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PROCEEDINGS
OF THE
SECOND INTERNATIONAL CONFERENCE
OF
AGRICULTURAL ECONOMISTS

HELD AT
CORNELL UNIVERSITY,
ITHACA; NEW YORK,
AUGUST 18 TO AUGUST 29, 1930

The Collegiate Press
GEORGE BANTA PUBLISHING COMPANY
MENASHA, WISCONSIN

1930

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Empire marketing Board

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AGRICULTURAL ECONOMICS AND THE EMPIRE
MARKETING BOARD

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EMPIRE MARKETING BOARD, LONDON, ENGLAND

AS THE result of a recommendation of the British Imperial Conference held in 1923, the Imperial Economic Committee, an advisory body composed of members appointed by the various governments of the Empire, was established in the same year. The functions of the Committee are to consider and report on the marketing of over-sea Empire produce in the United Kingdom, and a large number of reports have been issued during the past seven years on such commodities as fruit, fish, dairy produce, agricultural machinery, timber, tobacco, and so forth.

Following the appointment of the Imperial Economic Committee, an executive commission, the Empire Marketing Board, was established in May, 1926. The Empire Marketing Board is a body appointed by the Secretary of State for Dominion Affairs to advise him in the administration of the annual vote of one million pounds sterling granted by the British Parliament. It is composed of certain ministers of State, ex-officio, and of representatives of the various countries of the Empire. The Board is charged with the duty of furthering the sale of Empire produce in the United Kingdom and its main work falls under the three headings of publicity, scientific research, and economic research.

Wherever possible the Board works through existing institutions and is to be regarded mainly as a grant-administering body, but in some cases, particularly in the economic field, it has had to directly undertake certain functions.

For the purpose of this paper, the general position as regards agriculture may be stated very briefly. Great Britain may be said to export the products of her manufacturing industry in exchange for the foodstuffs she cannot economically produce herself. It is only in the case of a few commodities—the most important of which are fresh milk and potatoes—that the British Isles are in any sense self-supporting. About 43 per cent of the beef and veal consumed in the United Kingdom in 1924 was home produced.¹ During the same year, about 40 per cent of the consump-

¹ The last Census of Production was in 1924.

tion of mutton and lamb, and about 30 per cent of the consumption of pig meat was home produced. In the case of dairy produce, the percentage of the total supply produced domestically was even lower, being about 23 per cent in the case of cheese and 11 per cent in the case of butter. In regard to wheat, about 20 per cent of the total requirements were grown in the United Kingdom.

As has been aptly said, England is a nation of week-enders, producing only sufficient to feed her population from Friday night till Monday morning. The greater part of the national energy is devoted to the production of non-agricultural commodities, the ratio of agricultural to industrial production being approximately one to eight (1924 Census of Production).

The total exports of the United Kingdom in 1924 were valued at about £800 million. Of this total, about 42 per cent went to the over-sea Empire. As regards imports of agricultural produce into the United Kingdom, about 50 per cent of the total imports of wheat, 70 per cent of the imports of frozen beef and lamb, 42 per cent of the imports of butter, 86 per cent of the imports of cheese, and 82 per cent of the imports of wool in 1928, came from the over-sea Empire.

In the agricultural economics sphere, the Board has the advice of a technical committee. Under the auspices of this committee, two reports have been issued: the one, "Agricultural Economics in the Empire," and the other, "The Survey Method in Agricultural Economic Research."

The activities of the Empire Marketing Board in the field of agricultural economics may be divided roughly into two sections:

1. The furnishing of the data on which producers or their representatives may formulate selling policies; this resolves itself mainly into a study of the United Kingdom market.

2. The furnishing of the data on which producers may base their farming policies; this is concerned with problems of world production and of the comparative advantages of different countries as regards production and marketing costs.

MARKETING

The Empire Marketing Board has made a series of grants to the Ministry of Agriculture for England, the Department of Agriculture for Scotland, and the Ministry of Agriculture for Northern Ireland for investigation into the marketing of home produce.

This represents a development of the ordinary work of these three departments.

In the field of market intelligence, the Empire Marketing Board has itself undertaken an official service in two groups of produce, namely, fruit and vegetables, and dairy produce.

