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## ORGANIZATION IN THE NEW SOUTH WALES BANANA INDUSTRY \*

by

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1. MARKETING PROCEDURES.
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3. THE BANANA MARKETING BOARD, 1935-38.
4. ATTEMPTS TO RE-ESTABLISH A BANANA MARKETING ORGANIZATION.
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### 1. MARKETING PROCEDURES.

The last issue of the *Review of Marketing and Agricultural Economics* (March, 1951), contained an account of the growth of the New South Wales banana industry into one of the most important fruit industries in the State, a development which took place despite an early period of adversity due to the severe incidence of bunchy-top disease. That survey also included an economic analysis of seasonal and other factors affecting supplies and prices. In the present article it is proposed to deal in some detail with problems of organization encountered in distribution of the fruit.

The efficiency of handling processes at all stages from the plantation to the market is an important factor affecting the return received by the banana grower. If the fruit has been roughly handled at any stage from the time when it is cut from the plant until it is displayed in the retail shop, damage is caused to the fruit which leads to loss of flavour and attractiveness and lower returns to the grower.

Great care is necessary on the plantation in cutting bunches from the plants, conveying them to the packing shed, dehanding, breaking the individual bananas from the hands and packing the fruit into cases. Recent research has now shown that two of the most common causes of loss of keeping quality, squinter and black-end diseases, can be controlled by dipping the fruit, soon after picking, in a suitable fungicide. This has now become an established plantation operation. In addition to careful handling on the plantation, it is important that damage by bruising be prevented during transport to the various destinations. Cases of bananas have to be taken to the railhead, railed to the metropolitan markets and transported by motor trucks to the ripening rooms of agents or merchants. The ripened, or partially-ripened, bananas are later taken to the selling floors, if they are to be sold at the city markets, or consigned to country agents or retailers. There is also some reconsignment of bananas from the Sydney and Melbourne markets

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Bananas being Conveyed from the Plantation to the Roadside by Flying-fox Wireway.

to interstate centres. This description of the steps involved in the distribution of bananas from grower to consumer indicates the need for overall efficiency to prevent deterioration in the quality of the fruit<sup>1</sup>.

At present, most New South Wales bananas are marketed in singles. The Lady's Finger variety is packed in hands, but this represents a small proportion of total supplies. Packing in singles is preferred by retailers, mainly because they get a better count in the case. Publicity was given to cluster packing in 1936, but the method was not adopted by growers<sup>2</sup>. At that time cluster packing was recommended as a method of minimizing the incidence of squirter disease and preventing any bruising arising from division of hands of bananas into singles. Squirter disease can now be overcome by dipping the fruit in a solution containing salicylanilide or its sodium salt.

## 2. SCIENTIFIC RIPENING.

The marketing procedure for bananas differs from that of other fruits and vegetables in that scientific ripening is a necessary part of the marketing process. Ripening is usually done by agents and merchants who have installed banana-ripening rooms. This plant is also useful for the cool storage of other fruits and vegetables when not in use for the handling of bananas. The necessity for having these facilities means that not all agents or merchants at the principal markets handle bananas<sup>3</sup>.

<sup>1</sup> Not all of these steps apply where growers consign direct to country centres.

<sup>2</sup> See H. W. Eastwood, *The Cluster Packing of Bananas*, Sydney, N.S.W. Department of Agriculture, 1936.

<sup>3</sup> There are 27 establishments equipped with ripening facilities in Sydney, 43 in Melbourne, 12 in Adelaide, and 5 in Newcastle.

In recent years increased attention has been paid to this aspect of banana distribution. Growers and wholesalers now recognise the importance of careful scientific ripening as a means of improving the attractiveness of bananas and thus increasing potential sales.

