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# Book Reviews

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## *Farmers in Business—Studies in Cooperative Enterprise.*

By Joseph G. Knapp. American Institute of Cooperation. 456 pages. 1963. \$5.

THIS VOLUME could be appropriately titled "One Man's Views on Agricultural Cooperatives." The man, Joseph G. Knapp, is Administrator of Farmer Cooperative Service, and his views are well worth your attention. Joe Knapp is an articulate and prolific spokesman for cooperatives, as a result of his experience as educator, researcher, and administrator.

The book is essentially an anthology of Knapp's writings and talks to a wide variety of audiences. Most of the selections are from the late fifties and early sixties. The book contains 54 articles ranging in length from 1 to 23 pages. The articles are organized into the following main headings: The Nature of Cooperative Enterprise, Organization and Operation, Lessons From Experience, Challenges and Problems, and The Road Ahead.

"The aim is to present a well-rounded picture of cooperative enterprise in American agriculture rather than a tightly organized compendium that could serve as a textbook." The author thinks of it as a source for browsing or as a book that can be turned to for ideas on specific phases of cooperation or for stimulation. He recognizes that there may be some duplication. Actually, there is surprisingly little duplication.

Knapp has a wholly sympathetic view of cooperatives, but not an uncritical one. A dominant theme that caught my attention is that a cooperative can be no better than the quality of its management.

The book should appeal to a wide range of readership—businessmen both inside and outside the cooperative family, as well as those who may be interested more in the sociology of cooperation. To Joe Knapp cooperatives are more than just a business enterprise. See, for example, his writings on such subjects as "Pride—A Cooperative Ingredient," "The Cooperative Complex," "The Right to Know," and "A Creed for Cooperative Members."

The 11 articles in the final section, The Road Ahead, focus appropriately on the future role of cooperatives in a changing economy. An increasing coordination of economic activities in both national and international affairs seems inevitable. How will this greater coordination be achieved? Cooperatives can assume a more and more significant role the world over. As Knapp sums it up in the final article—it's up to the cooperatives.

Kenneth E. Ogren

## *Contract Farming, U.S.A.*

By Ewell Paul Roy. The Interstate Printers and Publishers, Inc., Danville, Ill. 572 pages. 1963. \$8.25.

MANY otherwise well-informed students of agriculture are often astonished at the many kinds of agreements under which livestock and crops are produced and marketed. This book by Ewell Roy runs the agricultural gamut of contractual and integration arrangements—from broilers to hops—from the much publicized to the less well known. One of the stated objectives is to bring "together into one source all the available materials for a unified, logical presentation of this subject, free of emotion and personal bias."

Dr. Roy's book achieves an important place in coordination literature as a descriptive reference source. For each commodity, the author delves into the complex organizational structure of the industry, shows how the various segments are coordinated, and describes the arrangements that nonfarm businesses make with farmers concerning financing, supplies, management, production hazards, and markets. A list of references at the end of each chapter will be of much use to students in this field.

Roy takes an objective view of whether contracting and vertical integration are good or bad for agriculture. He points out the economic reasons for structural change and shows why different forms of vertical coordination have occurred with different commodities and have changed from time to time. Contracts between farm and nonfarm businesses have led to lower prices in some in-

stances as efficiencies have occurred and output expanded. But readers of this book will quickly appreciate how deeply contracts are imbedded in our ways of doing business and how difficult and how undesirable it might be to legislate some of the curbs that have been suggested.

Roy recognizes that there is much that can be done to improve contracts and make them more equitable. This, however, rests largely in the bargaining process between individual producers and contractors. He presents guides to help farmers estimate costs and returns and to otherwise determine the advantages and disadvantages of independent or of contract production. Typical contracts and suggestions for improvement are included.

Several parts of the book are devoted to farmer cooperatives as farm business organizations. These associations provide a way by which farmers can jointly integrate into a supply or marketing business. Also, as separate entities, they may contract with their members. Roy, who has a special interest in cooperatives, indicates some of the inherent dangers for them in contract production. Some cooperatives have had outstanding success with contracting while others have avoided it or experimented with it on a limited scale.

