

Why Is Food So Expensive?

Who receives the benefit when the cost of food goes up? Who is taking home the extra profit? It's human nature for the public to want someone to blame for the cost increases. It's also human nature for one segment of the food production and marketing industry to point the finger at another segment because each knows it is experiencing a cost-profit squeeze rather than increased profits. Someone else must be realizing the benefit.

Last December 17 the *Wall Street Journal* reported that "the United Electrical Workers Union tells its members their Christmas dinner will cost 18% more this year than in 1958." With no elucidation of this statement available, one can only view the situation with alarm and wonder at whom was the author pointing the finger of responsibility. It seems reasonable to assume that he was not admonishing labor unions to scale down their wage increase demands in order to hold down food costs, but this must be considered as part of the cost increase equation.

To examine this equation, it should be viewed from several aspects. First, what are the general components of food

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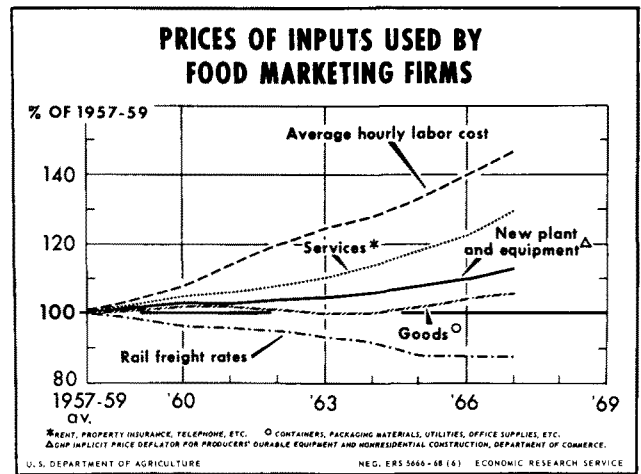


Fig. 3.

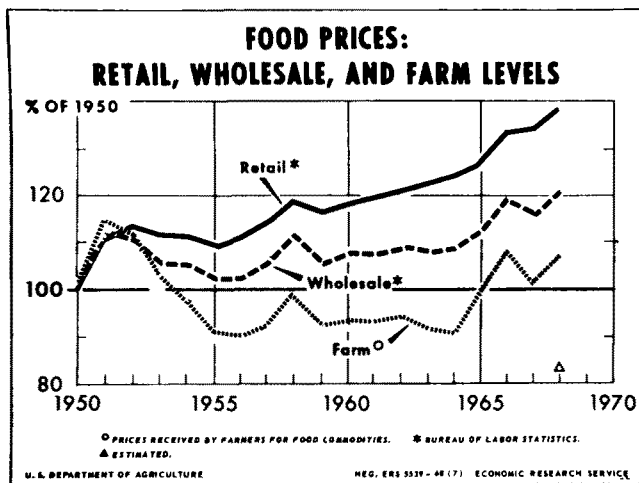


Fig. 1.

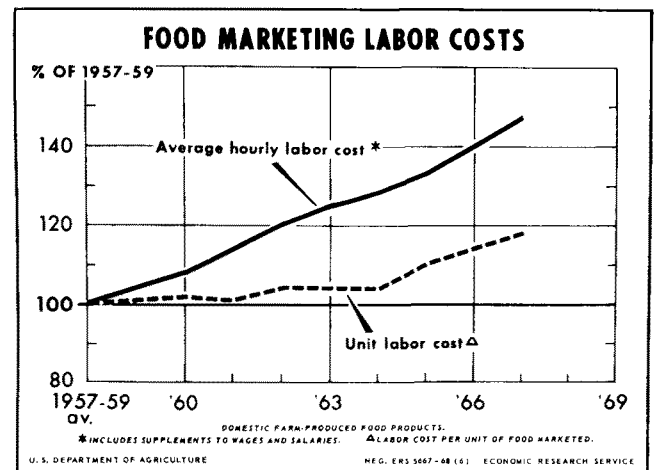


Fig. 4.

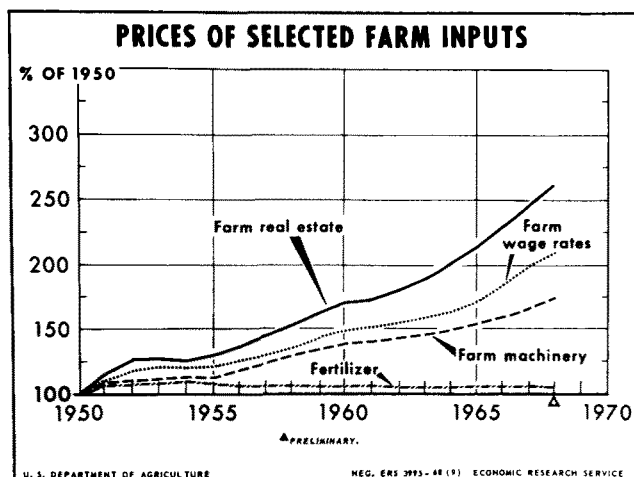


Fig. 2.

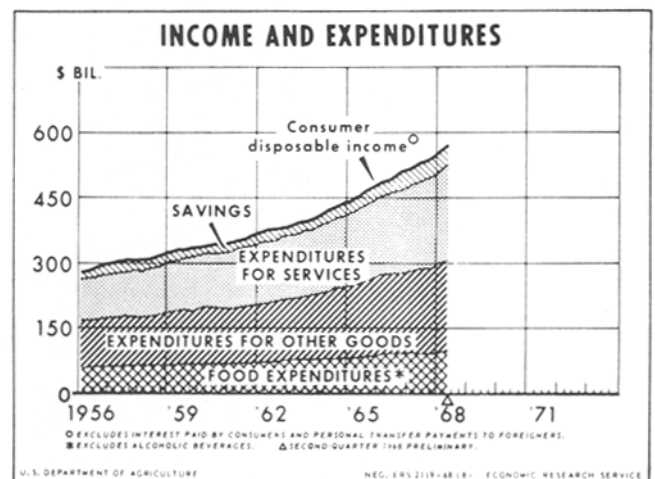


Fig. 5.