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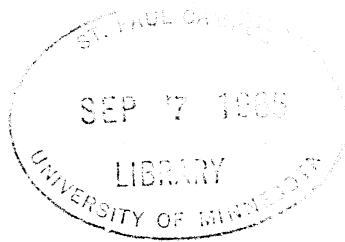
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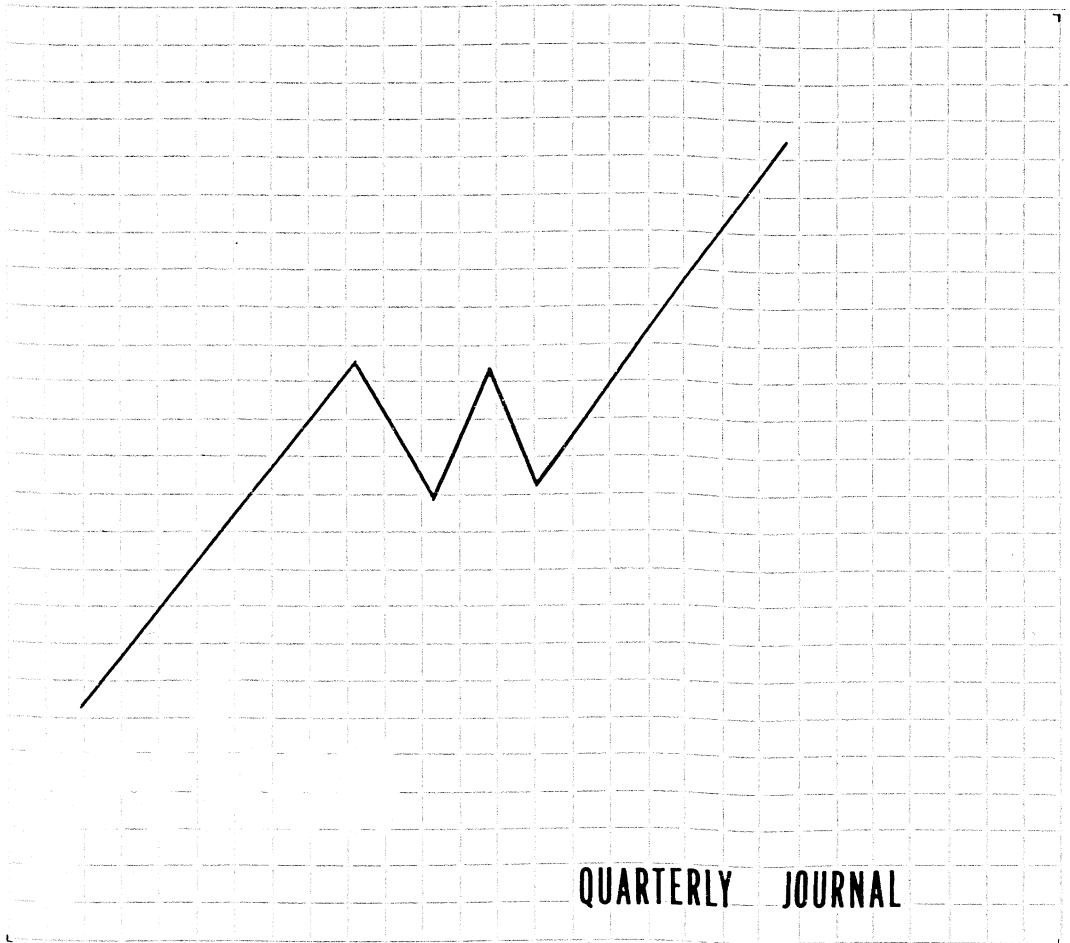
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These articles should have a maximum length of 10 folio pages (including tables, graphs, etc.), typed in double spacing. All contributions should be submitted in triplicate (preferably in both languages) to the editors, c.o. Department of Agricultural Economics and Marketing, Pretoria, and should be received by the editors at least one month prior to publication date.

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Municipal Markets at the Cross Roads*

by

S.J.J. DE SWARDT,

Secretary for Agricultural Economics and Marketing

INTRODUCTION

When the invitation was accepted towards the end of 1964 to read a paper at your conference, it was my intention to make its content largely statistical; to deal not only with important changes which have taken place on the principal municipal markets over the past ten to 15 years, but also to make comparisons as regards the costs of the market services rendered by representative markets. This has, however, not proved to be feasible for a public paper of this nature. Too many estimates and arbitrary assumptions have to be made in order to obtain end-figures for comparison of results of one market with another. Such estimates, with the necessary qualifications, could lead to misunderstanding. Consequently, little of the results of the analysis could be used here.

