

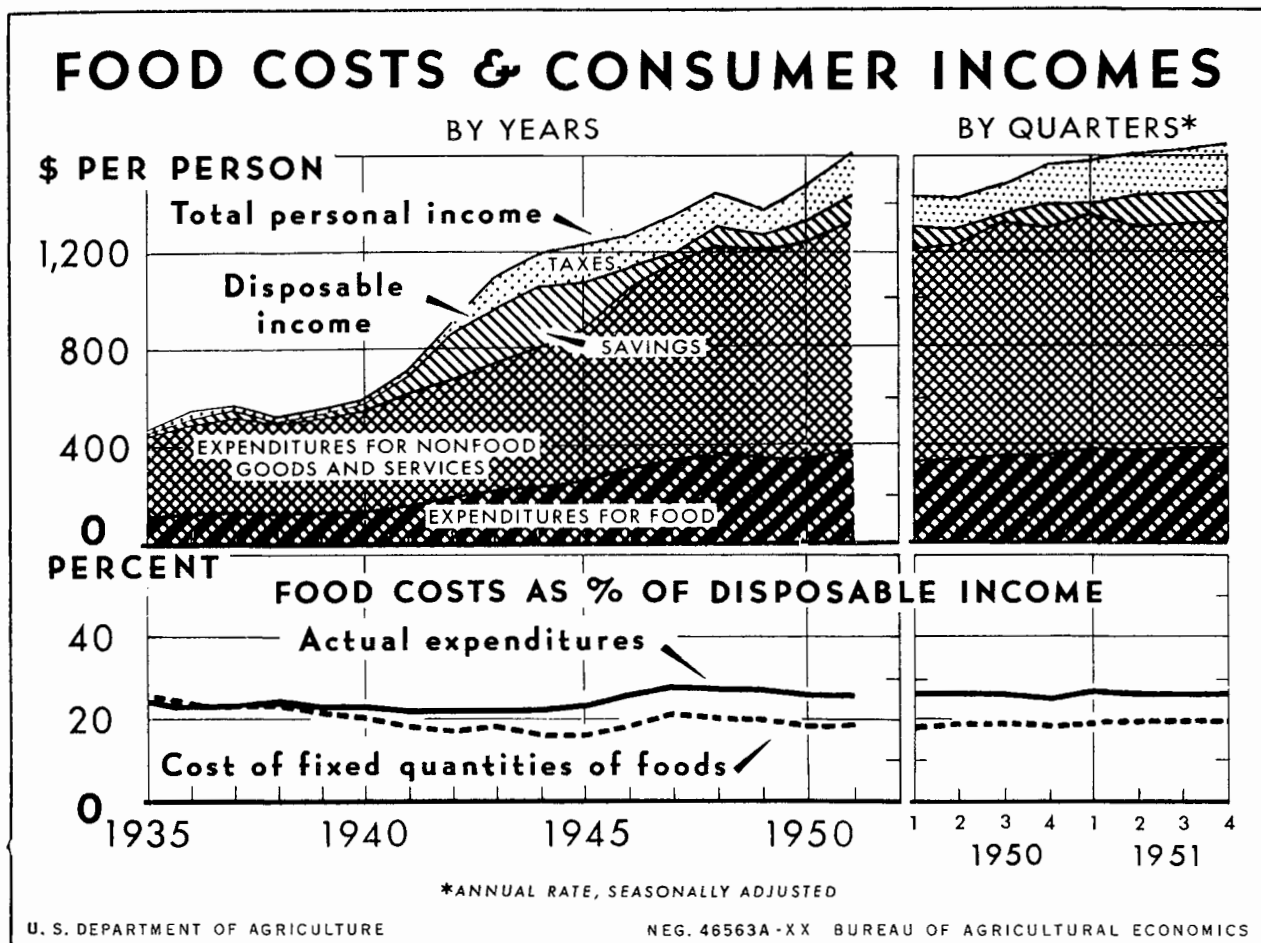
THE Marketing and Transportation SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

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Consumers spent approximately 26 percent of their disposable income (personal income less personal taxes paid) for food in 1950 and 1951. At \$380 per person, expenditures for food in 1951 were considerably larger than in any previous year, but represented a smaller proportion of per capita disposable income than in the years 1947 through 1949.

The same kinds and quantities of food that consumers purchased annually in 1935-39 would have cost more than twice as much in 1951 as in the prewar period but would have taken only 19 percent of disposable income in 1951 compared with 23 percent in 1935-39.

STATISTICAL SUMMARY OF MARKET INFORMATION

Item	Unit or base period:	1951			1952	
		Year	Feb.	Dec.	Jan.	Feb.
<u>Farm-to-retail price spreads</u>						
Farm-food market basket: 1/						
Retail cost	Dol.	722	726	741	745	726
Farm value	"	361	371	373	364	354
Marketing charges	"	361	355	368	381	372
Farmer's share of retail cost	Pct.	50	51	50	49	49
		1950			1951	
		Year	Oct.-Dec.	Year	July-Sept.	Oct.-Dec.
Cotton: 2/						
Retail cost	Dol.	54.22	57.37	59.35	58.88	58.23
Farm value	"	7.57	8.75	8.56	7.10	8.70
Marketing charges	"	46.65	48.62	50.79	51.78	49.53
Farmer's share of retail cost	Pct.	14.0	15.3	14.4	12.1	14.9
Tobacco: 3/						
Retail cost	Dol.	2.71	---	2.78	---	---
Farm value	"	.475	---	.473	---	---
Federal and State excise taxes	"	.88	---	.89	---	---
Marketing charges	"	1.35	---	1.42	---	---
Farmer's share of retail cost	Pct.	17.5	---	17.0	---	---
<u>General economic indicators</u>						
Consumers' per capita income and expenditures: 4/						
Disposable personal income	Dol.	1,338	1,400	1,434	1,445	1,454
Expenditures for goods and services	"	1,268	1,291	1,324	1,311	1,322
Expenditures for food	"	346	354	380	379	383
Expenditures for food as percentage of disposable income	Pct.	26	25	26	26	26
		1951			1952	
		Year	Feb.	Dec.	Jan.	Feb.
Hourly earnings per employed factory worker 5/ ..						
Hourly earnings of food marketing employees 6/ ..	Dol.	1.59	1.56	1.64	1.64	1.64
	"	1.48	1.46	1.52	1.53	1.53
Retail sales: 7/						
Food stores	Mil. dol.	3,078	3,033	3,187	3,235	3,186
Apparel stores	"	821	849	822	863	832
Manufacturers' inventories: 7/						
Food and kindred products	"	3,452	3,191	3,386	3,376	3,426
Textile-mill products	"	2,990	2,710	2,814	2,774	2,665
Tobacco products	"	1,683	1,591	1,836	1,795	1,759
Indexes of industrial production: 8/						
Manufactured food products	1935-39=100:	165	166	161	163	165
Textiles and products	"	174	194	152	157	158
Tobacco products	"	175	179	147	176	175
Index of physical volume of farm marketings	"	147	102	160	145	115
<u>Price indexes</u>						
Consumers' price index 5/	"	186	184	189	189	188
Wholesale prices of food 5/	"	232	233	232	230	227
Wholesale prices of cotton goods 5/	"	269	288	249	248	244
Wholesale prices of woolen and worsted goods 5/ ..	"	250	277	208	204	198
Prices received by farmers 9/	"	281	291	284	279	269
Prices paid by farmers 9/	"	219	215	220	222	223

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. Farm value is lagged to represent prices received 2 to 2-1/2 years earlier than the indicated retail price. 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

The Interstate Commerce Commission on April 11 granted the railroads increases in freight rates of 6 percent in the Eastern Territory and 9 percent in other territories. This is the eleventh general increase since World War II and, when it goes into effect, freight rates will average approximately 79 percent higher than at the end of the war.

Higher costs of shipping agricultural products will tend to lower prices for the things farmers sell, in the short run, and to increase prices for things they buy. This latest increase in freight rates comes at a time when farm prices are declining and costs of production and distribution are continuing to increase. The parity ratio in mid-March this year was 100, compared with 111 a year ago.

Marketing charges generally have continued to move up in the last year. In March, charges for marketing the farm foods in the market basket were about 4 percent higher than a year earlier. This was offset by a similar reduction in the farm value, and the retail cost of the market basket remained unchanged. With marketing costs higher and farm-product prices lower, the farmer's share of the dollar consumers spent for farm foods was 49 cents in February and March, 2 cents less than in the same months of 1951.

Charges for marketing the four principal tobacco products were about 5 percent higher in 1951 than in 1950 and excise taxes also were higher. Most of these increases were passed on to consumers and the composite retail price of the four products advanced 3 percent. The farm value of the leaf from which the products were made was practically unchanged from 1950. Farmers received 17 cents of the dollar that consumers spent for these products in 1951 compared with 17.5 cents in 1950.

In contrast to food and tobacco, the farmer's share of the consumer's dollar for 42 articles of cotton clothing and household furnishings was slightly higher in 1951 than in 1950. The farm value of the cotton used in these articles rose 13 percent while the retail value went up 9 percent. However, since farm value amounts to about one-seventh of the retail value,

the increase in marketing costs accounted for about 80 percent of the increase in retail value.

Labor costs of business firms handling agricultural products have generally advanced over the last year. For example, hourly earnings of employees in food marketing enterprises in February averaged 5 percent higher than a year earlier, those of employees of tobacco manufacturing places were up 3 percent, and earnings of workers in textile mills and in the apparel and finished textile products industries were slightly higher.

Profits per dollar of sales, both before and after taxes, of firms engaged in marketing farm products were lower in 1951 than in 1950. These decreases reflected higher costs and taxes. The dollar volume of sales in most lines was larger.

The volume of farm products marketed in the first quarter of 1952 was about 5 percent larger than in the same period of 1951. Sales of food products by wholesalers and retailers in February were larger than a year earlier. The output of manufactured food products and production of tobacco products were about the same as in February 1952.

Output of textiles and textile products in early 1952 was considerably below the high levels of early 1951. The volume of sales of dry goods, clothing, and furnishings by wholesalers also was down sharply, and sales by retail stores were slightly lower.

Consumers spent 4 percent more per person for all goods and services in 1951 than in 1950. Expenditures for food were up about 10 percent and those for tobacco and clothing (including shoes) were up more than 5 percent. Expenditures for these goods are expected to continue at relatively high levels in 1952. Consumers spent approximately 26 percent of their disposable income for food in 1951, the same percentage as in 1950 and slightly less than the average of other postwar years.

FARM-RETAIL PRICE SPREADS

The spread between farm and retail prices for most farm products is at near record levels, according to latest available data. Average farm prices have declined substantially from the post-Korean peak of February 1951 while retail prices have remained at about the same level during the last year. Marketing charges for farm food products in March 1952 were about 4 percent above a year earlier. ^{1/} Marketing charges for tobacco products for the year 1951 averaged about 5 percent above 1950. Charges for marketing cotton products averaged about 9 percent higher in 1951 than in 1950. However, charges in December 1951 were lower than they were earlier in the year, as the retail cost of cotton articles decreased more than the farm value of the lint cotton used in manufacturing these articles.

The Market Basket of Farm Foods ^{2/}

Farm Values Down, Marketing Charges Up

The retail cost of the farm foods in the market basket in mid-March was

^{1/} Marketing charges, as used here, cover charges for all marketing operations between farmers and consumers and include charges for assembling, processing, transporting, and distributing.

