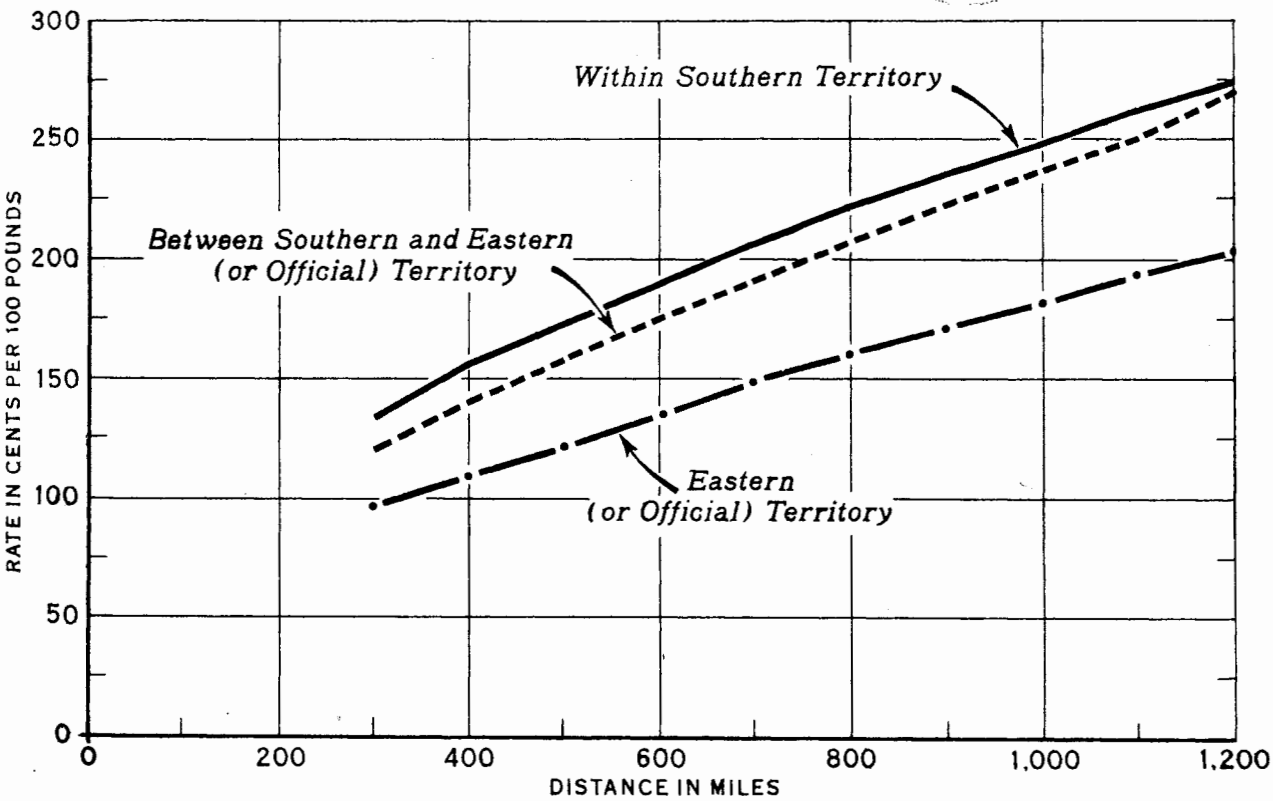
THE Marketing and Transportation SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

