THE OBSERVATION POST

Two Domestic Revolutions

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IN THE ANSWER to the questions of how we eat and what we pay for our food lies the story of two sweeping domestic revolutions. One of these revolutions is taking place in the American kitchen and the other on the American farm. Both are progressing quietly and both are astonishingly far-reaching although they have taken place in just the last two to three decades.

The revolution in the kitchen is easy for all of us to grasp because nearly everybody carries a mental image of his mother spending most of her waking hours in the kitchen, either preparing the next meal or cleaning up from the last. Today, the American housewife spends on the average about 80 minutes a day in preparing three meals. Her emancipation is the result of this revolution, and she should get the lion's share of the credit for it. She is the one who revolted, and she got the collaboration of the food industry, appliance manufacturers, soap and detergent makers, womens' editors, university home economists, and other accomplices.

Today's homemaker will have none of her predecessor's chores of washing, peeling, shelling, plucking, and blanching; much of the food she puts on the table comes ready to serve or nearly so. She uses 12 times as many frozen vegetables as she did 15 years ago. She feeds her youngsters 15 times more canned baby food than she did then. Today one serving of coffee out of three in America's homes is instant coffee; six years ago it was one in 16. Fifty times as much frozen orange concentrate is sold today as was sold eight years ago. These convenience foods contain "built-in maid service." The added values have been, we might say, blended into her recipe by the food technologists who developed them through research and the processing plant employees who put up the packages.

In food, as in other things, extra quality costs more money. So does the added service and convenience we are putting into our packages. Two questions are implicit in this development: Are consumers willing to pay the additional cost? Are they getting their money's worth?

The answer to the first question is obvious from the record. The figures indicate that homemakers are buying them voluntarily, willingly—almost eagerly. The average supermarket today stocks about 5000 different packaged food items, compared with about 1500 20 years ago.

America's food bill this year will be $64 billion, or just over 25% of our disposable income. Prior to World War II, we were spending about 23% of our disposable income for food, but if we were buying the same food today in the same quantities at present prices, our food basket would take only 17% of our disposable income.

The cost of getting our food from the farm to the dinner table will be about $24 billion this year. That includes the expenses of storing, transporting, processing, wholesaling, retailing, and merchandising.

In buying these processing and marketing services, is the consumer getting her money's worth? The Department of Agriculture made a test recently which showed that meals comprised of ready-to-serve foods cost about one third more money but require three fourths less time than meals prepared from scratch in the kitchen. By computing the relative costs of the two types of meals *vs.* the time spent by the housewife, the Department found she could earn 45 cents an hour if she used no processed foods.

The farm revolution is, if anything, even less understood and appreciated than the one in the kitchen. The picture frequently drawn of the American farmer—spare, lean, independent character in patched blue jeans, with an overworked wife, one cow, four pigs, 30 chickens, six kids, and a big mortgage—is as remote from the agriculturalist of today as the streamlined 1954 kitchen is from grandmother's.

Today's scientific farmers are masters of efficiency in production. They rival industrialists when it comes to mechanization, lowered labor costs per unit, and increased output per man hour. Technical advances on the nation's farms in the last 15 years have permitted them to increase their total crop output by 40% with 20% less workers. Production per man hour of farm labor is two thirds larger today than it was in 1939, and that is just about double the rate of increase in manufacturing productivity during the same period. This has come about through developing better seed strains, wider use of fertilizer, and an astounding increase in the use of farm machinery.

Total farm assets in the U. S. at the beginning of this year were about $160 billion, an increase of $20 billion in the preceding five years. In that same period total farm liabilities, mortgages and other borrowings, increased from about $12 billion to $17 billion. By industry's standards this is pretty healthy. A bit of quick arithmetic shows that the farmer's asset-to-debt ratio, $160 billion to $17 billion, is a little better than nine-to-one. In the food processing industry, it is only about 2.5-to-one.

The farmer today receives an average of 44 cents from every dollar the consumer spends for food. His share varies for individual products from as much as 70 cents to as little as 15 cents. However, that 44-cent average has been the subject of considerable sharp discussion lately, particularly during our recent biennial political catharsis. It has dropped about 6 cents since the immediate postwar period, when farm prices were abnormally high because of an unusual demand situation. But 44 cents is as large a share as the farmer got in any years from 1920 to 1939 and equal to the long-term average from 1920 through 1953.

To those who are bemoaning the farmer's 44-cent share of the food dollar, I would point out that nobody is more eager to see the farmer get his just due than we in the food industry. As businessmen we know that the nation's prosperity is materially affected by the farmer's prosperity, and for that reason we want to see agriculture prosper. As food processors, we desire a sound farm economy as a means of ensuring dependable supplies of our raw products.

Next I would point out that, because of the kitchen revolution, the housewife is buying far more raw food in her market basket today and that the extra, built-in values cost money. It takes wages to pay for the cleaning, freezing, precooking, and packaging that the housewife now expects, and those wages, too, come out of the consumer's food dollar. Thus, the labor involved in processing and selling accounts for nearly 31 cents of the food dollar today instead of the 23.5 cents it cost in 1947. In other words, the increase in the worker's share has more than offset the decrease in the farmer's.

No producer of goods gages his profit in terms of his share of his customer's gross receipts. The central question is not how much of the nation's food expenditures winds up in the farmer's pocketbook but how do his production costs compare with his selling prices? And in this the improved efficiency which is the outstanding result of the revolution on the farm would be the major factor.

(Excerpts from an address before the National Press Club, Washington, D. C., Nov. 18, 1954)