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Book Reviews

Farm Prices: Myth and Reality. By Willard W. Cochrane. University of Minnesota Press. 1958.
189 pages. \$4.00.

PROFESSOR COCHRANE'S current contri-
bution to the mounting debate on agricultural
price and income policy in brief, readable, stimu-
lating, constructive, and controversial. The Coch-
ranian drama unfolds in three parts. Part I
recounts the "myth" of farm price-income
behaviour, and unveils the "reality." Part II
presents a statistical and theoretical analysis to
support the theses concerning farm prices and in-
come. Part III contains the policy implications
and Cochrane's own prescription.

What is the myth? It is the belief that agricul-
ture tends automatically to adjust to some de-
sirable level of production, prices, and income.
The myth has two variants. The first is that the
adjustment would soon come about if agriculture
"were left alone for a little while," and com-
petitive prices permitted to work their wiles. The
second is that agriculture needs a hand from the
Government to overcome existing maladjustments,
after which the invisible hand that dwells in the
marketplace will take over and lead agriculture
into the promised land of equilibrium.

If this be myth, what is reality? According to
Cochrane, it is chronic instability of farm prices

and income. This is compounded of two elements.
The first is "wide and irregular swings in the farm
price level" that imply chronic income instability
for agriculture as a whole. The second is com-
prised of "irregular year-to-year commodity price
variations around the moving farm price level."
These gyrations in the price of individual products
mean that the farmer faces continuous uncertainty
as to what the market really wants, which in turn
results in inefficient allocation of farm resources.
These instabilities are not transitory; they are the
norm for agriculture under free competition.

Though part II accounts for more than a third
of the volume, it will be passed over briefly, as it
is based to a very considerable extent on Coch-
rane's own previously published studies that are
familiar to agricultural economists. It is enough
to say that these three chapters culminate in the
theory of the "agricultural treadmill"—a modern
version of the farm dilemma, of which Professor
Boulding was an early expositor.

Briefly, farmers, like the rest of us, attach a high
value to technological advance; in the "sea of com-
petitive behaviour" each farmer has an added in-
centive to reduce his costs and up his net returns;

but this causes a large rise in aggregate farm output; as the demand for farm products is extremely inelastic, the additional output brings a drastic decline in farm prices and income; this calls for more cost-reducing technologies; and so on, *ad infinitum* and *ad nauseam*.

What does Cochrane's analysis mean for farm policy? Given his basic tenet that the aggregate supply of farm commodities, driven by pervasive technological advance, tends persistently to outrun demand, certain policies are automatically classed as blind alleys. These include the free market approach; its "first cousin," flexible price supports; increased farm efficiency; and fixed supports accompanied by limited production controls.

The present program of moderate price supports, buttressed by the Soil Bank and foreign surplus disposal, is regarded as tenable, provided that surplus disposal is geared to the needs of underdeveloped countries and society is willing to pay the cost. It is Cochrane's judgment that society will not choose to pay the cost of the present program, or of an alternative program of compensatory payments.

With virtually all extant farm policy proposals consigned to limbo, is anything left? According to Cochrane, one solid alternative remains. There is a system of production and marketing controls that would effectively "bridle the rate of aggregate output expansion." This may sound like the old Triple-A, or even the Soil Bank, but Cochrane's plan differs so much in degree as to be different in kind.

Agriculture as a whole would be granted the status of a public utility or cartel. The USDA would establish annual national sales quotas for the principal farm commodities at levels that would result in fair, or parity, prices as stipulated by the Congress. Each farmer would receive negotiable certificates permitting him to market his *pro rata* share of the national allotments. All sales not covered by certificates would be illegal. Other "side programs," such as some export subsidies and storage programs to handle weather surplus, could be linked to the central structure, but the sales quotas established by law are the heart of the matter.

The only real stumbling block that Cochrane foresees is unwillingness of farmers to accept the high degree of control over their individual man-

agement decisions that the plan entails. But he believes this barrier can be surmounted "once the fog of the 'automatic-adjustment' myth is lifted," and farmers perceive what the Great Agrarian Cartel can mean to them in the way of adequate and stable incomes.

In order to keep this review somewhere near the allotted space, I shall limit myself to just a few comments. In arguing that price-income instability is the norm for agriculture, I think that Cochrane has overstated his case. He seems to be saying that this instability would have been just as great even if agriculture had been spared the impact of two world wars, the Great Depression, and extended periods of high price supports. I think it is equally arguable that if these factors had not been present, price-income instability in agriculture since 1910-14 would have been considerably moderated and the farm problem as a whole would have been more manageable.