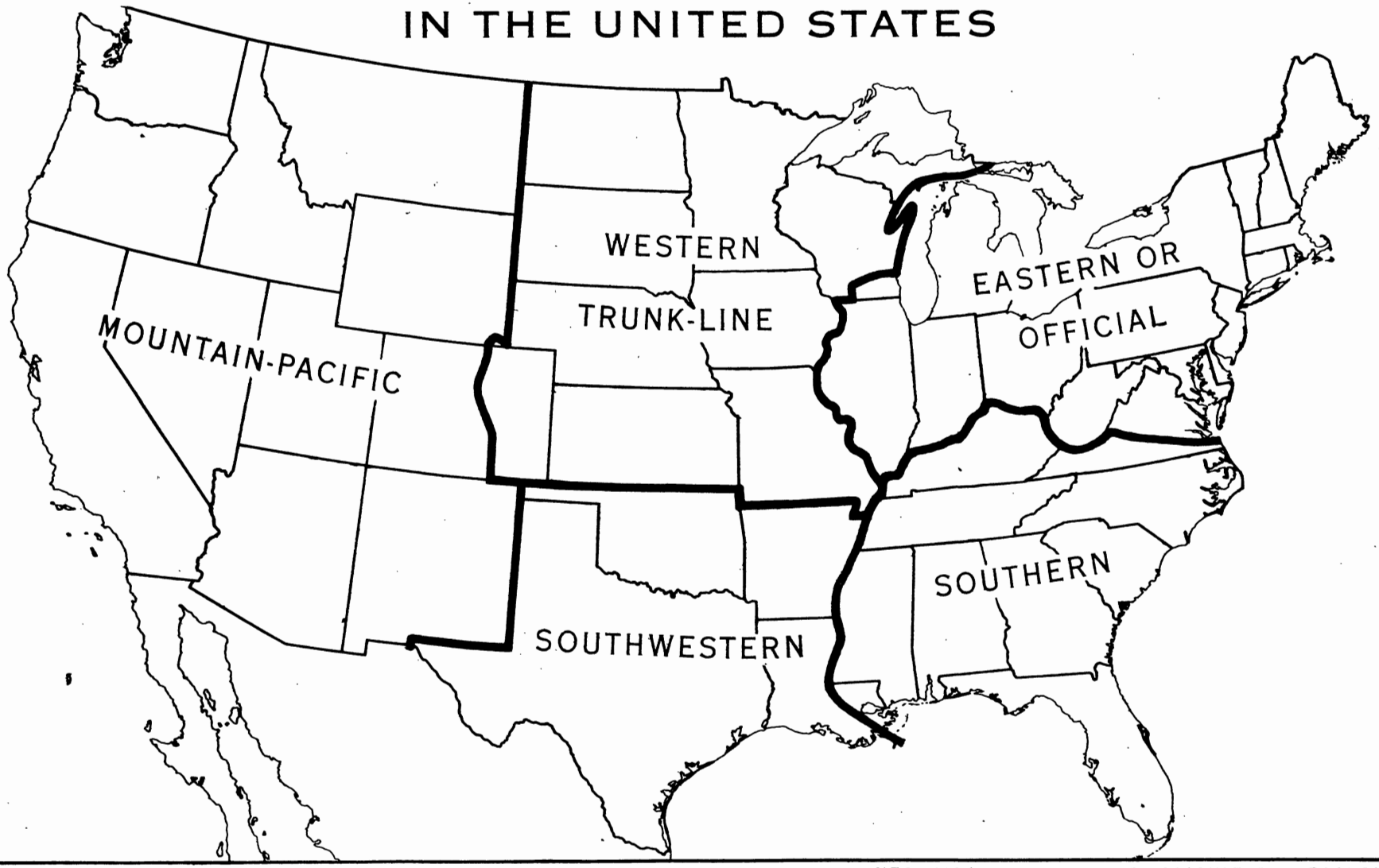
MTS - 22 BAE JUNE 1944

MAXIMUM FIRST-CLASS ALL-RAIL FREIGHT RATES, WITHIN AND BETWEEN EASTERN (OFFICIAL) AND SOUTHERN CLASS-RATE TERRITORIES, PRESCRIBED BY THE INTERSTATE COMMERCE COMMISSION*



*INCLUDING EX PARTE 123 INCREASES. EASTERN (OR OFFICIAL) CLASS-RATE TERRITORY IS, ROUGHLY, THE AREA EAST OF THE MISSISSIPPI AND NORTH OF THE OHIO RIVER, INCLUDING WEST VIRGINIA, MOST OF VIRGINIA, AND A SMALL PART OF KENTUCKY. SOUTHERN TERRITORY IS THE ENTIRE AREA EAST OF THE MISSISSIPPI AND SOUTH OF THE EASTERN TERRITORY.

RAILROAD FREIGHT CLASS-RATE TERRITORIES IN THE UNITED STATES



U. S. DEPARTMENT OF AGRICULTURE NEG. 43718 BUREAU OF AGRICULTURAL ECONOMICS

MARKETING AND TRANSPORTATION SITUATION

JUNE 1944

INTERTERRITORIAL FREIGHT RATE DIFFERENCES

In recent years there have been mounting protests against what is considered to be territorial discrimination in the existing rail freight rate structure. Industrial interests of the South and Southwest, particularly, have maintained that they were discriminated against in obtaining markets for their products by the higher levels of freight rates existing in those sections of the country, both within their freight rate territories and to points in Eastern Territory comprising the populous Northern population centers.

This dissatisfaction is given further emphasis by the desire of many semi-rural communities in the South and Southwest to plan for an expansion of local industries in the post-war years, to provide employment for the surplus labor which is envisioned after the Armed Forces are demobilized and existing war plants are abandoned or have reduced the number of people employed. A number of these areas have expressed an active interest in the possibilities of post-war readjustments in freight rates to remove or ameliorate location disadvantages to which they claim they are now subject. Although this is partly a matter of obtaining individual rate adjustments through procedures which have been set up to meet such needs, the general question of interterritorial freight rate differences is an integral part of the problem.

Farmers and agricultural businessmen of the South also have an interest in this problem. As consumers of industrial products, they are concerned with transportation costs. As suppliers of food to local manufacturing centers they are influenced by industrial employment and workers' incomes. If there were any general revisions of rates to place intra- and inter-territorial rate structures on a more uniform basis, commodity rates on farm products would be potentially involved.

Several voluminous studies of the question have been made, in particular by the Tennessee Valley Authority and the Board of Investigation and Research. 1/ This discussion is based largely upon the findings of the investigations by these two agencies, and represents an attempt to present, in a simplified form, the issues involved, the principal available facts bearing on those issues, and the suggestions which have been made regarding possible solutions.

While in any important controversial issue the facts and opinions nearly always are conflicting, they seem to be unusually so in this case. Farmers, farm organizations, and agricultural businessmen will want to have as much information as possible in reaching their own conclusions on this matter.

1/ T.V.A. The Interterritorial Freight Problem of the United States, 75th Cong., 1st sess., House Doc. No. 264, 1937; Supplemental Phases of the Interterritorial Freight Rate Problem of the United States, 76th Cong., 1st. sess., House Doc. No. 271, 1939; and Regionalized Freight Rates: Barrier to National Productiveness, 78th Cong., 1st. sess., House Doc. No. 137, 1943. Board of Investigation and Research. Report on Interterritorial Freight Rates. 78th Cong., 1st. sess., House Doc. No. 303, 1943.

The freight rate structure

The freight rate structure of the United States consists of millions of rates, covering thousands of different commodities and points of origin and destination. These rates were not set up as a coordinated pattern at any one time, but have developed gradually as the need for them arose. In general, specific rates are established by railroad "rate bureaus" set up by the railroads operating within a given territory. Rates so established frequently have been modified by voluntary action on the part of the individual carriers or rate bureaus, in response to requests by shippers, or because of the desire of the carriers to augment their traffic or revenues by adjusting rates to meet altered conditions. In many other cases they have been modified by decisions of the Government regulatory agencies acting under authority of the statutes and the guidance of the courts. Some of these modifications have related to rates on individual commodities or specific geographic movements, others have been general rate revisions.

The criteria used in establishing freight rates are many and varied. Costs of transportation are only one factor, and frequently less important than other considerations. Studies indicate that in relatively few cases are commodities handled by the railroads for a gross return less than the "out of pocket" costs involved, i.e., the actual cost of the additional labor, coal and other items made necessary by the hauling of the product in question. There is a wide variation, however, in the distribution of the railroads' large overhead costs as among the commodities hauled and point-to-point movements. In general, freight movements meeting greatest competition from alternative modes of transportation tend to bear a smaller proportion of the overhead costs than movements which would be handled by the railroads in any event; i.e., rates which most affect the volume of traffic tend to bear a smaller proportion of such overhead than those applying to commodities relatively little affected by transportation rates. Regulatory bodies also have given some consideration to the effects of rates upon shippers and consumers aside from the matter of costs.

