliminary estimates.

Annual Reports, 1942-50, and Monthly Comment on Transportation Statistics, Nov. 14, 1952, Interstate Commerce Commission.

entire volume of intercity passenger-miles. The increase in traffic brought about by removal of the tax would not be confined to the railroads. It is reasonable to expect, however, that the railroads would register a gain in passenger traffic, particularly over the distances lying between the nearby areas in which private autos and buses compete with railroads and the more distant areas in which air transportation is most competitive. A substantial net gain in revenues would be derived from this traffic since additional passengers could be carried at very little extra cost. Railroad passenger operations during the war years illustrate this fact (table 10). Between 1940 and 1944, revenue passenger-miles increased 302 percent while operating expenses increased only 96 percent. With revenue passenger-miles in 1951 only slightly greater than in 1941, little difficulty would be experienced in absorbing additional traffic. 7/

Table 10.- Passenger and allied services: Revenue passenger-miles operating revenues, operating expenses, and net operating revenues, Class I railways, 1940-51

Year	Revenue passenger-miles	Operating revenues	Operating expenses	Net operating revenues 1/
	Millions	Million dollars	Million dollars	Million dollars
1940	23,762	635	780	- 145
1941	29,350	751	857	- 105
1942	53,659	1,348	1,047	301
1943	87,820	2,080	1,347	734
1944	95,549	2,248	1,527	721
1945	91,717	2,173	1,670	503
1946	64,673	1,644	1,649	- 6
1947	45,921	1,400	1,645	- 245
1948	41,179	1,435	1,828	- 393
1949	35,095	1,296	1,771	- 475
1950	31,760	1,394	1,729	- 335
1951	34,614	1,449	1,944	- 495

1/ Net rents and taxes are not included.

Compiled from testimony presented by Production and Marketing Administration for Ex Parte 175, Feb. 18, 1952, and Statistics of Railways in the United States, 1951, Interstate Commerce Commission.

7/ Another method advocated for reducing or eliminating the deficit is to remove from service the individual passenger trains which are operating at a loss. This method has been thoroughly explored in two recent studies: Factors Affecting Freight Rates on Agricultural Commodities: The Railroad Passenger Deficit, Transportation and Warehousing Branch, Production and Marketing Administration, Apr. 1951; and Report of the Special Committee on Cooperation with the I.C.C. in the Study of the Railroad Passenger Deficit Problem, National Association of Railroad and Utilities Commissioners, Nov. 11, 1952.

The Effect of the Deficit on Freight Rates

Increases in the passenger-service deficit in the postwar years have stimulated requests by the railroads for higher freight rates. The importance of the passenger-service deficit in the freight-rate pattern is illustrated by the pronouncements of the Interstate Commerce Commission in authorizing the last two general freight-rate increases. In Ex Parte 168, the Commission stated:

> ". . . if passenger service inevitably and inescapably cannot bear its direct cost and its share of joint or indirect costs, we have felt compelled in a general rate case to take the passenger deficit into account in adjustment of freight rates and charges. Both the freight and passenger services are essential, and revenue losses or deficits on the one necessarily must be compensated by earnings on the other if the carriers are to continue operations. Both may be subjected to reasonable rates and charges to produce the fair aggregate return, even though thereby a higher rate of return may be exacted from the one than from the other." 8/

The Commission reaffirmed its position in Ex Parte 175 by again stating:

> "The drain which the passenger-train service deficit makes on freight revenues was an important factor in our decision in Ex Parte 175." 9/

The extent to which the passenger deficit is a burden on freight traffic may be shown by distinguishing between the common costs and the directly assigned costs which make up the deficit. Directly assigned costs are those items of outlay which can be traced directly to the passenger-service operation. The common or overhead costs, on the other hand, are related to both passenger and freight operations. These latter costs are apportioned by means of a fixed formula. 10/ A recent study estimated the directly assigned passenger deficit (the difference between passenger revenues and directly assigned costs) at about 70 million dollars in 1948 and 87 million dollars in 1949. The directly assigned passenger deficit for 1951 undoubtedly was between 50 and 100 million dollars as passenger revenues and expenses in 1951 were similar to those for 1948 and 1949. The total passenger deficit of 681 million dollars in 1951 included the common costs allocated to the passenger service as well as the directly assigned costs. The burden

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8/ Ex Parte 168, Increased Freight Rates, 1948, 276 I.C.C. 35.
9/ Annual Report, Interstate Commerce Commission, Nov. 1, 1951, p. 5.
10/ In 1936, the Interstate Commerce Commission prescribed certain accounting rules governing the separation of railway operating expenses, taxes, and rents between freight and passenger service. The directly assigned costs, as determined by the Commission, have varied between 70 and 75 percent of the annual passenger-service expenses.

on the freight service for 1951 is the difference between the directly assigned passenger deficit of 50 to 100 million dollars and the total passenger deficit of 681 million dollars. In a 1951 study, the Interstate Commerce Commission estimated the passenger deficit based upon direct costs, i.e., directly assigned costs plus a portion of the common costs, at 418 million dollars. This figure probably is a close approximation to what could be considered as the burden on the freight service. Recent study of the deficit indicates that a considerable portion of the common costs would be eliminated if the passenger service were discontinued. For example, the operation of passenger trains over the same railroad used for freight operations tends to restrict the efficiency of the latter operation. Then too, because of the greater speeds, passenger trains require heavier rails, better maintenance, etc., than freight trains. All of these factors tend to increase the proportion of the costs which are directly attributable to passenger operation. Those common costs which would still remain even if the entire passenger service were eliminated are a necessary charge on the freight service.

The deficit, as discussed, is not strictly a passenger deficit but rather a passenger and allied services deficit. A recent study by the Interstate Commerce Commission reveals that "head-end traffic," i.e., allied services, such as the carriage by passenger trains of mail, express, baggage, milk, etc., accounted for 32 percent of the total passenger deficit. This study provides further insight into the passenger deficit problem by defining more precisely areas of unprofitable operation. The express service was the largest single contributor to the head-end traffic deficit. But express-rate increases may not be the solution to this problem. Although express-rate increases have been granted, revenues from domestic express service have declined during the past 2 years. Shippers strongly opposed these increases and indicated they would divert traffic to air freight, parcel post, or truck. This would increase the deficit of the express service and increase further the burden on freight shippers.

MEASUREMENTS OF COMPARATIVE COSTS OF RETAILING SELECTED FRESH FRUITS AND VEGETABLES, CHARLOTTE, N. C.

By
H. Wayne Bitting, Agricultural Economist

Producers have argued that retail margins should be directly related to the costs of handling specific commodities. But the retailers and wholesalers contend that it is meaningless to attempt to explain the margin for any one product or a department on the basis of costs because pricing policies must be based upon net returns from the sale of all commodities. Research workers are generally agreed that consideration must be given to the over-all store operations in relating retail margins to handling costs.

One phase of a recent study in Charlotte, N. C., was designed to explore some of the relationships affecting retail margins. Data for the produce, grocery, and meat departments in 20 sample stores were obtained for the calendar year 1950. Detailed records were collected in the sample stores for potatoes, sweetpotatoes, carrots, onions, head lettuce, tomatoes, cabbage, apples, oranges, and grapefruit covering a 17-week period from January 22 through May 19, 1951. The stores were sampled to be representative of four size groups with gross sales volume over $35,000 per year. Also, the stores were selected to be representative of the principal residential sections of the city. The data were collected by Alderson & Sessions under contract as authorized by the Agricultural Marketing Act of 1946 (RMA, Title II).

This report is on the exploratory phase of the Charlotte study. It examines the following relationships: (1) The extent to which the allocation of floor space between departments is related to gross profits per square foot of display areas, (2) the extent to which pricing practices relate differences in margins for selected fresh fruits and vegetables to differences in operating costs, volume of sales, and spoilage, and (3) the differences in labor costs between size groups of stores.