My second comment concerns Cochrane's failure to deal effectively with the problem of setting fair prices under his plan. He espouses a direct legislative determination of individual commodity prices, which I think is inconsistent with his aggregative approach. It seems to me that such an approach requires, first of all, the setting of a total income goal for agriculture. The next step would be calculation of output goals for the principal commodities on the basis of past averages and trends. Estimates would then be made of the prices at which these outputs would sell. Next, prices and quantities would be summed and compared with the overall income goal. If this were exceeded, output objectives would be revised upward; if not attained, they would be revised downward. At any rate, I think the price objectives in a scheme to control aggregate output would logically be derived from an overall income goal, not determined separately in advance.

Finally, I would like to recommend this book to both the advocates and the opponents of stringent controls on total farm output. Regardless of how one views Cochrane's own proposal to solve the farm problem (which occupies only a small fraction of the volume), he will, in my opinion, find the basic issues and the alternative policies clearly and correctly stated. This by itself is an important contribution, for which the author deserves praise.

J. P. Cavin

Sampling Opinions—An Analysis of Survey Procedures. By Frederick F. Stephan and Philip J. McCarthy. John Wiley & Sons, Inc., New York; Chapman & Hall, Limited, London. 451 pages. 1958. \$12.

A COLLEAGUE once showed me a paper entitled, "Statistical Theory in One Easy Lesson," which had been prepared by a professor of public administration to assist his students by describing in laymen's terms the sometimes mystical language of the statistician. The book under review can hardly be described as one easy lesson, but it does present in a nonmathematical, easily understood, manner a thorough description of (1) a variety of sampling methods and the theory that applies to their use in surveying attitudes, opinions, and consumer wants; (2) empirical studies undertaken by various survey agencies and comparisons of results; and (3) practical problems that arise in actually designing sample surveys and putting them into operation.

This book is the result of a "Study of Sampling" which the authors began shortly after World War II for the joint Committee on Measurement of Opinions, Attitudes, and Consumer Wants of the National Research Council and the Social Science Research Council. They acknowledge that their work, which is presented in three parts corresponding to the three topics outlined above, represents more of a progress report and a description of problems than a final answer to any major question. They add that statisticians "may be impatient with the verbal discussion of problems that can be expressed more succinctly and precisely by use of mathematics"—yet it is in this different approach to the subject of sampling that their work represents a significant contribution to the literature.

In part I, which relates to the nature and role of sampling, the authors begin by leading their readers through a philosophical discussion of such topics as the importance of studying and measuring opinions and attitudes, the worth of accuracy, what sampling is, what it accomplishes, and how its dependability can be judged. Moving then to a familiar description of the various sampling procedures, this part is concluded with the presentation of some models for use in selection and measurement procedures, and conclusions to be deduced from their use.

Part II is devoted to the examination of results of a variety of actual surveys conducted by a number of survey agencies. Survey data and descriptions of sampling methods were obtained as a first step in the Sampling Study, for the purpose of evaluating sampling methods. A feature of this part is a series of comparisons between survey results from use of quota vs. area sampling methods. As might be expected, comparisons range from reasonably close agreement to wide disagreement. Some instances of serious biases in the quota method were found, and the authors are led to conclude that "it seems impossible to place quota sampling on a sound theoretical basis" * * * (a conclusion which, incidentally, has gained rather universal acceptance in the planning of sample surveys by Government agencies.)

One chapter of part II is devoted to estimation of variances for selected probability model sampling procedures, and it is followed by a similar chapter which described sampling variability of quota sampling procedures. The authors assume that repeated application of a specific quota method will produce a sampling distribution; they proceed to compute rough variance estimates, although admitting at the outset that such procedures "are not to be interpreted as an attempt to put the estimates * * * on the same sound theoretical footing as now exists for well designed and executed probability samples." Further, no attempt is made to measure the systematic errors or biases associated with quota methods, such as result from errors in the original quotas or from the freedom permitted interviewers in selecting respondents to fill their quotas.

Part III deals with problems of sample survey design, beginning with the necessary formulation of objectives, assembly of population data and related information, review of possible sampling procedures, deciding on techniques of selection and estimation, and so on. This summary covers, in a general way—but in a way that is carefully thought through—all the things that need to be considered in designing a survey and putting it into operation.

Social scientists, administrators, survey spon-

sors, and a wide variety of poll-conscious readers will find in this book a better basis for understanding the principles and practices of sample-survey planning that lead to dependable, or un-

dependable, results. They will find solace in the fact that it is written primarily for them, rather than for mathematicians.

J. Richard Grant

American Agriculture: Geography, Resources, Conservation. By Edward Higbee. John Wiley and Sons, Inc., New York. 399 pages. 1958. \$7.95.

