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Aspects of Marketing

The Workshop felt that cooperative activity could be useful in the following areas:

- (a) Collection of produce: Many small farmers, in addition to being producers, do their own selling or distribution in the established marketplaces. As a member of a cooperative this collection service would be performed for him. The small farmer would be left with additional time to increase his production and improve his husbandry.
- (b) Grading of produce: Cooperatives can establish grade standards for produce. This will have the effect of improving the quality of produce of members.
- (c) Processing: Cooperatives will be able to utilise more advanced technology because they operate on a larger scale than an individual producer.

Size of cooperatives as economic units and the role of management

The size of the cooperative and the level of economic activity generated by the society depends to a large extent on the standard of management. Many of the large cooperatives such as Banana Marketing Boards in the Windward Islands owe their success among other things to good management. On the other hand, we find that the absence of good management due primarily to size of the operation has led to frustrations and the ultimate collapse of cooperative activity. The Workshop felt that where cost of managerial services was beyond the means of cooperatives, the central government should provide this service. Government subsidy in the form of increased prices is important for the success of cooperatives but subsidy is not the only ingredient for success.

There are other services which large cooperatives could provide. They include:

- (a) collection of statistics
- (b) provision of market information
- (c) provision of credit.

Successful cooperatives and the areas of success

The Workshop was of the opinion that the successful cooperatives in the Caribbean had certain characteristics:

- (a) The successful cooperative concentrated on one crop and the marketing opportunities are long term rather than short term (banana or citrus are examples).
- (b) The successful cooperative was large enough to employ professional management.
- (c) The successful cooperative had its own internal system of data collection and, to a lesser extent, market intelligence.
- (d) The successful cooperative had easy access to sources of credit.
- (e) The successful cooperative operated with a guarantee that its output would be purchased. (In many cases the output was largely for export.)

The Group felt that where boards had been set up to perform purely advisory functions, this arrangement often proved to be unsatisfactory since tendered advice was infrequently accepted, or ignored completely. It was accordingly felt that boards should perform a more positive role and their functions widened to suit their role.

Means of achievement of goals

It was agreed that boards might, and frequently do, adopt either all or some of the following functions as a means of achieving their stated goals:

- (a) collection of produce
- (b) transportation of produce
- (c) grading of produce
- (d) storing of produce
- (e) fixing guaranteed prices
- (f) securing market outlets for ultimate distribution
- (g) providing market information to producers and consumers. (This implies the involvement of marketing boards very early in the stage of planning production.)

Policy conflicts and evaluation criteria

The Group felt that the apparent failure of boards to live up to goal expectations could be attributed either to inherent conflicts in goals, the failure to adopt functions appropriate to goals and objectives, or the application of inappropriate performance criteria in the circumstances of a particular board's functions and goals. It was felt, in this connection, that board goals and functions were not always unequivocally stated. For example, it was not always clear whether boards should be monopolistic or residual (supplementary to private institutions) in the scope of their functions. This difficulty was compounded where boards had forced on them functions which were politically motivated and which placed them in a disadvantageous buying position (for example, commitments to purchase all the produce of a particular commodity without regard to quality and in the absence of board consultation on acreages to be planted, etc.).

As regards conflict of goals, the case of possible conflict between commitments to stimulate production on the one hand and the commitment to make produce available to consumers at reasonable prices on the other was discussed at some length. It was agreed that where the efficiency of boards was greater relative to that of other marketing institutions, this reduction in distribution costs would permit such benefits to be passed on either to consumers or producers or both. It was further agreed that this situation should not be confused with that in which, by providing additional inputs in the form of marketing services not previously provided (improved grades, packaging and preliminary processing) the product (improved) was made available to consumers at relatively higher prices and resulted in relatively lower prices to producers for inferior products.

The Group felt that it could not be too strongly emphasised that criteria for the evaluation of satisfactory performance should be modified from case to case to take account of all these factors.

It was stated that one possible reason for the success of agricultural marketing cooperatives, especially the Banana Cooperatives of the Windward Islands, was their monopoly power. It was pointed out that in the case of the Banana Marketing Board, this power was statutory.

Second Level Cooperatives vs Central Marketing Agencies

The Workshop felt that second level cooperatives cannot solve the problems associated with agricultural marketing in the Caribbean. They would have to absorb the costs of spoilage since most of the commodities are perishable. It would also be difficult for them to service a wide variety of producers. The Central Marketing Agency can fill the need for an organisation which would stabilise farmers' income and purchases from farmers both in times of glut and scarcity. Profit should not be the sole aim of the Central Marketing Agency. Second level cooperative societies are best suited where many small cooperative societies can handle one crop.

Government policy in relation to cooperatives

The Workshop felt that in several ways government could assist agricultural marketing cooperatives:

- (a) Government should prepare people for participation in cooperatives by active promotion, but the initial desire for cooperation must be in evidence among the people.
- (b) Government should sponsor the formation of cooperatives, by providing trained staff to identify problems and assist in overcoming them.
- (c) Government's main contribution must be the provision of trained management.
- (d) Research, not only in marketing but also in production problems, could be undertaken by government and the findings put at the disposal of cooperatives.