^{2/} 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."

practically unchanged from the \$724 recorded in March 1951 (table 1). ^{3/} Charges for marketing these foods, however, totaled \$372 in March 1952, an increase of \$15 over March 1951. Increases were noted for all major commodity groups except poultry and eggs. The net farm value of these foods declined from \$367 in March 1951 to \$354 in March this year. Farm prices averaged lower for all commodity groups except dairy products and fruits and vegetables.

The percentage changes in the market-basket values, by commodity groups, from March 1951 to March 1952 were as follows:

	<u>Net farm value</u>	<u>Marketing charges</u>	<u>Retail cost</u>
	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Meat products	- 10	+ 12	- 3
Dairy products	+ 7	+ 2	+ 4
Poultry and eggs	- 18	- 3	- 13
Bakery and other cereal products .	- 3	+ 4	+ 2
All fruits and vegetables	+ 13	+ 6	+ 8
Miscellaneous products	- 15	- 9	- 11
Total market basket	- 4	+ 4	0

Decreases in the farm prices of meat animals accounted for the major part of the decline in the farm value of the market basket from March 1951 to March 1952. The farm value of meat products in March 1952 averaged 1.0 percent below a year earlier as a result of declines of 21 percent in the farm price of hogs, 7 percent for beef cattle, and 27 percent for lambs. Substantial declines in farm prices from March 1951 also occurred for grapefruit, 38 percent; oranges, 36 percent; and eggs, 22 percent.

Although retail prices of farm foods averaged the same as a year ago, there were substantial changes in some products. Increases in butter, fluid milk, potatoes, and some truck crops were offset by lower prices for eggs, pork, margarine, and vegetable shortening.

The 12-percent increase in the meat-products group accounted for more than half of the increase in marketing charges from a year ago.

Marketing charges during the first 3 months of this year averaged about 5 percent above the same period of 1951. If there are any declines in retail prices of food during the remainder of 1952, they are more likely to be reflected in lower farm prices than in lower marketing costs. Marketing charges have either increased or remained steady in each year since the beginning of World War II (table 1). Average marketing charges for each year from 1948 through 1950 were practically unchanged although retail prices in 1949 and 1950 averaged about 7 percent below 1948.

^{3/} Total retail cost of all foods currently consumed per family of three average consumers is roughly 50 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.

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 <u>1/</u>	Farm value <u>2/</u>	Marketing charges <u>3/</u>	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	<u>4/</u> 338	48
1950	645	308	337	48
1951	722	361	361	50
1951 - Mar.	724	367	356	51
Apr.	718	363	355	51
May	723	359	364	50
June	724	356	368	49
July	723	353	370	49
Aug.	714	356	357	50
Sept.	711	357	353	50
Oct.	722	360	362	50
Nov.	732	363	369	50
Dec.	<u>4/</u> 741	373	<u>4/</u> 368	50
1952 - Jan.	745	364	381	49
Feb.	726	354	372	49
Mar. <u>5/</u>	725	354	371	49

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.

5/ Preliminary.

Farmer's Share 2 Cents Less Than a Year Earlier

Farmers received 49 cents of each dollar that consumers spent for farm foods in February and March this year. This was 2 cents less than in the same months of 1951. ^{4/} The farmer's share was lower this year for each commodity group except dairy products. The largest decreases were about 5 cents for the meat products and poultry and eggs groups.

Recent Trends in Market-Basket Values

After reaching a record annual rate of \$745 in January, the retail cost of the market basket declined almost 3 percent from January to February. This was the first decrease since September and the largest since February 1949. A large part of the decrease resulted from lower prices for fruits and vegetables. The retail cost of market-basket foods in March was unchanged from February.

At an annual rate of \$354, the farm value of foods in the market basket in March was unchanged from February but 5 percent below the December figure of \$373. Price declines in fresh vegetables, poultry, and eggs accounted for most of the drop from December.

Cotton Articles

The marketing margin or spread between the retail cost of 42 cotton articles and the farm value of the lint cotton from which they were fabricated averaged about \$51 in 1951 compared with \$47 in 1949 and 1950 and \$52 in 1947 and 1948 (table 2). Retail cost of these articles was approximately 9 percent higher in 1951 than in 1950 and the farm value of the lint cotton was 13 percent higher. The farmer's share of the dollar that consumers spent for these articles increased from an average of 14.0 cents in 1950 to 14.4 cents in 1951.

Farm value of the lint cotton used in the manufacture of the 42 articles of clothing and household furnishings declined by more than one-fifth from June to September 1951 when the new cotton crop became available. Since the retail cost of the articles declined only 2 percent, the farmer's share of the dollar that consumers spent for the articles dropped from 15.2 cents to 12.1 cents. However, the farmer's share rose slightly by the end of 1951, as the result of a small decrease in the retail cost and some recovery in the farm prices.

During 1951, mill margins for 17 constructions of unfinished cotton cloth declined from a high of 50 cents per pound in January 1951 to a low of 29 cents in November. Mill margins in February 1952 averaged 28.45 cents, the lowest since July 1949. These margins are the difference between the average price obtained by the mills for the quantity of unfinished cloth manufactured from 1 pound of lint cotton. The average price of 17 constructions of unfinished cotton cloth declined during the year and the cost of cotton used in their manufacture increased.

^{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.

Table 2.- Average retail cost of per family purchases of 42 cotton articles combined and of 3 individual articles of cotton clothing, equivalent farm value of the cotton used in their manufacture, margin, and farmer's share of the consumer's dollar spent for these products, average 1935-39, annual 1948-51 1/

Year and month	Retail cost <u>2/</u>	Farm value <u>3/</u>	Marketing charges	Farmer's share
	Dollars	Dollars	Dollars	Percent
<u>42 articles</u>				
1935-39 average ...	23.86	2.23	21.63	9.3
1948	59.49	6.99	52.50	11.7
1949	52.94	6.34	46.60	12.0
1950	54.22	7.57	46.65	14.0
1951	59.35	8.56	50.79	14.4
<u>1950</u>				
Mar.	52.53	6.38	46.15	12.1
June	52.47	6.74	45.73	12.8
Sept.	54.52	8.40	46.12	15.4
Dec.	57.37	8.75	48.62	15.3
<u>1951</u>				
Mar.	60.02	9.31	50.71	15.5
June	60.28	9.15	51.13	15.2
Sept.	58.88	7.10	51.78	12.1
Dec.	58.23	8.70	49.53	14.9

1/ Data for 1927-48 are given in "Price Spreads Between Farmers and Consumers," U. S. Dept. Agr., Agr. Inform. Bul. No. 4, Nov. 1949, tables 76-79, pp. 88-89. Annual estimates are simple averages of quarterly data.

2/ Retail costs were originally computed from prices collected by the Bureau of Labor Statistics, weighted by average number of articles purchased annually by families of wage earners and clerical workers (from 1934-36 survey). Since 1944, retail costs are based on indexes of retail prices of cotton clothing and house-furnishings prepared by the Bureau of Labor Statistics.

3/ Estimated prices received by farmers for cotton of grade and staple lengths used in the manufacture of the various articles, weighted by quantities of cotton required.

Tobacco Products

Charges for marketing the four principal tobacco products (cigarettes, cigars, smoking tobacco, and chewing tobacco) advanced to a new high in 1951 (table 3). At \$1.42, charges for processing and distributing the quantity of those products which could be manufactured from 1 pound of leaf tobacco (farm-sales weight) were 5 percent higher than for the previous year. This advance continued the upward trend which began in 1944. The margin between the retail cost and the farm value of the leaf tobacco was further increased by a rise of approximately 1 cent in excise taxes.

Table 3.- Composite retail cost of four principal tobacco products, farm value of equivalent leaf, margin, taxes, marketing charges, and farmer's share of retail cost, average 1935-39, annual 1946-51 ^{1/}

Year	Composite retail cost	Farm value of 1 pound of leaf tobacco	Margin	Federal and State excise taxes	Marketing charges excluding taxes	Farmer's share of retail cost
	Dollars	Dollars	Dollars	Dollars	Dollars	Percent
1935-39 average ..	1.76	0.192	1.57	0.63	0.94	10.9
1947	2.45	.430	2.02	.80	1.22	17.6
1948	2.57	.449	2.12	.84	1.28	17.5
1949	2.66	.462	2.20	.87	1.33	17.4
1950	2.71	.475	2.23	.88	1.35	17.5
1951	2.78	.473	2.31	.89	1.42	17.0

^{1/} The composite retail cost of the four products is a weighted average of retail costs of the products equivalent to 1 pound of leaf tobacco. Weights used were based upon tax-paid withdrawals of leaf tobacco during 1935-39, converted to a farm-sales weight basis. The farm value is a weighted average of prices of several types of leaf tobacco combined in proportion to their estimated utilization in the four products. Farm value is lagged to represent prices received 2 to 2-1/2 years earlier than the indicated retail cost. Farm-retail price spreads data for earlier years were published in "Price Spreads Between Farmers and Consumers," U. S. Dept. Agr., Agr. Inform. Bul. No. 4, Nov. 1949, table 81, p. 95.

Most of the increase in marketing charges and excise taxes was reflected in a rise of about 3 percent in the composite retail cost of the four products. There was practically no change in the farm value.

Failure of the farm value to increase with the retail cost brought a reduction in the farmer's share of the retail cost from 17.5 percent in 1950 to 17.0 percent in 1951, the lowest level since 1944 when farmers received 15.6 percent of the retail cost.

An increase of 1 cent per package in the Federal excise tax on cigarettes became effective November 1, 1951, and was accompanied by an equal increase in the retail price. Federal and State excise taxes averaged 9.5 cents per pack in 1951. Marketing charges are estimated at 8.2 cents per pack, slightly higher than in 1950. Farmers received slightly less than 3 cents for the tobacco used in a package of cigarettes. The farmer's share has equaled about 14 percent of the average retail price in each of the last 4 years (table 4).

Table 4.- Average retail price per package of cigarettes, farm value of equivalent leaf tobacco, taxes, and marketing charges, 1935-39 average, 1947-51 annual ^{1/}

Year	Retail price	Farm value ^{2/}	Federal and State excise taxes	Marketing charges Manufacturer and leaf dealer	Distributor	Total	Farmer's share of retail price
	Cents	Cents	Cents	Cents	Cents	Cents	Percent
1935-39 average:	13.6	1.26	6.6	3.6	2.1	5.7	9.3
1947	18.2	2.69	8.7	3.3	3.5	6.8	14.8
1948	19.2	2.73	9.1	3.6	3.8	7.4	14.2
1949	19.6	2.79	9.2	3.9	3.7	7.6	14.2
1950	20.1	2.90	9.3	4.0	3.9	7.9	14.4
1951	20.7	2.97	9.5	4.2	4.0	8.2	14.3

^{1/} Farm-retail price spreads data for earlier years were published in the April 1951 issue of this Situation.

^{2/} Value of 0.0628 pound of leaf tobacco (farm-sales weight), calculated from seasonal prices received by growers for three kinds of cigarette-type tobacco produced 2 and 3 years before date of retail price. Auction market fees have not been deducted.

The average composite retail cost of the four principal tobacco products in 1952 will be higher than in 1951 if present prices are maintained. Farm value of the tobacco products will be higher as the prices paid farmers for the leaf tobacco to be used in cigarettes retailed in 1952 averaged higher than prices paid for the tobacco in those sold in 1951. However, the margin between the retail cost and the farm value will be wider as excise taxes will average higher in 1952.