Allocation of Floor Space

The findings showed that the larger volume stores had roughly twice the dollar volume of sales per square foot of floor space in the grocery and meat departments as the smaller sized stores did. This was not the case for fresh produce. Produce sales in the smaller stores were high relative to the grocery and meat departments (table 11).

Table 11.- Total sales and gross profit per square foot of selling space for produce, groceries, and meats, 20 stores, by store size group, Charlotte, N. C., 1950 1/

Store group 2/	Stores	Grocery		Meats		Produce		All departments	
		Total sales	Gross profit 3/	Total sales	Gross profit 3/	Total sales	Gross profit 3/	Total sales	Gross profits 2/
	Number	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
I	5	82	12.68	190	36.14	107	28.73	101	18.41
II	5	75	11.60	177	33.67	153	41.08	99	18.05
III	5	32	4.95	90	17.12	128	34.37	48	8.75
IV	5	37	5.72	82	15.60	95	25.51	49	8.93

1/ Frozen foods are included with groceries; dairy products are included with meats.

2/ Stores were grouped according to dollar volume of sales during 1950. Group I represents those stores having more than $300,000; group II $150,000-$299,999; group III $100,000-$149,999; group IV under $100,000.

3/ Obtained by applying the gross profit margins of 15.46 percent for groceries, 19.02 percent for meats, and 26.85 percent for produce. These margins are given in Progressive Grocer, Report on a Study of Sales and Margins by Commodities, Made in the Providence Public Markets, Providence, R. I., Oct.-Dec. 1950. This study included dairy products in the meat department and frozen foods in the grocery department.

Gross profits 1/ per square foot of floor space in both produce and meat departments exceeded those in groceries. Gross profits per square foot of floor space for produce in the stores with total sales under $300,000 a year (store groups II, III, and IV) were from 3.5 to 6.9 times those in the grocery department. In the largest stores (group I) produce gross profits were 2.3 times those in groceries. Since the largest stores had a relatively larger proportion of their floor space devoted to produce, this would suggest that the smaller stores should explore the possibility of increasing their profits by shifting space from groceries to produce (tables 12 and 13). This calls for experimentation by each of the individual stores in order to determine the net effect of such changes upon their over-all sales and profits. The Charlotte data do not permit such a determination since gross profits are expressed in terms of averages rather than marginal terms and profits were calculated as gross rather than net profits.

1/ Gross profits represent the difference between the price paid and price received for the goods sold.

Table 12.- Ratio of gross profit per square foot of selling area of meat and produce to grocery department, 20 stores, Charlotte, N. C., 1950

Store group 1/	Department		
	Grocery	Produce	Meat
I	1.0	2.3	2.8
II	1.0	3.5	2.9
III	1.0	6.9	3.5
IV	1.0	4.5	2.7

1/ Stores were grouped according to dollar volume of sales during 1950. Group I represents those stores having more than $300,000; group II $150,000-$299,999; group III $100,000-$149,999; group IV under $100,000.

Table 13.- Allocation of floor space between the grocery, produce, and meat departments, 20 stores, grouped according to size, Charlotte, N. C., 1950

Store group 1/	Percentage of total selling area		
	Department		
	Grocery	Produce	Meat
	Percent	Percent	Percent
I	71.7	12.7	15.6
II	72.5	11.1	16.4
III	71.2	9.8	19.0
IV	69.6	9.8	20.6

1/ Stores were grouped according to dollar volume of sales during 1950. Group I represents those stores having more than $300,000; group II $150,000-$299,999; group III $100,000-$149,999; group IV under $100,000.

A recent study of retail food stores in Syracuse, N. Y., by M. P. Rasmussen and W. B. Hinkle, revealed that labor costs per dollar of sales for produce were roughly twice those for groceries in both corporate chains and independent grocery stores. 2/ Gross profits for produce exceeded those in groceries by more than two to one, particularly in the smaller sized stores. This would indicate that small retail merchants might examine their own operations to see if profits could be increased by shifting space from groceries to produce.

Pricing Practices

Individual stores did not follow any consistent pricing practices in terms of percentage or absolute margins. The lack of consistency in margins

2/ In both chain and owner-operated stores, average grocery sales per hour of labor were about twice as large as average sales of fruits and vegetables, and sales of meats were at least 50 percent greater. Walter B. Hinkle, Jr., Merchandising Fresh Fruits and Vegetables in Retail Stores, Part I, A. E. 818, New York State College of Agriculture, May 1952.

apparently arose from the fact that retailers tend to maintain a fixed selling price rather than immediately reflect changes in purchase price. This suggests the need for investigating the effect which such pricing practices have upon relative sales and profits for the various commodities as compared with a more flexible selling price based upon a fixed percentage or absolute margin. In turn, these findings would need to be evaluated in light of their effects upon over-all store profits and sales.

The differences in retail margins among the 10 produce items could not be explained on the basis of differences in total sales, spoilage, and operating costs. Eastern apples, for example, carried an average retail margin of 31 percent. Oranges averaged 25 percent and lettuce and carrots 23 percent. These differences in margins were unrelated to the difference in volume of sales, spoilage, and operating costs. 3/

From the pricing practices observed in Charlotte, apparently retailers look upon their store operations as a unit and give little consideration to the effect that margins of individual commodities may have upon the relative sales and profits of particular items.

Labor Costs

The cost of labor usually accounted for more than 60 percent of the operating expenses in the produce departments in the sample stores. Approximately 56 percent of the total labor cost was incurred before the consumer selected the produce.

The largest stores made better use of their labor in terms of pounds sold per man-hour. They also paid higher wage rates. However, the higher wage rates were more than offset by greater labor productivity (table 14).

Table 14.- Labor productivity in terms of pounds of produce sold per man-hour and dollar cost of labor by size groups of stores, Charlotte, N. C., January 22-May 19, 1951

Store group 1/	Stores	Pounds sold per -	
		Man-hour	Dollar of labor cost
	Number	Pounds	Pounds
I	5	63	56
II	5	27	26
III	5	28	31
IV	5	21	25
Average		48	45

1/ Stores were grouped according to dollar volume of sales during 1950. Group I represents those stores having more than $300,000; group II $150,000-$299,999; group III $100,000-$149,999; group IV under $100,000.

3/ These three factors accounted for 15 percent of the variation in retail margins for group III stores and 36 percent of the variation for group II stores and group IV stores. For group I stores these factors accounted for only 19 percent of the variation in the 10 produce margins.

In terms of dollar sales per dollar of labor cost, there were no significant differences between the four size groups of stores (table 15). The advantages which the largest stores (over $300,000) enjoyed in terms of greater physical productivity of labor were offset by the lower selling prices per pound of produce sold. This is due to either or both of two factors: (1) the larger stores may have sold their produce for lower prices, (2) the larger stores may have sold a greater proportion of the heavy-weight, low-priced produce (potatoes, for example).

Table 15.- Dollar sales per dollar of labor cost by size groups of stores, Charlotte, N. C., January 22-May 19, 1951

Store group 1/	Stores	Dollar sales per dollar of labor cost
	Number	Dollars
I	5	10
II	5	9
III	5	11
IV	5	8
Average		10

1/ Stores were grouped according to dollar volume of sales during 1950. Group I represents those stores having more than $300,000; group II $150,000-$299,999; group III $100,000-$149,999; group IV under $100,000.

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1. "A selected Bibliography of Potato Marketing Research (1930-1950)," by Perry V. Hemphill and Loyd C. Martin, N. Dak. Agr. Expt. Sta. Bul. 373, June 1952. (BAE cooperating; RMA.)

2. "Changes in the Marketing Patterns of Florida Fresh Oranges Between Prewar and Postwar Periods," by William S. Hoofnagle, Bur. Agr. Econ., Dec. 1952. (Agr. Expt. Stas. of Fla. and Tex., FCA and PMA cooperating; RMA.) (Processed.)

