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Book Reviews

American Agriculture: Its Structure and Place in the Economy [A mid-century appraisal of the current status of farms and farm people.] By Ronald L. Mighell. John Wiley & Sons, Inc., New York. 187 pages. 1955. \$5.00.

THE first of the new Census Monograph Series presents a picture of American agriculture at midcentury. Tables, maps, and charts are helpful, and the language is clear and correct without being excessively technical. The book should prove to be a useful reference for agricultural economists generally, for rural sociologists, and for businessmen who have dealings with farm people.

Author Ronald L. Mighell of the United States Department of Agriculture has boiled down the tremendous mass of census data regarding agriculture. He has reorganized it along lines that conform to our economic discipline.

A special service has been done in differentiating commercial farms from small-scale, part-time, and residential farms. These are described separately.

Social features of the agricultural population such as race, age, education, health, and home improvements are described. In some instances, these data are compared over time. Useful comparisons with nonfarm data are included.

Mighell presents an interpretation as well as a factual treatment.

Theme of the book is this: An agricultural revolution is underway. New agricultural tech-

nology makes its advent in a sporadic manner and is not easily subjected to social control. Thus at times, such as the present, technology results in heavy supplies. Because of the inelasticity of demand, farm prices and farm incomes are reduced. Great stress thus is placed on our social institutions. Government, for good reasons, engages in agricultural research. Hence, to a degree, government is responsible for the heavy agricultural supplies and the resulting agricultural distress. Governmental actions should therefore be taken to facilitate the adjustments that are needed to accommodate the new technology.

This book is a cautious questioning of the widely accepted idea that agricultural research and technology are an undiluted benefit.

Mighell says . . . "the intent in this book is neither to forecast the future nor to propose courses of action." To this objective he generally adheres. But he evidently looks with approval on programs of education, programs to increase the mobility of farm people, and ". . . some method of income support during the transition period. . . ."

Don Paarlberg

STUDENTS who cut their statistical eyeteeth on the first edition of Mills' *Statistical Methods* will look with an expectant eye on the third edition. After a too long interval since the second (1938) edition, Professor Mills has added material to reflect some of the main currents of statistical developments of recent years.

Most of the original volume is retained in substance, some of it verbatim. But the revision involves both a thorough reworking of much of the earlier text and the addition of considerable new material, drawing upon both the recent literature and the author's own experience. The new material includes a more complete presentation of the developments of the Student-Fisher era, and of new techniques for analyzing economic and business statistics. Examples are used freely to help the student to bridge the gap between the textual discussion and his own world.

The references appended to each chapter and recapitulated in a complete bibliography at the end of the book provide a convenient lead for the pursuit of specific problems. They attest to the wide area over which Professor Mills has ranged in preparing this edition.

The appendices have been expanded by two valuable additions; and a section of statistical tables, which was completely lacking in the first edition and supplied to a limited extent in the second, now includes most of the tables that the average practicing statistician has occasion to use in normal day-to-day work.

Like its predecessors, the third edition presents in scholarly manner the major current techniques, with primary emphasis on the field of economic and business statistics; the approach is primarily descriptive and applied rather than theoretical; statistical theory is brought in—not beyond the elementary mathematical level—to the extent necessary to validate the techniques. The book will find wide use both as a reference work for the practicing statistician and as a text in standard elementary academic courses on statistical methods. However, it is not designed to take the place of theoretical works which are directed

specifically to the philosophy and mathematical foundations of statistics. The student who aspires to competency in his field will still need the broader and more intensive discipline of the foundations of statistics.

The first nine chapters present the basic tools for the statistical description of data in a thorough, detailed, and comprehensive way. Possibly the symbolism is more formidable and complicated than really is necessary. It seems to this reviewer, also, that the emphasis upon *description* of given observed distributions tends to obscure somewhat the fact that any sample is of interest only so far as it provides a basis for a valid inference concerning the population from which it came. Then one may well question, in view of the central place of sampling in modern statistics, whether the closing chapter is the most auspicious place to develop such an important subject. It might well be argued that the student should be carried through this subject immediately following probability and inference, and in a manner integrated or correlated with his introduction to inference and estimation.

