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GROUP 8 (c). MARKET DEVELOPMENT

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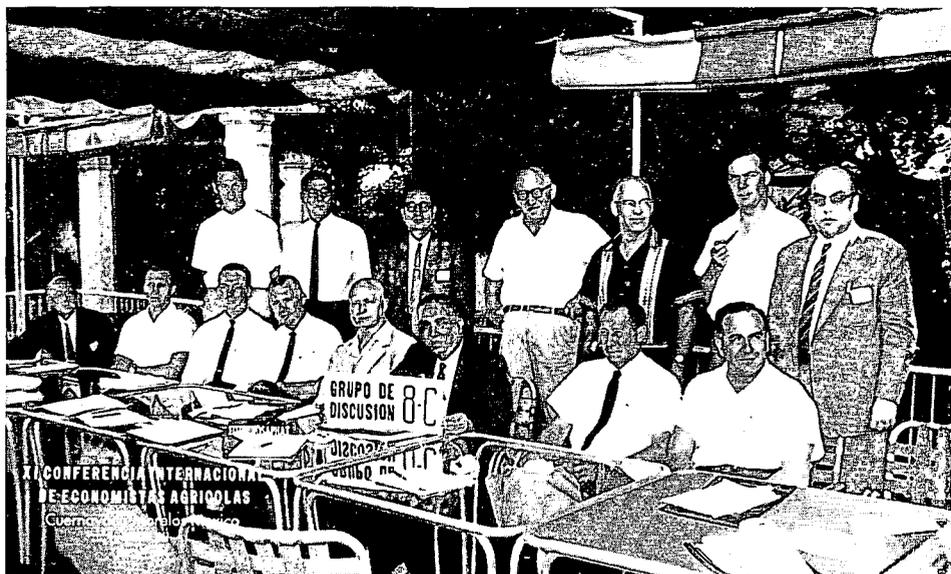
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There was general agreement with a statement of Dr. Oris Wells (U.S.D.A.) that the essentials of a good market structure are that it should improve transportation, storage, communication and information; at the same time supplying credit and standardizing quality; so that what under simpler conditions was a series of loosely connected local markets becomes a true national market. The procedures by which these ends can be obtained vary with the degree of development of each country, and even between groups within a country. Special problems arise in areas of least development described by Dr. Wells as areas characterized by a subsistence, village type agriculture, with the several villages connected only by crude roads or, in many cases, nothing more than foot trails; with all credit coming from money lenders at high rates of interest; with production methods largely determined by custom and the amount produced by any smallholder hardly more than sufficient for himself and his family, assuming normal yields, and with storage facilities almost wholly limited to what the producer can keep in his own house or shed.

As market development takes place, countries experiment with procedures. A basic ingredient is a market surplus where a commodity available for trade at the primary market may be graded, stored, transported, processed, or otherwise handled to improve its market position. The most widespread market mechanism for helping the producer to increase his efficiency is the co-operative.

Co-operatives. These range in complexity and scope from the simplest single purpose, village co-operative to the multi-purpose



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integrated business enterprise of the highly developed countries. At the simplest levels the management is unskilled and the society is susceptible to propaganda from competing traders, so it is appropriate for government to assist until it has become established. Assistance may be in organizing, in management, in supplying operating capital, and in maintaining a generally helpful attitude. Examples of co-operative achievements include lower interest rates for cultivators, incentive payments for higher production, organization of more and better services, integration of business enterprises and a high level of business management. Successful co-operatives should not need governmental help in finance and management. There must be flexibility in evaluating co-operative goals and achievements since the variables are many and no exact rules apply.

Changing markets. Constant change in consumer tastes and habits induces adjustment in market mechanisms. Consumers' tastes become known through travel and through educational and communication media. For example, in Pakistan demand has increased greatly for tea, sugar and margarine in the villages. Soft drinks manufacturers have made their products available everywhere. There remains some question of the extent to which demand is created by education, by availability and by advertising or other outside influences. As supplies of a product increase, questions of market structure and market functions must be faced. Livestock markets are specially unorganized. Sales are based historically upon inspection and bargaining. Dealers are said to be adept at sharp practices in these transactions because of the lack of usable price quotations for producers. Some experimentation with livestock auctions suggests that they may be a means of bringing transactions into the open and educating producers on market values.

Grading and standardization do not automatically increase total returns, for these depend upon the market demands for the different grades. For export, however, a high quality and uniform product is essential. Even in local markets there may be a demand for high quality, attractively packaged goods, such as for Trinidad tomatoes.

Market integration. Systems by which several functions are performed under the same management may include some control over production as in the broiler industry in Britain. Similarly, poultry and dairy enterprises in the U.S.A. are highly organized both vertically and horizontally. Co-operatives in some countries have been

adept at combining several functions. At the producer level, under integration, a more assured return is substituted for freedom of action. At levels beyond the cultivator, integration is considered primarily a device for achieving efficiency.

International organization. Particular reference was made to the Agricultural Trade Development and Assistance Act (Public Law 480) of the U.S.A., and to the U.N.I.C.E.F. Programme of F.A.O. The specific activities designed to develop markets have been more educational in nature than 'promotional'. The development of the market for wheat products in Japan illustrates the emphasis which has been placed on educating housewives in the nutritional advantages of varying the diet by adding wheat and other foods to diets formerly composed largely of rice.

The Process of change. Systems of marketing are in existence in every country. Some favour the traders or intermediaries, others seek to provide the highest possible returns to cultivators. It is normal for change to take place, and also to be resisted. There is a need for the systems of marketing now practised in each country to be documented and the stimulating and retarding influences noted. Recommendations can then be made on changes which will aid economic development. Complete retention of the existing system of markets is unlikely anywhere. Let change take place wisely, based on adequate knowledge of what is, and of what should be.