From the beginning I had in mind the present title of this paper, but could not have anticipated then that matters would take such a decisive turn as they have taken during the past few months. As you are aware, a deputation representing the United Municipal Executive of South African local authorities saw the Honourable Mr. D.C.H. Uys, Minister of Agricultural Economics and Marketing, in Cape Town on February 8, 1965, in order to make representations regarding the actions of certain marketing boards and co-operative societies - which, in the view of the U.M.E., threaten the future of municipal markets.

Consequently, a meeting was held with the Minister on the 30th of March, attended by representatives of all the parties concerned. As a result of this meeting it was decided, as you are also aware, that Minister Uys should appoint a representative committee to go fully into the reasons for the unsatisfactory state of affairs, and to make recommendations to rectify matters.

I therefore trust that you will understand my problem in dealing with a question which has become one for special consideration by local authorities and the users of the municipal markets. I was tempted to regard the subject as sub judice and to refrain from dealing with it here at all. But I am sure this would have disappointed you. Also, I cannot see that anything is to be gained by avoiding public discussion of the issues I have in mind to place before you as Market Masters. I shall try and limit myself to those aspects which, in my view, have become of fundamental importance for the future of the large municipal markets. Because of the two considerations to which I have referred, this paper is a relatively short one with few statistics - for which many of you will no doubt be grateful!

Let me make it clear right at the outset that all my remarks in this paper, except when otherwise qualified, refer only to produce markets in the large urban centres of the Republic. I have in mind here centres with populations of 100,000 and over.

Allow me to refer to the paper I read at your Annual Conference at Pietermaritzburg on April 20, 1948 (also published in the "S.A. Journal of Economics", June 1948). It is important that I

*Paper read at the Annual Conference of Market Masters, held in Pretoria from 13 to 15 April 1965.

should do so, because several of the points I deal with today were fully dealt with in that paper 17 years ago. Most of the things I predicted then have come about; and, to my dismay, we have not made much progress since then in dealing with the crux of the problem to which I then directed attention - and which remains unsolved to this day. I shall return to it.

PROGRESS MADE

We are all grateful for the progress which has been made over the past ten to 15 years in the marketing of perishable farm produce on our municipal markets. Our urban populations have grown at a breath-taking rate. Per capita incomes have risen steadily and the per capita consumption of vegetables and fruit is steadily increasing. Consequently, the volume of 32 kinds of fruits and 17 kinds of vegetables on the eight major municipal markets has grown during the 11 years ending 1963/64 as shown in Table 1.

as compared with that of the previous year. True enough, these figures are taken collectively for the eight principal markets*; nevertheless, it illustrates dramatically the steady unbroken growth in the volume and value of vegetables and fruits marketed year after year. Thanks to our excellent transportation system, supplies are drawn from far and wide to every-one of these eight markets. Consequently, crop failures in one area are largely compensated by supplies from another area; similarly, bumper crops in one area spill supplies over to distant markets in other areas.

It is significant that the 1963/64 sales exceeded the 1953/54 sales on the eight markets by 70 per cent on a weight basis and by 84 per cent on a value basis. This means that the increase in turnover exceeded the increase in population in the areas concerned.

It would be interesting to make exact comparisons in respect of the growth

TABLE 1 - Sales on eight markets

	Weight		Value	
	(1,000 tons)	Index	(R1,000)	Index
1953/54	552	100	22,948	100
1954/55	586	106	24,184	105
1955/56	617	112	26,049	114
1956/57	683	124	27,296	119
1957/58	668	121	31,873	139
1958/59	689	125	31,380	137
1959/60	745	135	30,115	131
1960/61	778	141	34,123	149
1961/62	800	145	35,476	155
1962/63	854	155	37,445	163
1963/64	975	177	42,512	185

(See Annexure for details)

The steady annual growth in the volume and value of vegetables and fruits marketed is impressive. In spite of periodic droughts, unusual frost damage in some years, and depressed prices in other years on account of heavy supplies, it is remarkable that not in one single year during the period in question a drop occurred (either in volume or in value)

in population in the centres concerned with the increase in turnover on the eight markets in question. However, this

*The eight markets are (in order of turnover): Johannesburg, Cape Town, Durban, Pretoria, Port Elizabeth, Pietermaritzburg, Bloemfontein and East London.

would be a difficult task, as the large markets also serve populations beyond their municipal boundaries. On the other hand, produce is consumed in municipal areas not purchased on markets. For purposes of comparison, I took the population of the entire Witwatersrand, but only the vegetables sold on the Johannesburg market. For the other seven centres the populations of only the municipal areas in question were taken.

