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.*

281.8
Ag835
cop. 2

DCB/DCB

Vol. 19 No. 1
JANUARY 1980

Price 40c

Agrekon

QUARTERLY JOURNAL ON AGRICULTURAL ECONOMICS

Issued by the Department of Agricultural Economics and Marketing, Pretoria

COMPETITIVE STRUCTURE AND FORMS OF ENTERPRISE IN AGRICULTURAL MARKETING

by

C.M. DU TOIT
University of Port Elizabeth

1. INTRODUCTION

The systems of control which have been established in South Africa to facilitate agricultural marketing arrangements are often questioned in one way or another. An important consideration, often explicitly mentioned, is the extent to which control is practised. Although perhaps less directly stated, the question really being asked thereby is whether the type of competitive structure, as required in agricultural marketing under a system of free enterprise, is being maintained sufficiently. A further consideration relates to the form in which such control is cast. Should it necessarily be a scheme in terms of the Marketing Act? If so, should it be a single-channel fixed price scheme, a single-channel pool scheme, a surplus disposal scheme or some other scheme? Persistence with questions of this nature is important not only if economic efficiency is to be ensured, but also if adjustments are to be made in good time to take advantage of new possibilities that may arise.

This paper has as its objective a consideration of the competitive structure and forms of control as well as other forms of enterprise applying in agricultural marketing. With this object in mind, it is in the first place necessary to clarify the way in which the subject can best be approached. This is followed by an examination of the competitive structure and forms of enterprise. In conclusion attention is given to some criteria which may be considered with a view to ensuring a competitive optimum in agricultural marketing in South Africa.

2. WAY OF APPROACHING THE SUBJECT

The subject under discussion requires a reconciliation of two apparently divergent points of departure. The endeavour to ensure a competitive structure is of a socio-economic nature. The economic interests of the community, rather than those of the individual producer, are at stake. The decision on a form of enterprise, on the other hand, calls for a business economic or commercial law approach - that is, if we subscribe to the traditional pattern. The interests of the individual entrepreneur striving to attain economic success in the community through his enterprise (firm) are then seen to be at stake from this point of view.

It is furthermore important to take into consideration the special requirements as set by agricultural marketing in particular, that is, marketing initiated within the agricultural sector. It would probably be possible to describe the ideal approach as an agri-business-economic approach.

An approach which may qualify as an agri-business-economic approach is to be found in the so-called "agribusiness approach", which is receiving considerable attention in the United States of America. With this approach, particularly illuminating information is obtained on matters such as decision-making, profitability, price stability, competitive circumstances and adjustments in agricultural marketing. One problem with this method, however, is the fact that its proponents have not as yet convincingly succeeded in doing full justice to the socio-economic viewpoint. A second problem is the practice of taking the business economic activities of a specific industry, i.e. group of enterprises handling the same product, as the basic object of study. In the words of Goldberg, the view taken is that ... "if managers, private and public, are to develop effective strategies and policies, they must be fully aware of the total commodity system in which they participate, and they must understand the interaction of its parts ... An agribusiness commodity system encompasses all the participants involved in the production, processing, and marketing of *a single farm product*"[1].

Another approach offering specific advantages from the agri-business-economic point of view, is that proposed by Meulenberg[2]. In his conceptualising of a management approach to the marketing of agricultural products at the specific industry level in the Netherlands, he draws a relationship between differences in consumer needs, production potential and market models, on the one hand, and the marketing instruments used by individual enterprises on the other hand (Table 1). The use of these marketing instruments varies. In a situation of static pure competition only the simplest of trade functions are fulfilled, e.g. those

of grading the product, supplying information and credit, transporting the product and storing it. In a situation of dynamic non-pure competition all the marketing instruments - product policy, distribution policy, price policy and promotion policy - are used fully and intensively.