The first steps in the establishment of a scientific ripening technique in Australia on a commercial scale were taken by the Banana Sectional Group Committee of the Queensland Committee of Direction of Fruit Marketing (C.O.D.). One of its earliest conclusions was that the development of satisfactory ripening methods was the key to improved conditions in the industry, on the ground that faulty ripening was the cause of consumer dissatisfaction with fruit purchased. It was thought that if the standard of quality of the fruit appearing in retail shops could be improved, bananas would become more popular and consumption would probably be increased. In 1927 Mr. W. Ranger, then General Manager of the C.O.D., was sent to America to study the methods of handling bananas in that country. The report which Mr. Ranger presented on his return dealt extensively with the ripening operations of the United Fruit Company, one of the largest American proprietary companies engaged in handling bananas and other fruit.

The next step was to adapt American ripening procedures to the Australian industry, and in this work the co-operation of the Council for Scientific and Industrial Research was sought. Extensive experimental work was conducted between 1929 and 1931, to establish the principles upon which present-day ripening methods are carried out<sup>4</sup>. A later report was published dealing with subsequent laboratory experiments and making recommendations in the light of experience gained under commercial conditions<sup>5</sup>.

Modern ripening rooms were erected in Sydney and Brisbane in 1932 by the C.O.D. Until this time only one Sydney agent had rooms which embodied the feature of temperature control, their capacity being only six hundred cases<sup>6</sup>. The ripening facilities at Sydney markets have gradually increased until at present there is a weekly capacity of approximately twenty thousand cases. Practically all bananas now sold at Sydney markets are scientifically ripened. Additional ripening rooms are being erected as the quantity of bananas handled becomes greater. The general limitation of space at the Sydney markets makes expansion difficult and some agents are forced to have ripening rooms on two floors. This causes additional handling of the fruit and makes conditions of work more difficult.

To ensure that bananas pass through the approved ripening process, the Banana Growers' Federation Co-operative Ltd. will only allow its transportation facilities to be used for consignments to agents who have installed modern ripening plant<sup>7</sup>. The Federation has nominated certain

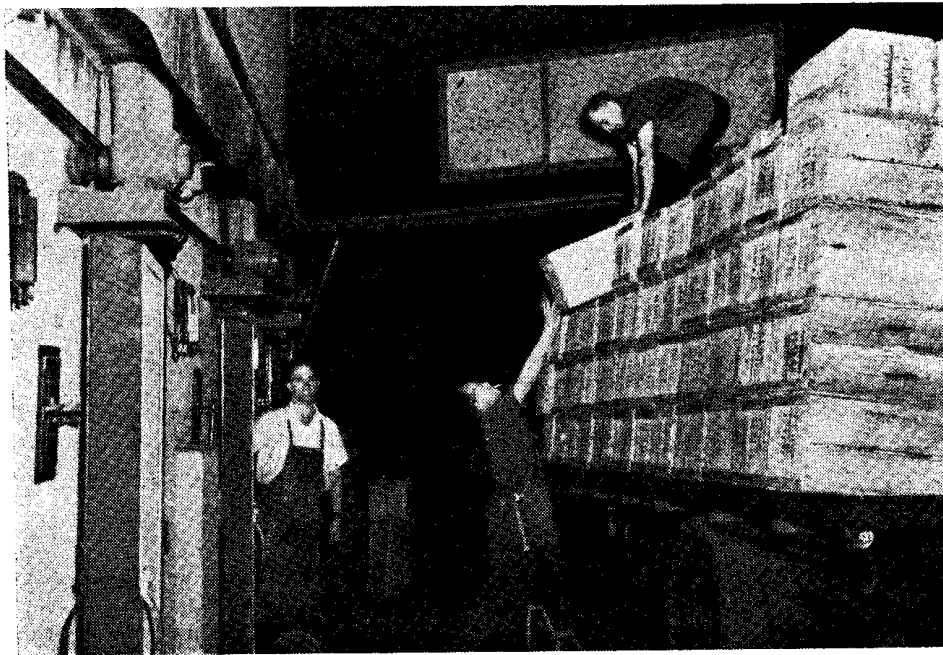
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<sup>4</sup>W. J. Young *et al.*, *The Ripening and Transport of Bananas in Australia*, C.S.I.R. Bulletin No. 64, 1932.

<sup>5</sup>Council for Scientific and Industrial Research, Circular No. 1-P, *The Commercial Ripening of Bananas* (Revised Edition), 1941.