The railroads have never developed into a complete unified system, but have tended to operate as regional groups with separate rate structures which have grown up with the railroads composing them. At present there are five major rate territories: (1) Eastern, or so-called Official; (2) Southern: (3) Western Trunk-Line; (4) Southwestern; (5) and Mountain-Pacific (see accompanying map). The last three territories are frequently referred to collectively as Western territory. In each of these territories the railroads have formed themselves into groups, or "rate bureaus," and have developed different policies with respect to the system of charges for freight moving in and between their respective territories.

Within and between each territory commodities move generally under one or two types of freight rates: Class rates and commodity rates. There are, however, many forms of such rates, including mileage rates, zone rates, point-to-point rates, and milling in transit rates. About 15 percent of the total carload traffic is transported on class rates; but on a revenue basis, which includes less-than-carload traffic class rate traffic accounts for nearly 25 percent of the total. The proportion varies in different territories, with class rates more important in the Eastern Territory than in other territories.

Commodity rates, on which most of the rail tonnage moves, apply mainly to full carloads of single commodities, or closely related commodities, moving from one point to another under a specified rate for a particular haul. Examples of products which generally move on commodity rates are coal, ore, cotton, grain, lumber, sand and gravel. A larger proportion of agricultural than of manufactured products moves on commodity rates.

Territorial freight rates

The class-rate structures of the major rate territories differ from one another in one or more of the following features: (1) the number of regular or normal "classes" of freight; (2) uniformity in classification ratings; (3) the percentage relation of the rates on these classes to the first-class rates; (4) the levels of basic first-class rate scales; and (5) the rate of progression of the scales as the lengths of haul increase. The relative levels of class rates by territories are shown in table 1.

Table 1. - Indexes of levels of first-class rates and of all class rates, taking into consideration classification and exceptions ratings, in the various rate territories of the United States

Territory	Index (Official = 100)	
	First-class rates	All class rates
Official or Eastern	100	100
Southern	139	133
Western Trunk-Line, Zone I	128	127
Western Trunk-Line, Zone II	146	145
Western Trunk-Line, Zone III	161	160
Western Trunk-Line, Zone IV	184	183
Southwestern	161	153

Source: Board of Investigation and Research. Report on Interterritorial Freight Rates, 1943, p. 70.

A variety of bases have been used in the construction of commodity rates, even though most of these rates, like class rates, have been prescribed by the Interstate Commerce Commission as a result of actions taken in individual cases over a period of years. In setting commodity rates, competitive factors generally are given greater weight than in the case of class rates.

Because of these conditions and the multiplicity of commodity rates, no over-all measures of differences in average levels of commodity rates as among the several rate territories can be given to correspond with table 1 for class rates.

Many examples have been cited at various times to show that commodity rates, like class rates, are higher in Southern and Western territories than in the Eastern territory. But many examples also could be cited to show that commodity rates are on a lower basis in the South, Southwest, and West than in the East. Despite all of the work which has been done on this subject, it is very difficult to generalize regarding relative intra-territorial commodity freight rates.

Interterritorial rates

The maximum first class rates prescribed by the Interstate Commerce Commission on inter-territorial shipments are considerably higher than similar rates prescribed within Eastern territories. In most cases, the differences between Eastern rates and interterritorial rates are substantial for equal distances. The differences tend to increase with distance, indicating that higher rates of progression have been used in the construction of the interterritorial scales than of the Eastern scale. The interterritorial rates are materially higher between Southwestern and Eastern territories than between either Southern or Western Trunk-Line and Eastern Territories.

To illustrate the foregoing points, the maximum first-class rates within Eastern, within Southern, and between Southern and Eastern territories are presented statistically in table 2, and graphically on the front cover. Beginning at a distance of 300 miles, the Eastern scale increases from 96 cents per 100 pounds to $2.04 at 1,200 miles. For similar distances, the Southern scale ranges from $1.34 at 300 miles to $2.75 at 1,200 miles. The average maximum first-class rates have been indicated to be 38 percent higher in Southern than in Eastern territory.

Interterritorial class rates between Southern and Eastern territories are made by adding certain rate factors for the portion of the haul in Eastern territory to the Southern scale for the portion in Southern territory. When these rates are combined and averaged to take account of hauls of varying proportions in the two territories, as table 2 and the chart show, the interterritorial rates lie nearer the Southern than the Eastern scale at all indicated distances between 300 and 1,200 miles. The interterritorial rates draw very close to the Southern rates as the distance approaches 1,200 miles. The gap between Eastern and interterritorial rates widens appreciably as the length of haul increases. It is clear, therefore, that the Southern rates have been accorded greater weight than Eastern rates in the construction of the class rates between the two areas by the Interstate Commerce Commission. The disparities between the class rates in force within the separate territories are, of course, the chief sources of difficulty in making interterritorial rates.

Table 2. - Maximum first-class all-rail freight rates prescribed by the Interstate Commerce Commission to apply within Eastern (or Official) and Southern territories, and between Southern and Eastern territories for selected distances, including Ex Parte 123 increases

(In cents per 100 pounds)

Miles	Eastern Appendix E scale	Southern K-2 scale	Average Southern-Eastern scale 1/
	Cents	Cents	Cents
300	96	134	120
400	109	156	139
500	122	173	158
600	135	189	174
700	149	206	191
800	160	222	207
900	171	235	222
1,000	182	249	237
1,100	193	262	251
1,200	204	275	269
Average	152	210	197
Percentage relation to Eastern	100	138	130

1/ Averages computed for varying proportions of selected distances in the two rate territories. Scales are those prescribed in 100 I.C.C. 513; 109 I.C.C. 300; 113 I.C.C. 200; 128 I.C.C. 567; and 213 I.C.C. 259, as increased by 10 percent in Ex Parte 123.

