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Selling Farm Produce: Marketing Problems and Improvement Programs

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Book Reviews

SELLING FARM PRODUCE

MARKETING PROBLEMS AND IMPROVEMENT PROGRAMS.

By J. C. Abbott. Rome: Food and Agriculture Organization of the United Nations, 1958. xiii, 260p. \$2.50.

This book is what it purports to be: a marketing guide for agricultural products.

As a guide book, its purpose is "to promote a better understanding of marketing, to bring about a wider appreciation of its significance and to indicate ways in which existing market practices may be improved." Within 260 pages it tries to touch on all possible market concepts, systems and problems. No emphasis is placed on any particular marketing problem—equal (and brief) space being allocated to each problem. Hence, it provides "guide posts" to facilitate a more serious study of marketing. While most of the discussion is basic, its possible interest to a market specialist would lie in the discussion of the peculiar marketing problems of agricultural products existing in subsistence economies, such as those of India, Iran and South America.

The book is divided into three major parts: a discussion of marketing concepts and systems or organizations; marketing problems of agricultural products; possible measures to improve market organization.

In the first part, a quick survey of market functions, services, channels and price setting (under competitive and monopoly conditions) is made. There is no attempt at a sophisticated discussion of market concepts (such as graphical analysis). While this widens the audience, the concepts lose some clarity and impact.

In his opening paragraph in Chapter III (Characteristic Marketing Problems) Mr. Abbott states: "One of the most persistent obstacles to the improvement of marketing systems and procedures in the least developed countries is the production pattern itself. Marketing advisers seeking new methods tend to look to the most advanced marketing

economies for their examples. In so doing they may pay inadequate attention to radical differences in agricultural structures. Modern marketing is difficult without modern production. Attempts to transplant a marketing system developed to handle the special marketing operation of commercial farmers into a rural community quite different in name and outlook may only lead to difficulties." (p. 42).

It seems to me, however, that the converse would also hold true: that one of the most persistent obstacles to increasing production is the marketing pattern itself. An efficient marketing system, which would assure a fair return to farmers on their produce, would serve to provide one of the strongest incentives for increasing production, so that actually there is an interdependence between marketing and production.

A complete enumeration of and comments on the marketing problems that are presented in this book would be a difficult task because almost all the major problems are touched upon. To a large extent the problems that are discussed in this book are applicable to Philippine conditions, because of the general fact that the Philippines is an under-developed economy. Problems such as uniformity in agricultural products are particularly of interest in the Philippines, if one considers that there are more than 1,000 varieties of rice, of which some 100 varieties regularly flow through the commercial channels (although the Rice Board has recommended the propagation of only 14 varieties of rice, seven of the upland type and seven of the lowland type).

While transportation and communication play an important role in marketing, we do not subscribe to the idea that it is "largely responsible... for the continuance of subsistence farming in many areas" (p. 47). While transportation and communication may be one cause, subsistence farming is caused by many factors, and another of the most important ones is that of farm price. The decision to produce at certain quantity levels is determined by the expected income (or profit) that the farmers can obtain from such a product which, in turn, is dependent on the expected price for which the product can be sold at any given time and market place. There is strong evidence to indicate that the perpetually low or depressed prices of such a commodity as rice in the Philippines has provided extremely poor incentives for increasing production, so that perennial shortages have been the experience with respect to this particular crop. On the other hand, a dramatic (perhaps scandalous) example of the effect of support prices and a ready market is seen in the production of Virginia leaf tobacco, which resulted in this country in surplus production levels, after decades of shortages, within only three years.

One particularly interesting problem that is touched upon in the book is the matter of scheduling or unloading of agricultural products,

although this is related to the credit problem by the author (p. 113). In the matter of unloading/selling, many of the agricultural marketing cooperatives in this country have operated on the idea that they can obtain commodity loans from ACCFA, hold on to their produce, and unload or sell when the price becomes high. No concept of a systematic unloading of farm products, particularly of rice (even if adequate storage and milling facilities are available) has guided the marketing operations of the FaCoMas. The speculative nature of such a marketing program has proven to be extremely expensive in the case of many agricultural cooperative marketing associations in the Philippines. These associations, misjudging the market during the crop year 1958-59, were caught with large stocks of high-priced palay from the 1957-58 crop.

Another intriguing problem presented is that of middlemen. Mention is made regarding "campaigns for the abolition of superfluous intermediaries... to substitute direct farm-to-consumer, producer cooperative or state marketing channels in the place of independent market intermediaries." Moreover, there has been a definite hostility towards large international corporations and firms controlled by owners of different national origin. (p. 74). The brief analysis on "intermediaries" is limited mainly to economies of scale.

Cooperative marketing is discussed at some length as "an approach to marketing improvement that has aroused wide interest" (p. 130). Some, if not most, of the analyses fit Philippine conditions perfectly. Many of the conditions favoring successful cooperative marketing (p. 133) and the procedures suggested to improve or promote cooperatives (pp. 136-139) are prevalent in and applicable to this country. It is believed that the most fundamental problem, which is treated only in passing (p. 140), is that of management. It takes time and a lot of orientation work before farmers learn to support actively their marketing cooperative, and for the management of the cooperatives to master the complex marketing techniques possessed by private merchants after generations of trading.

The FAO has presented a book that is valuable to students and specialists in the marketing of agricultural products in underdeveloped areas. The book is indicative of a growing realization that marketing problems deserve no less importance than problems of production.

It is often remarkable in this country that, while government agencies allocate and spend tremendous funds for production research, not one centavo is used for market research. Perhaps this book will help influence an alteration in agricultural research patterns in favor of more marketing research.