<sup>6</sup>Dorothy Campbell, *Co-operation in Queensland* (Brisbane: Watson, Ferguson & Coy., 1946), p. 81.

<sup>7</sup>For further details of the Federation see G. C. McFarlane, "Marketing New South Wales Bananas," *Review of Marketing and Agricultural Economics*, Vol. 19, No. 1 (March, 1951), p. 7.



**Unloading Bananas at the Sydney Municipal Markets after Transport from the Rail Terminal.**

*[ Photo. by courtesy of Banana Growers Distributors Ltd. ]*

agents to whom growers are recommended to consign their bananas. These are the agents who have approved ripening equipment. When growers use the transport provided by the Federation, they accept the condition that bananas will be redirected if consigned to agents who have not installed ripening facilities approved by the Federation.

Several factors cause variations in the length of time bananas are kept in ripening rooms. Seasonal conditions during the period of growth and weather conditions experienced at the marketing end affect the technique necessary for successful ripening. When bananas are consigned to country centres they are partially ripened to be in good condition on arrival. Agents often find it necessary to discard a few fully-ripened bananas before consigning cases to country centres. Ripening and selling operations of agents and merchants normally take from four to ten days.

The principal markets (Sydney, Melbourne, Adelaide and Newcastle) are supplied by direct consignments from growers. Most country centres in New South Wales receive their supplies from the metropolitan markets, though ripening plants have been established at eleven towns to receive supplies direct from growers<sup>8</sup>. The metropolitan wholesalers supply retailers, country wholesalers and other buyers such as shipping companies.

The Federation does not extend its transportation service to Tasmania and Western Australia. Tasmania is mainly supplied with bananas by Melbourne merchants. Though the Perth market receives most of its

<sup>8</sup> At Murwillumbah, Lismore, Grafton, Coff's Harbour, Kempsey, Taree, Newcastle, Wagga, Dubbo, Albury and Broken Hill.

supplies from plantations in the Carnarvon district of Western Australia, some New South Wales bananas reach Perth either by direct consignment from growers or by diversion from eastern markets.

As mentioned above, ripening equipment has been installed in some country towns in New South Wales. This trend will probably continue as more large centres develop. Apart from the pros and cons of decentralized marketing in general, there are some factors peculiar to banana marketing which warrant consideration in determining whether or not ripening plant should be installed at a particular centre.

It is desirable to be sure that sufficient fruit will be handled to justify the employment of the skilled labour essential for proper treatment. Considerable experience is necessary before ripening can be done competently. Agents handling bananas at the metropolitan markets become acquainted with the length of time fruit from different districts and subject to varied climatic conditions should be kept in the ripening rooms before being consigned to the various country towns.

A steady volume of supplies, compatible with seasonal variations in supply and demand, would be necessary to maintain price stability at the country centres. If growers were temporarily able to obtain a higher price at a country centre, that market, assuming absence of control over the allocation of supplies, would probably be over-supplied and prices would fall. There would also be the possibility of speculators operating between markets. These problems might not arise in cases where transport facilities were good, enabling any surplus to be quickly diverted to another market. If several country markets were established in addition



**General View of the Ripening Rooms Operated by Banana Growers Distributors Ltd. in Sydney.**

[Photo. by courtesy of Banana Growers Distributors Ltd.]

to the metropolitan markets, price discrepancies would be likely to occur due to time lags in transportation and factors affecting demand at the various markets, such as weather conditions and the supply of other fruits.

### 3. THE BANANA MARKETING BOARD (1935-1938).

Heavy production of bananas in 1934 and 1935, soon after the period of low production during the bunchy-top episode, caused prices to fall and growers decided to press for organized marketing<sup>9</sup>. Accordingly, the machinery of the N.S.W. Marketing of Primary Products Act was used and a petition presented for a ballot of growers on the question of establishing a banana marketing board in New South Wales. A poll was held on 29th June, 1935, and an affirmative vote was recorded by a narrow majority of 59 votes (787 to 728). The Board of seven was constituted on 9th August, 1935. Five members were elected by growers and two were government nominees. The head office of the Board was established at Murwillumbah. A branch office was opened in Sydney in June, 1936, to supervise the disposal of bananas on the Sydney, Newcastle, Melbourne, Adelaide and Hobart markets.