TABLE 1 - Consumer needs, production potential and market model as a framework for marketing management

Consumer needs and production potential	Market model	Use of marketing instruments (product, price, distribution, promotion)
A static	pure competition	reduced to trade functions : grading, information, credit, transport, storing
B static	non-pure competition	reduced to trade functions and development of special marketing institutions, such as exchanges and auctions
C dynamic	pure competition	limited use of marketing instruments, while dynamic market necessitates full use; phase of transition to D
D dynamic	non-pure competition	intensive use of marketing instruments necessary and possible

A consideration of the various market models may be seen as particularly useful in a fundamental examination of the effect of divergent product or industry circumstances on the marketing programme. For the purposes of this paper, however, the Meulenberg approach does not yet offer a satisfactory reconciliation of the socio-economic and business economic points of view. His viewpoint is mainly that of the individual marketing enterprise which seeks to link up with the specific industry system at *any* micro-level. This is still a traditional agribusiness approach paying insufficient attention to the overall agricultural marketing policy and arrangements which necessarily have to be made at the macro-level. The following conclusion of Breimyer, expressed as recently as 1973, is therefore not surprising:

"... marketing economists enjoy no consensus as to the schema for examining the allocative-distributional operations of the marketing system ..."[3].

It was with this very deficiency in mind that the author of this paper followed up his investigations into marketing under the South African control board system in general, and in the citrus and wool industries in particular, with a study of the marketing approaches adopted abroad.

The outcome of these investigations has been discussed in various articles in Agrekon[4]. Briefly what it boils down to is accommodating both the socio-economic and the business economic viewpoints in a comprehensive management approach to agricultural marketing. Such an approach embraces the following:

Recognition is given to the distinctive circumstances found in agriculture. As a result of agriculture's being particularly dependent on nature, for example, it is emphasised that the uncertainties of nature and the resultant uncertainty in supply conditions are among the most far-reaching environmental influences with which the policy maker/decision maker/planner in agricultural marketing must contend. The set of peculiar product, production and consumption circumstances with which the agricultural producer has to wrestle and which are themselves subject to the influences of natural conditions, have caused agricultural marketing to be characterised throughout the world by State support and action, as well as by distinctive organisational arrangements. The marketing efforts of the agricultural producer are thus supplemented in all kinds of ways by organised producer and State action, including co-operation, financial support, marketing orders, common market arrangements and regulatory legislation.

Recognition is given to policymaking at both the macro-economic (socio-economic) and the micro-economic (business economic) levels of agriculture. At the macro-level the State or its representative bodies contribute to the marketing effort. At the micro-level the agricultural producer or his delegate(s) - one or more bodies representing the producers - act. At both levels a philosophy is applied of consumer orientation, the integration of information on consumer needs at all decision points, the profitable employment of resources, and the meeting of social responsibilities.

The formulation of clear objectives, a systematic decision-making procedure, the optimal combination of marketing instruments and the realisation of mutually beneficial transactions in the long term are key concepts in agricultural marketing management. Although account is taken of the distinctive circumstances of agriculture, this approach matches that in sectors outside agriculture. Just as in trade and industry, here too emphasis is placed on the importance of sustained analysis, planning, implementation and efficiency control, the latter through *inter alia* the regular conducting of marketing audits, structural analyses and ratio analyses. A management approach to agricultural marketing should not only contribute towards greater efficiency in agricultural marketing, but should also create a basis for more effective communication between the sectors and, together with this, meaningful vertical competition between the producers in the different sectors.

3. COMPETITIVE STRUCTURE IN AGRICULTURAL MARKETING

In the management approach to agricultural marketing the maintenance of a competitive structure is pre-eminently a policy consideration at the macro-level of the national economy. Such policy must also be seen against the background of the ideal of free enterprise. This ideal is described by Halm as follows:[5].

(i) The basic factors of production, natural resources, labour and capital are in private

possession, and productive activities are undertaken by private persons and institutions.

(ii) The participants in the free-market economy have a free choice as regards consumption, occupation, savings and investment.

(iii) The free market economy is not in the first instance planned, controlled or regulated by the State. The State satisfies collective needs, but does not compete with private enterprise. The free-market model depends to an important extent on a highly competitive situation in the private sector.

Owing to the particularly democratic and competitive set-up in the United States of America, a brief look at the position in that country would be rewarding before the South African situation is reviewed.

