

The original documents are located in Box D33, folder “General Managers Conference, W.E. Long Company - Independent Bakers Cooperative, Chicago, IL, m September 18, 1972” of the Ford Congressional Papers: Press Secretary and Speech File at the Gerald R. Ford Presidential Library.

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GENERAL MANAGERS CONFERENCE OF THE
W. E. LONG COMPANY -- INDEPENDENT BAKERS
COOPERATIVE, MONDAY, SEPT 18, 1972,
CHICAGO, ILL.

Carledge / Ligaments
Chair / legislative programs in
Congress
Executive / Staff

I DEEPLY APPRECIATE THE OPPORTUNITY YOU HAVE GIVEN ME TO DISCUSS CURRENT DEVELOPMENTS RELATING TO THE BAKING INDUSTRY. HOWEVER, I DO NOT WANT YOU REPRESENTATIVES INVOLVED SO CLOSELY WITH THIS IMPORTANT FOOD PROCESSING AND DISTRIBUTION BUSINESS TO ANTICIPATE READY ANSWERS TO YOUR SPECIFIC PROBLEMS IN THE MARKET ARENA. I THINK YOU UNDERSTAND THAT MY FIELD DOES NOT COVER THAT KIND OF EXPERTISE.

THE COMPLEXITIES OF DOING BUSINESS ARE CHANGING DAILY. I SUSPECT THAT IS WHY YOU ARE HERE -- TO ADD TO YOUR




KNOWLEDGE AND CARRY HOME SOME FACTS THAT WILL HELP YOU OVERCOME ROADBLOCKS TO REASONABLE PROFIT.

MY BRIEF PART OF YOUR PROGRAM, AS I SEE IT, IS TO DISCUSS SOME OF THE INVOLVEMENTS OF GOVERNMENT AND PURSUE THESE POINTS TO A LOGICAL CONCLUSION.

PRESENTLY AN OBVIOUS PROBLEM IS PLAGUING THE BAKING INDUSTRY -- THE SHARP UPWARD TREND IN WHEAT PRICES, COUPLED WITH A RECENT DECISION BY THE PRICE COMMISSION.

I BELIEVE WE CAN AGREE AT THE OUTSET THAT THE VALUE OF WHEAT AT THE FARM IS A COMPARATIVELY MINOR PORTION OF THE PRICE THE CONSUMER PAYS AT THE GROCERY CHECKOUT COUNTER. HOWEVER, I ALSO UNDERSTAND THAT THE PRICE OF WHEAT IS A FLUCTUATING COST THAT HAS TO BE RECKONED



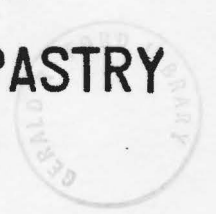
WITH IN MANAGEMENT'S STRUGGLE FOR AN
ADEQUATE SHARE OF THE CONSUMER'S DOLLAR.
IT SEEMS THE BANKER AND YOUR STOCKHOLDERS
ARE INTERESTED.

I THINK, TOO, THAT AS A BASIC
PREMISE WE MUST AGREE THAT FARMERS HAVE
WAITED AT THE ROADSIDE FOR QUITE SOME TIME
AWAITING A CHANCE TO GET ONTO THE MAIN
ECONOMIC HIGHWAY OF OUR NATIONAL LIFE.
^{Farmers} ~~THEY~~ HAVE WATCHED THEIR COSTS INCREASE
CONSTANTLY, BUT THE PRICES OF THE
COMMODITIES THEY SELL HAVE TOO OFTEN
REMAINED AT THE LEVELS OF A GENERATION AGO
OR EVEN LOWER. WHEAT IS ONE OF THOSE
COMMODITIES THAT HELD AT DEPRESSED PRICES,
ESPECIALLY WHEN YOU CONSIDER THE PRICE AT
THE FARM GATE -- NOT THAT QUOTED AT THE
TERMINAL MARKETS.

*Congress & all
Administrations
have interjected
themselves into
the problems -
I suggest add
not too many*

THE CURRENT SITUATION REMINDS ME OF A FELLOW I KNOW WHO IS NOT THE MOST PATIENT MAN IN THE WORLD. WHEN HE DRIVES HIS CAR UP TO A STOP SIGN, WAITING FOR A SPACE BREAK TO ENTER THE MAINSTREAM OF TRAFFIC, HIS BLOOD REACHES A SLOW BOIL. HE THEN BARGES OUT TO FORCE HIS WAY INTO THE MOVING LINE OF CARS. THAT SOMETIMES CREATES VISIBLE INDICATIONS OF UNHAPPINESS ON THE PART OF OTHER MOTORISTS.