The scope of the "Fruit Intelligence Notes" embraces reports of imports, week by week, of each fruit in the 25 chief ports in Great Britain; arrivals and prospective arrivals from all of the principal producing countries; and reports on fruit crop prospects in every country in the world in which this information is likely to be of interest, as affecting supplies to the United Kingdom markets.

The "Dairy Produce Notes" include reports of weekly imports into the chief ports in Great Britain; gradings and stocks in the dairying Dominions; and reports on conditions in British and foreign producing countries. Current prices are quoted week by week. With the cooperation of the provision trade and of the proprietors of cold stores throughout the country, the Board has recently started the collection and publication of statistics of butter held in cold store in Great Britain. The figures are furnished voluntarily at fortnightly intervals by cold storage companies, and the returns are estimated to represent fully 90 per cent of the stocks of butter held in cold storage in the whole country.

Information of a somewhat similar nature is collected in regard to the dried fruit trade, and arrangements are being made to extend these services as the need arises.

Market intelligence reports are of course primarily of current interest to selling agents who are enabled thereby to build up a well-informed selling policy. There is, however, a cumulative value in weekly statements of prices and supplies, since such a service provides material for economic research into seasonal influences and trends, a type of study which may prove of great value in the determination of policies of production and marketing.

The object of the Empire Marketing Board is to increase the demand for Empire produce in the United Kingdom. The economic investigations undertaken by the Board have therefore been designed to extend the knowledge of the marketing mechanism and of market conditions, at the same time as they deal with specific problems which have been raised by representatives of Empire producers.

Owing mainly to the difficulties of standardization and to the highly perishable nature of the product, the fruit trade presents a particularly complex field for economic study. The use of artificial cold has made possible the transport of fruit over long distances and also the gradual extension of the marketing period, but it has resulted in the appearance of hitherto unknown diseases which are frequently responsible for serious loss. Problems of wastage have been studied intensively under laboratory conditions, but the application of this knowledge under conditions of ordinary commercial practice presents considerable difficulty owing to the large number of variable factors involved. During the past three years, the Empire Marketing Board has attempted to supplement the laboratory study by a systematic survey of the extent and nature of deterioration of fruit in transit and also in the subsequent period of distribution to the retail shops, with the object of identifying the more serious types of wastage and assessing their relative economic importance.

The investigations have made available for the first time exact information on the main types of wastage and the extent to which they occur in the various varieties of fruit. Problems for further laboratory study have been thrown up and attention has been directed to the relative merits of different methods of control. In addition, however, the survey has served to provide the groundwork of technical knowledge of the trade which is an essential preliminary to any economic study of the problems of distribution and marketing.

The preliminary investigations which have been undertaken in the fruit and dairy produce trades have shown that the greatest practical value from the Board's point of view, is to be achieved by approaching these studies from the consumption end. Accordingly emphasis is being laid on retail practice and on problems of consumer buying habits.

The importance of close study of wholesale distribution has been fully realized by producers and their selling agencies. On the other hand, the important part which retail selling plays in the disposal of farm produce appears to some extent to have been comparatively neglected. Producers' organizations, having disposed of their produce in the wholesale market, have presumably felt only a minor interest in its later movements. But the demand for particular classes of goods starts with the housewives and is

expressed in the retail shops in the first instance. The retail salesman can to a large extent influence the trend of demand by the class of goods he stocks and by the enthusiasm which he displays in exciting the interest of his customers in certain brands of produce. He is by no means a passive agent in passing on the orders of his customers to the wholesale market. The consumer has more or less decisive limits set by income, season, taste, and custom or prejudice, but within these limits the retailer can and does to some extent influence choice.

There is a constant interaction between the expressed and half expressed wishes of customers and the policy of retail selling. This is of the greatest financial importance to the producers of goods for domestic consumption, because it is at this point of contact between the consumer and the retailer that the extent of the demand and the price of one class of produce as compared with another class is largely determined.

The economic investigations conducted by the Empire Marketing Board have been mainly directed to these problems. Preliminary experiments were carried out with a method of retail survey on a commodity basis. A sample number of retail shops of different types in selected areas were visited and information obtained from the proprietor or manager on a number of points previously prepared in the form of a standard schedule. As a check on the sample, visits were paid in certain districts to every shop selling the particular commodity under investigation. Following this experimental work, surveys of the retail marketing of butter and canned fruits have recently been carried out on a national scale. Other surveys which have been undertaken include the retail marketing of oranges, apples, cheese, honey and other products.