COSTS AND PROFITS IN MARKETING FARM PRODUCTS

Labor Costs Higher in 1952

Labor is the largest single item in the total cost of marketing farm products. Estimates indicate that in several postwar years labor has accounted for approximately half of the total marketing bill for farm-food products. Hourly earnings ^{5/} of employees in food marketing in February 1952 (latest available data) averaged \$1.53, an increase of 5 percent from the same month a year earlier. This is about equal to the increase in charges for marketing foods, as estimated from the "market-basket" series (table 1).

The increase in hourly earnings of employees in food marketing since June 1950 (pre-Korea) has averaged about 12 percent. This is about equal to the average increase of 13 percent for workers in all manufacturing industries.

Hourly earnings of employees in most of the firms handling agricultural products are above a year ago. In general, the rise in wage rates during recent months has been less rapid than at the end of 1950. Wage increases of employees in food processing during the last year have been greater than for those in textile and tobacco manufacturing and in wholesale and retail trade.

^{5/} Weighted composite earnings in steam railways, food processing, wholesale trade and food retail stores (see inside front cover).

Employees in food processing received an average of \$1.53 per hour in February this year, about 6 percent above February 1951. This compares with an average increase of 5 percent for all manufacturing industries. Hourly earnings of employees in tobacco manufacturing averaged \$1.18 per hour in February 1952, about 3 percent higher than a year earlier. Employees in textile mills and in manufacturing of apparel and other finished textile products averaged \$1.35 and \$1.29 per hour, respectively, only slightly above a year earlier. Hourly earnings in retail and wholesale trades in February were each about 4 percent higher than in February 1951.

Transportation rates for both rail and truck are higher than a year ago. The latest increase in rail rates granted by the Interstate Commerce Commission resulted in a total increase of 15 percent over April 1, 1951. (Changes in transportation rates are discussed in detail on pages 18 to 27 of this Situation.)

Profits Lower in 1951

Profit per dollar of sales, both before and after taxes, of firms engaged in processing agricultural products generally were lower in 1951 than in 1950 despite increases in their total dollar volume of sales. Total net income before taxes of firms in some lines of agricultural processing was higher in 1951 than in 1950, but net income after taxes was lower in all lines. Decreases in profits reflected higher costs and taxes.

According to estimates of the Federal Trade Commission, profits after taxes per dollar of sales for the first three quarters of 1950 and 1951 by industry groups were as follows:

	<u>1950</u> Cents	<u>1951</u> Cents
Food manufacturing	3.5	2.4
Tobacco manufactures	5.0	4.0
Textile-mill products	5.7	4.4
Apparel and finished textiles	2.6	1.8
Leather and leather products	3.3	2.6

Estimates by the Federal Trade Commission for the fourth quarter of 1951 are not yet available, but other data indicate that profits of firms in these industries generally were lower in the second half of 1951 than in the first half of the year or in the second half of 1950. Ratios of profits to stockholders' equities also were lower in 1951 than in 1950.

Data collected by nongovernmental agencies indicated that profits of retailing firms were substantially lower in 1951 than in 1950 although the volume of dollar sales was larger in 1951.

Preliminary indications for the first quarter of 1952 are that profits will not show any increase from levels of the second half of 1951.

SOME CURRENT DEVELOPMENTS RELATED TO MARKETING

Marketing Activities at High Level

Marketing of agricultural products were at a high level during the first quarter of 1952. Preliminary estimates for the first 3 months this year show

an average increase of about 5 percent over the same months in 1951. Based on indicated crop production for 1952 and the estimated output of livestock and products, the volume of farm marketings during 1952 will continue at a higher level than last year and may exceed the 1949 record high. Meat animals, poultry, and eggs are some of the commodities for which 1952 marketings are expected to exceed 1951 levels.

Processing of food products in early 1952 was at the high levels of the preceding year. The Federal Reserve Board's adjusted index in February was 165 (1935-39 = 100), about the same as in February 1951. The output of meat-packing plants was well above that of a year ago, but the volume of fruits and vegetables and dairy products processed was smaller. Inventories held by food manufacturers in February had a book value about 7 percent higher than those held a year earlier.

The output of textiles and textile products was considerably below the high levels of early 1951. In February, the Federal Reserve Board's adjusted index was 158 compared with 194 in the same month of 1951. Consumption of cotton by mills was down about 14 percent from a year ago. Inventories of textile-mill products held by manufacturers were slightly smaller than in February 1951.

Production of tobacco products was at about the same level as in February 1951. The book value of tobacco manufacturers' inventories was over 10 percent higher than at that time.

Sales of grocery wholesalers in February 1952 were about 4 percent larger than in the same month of 1951 but their inventories were down about 4 percent. Wholesalers of fresh fruits and vegetables had a 14-percent larger volume of sales than a year earlier. Sales of dairy-products wholesalers were at about the same level as a year ago, but their inventories were down about 30 percent.

Dry goods and clothing and furnishings wholesalers reported that their sales in February were sharply reduced from the high levels of a year earlier. Their inventories, measured in terms of cost, were down somewhat more than their sales.

Sales of retail food stores in February were slightly larger, in terms of dollars, than a year ago. Apparel-store sales and inventories were slightly lower than a year ago.

Decline in Capital Expenditure of Manufacturers of Agricultural Products

Expansion of plant and equipment by processors of agricultural products increased rapidly following the Korean outbreak and reached a high in the second quarter of 1951. However, substantial declines in capital expenditures are anticipated for 1952, according to the latest survey of business spending intentions conducted by the Department of Commerce (table 5). Declines since mid-1951 in agricultural processing industries have probably resulted from restrictions on the use of critical materials by nondefense industries and also from declining consumer purchases of some products, especially textiles.

Expenditures on new plant and equipment by food processors totaled about 657 million dollars in 1951, about 25 percent more than in 1950 and slightly

more than the 1946-49 average (table 5). Food processors indicated that expenditures planned for 1952 would decline below 1950. Anticipated expenditures for the second quarter of 1952 are 123 million dollars compared with 184 million dollars in the second quarter of 1951.

Table 5.- Expenditures on new plant and equipment by nondurable goods industries, 1946-52

Year and quarter :	Food and kindred products :	Textile-mill products :	All nondurable goods industries ^{1/} :
	Million dollars	Million dollars	Million dollars
1946-49 average ... :	632	485	4,795
1950	523	450	4,356
1951	657	695	5,962
1952 ^{2/}	476	512	6,076
<u>1951</u> :			
Jan.-Mar. :	157	158	1,230
Apr.-June :	184	216	1,571
July-Sept. :	153	167	1,476
Oct.-Dec. :	162	153	1,683
<u>1952</u> :			
Jan.-Mar. ^{2/} ... :	133	147	1,505
Apr.-June ^{2/} ... :	123	121	1,541

^{1/} Nondurable goods industries include food and kindred products, beverages, textile-mill products, paper and allied products, chemicals and allied products, petroleum and coal products, rubber products, and other nondurable goods.

^{2/} Estimates for the first and second quarters of 1952 and the year 1952 are based on anticipated capital expenditures of business as reported in late February and early March.

U. S. Dept. Commerce, Off. of Business Economics.

Capital-goods expansion in the textile industry since the Korean outbreak has been similar to that of the food industry. Anticipated expenditures for the second quarter of 1952 are about one-half as large as in the second quarter of last year and a decline of one-fourth was forecast for the entire year.

Despite the decline in prospect for agricultural processing industries, total expenditures for new plant and equipment by all nondurable-goods manufacturing industries is expected to continue at a record level in 1952 because of rapid expansions by defense-related industries -- petroleum, chemicals, and rubber companies.

Capital expenditures by railroads and other transportation companies continued to increase throughout 1951. Freight cars in 1951 were installed at about double the 1950 rate. Railroads and other transportation companies anticipate capital expenditures in 1952 equal to or slightly above last year's level.

The National Production Authority in recent weeks has made additional allocations of steel, copper, and aluminum for production of trucks and railway transportation equipment and for some nondefense construction. Increased supplies of these basic metals may bring about a higher rate of capital expansion in some businesses than indicated in the latest survey. Expenditures by both the food and textile-mill industries in the first quarter of 1952 were estimated at a considerably higher level in the February-March survey than was anticipated last fall.

Large Proportion of City Food Stores
Have Frozen-Food Cabinets

The output of frozen fruits, fruit juices, and vegetables was over four times as large in 1950 as in 1941, having increased from 315 million pounds to 1,373 million. Data for 1951 are not yet available but it is believed that the output was larger than in 1950. Consumer purchases of frozen concentrated orange juice, one of the few products for which purchase data are available, were about 75 percent larger in February 1952 than in the same month of 1951. ^{6/} Although the production and consumption of frozen foods have increased rapidly, growth of the industry has been restricted somewhat by lack of facilities for handling these foods in retail stores. However, a survey conducted by the Bureau of Labor Statistics in 55 of the larger cities in the United States shows that much progress has been made in overcoming this obstacle. ^{7/}

According to that survey, 66 percent of the retail food stores in the 55 cities had one or more frozen-food cabinets in September 1950. The stores having frozen-food cabinets included 65 percent of the independent stores and 78 percent of the chain outlets. These estimates were based upon representative samples of stores in each of the 55 cities.

Of the 55 cities, Los Angeles, with 98 percent, had the highest proportion of stores with frozen-food cabinets; Mobile with 26 percent had the smallest. It was estimated that in 47 of the cities, more than 50 percent of the stores had frozen-food cabinets and in 7 cities more than 90 percent of the stores had them.

Among the regions, the proportion of outlets having frozen-food cabinets varied from a high of 95 percent in the Pacific coast to a low of 53 percent in the Middle Atlantic States.

The survey suggests purchases of frozen foods have become rather widespread among consumers, at least in the larger cities. The fact that a majority of retail-food stores in the cities surveyed had frozen-food cabinets indicates that purchases of frozen foods are not confined mainly to consumers in the upper-income groups, as it is sometimes believed.

^{6/} "Consumer Purchases of Selected Fresh Fruits, Canned and Frozen Juices, and Dried Fruits in February 1952," Bureau of Agricultural Economics and Fruit and Vegetable Branch, Production and Marketing Administration, United States Department of Agriculture, March 1952. (Processed.)

^{7/} "A Survey of Frozen Food Cabinets and Prepackaged Fresh Meats in Retail Food Stores of 55 Large Cities," by Martin J. Gerra, published in Retail Food Prices by Cities, December 15, 1951, Bureau of Labor Statistics, United States Department of Labor. The cities surveyed were 55 of the 56 cities in which the Bureau collects retail prices of food.

CONSUMER INCOMES AND EXPENDITURES

Disposable personal income totaled \$1,434 per person in 1951, about 7 percent higher than in 1950 (table 6). Consumer expenditures for non-durables, of which goods made from agricultural products are a large proportion, also were about 7 percent higher per person in 1951. However, expenditures for durable goods were 10 percent lower and total expenditures per person for all goods and services increased only 4 percent from 1950 to 1951. The greater increase in income than in expenditures was reflected in a higher rate of personal savings than in 1950..

Per capita expenditures for food increased 10 percent from 1950 to 1951 and expenditures for clothing (including shoes) and tobacco were each up more than 5 percent. Most of the increases reflected higher prices. Except for tobacco products, physical volume of purchases was no higher than in 1950. Retail prices of food averaged about 12 percent higher in 1951 and retail prices of clothing were about 9 percent higher.