WRITTEN mainly for students of the agricultural sciences, vocational agriculture, conservation, and geography, *American Agriculture* purports to be a comprehensive survey of the agriculture of the United States. Though the book offers a stimulating and graphic presentation of many facets of American agriculture for the beginning student, it lacks the penetrating and probing analysis that would be of interest to more advanced students and researchers.

For the agricultural economist, the book provides an example of a somewhat different approach to the study of American agriculture than that typically employed by economists. Its worth to the research worker rests mainly in its presentation of the organization and use of land resources on farms selected to illustrate regional contrasts in agricultural production.

The author, a professor of geography and agricultural economics in the University of Delaware, has organized his materials into three parts. The first part deals with land resources and their use, climate and agriculture, and soils and land capability. If these deserve separate treatment, more attention should be given to such influences on American agriculture as technology, land ownership, and tenure, historical development of resources, and distribution and characteristics of population.

Part II gives a panoramic view of the dry West, and part III a similar treatment of the humid East. Here the author relates many firsthand observations that he has made on selected farms while traveling about the country. They stress repeatedly the importance of wise use and conservation of land resources, which is the underlying theme of the whole book.

The author has done a good job in focusing attention upon the importance of water in the West. Using this as a dominant theme for the discussion of western regions provides an underlying unity that would be lacking otherwise.

After reading in the preface about the inexactness of such terms as the Wheat Belt and Cotton Belt and after being told that "the pages which follow will be concerned with the reasons lying behind regional distinctions," students of geography in particular will be disappointed to find that the author does not have a more exact and complete regionalization to present. He discusses the Palouse and Willamette Valley separately as regions, but one finds no regional analysis of the Shenandoah and Imperial Valleys, for example. These are major shortcomings for a volume that is intended to be a study of agricultural regions.

Numerous maps, charts, and diagrams are used effectively throughout the book, but there are no photographs.

James R. Anderson

The World's Sugar: Progress and Policy. By Vladimir P. Timoshenko and Boric C. Swerling. Stanford University Press, Stanford, California. 364 pages. 1957. \$6.50.

THE HISTORICAL and technological development of the world's sugar industry, which is covered in parts I and II of this book, provides the background for a detailed discussion of the economic and political problems that have accompanied the industry's growth. In their attempt

"to contribute something significant by way of economic interpretation, objective analysis, and broad perspective" of the world's sugar industry, the authors do exceedingly well.

The relationship of sugar crops to other crops in producing countries, the position of sugar in

the food supply, and the pattern of international trade and control are discussed in the first part of the book. The second part is devoted to an extensive review of the technological development and the internal structure and organization of sugar production. The last and largest part is given over to policy in regard to sugar.

In the chapter on the United States sugar supply, the Sugar Act, which bulks large in any such discussion, comes in for some harsh criticism. The most serious defect, according to the authors, is that quotas and restrictions, with their "shifts in the rules of the game and their windfall gains and losses, place a premium on winning political favors rather than on performing economic services." There is always the danger that the welfare of the industry may be confused with the welfare of the public, and that the administrative agency, whose functions parallel those of a public utility commission, may find itself in the position of industry advocate. Despite this danger, the impression is left that the Sugar Act has been administered fairly well. In this connection, it may be noted that the interests of the large industrial users provide some counterpoise to the producer interests emphasized by the authors.

The economic policies relating to sugar in major producing and consuming countries are so thoroughly entwined with their domestic politics that it is difficult to account for the various sugar programs without describing the political environment from which these programs evolved. The "political economy" for sugar in major areas is explained rather well; but there is an undercurrent of impatience with the relatively large role which political considerations play in the formation of policy. Frequently, the political diagnoses and treatment brought to bear on economic problems are not in one-to-one correspondence with the thinking of economists.

Apropos of this, it is interesting that not one of the five reforms for our sugar program suggested in the book was made when the Sugar Act was amended in 1956. And in the case of one—a ceiling on total subsidized production—the amendment went in the opposite direction by permitting domestic producers to share in the growing market for sugar in the continental United States. To be sure, the book was not out when

the new legislation was passed, but the suggested changes are such as have occurred from time to time to economists when looking at protective legislation for sugar.

In the chapter on the Soviet sugar industry, the authors recount its history from the time of the Napoleonic wars to the present. The shocks it has sustained since the revolution are fully documented. Here, as elsewhere, the book would have been greatly improved by the inclusion of some dot maps showing production, and others locating towns and political divisions.

In the final chapter, the authors, with rather devastating effect, train their analytical guns on the International Sugar Agreement. The ISA, they say, has failed to come to grips with the outstanding feature of the world sugar economy in the twentieth century—the gradual erosion of the "free" market, which is characterized chiefly by the expansion of preferential agreements between cane sugar suppliers and major importers.

