

## Food costs

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parts of the food chain that are between farmers and consumers.

"Where the assembly, processing, and distribution components of the food system are relatively competitive," Teigen says. "There is a strong likelihood that farm productivity gains will be translated into lower consumer prices."

That "middleman" segment was where much of the food price surge of the early 1970's occurred, Teigen says, after the economy was shaken by wage and price controls and the OPEC oil embargo.

As the CPI soared, personal disposable income gains slowed at the same time commodity prices rose, forcing the sharp jump in Teigen's food price index.

Rising energy costs and slowing labor productivity growth in many food processing and distribution industries boosted food prices after the products left the farm.

**Productivity Holds Down Costs**  
The increases could have been much higher — historically, as well as in recent years — except for gains in productivity on the farm and — until the mid-1970's — in the food system.

In fact, Americans still spend a far smaller portion of personal income on food — 16 percent last year — than any other people. The proportion varies considerably worldwide 27.5 percent in Britain, 32.5 percent in India, 59.3 percent

in Sierra Leone (West Africa), and 45 percent in the USSR.

Technology has been the key, enabling farmers to keep up with production costs in most years by squeezing more and more output from their farms.

Substitution of machines and chemicals for labor is one way that technology has increased productivity. In 1944, the farm workforce totaled 10.2 million, compared with 3.8 million in 1979.

During that period, use of agricultural chemicals increased 36-fold — a 10-percent annual gain — and the use of tractors doubled while tractor horsepower increased more than 4 1/4 times.

Meanwhile, farmers were squeezing more production than ever from their fields. For instance, the average U.S. corn yield was 33 bushels per acre in 1944. The 1981 yield could be 107 bushels per acre, according to September estimates.

While yields increased dramatically, overall variable costs per unit of production also rose. For instance, it cost \$1.10 to produce a bushel of corn in 1974 — the first year of USDA's cost of production survey — compared with \$2.36 last year.

### Help for Farmers

Although consumers benefit from such productivity gains, some savings stay on the farm.

"Increased productivity boosted

## 1982 dog licenses on sale

HARRISBURG — Pennsylvania Secretary of Agriculture Penrose Hallowell announced that 1982 dog licenses are now on sale and must be purchased before January 15. Hallowell said, "A dog license is

an inexpensive way to protect your animal. It not only identifies you as the owner of a dog, but makes it easy for authorities to return it to you if the animal strays or becomes lost."

He noted that the fee for dog licenses has not changed since 1921. The fee for male and spayed female dogs is \$1.20, while the fee for an unaltered female is \$2.20.

total farm output and output per farm enough to enable net income per farm to double in real terms over the last 25 years," Teigen says.

In 1930, net income per farm was \$1,041 in 1967 dollars — a measure that disallows gains due to inflation. The figure rose to \$3,029 in 1955, and \$6,104 in 1979.

Total net farm income — in 1967 constant dollars — made solid gains, at least until last year: \$6.9 billion average in 1930-1934, to \$14.1 billion in 1955, to \$14.2 billion in 1979. The best year, Teigen notes, was 1973, when net farm income topped \$25 billion in 1967 dollars before falling to \$17.7 billion the next year.

Last year's \$20 billion net farm income represented a relatively meager \$8.1 billion in 1967 dollars, by far the worst showing in many years, and this year may be no better.

Holland; John Gross, 625 West Main Street, Ephrata; John Herr's Village Market, Millersville; Hershey's Market, Christiana; Hess's Dog Grooming, East High Street, Elizabethtown; Robert Hess, Mastersonville; Lancaster County Humane League, Lancaster; D. Webster Lied, 19 North Main Street, Reamstown; Lititz Pet Shop, Lititz, McCracken's, Manheim;

Also, Glenn Mellott, Main Street, Willow Street; Motter Supply Company, Columbia; Musser's Store, Quarryville; Raymond Sell, 33 West Market Street, Marietta; Simpkins License Agency, Lititz; Sipling's Pet Shop, Mount Joy; Terre Hill Restaurant; George Weaver Insurance Co., New Holland; Arthur Yeager Agency, Ephrata; J.B. Zimmerman Hardware, Blue Ball and Strasburg; W.L. Zimmerman & Sons, Intercourse; and Elizabethtown Boro Building.

The Pa. Department of Agriculture's Bureau of Dog Law Enforcement is responsible for enforcement of Act 437, the Dog Law of 1965.

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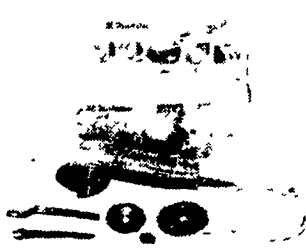
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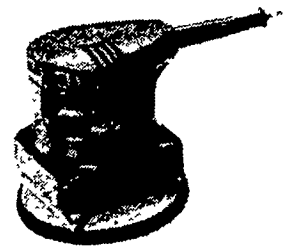


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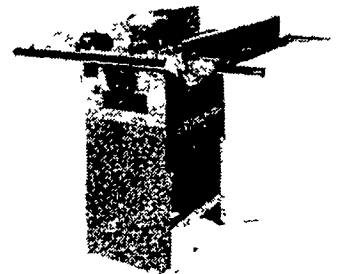


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