Consumer expenditures increased sharply in the first quarter of 1951 and were at the highest level for the year, while consumer incomes continued to increase throughout the year. The decline in consumer expenditures after the first quarter was largely in durable goods. Expenditures for food, clothing, and tobacco held fairly steady and in the fourth quarter were at approximately the same rate, seasonally adjusted, as in the first quarter. Personal savings were at a rate of about 9 percent of disposable income during the last three quarters of 1951, compared with 4 percent in the first quarter.

There is no indication that consumer incomes and expenditures during the first quarter this year were much different from the fourth quarter. Consumer demand for food and other nondurable goods is expected to continue at a high level in 1952. According to a recent survey conducted by the Federal Reserve Board of consumers' plans for spending and saving in 1952, the high level of saving prevailing at the beginning of 1952 is likely to be continued throughout the year. An increasing output of goods for national defense is expected to result in record consumer income in 1952. Per capita expenditures for durables in the fourth quarter of 1951 were more than 20 percent under the very high average rate of expenditures in the last two quarters of 1950 and the first quarter of 1951. Production of consumer durable goods in the first quarter this year was more than one-fourth under a year earlier. Improvements in the metal supplies situation will permit a larger production of these goods in coming quarters than was previously anticipated.

Little Change in Expenditures for Food During 1951

After advancing sharply in the second half of 1950 and in the first quarter of 1951, consumers' expenditures for food were comparatively stable during the remainder of 1951, varying from a seasonally adjusted annual rate of \$376 per person in the second quarter to a record \$383 in the fourth quarter. Annual expenditures of \$380 in 1951 were about 9 percent higher than the previous record of \$350 in 1948 and 10 percent above the 1950 total of \$346.

Table 6.- Per capita food cost and expenditure related to disposable personal income, United States, average 1935-39, annual 1944-51

Year	Dispos- able personal income <u>1/</u>		Food expenditure			Cost to consumer of fixed quantities of food representing 1935-39 average annual consumption per person <u>2/</u>	
	Dollars	Dollars	Dollars	Percent	Percent	Dollars	Percent
1935-39 ...	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	1,243	1,201	338	27	28	243	20
1950	1,338	1,268	346	26	27	245	18
1951	1,434	1,324	380	26	29	274	19
Annual rates, seasonally adjusted							
<u>1950</u>							
1st quarter:	1,301	1,218	<u>3/336</u>	26	28	235	18
2nd " :	1,297	1,239	<u>3/340</u>	26	27	240	19
3rd " :	1,354	1,324	<u>3/355</u>	26	27	252	19
4th " :	1,400	1,291	<u>3/354</u>	25	27	253	18
<u>1951</u>							
1st quarter:	1,403	1,353	<u>3/378</u>	27	28	272	19
2nd " :	1,432	1,307	<u>3/376</u>	26	29	274	19
3rd " :	1,445	1,311	<u>3/379</u>	26	29	273	19
4th " :	1,454	1,322	<u>3/383</u>	26	29	277	19

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

2/ Cost to consumers of quantities of foods representing average annual consumption per person during 1935-39 is calculated by taking as a 1935-39 base the actual food expenditure for that period (\$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 (1) retail food prices in 56 cities (U. S. Bureau of Labor Statistics), (2) retail food prices in other cities and towns, and (3) prices received by producers applied to foods consumed on farms where produced.

3/ Quarterly data have been estimated by the Bureau of Agricultural Economics from expenditures for food and alcoholic beverages reported by the Bureau of Foreign and Domestic Commerce.

Expenditures for food in the fourth quarter of 1951 were about 8 percent above a year earlier. This increase was accompanied by an average rise of about 10 percent in the average price of food to consumers, ^{8/} which suggests that higher retail prices accounted for the increase in expenditures. Retail prices of food rose rapidly during December 1950 and January and February 1951, but were relatively stable during the remainder of the year. The largest change after the first quarter was the increase of between 1 and 2 percent from the third to the fourth quarter. This advance was associated with an approximately proportionate rise in consumers' expenditures for food. In the first quarter of 1952 food prices declined somewhat below the level reached in late 1951.

The increase in consumers' expenditures for food was reflected in an expansion in the volume of sales by retail food stores and restaurants and other eating and drinking places. Sales of retail food stores rose from a total of 32.8 billion dollars in 1950 to 36.9 billion dollars in 1951 and sales of eating and drinking places increased from 10.6 billion dollars in 1950 to 11.3 billion dollars in 1951.

Proportion of Disposable Income Spent
for Food Unchanged from 1950 to 1951

Consumers spent 26 percent of their disposable personal income (personal income less personal taxes paid) for food in 1950 and in 1951. Although dollar expenditures for food per person were considerably larger in 1951 than in any previous year, they represented a smaller proportion of consumers' disposable income than in the years 1947 through 1949. The proportion spent for food was largest in 1947 when it was 28 percent.

The rapid rise in consumer expenditures for food in the first quarter of 1951 increased the proportion of disposable income spent for food from 25 percent to 27 percent. During the second quarter, expenditures for food, on a seasonally adjusted basis, did not increase although disposable income rose. As a result, the proportion spent for food declined to 26 percent. Expenditures for food and disposable income advanced at about the same rate during the second half of the year.

^{8/} An advance of about 10 percent in retail food prices is indicated by the data in column 6 of table 6, which show the cost to consumers of a fixed quantity of food equal in volume to the 1935-39 annual average consumption per person and of the same types and quality.

THE FARMER'S CONCERN WITH TRANSPORTATION POLICY

By

Frederick V. Waugh and Margaret R. Purcell

Another rail freight-rate increase was authorized on April 11, the eleventh general increase since World War II. After the new increases are effective, the freight-rate level will average about 79 percent higher than that in effect at the end of the war. The consequences may be far reaching. We have again established a high and rigid freight-rate structure, as we did immediately after World War I. Experience has shown that it is easy to raise freight rates when prices are high, but it is hard to reduce them when prices fall.

American farmers have always been very much concerned with transportation policy. Their concern is greatest in periods of depression and low prices. One of the principal grievances voiced by the Granger movement in the last century was against high freight rates at a time farm prices were low. These and other protests led to the establishment of State regulatory commissions and later to the establishment of the Interstate Commerce Commission. Again in the agricultural depression periods of the 1920's and the 1930's, farmers protested vigorously against the high costs of transporting and distributing farm products. These protests, encouraged by low prices, helped give the ICC more and more authority to regulate rail and eventually truck freight rates in the public interest.

It is fairly easy to raise freight rates and many other marketing charges during times of rising prices and farm prosperity because the farmer's cost-price position is relatively favorable. Farmers would do well, however, to study the immediate and long-term effects of raising distribution costs now.

The Department of Agriculture recognized the economic consequences of any further increase in transportation rates. For this reason it took part in the recent hearings before the Interstate Commerce Commission and opposed a further increase in railroad freight rates at this time. It also took the position that if the ICC found that a further rate increase was necessary, it should exempt agricultural products, foods, and farm supplies. The Department contended that further increases in agricultural freight rates would be harmful to our national economy by discouraging farm production and adding to the inflationary forces already operating in our economy. Farm prices are falling while production costs are rising. Therefore, it is time for farmers to think seriously about the economic effects of the freight-rate increases already authorized and about the possibility that rates will go still higher.

The Authorized Increases

The case which was decided by the Interstate Commerce Commission on April 11, known as Ex Parte 175, was started early in 1951. The railroads asked for a general freight-rate increase of 15 percent. They were granted increases averaging 2.4 percent on April 4, 1951, and 4.0 percent on August 28, 1951. They later contended, however, that the increases granted were not enough to cover costs. The ICC decision of April 11 substantially grants the original request of the railroads for a 15-percent increase above the rates

existing at the beginning of 1951. Rates in the East can be increased by about 6 percent above present levels, and rates in the rest of the country can be increased about 9 percent. For all commodities except grain, increases may be put into effect upon 15 days' notice to the public. A 30-day notice will be required for grains and grain products. It is estimated that, as a result of the new rate increase, the general average of freight rates will be about 6.8 percent above the level in effect at the time of the April 11 decision.

There are some "hold-down" provisions of the April 11 decision which are of special interest to agriculture. These hold-down provisions which apply on rates originally established by Ex Parte 168 effective September 1, 1949, (table 7) are likely to prevent the full percentage increase in rates for certain farm products. Maximum increases allowed on products of special interest to agriculture were as follows:

<u>Commodity</u>	<u>Maximum Rate Increase</u>
Fresh fruits and vegetables, melons, and edible nuts, and canned or preserved food products	12 cents per 100 pounds
Sugar	10 cents per 100 pounds
Phosphate rock	60 cents per ton
Potash	\$1.00 per ton
Grain and grain products	12 percent

No increases were authorized on protective services, on charges for loading and unloading livestock, on charges for unloading fresh fruits and vegetables at New York and Philadelphia, or on demurrage.

Table 7.- Rail freight-rate increases since the war, all commodities

Effective date of increase	ICC proceeding	Average percentage increase authorized (all commodities)
		Percent
July 1, 1946 ^{1/}	Ex Parte 148 and 162	6.5
Jan. 1, 1947	Ex Parte 148 and 162	10.4
Oct. 13, 1947	Ex Parte 166	8.9
Jan. 5, 1948	Ex Parte 166	7.6
May 6, 1948	Ex Parte 166	3.6
Aug. 21, 1948	Ex Parte 166	1.0
Jan. 11, 1949	Ex Parte 168	5.2
Sept. 1, 1949	Ex Parte 168	3.7
Apr. 4, 1951	Ex Parte 175	2.4
Aug. 28, 1951	Ex Parte 175	4.0
May 2, 1952	Ex Parte 175	6.8

^{1/} In March 1942 under Ex Parte 148, a 3-percent increase was granted on grain, livestock, and certain other commodities and 6 percent on most other commodities and services, the increases to expire 6 months after the end of World War II. On May 15, 1943, these increases were suspended to Dec. 31, 1943. Four successive actions by the ICC continued the suspension to June 30, 1946.

Ex Parte 148, Ex Parte 175, and Interstate Commerce Commission, Monthly Comment on Transportation Statistics, p. 2, Aug. 13, 1951, and p. 3, Apr. 16, 1952.

Economic Effects of Recent Freight-Rate Increases

Although there have been 11 general increases in freight rates since World War II, the over-all increase in rates has occurred rather gradually. Most of these increases came at times when prices were rising and inventory mark-up brought windfall profits to producers and marketing agencies. Consequently, the economic effects of the rate increases have not attracted very much attention. The effects on agriculture of the latest increase may be considerably different from those upon some other parts of the economy. This is indicated by the decline in farm prices in recent months while retail prices were continuing practically stable. At the same time, farm costs have been rising and the outlook is for some further increases.

Table 7 shows the 11 general increases in freight rates which were effective between July 1, 1946, and May 2, 1952. The first increase after World War II came in 1946. There were two general increases in 1947, three in 1948, two in 1949, two in 1951, and one in 1952. Before the April 11 decision, the level of freight rates averaged 67.6 percent above that at the end of the war. After the latest increase goes into effect, the total increase will be about 79 percent.

Effects on Farm Prices and Production

In opposing further increases in freight rates at the ICC hearings, the Department argued that higher freight rates and higher marketing costs in general were detrimental to full production in agriculture. It is clearly our national policy to encourage maximum agricultural production.