The differences as between Eastern and interterritorial class rates for similar hauls may be illustrated by rates for selected points. The first-class rate from Montgomery, Alabama, in Southern territory, to Springfield, Ohio, for a haul of 657 miles, is $2.02 per 100 pounds. For an identical distance from New York City to Springfield the rate is $1.41. 2/ For the distance of 657 miles, therefore, the first-class rate from the South to the East is 61 cents, or 43 percent higher than it is within the East. From Texarkana, Arkansas, in Southwestern territory, to Chicago, Illinois, a distance of 746 miles, the first-class rate is $2.29. From Reading, Pennsylvania, to Chicago, a distance of 745 miles, the rate is $1.52. 3/ The Texarkana rate is 77 cents, or 51 percent, higher than the Reading rate to Chicago. From Des Moines, Iowa, in Western Trunk-Line Territory, to Cincinnati, Ohio a distance of 560 miles, the first-class rate is $1.58, while from Baltimore, Maryland which is also 560 miles from Cincinnati, the rate is $1.28. The Des Moines rate, therefore, is higher than the Baltimore rate by 30 cents or 23 percent. 4/

As in the case of intra-territorial rates, it is much more difficult to determine relative levels of interterritorial rates for shipments moving on commodit rates. Many examples might be cited to show the higher commodity rates existing on shipments of specific products from Southern and Western territories than on the same commodities originating in Eastern territory. For instance, leather boots and shoes may be shipped on carload commodity rates from Boston, Massachusetts, to Anderson, Indiana, a haul of 900 miles, for $1.40 per cwt., compared with $1.87 on similar shipments from Carthage, Missouri (Western Trunk-Line territory) to Conneaut, Ohio, a haul of 897 miles. 5/ The rate on cheese from Nashville, Tennessee, to Massilon, Ohio, a haul of 527 miles, is 88 cents, while for the haul of 525 miles from Madison, Wisconsin, to Youngstown, Ohio it is only 67 cents. 6/

On the other hand, some heavy volume commodities originating in Southern or Western territories have relatively low interterritorial rates. An example is coal, a major item in railroad traffic produced in large quantities in States within Southern territory. It seems probable that commodity interterritorial rates, since they are in some cases directly or indirectly related to class rates, tend to be relatively higher on shipments originating in Southern and Western territories, but it would be difficult to offer substantial proof on this point.

Average freight revenue per ton-mile as an indication of rate levels

One indication of the relative levels of freight rates in the several territories, taking into account both class and commodity rates, and intra- as well as interterritorial rates, is the average revenue per ton-mile. This falls short of being a desirable standard because of the difficulty in making proper allowance for such factors as the composition of the traffic and differences in the average length of haul.

2/ Tennessee Valley Authority, Supplemental Phases of the Interterritorial Freight Rate Problem of the United States, House Doc. No. 271, 76th Cong., 1st. sess., 1939, p. 8.
3/ Ibid., p. 9.
4/ Ibid., p. 10.
5/ Ibid., p. 24.
6/ Ibid., p. 15

The relatives of average revenue for the 3 major districts or regions of the United States, as determined by the Interstate Commerce Commission, are presented in table 3. These relatives do not indicate as much difference in average freight rates in the South and East as do the other data which have been cited, no doubt due largely to the limiting factors noted in the preceding paragraph.

Table 3. - Relative "average revenue" levels of rail freight rates in Eastern, Southern, and Western Districts, 1939

District or Region	Relative (Eastern = 100)
Eastern	100
Southern	105.5
Western	116.6

Source: Board of Investigation and Research, Report on Interterritorial Freight Rates, 1943, p. 203. The relatives are derived from studies made under the direction of Dr. Ford K. Edwards of the Bureau of Transport Economics and Statistics, Interstate Commerce Commission, for use in the class-rate investigation, Interstate Commerce Commission, Docket 28,300.

Territorial differences in costs in relation to rates

As indicated in the abbreviated description of the railroad rate structure, specific railroad rates are not based upon the corresponding costs of furnishing the service, largely because of the varying distribution of overhead costs among the different kinds of traffic. The railroads themselves would not find it advantageous to base specific rates solely on costs, since this would eliminate certain classes of traffic which could not bear their shares of the overhead expenses, and the increases in revenue on the remaining items would not be sufficient to offset this loss of traffic. From the standpoint of the public welfare, such a basis for rate making also would be undesirable, since it would fail to take into account the value of any particular transportation service to the economy, and would tend to curtail the total volume of traffic and hence the volume of trade, production, and employment. These principles should be kept in mind in considering the general levels of rates in relation to railroad costs in the several territories.

Studies made of railroad costs indicate that there is much variation in ton-mile costs among railroads, both within and between the different regions. The differences in average rate levels on traffic actually moved in the various regions seem to correspond fairly closely with the computed differences in average transportation costs. 7/ This is to be explained partly by the fact that differences between class-rate levels and transportation costs in the several territories are offset by opposite differences in some commodity-rate levels in relation to costs.

Ton-mile costs are influenced by several important factors, including composition of the traffic, topography of the terrain, terminal conditions, and density of the traffic. For many years it was thought that average unit costs were

7/ Edwards, Ford K. Rail Freight Service Costs in the Various Rate Territories of the United States; 78th Cong. 1st. sess., Senate Document No. 63, 1943. B.I.R. Report on Interterritorial Freight Rates, 1943, Chapter IX.

considerably lower in the East than elsewhere because the traffic density was much greater in the East. Recent cost studies have indicated, however, that the effects of the differences in traffic density referred to are at least partly offset by other factors. In consequence, the average rate of return on investment earned by the railroads in the East, South and West is much more uniform than would be expected by the sole consideration of variations in the average traffic density from area to area.

