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the regulation of marketing. It is important to recognise that the vote was not a question of mere regulation, but all that went with it, grading, branding, margins for higher quality, publicity, effective promotion and the like.

I do not propose to cover all industries which might do well to look more objectively in to the subject of quality in relation to improving market outlook. The dairy industry is one example in particular where some improvement in consumption might well follow an objective study. I refer, particularly but not exclusively, to the cheese industry. Cheese is an excellent example. The level of imports at a time when import licensing was not quite so severe as it now is, is a real challenge to our local industry. There is also the big question as to whether, given a study of the market outlets available abroad and an adaptation of our techniques in respect of qualities to meet consumer requirements, we could greatly improve the outlook for the dairy industry.

It may well be that the protected nature of our home market for primary products, and the long period of bulk sales of products during the war and the post-war period, have tended to delay attention by all interested parties, including producers and marketing organisations, to the all important question of quality as related to consumer demand in the highly competitive markets that have emerged.

## DISCUSSION

C. H. DEFRIES—*Queensland Department of Agriculture and Stock*

Dr. Strong's paper has pointed to some of the basic issues relating to quality in commodities such as wheat, butter and meat. There is a note of urgency of something needing to be done and it is of significance too that the local market has been stressed. The commodities dealt with do not exhaust the list. We can think in similar terms of eggs, fruits and coarse grains, for instance, all of which require attention in regard to quality.

In order to open this discussion on what is a very contentious subject, I would like to crystallise out, if I may, one particular feature of the quality situation which is of considerable importance to a proper and adequate understanding of all the complexities involved in it.

We are only now beginning to tackle this problem child of quality—and that in a somewhat tentative way. The point I want to make about this is that the whole question of quality is made much more difficult because of the variation which exists in the level of maturity of different phases of our farm industries and in the industries themselves.

Thus on the farm we all too frequently find that the general level of management ability and practice is low in relation to the finer points of quality production. Attention has been given to the size and weight of the pumpkin rather than its flavour and texture. Farmers as a class have not even begun to think in terms of management. No one, in fact, has ever told them that they should. There are changes now and of course it will be one of our tasks to help forward a greater awareness of management needs.

Unless the grower plays his part no adequate market facilities or organisation can be established even when there is a clear demand on the part of the consumer.

Of course there is often a hiatus here which arises from the variation in maturity mentioned earlier. Such a situation exists in some areas of Queensland in relation to store cattle markets, where there is a demand for stores by farmers who wish to diversify their farm programme but no organisation for supply. The difficulty here is that the farmer in such a case is often not an experienced cattle man, and has little confidence in his own ability to buy under present marketing conditions.

In the organisation of the market there is often no adequately developed channel by which quality goods can move from producer to consumer. The producer in such circumstances lacks the necessary encouragement to provide the quality goods because he cannot obtain the full price advantage he feels is his due. We see this problem of incentive shown up very clearly in the wheat, dairying and meat industries. It will be no use the producer developing his better meats, for instance, unless the market is organised in such a way that the quality is retained through to the consumer and that the rewards are returned back to the producer.

At this point we come up against the ever present difficulty of deciding whether quality should be rewarded by a premium or a lack of quality penalised by a dockage; or whether and to what extent both should prevail.

On the finance side we have not the type of investment which has to extract the last drop out of the production line. Farm methods have been extensive rather than intensive. In many areas we are really only emerging from a pioneer situation. Much could be done in showing to what extent returns from intensive and quality production relate to investment opportunities and needs. As agricultural economists we can help a lot. We have to show that certain ways of doing things will in fact pay the farmer. As a group we are in a position to assess the situation microscopically by examining detail as well as macroscopically by seeing it as a whole.

I think we are getting much more quality conscious, although the urgency of our marketing situation is such that a much more intensive drive is needed than we have had in the past. This in fact is the tenor of Dr. Strong's paper. However, a clear understanding of where the sticky points are and why they have arisen will guide us in taking proper action to improve matters.

E. J. DONATH—*University of Melbourne*

In recent years, there has been a great deal of discussion on the quality of nearly all of Australia's farm products. We have heard many claims about the necessity for improving the quality of Australia's butter, meat, wheat and other products of our rural industries. There is no doubt whatever that for some years the bulk of our butter and meat has been of a lower quality than that of our main competitors in our principal market, the United Kingdom.

Nevertheless, there has been no real difficulty in disposing of Australia's butter and meat on the British market. However, it is contended that the prices obtained have been rather low. I would like to query this claim. Nominally prices, it is claimed, have been lower than the prices which have been paid for the same commodities offered by competing countries. This is, no doubt, true; but have they been really low? I doubt it.

It usually costs more to produce a commodity of top quality than of a lower quality; this truism is correct for both the products of farming and manufacturing industries. The producer of the inferior commodity can easily have a higher net return than the producer of the top quality. He does not get top prices for his inferior commodity but his costs of production are usually lower.

It is fairly well known why a percentage of Australia's butter does not reach the standard of "choicest". On individual farms there will be different reasons but in many instances a higher input of labour would make the difference between "choicest" and "first class" butter. But would the higher price obtained by the superior commodity mean a higher net return, in spite of the additional cost of the higher input of labour? This would not always be the case, and therefore we shall have to be extremely careful in any discussion on the necessity for improving the quality of Australia's primary products.

Another important aspect has also to be considered, and that is the well-known fact that many markets are far more price-conscious than quality-conscious. Among the lower income sections of the English people Australian meat has always found ready buyers on account of its price margin; likewise, large institutions, such as orphanages, hospitals and others are usually very price-conscious. The usually low quality of our meat should be improved only if this is possible without an increase in the cost of production; this is especially important in view of our new markets for meat in Asian countries such as Japan. In these countries the price of the article matters far more than the quality.

It is difficult to discuss quality with respect to wheat since it is used for a number of purposes. "Hard" wheat which is of high quality for making bread is quite unsuitable for making biscuits—to refer to only two uses of wheat. In international trade, wheat is classified as to its protein content although, for instance, for bread-making the quality of the protein and other characteristics are also of great importance. Our wheat varies from a very low protein percentage (under 8) to a very high one (over 13). It is fairly well known how the protein percentage of our wheat could be increased but would it pay to do so? Farmers would have to change their methods of farming (thousands of acres of wheat are still grown in a wheat-fallow rotation!) and/or the varieties sown.

Here is the catch again; nearly all our "higher protein varieties" are lower yielders than those preferred by most of our farmers. I doubt whether it would be profitable to grow them instead of those which "fill the bags". And here again we must take into consideration that the future of our wheat markets lies in Asia rather than in Europe. A

great deal of our wheat is quite suitable for the purpose for which wheaten flour is used in these countries, such as chapatti in India. And we must never forget that in these countries the factor of price matters very much. As long as we can sell wheat cheaply to Asian countries we shall find a market there. If the percentage of protein in our wheat is increased and by doing so our cost of production goes up we shall get into marketing difficulties even though we have improved the quality of our commodity. Australia grows wheat of three distinct classes, and it is a matter for our marketing organisation to sell these three classes to the best advantage. Here we touch on the question of whether our present f.a.q. marketing system should be changed into one of grading. For a number of reasons, Dr. Strong excluded this aspect from his address, and I shall leave it with just this remark.

To conclude, I would like to stress that I am not at all against the present attempts at improving the quality of our primary products but it must be pointed out that lower prices obtained for lower quality can often be very profitable. It is a matter for our marketing authorities to find the markets for which our primary products are suitable—there is always a market for the cheap commodity. Instead of stressing quality, our marketing authorities should develop overseas the slogan of—“*Save* by buying Australia’s primary products.”