It is very important in this situation that farm prices be high enough to offer incentives to full production. The further increase in freight rates is not going to help this situation. In the short run, it will be borne largely by farmers. Farmers' production plans for this year are well along and the output will depend largely upon weather. The agricultural outlook in general indicates that demand will continue fairly strong but not strong enough to keep prices received by farmers ahead of increases in the cost of things farmers buy and increases in the cost of marketing. The farmer is getting squeezed and the signs are that the squeeze will continue for some time. This does not help the prospects for full production, especially when farm labor finds it easier to get higher-paying jobs in the city.

Effects of Inflation

Inflation slowed up a good deal in the past year and there were some signs that prices are stabilizing. On the other hand, there are signs that costs of production and distribution are continuing to creep up. Although freight rates are only part of those costs, a further push from the cost side may well bring about another wave of inflation.

The current increases in freight rates will probably not have much immediate effect upon retail prices of food. In the longer run, however, such increases tend to discourage farm production and to raise retail prices.

There is no question that some increases in freight rates have been justified since the war because of increases in wages and other necessary costs. but there is also no question that these increases contributed to inflationary pressure.

Retail food prices in March 1952 averaged the same as a year earlier. Farm prices were lower. This is, of course, an indication that the charges for transporting, processing, and distributing farm products continued to rise. There were some indications early this year, however, that retail food prices had begun to stabilize. But such stability is not likely to last very long if marketing and transportation costs continue to creep upward.

The One-Way Flexibility of Freight Rates

Farm prices dropped sharply during the crop year 1920-21 and remained generally below parity levels throughout the entire period between World War I and World War II. During most of this period, railroad freight rates dropped very slowly and gradually, but not nearly enough to compensate for the drop in farm prices. The inflexibility of freight rates and other marketing charges in the 1920's and 1930's doubtless was an important factor in the agricultural depression of those years. Of course, freight rates are not the only inflexible item in marketing costs but they are important and, rightly, give concern to the farmer.

The cost of railroading, like any other business, has gone up in recent years as a result of increases in wages and in the prices of materials. In countries where the railroads are owned and operated by the government, this situation might be met for a considerable time by running a deficit which eventually would be paid by the taxpayers. In the United States, however, the railroads are privately owned and operated. Although railroad rates are subject to ICC control, it is generally understood that the Commission will allow rates which will provide the railroads a reasonable return on investment. For this reason, it has obviously been necessary to increase railroad freight rates considerably since the war.

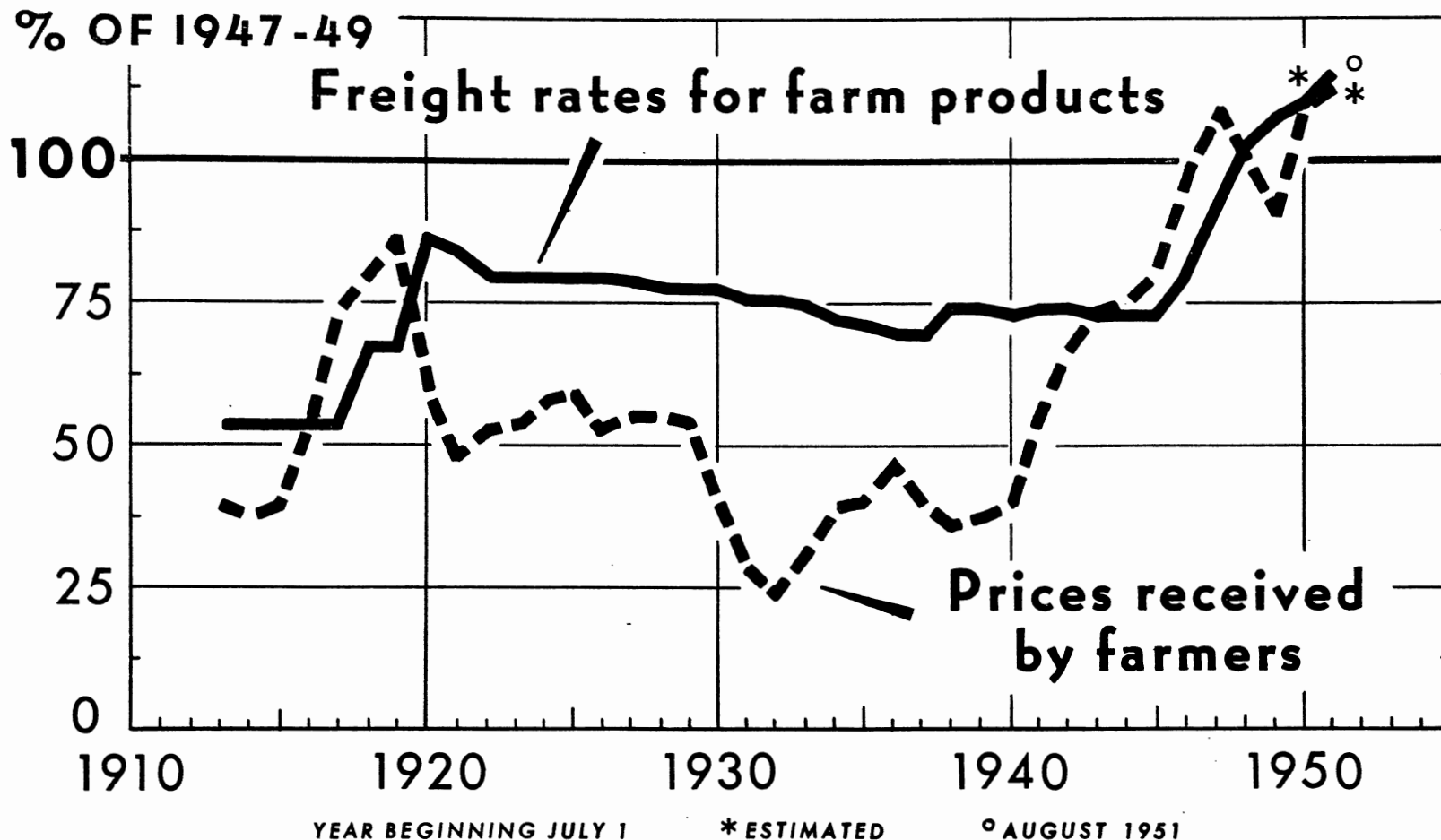
Figure 1 compares the level of freight rates with the level of prices received by farmers for each year from 1914 through 1951. To make such a comparison, the Bureau of Agricultural Economics index of freight rates for farm products, shown by the heavy line, and the index of prices received by farmers were put on a 1947-49 base. The chart illustrates the two-way flexibility in farm prices and the one-way flexibility in freight rates. When farm prices advanced sharply in World War I and again in World War II, railroad freight rates soon caught up. In each case there was a short lag. For a year or two, farm prices ran ahead of freight rates, but it did not take long for the rates to catch up. The chart also shows that when farm prices drop, railroad freight rates come down very little and very slowly.

Interregional Competition 1/

Increases in freight rates may have very different effects upon farmers in different parts of the country. Some farmers live so near the market that their transportation costs are not affected at all. On the other hand, farmers who must ship across the country obviously are affected a great deal. There has been no general economic analysis of the interregional effects of the freight-rate increases that have occurred since World War II. Some material, however, was prepared for presentation at the Massachusetts Rural Outlook Conference held in November 1951 and is used in the following analysis.

1/ This section is based largely on a paper by Bennett S. White, Jr., Bureau of Agricultural Economics, presented at the Massachusetts Rural Outlook Conference, Amherst, Mass., Nov. 29, 1951.

RAILROAD FREIGHT RATES AND PRICES RECEIVED BY FARMERS



Considerable difference of opinion exists as to the comparative effects of percentage or proportionate changes in freight rates on the one hand and absolute changes in dollars and cents on the other. There can be no doubt, however, but that the application of the "hold-down" principle (as in Ex Parte 175) prevents transportation costs of distant producers from rising as much as they would if all rates were raised by a uniform percentage. Thus, the hold-down provision hurts the distant shipper less than a blanket percentage increase. Contrarywise, the local producer gets less protection. And the intermediate shipper is caught in the middle, since his rate may go up by the full percentage.

In measuring the probable effect of changes in transportation rates and charges, farmers are particularly interested to know (1) to what extent rising transportation costs tend to reduce competition for producers in a given area by reducing in-shipment of products from other areas, and (2) to what extent producers in a given area will have their production costs raised by increased transportation charges on items they must bring in from outside their area. The importance of these factors may be illustrated by examining changes in transportation costs for a few commodities of particular interest to New England agricultural producers.

The direct competition between New England and the Midwest in the dairying field is primarily in cream. Increased requirements for New England production for fluid milk purposes and lagging railroad rates during the past 10 years have contributed to an increase in the proportion of cream receipts from the Midwestern States. Rates on cream still appear to be lagging somewhat, as shown in table 8. Instead of participating in recent general rate increases, rail rates on cream were reduced in order to meet truck competition and thus are lower now than in 1948 and 1949 (table 8).

With the exception of cranberries, Massachusetts is a deficit area for fruits and vegetables. Tables 9 through 11, which show changes in rail rates for a few important fruit and vegetable items, give some idea of the protection enjoyed by Massachusetts producers as well as the operation of the rate "hold-down" principle.

Table 9 shows, for example, that the freight rate per hundredweight on apples moving from Rochester, N. Y., and Winchester, Va., to Boston rose 24 cents and 35 cents, respectively, or by more than 70 percent between July 1, 1946, and August 1951. The rate from Yakima, Wash., to Boston, however, went up 48 cents, a percentage rise of only 32.

New England potatoes dominate the markets in this area during the period in which they are moving in volume, but during the remainder of the year there is considerable competition from other areas. During the period 1946 to 1951, as shown by table 10, railroad rates from Caribou, Maine, Cape Charles, Va., Goulds, Fla., and Bakersfield, Calif., rose by 17 cents, 29 cents, 45 cents, and 44 cents, respectively. Percentage increases were 42 percent for Maine, 67 percent for Virginia, 50 percent for Florida, and 33 percent for California.

Absolute increases in rates on lettuce from such places as Englewood, N. J., and Oswego, N. Y., are small in terms of cents but are heavy in terms of percentages (table 11). On the other hand, rates from Salinas, Calif., and Phoenix, Ariz., involve relatively small percentage increases. Intermediate producing areas such as North Carolina and Virginia, where percentage increases in rates have not been dampened by the "hold-down" principle, have had transportation costs raised sharply in both absolute and percentage terms.

Table 8.- Cream and milk: Railroad freight rates per 10-gallon can from Shawano, Wis., to Boston, Mass., on specified dates, June 1, 1946, to August 28, 1951

Commodity	June	July	Jan.	Oct.	Jan.	May	Jan.	Jan.	Sept.	Feb.	Apr.	Aug.	Percentage
	1, 1946	1, 1946	1, 1947	13, 1947	5, 1948	6, 1948	11, 1949	15, 1949	1, 1949	1, 1950	4, 1951	28, 1951	increase from June 1, 1946, to Aug. 28, 1951
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Pct.
Cream, fresh <u>1</u> / ₂	1.59	1.64	1.83	2.01	2.20	2.29	2.40	2.31	2.52	1.96	2.00	1.96	23
Milk, fresh <u>2</u> / ₂	1.27	1.31	1.46	1.61	1.75	1.83	1.92	1.86	2.03	1.57	1.60	1.66	31

1/₂ Cream (40 percent butterfat) equals 8.39 pounds per gallon.
2/₂ Milk (liquid) equals 8.6 pounds per gallon.