3.1 Competition in the United States of America

According to Dahl and Hammond[6] the policy instruments used to promote a competitive structure in the United States of America can be deduced from the preconditions for perfect competition. The condition that an adequate number of enterprises should be active so that no single enterprise can control price has been promoted in the States since 1890 by, for example, the Sherman Antitrust Act. Product homogeneity is promoted by means of legislation on grading and standardisation. A lack of information and certainty is offset by State action by making market information and advance estimates available so that timely and efficient production and marketing decisions may be taken. Free entry and exit are encouraged by antitrust legislation, as well as by the provision of agricultural credit and support for agricultural training and extension. In addition, there are examples of legislation enacted to protect the consumer, such as the Federal Food and Drug Act (adopted in 1906 and expanded in 1938), the Wheeler Lee Act (adopted in 1935 to provide a code of ethics for advertising) and the Meat Inspection Act (1907).

The special circumstances of agriculture have nevertheless necessitated more than just the promotion of conditions of pure competition. Growing bargaining powers in the sectors outside agriculture and an inherent inability on the part of agricultural producers to equal these bargaining powers, necessitated special steps being taken to support the agricultural producers. The agricultural sector has, for example, been exempted from the provisions of certain antitrust laws. The Capper-Volstead Act, on the other hand, has strengthened the bargaining powers of agricultural producers by encouraging co-operatives. The Agricultural Marketing Act of 1937 allows agricultural producers and their representatives to fix prices and restrict entrance to the market by means of marketing agreements and orders.

More recently legislation such as the Agricultural Fair Practice Act of 1967 and the Agricultural Marketing and Bargaining Act of 1969 authorised producers to team up in co-operative bargaining associations. The handlers of agricultural products were required to negotiate with these associations. Producers were thus protected against discrimination by the handlers. Nevertheless legislation promoting co-operative action did not prevent the courts in the early sixties from describing certain co-operative amalgamations as in conflict with the antitrust laws[7].

Thanks to the measures strengthening the bargaining powers of agricultural producers, the net volume of marketing by co-operatives excluding reciprocal transactions between co-operatives in the United States of America increased from $6,4 billion in 1950/51 to $16,5 billion in 1971/72. The number of marketing orders in the fruit and vegetable industries amounted to as many as 90 in 1966. In 1975 altogether 56 federal orders covered the marketing of about 63 per cent of the total milk production in the United States. Dahl and Hammond conclude as follows:

"It becomes clear that the goal of attaining a perfectly competitive situation seriously conflicts with the goal of countervailing the power of imperfectly competitive firms by encouraging monopoly and monopoly practices. Such goals would not conflict if they were considered in a short-term sense. If farmers were given temporary marketing powers while those with whom they negotiate were forced toward a perfectly competitive market structure, the policies would not conflict but would serve as a two-pronged attack against monopolization. But this has not been the case. Both goals have served as the basis for continued long-term policy programs"[8].

3.2 Competition in South Africa

Before the competitive structure in South Africa can be considered, it is important to take a look at some of the distinctive features of agricultural marketing in South Africa. Thereafter attention will, as in the case of the United States of America, be given to various macro-policy measures influencing the competitive structure.

3.2.1 Distinctive features in South Africa

Without seeking completeness we may, for the purposes of this paper, refer to the following distinctive features of agricultural marketing in South Africa:

The South African home market for agricultural products is characterised by the features of both a developed and a developing market. It is sufficiently developed to cater to some extent for the sophisticated preferences and tastes of the American and European markets. Product differentiation in the form of suggestive packaging and promotion, market segmentation and non-price competition are practised in a considerable part of the market. On the other hand, much of the market is still developing. In this segment world price levels are unattainable, and exploitation, uneconomic

marketing units and missing links in the distribution chain are not unknown.

South African agriculture is quite strongly export-orientated. In 1977 about 33 per cent of the gross value of the South African agricultural output was exported[9]. On the other hand, in a favourable year such as 1972/73 only about 19 per cent of the United State's agricultural output was exported[10]. The fact that the South African producers have to compete at a great distance on highly competitive and sophisticated markets, means that special, strategically planned marketing management efforts are required. In comparison with the position in the United States of America, the production of important agricultural products in South Africa takes place in a less concentrated manner. Compare, for example, the widespread citrus-producing areas in South Africa with the more concentrated production areas of Florida and California. In South Africa the planning of an effective supply, packing, processing and physical distribution system makes tremendous demands on management.

The droughts of South Africa are well-known. A fluctuating supply and uncertain production quantities always in the long term constitute a very real factor which has to be taken into account.