3. "Cost of Retailing Meats in Relation to Volume," by Edmund Farstad and V. John Brensike, Bur. Agr. Econ., U. S. Dept. Agr. Marketing Res. Rept. 24, Aug. 1952. (RMA.)

4. "Eating Places as Marketers of Food Products," by Lester C. Sartorius and Marguerite C. Burk, U. S. Dept. Agr. Marketing Res. Rept. 3, 1952. (RMA Contract Report; BAE and Univ. of Minn. cooperating.)

5. "Factors Affecting the Weighted Average Auction Price of Florida Grapefruit, 1930-51," by William S. Hoofnagle, Bur. Agr. Econ., Dec. 1952. (Agr. Expt. Stas. of Fla. and Tex., FCA and PMA cooperating; RMA.) (Processed.)

6. "Flue-Cured Tobacco: Price Differences Among Types 11(a)-13," by George R. Rockwell, Jr., Bur. Agr. Econ., U. S. Dept. Agr. Marketing Res. Rept. 9, 1952. (RMA.)

7. "Marketing and Manufacturing Services and Margins for Textiles," by L. D. Howell, Bur. Agr. Econ., U. S. Dept. Agr. Tech. Bul. 1062, Sept. 1952. (RMA.)

8. "Marketing Charges for Head Lettuce Sold in Cleveland, Ohio, February-June 1950," by Henry T. Badger, Bur. Agr. Econ., U. S. Dept. Agr. Marketing Res. Rept. 6, June 1952. (RMA.)

9. "Marketing Feeder Cattle and Sheep in the North Central Region," prepared by V. John Brensike in collaboration with other members of the North Central Livestock Marketing Research Committee, Nebr. Agr. Expt. Sta. Bul. 410, May 1952. (Agr. Expt. Stas. of Ill., Ind., Iowa, Kans., Ky., Mich., Minn., Mo., N. Dak., Ohio, S. Dak., and Wis. and BAE cooperating.) (North Central Regional Pub. 25.)

10. "Marketing Information for Commercial Floriculture, Preliminary Report," by M. Truman Fossum, Bur. Agr. Econ., July 1952. (RMA.)

11. "Marketing Information for Commercial Horticulture, Preliminary Report," by M. Truman Fossum, Bur. Agr. Econ., July 1952. (RMA.)

12. "Marketing Margins for California Oranges in Major Cities, June-August 1952, Fresh Fruit and Frozen Concentrated Juice," by Dehard B. Johnson, Bur. Agr. Econ., Sept. 1952. (RMA.) (Processed.)

Continued -

SELECTED NEW PUBLICATIONS - Continued

13. "Marketing Margins for Fruits and Vegetables in California and a Comparison of Two Methods of Measurement," by Robert V. Enochian, Bur. Agr. Econ., July 1952. (Agr. Expt. Sta. of Calif. cooperating; RMA.) (Processed.)

14. "Packaging Late Crop Potatoes at Shipping Point and at Terminal Market," by G. B. Davis and L. C. Martin, Oreg. Agr. Expt. Sta. Bul 527, Oct. 1952. (Oreg. State Dept. of Agr. and BAE cooperating; RMA.)

15. "Prices and Milksheds of Northeastern Markets," by William Bredo and Anthony S. Rojko, Mass. Agr. Expt. Sta. Bul. 470, Aug. 1952. (Agr. Expt. Stas. of the Northeast, New England Research Council, and BAE cooperating.) (Northeast Regional Pub. 9.)

16. "Problems of Establishing a Consumer Panel in the New York Metropolitan Area," by Industrial Surveys Company, U. S. Dept. Agr. Marketing Res. Rept. 8, May 1952. (RMA Title II Contract Rept.; BAE cooperating.)

17. "Technology of Food Marketing, A Survey of Developments and Trends in the Processing and Distribution of Farm-Produced Foods, 1930-50," by Inter-Bureau Committee, U. S. Dept. Agr., Agr. Monog. No. 14, Oct. 1952. (RMA.)

18. "The Dairy Balance of The Pacific Slope," by A. H. Harrington and Wendell Calhoun, Wash. Agr. Expt. Stas. Cir. 191, May 1952. (BAE cooperating; a Western Regional Pub., RMA.)

19. "Trade in Western Livestock at Auctions," Part 1, "Development, Relative Importance, Operations," by Harold Abel and Dee A. Broadbent, Utah Agr. Expt. Sta. Bul. 352, May 1952. (Agr. Expt. Stas. of the Western States, BAE, and BAI cooperating; RMA.)

20. "Trade in Western Livestock at Auctions," Part 2, "Analysis of Livestock Marketings," by Clive R. Harston and Edwin C. Voorhies, Wash. Agr. Expt. Stas. Bul. 537, June 1952. (Agr. Expt. Stas. of the Western States, BAE and BAI cooperating; RMA.)

Publications issued by State Agricultural Experiment Stations may be obtained from the issuing Station.

Table 16.- Price spreads between farmers and consumers - food products: Retail price, farm value of equivalent quantities sold by producers, byproduct adjustment, marketing charges, and farmer's share of retail price, annual 1951 1/