LIKE THE FRUSTRATED CAR DRIVER, THE FARMER TOOK HIS TURN IN THE WHEAT SITUATION. I REALIZE THE SPACE MARGIN IN THE BAKING INDUSTRY PROFIT LINE MAY NOT COMFORTABLY ACCOMMODATE AN EXTRA ENTRY OF COST. *So you & your associates are deeply concerned & you are spot on very understandable.* YOU ARE WELL AWARE THAT THE REAL COSTS OF A LOAF OF BREAD OR A PASTRY



1973 - 700 union contracts
4 million workers - { construction
trucking
electrical } either inflationary settlements
or strikes

ITEM ARE IN THE FINISHED FLOUR,
TRANSPORTATION, MANUFACTURING AND RETAILING
COSTS, PLUS TAXES . . . JUST TO NAME A
FEW OF THE STEPS BEYOND THE FARM GATE.
LABOR, OF COURSE, IS THE MAJOR FACTOR IN
EVERY PHASE OF PROCESSING AND DISTRIBUTION,
USUALLY FOLLOWED CLOSELY BY TAXES -- LOCAL
AND NATIONAL.

↑
Because of the recent
advance decision by the
Price Commission,
let's END
price &
wage controls.

I RECALL A FEW YEARS AGO A FARM
MAGAZINE EDITOR TRACED THE PART TAXES PLAY
IN THE PRICE OF A LOAF OF BREAD BY THE TIME
IT REACHES THE RETAILER'S SHELF. HE
CONCLUDED THAT TAXES ON EVERY PIECE OF
EQUIPMENT, ON THE LAND, ON BAKERY
STRUCTURES, ON PARKING LOTS, ON EMPLOYEES
AND COMPANIES, WOULD TOTAL ABOUT FIFTY
PER CENT OF THE FINAL LOAF PRICE. THAT
MAY HAVE BEEN EXAGGERATED SOMEWHAT,



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PER CENT OF THE FINAL LOAF PRICE. THAT
MAY HAVE BEEN EXAGGERATED SOMEWHAT,



BUT IT REVEALS ALL TOO CLEARLY A POINT
WHICH IS DIFFICULT TO EXPLAIN TO CONSUMERS.

ESCALATING TAXES PERHAPS COME
CLOSE TO EQUALING THE COST OF THE
INGREDIENTS OF A BAKED PRODUCT.

ALL OF IT POINTS TO THE PROBLEMS
THAT SHOULD BE OF PRIMARY CONCERN TO
CONSUMERS AND EVERYONE INVOLVED IN
BUSINESS -- INFLATION AND THE NEED TO
RELIEVE THE LOCAL TAX BURDEN.

IF NO OTHER LESSON HAS BEEN
LEARNED FROM IMPOSITION OF PRICE AND WAGE
CONTROLS DURING THIS PAST YEAR IT SHOULD
BE THE REALIZATION THAT INFLATION IS
OUR GREATEST DOMESTIC ENEMY. NO GOOD
COULD COME FROM ANNUAL INCREASES IN
EVERY COST, OF REGULAR BUILT-IN RAISES OF
EVERY PRODUCT TO THE CONSUMER, AND

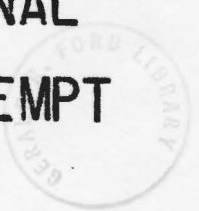
*speaking
of taxes
I.R.S.*



AUTOMATIC WAGE INCREASE DEMANDS ON AN ESCALATOR THAT WAS DESTROYING OUR ABILITY TO COMPETE INTERNATIONALLY. A CONDITION THAT ACCELERATED IN THE LATE '60s HAD TO BE DAMPENED. THERE WAS NO ALTERNATIVE.

McGovern's
I DON'T BELIEVE ANYBODY WOULD SAY THAT BUSINESS OR THE CONSUMER WOULD BE BEST SERVED BY TURNING VIRTUALLY ALL PRODUCTION OVER TO OTHER COUNTRIES WHILE OUR OWN NATION BECAME ONE OF SERVICE PEOPLE. YET, THAT WAS THE TREND -- TO A POINT WHERE 100 PER CENT OF MANY ITEMS WAS BEING MANUFACTURED AND PROCESSED OUTSIDE OF OUR COUNTRY. PROBABLY MUCH OF YOUR BAKING EQUIPMENT AND SUPPLIES WAS BEING IMPORTED, WHOLLY OR IN PART.

THE PRESIDENT USED TRADITIONAL METHODS THE FIRST TWO YEARS IN AN ATTEMPT



TO SOLVE THE INFLATION PROBLEM INHERITED
BY HIS ADMINISTRATION. ^{namely fiscal + monetary action} IT BECAME
PAINFULLY EVIDENT THAT THIS WAS NOT
WORKING WELL ENOUGH. INFLATION CONTINUED,
PROMPTING LABOR TO DEMAND HIGHER WAGES
TO STAY EVEN WITH THE BOARD OR TO
LEAPFROG FUTURE COST-OF-LIVING INCREASES.
THIS IN TURN ACCELERATED THE TREADMILL.