3.2.2 Competitive structure in South Africa

The same instruments of policy employed in the United States of America to promote competition are valid in principle for South Africa as well. The details differ, however.

The Maintenance and Promotion of Competition Act (1979), like its predecessor, the Regulation of Monopolistic Conditions Act (1955), is the instrument which seeks to oppose the formation of monopolies in South Africa and to promote competition. A mechanism therefore exists for establishing balanced competition in the South African economy. Of particular importance in agricultural marketing is the *exclusion* of the production and distribution activities of co-operatives and control boards concerned with the marketing of non-manufactured products. It may be reasoned that this exclusion places agricultural producers in a more favourable competitive position than others[11].

However, history in South Africa has shown, just as in the United States of America, that without any protective measures the agricultural producer would be left in a decidedly weaker vertical competitive position.

Product homogeneity is extensively promoted in South Africa through the inspection and grading services of the Department of Agricultural Economics and Marketing. In 1977/78, for example, approximately 10,17 million containers of deciduous fruit and 6,89 million containers of citrus fruit were inspected on the local markets. In the same year about 6,81 million carcases were graded at abattoirs in the controlled areas[12].

The Division of Marketing Research of the Department of Agricultural Economics and Marketing contributes towards greater certainty and better information on marketing conditions. Data are regularly released on agricultural economic trends, prices and quantities on fresh produce markets and on trends in the agricultural sector. It may be remarked that, in comparison with the position in the United States of America, the information service in South Africa would seem still to be based too much on historical data of limited value in efficient and competitive marketing decision-making.

As regards free-market entry and exit, South Africa need not, generally speaking, take a back seat to other countries as regards the provision of agricultural credit and agricultural training. A question which perhaps deserves fresh attention is whether the approaches adopted in agricultural marketing training take realistic account of the demands of competition and changing circumstances.

A practice which is hampering market entry is the policy of limited registration applied by certain control boards. This practice has been described by the Commission of Inquiry into the Marketing Act as a "drastic" measure which should be applied only in exceptional cases and then only when it offers obvious advantages[13].

As an indication of the reinforcement of the bargaining powers of the agricultural producer through co-operative backing, one need only look at a few data on the co-operative movement in South Africa. The number of agricultural and special farmers' co-operatives rose from 325 in 1968 to 331 in 1973. Thereafter the number declined again to 322 in 1978. The co-operatives' turnover in agricultural products advanced in the ten-year period 1966/67 to 1976/77 from R965,4 million (73 % of gross output) to R2 770,6 million (77 % of gross output)[14].

As a result of a trend towards rationalisation, the amalgamation of a number of agricultural co-operatives has apparently become an annual event. From the competition point of view, concern may be expressed about the fact that in a few branches of industry a position has already been reached where a single co-operative undertakes the collecting and physical supplying functions by itself alone. On the other hand, it may be said that such amalgamations have been formed with a view to effecting economies; competition occurs in the rendering of services in respect of other products; and these co-operatives are restricted by regulatory legislation mainly to the physical marketing functions.

Controlled marketing in South Africa has grown to 91,11 per cent in 1972/73 and 85,89 per cent in 1977/78[15]. In any assessment of these data, however, account must be taken particularly of two critical factors:

(a) the distinctive circumstances prevailing in South African agriculture; and

(b) the considerations relevant in the choice of a control board or other form of enterprise in agricultural marketing.

4. THE SELECTION OF A FORM OF ENTERPRISE IN AGRICULTURAL MARKETING

The rational choice of a form of enterprise in agricultural marketing implies a systematic decision-making procedure in the course of which all possible alternative forms of enterprise are identified, results are forecast and a decision is made on the basis of relevant criteria[16]. Since in each instance a single form of enterprise has to be decided upon and since it is agricultural marketing that is at issue here, we must approach the problem from the viewpoint of the agricultural producer.

In contrast with the socio-economic character of the problem of maintaining a competitive structure, the choice of a form of enterprise tends to be more a matter of business economics or agricultural business economics. From this point of view the profitable use of the resources of the agricultural producer will be an important objective. The competitive structure within which the marketing enterprise will function is, no matter how important, still an environmental factor to the agricultural producer and therefore one over which he has little control although he might want to gain greater control over it.