Most controversial are those conclusions that relate contracting and vertical integration to governmental policy. For example, "one must conclude that it was the Federal agricultural price support policies which directly or indirectly led to contract farming on a large scale in the South." Also, Roy indicates that the Feed-Grain Program of 1961 forced canneries in the Midwest to integrate into vegetable and sweet corn production on their own because growers with whom they normally contracted put their acreage into soybeans or kept it idle. Further, Roy says there is very little contracting in such crops as corn, wheat, rice, and cotton because the Federal Government is already contracting by virtue of its acreage controls and price support activities. This, and his statement that with no Government controls "contract farming would no doubt spread rapidly in all commodities," are open to question. Nevertheless, Roy's point of view provides ground for interesting speculation in an area that deserves more thought and research.

This volume presents a wealth of information in simple, readable language. The author makes good use of charts and diagrams and the text is

lightened with nearly 150 photographs. *Contract Farming, U.S.A.*, will be a worthwhile addition to the bookshelves of economists, college students, farmers, and others concerned with the welfare of the farming business.

Lawrence A. Jones

*The Sources of Economic Growth in the United States and the Alternatives Before Us.*

By Edward F. Denison. A Supplementary Paper published by Committee for Economic Development. 308 pages. January 1962. \$4.

IN RECENT YEARS the literature on economic growth has been expanding by leaps and bounds. This contribution by Denison would have to be placed on the quality "top shelf" of this literature. The work is an example of a thorough investigation which has resulted in a concise report, remarkable in its consideration of the problems and in its analysis of the factors contributing to economic growth.

Part I of the book deals with the background and plan of the study. In Part II, Denison examines labor, land, and capital as factors in growth and arrives at some evaluation as to the contribution of the many elements that make up these factors. Part III examines the advance of productivity, measuring the contributions of the various forces that affect productivity. Part IV of the work evaluates a "menu of choices" which might be considered to increase the rate of growth.

Denison's basic premise is that economic growth, if it is to be accelerated, must deal with several of many measures. He demonstrates how total national growth can be influenced only slightly by various lines of action or combinations of action. For agriculturists, the message should be clear—agricultural policies, negative or positive, have little to contribute to overall national growth. For example, adding one and one-half years to the time that will be spent in school by everyone completing school between now and 1980, would be three times more important for national growth than shifting to other uses the resources that are going into "unwanted or little wanted farm products." Further application of Denison's method and refinements of it should be applied in regions and areas to see what factors appear to be the overriding ones for growth at these levels. It might be that the position of agriculture (vis-a-vis allocation of resources) in the growth picture is more important in some regions than in others.



Students, administrators, and policymakers interested in economic development will find this book an indispensable reference, not for shelving but for study.

John H. Southern

*Land Use Policy and Problems in the United States.*

Edited by Howard Ottoson. The University of Nebraska Press, Lincoln. 470 pages. 1963. \$6.

**I**N JUNE 1962 a symposium was held at the University of Nebraska to honor the one-hundredth anniversary of the signing of the Homestead Act by President Lincoln. The symposium did not confine its attention to a history of homesteading but was concerned with reviewing all United States land policy during the past 180 years, appraising significant land problems of the present and future, and exploring implications of the United States experience for land policy in other parts of the world. Sponsored by a number of State and Federal agencies and private foundations, the symposium brought together a significant portion of the Nation's intellectual capital in this subject matter area.

Papers presented at the symposium are published in this volume. The authors include economists, historians, a political scientist, a geographer, a Congressman (Hon. Wayne N. Aspinall of Colorado), and a novelist (Miss Mari Sandoz, author of "Old Jules"). In general, the result is highly satisfactory. There is a minimum of the unevenness, duplication, and raw contradiction found in many symposia.

The book is divided into five sections: (1) the historical background; (2) social factors influencing land policy; (3) past, present, and future demands for land; (4) control of land resources; and (5) future land policy.