Table 9.- Apples: Railroad freight rates per hundredweight to Boston, Mass., on specified dates, July 1, 1946, to August 28, 1951

Origin	July	Jan.	Oct.	Jan.	May	Nov.	Jan.	Sept.	Apr.	Aug.	Percentage
	1, 1946	1, 1947	13, 1947	5, 1948	6, 1948	15, 1948	11, 1949	1, 1949	4, 1951	28, 1951	increase from July 1, 1946, to Aug. 28, 1951
	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Pct.
Rochester, N. Y.	33	36	40	43	47	47	50	52	54	57	72.7
Winchester, Va.	46	52	57	62	68	68	72	75	77	81	76.1
Yakima, Wash.	150	163	179	196	185	183	192	192	194	198	32.0

Table 10.- Potatoes: Railroad freight rates per hundredweight to Boston, Mass., on specified dates, July 1, 1946, to August 28, 1951

Origin	July 1, 1946	Jan. 1, 1947	Oct. 13, 1947	Jan. 5, 1948	Jan. 13, 1948	May 6, 1948	Nov. 15, 1948	Jan. 11, 1949	Sept. 1, 1949	Apr. 4, 1951	Aug. 28, 1951	Percentage increase from July 1, 1946, to Aug. 28, 1951
	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Pct.
Bakersfield, Calif.	132	141	155	169	161	163	161	167	170	172	176	33.3
Caribou, Maine	40	43	47	52	52	56	56	59	52	54	57	42.5
Cape Charles, Va.	43	46	51	55	55	60	60	64	66	68	72	67.4
Goulds, Fla.	90	100	110	120	120	122	120	126	129	131	135	50.0

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Table 11.- Lettuce: Railroad freight rates per hundredweight to Boston, Mass., on specified dates, July 1, 1946, to August 28, 1951

Origin	July 1, 1946	Jan. 1, 1947	Oct. 13, 1947	Jan. 5, 1948	Jan. 13, 1948	May 6, 1948	Nov. 15, 1948	Jan. 11, 1949	Sept. 1, 1949	Apr. 4, 1951	Aug. 28, 1951	Percentage increase from July 1, 1946, to Aug. 28, 1951
	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Pct.
Salinas, Calif.	190	197	217	236	217	219	217	223	226	228	232	22.1
Englewood, N. J.	48	49	54	59	59	64	64	68	70	72	76	58.3
Oswego, N. Y.	32	36	40	43	43	45	45	48	50	52	54	68.7
Burgaw, N. C.	88	98	108	118	118	120	118	125	127	129	133	51.1
Cape Charles, Va.	61	68	75	82	82	88	88	93	97	99	103	68.9
Phoenix, Ariz.	179	187	206	224	207	209	207	213	216	218	222	24.0

Effects of Diversion

It is known generally that in recent years trucks have been taking agricultural business away from the railroads. Comparison of prewar and 1950 receipts of selected commodities trucked to principal markets shows the 1950 truck volume to be up considerably. Part of the rise in the last few years represents a recovery by the trucking industry from wartime shortages and restrictions. Comparison with the prewar peak indicates, however, that, for many commodities, trucks had more than regained their prewar position by 1950 and had moved on to capture a large share of the business formerly held by the rails.

Comparison of actual unloads in recent years with what unloads would have been had rail and truck each retained the same proportion of business held in an earlier base year permits separation of the effect of diversion from the effect of changes in total volume of shipments. On this basis, it is interesting to note that between 1941 and 1949 diversion of traffic from the railroads to trucks was high.

While it is recognized that gains made by trucks at the expense of the railroads may be partly due to characteristics of truck transportation other than lower costs, we can be sure that higher railroad rates do not constitute an effective means for meeting this growing competition. On the contrary, it is generally known that the railroads have found in many individual instances that lowering rates is a means of retaining traffic and revenues which might otherwise have been lost almost completely to competing forms of transportation.

Some Transportation Bills Now Before Congress

In addition to changes in freight rates, agriculture is always interested in Government regulation of the national transportation system. A number of legislative proposals directed toward new or stricter regulation of railroads and trucks are to be expected in each session of the Congress. Primarily as the result of study and hearings on domestic land and water transportation conducted over an extended period under Sen. Res. 50 (81st Cong.), more than 30 bills amending the Interstate Commerce Act have been introduced into the current session of the Congress -- a record number.

Beginning March 3 of this year, month-long hearings were conducted by the Senate Committee on Interstate and Foreign Commerce concurrently on all the bills. Many witnesses stated the views of diversified carrier interests, agriculture, and other segments of the economy. In all, testimony of several hundred witnesses was heard.

Of the bills introduced so far, those arousing the greatest interest among agricultural groups include the following:

S-2357 would restrict sharply the current exemptions from ICC regulation now provided in Part II of the Interstate Commerce Act with respect to trucking of fish and agricultural commodities so as to limit the benefit of the exemption to farmers, in the case of agricultural commodity transport, and to fishermen in the case of fish and shellfish transport.

S-2362 (and subsequent amendments in the nature of a substitute bill) As originally introduced, S-2362 prohibited private carriers by motor vehicle from transporting any property for compensation other than that within the scope of their primary businesses. It also provided that no common or contract carrier of property by motor vehicle should operate a vehicle

unless it was owned by such carrier or was leased from another person authorized by the ICC to operate as a common or contract carrier.

As amended, the bill now prohibits the ICC from restricting or limiting "the right of the carrier to add to or replace his ... equipment and facilities ... by purchase, lease, exchange ..."

S-2363 would establish maximum dimensions and weight limits for motor vehicles operating subject to the Interstate Commerce Act as follows:

- Maximum width 96 inches
- Maximum height 12-1/2 feet
- Maximum length
 - single unit 35 feet
 - semi-trailers 50 feet
 - other combinations 60 feet
- Maximum axle load 18,000 pounds except in those States permitting greater loads

S-2518 and

S-2519 would amend Section 15(a) and insert in Part I of the Interstate Commerce Act a new section -- 15(b) -- under which railroads might obtain general rate increases merely by making a showing of increased costs to the Commission. Any traffic or class of traffic to which the railroads did not desire to apply the increase would be excepted.

These bills are probably the most controversial as well as the most important measures proposed, since they would alter drastically present rate-making practices by permitting railroads to increase rates immediately when operating costs rose instead of waiting for formal ICC approval.

SELECTED NEW PUBLICATIONS

1. "Costs of Distributing Milk in the Portland Market," by G. E. Korzan, Albert B. Davis, and Donovan D. MacPherson, Oregon Agr. Expt. Sta. Bul. 510, Feb. 1952. (Oreg. Agr. Expt. Sta., Oreg. Milk Marketing Administration, and BAE cooperating.)
2. "Factors Affecting the Annual Auction Price of Florida Oranges," by William S. Hoofnagle, Bur. Agr. Econ., Mar. 1952. (Agr. Expt. Stas. of Fla. and Tex., FCA, PMS, and BAE cooperating; RMA.) (Processed.)
3. "Trends in the Production and Disposition of Milk," by Warren E. Collins in collaboration with members of the Southern Regional Dairy Marketing Committee, Southern Cooperative Series, Bul. No. 19, Dec. 1951. (Agr. Expt. Stas. of Ala., Ark., Ga., La., Miss., S. C., Tenn., and Tex. and BAE cooperating; RMA.)

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

Table 12.- 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, January 1952 1/

Commodity	Farm equivalent	Retail unit	Retail	Gross	Byproducts	Net	Margin	Government	Marketing	Farmer's
			price	farm	allowances	adjusted	marketing	charges	share	
			Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket			745.36	---	---	363.70	381.66	-0.34	381.32	49
Meat products			226.61	145.05	7.39	137.66	88.95	---	88.95	61
Dairy products			141.89	80.66	---	80.66	61.23	---	61.23	57
Poultry and eggs		1935-39 annual average	49.57	32.38	---	32.38	17.19	---	17.19	65
Bakery and other cereal products:	Farm produce equivalent of annual family purchases	quantities purchased per family of three average consumers	104.63	---	---	28.16	76.47	-.04	76.43	27
All ingredients			---	28.47	6.07	22.40	---	---	---	21
Grain			38.66	19.04	4.16	14.88	23.78	---	23.78	38
Other cereal products			---	---	---	---	---	---	---	---
All fruits and vegetables			178.72	68.82	---	68.82	109.90	---	109.90	39
Fresh fruits and vegetables			143.74	59.99	---	59.99	83.75	---	83.75	42
Fresh vegetables			96.25	40.57	---	40.57	55.68	---	55.68	42
Canned fruits and vegetables			22.94	4.56	---	4.56	18.38	---	18.38	20
Miscellaneous products			43.94	---	---	16.02	27.92	-.30	27.62	37
			Cents	Cents	Cents	Cents	Cents	Cents	Cents	Percent
Beef (Choice grade) 2/	2.16 lb. Choice grade cattle	Pound	88.4	4/69.6	6.2	63.4	25.0	---	25.0	72
Lamb	2.16 lb. lambs	Pound	81.6	60.9	10.9	50.0	31.6	---	31.6	61
Pork (including lard)	1.41 lb. hogs	Pound	42.2	24.5	.3	24.2	18.0	---	18.0	57
Butter	Butterfat and farm butter	Pound	88.9	65.0	---	65.0	23.9	---	23.9	73
Cheese, American	10.08 lb. milk	Pound	64.4	39.2	---	39.2	25.2	---	25.2	61
Evaporated milk	1.95 lb. milk	1 1/4-oz. can	15.1	7.79	---	7.79	7.3	---	7.3	52
Fluid milk	Farm retail and wholesale	Quart	22.9	13.53	---	13.53	9.4	---	9.4	59
Ice cream	1.8 lb. milk	Pint	31.4	8.21	---	8.21	23.2	---	23.2	26
Eggs	1.03 doz.	Dozen	58.8	41.7	---	41.7	17.1	---	17.1	71
Chicken	1.136 lb.	Pound	51.3	28.5	---	28.5	22.8	---	22.8	56
White bread	.912 lb. wheat	Pound	16.2	3.34	.70	2.64	13.6	---	13.6	16
Corn flakes	1.05 lb. corn	8-oz. pkg.	13.9	3.70	1.32	2.38	11.5	---	11.5	17
Corn meal	1.343 lb. corn	Pound	8.1	4.05	.65	3.38	4.7	---	4.7	42
Flour, white	1.41 lb. wheat	Pound	9.1	5.17	1.09	4.08	5.0	---	5.0	45
Rice	1.68 lb. rough	Pound	16.5	8.64	1.24	7.40	9.1	---	9.1	45
Rollod oats	2.05 lb. oats	Pound	14.5	6.01	1.38	4.63	9.9	---	9.9	32
Apples	.0224 bu.	Pound	11.4	5.22	---	5.22	6.2	---	6.2	46
Oranges	.0613 box - fresh use	Dozen	45.1	12.4	---	12.4	32.7	---	32.7	27
Beans, snap	.0375 bu.	Pound	20.3	8.81	---	8.81	11.5	---	11.5	43
Cabbage	1.10 lb.	Pound	14.3	8.22	---	8.22	6.1	---	6.1	57
Carrots	.0222 bu.	Bunch	15.8	5.77	---	5.77	10.0	---	10.0	37
Lettuce	.0185 crt.	Head	21.0	9.71	---	9.71	11.3	---	11.3	46
Onions	1.06 lb.	Pound	10.7	5.00	---	5.00	5.7	---	5.7	47
Potatoes	.0174 bu.	Pound	6.9	3.60	---	3.60	3.3	---	3.3	52
Sweetpotatoes	.0204 bu.	Pound	13.5	7.08	---	7.08	6.4	---	6.4	52
Tomatoes	.0291 bu.	Pound	28.7	14.18	---	14.18	14.5	---	14.5	49
Peaches, canned	1.89 lb. Calif. cling	No. 2 1/2 can	34.4	7.15	---	7.15	27.2	---	27.2	21
Corn, canned	3.03 lb. sweet	No. 2 can	22.9	3.56	---	3.56	19.3	---	19.3	16
Peas, canned	.89 lb.	No. 2 can	14.8	3.88	---	3.88	10.9	---	10.9	26
Tomatoes, canned	2.41 lb.	No. 2 can	17.7	3.80	---	3.80	13.9	---	13.9	21
Prunes	1 lb. dried, California	Pound	26.7	10.65	---	10.65	16.0	---	16.0	40
Navy beans	1 lb. Mich. and N. Y. pea beans	Pound	14.7	5.84	---	5.84	8.9	---	8.9	40
Beet sugar	7.15 lb. sugar beets	Pound	10.6	4.05	.20	3.85	6.8	-.54	6.3	36
Cane sugar	13.44 lb. sugar cane	Pound	10.3	4.74	.77	3.97	6.3	-.54	5.8	39
Margarine	Cottonseed, soybeans, and skim milk	Pound	31.6	---	---	10.92	20.7	---	20.7	35
Vegetable shortening	Cottonseed and soybeans	Pound	33.7	---	---	13.49	20.2	---	20.2	40