The ISA, the authors assert, makes no contribution toward helping "free market" suppliers adjust to a lower level of demand without social disaster, lowering the incentive for higher sugar-crop output in high-cost importing countries, or advancing sugar technology in countries that produce for the free market. Politics, more than economics, they conclude, is at the root of the international sugar "problem."

There is an illuminating discussion of the interests of all major producing and consuming countries, with respect to sugar supplies and prices. Cuba's major aim in participating in the ISA, according to the authors, is not primarily a high world price but a halt in the shrinkage of the total free market. A relatively low price would discourage an expansion of production in importing and competing exporting nations, and occasional exports from normally self-sufficient countries. (It must be conceded, however, that sometimes Cuba does not behave as though that were her goal.) On the other hand, the interests of the major importing countries of Europe and North America are revealed as being in high world prices. Domestic protection programs always look better when world prices are high.

Richard D. Butler

ANYONE who has occasion to seek information or to carry on research in agricultural libraries will find this book filled with helpful suggestions. In it the compilers, two agricultural librarians, list in broad subject groups the bibliographies, indexes, abstracts, yearbooks, handbooks, directories, and similar publications useful in the control of the rapidly growing literature of agriculture and its related fields. Annotations are provided when the title does not fully describe the character of the listed work.

It would be impossible in a book of 200 pages to list all publications of reference value in so large a field. The compilers therefore confine themselves to "the more valuable reference tools . . . with the hope that they will guide the reader to further sources of information." Section F, Social Sciences, which includes Agricultural Economics, Rural Sociology, and Agricultural Education, is more restricted than the others, owing to the availability of Miss Orpha Cummings' *Important Sources of Information for Work in Agricultural Economics with Special Emphasis on California*, 1956. Nevertheless, it includes 46 titles and refers to 6 listed in other sections and 16 not independently listed.

The 56-page index of authors or titles and subjects in the volume impresses this reviewer as primarily a librarian's index. It is easy to find a particular publication the author or title of which is known, but the subject approach is more diffi-

cult. For example, there is only one reference to markets, market, or marketing, and no cross references, although other pertinent titles can be found under United States Agricultural Marketing Service and the name of commodities. Similarly, one must look under United States Bureau of the Census for American censuses of agriculture and under Food and Agriculture Organization of the United Nations and International Institute of Agriculture for the two world censuses. There is no entry for Census and only a reference to the section under Statistics. This point should not be labored unduly as the number of titles in any section is not too large to permit reading it through. In fact, this is probably the best way to use the book.

No two people would ever agree completely on what to include in such a compilation. It is easy for any reviewer to find some favorite of his omitted while some other work of less value to him is included. On the whole, however, the titles appear unusually well selected—there would probably be rather general agreement on a large proportion of them.

This book is announced as the first in a series of bibliographic guides to be sponsored by the University of California libraries and issued by the University Press. We hope that future guides will be speedily forthcoming and will maintain the high standard of the first.

Margaret S. Bryant

Selected Recent Research Publications in Agricultural Economics Issued by the United States Department of Agriculture and Cooperatively by the State Colleges

BARRY GOODLOE, BLACK, W. R., and CHAPOGAS, P. G. EVALUATION OF FIBERBOARD SHIPPING CONTAINERS FOR WESTERN LETTUCE. U. S. DEPT. AGR. MKTG. RES. RPT. 248, 38 PP., ILLUS. JULY 1958.

A limit of 1½ pounds of lettuce per 100 cubic inches of space permits the best economic use of fiberboard shipping containers. To reach this conclusion, researchers inspected the condition of lettuce on arrival in New York City from the West Coast. Tightness of the pack ranged from 1.22 pounds per 100 square inches of container space to 1.69 pounds. Serious bruising averaged less than 3 percent when under 1½ pounds of lettuce were packed in 100 cubic inches; serious bruising ranged from 5 to more than 10 percent when over 1½ pounds were packed in 100 cubic inches.

BERTRAND, A. L. AND HAY, D. G. FARMERS' EXPENDITURES FOR HEALTH CARE IN 1955. U. S. DEPT. AGR. INFORM. BUL. 191, 33 PP., ILLUS. JUNE 1958.

Farm families spent over \$1.1 billion for health care in 1955. About a quarter of the total health bill was paid directly to physicians and surgeons, approximately \$131 million was paid to dentists, and \$150 million directly to hospitals. Farmers paid \$200 million for health insurance, \$138 million for prescription drugs, \$40 million for nonprescribed drugs, and \$25 million for vitamins and minerals.