NONE OF US LIKE CONTROLS -- LEAST
OF ALL THE ADMINISTRATION, WHICH HAS TO
HOLD DOWN THE LID.

I AM FREQUENTLY ASKED, IF THIS
ADMINISTRATION IS SO CONCERNED WITH
HOLDING DOWN PRICES WHY ARE FARMERS
PERMITTED TO GET MORE FOR THEIR
COMMODITIES DURING THIS CONTROL PERIOD.

THAT ONE IS EASY TO ANSWER
BECAUSE IT IS SO OBVIOUS. FARMERS ARE



PROBABLY THE ONLY LARGE GROUP OF BUSINESS PEOPLE WHO HAVE LITTLE OR NO CONTROL OVER THEIR PRICES. THEIR PRODUCTS RIDE UP AND DOWN LIKE YO-YOS. IF THE PRICE OF A COMMODITY LIKE WHEAT HAS BEEN SELLING IN THE MARKET AT LESS THAN ACTUAL COST OF PRODUCTION FOR SEVERAL YEARS, THEN CERTAINLY WHEN DEMAND IS CREATED TO MOVE THE PRICE UPWARD THE PRODUCER MUST BE PERMITTED TO RECOUP LOSSES OR HE COULD NOT REMAIN IN OPERATION. PRICES OF NEARLY EVERY OTHER PRODUCT WITH WHICH I AM FAMILIAR, OTHER THAN RAW MATERIALS, RARELY DROP BACK. RATHER THEY CONTINUALLY MOVE UPWARD, REFLECTING INCREASES IN COST OF OPERATION. FARMERS GENERALLY DO NOT HAVE THAT KIND OF OPTION.

WHAT, THEN, IS THE SCORE ON THE
BAKING INDUSTRY DILEMMA?

BREAD AND RED MEAT ARE THE ITEMS CONSUMERS WATCH MORE THAN ANY OTHER PURCHASE. THEY ARE BASIC TO THE AMERICAN DIET, DESPITE SOME WEIGHT WATCHERS SHYING AWAY FROM PASTRY PRODUCTS. THAT MAKES THEM VULNERABLE TO QUICK PUBLIC CRITICISM IN THE EVENT OF EVEN A MINOR RISE IN PRICE. BUT, I HAVE A FEELING THAT THE PRICE OF BREAD MAY BE WEIGHTED MORE THAN IS WARRANTED IN THE COST OF LIVING INDEXES.

THIS EQUATION IN THE NATIONAL DIET CAN ONLY BE ASSESSED AS AN ENVIABLE ONE IN THE SENSE OF CONSUMER ACCEPTANCE. IT ALSO IMPOSES A HEAVY BURDEN ON MANAGEMENT TO MAINTAIN A COMPETITIVE POSITION WITH OTHER FOOD PRODUCTS. THIS IS PARTICULARLY TRUE IN PERIODS OF ECONOMIC STRESS.



PREDICTIONS ABOUND THAT TOTAL CONSUMER INCOME AFTER TAXES MAY BE UP SEVEN AND ^{7 1/2%} ONE HALF PER CENT IN 1972, WHILE SPENDING FOR FOOD MAY RISE LESS THAN FIVE AND ONE-HALF PER CENT. THAT DOES NOT MEAN THAT INDIVIDUAL BREADWINNERS ARE OBTAINING THE SEVEN AND ONE-HALF INCREASE. RATHER, IT INDICATES THAT THE TOTAL NATIONAL INCOME HAS INCREASED BY THAT MUCH DUE TO CONSIDERABLY HIGHER EMPLOYMENT NUMBERS. THE POINT HERE IS THAT DEMAND FOR BASIC NUTRITIONAL ITEMS IS PUSHING UP THE INDEXES. WHILE BREAD MAY NOT BE THE HEAVY FACTOR IN THE COST OF LIVING, IN THE CONSUMER MIND IT IS A KNOWN INDICATOR BECAUSE OF ALMOST DAILY PURCHASES AT A GIVEN PRICE.

NOW, TO THE SPECIFIC INVOLVEMENT OF GOVERNMENT.

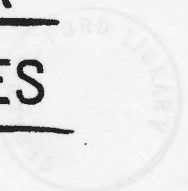
THE BIG PICTURE OF OVERALL CONCERN TO GOVERNMENT IS TO STABILIZE EACH SECTOR OF OUR ECONOMY, WITH AN EYE TO ALL SECTIONS OF THE COUNTRY. THAT'S A GIANT ORDER, ALMOST IMPOSSIBLE OF FULFILLMENT. BUT, THE LEAST WE CAN DO IS TRY HARDER.

Think problems in times of crisis Americans have a tradition of responsibility to the country good.

MOVING FROM A WARTIME TO A PEACE ECONOMY HAS COMPLICATED MATTERS BY MAKING IT NECESSARY TO SHIFT MORE PEOPLE TO CONSUMER-ORIENTED PRODUCTION, BUT THIS IS BEING ACCOMPLISHED.