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/ Name of grade was changed from Good to Choice on Dec. 29, 1950.

4/ Gross farm value before adjusting for Choice grade premium was 58.8 cents.

Table 13.- 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, February 1952 ^{1/}

Commodity	Farm equivalent	Retail unit	Retail	Gross	Byproduct	Net	Margin	Government	Marketing	Farmer's	
			price	farm value	allowance	farm value	adjusted for byproducts	marketing taxes (-) and payments (+)	charges ^{2/}	share	
			Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Percent	
Market basket			725.74	---	---	353.58	372.16	-0.34	371.82	49	
Meat products			221.64	145.52	7.16	138.50	83.14	---	83.14	62	
Dairy products			142.88	82.02	---	82.02	60.86	---	60.86	57	
Poultry and eggs			1935-39 annual average	48.03	29.66	---	29.66	18.37	---	18.37	62
Bakery and other cereal products:	Farm produce equivalent of annual family purchases	quantities purchased, per family of three average consumers	105.57	---	---	27.88	77.69	-.04	77.65	26	
All ingredients			---	28.15	5.85	22.30	---	---	---	21	
Grain			38.78	18.82	4.01	14.81	23.97	---	23.97	38	
Other cereal products			164.27	59.54	---	59.54	104.73	---	104.73	36	
All fruits and vegetables			129.30	50.81	---	50.81	78.49	---	78.49	39	
Fresh fruits and vegetables ..			82.64	32.27	---	32.27	50.37	---	50.37	39	
Fresh vegetables			22.92	4.58	---	4.58	18.34	---	18.34	20	
Canned fruits and vegetables ..			43.35	---	---	15.98	27.37	-.30	27.07	37	
Miscellaneous products											
			Cents	Cents	Cents	Cents	Cents	Cents	Cents	Percent	
Beef (Choice grade) ^{3/}	2.16 lb. Choice grade cattle	Pound	87.9	4/69.6	5.8	64.0	23.9	---	23.9	73	
Lamb	2.16 lb. lambs	Pound	75.9	57.9	10.8	47.1	28.8	---	28.8	62	
Pork (including lard)	1.41 lb. hogs	Pound	40.4	24.3	.4	23.9	16.5	---	16.5	59	
Butter	Butterfat and farm butter	Pound	91.0	67.3	---	67.3	23.7	---	23.7	74	
Cheese, American	10.08 lb. milk	Pound	64.1	38.2	---	38.2	25.9	---	25.9	60	
Evaporated milk	1.95 lb. milk	14-oz. can	15.2	7.90	---	7.90	7.3	---	7.3	52	
Fluid milk	Farm retail and wholesale	Quart	22.9	13.65	---	13.65	9.3	---	9.3	60	
Ice cream	1.8 lb. milk	Pint	31.5	8.42	---	8.42	23.1	---	23.1	27	
Eggs	1.03 doz.	Dozen	53.0	35.6	---	35.6	17.4	---	17.4	67	
Chicken	1.136 lb.	Pound	54.1	29.2	---	29.2	24.9	---	24.9	54	
White bread .....	.912 lb. wheat	Pound	16.4	3.31	.68	2.63	13.8	---	13.8	16
Corn flakes	1.05 lb. corn	8-oz. pkg.	13.9	3.38	1.14	2.24	11.7	---	11.7	16	
Corn meal	1.343 lb. corn	Pound	8.3	3.98	.62	3.36	4.9	---	4.9	40	
Flour, white	1.1 lb. wheat	Pound	9.1	5.12	1.05	4.07	5.0	---	5.0	45	
Rice	1.68 lb. rough	Pound	16.6	8.77	1.25	7.52	9.1	---	9.1	45	
Rolled oats	2.05 lb. oats	Pound	14.6	5.70	1.41	4.29	10.3	---	10.3	29	
Apples .....	.0224 bu.	Pound	11.8	5.29	---	5.29	6.5	---	6.5	45
Oranges .....	.0613 box - fresh use	Dozen	43.5	13.6	---	13.6	29.9	---	29.9	31
Beans, snap .....	.0375 bu.	Pound	25.3	14.06	---	14.06	11.2	---	11.2	56
Cabbage	1.10 lb.	Pound	8.9	2.42	---	2.42	6.5	---	6.5	27	
Carrots .....	.0222 bu.	Branch	11.9	3.00	---	3.00	8.9	---	8.9	25
Lettuce .....	.0185 crt.	Head	11.9	3.79	---	3.79	8.1	---	8.1	32
Onions	1.06 lb.	Pound	11.1	4.79	---	4.79	6.3	---	6.3	43	
Potatoes .....	.0174 bu.	Pound	6.5	3.57	---	3.57	2.9	---	2.9	55
Sweetpotatoes .....	.0204 bu.	Pound	14.1	7.28	---	7.28	6.8	---	6.8	52
Tomatoes .....	.0231 bu.	Pound	24.4	10.79	---	10.79	13.6	---	13.6	44
Peaches, canned	1.89 lb. Calif. cling	No. 2 1/2 can	34.6	7.15	---	7.15	27.4	---	27.4	21	
Corn, canned	1.303 lb. sweet	No. 2 can	23.1	3.56	---	3.56	19.5	---	19.5	15	
Peas, canned .....	.89 lb.	No. 2 can	14.8	3.88	---	3.88	10.9	---	10.9	26
Tomatoes, canned	2.41 lb.	No. 2 can	17.6	3.80	---	3.80	13.8	---	13.8	22	
Prunes	1 lb. dried, California	Pound	26.5	9.95	---	9.95	16.6	---	16.6	38	
Navy beans	1 lb. Mich. and N. Y. pea beans	Pound	14.8	6.63	---	6.63	8.2	---	8.2	45	
Beet sugar	7.15 lb. sugar beets	Pound	10.6	4.06	.21	3.85	6.7	-.54	6.2	36	
Cane sugar	13.44 lb. sugar cane	Pound	10.3	4.71	.74	3.97	6.3	-.54	5.8	39	
Margarine	Cottonseed, soybeans, and skim milk	Pound	30.1	---	---	10.92	19.2	---	19.2	36	
Vegetable shortening	Cottonseed and soybeans	Pound	33.1	---	---	13.48	19.6	---	19.6	41	

^{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/} Name of grade was changed from Good to Choice on Dec. 29, 1950.

^{4/} Gross farm value before adjusting for Choice grade premium was 59.6 cents.

Table 14.- Price spreads between farmers and consumers - food products: Retail price and farm value, February 1952 compared with the 1935-39 average, February 1951 and January 1952 1/