Commodity	Farm equivalent	Retail unit	Retail price	Gross farm value	Byproduct allowance	Net farm value	Margin adjusted for byproducts	Government marketing taxes (-) and payments (+)	Marketing charges 2/	Farmer's share
			Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket			722.25	---	---	359.90	362.35	-0.34	362.01	50
Meat products			225.88	157.67	10.07	147.60	78.28	---	78.28	65
Dairy products			134.76	74.39	---	74.39	60.37	---	60.37	55
Poultry and eggs		1935-39 annual average quantities purchased, per family of three average consumers	54.89	36.55	---	36.55	18.34	---	18.34	67
Bakery and other cereal products:	Farm produce equivalent of annual family purchases									
All ingredients			103.94	---	---	28.35	75.59	- .04	75.55	27
Grain			---	27.49	5.32	22.17	---	---	---	21
Other cereal products			37.93	18.41	3.69	14.72	23.21	---	23.21	39
All fruits and vegetables			156.36	55.25	---	55.25	101.11	---	101.11	35
Fresh fruits and vegetables			120.13	46.57	---	46.57	73.56	---	73.56	39
Fresh vegetables			74.51	27.37	---	27.37	47.14	---	47.14	37
Canned fruits and vegetables			23.67	4.28	---	4.28	19.39	---	19.39	18
Miscellaneous products			46.42	---	---	17.76	28.66	- .30	28.36	38
			Cents	Cents	Cents	Cents	Cents	Cents	Cents	Percent
Beef (Choice grade)	2.16 lb. Choice grade cattle	Pound	85.7	3/71.6	7.8	63.8	21.9	---	21.9	74
Lamb	2.16 lb. lambs	Pound	77.4	67.4	14.0	53.4	24.0	---	24.0	69
Pork (including lard)	1.41 lb. hogs	Pound	44.9	28.4	---	28.1	16.8	---	16.8	63
Butter	Butterfat and farm butter	Pound	79.8	57.2	---	57.2	22.6	---	22.6	72
Cheese, American	10.08 lb. milk	Pound	63.0	37.1	---	37.1	25.9	---	25.9	59
Evaporated milk	1.95 lb. milk	14½-oz. can	14.9	7.24	---	7.24	7.7	---	7.7	49
Fluid milk	Farm retail and wholesale	Quart	21.9	12.74	---	12.74	9.2	---	9.2	58
Ice cream	1.8 lb. milk	Pint	4/31.2	7.69	---	7.69	23.5	---	23.5	25
Eggs	1.03 doz.	Dozen	68.0	49.4	---	49.4	18.6	---	18.6	73
Chicken	1.136 lb.	Pound	53.6	30.5	---	30.5	23.1	---	23.1	57
White bread	.912 lb. wheat	Pound	16.2	3.22	.60	2.62	13.6	---	13.6	16
Corn flakes	1.05 lb. corn	8-oz. pkg.	13.4	3.48	1.23	2.25	11.1	---	11.1	17
Corn meal	1.343 lb. corn	Pound	7.8	3.90	.63	3.27	4.5	---	4.5	42
Flour, white	1.41 lb. wheat	Pound	8.9	4.98	.93	4.05	4.9	---	4.9	46
Rice	1.68 lb. rough	Pound	16.7	8.70	1.20	7.50	9.2	---	9.2	45
Rolled oats	2.05 lb. oats	Pound	14.3	5.52	1.21	4.31	10.0	---	10.0	30
Apples	.0224 bu.	Pound	10.7	4.43	---	4.43	6.3	---	6.3	41
Oranges	.0613 box - fresh use	Dozen	47.7	17.9	---	17.9	29.8	---	29.8	38
Beans, snap	.0375 bu.	Pound	22.0	9.69	---	9.69	12.3	---	12.3	44
Cabbage	1.10 lb.	Pound	7.8	3.01	---	3.01	4.8	---	4.8	39
Carrots	.0222 bu.	Bunch	12.6	4.41	---	4.41	8.2	---	8.2	35
Lettuce	.0185 crt.	Head	16.0	6.70	---	6.70	9.3	---	9.3	42
Onions	1.06 lb.	Pound	8.4	2.91	---	2.91	5.5	---	5.5	35
Potatoes	.0174 bu.	Pound	5.0	2.16	---	2.16	2.8	---	2.8	43
Sweetpotatoes	.0204 bu.	Pound	10.4	4.87	---	4.87	5.5	---	5.5	47
Tomatoes	.0251 bu.	Pound	27.3	11.55	---	11.55	15.7	---	15.7	42
Peaches, canned	1.89 lb. Calif. cling	No. 2½ can	33.7	6.06	---	6.06	27.6	---	27.6	18
Corn, canned	3.03 lb. sweet	No. 2 can	21.7	2.98	---	2.98	18.7	---	18.7	14
Peas, canned	.89 lb.	No. 2 can	15.4	3.71	---	3.71	11.7	---	11.7	24
Tomatoes, canned	2.41 lb.	No. 2 can	19.0	3.26	---	3.26	15.7	---	15.7	17
Prunes	1 lb. dried, California	Pound	27.7	11.39	---	11.39	16.3	---	16.3	41
Navy beans	1 lb. Mich. and N. Y. pea beans	Pound	15.5	5.79	---	5.79	9.7	---	9.7	37
Beet sugar	7.18 lb. sugar beets	Pound	10.6	4.02	.20	3.82	6.8	- .54	6.3	36
Cane sugar	12.33 lb. sugar cane	Pound	10.3	4.66	.71	3.95	6.4	- .54	5.9	38
Margarine	Cottonseed, soybeans, and skim milk	Pound	35.2	---	---	12.79	22.4	---	22.4	36
Vegetable shortening	Cottonseed and soybeans	Pound	36.7	---	---	15.88	20.8	---	20.8	43

1/ Full details concerning the calculation of price spreads for commodity groups and individual items are presented in Agr. Inform. Bul. No. 4, "Price Spreads Between Farmers and Consumers," Nov. 1949, and Misc. Pub. No. 576, "Price Spreads Between Farmers and Consumers for Food Products, 1913-44," Sept. 1945 (out of print). Commodity-group estimates are derived from data more inclusive than the individual items listed in this table. For example, the meat-products group includes veal and mutton, farm sales of lower grade cattle, allowance for retail value of byproducts and processed meats, in addition to lamb, pork (including lard), and carcass beef of Choice grade.

2/ Marketing charges equal margin adjusted for byproduct allowances minus Government marketing taxes plus Government payments to marketing agencies.

3/ Gross farm value before adjusting for Choice grade premium was 62.2 cents.

4/ Average for 8 months; no data previous to May.

Table 17.- Price spreads between farmers and consumers - food products: Retail price, farm value of equivalent quantities sold by producers, byproduct adjustment, marketing charges, and farmer's share of retail price, annual 1952 1/

Commodity	Farm equivalent	Retail unit	Retail price	Gross farm value	Byproduct allowance	Net farm value	Margin adjusted for byproducts	Government marketing taxes (-) and payments (+)	Marketing charges 2/	Farmer's share
			Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket			739.70	---	---	352.87	386.83	-0.34	386.49	48
Meat products			220.59	138.14	5.95	132.19	88.40	---	88.40	60
Dairy products			140.06	78.63	---	78.63	61.43	---	61.43	56
Poultry and eggs		1935-39 annual average quantities purchased, per family of three average consumers	51.86	33.04	---	33.04	18.82	---	18.82	64
Bakery and other cereal products:	Farm produce equivalent of annual family purchases									
All ingredients			106.54	---	---	27.80	78.74	- .04	78.70	26
Grain			---	27.68	5.61	22.07	---	---	---	21
Other cereal products			38.60	18.61	3.88	14.73	23.87	---	23.87	38
All fruits and vegetables			178.23	65.26	---	65.26	112.97	---	112.97	37
Fresh fruits and vegetables			142.95	56.70	---	56.70	86.25	---	86.25	40
Fresh vegetables			90.85	35.58	---	35.58	55.27	---	55.27	39
Canned fruits and vegetables			23.05	4.45	---	4.45	18.60	---	18.60	19
Miscellaneous products			42.42	---	---	15.95	26.47	- .30	26.17	38
			Cents	Cents	Cents	Cents	Cents	Cents	Cents	Percent
Beef (Choice grade)	2.16 lb. Choice grade cattle	Pound	86.2	3/65.8	5.3	60.5	25.7	---	25.7	70
Lamb	2.16 lb. lambs	Pound	75.3	53.4	7.7	45.7	29.6	---	29.6	61
Pork (including lard)	1.41 lb. hogs	Pound	41.2	25.7	.4	25.3	15.9	---	15.9	61
Butter	Butterfat and farm butter	Pound	83.6	60.4	---	60.4	23.2	---	23.2	72
Cheese, American	10.08 lb. milk	Pound	64.7	38.8	---	38.8	25.9	---	25.9	60
Evaporated milk	1.95 lb. milk	14½-oz. can	15.4	7.72	---	7.72	7.7	---	7.7	50
Fluid milk	Farm retail and wholesale	Quart	23.0	13.48	---	13.48	9.5	---	9.5	59
Ice cream	1.8 lb. milk	Pint	31.4	8.13	---	8.13	23.3	---	23.3	26
Eggs	1.03 doz.	Dozen	61.5	43.2	---	43.2	18.3	---	18.3	70
Chicken	1.136 lb.	Pound	53.7	29.2	---	29.2	24.5	---	24.5	54
White bread	.912 lb. wheat	Pound	16.7	3.21	.63	2.58	14.1	---	14.1	15
Corn flakes	1.05 lb. corn	8-oz. pkg.	14.0	3.85	1.30	2.55	11.4	---	11.4	18
Corn meal	1.343 lb. corn	Pound	8.4	3.95	.62	3.33	5.1	---	5.1	40
Flour, white	1.41 lb. wheat	Pound	9.0	4.97	.99	3.98	5.0	---	5.0	44
Rice	1.68 lb. rough	Pound	16.9	9.29	1.33	7.96	8.9	---	8.9	47
Rolled oats	2.05 lb. oats	Pound	14.7	5.40	1.26	4.14	10.6	---	10.6	28
Apples	.0224 bu.	Pound	4/13.4	6.01	---	6.01	7.4	---	7.4	45
Oranges	.0613 box - fresh use	Dozen	48.3	16.8	---	16.8	31.5	---	31.5	35
Beans, snap	.0375 bu.	Pound	23.5	11.34	---	11.34	12.2	---	12.2	48
Cabbage	1.10 lb.	Pound	8.6	3.66	---	3.66	4.9	---	4.9	43
Carrots	.0222 bu.	Bunch	12.2	3.88	---	3.88	8.3	---	8.3	32
Lettuce	.0185 crt.	Head	15.2	6.00	---	6.00	9.2	---	9.2	39
Onions	1.06 lb.	Pound	12.1	5.33	---	5.33	6.8	---	6.8	44
Potatoes	.0174 bu.	Pound	7.5	4.11	---	4.11	3.4	---	3.4	55
Sweetpotatoes	.0204 bu.	Pound	4/15.3	7.57	---	7.57	7.7	---	7.7	49
Tomatoes	.0251 bu.	Pound	27.1	12.31	---	12.31	14.8	---	14.8	45
Peaches, canned	1.89 lb. Calif. cling	No. 2½ can	33.8	6.89	---	6.89	26.9	---	26.9	20
Corn, canned	3.03 lb. sweet	No. 2 can	23.4	3.63	---	3.63	19.8	---	19.8	16
Peas, canned	.89 lb.	No. 2 can	14.9	3.88	---	3.88	11.0	---	11.0	26
Tomatoes, canned	2.41 lb.	No. 2 can	17.8	3.64	---	3.64	14.2	---	14.2	20
Prunes	1 lb. dried, California	Pound	27.2	8.94	---	8.94	18.3	---	18.3	33
Navy beans	1 lb. Mich. and N. Y. pea beans	Pound	15.0	6.97	---	6.97	8.0	---	8.0	46
Beet sugar	7.23 lb. sugar beets	Pound	10.8	4.12	.21	3.91	6.9	- .54	6.4	36
Cane sugar	14.32 lb. sugar cane	Pound	10.5	4.67	.84	3.83	6.7	- .54	6.2	36
Margarine	Cottonseed, soybeans, and skim milk	Pound	29.9	---	---	10.84	19.1	---	19.1	36
Vegetable shortening	Cottonseed and soybeans	Pound	31.3	---	---	13.36	17.9	---	17.9	43