Defense
① Military - 3.6/2.4
② Defense Industry - 3 to 4,000,000
③ 2.6 million other jobs

THE TAX SITUATION THAT I MENTIONED PREVIOUSLY AS THE SECOND MAJOR PROBLEM TO BE CONTAINED IS NOW WITHIN SIGHT OF ACCOMPLISHMENT. THE PRESIDENT'S REVENUE SHARING BILL, WHICH HE HAS FOUGHT TO OBTAIN FROM THE CONGRESS FOR SO LONG, IS NEAR FINAL ENACTMENT. LOCAL AND STATE TAXES

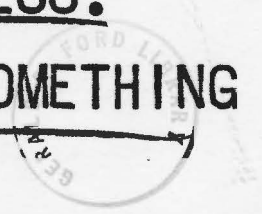


CAN BE RELIEVED CONSIDERABLY, OR AT LEAST
STABILIZED BY ITS PROVISIONS. ON THE
NATIONAL SCENE, THE PRESIDENT HAS ASSURED
US THAT HE WILL WORK IN EVERY WAY TO HOLD
THE TAX LINE -- ANOTHER ESSENTIAL
INGREDIENT IN THE CONTROL OF INFLATION.

Spending Ceiling 250

FOR TOO LONG PEOPLE HAVE SHOWN AN
UNWILLINGNESS TO ACCEPT THE REAL REASONS
FOR INFLATION. THEY HAVE WANTED THE BEST
OF TWO WORLDS -- HIGH WAGES AT HOME FOR
PERSONAL BUYING POWER, AND LOW-PRICED
IMPORTS MADE POSSIBLE BY WAGES AS MUCH AS
ONE-FIFTH OUR OWN SCALE OF LIVING.

SOMEHOW, MOST OF US FAILED TO
REALIZE THAT INTERNATIONAL TRADE HAS TO BE
A TWO-WAY STREET. WE COULD NOT GO ON
FOREVER BUYING, WHILE SELLING FAR LESS.
OUR FOREIGN SUPPLIERS HAD TO HAVE SOMETHING



MORE SUBSTANTIAL THAN IOU'S OR THE
EQUIVALENT. SINCE MOST COUNTRIES COULD
PRODUCE FAR MORE CHEAPLY THAN U.S. INDUSTRY
BECAUSE OF THE VAST WAGE DIFFERENTIAL,
ABOUT THE ONLY CHANCE WE HAD TO COMPETE AS
THE YEARS TICKED ON WAS IN AGRICULTURAL
PRODUCTS. THAT SHOULD PRETTY WELL INDICATE
THE LOW LEVEL OF FARM INCOME -- EVEN WITH
GOVERNMENT SUBSIDIES.

AGAIN, WE HAVE TO BE WILLING TO
ACCEPT THE FACT THAT AGRICULTURE GENERALLY
HAD TO CATCH UP . . . WITH SOME EXCEPTIONS.
AMERICANS HAVE TURNED THEIR BACKS ON
REALITY FAR TOO LONG. DEVELOPMENTS THIS
PAST YEAR HAVE SHOWN THE EFFICACY OF THE
PROGRAM INSTITUTED BY THE PRESIDENT TO PUT
A DAMPER ON THE INFLATION FIRE.

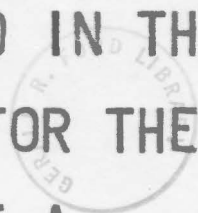


THE PLANS THIS ADMINISTRATION DESIGNED TO ACHIEVE A BREAK FOR FARMERS -- TO PUT THEM MORE NEARLY ON A PLANE WITH OTHER INDUSTRY AND LABOR -- ARE BEGINNING TO PAY OFF. COMMODITIES THAT HAD BEEN IN TROUBLE SUCH AS WHEAT, POTATOES, SWINE AND FEED GRAINS HAVE MOVED UP FROM MINUS POSITIONS. AND TAXPAYERS ARE CERTAINLY GAINING FROM THE SALE OF WHEAT AND OTHER GRAINS TO THE SOVIET UNION -- BOTH IN CASH AND IN THE LONG-RANGE PEACETIME VIEW. TAXPAYERS ARE GETTING BACK ABOUT FOUR DOLLARS FOR EACH ONE EXPENDED IN ASSISTING THE GRAIN SALES. THIS HAS COME ABOUT BY SAVINGS IN GOVERNMENT COSTS OF PROCURING, TRANSPORTING, STORING AND BORROWING INCIDENTAL TO THE SURPLUSES PRODUCED BY OUR FARMERS EACH YEAR DESPITE ACREAGE CONTROLS.

China also.