Regarded fundamentally, and with the degree of complexity and the potential size as main considerations, the basic alternatives for a form of enterprise confronting the agricultural producer may be seen as ranging over a spectrum (Diagram A). At one side we find the sole proprietorship at the relatively simplest and potentially smaller form of enterprise. On the other side we find the company and special form (including the control board) as the relatively most complicated and potentially biggest form. Each of the various forms of enterprise has a number of advantages and disadvantages for the entrepreneur. These advantages and disadvantages may be reduced to about eight enterprise potentials. Seven of these enterprise potentials which, moving from left to right on the spectrum, tend to move from disadvantageous to advantageous, are: management, continuity, delegation of owner's interest, formalising, tax benefits, financing and State support. An eighth enterprise potential - the particular requirements arising from the nature of the product - has a neutral effect on the enterprise spectrum.

Management potential

Since the sole proprietorship usually displays the least, and the company and special form the greatest, potential for large volume transactions, the possibilities in the field of management shift correspondingly from disadvantageous to advantageous on the spectrum of enterprises. As an enterprise grows, the possibilities of more skilled management become greater. Specialists can assist each other in the task of management and the advantages of large-scale activities can be exploited - important considerations in agricultural marketing.

Continuity potential

Since the sole proprietorship and most partnerships do not have legal personality apart from the owner(s), the continued existence of the sole proprietorship and, to a lesser extent, the partnership is linked to the life of the owners. The co-operative is not, however, tied to the lifespan of its members and thus has a greater potential as regards continuity. The potential for continuity of the company and special form is even greater than that of the co-operative since it may happen that the need for co-operation *in a particular region or specific agricultural industry* may decline or be replaced owing to the need for a form of enterprise with wider-reaching management potential.

Delegation of owner's interest

Delegation of owner's interest is the opposite of the retention and self-management of owner's interest. The entrepreneur who wishes to manage his own business and who does not want to delegate his owner's interest to a professional manager, will be most strongly in favour of a sole proprietorship. The price he pays for this is to accept responsibility for the sole proprietorship's debts and obligations. On the other hand, the preference of the entrepreneur who specifically does not want to handle or manage his owner's interest (especially his own capital) himself, will increase to the right of the spectrum of enterprises, reaching a maximum with the company and special form of enterprise. The entrepreneur's preference regarding the delegation of his owner's interest will be greatly influenced by his degree of willingness to risk his personal assets.

Formalising potential

Formalising relates to the legal requirements and procedures prescribed for founding and managing the various forms of enterprise. Here again the entrepreneur may prefer a sole proprietorship if he does not wish to meet all the formal requirements which increase to the right of the spectrum. No special legal requirements are attached to a sole proprietorship. On the other hand, the procedure for founding the co-operative, company and special form are laid down by law, as are other formalities relating to them. The founding and functioning of a statutory body such as a control board may, for example, have a wide range of implications for the general public. The producers of a particular product may in this way be obliged to market their product through prescribed channels and to pay certain levies to finance the institution's activities. This may also constitute interference in the free market