In its first statement of policy the Board outlined its proposed methods of operation as:

- (1) All fruit produced in New South Wales for sale within the State to be delivered to the Board; fruit marketing by producer-agents exempted.
- (2) Agents to sell on commission for the Board in accordance with a range of prices to be determined by the Board from time to time.
- (3) Grading to be carried out by the Board's grading inspector.
- (4) A delivery charge of threepence per case to be paid to the Board by the agent<sup>10</sup>.

The Board considered there were two principal causes of disturbed markets and unsatisfactory prices. One was uneven distribution of fruit between the main markets (Sydney, Melbourne, Adelaide and Newcastle) and the other was fluctuation of supplies to individual agents. The figures shown in Table I were given as examples of variations in consignments to individual agents.

TABLE I.  
*Variation in Agents' Weekly Supplies.*

			First Week.	Second Week.
			Cases.	Cases.
Agent 1	...	...	502	1,032
Agent 2	...	...	654	1,283
Agent 3	...	...	482	1,147
Agent 4	...	...	2,823	1,815

Source: *The Banana Bulletin*, May 28, 1936, p. 3.

<sup>9</sup> See G. C. McFarlane, *op. cit.*, p. 6.

<sup>10</sup> *The Banana Bulletin*, May 28, 1936, p. 5. *The Banana Bulletin* was the official journal of the Banana Marketing Board. Since the dissolution of the Board the journal has been published by the Banana Growers' Federation Co-operative Ltd.

The Board supplied commission agents with bananas in accordance with their capacity to clear consignments at prices which it considered satisfactory. Floor prices were fixed by the Board from time to time according to market conditions.<sup>11</sup> Of even greater concern was the proven uneven distribution between the different markets. Some endeavours were made to convince growers that the Board was acting in their best interests in occasionally diverting fruit from one market to another. In one such policy statement the Board explained that:

Diversion of supplies from one market to another is largely practised by growers themselves in an effort to secure better prices. When a market becomes depressed the grower is not apprised of the fact until he receives his account sale. It is then that he decides to try out another market, but the trouble is that many other growers reach the same decision at the same time, with the result that the depression is merely transferred from one market to another. The Board, with its organisation on the spot, is in the position to divert fruit at an appropriate time so that prices on either market do not become unduly unsettled<sup>12</sup>.

Late in 1935 the Board selected a panel of agents and signed an agreement with them with the object of securing a minimum price for bananas. In June, 1936, it took steps to regulate supplies reaching the Sydney and Melbourne markets.

Arrangements were made for the Banana Growers' Federation Co-operative Ltd. to act as transport agent for the Board and to pay the Board one halfpenny per case on all bananas transported to the market. The Commissioner for Railways agreed to allow trucks to be re-consigned during transit to market, enabling the Board—

- (1) to adjust quantities arriving on the Newcastle market;
- (2) to regulate supplies to Sydney and Melbourne markets;
- (3) to arrange regular consignments to Broken Hill; and
- (4) to supply the needs of the banana trade at Taree<sup>13</sup>.

The proceeds of sales were paid by the agents to the Board which then made payments to the individual growers. Agents were allowed a remuneration of seven and a half per cent. commission plus one shilling per case ripening fee. For re-grading done by agents under the supervision of the Board's inspectors a fee of sixpence per case was allowed. The agents paid to the Board a service charge of threepence per case. The Board also appointed a limited number of producer-agents on condition that they furnished monthly returns, together with a remittance of threepence per case on account of the fruit sold. Producer-agents also undertook not to sell for less than the rates fixed by the Board.