1/ Full details concerning the calculation of price spreads for commodity groups and individual items are presented in Agr. Inform. Bul. No. 4, "Price Spreads Between Farmers and Consumers," Nov. 1949, and Misc. Pub. No. 576, "Price Spreads Between Farmers and Consumers for Food Products, 1913-44," Sept. 1945 (out of print). Commodity-group estimates are derived from data more inclusive than the individual items listed in this table. For example, the meat-products group includes veal and mutton, farm sales of lower grade cattle, allowance for retail value of byproducts and processed meats, in addition to lamb, pork (including lard), and carcass beef of Choice grade.

2/ Marketing charges equal margin adjusted for byproduct allowances minus Government marketing taxes plus Government payments to marketing agencies.

3/ Gross farm value before adjusting for Choice grade premium was 54.5 cents.

4/ Average for 11 months; no retail data in July.

Table 18.- Price spreads between farmers and consumers - food products: Retail price, farm value of equivalent quantities sold by producers, byproduct adjustment, marketing charges, and farmer's share of retail price, September 1952 1/

Commodity	Farm equivalent	Retail unit	Retail price	Gross farm value	Byproduct allowance	Net farm value	Margin adjusted for byproducts	Government marketing taxes (-) and payments (+)	Marketing charges 2/	Farmer's share
			Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket			737.80	---	---	347.70	390.10	-0.34	389.76	47
Meat products 3/			224.66	134.65	5.58	129.07	95.59	---	95.59	57
Dairy products			140.98	79.92	---	79.92	61.06	---	61.06	57
Poultry and eggs		1935-39 annual average quantities purchased, per family of three average consumers	57.08	36.49	---	36.49	20.59	---	20.59	64
Bakery and other cereal products:	Farm produce equivalent of annual family purchases									
All ingredients			107.42	---	---	28.12	79.30	- .04	79.26	26
Grain			---	27.62	5.55	22.07	---	---	---	21
Other cereal products			38.59	18.64	3.86	14.78	23.81	---	23.81	38
All fruits and vegetables			165.35	57.92	---	57.92	107.43	---	107.43	35
Fresh fruits and vegetables			129.83	49.50	---	49.50	80.33	---	80.33	38
Fresh vegetables			78.18	27.73	---	27.73	50.45	---	50.45	35
Canned fruits and vegetables			23.14	4.29	---	4.29	18.85	---	18.85	19
Miscellaneous products			42.31	---	---	16.18	26.13	- .30	25.83	38
			Cents	Cents	Cents	Cents	Cents	Cents	Cents	Percent
Beef (Choice grade)	2.16 lb. Choice grade cattle	Pound	85.9	4/63.0	5.0	58.0	27.9	---	27.9	68
Lamb	2.16 lb. lambs	Pound	76.1	52.1	6.7	45.4	30.7	---	30.7	60
Pork (including lard)	1.41 lb. hogs	Pound	43.7	26.9	.4	26.5	17.2	---	17.2	61
Butter	Butterfat and farm butter	Pound	83.8	60.5	---	60.5	23.3	---	23.3	72
Cheese, American	10.08 lb. milk	Pound	65.0	41.3	---	41.3	23.7	---	23.7	64
Evaporated milk	1.95 lb. milk	14½-oz. can	15.4	7.83	---	7.83	7.6	---	7.6	51
Fluid milk	Farm retail and wholesale	Quart	23.3	13.74	---	13.74	9.6	---	9.6	59
Ice cream	1.8 lb. milk	Pint	31.4	8.22	---	8.22	23.2	---	23.2	26
Eggs	1.03 doz.	Dozen	69.5	50.2	---	50.2	19.3	---	19.3	72
Chicken	1.136 lb.	Pound	57.1	29.9	---	29.9	27.2	---	27.2	52
White bread	.912 lb. wheat	Pound	16.9	3.18	.62	2.56	14.3	---	14.3	15
Corn flakes	1.05 lb. corn	8-oz. pkg.	14.0	4.92	1.68	3.24	10.8	---	10.8	23
Corn meal	1.343 lb. corn	Pound	8.8	4.10	.65	3.45	5.3	---	5.3	39
Flour, white	1.41 lb. wheat	Pound	8.9	4.91	.96	3.95	5.0	---	5.0	44
Rice	1.68 lb. rough	Pound	17.1	8.90	1.27	7.63	9.5	---	9.5	45
Rolled oats	2.05 lb. oats	Pound	14.8	5.35	1.25	4.10	10.7	---	10.7	28
Apples	.0224 bu.	Pound	12.7	5.73	---	5.73	7.0	---	7.0	45
Oranges	.0613 box - fresh use	Dozen	53.3	24.7	---	24.7	28.6	---	28.6	46
Beans, snap	.0375 bu.	Pound	17.8	8.44	---	8.44	9.4	---	9.4	47
Cabbage	1.10 lb.	Pound	6.8	2.46	---	2.46	4.3	---	4.3	36
Carrots	.0222 bu.	Bunch	11.9	3.55	---	3.55	8.3	---	8.3	30
Lettuce	.0185 crt.	Head	15.3	5.64	---	5.64	9.7	---	9.7	37
Onions	1.06 lb.	Pound	9.6	3.40	---	3.40	6.2	---	6.2	35
Potatoes	.0174 bu.	Pound	7.5	3.86	---	3.86	3.6	---	3.6	51
Sweetpotatoes	.0204 bu.	Pound	12.0	6.83	---	6.83	5.2	---	5.2	57
Tomatoes	.0251 bu.	Pound	17.3	6.02	---	6.02	11.3	---	11.3	35
Peaches, canned	1.89 lb. Calif. cling	No. 2½ can	33.3	6.65	---	6.65	26.7	---	26.7	20
Corn, canned	3.03 lb. sweet	No. 2 can	23.8	3.70	---	3.70	20.1	---	20.1	16
Peas, canned	.89 lb.	No. 2 can	15.1	3.87	---	3.87	11.2	---	11.2	26
Tomatoes, canned	2.41 lb.	No. 2 can	17.8	3.44	---	3.44	14.4	---	14.4	19
Prunes	1 lb. dried, California	Pound	27.4	8.35	---	8.35	19.0	---	19.0	30
Navy beans	1 lb. Mich. and N. Y. pea beans	Pound	15.4	7.14	---	7.14	8.3	---	8.3	46
Beet sugar	7.23 lb. sugar beets	Pound	11.0	4.23	.21	4.02	7.0	- .54	6.5	37
Cane sugar	14.61 lb. sugar cane	Pound	10.7	4.65	1.09	3.56	7.1	- .54	6.6	33
Margarine	Cottonseed, soybeans, and skim milk	Pound	29.8	---	---	10.89	18.9	---	18.9	37
Vegetable shortening	Cottonseed and soybeans	Pound	30.6	13.40	---	13.40	17.2	---	17.2	44

