

This is in accord with the theory that if lettuce is too expensive, there are always a certain number of people who are perfectly willing to shift from lettuce to an alternative green vegetable until the price is reduced. This is the substitution that goes on within the meats and within the vegetable categories quite generally on the part of consumers.

Mr. MYERS. You talked about substitutes, and so forth. A lot of people I note today think that the presentation of food products has caused some of the cost increase, such as packaging and preparations.

Do you think this has some influence?

Dr. BRADY. It certainly does. I should have mentioned those in connection with the bundles of services that I am talking about.

I left the University of Chicago more than 10 years ago, but at the time, there was one of the Ph. D. students under Theodore Shultz who was writing a dissertation just on this point. How much, what the packaging and other services added to the price of foods in the market? It really did account—his figures weren't up to date when he finally finished the dissertation, but up to somewhere in the middle 1950's—it was accounting for a really sizable part of the price increases that consumers pay. For having things readily available, packaging and the various substitutes for the housewife as a cook could come in one form or another. All these things have added to the cost of food.

My answer to a question about this, is that this may be a defect in our quantitative measures of economic activity in economy, because if we added to the 5 cents a pound that consumers paid for meat around 1860, for almost any kind of meat except ham or bacon, all the housewife services that went to preparing this meat and preserving it, we might find that meat was just as expensive as it is now.

We measure what goes on in the market, not in the household. I admit I know of a good many reasons why we have to stay with this, but it does seem we need to remember it every once in a while.

The thing I think we want to remember about this whole question of brands and varieties is that the consumers' demand curve for different brands is about as sensitive as it is for something that is exactly the same brand, because they shift from one brand to another, according to these diverse appeals put on the cans at the canned fruit counter, they are also labeled according to content, and quite transparently have differences in prices.

Mr. MYERS. I see you also served on the President's Consumer Committee.

Have you gone into this area of packaging versus bulk food? Have you ever gone into that at all?

Dr. BRADY. Well, it is an old, old story. I have gone into it only to the extent of trying to trace, you see, the shifts in prices—just prices as prices, the way Commissioner Ross said—without talking about other services. I hope to have some of my students kind of take the history way back into the first bags of flour and the first bags of sugar. From the point of hygiene, packaging has been a great boon to the consumer, and I wonder if any of us would really want to go back to the cracker barrels, when we think of our modern notions of cleanliness and public health and so on.