

How Farmers Make Food

Abundant food is America's strength

America's greatest blessing is its abundant food supply. No other country in history has enjoyed a table set with such nutritious, high quality food, priced to make it available to all. We eat over 200 pounds of meat per person and enjoy fresh fruits and vegetables all year long. For many Americans, the food problem is too many calories instead of not enough.

We spent only 15% of our income for food . . . the lowest of any place in the world. And we require fewer hours of labor to put food on the table.

Abundant food is the key to the strength of America. First of all, it provides the nutrition for an energetic, innovative people. No country can be productive without a high standard of nutrition for its people. The efficiency of American agriculture frees people to work in industry. Only 4% of our people farm the land, and produce the world's highest standard of living. In Pakistan, 70% of the people are tied to the land and still have starvation level diets.

Our wonderfully efficient agriculture provides eagerly sought products for export. Many traditional exports of the U.S. no longer are competitive in foreign markets. Agricultural provides the brightest opportunity to narrow the balance of trade deficit that caused two devaluations of the dollar. Farmers have been making a tremendous contribution to America's well-being, but have seldom been adequately rewarded. The advance in food prices has been smaller than other products — and only a small percentage has filtered-down to the man on the land.

This booklet shows why food prices are tending upward here and around the world . . . and why our food remains the world's best value.

by H. Lee Schwanz

Plentiful, low cost food makes America the envy of the world

The astonishing productivity of the American farmer has made the United States the envy of the world. No other country can match us in the variety, quantity and quality of our food. It takes only 15.7 percent of our disposable income to pay our food bill, leaving the remainder for the other things that have become so important to our way of life. We can purchase more food with an hour of labor than any other people on earth . . . and that is the true measure of outstanding performance. The American farmer has made a tremendous contribution to the economy of our country. His productivity has helped keep the price of food far below the trend in wages and other things we buy.

A.O. Smith Harvestore Products, Inc. welcomes the opportunity to show that food is fairly priced — and that farmers' hard work and willingness to invest and take risks have provided a higher standard of living for everyone.

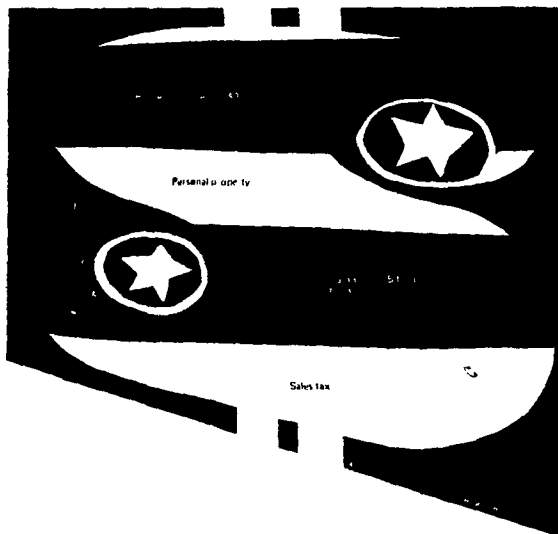
If food had gone up as much as wages, round steak would cost \$

If food prices had kept pace with average wages you would see some tremendous increases. For example, the round steak selling at \$1.68 recently, would cost \$2.67 per pound. Eggs would be \$1.61 per dozen instead of 69 cents and a loaf of bread would cost 38 cents instead of 25 cents. Other comparisons are shown in the chart.

Average hourly rates in industry have increased from \$1.52 per hour in 1952 to \$3.65 in 1972. If food prices had gone up 2.4 times during the 20 years to match wages, you would see \$2.67 round steak and the other projected prices in the chart.

In the 20 years between 1952 and 1972, prices for food served at home advanced only 44%. Here is a comparison with wage increases of major industrial worker groups:

Auto workers
Construction worl
Rubber workers
Transportation wc
Railroad workers
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Farmers pay their full share of county, state and federal taxes

The cash register in the supermarket is a vigilant tax collector. In many states it levies a direct sales tax on food that adds from 3 to 6% to the total on the grocery bill. It is estimated that other taxes collected along the food processing and marketing chain add 4 cents to the food dollar.

Taxes make up a big part of the farmer's cost of growing your food. Farm real estate taxes add up to \$2.7 billion per year. In 1971 alone these taxes jumped 6.4%. Property tax payments are keeping rural America's schools and other institutions alive.

Farmers pay \$2.5 billion in federal and state income taxes — money that serves all of the people, urban and rural. Farmers also pay sales taxes totaling more than \$350 million and personal property tax of \$450 million. The food marketing industry has been paying \$2.2 billion a year in corporate income taxes. This is about 2.8% of the food marketing bill. Property taxes, social security, unemployment compensation, state taxes and license fees require an additional \$3 billion per year.

Taxes are a big — and growing — item in every family's grocery bill.

Agriculture is the best way to bolster the U.S. dollar

The U.S. dollar is in trouble in the world. "Sound as a dollar" has been these days. The basic problem has been buying more from other countries. We have been able to sell. Our exports were \$2 billion in 1971, \$6.8 billion in 1973. This growth required the U.S. to bite the bullet and devalue the dollar twice in a 14 month period. Things are likely to get worse. Our country is run on borrowed money. We must import to keep our economy from overheating. That's why a growing number of trade agreements are being signed now — it could be more than \$5 billion in 1980.

Agricultural products can help save the dollar. Exporting more than \$1 billion of agricultural products is possible over the next few years. The U.S. has lost its edge over Western Europe forever. The one thing we can do is produce agricultural products on earth can equal the grain for world meat.

The U.S. has lost its edge over Western Europe forever. The one thing we can do is produce agricultural products on earth can equal the grain for world meat. Also is unmatched a technology intensive agricultural lead in product organization, marketing, industrial complex to support farm product exports. The economy health value of the dollar at

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