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Agricultural Letter

Number 450

FOOD COMES FIRST, if recent consumer spending can be accepted as an indicator. Food stores have been ringing up an amazing sales volume in recent months. Although total retail sales in February had dropped 15 per cent from their August peak, and had slipped slightly below the February 1957 figure, food stores reported an 8 per cent gain over a year ago.

True, food prices are higher. In February, prices at retail averaged 4.5 per cent over a year ago and meat averaged about 11 per cent higher. But this does not provide a full explanation of the differences between spending for food and for other items. Prices of many other commodities and services have advanced also, although less than food.

Consumers are saving more of their income and cutting back purchases of some items, especially durables. Presumably the recession will offset food expenditures if employment and income decline further or should hold at reduced levels for an extended period of time.

The high level of consumer income, the large holdings of liquid financial assets, and the availability of unemployment compensation apparently have left food budgets unscathed thus far. And, as there was evidence that the strong surge in sales of durables in 1955 and 1956 retarded spending for food somewhat, it now appears that the cutback in spending for durables has helped to boost outlays for food.

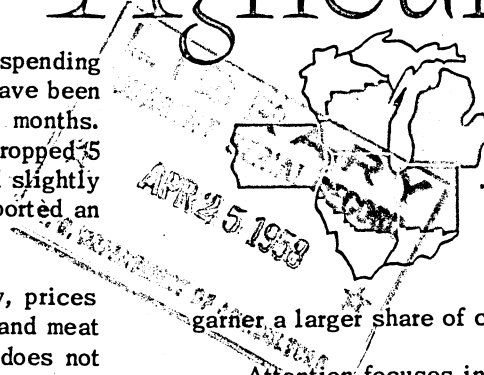
Income, of course, is the primary factor affecting consumer expenditures. Personal income in February 1958 was 1 per cent above a year ago, but 1.6 per cent below the peak reached in August 1957.

Income and retail sales in February 1958, compared with a year ago, point up the consumer spending behavior.

	per cent change
Personal income	+1.0
Retail sales:	
Grocery stores	+8.0
Consumer nondurables	+4.2
Consumer durables	-11.9

The weakness in nonfood sales apparently continued in March. Department store sales in the Midwest during recent weeks have failed to equal year-ago levels by about 3 per cent. Durable goods sales continue slow; automobile sales in March were about one-third below year ago.

"FOOD COMES FIRST" was the theme adopted for a recent national meeting of farm and food industry representatives. The suppliers of food recognize that their products are in competition with the many other commodities and services offered consumers. Their goal, as is true also of the producers and purveyors of other goods, is to find some means of placing their products in a position of greater esteem and, thereby, to



garner a larger share of consumer expenditures.

Attention focuses initially on American diets. What proportion of the population is inadequately fed? To what extent do those who are inadequately fed find themselves in that situation as a result of low income? And to what extent are inadequate diets a matter of ignorance, indifference, or outright preference for things other than food? These questions are not easily answered, and even if answers were available it is not an easy matter to shift consumer expenditures.

People are eating better than in past years. On this there is agreement. In the mid-Thirties, one-third of all households were classified as having "poor" diets, while by 1955, using the same standards, the proportion so classified had declined to one-tenth. However, most of the improvement took place by 1948, with little improvement from 1948 to 1955.

The 1955 USDA food consumption survey indicated that almost one-third of U. S. family diets were somewhat deficient in at least one essential nutrient, and one-tenth were "seriously" deficient—had diets supplying less than two-thirds of the levels of key nutrients recommended by the National Research Council:

Per cent of families "seriously" deficient

Calcium	8
Vitamin A	6
Vitamin C	10
Riboflavin....	3
Thiamine	3

Thus, there is room to improve diets and boost food consumption simultaneously. Increased consumption of milk and green and yellow vegetables could correct the major deficiencies—calcium and vitamins A and C.

But the problem of achieving proper nutrition is not solved merely by boosting consumption. The "belt-line bulge" is possibly the most common evidence of malnutrition.

Can "good (healthful) eating" be placed on a higher plane, and can it become a mark of distinction, as have the auto and the street address? The effort is being made by farm and food interests. If successful, it could ease agricultural surpluses, and it could sharpen appreciably the competition between food and other commodities, such as durables.