Commodity	Retail unit	Retail price						Net farm value 2/							
		1935-39 average		Feb. 1951	Jan. 1952	Feb. 1952	Percentage change from Feb. 1952		1935-39 average		Feb. 1951	Jan. 1952	Feb. 1952	Percentage change from Feb. 1952	
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Percent	Percent
		1951	1952	1951	1952	1951	1952	1951	1952	1951	1952	1951	1952	1951	1952
Market basket		341.19	3/725.74	745.36	725.74	0	- 3	134.73	3/370.82	363.70	353.58	- 5	- 3		
Meat products		88.57	224.93	226.61	221.64	- 1	- 2	41.60	151.48	137.66	138.50	- 9	+ 1		
Dairy products		67.31	134.29	141.89	142.88	+ 6	+ 1	33.42	3/ 74.31	80.66	82.02	+ 10	+ 2		
Poultry and eggs	1935-39 annual average	26.47	49.32	49.57	48.03	- 4	- 3	17.57	33.29	32.38	29.66	- 11	- 8		
Bakery and other cereal products	quantities purchased per family of three consumers	55.09	3/104.47	104.63	105.57	+ 1	+ 1	11.63	3/ 29.85	28.16	27.88	- 7	- 1		
Other cereal products	average	18.46	3/ 37.68	38.66	38.78	+ 3	4/	5.98	3/ 15.70	14.88	14.81	- 6	4/		
All fruits and vegetables		77.79	3/164.49	178.72	164.27	4/	- 8	23.98	3/ 63.48	68.82	59.54	- 6	- 13		
Fresh fruits and vegetables		57.85	3/123.39	143.74	129.30	+ 1	- 10	20.37	3/ 55.04	59.99	50.81	- 8	- 15		
Fresh vegetables		33.16	81.85	96.25	82.64	+ 1	- 14	11.48	3/ 34.43	40.57	32.27	- 6	- 20		
Canned fruits and vegetables		14.14	23.38	22.94	22.92	- 2	4/	1.93	3/ 4.11	4.56	4.58	+ 11	4/		
Miscellaneous products		25.96	3/ 47.74	43.94	43.35	- 9	- 1	6.53	3/ 18.41	16.02	15.98	- 13	4/		
		Cents	Cents	Cents	Cents	Percent	Percent	Cents	Cents	Cents	Cents	Percent	Percent		
Beef (Choice grade) 5/	Pound	29.1	85.0	88.4	87.9	+ 3	- 1	16.2	3/ 65.0	3/ 63.0	64.0	- 2	+ 2		
Lamb	Pound	26.8	74.6	81.6	75.9	+ 2	- 7	13.2	50.1	50.0	47.1	- 6	- 6		
Pork (Including lard)	Pound	22.6	45.4	42.2	40.4	- 11	- 4	11.7	30.6	24.2	23.9	- 22	- 1		
Butter	Pound	35.0	80.4	88.9	91.0	+ 13	+ 2	23.9	57.4	65.0	67.3	+ 17	+ 4		
Cheese, American	Pound	25.9	63.8	64.4	64.1	4/	4/	13.6	3/ 37.9	39.2	38.2	+ 1	- 3		
Evaporated milk	14 1/2-oz. can	7.5	14.8	15.1	15.2	+ 3	+ 1	2.86	7.26	7.79	7.90	+ 9	+ 1		
Fluid milk	Quart	11.4	21.6	22.9	22.9	+ 6	0	6.30	3/ 12.64	13.53	13.65	+ 8	+ 1		
Ice cream	Pint	6/	6/	31.4	31.5	---	4/	6/	6/	8.21	8.42	---	+ 3		
Eggs	Dozen	29.0	57.8	58.8	53.0	- 8	- 10	22.3	42.6	41.7	35.6	- 16	- 15		
Chicken	Pound	30.0	53.0	51.3	54.1	+ 2	+ 5	16.9	30.6	28.5	29.2	- 5	+ 2		
White bread	Pound	9.1	16.4	16.2	16.4	0	+ 1	1.08	3/ 2.80	2.64	2.63	- 6	4/		
Corn flakes	8-oz. pkg.	7.9	12.9	13.9	13.9	+ 8	0	.84	2.28	3/ 2.39	2.24	- 2	- 6		
Corn meal	Pound	3.0	7.8	8.1	8.3	+ 6	+ 2	1.40	3.25	3/ 3.36	3.36	+ 3	0		
Flour, white	Pound	3.9	8.9	9.1	9.1	+ 2	0	1.67	3/ 4.33	4.08	4.07	- 6	4/		
Rice	Pound	7.2	3/ 16.9	16.5	16.6	- 2	+ 1	2.37	3/ 8.37	7.40	7.52	- 10	+ 2		
Rolled oats	Pound	7.3	14.0	14.5	14.6	+ 4	+ 1	1.74	4.54	4.63	4.29	- 6	- 7		
Apples	Pound	4.9	10.8	11.4	11.8	+ 9	+ 4	2.03	3/ 4.59	5.22	5.29	+ 15	+ 1		
Oranges	Dozen	30.3	49.1	45.1	43.5	- 11	- 4	11.0	17.7	12.4	13.6	- 23	+ 10		
Beans, snap	Pound	11.3	26.0	20.3	25.3	- 3	+ 25	4.49	9.94	8.81	14.06	+ 41	+ 60		
Cabbage	Pound	3.4	14.5	14.3	8.9	- 39	- 38	.81	3/ 7.73	8.22	2.42	- 69	- 71		
Carrots	Bunch	5.4	14.1	15.8	11.9	- 16	- 25	1.69	3/ 4.77	5.77	3.00	- 37	- 48		
Lettuce	Head	8.7	15.6	21.0	11.9	- 24	- 43	2.89	3/ 4.53	9.71	3.79	- 16	- 61		
Onions	Pound	4.5	7.7	10.7	11.1	+ 44	+ 4	1.30	3/ 2.55	5.00	4.79	+ 88	- 4		
Potatoes	Pound	2.5	4.2	6.9	6.5	+ 55	- 6	1.25	1.79	3.60	3.57	+ 99	- 1		
Sweetpotatoes	Pound	4.0	8.6	13.5	14.1	+ 64	+ 4	1.65	4.18	7.08	7.28	+ 74	+ 3		
Tomatoes	Pound	6/	33.3	28.7	24.4	- 27	- 15	6/	3/ 19.70	14.13	10.79	- 45	- 24		
Peaches, canned	No. 2 1/2 can	18.7	33.2	34.4	34.6	+ 4	+ 1	2.53	3/ 5.67	7.15	7.15	+ 26	0		
Cane sugar	No. 2 can	12.1	20.5	22.9	23.1	+ 13	+ 1	1.50	3/ 2.73	3.56	3.56	+ 30	0		
Peas, canned	No. 2 can	15.6	15.6	14.8	14.8	- 5	0	2.29	3.59	3.88	3.88	+ 8	0		
Tomatoes, canned	No. 2 can	9.4	18.9	17.7	17.6	- 7	- 1	1.49	3/ 3.05	3.80	3.80	+ 25	0		
Prunes	Pound	10.0	27.8	26.7	26.5	- 5	- 1	2.99	3/ 10.63	10.65	9.95	- 6	- 7		
Navy beans	Pound	6.5	16.2	14.7	14.8	- 9	+ 1	3.02	6.28	5.84	6.63	+ 6	+ 14		
Beet sugar	Pound	5.7	10.5	10.6	10.6	+ 1	0	1.73	3/ 3.77	3.85	3.85	+ 2	0		
Cane sugar	Pound	5.5	10.3	10.3	10.3	0	0	1.78	3/ 3.85	3.97	3.97	+ 3	0		
Margarine	Pound	18.1	3/ 37.8	31.6	30.1	- 20	- 5	4.30	3/ 13.59	10.92	10.92	- 20	0		
Vegetable shortening	Pound	19.5	38.3	33.7	33.1	- 14	- 2	5.26	3/ 16.91	13.49	13.48	- 20	4/		

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/ Adjusted to exclude imputed value of nonfood byproducts obtained in processing.

3/ Revised.

4/ Less than 0.5 percent.

5/ Name of grade was changed from Good to Choice on Dec. 29, 1950.

6/ Price data not available.

Table 15.- Price spreads between farmers and consumers - food products: Marketing charges and farmer's share of retail price, February 1952 compared with the 1935-39 average, February 1951 and January 1952 1/

Commodity	Retail unit	Marketing charges 2/						Farmer's share			
		1935-39 average	Feb. 1951	Jan. 1952	Feb. 1952	Percentage change from -		1935-39 average	Feb. 1951	Jan. 1952	Feb. 1952
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Percent	Percent	Percent	Percent
Market basket		204.47	3/354.58	381.32	371.82	+ 5	- 2	40	51	49	49
Meat products		45.88	73.45	88.95	83.14	+ 13	- 7	47	67	61	62
Dairy products		33.89	3/ 59.98	61.23	60.86	+ 1	- 1	50	55	57	57
Poultry and eggs	1935-39 annual average	8.90	16.53	17.19	18.37	+ 11	+ 7	66	67	65	62
Bakery and other cereal products:											
All ingredients purchased:	quantities	42.80	3/ 74.58	76.43	77.65	+ 4	+ 2	21	29	27	26
Grain	of three consumers	---	---	---	---	---	---	16	---	---	---
Other cereal products	average	12.10	3/ 21.98	23.78	23.97	+ 9	+ 1	32	42	38	38
All fruits and vegetables		53.81	3/101.01	109.90	104.73	+ 4	- 5	31	39	39	36
Fresh fruits and vegetables ...		37.48	3/ 73.35	83.75	78.49	+ 7	- 6	35	3/ 43	42	39
Fresh vegetables		21.68	3/ 47.42	55.68	50.37	+ 6	- 10	35	3/ 42	42	39
Canned fruits and vegetables ..		12.21	3/ 19.27	18.38	18.34	- 5	4/	14	3/ 18	20	20
Miscellaneous products		19.19	3/ 29.03	27.62	27.07	- 7	- 2	25	3/ 39	3/ 36	37
		Cents	Cents	Cents	Cents	Percent	Percent	Percent	Percent	Percent	Percent
Beef (Choice grade) 5/	Pound	12.9	3/ 20.0	25.4	23.9	+ 20	- 6	56	3/ 76	3/ 71	73
Lamb	Pound	13.6	24.5	31.6	28.8	+ 18	- 9	49	67	61	62
Pork (including lard)	Pound	10.3	14.8	18.0	16.5	+ 11	- 8	52	67	57	59
Butter	Pound	11.1	23.0	23.9	23.7	+ 3	- 1	68	71	73	74
Cheese, American	Pound	12.3	3/ 25.9	25.2	25.9	0	+ 3	53	59	61	60
Evaporated milk	14 1/2-oz. can	4.6	7.5	7.3	7.3	- 3	0	38	49	52	52
Fluid milk	Quart	5.1	3/ 9.0	9.4	9.3	+ 3	- 1	55	59	59	60
Ice cream	Pint	6/	6/	23.2	23.1	---	4/	6/	6/	26	27
Eggs	Dozen	6.7	15.2	17.1	17.4	+ 14	+ 2	77	74	71	67
Chicken	Pound	13.1	22.4	22.8	24.9	+ 11	+ 9	56	58	56	54
White bread	Pound	7.9	13.6	13.6	13.8	+ 1	+ 1	12	17	16	16
Corn flakes	8-oz. pkg.	7.1	10.6	11.5	11.7	+ 10	+ 2	11	18	17	16
Corn meal	Pound	1.6	4.6	4.7	4.9	+ 7	+ 4	47	42	3/ 41	40
Flour, white	Pound	2.1	3/ 4.6	5.0	5.0	+ 9	0	43	49	45	45
Rice	Pound	4.7	3/ 8.5	9.1	9.1	+ 7	0	33	50	45	45
Rolls oats	Pound	5.6	9.5	9.9	10.3	+ 8	+ 4	24	32	32	29
Apples	Pound	2.9	6.2	6.2	6.5	+ 5	+ 5	41	3/ 42	46	45
Oranges	Dozen	19.3	31.4	32.7	29.9	- 5	- 9	36	36	27	31
Beans, snap	Pound	6.8	16.1	11.5	11.2	- 30	- 3	40	38	43	56
Cabbage	Pound	2.6	3/ 6.8	6.1	6.5	- 4	+ 7	24	3/ 53	57	27
Carrots	Bunch	3.7	3/ 9.3	10.0	8.9	- 4	- 11	31	3/ 34	37	25
Lettuce	Head	5.8	3/ 11.1	11.3	8.1	- 27	- 28	33	3/ 29	46	32
Onions	Pound	3.2	3/ 5.1	5.7	6.3	+ 24	+ 11	29	3/ 33	47	43
Potatoes	Pound	1.3	2.4	3.3	2.9	+ 21	- 12	50	43	52	55
Sweetpotatoes	Pound	2.4	4.4	6.4	6.8	+ 55	+ 6	41	49	52	52
Tomatoes	Pound	6/	3/ 13.6	14.5	13.6	0	- 6	6/	3/ 59	49	44
Peaches, canned	No. 2 1/2 can	16.2	27.5	27.2	27.4	4/	+ 1	14	17	21	21
Corn, canned	No. 2 can	10.6	17.8	19.3	19.5	+ 10	+ 1	12	13	16	15
Peas, canned	No. 2 can	13.3	12.0	10.9	10.9	- 9	0	15	23	26	26
Tomatoes, canned	No. 2 can	7.9	15.9	13.9	13.8	- 13	- 1	16	16	21	22
Prunes	Pound	7.0	17.2	16.0	16.6	- 3	+ 4	30	38	40	38
Navy beans	Pound	3.5	9.9	8.9	8.2	- 17	- 8	46	39	40	45
Beet sugar	Pound	3.6	3/ 6.2	6.3	6.2	0	- 2	30	36	36	36
Cane sugar	Pound	3.4	3/ 6.0	5.8	5.8	- 3	0	32	3/ 27	39	39
Margarine	Pound	13.2	3/ 24.2	20.7	19.2	- 21	- 7	24	3/ 36	35	36
Vegetable shortening	Pound	14.2	3/ 21.4	20.2	19.6	- 8	- 3	27	3/ 44	40	41

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 margins (difference between retail cost and net farm value, table 14) minus processor taxes plus Government payments to marketing agencies.

3/ Revised.

4/ Less than 0.5 percent.

5/ Name of grade was changed from Good to Choice on Dec. 29, 1950.

6/ Price data not available.

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