

### Food Cost Increases May Total Another 2-3 Percent In 1968

According to the 1968 outlook issue of USDA's The Marketing and Transportation Situation, "An increase of two to three percent in the retail cost of the market basket of farm-originated foods is in prospect for 1968. Much of the increase will come from higher prices for meats, chickens, eggs, and fruits. Returns to farmers from the products in the market basket are expected to be slightly higher in 1968 than in 1967.

"The spread between the retail cost and farm value of the market basket foods probably will average two to three percent wider in 1968 than in 1967. Spreads are likely to increase for most products in the market basket.

"Costs of performing marketing services probably will go up again next year due to rising prices of major inputs. Hourly earnings of market firm employees are likely to rise more than output per man-hour, causing an increase in labor costs per unit of product. Other operating costs are expected to rise.

"Farmers probably will receive 38 cents of the dollar that consumers spend for the foods in the market basket in 1968—the same share as in 1967."

In 1967, the report points out, "the bill for marketing domestic farm-originated foods bought by U.S. civilian consumers increased five percent from the previous year, according to preliminary estimates. For the second consecutive year, the increase was significantly larger than the average yearly gain in the past 10 years. The marketing bill this year is estimated at \$58 billion—up \$2.7 billion from 1966. Rising unit marketing charges and expansion in volume of products marketed accounted for the rise. Receipts by farmers for these food products probably will total about \$27.5 billion this year—two percent less than in 1966. Consumer expenditures for these products are expected to total \$85.5 billion—three percent higher than 1966."

In discussing the various factors involved in marketing costs, the report makes these points about labor costs:

"Employees in food market-

ing establishments earned an average of \$2.50 per hour in August this year—five percent more than a year earlier. This rise exceeds the average annual increase of four percent during 1957-66.

"Increases in average hourly earnings of food marketing employees were comparable to those in other lines of manufacturing and trade. Hourly earnings in food manufacturing establishments averaged \$2.61 in August this year, about five percent higher than a year earlier. In all manufacturing establishments, the average was \$2.82—up four percent from August 1966. In the wholesale food trade, employees averaged \$2.67 per hour in August—six percent more than a year earlier. This compares with an hourly average of \$2.88 in all wholesale trades—five percent higher than in August last year. Earnings of employees in retail food stores averaged \$2.22—four percent more than in August 1966.

Employees in all retail establishments earned an hourly average of \$2.01 in August—six

percent higher than a year earlier."

"Hourly costs of the labor engaged in marketing food products (includes fringe benefits as well as payrolls) averaged 39% higher in 1966 than in 1957-59. But a substantial improvement in output of products marketed per man-hour held the increase in labor cost per unit of product marketed to 14%."

Profits: "Profits after taxes for corporations manufacturing food and kindred products (not including alcoholic beverages) averaged 2.2% of sales in the first half of 1967, compared with 2.5% a year earlier, according to a joint report of the Federal Trade Commission and the Securities and Exchange Commission. After tax profits average about 99% of stockholders' equity in the first half of 1967—compared with 11.0% a year earlier.

"Profits, as a percentage of sales, of 16 leading food chains averaged 1.0% in the first half of 1967, compared with 1.3% a year earlier. In 1966, profits for these food chains had averaged 1.2% of sales—the same as in 1965. They had averaged 1.2 to

1.3% during 1957-64. Profits as a percentage of stockholders' equity declined each year (averaged 11.4% in 1966.)

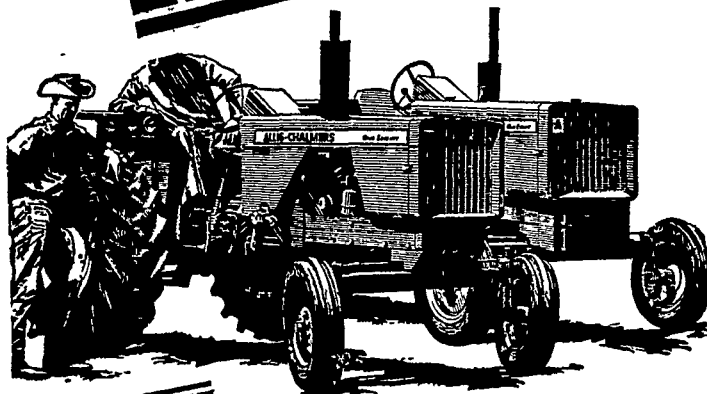
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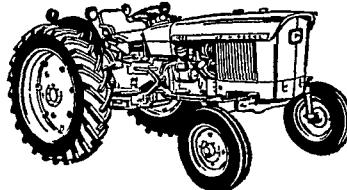
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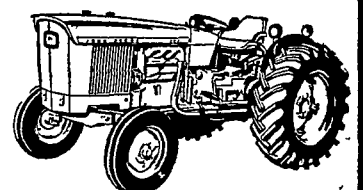
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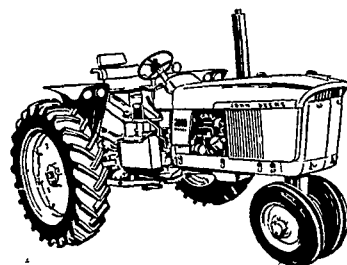
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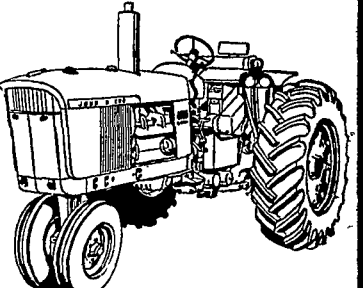
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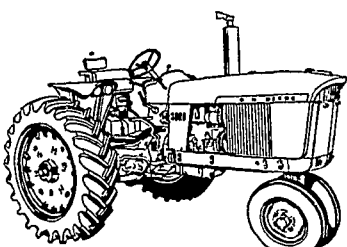
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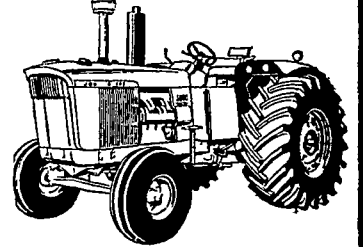
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### Agricultural College Enrollment Increases

This year's enrollment in the nation's agricultural colleges is seven percent greater than in 1966, according to Dr. William E. McDaniel, dean of the College of Agricultural Sciences at the University of Delaware.

At the national level, McDaniel said that 1967 fall term enrollment for baccalaureate degree programs in agriculture is 47,723, an increase of 3,127 over the 44,596 students enrolled in 1966. Greatest increases in enrollment came in junior and senior classes, indicating that a large number of students transferred to agricultural colleges from other colleges and universities.

Graduate students enrolled in agricultural courses increased about 10 percent nationally. McDaniel said that the total agricultural enrollment in graduate school was 16,154 compared to 14,687 in 1966. Fields of graduate study showing the largest increases were animal science, agricultural economics and agricultural education.

Enrollment figures are for the 68 member institutions of the National Association of State Universities and Land Grant Colleges.