Retail surveys have already yielded a large amount of uniform data, hitherto unavailable to producers or their representatives. The information obtained deals with the variation in price of the same commodity in different shops and districts; with the distinctive policies of multiple, cooperative and single shops in regard to the range of choice offered to the consumer; seasonal variation of stocks held and methods of buying. Regional market preferences are studied in different districts and exact information regarding the internal distribution of various products is gradually being built up.

As a field for economic research, consumption is probably more neglected than any other and yet it opens up some of the most interesting lines of investigation. There can be no difference of opinion as to the essential place of the housewife in the sale of foodstuffs. The demands of the consumer are the ultimate controlling factors in the quantities of particular classes of produce which can be sold and the price at which they can be sold. But the expressed demands of housewives are determined by a number of considerations, just as surely as soil and climate and local custom determine the types of farming carried on in different parts of the world.

Producers of foodstuffs are often relatively ignorant of the extent of these influences. The demands of consumers are transmitted to the selling agencies through the retail and wholesale trades, but the original demands of the consumer may have to be translated to conform with the retailer's business policy, and to some extent the same may be true of the wholesale trade.

Knowledge of the facts of preference and of the effect of price changes on demand is acquired by the retailer in the ordinary course of his business, but the underlying causes can only be revealed by a study of the consumer and of the buying habits of different groups. In so far as these habits determine the policy of retail traders and are thus passed on to the wholesale market, an investigation of this kind is of direct interest to the producer. The determination of consumers' preferences and the extent to which these may be influenced by various methods is an essential preliminary to any systematic attempt to extend demand.

THE PRODUCER

One aspect of the producer's problem is how to market his produce. As has been pointed out, this resolves itself, so far as the Empire Marketing Board is concerned, into a continuous study of the United Kingdom market, in order to provide a knowledge of supplies, the requirements of the consumer, and of the working of the marketing machine. The second aspect of the producer's problem is what to produce; what changes in farming policy should be made to meet future world developments. The answer to this question clearly implies a measure of forecasting of the trend in world production and world consumption.

In this connection, the Empire Marketing Board has published two reports on world production and trade, the one on oranges,

the other on cocoa. The investigations of the United Kingdom market already mentioned may be expected to give some enlightenment on consumption, but very extensive investigation is necessary in this field if reasonably complete information is to be obtained.

Economic research on the production side is a subject for the individual country. The part of the Empire Marketing Board is limited here to the stimulating of interest in research and in the possibilities of coordination of methods and to some extent of results. The Board has given a grant to the Agricultural Economics Research Institute, Oxford, for the purpose of keeping in touch with these aspects of economic research. On the side of coordination of effort, a comparative study of the economic factors affecting the production of butter-fat is being planned.

Assuming that a readjustment of farming policy is advisable, there remains the question of the nature of the readjustment. On this aspect, the Empire Marketing Board has endeavored to assist producers by a scheme of experimental consignments. Consignments of produce have been sent to the Board from various countries for the purpose of testing the possibility of an export trade to the United Kingdom markets. Where the produce is of a perishable nature, information is supplied on prescribed lines in regard to pre-shipment treatment, time of picking and method and conditions of transport. On arrival, the consignment is examined and observations are taken as to condition, method of packing, size and type of container, grading and the like. Selected samples are kept under observation in the laboratory, and samples are submitted to members of the wholesale and retail trades concerned for technical opinion. Information is also obtained as to quantities and prices of competitive supplies and seasonal distribution. In the reports, suggestions are frequently made for further experiment and in some cases a series of consignments to test different factors has been arranged.

To sum up briefly, the Empire Marketing Board endeavors to extend the demand for Empire produce in the United Kingdom by publicity campaigns, by scientific research and by the development of agricultural economic research either by outside agencies or by its own organization. On the marketing side, it provides intelligence services and undertakes research into market conditions and into the mechanism of the wholesale and retail trades. On the production side its function is mainly directed to stimulating and coordinating research by individual countries.