2. The results were as set out in Table 2.

TABLE 2 - Increase in population in eight centres

	1954	1963	Percentage increase
			%
Whites	1,525,000	1,862,000	22
Non-whites	2,499,000	3,459,000	38
TOTAL	4,024,000	5,321,000	32

Although the population figures do not quite correspond with the municipal areas in which the eight markets are located, it is quite evident that the volume of sales of vegetables and fruit has increased considerably faster than the numbers of people living in the neighbourhood of these markets.

The obvious conclusion to be drawn from this is that the consumption of vegetables and fruit is increasing per head of population. This is to be expected and the trend will continue, especially as income per family rise and as dietary habits change.

LARGE MARKETS AND NATIONAL MARKETS

All of the eight markets referred to above could be regarded as national markets, in the sense that they normally draw supplies from producers in many

districts of several provinces. The five largest ones also normally supply the needs of buyers located outside the boundaries of the municipalities in which the markets are located. For 1963/64 the turnovers on these markets were approximately as set out in Table 3, for vegetables and fruit.

TABLE 3 - Individual turnovers of the eight principal markets for 1963/64. (Figures are still provisional)

Market	Tons sold	Value sold (R1,000)
Johannesburg	376,895	17,134
Cape Town	204,098	9,138
Durban	135,661	6,070
Pretoria	91,821	3,769
Port Elizabeth	54,863	2,267
Pietermaritzburg	38,262	1,510
Bloemfontein	33,322	1,345
East London	40,129	1,279
TOTALS	975,051	42,513

Source: The Division of Agricultural Economic Research, Department of Agricultural Economics and Marketing, in collaboration with market masters.

As these markets grow, their national character increases relatively. As urban centres spread out, relatively less householders buy directly on markets.

Intermediaries buy on markets in order to make supplies available to householders via general food distributors and via specialised fruit and vegetable distributors. Increasing quantities are sold to such end-buyers who do not trade or reside in the same municipal area in which the market is located and where the produce was purchased from the producer or his agent. It is therefore evident that these larger markets have ceased to be of interest only to the ratepayers of the municipality in which the market is situated. A few years ago it was estimated by consultants, engaged by the Jo-

Johannesburg municipality to study the sales on their market, that about 40 per cent of the produce sold on that market was at that time bought by buyers outside of the Johannesburg municipality.

This brings me to the crux of the problem with which I wish to deal here today - namely the interest of "outsiders" (of persons and bodies outside the boundaries of the municipalities owning the market) who have a vital interest in the manner in which these markets are operated. Broadly speaking, they are the distant sellers who sell their produce on these markets and the buyers from outside the respective municipal areas who regularly buy on these large markets. They include the marketing boards and co-operative societies, whose duty is to ensure that producers obtain fair and reasonable prices.

But before dealing with the problem specifically, I wish to direct attention to important changes which have taken place in South Africa in recent years - and which have an important bearing on the problem as such.

CHANGES IN MARKETING

Simultaneously with the tremendous increase in the volume of vegetables and fruit marketed in the large population centres of South Africa, a number of developments took place which should be taken into consideration by those who wish to understand the position.

The most important of these are:

1. Faster conveyance of perishable products (by road and rail) as well as relatively larger quantities transported by road - and over larger distances. The rapid development of this transport action by road over long distances applies both to and from markets.
2. Increase in standard packing of more types of products as well as better grading. More producers realise that it pays to market quality products and to grade them uniformly.

3. Increase in specialisation with the handling of fresh fruit and vegetables, that there is an increasing number of persons who make it their business to handle only vegetables and fruit, and some who concentrate on a few types only. Such persons make it their business to know where and from whom they can obtain their supplies at reasonable prices and dispose of them profitably. As an illustration of this, mention may be made of the so-called Portuguese vegetable and fruit traders in the Transvaal; of a large buyer at George, who buys and sells vegetables and fruit on a considerable scale at various centres ranging from Cape Town to East London, including Ladismith and Oudtshoorn; and of the "Super Markets" which sell in an increasing extent to housewives fresh vegetables and fruit (standard packed) together with other foodstuffs.

