



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

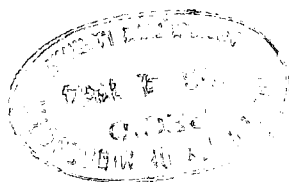
AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

**INTERNATIONAL
JOURNAL OF
AGRARIAN AFFAIRS**

Vol. I, No. 2, October 1947

**The Changes of Eight
Years in Agricultural
Economics**



Price 5s. 0d. net

OXFORD UNIVERSITY PRESS

LONDON: GEOFFREY CUMBERLEGE

By GEOFFREY SHEPHERD

Professor of Economics, Department of Economics and Sociology, Iowa State College of Agriculture, U.S.A.

REVIEW OF STUDIES OF AGRICULTURAL MARKETING AND PRICES IN U.S.A.

THE crucial importance of food during World War II led to some reorientation of the field of agricultural marketing in the United States.

The field was broadened during the war to include the economics of food consumption, and attention was focused upon the nutritional adequacy of the American diet. Studies of consumption patterns among different income groups showed that as late as 1941 and 1942, under boom conditions and before food rationing was instituted, at least one-third of the families in the United States lived on diets that were deficient in calcium, riboflavin, or both, compared with the recommendations of the National Research Council. Smaller proportions of the families had diets deficient in the other nutrients.

These deficiencies were most marked in the low-income groups. The diets of those groups were deficient to the extent of 50-70 per cent. in milk; 20-40 per cent. in potatoes; 50-75 per cent. in tomatoes and citrus fruits, in leafy green and yellow vegetables, and in other vegetables and fruits; and 10-40 per cent. in meat and in eggs. These diets included excessive amounts of dry beans, peas, and nuts, flour and cereals, and sugar and other sweets. The diets of all income groups were deficient in milk, potatoes, and leafy green and yellow vegetables.

A good deal of work was done on the problem of correcting these deficiencies. Extensive analyses of the food distribution programmes initiated in the late 1930's—the Food Stamp Programme, the School Lunch Programme, and the Low Cost Milk Programme—were published in two large B.A.E. bulletins, *Economic Analysis of the Food Stamp Plan*, 1940, and *The School Lunch Program and Agricultural Surplus Disposal*, 1941, and further analyses were made in Shepherd's *Agricultural Price Control* (Iowa, 1945). Senate Bill S. 1331, 1946, embodied modifications of the original Food Stamp Programme made in the light of these analyses.

The need for making the best use of scarce food and feed during the war led to research on that subject, some of which was published. A mimeographed study by Christenson of the B.A.E. in 1942, showing that the grain produced in the United States could feed many more

people as such than if it were fed to livestock, caused much anguish to livestock producers, marketers, and processors. But the 'Asiatic diet' never became much more than a spectre in the background. This and other studies were used in setting price ceilings on various foods, to encourage those that required the least man-power and would feed the most people without doing too much violence to established tastes.

Some attention was paid to problems of monopoly, monopsony, and imperfect competition in agricultural marketing and processing. Nicholls of Iowa published *Imperfect Competition among Agricultural Industries* in 1941. Monographs Nos. 31 and 32 of the T.N.E.C. series included an appraisal of agricultural marketing agreements by Waite of Minnesota, and a description and analysis of chain-store operations by Hoffman of the B.A.E. The *Consumer Purchases Study* (1941) of the U.S.D.A., and Margaret Reid's *Food for People*, 1943 (Wiley), reflected the new emphasis on food from the consumer's angle. The retail mark-ups set by the O.P.A. for four different sizes of stores, reflecting normal practices, provided some quantitative evidence of the narrower margins taken by the larger stores.

Bartlett of Illinois published two books on milk prices—*The Price of Milk* and *The Milk Industry*—and a small group of state college men in the north-eastern states published a series of bulletins on milk marketing—the reorganization of delivery routes, alternate day delivery, &c.

The B.A.E. in co-operation with eleven corn-belt state colleges published a large, dry, descriptive bulletin on livestock marketing. Research on the possibilities of selling livestock on the basis of their carcass weight and grade was conducted by Iowa State College in the late 1930's, and by Minnesota in 1946.

A book *Livestock Marketing*, 1941 (McGraw Hill), was published by Dowell of Minnesota and Bjorka of the B.A.E. *Marketing Farm Products* was published in 1946 by Shepherd of Iowa.

Work in the related field of agricultural price analysis and control expanded rapidly. Publications in this field include the prize essays on Price Policy mentioned in the policy section of this report. Schultz's *Redirecting Farm Policy*, 1942, and parts of his *Agriculture in an Unstable Economy*, 1945 (Chicago), Shepherd's *Agricultural Price Analysis*, 1941, and *Agricultural Price Control*, 1945 (Iowa), Pearson and Paarlberg's *Food*, 1944, J. D. Black's *Food Enough*, 1943 (Cattell), and Norton and Working's 'A Proposal for Supporting Farm Income' (two articles in the 1946 issues of *Illinois Farm Economics*) criticized

government price policies and offered suggestions for improvements. Committees of the American Farm Economic Association, of the American Economic Association, and of the Association of Land Grant Colleges also made reports critical of the parity price formula and of other features of agricultural price controls.

The Steagall amendment commits the federal government to supporting the prices of most farm products at not less than 90 per cent. of parity for two years after the first 1 January after the war has been officially proclaimed to be at an end. The proclamation had not been made by the middle of 1946, and the commitment is frowning the brows of a number of people who foresee the difficulties involved. It may not be possible to carry this commitment through for perishable products. The government may have to let prices go on down and make up the difference in direct payments to farmers.