1/ Full details concerning the calculation of price spreads for commodity groups and individual items are presented in Agr. Inform. Bul. No. 4, "Price Spreads Between Farmers and Consumers," Nov. 1949, and Misc. Pub. No. 576, "Price Spreads Between Farmers and Consumers for Food Products, 1913-44," Sept. 1945 (out of print). Commodity-group estimates are derived from data more inclusive than the individual items listed in this table.

2/ Marketing charges equal margin adjusted for byproduct allowances minus Government marketing taxes plus Government payments to marketing agencies.

3/ In addition to the individual meat items -- lamb, pork (including lard), and carcass beef Choice grade -- for which price-spread data are listed in this table, the meat-products group includes veal and mutton, farm sales of lower grade cattle, and allowances at the retail level for meat by-products and processed meats. Farm prices of lower grade cattle declined more than those of Choice grade during the second half of 1952. Retail prices are collected only for Choice grade beef cuts. If retail prices of lower grade beef declined more than those for Choice grade, the margin imputed for all beef may be too large and the farmer's share computed for the meat-products group may be too small. It should be noted, however, that even with a constant margin, lower prices at both farm and retail levels result in a smaller proportion of the retail price going to the farmer.

4/ Gross farm value before adjusting for Choice grade premium was 51.4 cents.

Table 19.- Price spreads between farmers and consumers - food products: Retail price, farm value of equivalent quantities sold by producers, byproduct adjustment, marketing charges, and farmer's share of retail price, October 1952 1/

Commodity	Farm equivalent	Retail unit	Retail price	Gross farm value	Byproduct allowances	Net farm value	Margin adjusted for byproducts	Government marketing taxes (-) and payments (+)	Marketing charges 2/	Farmer's share
			Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket			736.10	---	---	341.32	394.78	-0.34	394.44	46
Meat products 3/			221.91	126.40	5.14	121.26	100.65	---	100.65	55
Dairy products			141.74	80.88	---	80.88	60.86	---	60.86	57
Poultry and eggs		1935-39 annual average	57.85	36.49	---	36.49	21.36	---	21.36	63
Bakery and other cereal products:	Farm produce equivalent of annual family purchases	quantities purchased, per family of three average consumers								
All ingredients			107.42	---	---	27.98	79.44	- .04	79.40	26
Grain			---	27.25	5.39	21.86	---	---	---	20
Other cereal products			38.59	18.36	3.74	14.62	23.97	---	23.97	38
All fruits and vegetables			164.81	58.53	---	58.53	106.28	---	106.28	36
Fresh fruits and vegetables			129.08	50.16	---	50.16	78.92	---	78.92	39
Fresh vegetables			77.07	28.11	---	28.11	48.96	---	48.96	36
Canned fruits and vegetables			23.29	4.25	---	4.25	19.04	---	19.04	18
Miscellaneous products			42.37	---	---	16.18	26.19	- .30	25.89	38
			Cents	Cents	Cents	Cents	Cents	Cents	Cents	Percent
Beef (Choice grade)	2.16 lb. Choice grade cattle	Pound	85.4	4/62.5	4.7	57.8	27.6	---	27.6	68
Lamb	2.16 lb. lambs	Pound	73.7	48.0	6.8	41.2	32.5	---	32.5	56
Pork (including lard)	1.41 lb. hogs	Pound	42.8	26.2	.3	25.9	16.9	---	16.9	61
Butter	Butterfat and farm butter	Pound	83.1	59.8	---	59.8	23.3	---	23.3	72
Cheese, American	10.08 lb. milk	Pound	65.8	42.8	---	42.8	23.0	---	23.0	65
Evaporated milk	1.95 lb. milk	14½-oz. can	15.5	7.87	---	7.87	7.6	---	7.6	51
Fluid milk	Farm retail and wholesale	Quart	23.6	14.07	---	14.07	9.5	---	9.5	60
Ice cream	1.8 lb. milk	Pint	31.5	8.33	---	8.33	23.2	---	23.2	26
Eggs	1.03 doz.	Dozen	74.2	51.9	---	51.9	22.3	---	22.3	70
Chicken	1.136 lb.	Pound	53.7	27.5	---	27.5	26.2	---	26.2	51
White bread	.912 lb. wheat	Pound	16.9	3.15	.61	2.54	14.4	---	14.4	15
Corn flakes	1.05 lb. corn	8-oz. pkg.	14.0	3.70	1.22	2.48	11.5	---	11.5	18
Corn meal	1.343 lb. corn	Pound	8.8	3.67	.55	3.12	5.7	---	5.7	35
Flour, white	1.41 lb. wheat	Pound	8.9	4.86	.94	3.92	5.0	---	5.0	44
Rice	1.68 lb. rough	Pound	17.1	9.68	1.39	8.29	8.8	---	8.8	48
Rolled oats	2.05 lb. oats	Pound	14.8	5.31	1.19	4.12	10.7	---	10.7	28
Apples	.0224 bu.	Pound	12.3	6.09	---	6.09	6.2	---	6.2	50
Oranges	.0613 box - fresh use	Dozen	56.8	24.4	---	24.4	32.4	---	32.4	43
Beans, snap	.0375 bu.	Pound	20.5	9.56	---	9.56	10.9	---	10.9	47
Cabbage	1.10 lb.	Pound	6.3	2.21	---	2.21	4.1	---	4.1	35
Carrots	.0222 bu.	Bunch	11.7	2.89	---	2.89	8.8	---	8.8	25
Lettuce	.0185 crt.	Head	14.7	4.81	---	4.81	9.9	---	9.9	33
Onions	1.06 lb.	Pound	10.3	4.15	---	4.15	6.2	---	6.2	40
Potatoes	.0174 bu.	Pound	6.9	3.67	---	3.67	3.2	---	3.2	53
Sweetpotatoes	.0204 bu.	Pound	11.0	6.00	---	6.00	5.0	---	5.0	55
Tomatoes	.0251 bu.	Pound	19.8	8.41	---	8.41	11.4	---	11.4	42
Peaches, canned	1.89 lb. Calif. cling	No. 2½ can	33.2	6.60	---	6.60	26.6	---	26.6	20
Corn, canned	3.03 lb. sweet	No. 2 can	23.8	3.73	---	3.73	20.1	---	20.1	16
Peas, canned	.89 lb.	No. 2 can	15.2	3.87	---	3.87	11.3	---	11.3	25
Tomatoes, canned	2.41 lb.	No. 2 can	18.0	3.34	---	3.34	14.7	---	14.7	19
Prunes	1 lb. dried, California	Pound	27.6	8.45	---	8.45	19.1	---	19.1	31
Navy beans	1 lb. Mich. and N. Y. pea beans	Pound	15.4	7.13	---	7.13	8.3	---	8.3	46
Beet sugar	7.23 lb. sugar beets	Pound	11.0	4.23	.21	4.02	7.0	- .54	6.5	37
Cane sugar	14.61 lb. sugar cane	Pound	10.7	4.65	1.09	3.56	7.1	- .54	6.6	33
Margarine	Cottonseed, soybeans, and skim milk	Pound	30.2	---	---	11.06	19.1	---	19.1	37
Vegetable shortening	Cottonseed and soybeans	Pound	30.6	13.62	---	13.62	17.0	---	17.0	45

1/ Full details concerning the calculation of price spreads for commodity groups and individual items are presented in Agr. Inform. Bul. No. 4, "Price Spreads Between Farmers and Consumers," Nov. 1949, and Misc. Pub. No. 576, "Price Spreads Between Farmers and Consumers for Food Products, 1913-44," Sept. 1945 (out of print). Commodity-group estimates are derived from data more inclusive than the individual items listed in this table.