IT APPEARS LIKELY THAT SOMETHING
OVER ONE BILLION DOLLARS IN EXTRA INCOME
RESULTING FROM THE RUSSIAN SALES WILL MOVE
INTO RURAL AMERICA. THAT MEANS EXTRA NEW
WEALTH IN THAT VAST AREA COMPRISING ABOUT
98 PER CENT OF OUR LAND. THE LONG LINE
OF BENEFITS DO NOT STOP AT THE RURAL MAIL
BOX. THIS MONEY BEGINS FILTERING
IMMEDIATELY TO THE CITIES AND SEAPORTS
FOR EVEN BETTER EMPLOYMENT OPPORTUNITIES.
AND THAT MEANS MORE BAKERY PRODUCTS WILL
BE SOLD.

I SINCERELY HOPE THAT ALL SEGMENTS
OF OUR LABOR MOVEMENT UNDERSTAND JUST HOW
MUCH IS AT STAKE IN OUR GRAIN DEALS WITH
THE SOVIET UNION. IT IS ESSENTIAL THAT
EVERY BIT OF COOPERATION BE OBTAINED IN THE
WHEAT EXPORTING PROGRAM -- NOW AND FOR THE
FUTURE. TO DO OTHERWISE WOULD IMPOSE A



SELFISH AND TERRIBLE DISSERVICE UPON ALL OF AMERICA -- INCLUDING THE THOUSANDS OF OTHER WORKERS INVOLVED AT EVERY STEP OF THE WAY TO THE SHIPS IN THE SEVERAL PORTS.

IT IS INVIGORATING TO NOTE THE HIGH LEVEL OF EMPLOYMENT INVOLVED IN HANDLING THIS GRAIN -- IN THE LOCAL ELEVATORS, THE TRANSPORTATION SYSTEMS, THE TERMINAL AND SEAPORT ELEVATORS, THE DOCKWORKERS, AND AMONG ALL THE PEOPLE SERVICING OR SUPPLYING THESE THOUSANDS OF PEOPLE DOING THE GREAT WHEAT MOVING JOB.

AMERICA IS NOW, AND CAN CONTINUE TO BE, THE BREADBASKET OF THE WORLD. DOWN THE ROAD WE AND THE OTHER COUNTRIES CAN USE ALL THE AGRICULTURAL PRODUCTS THE U.S. CAN PRODUCE. A NOT INCONSIDERABLE SPIN-OFF IS THE GROWING CHANCE FOR LASTING

WORLD PEACE THROUGH SALES OF FOOD AND INTERCHANGE OF OTHER PRODUCTS.

IT TOOK CONSIDERABLE DOING TO REACH THIS POINT, FROM THE PRESIDENT'S VISITS TO CHINA AND RUSSIA DOWN TO THE ACTUAL WORKING OUT OF AGREEMENTS WHICH PERMIT US TO COMPETE IN WORLD TRADE. ANY DEVIATION FROM THE CONDITIONS MAKING THE SALES POSSIBLE WOULD THROW THE UNITED STATES RIGHT BACK WHERE IT STARTED. THERE ARE SEVERAL OTHER COUNTRIES PRODUCING GRAIN WHICH WOULD SCRAMBLE FOR THIS NEWLY OPENED MARKET. TO DEPRIVE OUR FARMERS, OUR LABORERS, AND OUR TAXPAYERS OF THESE BENEFITS DUE TO ^{parochial} ~~SELFISH~~ MOTIVES WOULD BE TRAGIC INDEED.

I FIRMLY BELIEVE WE MUST ALL WORK TOGETHER WITHIN THE FRAMEWORK OF OUR PRIVATE INITIATIVE SYSTEM FOR THE GREATEST

BENEFIT TO ALL OUR ECONOMIC AND
SOCIOLOGICAL INTERESTS.

WE CAN BE FIERCELY COMPETITIVE
WHILE OPERATING WITHIN FAIR RULES THAT WILL
MAKE OPPORTUNITY AVAILABLE TO THE GREATEST
NUMBER OF OUR PEOPLE. THIS INCLUDES
INNOVATIVE MANAGEMENT TEAMS LIKE YOU
INDUSTRY REPRESENTATIVES WHO ARE MAKING
POSSIBLE THE CONTINUATION OF OUR HERITAGE
AS THE WORLD'S CITADEL OF DEMOCRACY.

THE INFLATION PSYCHOLOGY THAT
PLAGUED INDUSTRY IS ABATING. THAT MEANS
IT SHOULD NOT BE LONG BEFORE A LEVELING
OUT WILL PERMIT RETURN TO THE FULL AND *far*
PREFERABLE PRIVATE INITIATIVE SYSTEM, WITH
GOVERNMENT ACTING MORE IN THE CAPACITY OF
UMPIRE. *The present wage / price law expires April 30th*

next year. Congress will undoubtedly extend it. In what form it is hard to predict
BUT, MEANWHILE WE MUST DEMONSTRATE

THAT NATIONAL INTEREST IS OF FIRST CONCERN.
NO OTHER ALTERNATIVE IS ACCEPTABLE.

THANK YOU.