When these factors are taken together, they have the effect of buyers and sellers becoming people in a hurry. In other words, go-getters who know what they want and find out very quickly where they can get it. If the market is not satisfactory, they get busy on the telephone. The increasing expansion of standardisation, coupled with the increasing personal knowledge acquired of each other as buyers and sellers, enables them to reach price agreements on the basis of a small sample of the product, or even by means of the telephone if necessary.

This quickened tempo by which it becomes necessary to do business, is one that the larger markets should take note of.

CENTRAL MARKETS ESSENTIAL

There is no doubt but that the great majority of buyers and sellers prefer to buy or sell their products at a suitably situated centre in the city. It saves much time and expense. It affords the opportunity for both parties to ascertain, within a short time, the supply and demand position; and each buyer can determine quickly which consignment will best suit

his requirements, and then decide the price he is prepared to pay.

But this general wish is subject to two important considerations, namely time and expense. Most buyers have only little time to spend at the market. For them time is money. If they remain too long at the market, their selling business will suffer.

That is why marketing conditions should be adjusted to the changed conditions of our time, otherwise the parties concerned will consider other plans to do business in another way, outside the market.

Apart from sufficient and satisfactory physical facilities for off-loading, display, control over and despatch of supplies, the greatest single factor which determines time and costs on the municipal markets today, is the method of sale.

METHOD OF SALE

The sale by auction is an old and deep-rooted method on our municipal markets. It is one of the oldest national traditions in this respect, dating back to the days of the Dutch East India Company. In the olden days, all farm products - ranging from wood, wool, hides, grain, meat, eggs and vegetables - were sold by public auction. The commission on sales became a jealously guarded source of income for every hamlet and town. It was a vested "right", granted by the authorities, from the earliest times, to every town (later the city).

Following on the grading of products and specialisation of trading channels, one product after another began to disappear from the market until today only vegetables and fruit remain. Every time a product faded and disappeared from the market, the City Fathers and market masters were very concerned. In this regard you will recall perhaps the case of eggs during the early fifties!

We have now arrived at the last stronghold - namely that of the extremely

perishable and still relatively unstandardised vegetables and fruit.

While the market masters and market operators of Cape Town and Port Elizabeth had realised for a considerable period that the time had arrived for the sales method to be adjusted to the changed conditions, progress in this direction at other large centres appears to be slow. There are even signs of sustained opposition to such changes. This attitude is understandable in the light of the historical tradition already mentioned and the natural inclination of man to cling to that which he knows.

For those persons who still harbour these sentiments, I submit two aspects for their consideration:

Firstly, that sale by auction can only be justified where conditions for auctioning are distinctly favourable - such as lively competition amongst buyers and where sales can be effected swiftly in proportion to the quantities to be sold. And, secondly, that, according to the data recently collected by Mr. J.B. Bester (Chief Professional Officer) and other investigations of the Division of Agricultural Economic Research of my Department, it is evident that the costs entailed in sales by auction exclusively (coupled with the "rotation" method as regards the arrangement of products) are particularly high.

It is very clear to me that this method of sale by auction exclusively has become a luxury which we can no longer afford. This is one of the subjects which call for early and serious attention.

Let me add at once that I fully realise that this is a subject which cannot be considered by itself, but should be viewed in combination with the other aspects, such as the space available on the market, the number of agents occupying that space, the guarantees by buyers, and so forth. Nevertheless, I believe that where there is a will, there is a way.

Sales out of hand (which is the standard method of sale for vegetables and fruit on the markets of Britain, the U.S.A., Canada and most of the other countries) will naturally make high demands on the agent and his salesman. They are expected to know the value of each product. At each transaction the judgement and integrity of a salesman are put to the test, and should a mistake be made or a lower price accepted, he cannot hide behind the market master. But where an agent of the right calibre is available, larger quantities of a product can be sold within the allotted time and with a minimum of expense than can be done under the system which we so often see at our auctions, namely where a large number of auctioneers in a certain section have to shout themselves hoarse simply to attract a few buyers nearer to them.

That is why success with sales out of hand obviously also require the co-operation of agents and buyers. I trust that we are going to get it.

CONTROL OVER THE MARKET

In the foregoing it has been pointed out that our larger markets serve not only the interests of local producers and buyers, but that their services have become of a national character. It was further pointed out that new factors have come to the fore which make the management of a market a complicated business.