The Board was granted space by the Municipal Council of the City of Sydney to establish banana-ripening and wholesale-selling facilities at the Municipal Markets. On 1st November, 1937, it entered into competition with the agents and in December, 1937, it decided to establish its own sales floor at Hobart. The following comments on these developments made by the 1939 Royal Commission are of some interest:

The sales organisation and ripening rooms were established *without imposing any extra charge or calls on the growers*, and the accumulated credit balance at 30th June, 1938, was approximately £10,000. The Board, during its existence:

- (1) created an organisation which was functioning most efficiently in the growers' interest;

<sup>11</sup> *The Banana Bulletin*, October 31, 1936, p. 3.

<sup>12</sup> *The Banana Bulletin*, April 30, 1937, p. 10.

<sup>13</sup> *Report of the Royal Commission of Inquiry into the Fruit Industry of New South Wales*, 1939, p. 510.



- (2) secured its revenue by a re-arrangement of existing charges—it received one halfpenny per case from the Banana Growers' Federation Co-operative Ltd., threepence per case rebate from the ripening fee charged from agents and three-eighths pence per case as a receiving and handling charge; and
- (3) accumulated, from its revenue, ripening fees and sales floor profits, sufficient funds to have fully paid for the cost of the ripening rooms.

Instead of paying the cost of the ripening rooms in full, and in consideration of the interests of its grower-clients, it decided—

- (1) to spread the payment of the ripening rooms over a period of ten years; and
- (2) to distribute about £8,000 to grower-clients as a rebate—
  - (a) 4d. per case to growers consigning to the Sydney Market, and
  - (b) one halfpenny per case to growers consigning interstate.

In other words, the work of the Board, apart from providing a substantial and valuable asset, distributed among growers £8,000 which would otherwise be distributed among selling agents. The Banana Marketing Board and the Banana Growers' Federation Co-operative Ltd. worked in close association and provided the banana-growing section of the fruit industry with complete examples of effective grower-controlled organisation<sup>14</sup>.

The pool operations of the Board extended over two seasons, 1936-37 and 1937-38. Expenses charged to each pool were those arising from general administration (including advertising and publication of *The Banana Bulletin*) and depreciation of ripening plants, office furniture and equipment. Any funds necessary for the operation of the consignment account, in anticipation of realizations, were obtained by bank overdraft secured by the Board's assets.

Opposition to the activities of the Board was encountered among growers, principally on the grounds that the returns from the sale of their fruit went into a pool and that they could not consign their fruit to a particular agent. It was alleged that growers of good fruit received lower prices as a result of pooling. Some growers objected to diversion of fruit from Sydney to Melbourne markets.

This opposition was supported by some of the established agents, who became hostile to the Board for actions, taken for the benefit of growers, which prejudiced their interests. In particular, this opposition concerned:

- (a) the rebate of threepence per case;
- (b) the erection of ripening rooms;
- (c) the opening of sales floor in Hobart, and
- (d) the opening of a sales floor in the City Markets, Sydney;
- (e) the limitation of the number of agents handling New South Wales bananas;
- (f) the diversion of consignments from Sydney to Melbourne Markets, to avoid an over-supply to either market; and
- (g) the direct supply of fruit to Broken Hill and other centres<sup>15</sup>.

The growth of opposition to the Board's activities resulted in its dissolution by a majority of 25 votes (692 to 667) at a poll in September, 1938.

<sup>14</sup> *Ibid.*, p. 511.

<sup>15</sup> *Ibid.*, p. 508.

The Royal Commission's analysis of these particular complaints may be said to have favoured the Board's policies. It indicated that the main grounds of opposition could have been overcome without dissolution of the Board. The Commissioner made the following points:

- (1) An amendment could have been introduced to allow the Board to sell fruit on behalf of individual growers instead of through a pool.
- (2) The charge that pool prices were lower than could have been obtained by agents was not substantiated by evidence.
- (3) Diversion from Sydney to Melbourne markets was to regulate and stabilise the two markets. Before the advent of the Board diversions were made by agents and afforded an opportunity for speculative buying and selling by agents and merchants.
- (4) The policy of the Board was to allow growers to indicate the agent to whom consignments were to be delivered, and, so far as other policy arrangements allowed, the choice of the grower was allowed to operate. The Board reviewed the quantities which agents were able to handle. An agent capable of disposing of large consignments at satisfactory prices had his quota increased, but an agent who had difficulty in returning satisfactory prices had his quantities reduced. The Board reduced the number of agents handling bananas from an indefinite number (exceeding one hundred) to twenty-five in 1937-38<sup>16</sup>. On 1st November, 1937, the Board opened its own selling floor and entered into competition with agents<sup>17</sup>.