Objections to rate regionalization

The foregoing facts seem to indicate that disparities do exist in freight rates among and between the several regions, particularly in the case of class rates although these differences are perhaps less important with respect to the proportion of traffic covered than many people have thought. There is some basis for the generalized complaint that regionalization of freight rates tends to concentrate industry in Eastern Territory, and to handicap industry in some sections of the country, by hampering the flow of commerce across freight rate territory boundary lines. What is needed, say proponents of a change in this situation, is the establishment of a uniform principle for making interterritorial freight rates.

Despite apparent justification for general statements of this kind, the real question at issue is whether or not the rate differences and their effects are sufficiently great and adverse to warrant general action to remove them. The elimination of regional rate differences, and the establishment of any uniform basis for rate making, would involve many difficulties. Agriculture and industry already have been established in this country on the basis of the existing pattern of rates or something close to it, and any marked changes in this pattern, regardless of the over-all net effects, would disadvantage many established enterprises at the same time that it helped others. If the total revenues of the railroads were to be maintained, the lowering of relatively high class rates in territories other than Eastern might very well necessitate raising some commodity rates from those territories, which would be against the interests of many agricultural and other producers shipping to eastern markets. Moreover, the financial structures of the railroad systems of the country, and hence the relative positions of investors holding railroad securities, would be gravely affected by any general overhauling of the freight rate structure. These difficulties and disadvantages should be taken into account as well as the advantages to be gained, in drawing any conclusions regarding the advisability of revising the rates.

Another important matter which must be given consideration is the manner in which the rate adjustments might be affected. It might be considered desirable, as an abstract proposition, to revise the rates, yet undesirable to adopt some particular method of accomplishing this objective. It will be of interest, therefore, to briefly examine some of the alternative methods which have been suggested for securing greater uniformity in class rates.

Alternative methods of attempting to secure greater uniformity in class rates

(1) An approach to more uniform interterritorial freight rates might be made through individual rate proceedings before the Commission. The fact that this method has been in use for a long time, yet has not led to any fundamental change in the situation, is evidence of the difficulty of dealing with such a problem in this way.

(2) A definite rule might be established that all interterritorial freight rates shall not exceed, distance considered, the level of rates in effect in the destination territory. This would compel a considerable increase in the use of distance scales in rate making, and bring the practical abolition of the common practice of grouping or blanketing rates. With the retention of the different levels of class rates within territories, it would result in the establishment of different rates between identical points over the same line or route for equal hauls in reverse direction. In cases where the portion of the haul was relatively short in the lower-rated territory, many instances of long- and short-haul discrimination would undoubtedly be created. Although industries in some territories would be benefited, those in others would be decidedly disadvantaged.

(3) A third alternative would be to continue to recognize separate rate territories, but with rate scales varying only in accordance with territorial differences in composition of traffic, costs and carrier revenue needs. Classifications would be made uniform in all regions, and rate scales would be more nearly harmonized than at present. The method would not, however, get around the difficult problem of constructing interterritorial rates, or settle the controversy about equal rates, distance considered, on competitive traffic moving from higher to lower-rated territories, or vice versa.

(4) Another possibility would be to establish either uniform class rate scales throughout the entire country, or generally uniform scales modified only in case of significant departures from the average of transportation costs and conditions. This method would abolish the regional rate structures. Evidence developed by Government agencies indicates that average unit costs of the rail carriage of most commodities do not vary greatly from one area to another (important exceptions are the New England and Mountain-Pacific Territories and the Pocahontas Region). The use of a basic national class-rate scale would avoid the necessity, which now causes so much controversy, of constructing interterritorial class rates as a blend of the applicable intraterritorial rates. But unless the revision of rates on this basis were accompanied by greater unification of rail lines, it might give rise to grave financial difficulties for some railroads.

In this brief discussion it has been impossible to bring out many of the specific facts and problems involved. Perhaps enough has been developed, however, to indicate that the problem is not simple, that any solution which may be suggested is likely to have its disadvantages as well as its advantages, and that farmers as well as agricultural businessmen would do well to give the matter a great deal of careful attention before reaching any hard and fast conclusions as to which, if any, of these alternatives would be in the interests of agriculture.

FARM-RETAIL PRICE SPREADS, MAY 1944

Food marketing charges in May highest since July 1943

Charges for marketing a food basket containing quantities of farm products equivalent to annual purchases by a typical workingman's family increased 2-1/2 percent from $197 in April to $202 in May 1944. These total marketing charges include Government payments to marketing agencies totaling $17. The marketing margins excluding Government payments, amounted to $185 in May and $180 in April. Marketing charges of $202 for May were the highest since the July level of $208 but were 8 percent lower than the recent peak of $220 for June 1943.

Food prices rise at retail - fall at farm

From April to May 1944 retail cost of the farm food basket increased nearly 1 percent from $433 to $436. This was the first increase in retail prices of these products since October 1943. Payments to farmers for equivalent produce declined nearly 1 percent from $253 in April to $251 in May. The May level of payments to farmers was the lowest since February 1943. Payments to farmers have fallen by $10 or 4 percent below the recent high point of May 1943 while retail cost of farm food products declined $39 or 8 percent during the same period In comparison with the 5-year 1935-39 pre-war average, retail cost of these food products in May 1944 had increased 31 percent, payments to farmers 78 percent, and marketing charges (adjusted for Government marketing payments and taxes) had increased 7 percent.

Farmer's share of consumer's food dollar unchanged at 58 cents

The farmer's share of the consumer's dollar spent for farm food products amounted to 58 cents in May 1944, the same as for every month since August 1943 except December when it was 59 cents.

Wide variation in marketing margins for individual commodities

Associated with the average increase in marketing margins of 3 percent from April to May 1944 were changes in individual commodity margins ranging from an increase of 26 percent for white potatoes to a decrease of 4 percent for oranges. These margins have not been adjusted to allow for Government payments to processors and other marketing agencies, which are of considerable importance for certain food products, particularly meats and processed dairy products. The unadjusted marketing margin showed substantial increases for pork, sweetpotatoes, rice, and rolled oats, and showed decreases for oranges, peanut butter, and eggs.