The question therefore arises: Should the control of the market be left solely in the hands of a local authority? Is such management not inclined to deal with the activities of such a market mainly on the basis of local considerations? In the nature of things, this should be the case. But should housewives insist on certain facilities, must such requests receive recognition out of proportion to their importance as buyers on a large market?

Furthermore, serious doubt has arisen as to the ability of local authorities to exercise efficient supervision over the management of a large market, with all its intricacies and problems, whereby the

clashing of interests are involved. The business activities on a large produce market, with its changing needs according to the product concerned, scope of sales, type of buyers, measure of control to be exercised, etc., has become so complicated in nature and scope (and differs so widely from the type of business which Town Councillors usually have to deal with) that they, in the nature of things, cannot give guidance to the market masters regarding his problems. Usually he has to solve his own problems. In cases where he requires the Council's decision, he is practically the only man to indicate what the Council should decide. He submits his case according to his own viewpoint, and it would probably be difficult for the Council to disagree with him concerning matters relating to methods of sale of products on his market.

As already indicated, the method of sale on the markets has become of the greatest importance to buyers and sellers. Where important differences with the market master arise, matters can become serious; where they arise with the Council itself, they might become even more complicated.

ADVISORY BODIES

It may be said that there are advisory committees to deal with such matters, but in practice this is not always satisfactory. It is a difficult matter for an advisory body to accomplish much where its advice does not conform to the views of the market authority.

When, in 1948, I addressed your Institute at Pietermaritzburg on this subject, I still had faith in the good effect of advisory bodies.

Allow me to read to you a few extracts of what I said at the time:

"From the national point of view it seems clear that under present-day conditions in the Union there should be a central authority which should actively interest itself in the manner and efficiency with which local authorities carry

out their delegated market functions. It is an untenable position that these local authorities should be responsible to no one on such a vital matter, concerning the welfare of citizens outside the borough boundaries. It is hard to believe that the Fathers of our Constitution could have foreseen in 1909 the present-day situation in this respect, when, under Section 85 of the Act of Union, all powers with regard to markets were delegated to Provincial Councils and in effect re-delegated to local authorities."

"The main functions of a central marketing authority should be advisory to the local authorities, but it should also have some supervisory powers. It should equip itself to obtain the best available information on the efficient operation of markets dealing in perishable produce; it should, with the co-operation of market masters, collate the experiences on the various markets; and, on the basis of this advice, assist local authorities and market masters in the planning of new facilities and the realisation of improvements in the methods of handling, display, selling, accounting, etc., where necessary. An interesting variety of methods of operating produce markets exist in the Union, from which a great deal is to be learnt, and, in attempting to effect improvements, an experimental attitude of mind in dealing with the problems is very desirable. But, in order to obtain the best results, some central co-ordination of experiences in various centres would be highly desirable."

"Responsibility for the actual operation of the market, appointment of staff, etc., should, the writer feels, remain with the local authority as at present, but provision should be made for an active advisory committee on local marketing matters, ..."

"By supervisory powers is mainly meant that market by-laws should be subject to the approval of the central authority, as they are now subject to the approval of the provincial authority. But,

in co-operation with local authorities more uniform codes of practice should be developed for various sizes and types of produce markets, and it should be the duty of the central authority to see that these codes of practice are gradually introduced and adhered to. The approach should be one of advice and persuasion, but where a local authority should be adamant to effect necessary changes, the central authority should be at liberty to bring the matter publicly to the attention of rate-payers and, if necessary, to confer with the Administration of the Province concerned on any further steps which may be necessary to take."

"Furthermore, it should be competent for an authorised officer of the central authority to investigate on the spot an irregularity, observed by him, committed by an official of the local authority, or to investigate a complaint that an irregularity has been committed."

WHAT HAPPENED SUBSEQUENTLY

As you know, the so-called De Klerk Committee was appointed shortly after this, and submitted its report towards the end of 1952. This Committee recommended the establishment of a National Marketing Advisory Board, with which you all are acquainted. Due to various reasons, which cannot be discussed now, this Board could not begin to function until 1957. Some people have expected great things from this Advisory Board, but it should be observed that this body could only act in an advisory capacity and that its functions did not include supervision (supervisory powers), as I recommended 17 years ago.

This Advisory Board - of which, for my sins, I was elected chairman - accomplished many things in spite of considerable difficulties, such as the Marketing Code and the Act on the Sale of Perishable Products (Act No. 2 of 1961). This has served as an important forum

where knowledge and viewpoints on produce markets could be exchanged, and has undoubtedly served as an incentive for many of the new opinions regarding improvements of marketing facilities and sales methods.