-- END --



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REMARKS BY REP. GERALD R. FORD, R-MICH.

BEFORE A GENERAL MANAGERS CONFERENCE OF THE
W. E. LONG COMPANY - INDEPENDENT BAKERS COOPERATIVE

MONDAY, SEPTEMBER 18, 1972
AT CHICAGO, ILLINOIS

FOR RELEASE AT 12:00 NOON, MONDAY

I deeply appreciate the opportunity you have given me to discuss current developments relating to the baking industry. However, I do not want you representatives involved so closely with this important food processing and distribution business to anticipate ready answers to your specific problems in the market arena. I think you understand that my field does not cover that kind of expertise.

The complexities of doing business are changing daily. I suspect that is why you are here -- to add to your knowledge and carry home some facts that will help you overcome roadblocks to reasonable profit.

My brief part of your program, as I see it, is to discuss some of the involvements of Government and pursue these points to a logical conclusion.

Presently an obvious problem is plaguing the baking industry -- the sharp upward trend in wheat prices, coupled with a recent decision by the Price Commission.

I believe we can agree at the outset that the value of wheat at the farm is a comparatively minor portion of the price the consumer pays at the grocery checkout counter. However, I also understand that the price of wheat is a fluctuating cost that has to be reckoned with in management's struggle for an adequate share of the consumer's dollar. It seems the banker and your stockholders are interested.

I think, too, that as a basic premise we must agree that farmers have waited at the roadside for quite some time awaiting a chance to get onto the main economic highway of our national life. They have watched their costs increase constantly, but the prices of the commodities they sell have too often remained at the levels of a generation ago or even lower. Wheat is one of those commodities that held at depressed prices, especially when you consider the price at the farm gate -- not that quoted at the terminal markets.

(more)



The current situation reminds me of a fellow I know who is not the most patient man in the world. When he drives his car up to a stop sign, waiting for a space break to enter the mainstream of traffic, his blood reaches a slow boil. He then barges out to force his way into the moving line of cars. That sometimes creates visible indications of unhappiness on the part of other motorists.

Like the frustrated car driver, the farmer took his turn in the wheat situation. I realize the space margin in the baking industry profit line may not comfortably accommodate an extra entry of cost.

You are well aware that the real costs of a loaf of bread or a pastry item are in the finished flour, transportation, manufacturing and retailing costs, plus taxes...just to name a few of the steps beyond the farm gate. Labor, of course, is the major factor in every phase of processing and distribution, usually followed closely by taxes -- local and national.

I recall a few years ago a farm magazine editor traced the part taxes play in the price of a loaf of bread by the time it reaches the retailer's shelf. He concluded that taxes on every piece of equipment, on the land, on bakery structures, on parking lots, on employees and companies, would total about fifty percent of the final loaf price. That may have been exaggerated somewhat, but it reveals all too clearly a point which is difficult to explain to consumers.

Escalating taxes perhaps come close to equaling the cost of the ingredients of a baked product.

All of it points to the problems that should be of primary concern to consumers and everyone involved in business, inflation and the need to relieve the local tax burden.

If no other lesson has been learned from imposition of price and wage controls during this past year it should be the realization that inflation is our greatest domestic enemy. No good could come from annual increases in every cost, of regular built-in raises of every product to the consumer, and automatic wage increase demands on an escalator that was destroying our ability to compete internationally. A condition that accelerated in the late '60s had to be dampened. There was no alternative.

I don't believe anybody would say that business or the consumer would be best served by turning virtually all production over to other countries while our own

(more)



nation became one of service people. Yet, that was the trend to a point where 100 percent of many items was being manufactured and processed outside of our country. Probably much of your baking equipment and supplies was being imported, wholly or in part.

The President used traditional methods the first two years in an attempt to solve the inflation problem inherited by his Administration. It became painfully evident that this was not working well enough. Inflation continued, prompting labor to demand higher wages to stay even with the board or to leapfrog future cost-of-living increases. This in turn accelerated the treadmill.

None of us like controls -- least of all the Administration, which has to hold down the lid.

I am frequently asked, if this Administration is so concerned with holding down prices why are farmers permitted to get more for their commodities during this control period?

That one is easy to answer because it is so obvious. Farmers are probably the only large group of business people who have little or no control over their prices. The products ride up and down like yo-yos. If the price of a commodity like wheat has been selling in the market at less than actual cost of production for several years, then certainly when demand is created to move the price upward the producer must be permitted to recoup losses or he could not remain in operation. Prices of nearly every other product with which I am familiar, other than raw materials, rarely drop back. Rather they continually move upward, reflecting increases in cost of operation. Farmers generally do not have that kind of option.

What, then, is the score on the baking industry dilemma?

Bread and red meat are the items consumers watch more than any other purchase. They are basic to the American diet, despite some weight watchers shying away from pastry products. That makes them vulnerable to quick public criticism in the event of even a minor rise in price. But, I have a feeling that the price of bread may be weighted more than is warranted in the cost of living indexes.