The marketing margin or farm-retail price spread per dozen eggs declined slightly from 17.9 cents in April to 17.7 cents in May. The May 1944 margin was about 10 percent above the margin for May 1943 and was 24 percent higher than the 1935-39 level. From April to May the retail price of eggs and the price received by farmers showed practically no change.

Table 4. - Annual family purchases of 58 foods 1/

Year and month	Cost at retail	Paid to farmers	Marketing margin	Government marketing payments	Total marketing charges 2/	Farmer's share
	Dollars	Dollars	Dollars	Dollars	Dollars	Percent
1913-15 average	236	135	121	0	121	53
1920	514	272	242	0	242	53
1929	415	195	220	0	220	47
1935-39 average	332	141	191	3/-2	189	42
1941	342	164	178	0	178	48
1942	398	209	189	0	189	53
1943	447	255	192	8	200	57
1943 - May	475	261	214	1	215	55
June ...	470	260	210	10	220	55
July ...	451	255	196	12	208	57
Aug. ...	440	255	185	12	197	58
Sept. ..	438	255	183	12	195	58
Oct. ...	440	256	184	13	197	58
Nov. ...	440	256	184	14	198	58
Dec. ...	440	258	182	16	198	59
1944 - Jan. ...	440	256	184	16	200	58
Feb. ...	436	253	183	17	200	58
Mar. ...	433	4/255	4/178	17	4/195	4/58
Apr. ...	433	253	180	17	197	58
May	436	251	185	17	202	58

1/ Important food products produced by American farmers combined in quantities representing annual purchases by a typical workingman's family. Retail price average for 56 cities from Bureau of Labor Statistics. 2/ Marketing margin plus Government marketing payments. 3/ Processing taxes in 1935. 4/ Revised. 5/ Preliminary.

Table 5. - Food cost and expenditures compared with total income per person, United States average 1/

Year and month	Total income	Total expenditures for consumer goods and services	Food expenditures: Actual	Food expenditures: As percentage of Total income	Food expenditures: As percentage of Total expenditures for goods and services	Cost to consumer of fixed quantities of foods representing average annual consumption per person, 1935-39: Actual	As percentage of Total income	As percentage of Total expenditures for goods and services
	Dol.	Dol.	Dol.	Pct.	Pct.	Dol.	Pct.	Pct.
1935-39 average	520	456	113	22	25	113	22	25
1941	692	560	140	20	25	120	17	21
1942	857	612	176	21	29	143	17	23
1943	2/1,041	685	206	20	30	163	16	24
	Annual rates by months, seasonally adjusted							
1944 - Jan. ...	1,107	724	222	20	31	164	15	23
Feb. ...	1,128	738	226	20	31	163	14	22
Mar. ...	1,121	2/690	225	20	2/33	163	15	2/24

1/ See notes in original table p. 3, April-May 1943 issue.
2/ Preliminary.

Table 6. - Price spreads between the farmer and the consumer - food products, May 1944

Retail commodity	Table no. 1/	Retail: Unit	Retail: Price	Farm equivalent: Quantity	Farm equivalent: Value	Actual margin 2/	Farm value as percentage of retail price
			Cents		Cents	Cents	Percent
Pork products	11	1 lb. prin. pork products	28.7	1.90 lb. live hog	24.1	4.6	84
Dairy products	12	100 lb. milk equivalent	425.4	100 lb. milk equivalent	3/255.3	3/70.1	60
Hens	13	1 lb.	46.5	1.11 lb.	27.1	19.4	58
Eggs	14	1 doz.	44.9	1 doz.	27.2	17.7	61
White flour ..	15	1 lb.	6.5	1.41 lb. wheat	3.5	3.0	54
White bread ..	16	1 lb.	8.6	.97 lb. wheat	2.4	6.2	28
Corn meal	17	1 lb.	6.1	1.5 lb. corn	3.1	3.0	51
Rolled oats ..	18	1 lb.	8.9	1.78 lb. oats	4.4	4.5	59
Corn flakes ..	19	8-oz. pkg.	6.5	1.275 lb. corn	2.6	3.9	40
Wheat cereal .	20	28-oz. pkg.	23.3	2.065 lb. wheat	5.1	18.2	22
Rice	21	1 lb.	12.8	1.51 lb. rough rice	6.0	6.8	47
Navy beans ...	22	1 lb.	10.6	1 lb. dry beans	6.1	4.5	58
Oranges	24	1 doz.	46.8	1/17 box	17.6	29.2	38
Potatoes	25	1 lb.	4.6	1 lb.	2.2	2.4	48
Apples	35	1 lb.	11.8	1 lb.	6.6	5.2	56
Lamb products	37	1 lb. prin. lamb cuts	35.5	2.16 lb. live lamb	28.9	6.6	81
Sweetpotatoes.	38	1 lb.	12.2	1 lb.	4.3	7.9	35
Rye bread	39	1 lb.	9.4	.39 lb. rye and .64 lb. wheat	2.3	7.1	24
Whole wh. bread	40	1 lb.	10.1	.92 lb. wheat	2.3	7.8	23
Macaroni	41	1 lb.	15.7	1.72 lb. durum wheat	4.2	11.5	27
Soda crackers	42	1 lb.	19.0	1.085 wheat	2.7	16.3	14
Peanut butter	44	1 lb.	28.5	1.73 lb. peanuts	13.4	15.1	47
58 foods combined	8	Annual family consumption	$436	Annual family consumption	3/$251	3/$185	58

1/ Table numbers refer to numbering in original 1936 report and annual supplements entitled "Price Spreads Between the Farmer and the Consumer."
2/ Margins not adjusted to allow for Government marketing payments and taxes.
3/ Preliminary.
Retail prices from the Bureau of Labor Statistics.