DIAGRAM A

ENTERPRISE POTENTIALS

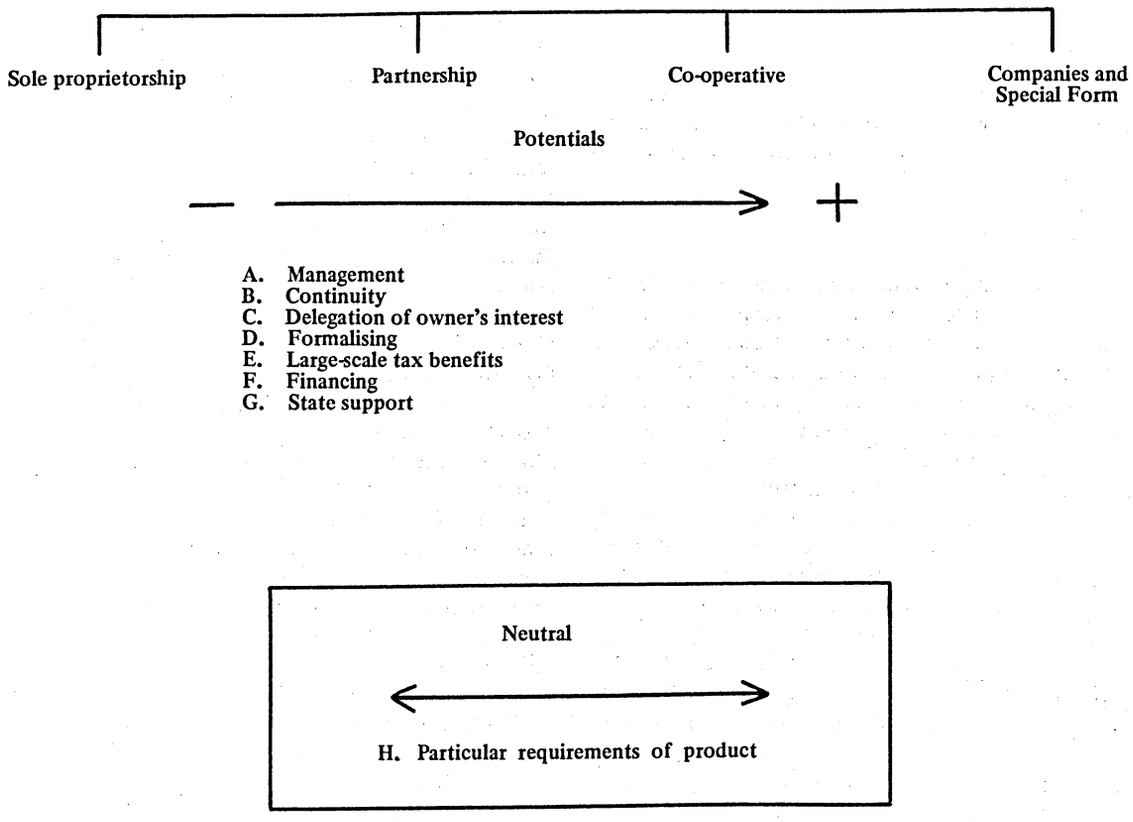
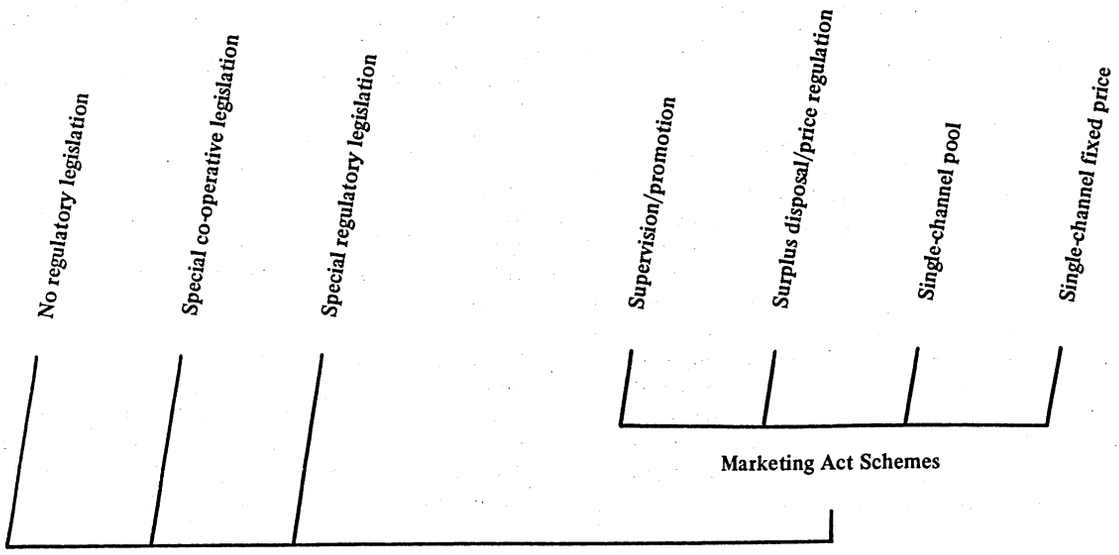


DIAGRAM B

SPECTRUM OF ORGANISATION FORMS IN THE MARKETING OF SOUTH AFRICAN AGRICULTURAL PRODUCTS



mechanism. Legislation is thus essential to ensure that such interference is warranted, that it is in the interests of most of the producers affected, and that it serves the general interests of the public or at least does not harm them unnecessarily.

