

“building blocks” that formed the basis for the estimate of the long-run planning functions. Data on items such as administrative costs, materials costs and other miscellaneous expenses were obtained from accounting records.

#### NATURE OF SAMPLE OF PACKINGHOUSES STUDIED

From the total of 274 citrus packinghouses operating during the 1953-54 season, 43 were selected on the basis of three considerations. First, the sample was restricted to firms packing for commercial interstate trade. Second, the sample was selected approximately proportional to the total number of houses in each major geographic producing area. Third, the sample was limited to houses that possessed rather detailed cost accounting records. The sample houses packed 16,521,526 boxes ( $1\frac{3}{4}$  bushel equivalent) of fresh citrus during the 1953-54 season, or approximately 36 percent of the total volume packed in the state.

From the 43 packinghouses 12 were selected for the detailed engineering type study. These packinghouses were chosen to represent a wide range in plant size, relative costs and work methods. The objective was not to obtain a random sample of the industry, but rather to obtain houses with certain specifications.

#### SIMPLIFICATIONS AND SPECIFICATIONS

To estimate the short-run cost curves associated with each point on the long-run cost curve and determine the combination of work methods (and their cost functions) that appear most efficient for packinghouses operating at varying rates of output, the number of variables and variations must be reduced to manageable proportions. Therefore, a number of simplifications and specifications are introduced into the analysis. These are as follows:

1. Geographic location: There are two distinct areas in Florida in which citrus is grown—the Interior Section and the Indian River Section. The major portion of Florida oranges is grown in the Interior Section. Costs are estimated for packinghouses designed specifically for the Interior area. The area affects the type of equipment which needs to be included in the over-all plan.

2. Composition of packed output: The proportion of oranges, grapefruit and tangerines packed in each model packinghouse will approximately equal the current percentage of each type of the total fresh citrus fruit packed in the state. The selected