2/ Marketing charges equal margin adjusted for byproduct allowances minus Government marketing taxes plus Government payments to marketing agencies.

3/ In addition to the individual meat items — lamb, pork (including lard), and carcass beef Choice grade -- for which price-spread data are listed in this table, the meat-products group includes veal and mutton, farm sales of lower grade cattle, and allowances at the retail level for meat by-products and processed meats. Farm prices of lower grade cattle declined more than those of Choice grade during the second half of 1952. Retail prices are collected only for Choice grade beef cuts. If retail prices of lower grade beef declined more than those for Choice grade, the margin imputed for all beef may be too large and the farmer's share computed for the meat-products group may be too small. It should be noted, however, that even with a constant margin, lower prices at both farm and retail levels result in a smaller proportion of the retail price going to the farmer.

4/ Gross farm value before adjusting for Choice grade premium was 47.5 cents.

Table 20.- Price spreads between farmers and consumers - food products: Retail price, farm value of equivalent quantities sold by producers, byproduct adjustment, marketing charges, and farmer's share of retail price, November 1952 1/

Commodity	Farm equivalent	Retail unit	Retail price	Gross farm value	Byproduct allowances	Net farm value	Margin adjusted for byproducts	Government marketing taxes (-) and payments (+)	Marketing charges 2/	Farmer's share
			Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket			737.41	---	---	339.49	397.92	-0.34	397.58	46
Meat products 3/			214.84	119.48	5.23	114.25	100.59	---	100.59	53
Dairy products			141.09	80.60	---	80.60	60.49	---	60.49	57
Poultry and eggs		1935-39 annual average quantities purchased, per family of three average consumers	57.42	38.13	---	38.13	19.29	---	19.29	66
Bakery and other cereal products:	Farm produce equivalent of annual family purchases									
All ingredients			107.36	---	---	28.60	78.76	- .04	78.72	27
Grain			---	27.98	5.34	22.64	---	---	---	21
Other cereal products			38.53	18.83	3.71	15.12	23.41	---	23.41	39
All fruits and vegetables			174.74	61.87	---	61.87	112.37	---	112.37	36
Fresh fruits and vegetables			138.12	53.52	---	53.52	84.60	---	84.60	39
Fresh vegetables			86.08	33.02	---	33.02	53.06	---	53.06	38
Canned fruits and vegetables			23.53	4.25	---	4.25	19.28	---	19.28	18
Miscellaneous products			42.46	---	---	16.04	26.42	- .30	26.12	38
			Cents	Cents	Cents	Cents	Cents	Cents	Cents	Percent
Beef (Choice grade)	2.16 lb. Choice grade cattle	Pound	84.4	4/64.7	5.0	59.7	24.7	---	24.7	71
Lamb	2.16 lb. lambs	Pound	69.2	45.1	7.2	37.9	31.3	---	31.3	55
Pork (including lard)	1.41 lb. hogs	Pound	40.1	23.5	.3	23.2	16.9	---	16.9	58
Butter	Butterfat and farm butter	Pound	81.4	58.9	---	58.9	22.5	---	22.5	72
Cheese, American	10.08 lb. milk	Pound	66.3	42.0	---	42.0	24.3	---	24.3	63
Evaporated milk	1.95 lb. milk	14½-oz. can	15.5	7.81	---	7.81	7.7	---	7.7	50
Fluid milk	Farm retail and wholesale	Quart	23.6	14.16	---	14.16	9.4	---	9.4	60
Ice cream	1.8 lb. milk	Pint	31.9	8.33	---	8.33	23.2	---	23.2	26
Eggs	1.03 doz.	Dozen	72.3	53.5	---	53.5	18.8	---	18.8	74
Chicken	1.136 lb.	Pound	54.8	30.0	---	30.0	24.8	---	24.8	55
White bread	.912 lb. wheat	Pound	16.9	3.24	.60	2.64	14.3	---	14.3	16
Corn flakes	1.05 lb. corn	8-oz. pkg.	14.0	3.44	1.13	2.31	11.7	---	11.7	16
Corn meal	1.343 lb. corn	Pound	8.6	3.48	.52	2.96	5.6	---	5.6	34
Flour, white	1.41 lb. wheat	Pound	8.9	5.01	.93	4.08	4.8	---	4.8	46
Rice	1.68 lb. rough	Pound	17.3	10.23	1.46	8.77	8.5	---	8.5	51
Rolled oats	2.05 lb. oats	Pound	14.8	5.42	1.23	4.19	10.6	---	10.6	28
Apples	.0224 bu.	Pound	13.2	6.32	---	6.32	6.9	---	6.9	48
Oranges	.0613 box - fresh use	Dozen	50.8	14.0	---	14.0	36.8	---	36.8	28
Beans, snap	.0375 bu.	Pound	29.3	12.56	---	12.56	16.7	---	16.7	43
Cabbage	1.10 lb.	Pound	6.6	2.62	---	2.62	4.0	---	4.0	40
Carrots	.0222 bu.	Bunch	12.4	4.22	---	4.22	8.2	---	8.2	34
Lettuce	.0185 crt.	Head	16.0	7.31	---	7.31	8.7	---	8.7	46
Onions	1.06 lb.	Pound	11.1	5.00	---	5.00	6.1	---	6.1	45
Potatoes	.0174 bu.	Pound	7.3	3.78	---	3.78	3.5	---	3.5	52
Sweetpotatoes	.0204 bu.	Pound	11.8	6.34	---	6.34	5.5	---	5.5	54
Tomatoes	.0251 bu.	Pound	24.4	10.54	---	10.54	13.9	---	13.9	43
Peaches, canned	1.89 lb. Calif. cling	No. 2½ can	33.6	6.55	---	6.55	27.1	---	27.1	19
Corn, canned	3.03 lb. sweet	No. 2 can	23.9	3.76	---	3.76	20.1	---	20.1	16
Peas, canned	.89 lb.	No. 2 can	15.4	3.87	---	3.87	11.5	---	11.5	25
Tomatoes, canned	2.41 lb.	No. 2 can	18.2	3.31	---	3.31	14.9	---	14.9	18
Prunes	1 lb. dried, California	Pound	28.0	8.47	---	8.47	19.5	---	19.5	30
Navy beans	1 lb. Mich. and N. Y. pea beans	Pound	15.6	7.08	---	7.08	8.5	---	8.5	45
Beet sugar	7.23 lb. sugar beets	Pound	11.0	4.23	.21	4.02	7.0	- .54	6.5	37
Cane sugar	14.61 lb. sugar cane	Pound	10.7	4.65	1.09	3.56	7.1	- .54	6.6	33
Margarine	Cottonseed, soybeans, and skim milk	Pound	30.3	---	---	11.05	19.2	---	19.2	36
Vegetable shortening	Cottonseed and soybeans	Pound	30.7	13.61	---	13.61	17.1	---	17.1	44

1/ Full details concerning the calculation of price spreads for commodity groups and individual items are presented in Agr. Inform. Bul. No. 4, "Price Spreads Between Farmers and Consumers," Nov. 1949, and Misc. Pub. No. 576, "Price Spreads Between Farmers and Consumers for Food Products, 1913-44," Sept. 1945 (out of print). Commodity-group estimates are derived from data more inclusive than the individual items listed in this table.