This equation in the national diet can only be assessed as an enviable one in the sense of consumer acceptance. It also imposes a heavy burden on management to maintain a competitive position with other food products. This is particularly true in periods of economic stress.

(more)

Predictions abound that total consumer income after taxes may be up seven and one-half percent in 1972, while spending for food may rise less than five and one-half percent. That does not mean that individual breadwinners are obtaining the seven and one-half percent increase. Rather, it indicates that the total national income has increased by that much due to considerably higher employment numbers. The point here is that demand for basic nutritional items is pushing up the indexes. While bread may not be the heavy factor in the cost of living, in the consumer mind it is a known indicator because of almost daily purchases at a given price.

Now, to the specific involvement of government.

The big picture of overall concern to Government is to stabilize each sector of our economy, with an eye to all sections of the country. That's a giant order, almost impossible of fulfillment. But, the least we can do is try harder.

Moving from a wartime to a peace economy has complicated matters by making it necessary to shift more people to consumer-oriented production. But this is being accomplished.

The tax situation that I mentioned previously as the second major problem to be contained is now within sight of accomplishment. The President's revenue sharing bill, which he has fought to obtain from the Congress for so long, is near final enactment. Local and state taxes can be relieved considerably, or at least stabilized by its provisions. On the national scene, the President has assured us that he will work in every way to hold the tax line -- another essential ingredient in the control of inflation.

For too long people have shown an unwillingness to accept the real reasons for inflation. They have wanted the best of two worlds -- high wages at home for personal buying power, and low-priced imports made possible by wages as much as one-fifth our own scale of living.

Somehow, most of us failed to realize that international trade has to be a two-way street. We could not go on forever buying, while selling far less. Our foreign suppliers had to have something more substantial than IOU's or the equivalent. Since most countries could produce far more cheaply than U. S. industry

(more)

because of the vast wage differential, about the only chance we had to compete as the years ticked on was in agricultural products. That should pretty well indicate the low level of farm income -- even with Government subsidies.

Again, we have to be willing to accept the fact that agriculture generally had to catch up...with some exceptions. Americans have turned their backs on reality far too long. Developments this past year have shown the efficacy of the program instituted by the President to put a damper on the inflation fire.

The plans this Administration designed to achieve a break for farmers -- to put them more nearly on a plane with other industry and labor -- are beginning to pay off. Commodities that had been in trouble such as wheat, potatoes, swine and feed grains have moved up from minus positions. And taxpayers are certainly gaining from the sale of wheat and other grains to the Soviet Union -- both in cash and in the long-range peacetime view. Taxpayers are getting back about four dollars for each one expended in assisting the grain sales. This has come about by savings in Government costs of procuring, transporting, storing and borrowing incidental to the surpluses produced by our farmers each year despite acreage controls.

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A Office Copy

REMARKS BY REP. GERALD R. FORD, R-MICH.

BEFORE A GENERAL MANAGERS CONFERENCE OF THE
W. E. LONG COMPANY - INDEPENDENT BAKERS COOPERATIVE

MONDAY, SEPTEMBER 18, 1972
AT CHICAGO, ILLINOIS

FOR RELEASE AT 12:00 NOON, MONDAY

I deeply appreciate the opportunity you have given me to discuss current developments relating to the baking industry. However, I do not want you representatives involved so closely with this important food processing and distribution business to anticipate ready answers to your specific problems in the market arena. I think you understand that my field does not cover that kind of expertise.

The complexities of doing business are changing daily. I suspect that is why you are here -- to add to your knowledge and carry home some facts that will help you overcome roadblocks to reasonable profit.

My brief part of your program, as I see it, is to discuss some of the involvements of Government and pursue these points to a logical conclusion.

Presently an obvious problem is plaguing the baking industry -- the sharp upward trend in wheat prices, coupled with a recent decision by the Price Commission.

I believe we can agree at the outset that the value of wheat at the farm is a comparatively minor portion of the price the consumer pays at the grocery checkout counter. However, I also understand that the price of wheat is a fluctuating cost that has to be reckoned with in management's struggle for an adequate share of the consumer's dollar. It seems the banker and your stockholders are interested.

I think, too, that as a basic premise we must agree that farmers have waited at the roadside for quite some time awaiting a chance to get onto the main economic highway of our national life. They have watched their costs increase constantly, but the prices of the commodities they sell have too often remained at the levels of a generation ago or even lower. Wheat is one of those commodities that held at depressed prices, especially when you consider the price at the farm gate -- not that quoted at the terminal markets.

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The current situation reminds me of a fellow I know who is not the most patient man in the world. When he drives his car up to a stop sign, waiting for a space break to enter the mainstream of traffic, his blood reaches a slow boil. He then barges out to force his way into the moving line of cars. That sometimes creates visible indications of unhappiness on the part of other motorists.