Tax potential

From the tax point of view it is usually advantageous for the entrepreneur to make his choice as far to the right of the spectrum as possible.

Financing potential

The financing potential increases from left to right in the spectrum of enterprises. In a partnership more than one person makes a financial contribution. A co-operative derives its funds from the share capital of members, and, in the case of agricultural co-operatives, the funds are supplemented from two further sources, namely revolving capital and Land Bank funds.

Since it is sometimes not possible to persuade interested parties to make voluntary contributions of sufficient funds for the financing of certain business activities such as the marketing of the product of a large number of agricultural producers, the special form of enterprise is often selected in such cases. The Marketing Act and other legislation regulating the special forms of enterprise therefore also authorise the collecting of funds by means of compulsory levies in the form of a set amount per product unit handled for producers.

State support potential

Although this is not necessarily the case under all circumstances, the co-operative and large company are often better able to persuade the State to support a particular development or enterprise. Sometimes the condition for State support may even be the establishment of a statutory body under a specific act. During the Second World War, when citrus exports were uncertain, the South African Citrus Industry was, for example, compelled to accept a control board under the Marketing Act before the State would guarantee the financing of the co-operative export drive[17].

Particular product requirements

Since neither negative nor positive potentials can be observed where particular product requirements apply, this critical factor must be indicated as neutral on the spectrum of enterprise forms.

In the case of agricultural products, such product characteristics as perishability, variety in qualities and quantities, widespread production, divergent market requirements and seasonal differences, impel producers towards co-operatives and even the formation of control boards in order to achieve the best possible joint marketing effort in the prevailing circumstances.

Since, from a marketing management point of view, the South African agricultural producer is concerned mainly with the form in which he can organise together with other such producers, he too is ultimately confronted by a particular spectrum of "organisation forms" (Diagram B)[18]. On one side of the spectrum we find no regulatory legislation, as in the case of various fresh vegetables and fruit. On the other side we find Marketing Act schemes which range in turn from supervisory or promotion schemes (implying the least control) to the single-channel fixed price schemes (with potentially the furthest reaching control measures). The distinctions between Marketing Act schemes are, of course, not absolute, since a product finds its place in the spectrum according to the predominating characteristics and this does not exclude the possible inclusion of other features of schemes.

It is logical to expect the agricultural producer seeking the biggest joint controllable marketing management effort to exercise his choice generally as far to the right of the spectrum as possible. On the other hand, the authorities will tend to let the final decision fall as far to the left of the spectrum as possible, on the grounds of representations emanating from outside agriculture, the principle of free enterprise and the maintenance of a competitive structure.

5. CRITERIA FOR A COMPETITIVE OPTIMUM IN AGRICULTURAL MARKETING

In conclusion it may be stated that establishing and maintaining a competitive optimum through the admission or selection of suitable forms of enterprise in agricultural marketing is no simple matter. The criteria which may be applied to monitor the situation should, on the one hand, take into account the peculiar problems and circumstances in agriculture. On the other hand, flexibility is an obvious requirement. The ability to move to any point on the spectrum of enterprises and the "opening" of the structure should be preserved so that new enterprises may enter the market if they can contribute towards greater efficiency and need-satisfaction. Four criteria in particular appear to merit consideration:

(i) The perfect competition model which, from the socio-economic point of view, serves to indicate the "ideal" kind of regulatory measures that can be adopted in general and at the macro-level.

(ii) Structural analyses such as concentration ratios and percentages of the gross production value regulated, although these still present an incomplete picture. Perhaps we may in this regard join Allen in stating:
"... I have come to have a deep suspicion of attempts to use 'conduct, structure and performance' analysis in the hope of obtaining firm conclusions on the efficiency of resource use and on entrepreneural and managerial progressiveness by such uncomplicated

analysis as, for example, correlating inter-industry concentration ratio and returns on capital. The general approach is exceptionally valuable in exactly the same way as one can use economic history - to remind one of the great mass of possible combinations of economic circumstances and behaviour which will yield particular results in resource allocation and progressiveness. But to look for fundamental truths or laws from the type of statistical investigation which is commonly undertaken is, I believe, a search for the impossible"[19].