If any sections should be singled out for special commendation, it would be those that deal with the problems of time series and index numbers of prices and production, which are areas of special interest to economic analysts. The chapter on cycles, particularly, represents a substantial advance over earlier editions, with special attention to the methods developed by the National Bureau of Economic Research. The treatment of index numbers of prices concentrates on the solid core of basic theory and concepts, and properly depends heavily upon the work of Fisher and Mitchell. The recent contributions of Mudgett, Frisch, and Ulmer, as well as others, are reflected in the reworking of this subject, and the new section, "Changes in Regimen and the Comparison of Price Levels," points out some of the real problems in this area and rounds out the theoretical treatment into a well-balanced whole. The chapter brings out the disadvantages of a distant base period, the essentially dynamic character of

the economy, and the futility of seeking in a base period a criterion of normalcy. In the shortened discussion of specific price indexes, only the Consumers' Price Index and the Parity Index are described in detail.

Multiple correlation is covered in considerable detail, including the relation between correlation and analysis of variance techniques. This reviewer wonders, however, why the more elegant methods of Waugh and Dwyer were not included as part of the correlation explanation. Most teachers will wonder also why the example used in the text was not set up in standard computation

form so as to illustrate the use of the check-sum technique in computing the product sums and in carrying through the Doolittle solution, instead of relegating the latter to the Appendix.

Although users will differ among themselves in their evaluation of particular sections, and may differ with the author concerning some details of the selection from recent literature, there will be virtual unanimity that in his third edition Professor Mills has presented a comprehensive and authoritative work which runs true to the form of its predecessors.

B. Ralph Stauber

A Statistical Study of Livestock Production and Marketing. By Clifford Hildreth and F. G. Jarrett. Cowles Commission for Research in Economics. Monograph 15. John Wiley and Sons, Inc., New York. 156 pages. 1955. \$4.50.

A MAJOR complaint on the part of applied econometricians and economists in general has been the paucity of empirical studies using the "modern" simultaneous-equations approach to the problems of supply-demand analysis. Hildreth and Jarrett in this, the latest of the Cowles Commission Monographs, use this approach and provide a welcome addition to the small but rapidly growing list of empirical studies in which this method of analysis is used.

In the preface the authors state that the basic reason for the study is methodological: "It was desired to try various methods, recent and traditional, of problem formulation and statistical analysis in an important and promising practical setting. Useful empirical results were sought, but the main emphasis was placed on the development, application, and testing of methods that might prove effective in analyzing interrelated segments of economic activity." The livestock complex was selected because of its importance, the availability of data, and previous studies in this sector.

The authors apparently recognize the fact that a major area of interest lies in comparison of results obtained by the limited-information technique with those obtained by the traditional single-equation multiple correlation technique. Least-squares counterparts of the limited-information estimates are presented in each case; and this book, in general, should do much to satisfy this interest. Defenders of both approaches, however, will be hard put to find a basis for deciding between them. The authors point out that, in many instances, there is little basis—either *a priori* or mathematical—for choosing between them. These results tend to bear out the position of many agricultural economists that the "traditional" approach to analysis of many agricultural commodities will yield valid estimates of coefficients with only a minor investment in computational time and effort. From most of the empirical studies to date, including this one, it appears that rather strong conceptual reasons should be present before the computations required to obtain limited-information estimates are undertaken.

Unlike many past monographs of this series there is relatively little that is new in the way of either economic or mathematical theory. Essentially, the authors have brought to bear existing economic theory and the latest in statistical techniques on an empirical study of the domestic livestock economy. As such, it should prove more interesting to applied economists and statisticians who are interested in methodology than to those concerned primarily with theory and new statistical techniques. Though the authors state that they "have tried to obtain quantitative approximations to some of the underlying relations determining quantity and price of livestock products produced in the United States each year," commodity specialists and government administrators concerned with the livestock economy will find little that will aid them in the course of their work. This stems largely from the level of aggregation on which the analysis is based, the form of the variables used, and the existence of substantial evidence that structural changes have occurred in the postwar period. The authors are fully aware of the limitations of aggregate studies and emphasize the need for construction of complete models for individual products.