Table 7.- Price spreads between the farmer and the consumer - food products; retail price and farm value, May 1944

Commodity	Retail unit	Retail price: 1935-39 average	Retail price: May 1943	Retail price: April 1944	Retail price: May 1944	Percentage change to May 1944 from: May 1943	Percentage change to May 1944 from: April 1944	Farm equivalent	Farm value: 1935-39 average	Farm value: May 1943	Farm value: April 1944	Farm value: May 1944	Percentage change to May 1944 from: May 1943	Percentage change to May 1944 from: April 1944
		Cents	Cents	Cents	Cents	Percent	Percent		Cents	Cents	Cents	Cents	Percent	Percent
Pork products	1 lb. prin. pork products	25.3	31.6	28.8	28.7	- 9	1/	1.90 lb. live hogs	15.7	26.4	24.7	24.1	- 9	- 2
Dairy products	100 lb. milk equivalent	324.0	441.9	425.8	425.4	- 4	1/	100 lb. milk equiv.	146.0	249.7	2/258.1	3/255.3	+ 2	- 1
Hens	1 lb.	31.7	45.4	45.0	46.5	+ 2	+ 3	1.11 lb.	16.5	27.4	26.3	27.1	- 1	+ 3
Eggs	1 doz.	36.0	50.2	45.0	44.9	- 11	1/	1 doz.	21.7	34.2	27.1	27.2	- 20	1/
White flour	1 lb.	4.5	6.1	6.5	6.5	+ 7	0	1.41 lb. wheat	2.0	2.9	3.5	3.5	+ 21	0
White bread	1 lb.	8.2	8.8	8.6	8.6	- 2	0	0.97 lb. wheat	1.3	2.0	2.4	2.4	+ 20	0
Corn meal	1 lb.	5.0	5.6	6.0	6.1	+ 9	+ 2	1.5 lb. corn	1.8	2.8	3.1	3.1	+ 11	0
Rolled oats	1 lb.	7.4	8.7	8.7	8.9	+ 2	+ 2	1.78 lb. oats	1.9	3.4	4.4	4.4	+ 29	0
Corn flakes	8-oz. pkg.	7.8	6.8	6.5	6.5	- 4	0	1.275 lb. corn	1.6	2.4	2.6	2.6	+ 8	0
Wheat cereal	28-oz. pkg.	24.3	23.7	23.3	23.3	- 2	0	2.065 lb. wheat	2.9	4.2	5.1	5.1	+ 21	0
Rice	1 lb.	8.2	12.7	12.8	12.8	+ 1	0	1.51 lb. rough rice	2.5	6.0	6.4	6.0	0	- 6
Navy beans	1 lb.	6.9	10.0	10.6	10.6	+ 6	0	1 lb. dry beans	3.5	5.6	6.1	6.1	+ 9	0
Oranges	1 doz.	31.5	42.2	45.1	46.8	+ 11	+ 4	1/17 box	9.3	16.3	14.7	17.6	+ 8	+ 20
Potatoes	1 lb.	2.5	6.2	4.2	4.6	- 26	+ 10	1 lb.	1.2	3.2	2.3	2.2	- 31	- 4
Apples	1 lb.	5.5	12.9	11.8	11.8	- 9	0	1 lb.	1.9	5.0	6.6	6.6	+ 32	0
Lamb products	1 lb. prin. lamb cuts	27.2	37.7	35.7	35.5	- 6	- 1	2.16 lb. live lamb	16.2	29.9	29.4	28.9	- 3	- 2
Sweetpotatoes	1 lb.	4.4	17.9	11.3	12.2	- 32	+ 8	1 lb.	1.5	4.1	4.2	4.3	+ 5	+ 2
Rye bread	1 lb.	9.1	9.4	9.4	9.4	0	0	0.39 lb. rye and 0.64 lb. wheat	1.3	1.8	2.3	2.3	+ 28	0
Whole wheat bread	1 lb.	9.3	10.2	10.1	10.1	- 1	0	0.92 lb. wheat	1.3	1.9	2.3	2.3	+ 21	0
Macaroni	1 lb.	15.0	15.3	15.7	15.7	+ 3	0	1.72 lb. durum wheat	2.3	3.4	4.2	4.2	+ 24	0
Soda crackers	1 lb.	16.9	17.8	18.9	19.0	+ 7	+ 1	1.085 lb. wheat	1.5	2.2	2.7	2.7	+ 23	0
Peanut butter	1 lb.	19.3	32.5	28.4	28.5	- 12	1/	1.73 lb. peanuts	6.1	12.1	13.2	13.4	+ 11	+ 2
58 foods combined	Annual family consumption	$332	$475	$433	$436	- 8	+ 1	Annual family consumption	$141	$261	$253	3/$251	- 4	- 1

1/ Less than 0.5 percent. 2/ Revised. 3/ Preliminary.

Retail prices are 56-city averages as published by the Bureau of Labor Statistics - Farm values are calculated from U. S. average farm price.

Table 8.- Price spreads between the farmer and the consumer - food products; margins, and farm values as percentage of retail price, May 1944