(iii) A practical approach to solving problems whenever some branch of agriculture finds itself in a crisis situation, by weighing up all possible viewpoints and circumstances and seeking an "obvious" solution. The degree of success achieved by the National Marketing Board and Commissions of Inquiry with this approach should certainly not be disparaged. The possible lack of advance planning and clearly defined norms underlying this kind of action may, however, be cause for concern.

(iv) A comprehensive management concept for agricultural marketing in which the socio-economic and business economic points of departure are treated in a well-founded theoretic and practical manner. Under this concept, not only should the continuing cycle of analysis, planning, implementation and efficiency control ensure timely adjustments, but the concept should also present new challenges in the field of agricultural marketing training. Only when the agricultural producer and the marketing enterprise to which he has delegated a part of his marketing management role, fully recognise and honour the principles of agricultural marketing management at the macro and micro-levels, only then will there be any hope of an optimal reconciliation between the demands of competition and entrepreneurship. To put it slightly differently: The business economic interests of agriculture exert a strong pressure towards the right of the organisation spectrum. On the other hand, the socio-economic demands exert a contradictory pressure towards the left of the spectrum. The dynamic factors influencing the national economy in general and agricultural marketing in particular demand a regular, systematic and well-founded marketing management and marketing auditing procedure in order to ensure a point of equilibrium which can shift under the various circumstances prevailing at different times.

REFERENCES

1. Goldberg, R. *Agribusiness co-ordination: a systems approach to the wheat, soybean, and Florida orange economies,* Boston, Harvard University, 1968, p. 3
2. Meulenberg, M.T.G. *Inleiding tot de marktkunde,* Utrecht, Uitgeverij Het Spectrum N.V., 1971. See also Du Toit, C.M., *Verslag oor buitelande studiereis (25 Maart - 23 Junie 1975), unpublished report submitted to the Human Sciences Research Council.*
3. *Breimyer, H.F. Quoted in Du Toit, C.M., Managerial control as a built-in element of agricultural marketing, Agrekon,* 16(3), July 1977, pp. 10-16
4. Agrekon 13(4), pp. 7-11; 14(2), pp. 14-19; 14(3), pp. 2-7; 14(4), pp. 18-23; and 16(3), pp. 10-16
5. Halm, G.N. *Economic systems: a comparative analysis,* New York, Holt, Rinehart & Winston, 3rd ed. (1968) pp. 23-24
6. Dahl, D.C. and J.W. Hammond. *Market and price analysis: the agricultural industries,* New York, McGraw-Hill, 1977, pp. 289 et seq.
7. Kohls, R.L. and W.D. Downey. *Marketing of agricultural products,* New York, Macmillan Publishing Co., (4th ed.), 1972, p. 183
8. Dahl, D.C. and J.W. Hammond, *op cit,* p. 289
9. Derived from Tables 3 and 16, RP 28/1979 (Annual Report of the Secretary for Agricultural Economics and Marketing for the period 1 July 1977 to 30 June 1978)
10. USDA. *The food and fiber system,* p. 27
11. Du Plessis, P.G. Mededingingsbeleid - 'n nuwe era vir Suid-Afrika? *Tydskrif vir Studies in Ekonomie en Ekonometrika,* No. 5 (June 1979), pp. 54-66
12. RP 28/1979, pp. 64-69
13. RP 39/1976 (Report of the Commission of Inquiry into the Marketing Act), p. 89
14. RP 82/1968, RP 43/74 and RP 28/1979 (Annual Reports of the Secretary for Agricultural Economics and Marketing)
15. RP 43/74 and RP 28/1979
16. Du Toit, C.M., (ed.) *Fundamentele Bedryfsekonomie,* Durban, Butterworth, 1979, pp. 100 et seq.
17. Du Toit, C.M. *Aspekte van die bemarking van Suid-Afrikaanse sitrus,* unpublished M.Com. dissertation, Rand Afrikaans University, 1969, p. 79
18. See also Du Toit, C.M. Agricultural marketing management under the South African control board system, *Agrekon,* 14(2), April 1975, pp. 14-19
19. Allen, G.R. Changes in the relationships between agriculture, the food industry and trade: Markets and marketing, *European Review of Agricultural Economics,* 2(4), pp. 436-437