The nature of the study and the number of alternative formulations presented preclude any simple summary of results; but estimates of such important coefficients as demand and income elasticity do not differ greatly from those obtained by other research workers. In every area, analysis is as complete as possible; results are checked for

both logical and mathematical consistency; and in many instances alternative formulations are given. The basic conclusion to be drawn from these results is that, if further advancement is to be made in our knowledge of the relations that exist in the livestock economy, equally intensive but less aggregative studies will need to be made. Aggregates tell us no more than averages, for they conceal as much as they disclose.

Readers who are familiar with the Cowles Commission's previous monographs may have some misgivings about attempting to read this report. It seems, however, that mathematical economists have at last come to realize the problems of communication between themselves and literary economists. Though the mathematics are still formidable in many places, a small investment in persistence and careful reading will prove rewarding. The book's organization and its careful description of variables, equations, and techniques used, do much to place the work in a readable category for the nonmathematician. It is particularly recommended to all who are concerned with quantifying economic relationships.

This study was carried out under a contract with the former Bureau of Agricultural Economics and was made under authority of the Agricultural Marketing Act of 1946 (RMA, Title II). The project was substantially completed in 1952, but pressure of other activities and a change in the residence of the authors delayed preparation of the manuscript for publication.

Kenneth W. Meinken

PROFESSOR Halcrow has performed a useful service for agricultural economists, especially for those who are unable to keep up with the current literature in their professional field. This includes most of us. Because of demands of specialized responsibilities, few manage to stay in close touch with all phases of farm economics. Satisfaction of the natural desire to keep informed is difficult in terms of reading time required and in view of the wide array of publications to which agricultural economists contribute.

The services Professor Halcrow provides include a discerning job of sifting materials published during the last 10 to 15 years and assembling in one inexpensive volume a well-rounded selection of significant writings. The selection will appeal to diligent readers of the *Journal of Farm Economics*, as well as to those who customarily read only an occasional article here and there. Of 41 items included, less than half appeared in the *Journal* and most of these are taken from Proceedings issues. The rest are articles assembled from eight other professional periodicals published in the United States and Canada, and relevant excerpts from a number of books and reports. Forty-eight individuals are represented, including such well-known contributors as J. S. Davis, Sherman Johnson, Earl O. Heady, Willard W. Cochrane, Frederick V. Waugh, Theodore W. Schultz, Karl Brandt, Leonard A. Salter, and Ernest T. Baughman, to name only a few.

In accordance with established custom, the editor candidly recognizes the vicissitudes of such

an anthological undertaking in the absence of accepted standards of selection. Although this humble explanation helps the reviewer to understand the nature of the editor's task, it does not persuade him to concur fully in the selection of materials. Regardless of differences of opinion as to what should have been included, the anthology achieves the objective of providing opportunity to obtain a concept of what's cooking in the general area of agricultural growth and development, and in the specialized fields of farm production economics, agricultural prices, marketing, price-income policy, land economics, and farm finance and employment. This opportunity is enhanced considerably by Professor Halcrow's introductory remarks for the book as a whole and for the sections devoted to each of these subjects. These provide excellent perspective by indicating the logic and the continuity that underlie the selections.

Emphasis throughout the book is on broad policy aspects of currently important problems, which are described, evaluated, and analyzed by authoritative authors, with little reliance on mathematical formulae or statistical tables. The usual pattern of treatment includes discussion that suggests remedial measures and consequences of different courses of action. Less germane parts of articles are omitted to conserve the reader's time. The result is worth the time of participants in all walks of agricultural economics.

Harry C. Trelogan

THE evolution of the contract marketing of butter and eggs in the United States is explained in Irwin's book. The need for, and provision of, an organized market came much later for butter and egg futures than for the nonperishables, such as grain and cotton; the author was thereby enabled to obtain much historical data and impressions first-hand from butter and egg traders still living who had helped to organize the first butter and egg exchanges.

Until the latter half of the Nineteenth Century, according to Irwin, butter and eggs were produced for immediate consumption. Preservation methods developed in that period permitted supplies to be carried forward from the spring period of flush production to the fall period of low production. Nonetheless, there was such severe uncertainty, regarding both quality and price, that the functions of storing, financing, risk-taking, and marketing could not be separated readily. Then too, the cost of storing was so great that only limited quantities could profitably be carried forward. These conditions served to concentrate control of storage in the hands of a few traders in the larger markets, primarily Chicago.