Commodity	Retail unit	Margins 1/				Percentage change to May 1944 from		Farm value as percentage of retail price			
		1935-39 average	May 1943	April 1944	May 1944	May 1943	April 1944	1935-39 average	May 1943	April 1944	May 1944
		Cents	Cents	Cents	Cents	Percent	Percent	Percent	Percent	Percent	Percent
Pork products	1 lb. prin. pork products	9.6	5.2	4.1	4.6	- 12	+ 12	62	84	86	84
Dairy products	100 lb. milk equiv.	178.0	193.2	2/167.7	3/170.1	- 12	+ 1	45	57	61	60
Hens	1 lb.	15.2	18.0	18.7	19.4	+ 8	+ 4	52	60	58	58
Eggs	1 doz.	14.3	16.0	17.9	17.7	+ 11	- 1	60	68	60	61
White flour	1 lb.	2.5	3.2	3.0	3.0	- 6	0	44	48	54	54
White bread	1 lb.	6.9	6.8	6.2	6.2	- 9	0	16	23	28	28
Corn meal	1 lb.	3.2	2.8	2.9	3.0	+ 7	+ 3	36	50	52	51
Rolled oats	1 lb.	5.5	5.3	4.3	4.5	- 15	+ 5	26	39	51	49
Corn flakes	8-oz. pkg.	6.2	4.4	3.9	3.9	- 11	0	21	35	40	40
Wheat cereal	28-oz. pkg.	21.4	19.5	18.2	18.2	- 7	0	12	18	22	22
Rice	1 lb.	5.7	6.7	6.4	6.8	+ 1	+ 6	30	47	50	47
Navy beans	1 lb.	3.4	4.4	4.5	4.5	+ 2	0	51	56	58	58
Oranges	1 lb.	22.2	25.9	30.4	29.2	+ 13	- 4	30	39	33	38
Potatoes	1 lb.	1.3	3.0	1.9	2.4	- 20	+ 26	48	52	55	48
Apples	1 lb.	3.6	7.9	5.2	5.2	- 34	0	35	39	56	56
Lamb products	1 lb. prin. lamb cuts	11.0	7.8	6.3	6.6	- 15	+ 5	60	79	82	81
Sweetpotatoes	1 lb.	2.9	13.8	7.1	7.9	- 43	+ 11	34	23	37	35
Rye bread	1 lb.	7.8	7.6	7.1	7.1	- 7	0	14	19	24	24
Whole wheat bread	1 lb.	8.0	8.3	7.8	7.8	- 6	0	14	19	23	23
Macaroni	1 lb.	12.7	11.9	11.5	11.5	- 3	0	15	22	27	27
Soda crackers	1 lb.	15.4	15.6	16.2	16.3	+ 4	+ 1	9	12	14	14
Peanut butter	1 lb.	13.2	20.4	15.2	15.1	- 26	- 1	32	37	46	47
58 foods combined	Annual family consumption	$191	$214	$180	3/$185	- 14	+ 3	42	55	58	58

1/ These margins have not been adjusted to allow for Government marketing payments and taxes. 2/ Revised.
3/ Preliminary.

Table 9. - Farm products: Indexes of prices at several levels of marketing, 1935-39 = 100

Year and month	Cost of living of city families 1/	Foods: Retail prices of all foods 1/	Foods: Wholesale prices 2/	Foods: Prices received by farmers for 58 foods 3/	Fiber: Retail prices of clothing 1/	Fiber: Wholesale prices of textile products 2/	Fiber: Prices received by farmers for cotton and wool 4/	Wholesale prices of all farm products 2/	Prices received by farmers for all products 3/	Prices paid by farmers 3/
1913	71	80	81	95	69	81	111	94	95	81
1914	72	82	82	97	70	77	97	94	95	80
1916	78	91	96	110	78	99	131	111	111	100
1918	108	134	151	174	128	193	281	195	190	141
1920	143	169	174	193	201	232	282	198	199	162
1929	122	132	126	138	115	127	167	138	137	123
1932	98	86	77	62	91	77	55	63	61	86
1935	98	100	106	98	97	100	109	104	102	100
1936	99	101	104	108	98	101	114	106	107	100
1937	103	105	108	113	103	107	111	114	114	105
1938	101	98	93	92	102	94	81	90	89	98
1939	99	95	89	89	100	98	85	86	88	97
1940	100	97	90	94	102	104	97	89	92	99
1941	105	105	105	116	106	119	131	108	115	105
1942	116	124	126	148	124	136	178	139	148	122
1943	124	138	135	181	130	137	190	162	177	132
1939-Aug..	---	94	85	85	---	96	85	80	83	96
Sept.	101	98	95	95	100	101	91	90	92	98
1943-May..	125	143	140	185	128	137	192	165	176	131
June.	125	142	139	184	128	137	192	166	179	132
July.	124	139	136	181	129	137	189	165	174	133
Aug..	123	137	134	181	129	137	190	163	179	133
Sept.	124	137	133	181	132	137	193	162	179	133
Oct..	124	138	133	182	133	137	193	161	180	133
Nov..	124	137	134	182	134	138	186	160	181	134
Dec..	124	137	134	183	135	138	190	160	185	135
1944-Jan..	124	136	133	182	135	138	192	160	186	136
Feb..	124	134	132	180	135	138	190	161	185	137
Mar..	124	134	132	5/181	137	138	190	163	186	137
Apr..	124	135	133	179	137	138	192	162	186	137
May..	125	136	133	178	137	138	190	162	185	137

1/ From "Changes in Cost of Living" Bureau of Labor Statistics.
2/ Calculated from figures of the Bureau of Labor Statistics.
3/ Based on figures published by the United States Department of Agriculture.
4/ Cotton and wool prices weighted by production in the period 1935-39.
5/ Revised.

Table 10. - Indexes of consumer income and of hourly earnings in marketing, 1935-39 = 100

Year and month	Nonagricultural income payments 1/	Monthly earnings per employed factory worker 2/	Hourly earnings in marketing enterprises: Class I steam railways 3/	Food processing 4/	Food marketing 5/	Cotton processing 4/
1929	122	118	93	---	---	---
1935-39 average	100	100	100	100	100	100
1940	115	111	105	110	105	106
1941	138	132	106	116	110	119
1942	170	166	119	128	120	139
1943	207	196	121	139	130	152
1943 - Apr.	202	193	120	135	128	151
May	203	196	120	139	129	152
June	207	196	119	140	130	152
July	209	194	119	140	130	152
Aug.	210	197	120	140	131	151
Sept.	211	201	121	140	132	154
Oct.	213	204	121	142	133	153
Nov.	217	205	123	145	134	153
Dec.	219	202	124	146	132	153
1944 - Jan.	222	205	132	146	135	154
Feb.	6/224	206	137	146	135	154
Mar.	6/225	207	133	146	135	156
Apr.	7/224	7/206	134	148	137	161

1/ United States Department of Commerce estimates. Adjusted for seasonal variation. Revised series.
2/ Prepared in the Bureau of Agricultural Economics from data of the Bureau of Labor Statistics, adjusted for seasonal variation.
3/ Compiled from data published by the Interstate Commerce Commission.
4/ Bureau of Labor Statistics.
5/ Weighted composite of earnings in steam railways, food processing, wholesaling, and retailing.
6/ Revised.
7/ Preliminary estimates.