2/ Marketing charges equal margin adjusted for byproduct allowances minus Government marketing taxes plus Government payments to marketing agencies.

3/ In addition to the individual meat items -- lamb, pork (including lard), and carcass beef Choice grade -- for which price-spread data are listed in this table, the meat-products group includes veal and mutton, farm sales of lower grade cattle, and allowances at the retail level for meat by-products and processed meats. Farm prices of lower grade cattle declined more than those of Choice grade during the second half of 1952. Retail prices are collected only for Choice grade beef cuts. If retail prices of lower grade beef declined more than those for Choice grade, the margin imputed for all beef may be too large and the farmer's share computed for the meat-products group may be too small. It should be noted, however, that even with a constant margin, lower prices at both farm and retail levels result in a smaller proportion of the retail price going to the farmer.

4/ Gross farm value before adjusting for Choice grade premium was 46.0 cents.

Table 21.- Price spreads between farmers and consumers - food products: Retail price, farm value of equivalent quantities sold by producers, byproduct adjustment, marketing charges, and farmer's share of retail price, December 1952 1/

Commodity	Farm equivalent	Retail unit	Retail price	Gross farm value	Byproduct allowances	Net farm value	Margin adjusted for byproducts	Government marketing taxes (-) and payments (+)	Marketing charges 2/	Farmer's share
			Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket			731.26	---	---	331.02	400.24	-0.34	399.90	45
Meat products 3/			211.62	112.11	5.30	106.81	104.81	---	104.81	50
Dairy products			140.24	79.33	---	79.33	60.91	---	60.91	57
Poultry and eggs		1935-39 annual	53.78	35.63	---	35.63	18.15	---	18.15	66
Bakery and other cereal products:		average								
All ingredients	Farm produce equivalent	quantities	107.34	---	---	28.54	78.80	- .04	78.76	27
Grain	of annual family purchases	purchased, per family	---	28.04	5.33	22.71	---	---	---	21
Other cereal products		of three average	38.51	18.95	3.73	15.22	23.29	---	23.29	40
All fruits and vegetables		consumers	175.91	64.61	---	64.61	111.30	---	111.30	37
Fresh fruits and vegetables			139.83	56.21	---	56.21	83.62	---	83.62	40
Fresh vegetables			88.44	34.43	---	34.43	54.01	---	54.01	39
Canned fruits and vegetables			23.47	4.32	---	4.32	19.15	---	19.15	18
Miscellaneous products			42.37	---	---	16.10	26.27	- .30	25.97	38
			Cents	Cents	Cents	Cents	Cents	Cents	Cents	Percent
Beef (Choice grade)	2.16 lb. Choice grade cattle	Pound	83.4	4/60.2	4.8	55.4	28.0	---	28.0	66
Lamb	2.16 lb. lambs	Pound	68.2	42.1	7.5	34.6	33.6	---	33.6	51
Pork (including lard)	1.41 lb. hogs	Pound	39.2	22.6	---	22.2	17.0	---	17.0	57
Butter	Butterfat and farm butter	Pound	79.7	57.1	---	57.1	22.6	---	22.6	72
Cheese, American	10.08 lb. milk	Pound	65.9	42.0	---	42.0	23.9	---	23.9	64
Evaporated milk	1.95 lb. milk	14½-oz. can	15.5	8.00	---	8.00	7.5	---	7.5	52
Fluid milk	Farm retail and wholesale	Quart	23.6	13.96	---	13.96	9.6	---	9.6	59
Ice cream	1.8 lb. milk	Pint	31.5	8.30	---	8.30	23.2	---	23.2	26
Eggs	1.03 doz.	Dozen	64.2	48.0	---	48.0	16.2	---	16.2	75
Chicken	1.136 lb.	Pound	55.2	30.0	---	30.0	25.2	---	25.2	54
White bread	.912 lb. wheat	Pound	16.9	3.22	.59	2.63	14.3	---	14.3	16
Corn flakes	1.05 lb. corn	8-oz. pkg.	14.0	3.85	1.29	2.56	11.4	---	11.4	18
Corn meal	1.343 lb. corn	Pound	8.5	3.60	.55	3.05	5.5	---	5.5	36
Flour, white	1.41 lb. wheat	Pound	8.9	4.98	.92	4.06	4.8	---	4.8	46
Rice	1.68 lb. rough	Pound	17.4	10.48	1.49	8.99	8.4	---	8.4	52
Rolled oats	2.05 lb. oats	Pound	14.8	5.40	1.15	4.25	10.6	---	10.6	29
Apples	.0224 bu.	Pound	13.8	6.94	---	6.94	6.9	---	6.9	50
Oranges	.0613 box - fresh use	Dozen	43.5	15.4	---	15.4	28.1	---	28.1	35
Beans, snap	.0375 bu.	Pound	24.2	12.56	---	12.56	11.6	---	11.6	52
Cabbage	1.10 lb.	Pound	7.0	1.78	---	1.78	5.2	---	5.2	25
Carrots	.0222 bu.	Bunch	13.3	5.22	---	5.22	8.1	---	8.1	39
Lettuce	.0185 crt.	Head	15.9	5.92	---	5.92	1.00	---	1.00	37
Onions	1.06 lb.	Pound	11.6	5.00	---	5.00	6.6	---	6.6	43
Potatoes	.0174 bu.	Pound	7.2	3.46	---	3.46	3.7	---	3.7	48
Sweetpotatoes	.0204 bu.	Pound	14.0	7.38	---	7.38	6.6	---	6.6	53
Tomatoes	.0251 bu.	Pound	28.1	14.06	---	14.06	14.0	---	14.0	50
Peaches, canned	1.89 lb. Calif. cling	No. 2½ can	33.8	6.14	---	6.14	27.7	---	27.7	18
Corn, canned	3.03 lb. sweet	No. 2 can	23.8	3.78	---	3.78	20.0	---	20.0	16
Peas, canned	.89 lb.	No. 2 can	15.5	3.87	---	3.87	11.6	---	11.6	25
Tomatoes, canned	2.41 lb.	No. 2 can	18.1	3.28	---	3.28	14.8	---	14.8	18
Prunes	1 lb. dried, California	Pound	28.3	8.49	---	8.49	19.8	---	19.8	30
Navy beans	1 lb. Mich. and N. Y. pea beans	Pound	15.6	7.19	---	7.19	8.4	---	8.4	46
Beet sugar	7.21 lb. sugar beets	Pound	11.0	4.23	.21	4.02	7.0	- .54	6.5	37
Cane sugar	14.61 lb. sugar cane	Pound	10.7	4.65	1.09	3.56	7.1	- .54	6.6	33
Margarine	Cottonseed, soybeans, and skim milk	Pound	30.3	---	---	11.04	19.3	---	19.3	36
Vegetable shortening	Cottonseed and soybeans	Pound	30.6	13.59	---	13.59	17.0	---	17.0	44

1/ Full details concerning the calculation of price spreads for commodity groups and individual items are presented in Agr. Inform. Bul. No. 4, "Price Spreads Between Farmers and Consumers," Nov. 1949, and Misc. Pub. No. 576, "Price Spreads Between Farmers and Consumers for Food Products, 1913-44," Sept. 1945 (out of print). Commodity-group estimates are derived from data more inclusive than the individual items listed in this table.

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4/ Gross farm value before adjusting for Choice grade premium was 42.6 cents.

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