As the technology of preservation advanced to produce lower costs and fewer uncertainties as to quality, these dealers found it increasingly difficult to finance independently the purchase and long-term storage of large quantities. Lending

institutions were reluctant to make loans on commodity collateral because of the remaining uncertainties regarding price. This resulted in forward selling of stored commodities and in development of standard contracts for such sales. From this grew today's organized exchanges for the trading of futures contracts in butter and eggs.

Irwin's discussion of the ways in which organized trading in butter and egg futures facilitated the marketing of these commodities will be useful to persons interested in the role of commodity exchanges. His list includes (1) the transfer of price risks, (2) the financing of accumulations, (3) price determinations, (4) transfer of ownership, and (5) a continuous market. The author discusses some fundamental changes in the production of butter and eggs and in marketing conditions to which futures trading must adjust. For those who are interested, Appendix I provides a brief history of the evolution of futures trading in grain and cotton.

Several problems which now vex exchange officials, traders, and others are, in my opinion, dealt with too briefly. One of these is the entrance into the speculative arena of futures trading of many uninformed and poorly financed individuals, primarily on the buying side. Another is the withdrawal of a number of well-informed and well-financed traders from the futures market.

John O. Gerald

FUNCTIONALLY, the Food and Agriculture Organization of the United Nations (FAO) stands in the same relationship to the United Nations that the United States Department of Agriculture stands to our Federal Government. Structurally, this is not true; FAO is one of the specialized agencies of the United Nations, and these have their own member nations some of which are not even members of UN. Yet FAO's functions in the UN family of nations, which is a sort of loosely formed confederacy, are more than roughly parallel to those that the Department performs for our National Government and our people. *The Story of FAO* tells about the conception and birth of FAO and of its formation and achievements since it was organized 10 years ago this October.

One of the early chapters comes to the nub of the whole thesis and purpose of FAO when it describes the differences between a technologically advanced country like the United States and an underdeveloped country like Egypt. The author summarizes it in a personal note: "When I realize how wide is the gap between conditions today, and how things have changed, I cannot doubt the possibility of narrowing the gap between Abu Libda and Jim Barton." Earlier in the book the reader has been shown these two farmers and their farms to illustrate the difference between an underdeveloped and a developed technology. Abu Libda is a hard-pressed farmer in the Nile Valley, and Jim Barton a well-to-do farmer in Iowa.

In the formative period of the organization, Mr. Hambidge recounts, FAO was pressed to undertake international action that would have cut across national sovereignty. FAO rejected two such proposals. Each sought authority for an international body under FAO aegis to deal with food distribution. Sir John Boyd Orr, the first director general, initiated a plan for a World Food Board, an international body with power to buy, hold, and sell important agricultural commodities entering world trade, and to set maximum and minimum prices for these commodities in the international market. After Sir John's

plan was rejected, his successor, Norris E. Dodd, revived the idea in modified form as the International Commodity Clearing House, but this too proved to be unacceptable. By 1949, the year that the second proposal was disapproved, it became apparent that FAO's functions for the foreseeable future would be limited to advisory work.

More than a third of Mr. Hambidge's report pertains to projects in this area, largely technical assistance. Here we get a review of the technical cooperation—literally hundreds of helpful projects—that FAO has fostered through regional work and with individual countries in the Near East and Africa, the Far East, Latin America, and Europe. An appendix enriches the text with footnote material valuable for reference—the FAO constitution; national contributions to the UN technical assistance program; statistics on nutrition, infant mortality, land resources, percentage of working people who are farmers, by country; and much more. The appendix contains also the source material of the book, listing both FAO publications and other literature, and an index that is rich in detail.

Gove Hambidge, former editor of the *Yearbook of Agriculture*, is probably the foremost interpreter of the agricultural sciences in our language today. He has been with FAO since the original interim commission was organized at the Hot Springs conference in 1943. He has had a hand in shaping the organization's policies and has written many of its major publications. What he has given us in *The Story of FAO* is a fragment of his own life as he has lived it for FAO.

People are forever asking, What has FAO done? Why don't more people know about FAO? *The Story of FAO* gives a comprehensive answer to the first question; and its publication goes far toward providing an answer to the second. Here is a definitive account of the work of FAO, readable, factual, and accurate. It will be valued highly, especially by students of foreign affairs who are working in aspects of food and agriculture in the world economy.

Charles E. Rogers