Like the frustrated car driver, the farmer took his turn in the wheat situation. I realize the space margin in the baking industry profit line may not comfortably accommodate an extra entry of cost.

You are well aware that the real costs of a loaf of bread or a pastry item are in the finished flour, transportation, manufacturing and retailing costs, plus taxes...just to name a few of the steps beyond the farm gate. Labor, of course, is the major factor in every phase of processing and distribution, usually followed closely by taxes -- local and national.

I recall a few years ago a farm magazine editor traced the part taxes play in the price of a loaf of bread by the time it reaches the retailer's shelf. He concluded that taxes on every piece of equipment, on the land, on bakery structures, on parking lots, on employees and companies, would total about fifty percent of the final loaf price. That may have been exaggerated somewhat, but it reveals all too clearly a point which is difficult to explain to consumers.


Escalating taxes perhaps come close to equaling the cost of the ingredients of a baked product.

All of it points to the problems that should be of primary concern to consumers and everyone involved in business, inflation and the need to relieve the local tax burden.

If no other lesson has been learned from imposition of price and wage controls during this past year it should be the realization that inflation is our greatest domestic enemy. No good could come from annual increases in every cost, of regular built-in raises of every product to the consumer, and automatic wage increase demands on an escalator that was destroying our ability to compete internationally. A condition that accelerated in the late '60s had to be dampened. There was no alternative.

I don't believe anybody would say that business or the consumer would be best served by turning virtually all production over to other countries while our own

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nation became one of service people. Yet, that was the trend to a point where 100 percent of many items was being manufactured and processed outside of our country. Probably much of your baking equipment and supplies was being imported, wholly or in part.

The President used traditional methods the first two years in an attempt to solve the inflation problem inherited by his Administration. It became painfully evident that this was not working well enough. Inflation continued, prompting labor to demand higher wages to stay even with the board or to leapfrog future cost-of-living increases. This in turn accelerated the treadmill.

None of us like controls -- least of all the Administration, which has to hold down the lid.

I am frequently asked, if this Administration is so concerned with holding down prices why are farmers permitted to get more for their commodities during this control period?


That one is easy to answer because it is so obvious. Farmers are probably the only large group of business people who have little or no control over their prices. The products ride up and down like yo-yos. If the price of a commodity like wheat has been selling in the market at less than actual cost of production for several years, then certainly when demand is created to move the price upward the producer must be permitted to recoup losses or he could not remain in operation. Prices of nearly every other product with which I am familiar, other than raw materials, rarely drop back. Rather they continually move upward, reflecting increases in cost of operation. Farmers generally do not have that kind of option.

What, then, is the score on the baking industry dilemma?

Bread and red meat are the items consumers watch more than any other purchase. They are basic to the American diet, despite some weight watchers shying away from pastry products. That makes them vulnerable to quick public criticism in the event of even a minor rise in price. But, I have a feeling that the price of bread may be weighted more than is warranted in the cost of living indexes.

This equation in the national diet can only be assessed as an enviable one in the sense of consumer acceptance. It also imposes a heavy burden on management to maintain a competitive position with other food products. This is particularly true in periods of economic stress.

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Predictions abound that total consumer income after taxes may be up seven and one-half percent in 1972, while spending for food may rise less than five and one-half percent. That does not mean that individual breadwinners are obtaining the seven and one-half percent increase. Rather, it indicates that the total national income has increased by that much due to considerably higher employment numbers. The point here is that demand for basic nutritional items is pushing up the indexes. While bread may not be the heavy factor in the cost of living, in the consumer mind it is a known indicator because of almost daily purchases at a given price.

Now, to the specific involvement of government.

The big picture of overall concern to Government is to stabilize each sector of our economy, with an eye to all sections of the country. That's a giant order, almost impossible of fulfillment. But, the least we can do is try harder.

Moving from a wartime to a peace economy has complicated matters by making it necessary to shift more people to consumer-oriented production. But this is being accomplished.

The tax situation that I mentioned previously as the second major problem to be contained is now within sight of accomplishment. The President's revenue sharing bill, which he has fought to obtain from the Congress for so long, is near final enactment. Local and state taxes can be relieved considerably, or at least stabilized by its provisions. On the national scene, the President has assured us that he will work in every way to hold the tax line -- another essential ingredient in the control of inflation.

For too long people have shown an unwillingness to accept the real reasons for inflation. They have wanted the best of two worlds -- high wages at home for personal buying power, and low-priced imports made possible by wages as much as one-fifth our own scale of living.

Somehow, most of us failed to realize that international trade has to be a two-way street. We could not go on forever buying, while selling far less. Our foreign suppliers had to have something more substantial than IOU's or the equivalent. Since most countries could produce far more cheaply than U. S. industry

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because of the vast wage differential, about the only chance we had to compete as the years ticked on was in agricultural products. That should pretty well indicate the low level of farm income -- even with Government subsidies.

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