

lower cost synthetic sweeteners. Low calorie soft drink sales have multiplied several times since 1960. In 1964, low calorie products represented approximately 10 percent of soft drink sales. Some industry sources believe this percentage may increase to 30 or 50 percent by 1975."

The general price patterns of natural and synthetic commodities is indicated by the data in table 7. The stability in prices of the man-made materials is clearly evident; certainly they have reduced but not eliminated the fluctuations in the prices of the natural products. As to the level of the prices the FAO study ¹⁵ concludes:

"Since 1953, when the Korean boom had largely subsided, two features are immediately apparent: firstly, prices of most of the products were lower in 1962 than in 1953; secondly, reductions in prices of natural materials were generally greater than those of the synthetic products. The extent to which synthetic composition has contributed to this deterioration in agricultural raw material prices is indeterminate. If, at any time, the output of all synthetic materials had ceased, prices of their natural counterparts would certainly have risen in the short term. However, taking into account longer term supply responses, there is no similar assurance that prices would have been higher than they are today if manmade materials had never come into existence. Prices of some major agricultural products not subject to competition from manmade materials (e.g., coffee and cocoa) have declined more rapidly in the last decade than those of agricultural raw materials."

AGRICULTURAL PRICES IN INTERNATIONAL MARKETS

Much controversy has appeared about the level and the role of prices in the developing countries. Some of this stems from an argument about whether Public Law 480 shipments depress farm prices in the recipient countries. Some stem from the role which prices may play in stimulating an expansion in production in developing nations, where traditional agriculture is a dominant force. And, some arguments develop around the price trends for agricultural staples compared with manufactured goods, it being alleged that foreign exchange earnings are depressed by adverse terms of trade for major agricultural exports. Each of these points has an extensive literature; time and space do not permit an adequate coverage. We postpone the first issue to the final chapter when we review the policy implications of food aid. The second issue more properly belongs in a paper on agricultural development. The third price issue will be discussed briefly at this point.

Agricultural prices in world markets have lagged behind prices of other commodities. But the lags are uneven, and some commodities have price changes that substantially exceed those of manufactured exports. The prices of meat and dairy products rose 27 and 15 percent, respectively, for 1965 over the 1957-59 period. Beverages and agricultural raw materials' prices have actually declined during this period (table 8). Significantly, most of the latter products are mainly the products of developing countries, wool and cotton being exceptions in part.

¹⁵ FAO, "Synthetics and their Effects on Agricultural Trade," op. cit., p. 6.