But as to the vital question of supervision on what should be done, and the establishment of a central body with a measure of authority, we are no nearer to it today than we were 17 years ago.

A VOICE IN MATTERS AND RESPONSIBILITY

Perhaps we are trying to achieve the impossible, namely to give outside interests (such as organised agriculture, market agents, consumers and the central government) a voice in matters relating to markets - but without any responsibility whatsoever. The final say in most matters of consequence rests absolutely with the local market authority. If anyone is not satisfied with a decision, or lack of decision, of a local authority on a matter pertaining to the running of a market, it is just "too bad". There is no higher authority to appeal to - except in theory the local ratepayers - who again on matters affecting producer interests cannot be expected to develop much interest. Theoretically the Administrator could be said to have the right to intercede, but we know in practice that he will not, unless some ordinance is affected.

This brings us to the deadlock we have now reached between local authorities on the one hand and producer interests on the other hand - to which I referred earlier on - and which has become a special

problem to be studied jointly by a representative committee to be appointed soon by the Minister of Agricultural Economics and Marketing. In view of the task to be undertaken by this committee, I should not say more in this question now - except that, in my view, the crux of the problem is that of reconciling the interests of the users of the market with those of the local authority.

The users of the market are interested in rapid, dependable and not too expensive services. The market authority should concentrate on providing this service, without insisting that the method of sale of produce should be on the basis of outmoded ideas.

What we need is a new mental approach to the whole problem. All concerned should be prepared to put on their thinking caps and work out solutions which serve best the problems of marketing expeditiously, and at lowest cost, increasing quantities of highly perishable produce. If this is done, I foresee a bright future for central produce markets. But where market masters and local authorities are going to be more aware of their "rights" than their opportunities, they should not be surprised if methods of sale and distribution develop which will by-pass municipal markets.

I can think of no more challenging problem than this one - which we all have to tackle - whether we like it or not. It provides a great challenge and a great opportunity to the market masters, city councillors and market agents assembled at this conference. I wish you luck in dealing with it in a worthy manner.

ANNEXURE

Total quantity, total value and value per ton of 17 kinds of vegetables and 32 kinds of fruit sold on the eight¹⁾ largest municipal markets for the seasons 1953/54 to 1963/64

Season (Jul./Jun.)	Quantity (1,000 tons)	Index ²⁾	Value (R1,000)	Index ²⁾	Value per ton (R)	Index ²⁾
Vegetables						
1953/54	401	100	15,299	100	38	100
1954/55	430	107	15,759	103	37	97
1955/56	454	113	17,159	112	38	100
1956/57	499	124	17,648	115	35	92
1957/58	460	115	22,234	145	48	126
1958/59	507	126	21,461	140	42	110
1959/60	545	136	19,534	128	36	95
1960/61	539	134	22,809	149	42	110
1961/62	566	141	23,847	156	42	110
1962/63	600	150	23,140	151	38	100
1963/64	638	159	26,791	175	42	110
Fruit						
1953/54	154	100	7,840	100	51	100
1954/55	160	104	8,656	110	54	106
1955/56	167	108	9,124	116	54	106
1956/57	184	119	9,648	123	52	102
1957/58	209	135	9,639	123	46	90
1958/59	181	117	9,918	126	55	108
1959/60	200	130	10,580	135	53	104
1960/61	239	154	11,314	144	47	92
1961/62	234	152	11,629	148	50	98
1962/63	260	168	14,305	182	55	108
1963/64	307	199	15,841	202	52	102
Total						
1953/54	555	100	23,139	100	42	100
1954/55	590	106	24,414	106	41	98
1955/56	622	112	26,284	114	42	100
1956/57	683	123	27,296	118	40	95
1957/58	668	120	31,873	138	48	114
1958/59	689	124	31,379	136	46	109
1959/60	745	134	30,115	130	40	95
1960/61	778	140	34,122	147	44	105
1961/62	800	144	35,476	153	44	105
1962/63	860	155	37,444	162	44	105
1963/64	945	170	42,632	184	45	107

1) Johannesburg, Cape Town, Durban, Pretoria, Port Elizabeth, Pietermaritzburg, Bloemfontein, East London.

2) Index 1953/54 = 100.

Weight (tons) of produce sold. Estimated by the Division of Agricultural Economic Research of the Department of Agricultural Economics and Marketing.