The first sections cover the historical development of our land policy, the disposal of the public domain, and the philosophical controversies of an earlier day and their relevance now. John Brewster concludes that "considered as a business in which the operating family is a risk-taking manager of an undertaking in which it does most of the work, the family farm is no less a dominant institution of American agriculture now than it was in Jefferson's day" (p. 130).

W. B. Back, after pointing out the range in size and the diversity in tenure arrangements that

characterize present-day agriculture, states that he considers "the family farm in the traditional sense to be a myth, and the family farm by any new definitions to be too arbitrary and general for usefulness" (p. 185). Both Back and Brewster recognize that the "family farm" has always been in large measure an ideal—a model, a goal, a part of our folklore. Where they differ is in their evaluation of this ideal as a practical goal of agricultural policy today.

The section on demands for land presents a balance sheet of our land resources from the creation of the country to the present and on to 1980 with chapters on urban and recreational uses of land. Three chapters on the control of land resources cover private interest in private lands, public interest in private lands, and both public and private interests in public land. This section describes the historical evolution of our tenure system, the role of public land policy in economic development, and the management of our public lands. Implications for future land policy are discussed in one chapter on recent developments in Europe, one on policy issues for the United States, and one on the role of land policy in the distribution of income and wealth in developing countries.

The book ends with Congressman Aspinall's description and analysis of how Congress develops land policy. He admonishes land economists, particularly academicians, to present the results of their research and thinking at Congressional hearings so that their knowledge can be brought fully to bear on national land policies.

One general word on works such as this. Reviewers of similar books recently have expressed concern over the growing numbers of anthologies. Loyd Fischer refers to the "recent rash of publications of series of papers presented at symposia" (Jour. Farm Econ., Vol. 45, No. 4, p. 894). Gene Wunderlich has asked, "What is the probability of one or two dozen specialists simultaneously having something so important to say, and so cogently developed, that nothing can be omitted?" (Indian Jour. Agr. Econ., Vol. XVII, No. 4, p. 57).

This particular symposium planning committee did their job well. Either the individual authors hewed fairly close to their assigned lines or editor Ottoson deftly adjusted the lines to the hewing and gathered up chips falling too far afield. The book can be highly recommended as enjoyable reading for general edification. Al-

though it would have been more useful had it been equipped with an index, the book will be valuable as a reference and as source material for both students and researchers in land economics.

Robert C. Otte

***Studies in Process Analysis: Economy Wide Production Capabilities.***

By Alan S. Manne and Harry M. Markowitz. John Wiley and Sons, New York. 427 pages. 1963. \$14.

THE EDITORS of this volume state that "The phrase 'process analysis' was chosen to identify studies . . . which approach the analysis of industrial capabilities through models reflecting the structure of productive processes. Process analysis treats industrial capacity, petroleum product specifications, and metal machine operators . . . in contrast to approaches which treat capabilities in terms such as gross national product or inter-industry sales and purchases." The models presented are mainly of the activity analysis type involving the simple method of linear programming. Simulation techniques and integer programming play a small role in this book. However, these techniques may receive increased attention in future process analyses studies.

The book is organized into four main industry or topical sections. These are (1) petroleum and chemicals, (2) food and agriculture, (3) metal and metalworking, and (4) programming of economic development. Among the problems considered in the analyses of these industries are output maximization subject to capacity and resource restrictions, optimum spatial distribution of products, plant location and economies of scale, optimum location of production and the determination of comparative advantage in production, and spatial price equilibrium.

There are two features of this volume that make it a genuine contribution to the area of activity or process analysis. First, it presents actual industry studies including the models, the data, and the results. Second, the esthetic appeal of abstract mathematics is strongly tempered with the fact that a lot of hard work and practical knowledge go into the construction and solution of activity analysis models. As Manne states, "The preceding account should be enough to convince anyone that it is no easy task to construct a process analysis model of a single sector—let alone an entire economy, including spacial and temporal de-

tails. The formulation of the problem, the gathering of data, and the numerical analysis are time consuming and expensive. . . . The implementation of such models is not a routine mechanical procedure. Without intimate collaboration between the model builder, the data collector, and the numerical analyst, there is little hope for success. From the very outset, both the model builder and the data gatherer must have some appreciation of the problem involved in the numerical analysis of their material." The authors candidly point out both the strong points of process analysis and its weaknesses.

