



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

INTERNATIONAL
JOURNAL OF
AGRARIAN AFFAIRS

Vol. III, No. 3, September 1962

Contemporary
Problems in
the Economics of
Agriculture

Produced by the
University of Oxford Institute of Agrarian Affairs
in conjunction with the International Association
of Agricultural Economists

Price 10s. 6d. net

OXFORD UNIVERSITY PRESS
LONDON

GROUP 8 (a). MARKETING

Chairman: Henri de Farcy, *France*

Secretary: Jimmye S. Hillman, *U.S.A.*

Consultants

Mauricio Baez, *Venezuela*

Juan Carniglia Montesanto, *Chile*

Maria de Lourdes Amaral, *Portugal*

Enrique de Latorre, *Colombia*

Ruben Molina Aznar, *Mexico*

Jesus de Loera Lopez, *Mexico*

Jose Oliveira Carvalho, *Portugal*

Julio A. Navas, *Venezuela*

Hayde Castillo Trujillo, *Venezuela*

Jose Vicente Pinto Rojan, *Colombia*

Romulo Cavina, *Brazil*

Fernando Romero, *Colombia*

Rubens Araujo Diaz, *Brazil*

Carlos Salazar, *Mexico*

Pedro Galicia Estrada, *Mexico*

Translated from Spanish

In marketing in Latin America today attention is being directed to the subjects outlined below.

A Common Market for Latin America

Advantages of such a market are: (a) more people would be included in a greater market; (b) regional specialization would be facilitated; (c) economic integration would provide a basis for political unification; (d) capital would tend to be invested where earning capacity was high; (e) efficiency in production and distribution would be increased; (f) economies of scale would facilitate market research; (g) the region would obtain increased bargaining power in the world market.

Problems of the proposed common market are: (a) many of the economies of Latin America are not complementary, making cooperation impossible; (b) communications of every type would be difficult; (c) certain resources are scarce; (d) common action in price regulation and subsidization, &c., would be difficult; (e) resolving problems in commercial policy, e.g. tariffs, would place a great burden on some members.

General comments on the proposed common market: (a) thought should be given to the form of market integration. Vertical integration rather than horizontal should prevail; (b) we should talk of problems rather than disadvantages of a common market; (c) in many cases problems of communication are almost insurmountable; (d) transport, especially decisions about commonly owned transport, would be a

great problem; (e) it would be necessary to have a strong politico-economic administration; (f) it would be difficult for this common market to compete at the outset with certain other areas of the world.

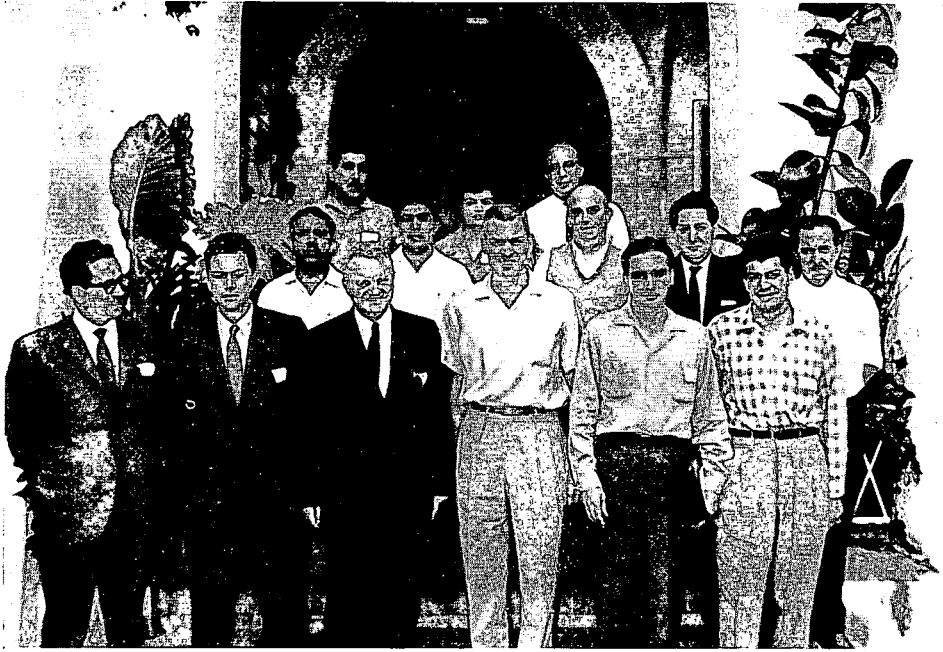
Differences arose on the urgency of trying to organize a common market in Latin America as a basis for economic development. This effort would be more difficult than the European effort towards a common market. The agricultural resources of Latin America must form the base from which any economic development derives. Trade policies of advanced countries must be modified to assist development of Latin America. The common market is a means to the end of economic development, not an end in itself.

Pricing, price supports, stabilization of markets and government intervention

Subsidies, price supports, licences, and all types of accounting measures are part of the general problem of attempting to raise prices, stabilize production and raise incomes of farmers. Most products of Latin America are subject to some type of governmental intervention. For example, milk, coffee and cacao in Venezuela; wheat, beans, cacao, cotton and coffee in Brazil; meat in Portugal; wheat, cotton and corn in Mexico. The common approach is for a government to intervene by purchasing commodities at minimum prices by authorizing a national bank or other government institution to extend credit. Many governments control certain prices at wholesale and retail.

The most common problems for supporting and stabilizing prices are as follows: (a) poor information on the part of almost everyone concerned in governmental programmes; (b) lack of co-ordination of effort in government agencies; (c) lack of grades and standards, transport and storage; (d) lack of statistical services on production and consumption which are necessary for intervention efforts; (e) most countries have weak economies and lack strong national treasuries to support programmes; (f) most countries lack the necessary rigorous administrative mechanism; (g) the basic marketing services will have to be improved before programmes can be efficient and effective.

Price fixing and control by arbitrary decree without economic bases are unfortunate. Lack of experience on the part of governments has been a cause of many problems. Programmes should increase production, eliminate speculation and secure a sounder investment in agriculture.



GROUP 8 (a). MARKETING

First row, left to right:

Jose Vicente Pinto Rojan, *Colombia*
Juan Carniglia Montesanto, *Chile*
Henri de Farcy, *France*
Jimmye S. Hillman, *U.S.A.*
Muricio Baez, *Venezuela*
Fernando Romero, *Colombia*

Second row, left to right:

Ruben Molina Aznar, *Mexico*
Julio A. Navas, *Venezuela*
Jose Oliveira Carvalho, *Portugal*
Enrique de Latorre, *Colombia*
Romulo Cavina, *Brazil*

Third row, left to right:

Rubens Araujo Diaz, *Brazil*
Hayde Castillo Trujillo, *Venezuela*
Pedro Galicia Estrada, *Mexico*

Marketing services

Grading and standardization need to be established and improved. Market news is necessarily based on grade information. Advantages to be gained from a market news service in Mexico received specific attention. Foreign markets will never develop until quality can be assured.

The Latin American Market Institute

This was held from 24 April to 3 June 1961 at Bogota and pointed to the need for a permanent study of market problems through an institute of this type which could be located in Colombia within the National University.

Needs for research

The most urgent needs are for research on market margins and price fluctuations. A market news service is greatly needed. Other research needs to be undertaken immediately on: price determination, market structure and organization, crop movement, storage and transport.

In a general sense research needs to be focused on basic descriptions of the market problems of many crops, on studies of relations between various market sectors through analyses of the relevant factors in marketing, on more advanced marketing analyses and on the formulation of suggestions and solutions based on many research studies.