If there is one weakness in some of the chapters, it is the brief statements concerning the objective functions of the linear programming models. For example, in Manne's chapter on the U.S. petroleum refining industry he states that "the model used here was of the conventional linear programming type. One way to describe this mathematical structure is to refer to the maximization of a linear form, subject to linear inequality restraints." The reader is well into the chapter before he realizes what is being maximized.

I have not singled out any articles for special mention because all of them are commendable pieces of research. The book is a welcome contribution to the literature on applied activity analysis.

Martin E. Abel

***Price and Quantity Trends in the Foreign Trade of the United States.***

By Robert E. Lipsey. A Study by the National Bureau of Economic Research. Princeton University Press, Princeton, New Jersey. 475 pages. 1963. \$10.

A MAJOR GAP in the data on U.S. foreign trade has been filled and a major limitation to analysis of changes in international trade has been removed with the publication of this monumental study by the National Bureau of Economic Research. This study provides a new set of data on the foreign trade of the United States from 1879 to 1923, a period for which previous trade data were not very reliable. Analysis of changes in the commodity composition of trade can now be made as the changes in price and quantities can be separated. The inability to make this separation has long been a major bottleneck in studies of



trends and cycles in American international trade and finance.

With the presentation of these new data on trade the validity of at least three widely held views is seriously challenged. These are (1) that international trade has declined in importance with economic development, (2) that the terms of trade of developed countries have improved over time, and (3) that the terms of trade of agricultural products have deteriorated greatly over the long run relative to manufactures.

The data presented in this study show that, except for the 1919-40 period, the foreign trade of the United States, like almost every other aspect of its economic life, has been characterized by persistent growth since 1869.

The great depression of the 1930's, which affected most countries, forced a decline in both U.S. and international trade until 1940. Since then, the volume and value of U.S. exports have kept pace with world economic growth and regained the long-term upward trend established at the end of the Civil War.

Foreign markets have played a strategic role in American economic growth. This study shows that exports were most important during the period when American production was growing most rapidly. Therefore, these results contradict the widely held belief that economic development of a country reduces its dependence on foreign trade and that the spread of industrialization throughout the world tends to diminish the importance of international trade. This study also contradicts the belief that there has been a substantial improvement over time in the terms of trade of developed countries and for manufactured products—at least as far as this country is concerned.

Dr. Lipsey has demonstrated many different ways of analyzing trade data, especially graphically, to capture the broad long-run patterns of trade. While the presentations of basic data in terms of ratios and percentages of other ratios are illuminating, they are, to say the least, difficult to follow. The difficulty of following the inverse movements of two ratios is large and requires effort to translate the meaning of the graphs in terms of one factor or item. Aside from this limitation the book is well written.

Actually, only 136 pages are devoted to the presentation of the results, while 339 pages are devoted to the presentation of actual and estimated trade data in tabular form. For this rea-

son, the book will be an excellent reference for most libraries. It will also be useful as a reference for those directly engaged in international trade research. Its use will be primarily limited to teaching and research, although it may prove to be very helpful to officials, both public and private, who are responsible for the development and improvement of research and educational programs.

Arthur B. Mackie

### *The Economic Development of Kenya.*

International Bank for Reconstruction and Development. Johns Hopkins Press. 380 pages. 1963. \$8.50.

U HURU—independence—came to Kenya on December 12, 1963, at a time when the political cauldron was simmering. This study, an exploratory analysis of the economy of Kenya, comes at a crucial and transitional time of important political, economic, and social changes for Kenya. The IBRD Mission study is perhaps the most current and comprehensive analysis of the economy of Kenya that has been published thus far. It calls attention to the prevailing and pressing economic problems that independence brings to developing countries of Africa, and the dependence of these countries upon certain agricultural exports.

A team of 10 specialists prepared the study for the IBRD at the request of Kenya and the United Kingdom. Their main objectives were to review the economic potential of Kenya and to make recommendations designed to assist the government of Kenya in developing plans up to 1967 which will stimulate Kenya's economy and raise the standard of living of the people.

This report deserves the attention of students and African specialists for its thoroughness, its many maps and tables closely related to the text, and its direct approach to Kenya's current development problems. Throughout the study the interplay of the economic, political, and social factors and their relationship to Kenya's economic development are stressed. The recommendations are based on assumptions which are adequately presented, but ways to carry out the recommendations are not indicated.

While there is scope for expansion of industrial activities and tourism, Kenya's economy is essentially agricultural. Strong support is given by the

Mission to a continuation of the Swynnerton Plan which, since its inception in the mid-1950's, has encouraged the reorganization and modernization of agriculture in Kenya. The report states that the effects of the Swynnerton Plan are "unique in the history of development of underdeveloped countries. What has been achieved . . . stands as a model for future development, not only in relation to Kenya, but to many other underdeveloped countries of the world."

The need for government assistance to agriculture in the form of credit, extension services, research, and marketing activities is given great emphasis. This study also reviews and evaluates government policies in regard to mining and manufacturing, hydroelectric power, transportation, tourism, money and banking, public finance, and social services. The importance of education, communications, and transportation is stressed.

Emphasis is placed on maintaining an adequate supply of experienced administrators, technicians, and professional men to bring about continued growth in Kenya's economy. The role of the government in restoring and maintaining the confidence of private investors is described. The 10 specialists urge the wise use and allocation of the scarce resources available to the Kenya government, as well as policies that will assist in attracting development funds, foreign investment, and technical assistance from abroad. It is to be hoped that these guidelines to economic development and policy that have been formulated by the survey team will not go unheeded, but will be put into action.

Carey B. Singleton, Jr.

*The Rise of the Dairy Industry in Wisconsin: A Study in Agricultural Change, 1820-1920.*

By Eric E. Lampard. 466 p. Madison, State Historical Society of Wisconsin. 1963. \$6.

TODAY, dairy products are America's second most important source of farm income. In several States, including Maryland, Michigan, Ohio, Pennsylvania, New York, Wisconsin, and the New England States, except Maine, dairy products are the most important source. They were not always so.

Eric E. Lampard, using a felicitous combination of economic theory and historical framework, tells how and why this change took place. The volume won its author, a professor at the Univer-

sity of Wisconsin, the Dale Clark Everest prize in Wisconsin economic history.

The author traces the dairy industry not as an isolated factor in the development of Wisconsin, but as one major factor in a series of economic and technological changes. Thus the first three chapters of the book summarize the settlement of the State, its general agricultural history to about 1880, and the beginnings of specialization in dairy farming. In subsequent sections, the author traces the revolution in dairying and the marketing of dairy products.

The industrial revolution in dairying was marked by increasing specialization and the movement of the manufacture of dairy products from the farm to the factory. The dairy farmer concentrated on improving feeds and breeds in order to increase the flow of milk at lower unit costs. The silo, introduced into the Midwest in the 1870's, permitted better year-round feeding of dairy stock, while research at the University of Wisconsin brought the newly developing sciences of nutrition, chemistry, and animal husbandry to bear on the problems. The "associated dairy system" provided the organizational form for local cheese factories, while the railroads and refrigerator cars opened new markets. The State dairymen's association led in some of the vital marketing developments, and pioneered connections with profitable dairy markets at home and abroad.

Exports of cheese increased rapidly in the 1880's, but declined even more rapidly in the 1890's. Enough producers had shipped skim and filled cheese to their foreign customers to give all American cheese a bad name. This temporary decline in demand for cheese stimulated butter making. From 1889, when Wisconsin appointed its first dairy commissioner, leaders in the dairy industry called upon the State to control the adulteration of dairy products. In spite of short-run fluctuations, the dairy industry has been a major force in the economic development of Wisconsin.

This volume, a definitive study of the development of Wisconsin's dairy industry to 1920, is recommended to the dairy economist, specialists in agricultural marketing, cooperative leaders, those interested in case studies of economic growth, and economic historians. This study has important implications for future agricultural development here and abroad.

Wayne D. Rasmussen