Although the Royal Commission's report commended the Banana Marketing Board and expressed regret that it had remained in operation for such a short time, the polls for creation and dissolution indicated that approximately the same number of growers favoured the Board as opposed it. This seems to suggest that a large proportion of growers preferred to leave the marketing of bananas to the agents and merchants.

#### 4. ATTEMPTS TO RE-ESTABLISH A BANANA MARKETING ORGANIZATION.

Ever since the vote favouring dissolution of the Banana Marketing Board in 1938, there has been a feeling among some growers that a board is desirable, provided producers are able to have more voice in its management than the mere election of their representatives as members of the board. In March, 1939, the Board of Directors of the Banana Growers' Federation Co-operative Ltd. decided to seek legislation to keep the Banana Marketing Board in existence "until such time as the Government decided whether it would provide legislation for the fruit industry similar to the Queensland Fruit Marketing Organisation Act"<sup>18</sup>.

After World War II this interest was revived. At a conference of about seventy delegates from the Tweed, Brunswick, Richmond, Coff's Harbour and Nambucca districts, held at Mullumbimby on 10th July, 1946, the board of the Banana Growers' Federation Co-operative Ltd.

<sup>16</sup> *Ibid.*, p. 509.

<sup>17</sup> *Ibid.*, pp. 508-9.

<sup>18</sup> *The Banana Bulletin*, March 31, 1939, p. 7.

approved a proposal to seek an amendment of the N.S.W. Marketing of Primary Products Act to provide for a particular section to cover the marketing of bananas<sup>19</sup>. A meeting of the Richmond district council of the Banana Growers' Federation, in February, 1948, recommended to the Federation the re-establishment of a banana marketing board under the same Act. The meeting also recommended that no system of pooling be introduced unless agreed upon by a majority vote of the growers<sup>20</sup>. After a long discussion on existing glut conditions in the banana industry, the Brunswick District Council of the Banana Growers' Federation, on 18th February, 1948, decided to ask the board of the Federation to continue to press for an amendment of the Marketing of Primary Products Act to enable a marketing board suitable to the majority of growers to be set up. Under the Council's proposal a special section would be incorporated in the Act giving the growers control of distribution without making a pooling system mandatory<sup>21</sup>.

Since the Mullumbimby conference in 1946, the question of the re-introduction of a growers' marketing organization similar to the Committee of Direction of Fruit Marketing in Queensland has been widely discussed in the various district councils of the Federation. Although there has been this continued interest in the re-establishment of a statutory banana marketing organization, it has always been emphasized that an instrumentality resembling the previous Banana Marketing Board is not wanted by the growers. The case for another organization has been based on the view that, for a board to be successful, statutory provision would have to be made to ensure that growers are consulted by the board before any new policy is introduced. It has been argued that one of the most important reasons for the defeat of the previous board was that the board members did not take the growers into their confidence before bringing about a major change in the method of marketing their products.

The experience of the previous board is borne in mind, especially on the particular matter of pooling in the industry. Whether or not pooling did result in advantages for the industry as a whole, the sudden introduction of the method annoyed some growers because it severed their connections with agents with whom they were satisfied. Current proposals for a banana marketing control committee provide, *inter alia*, that before any direction is given regarding the marketing of bananas, a notice by public advertisement will be circulated at least thirty days before the date on which it is proposed that the direction shall come into effect. During this time any hundred growers who will be affected may, by petition to the committee, request that a poll of the banana growers concerned be taken upon the question of the issue of the direction.

The current proposal does not prevent the introduction of some form of pooling arrangement for all or some of the bananas produced. The significant feature is the provision for a poll of growers prior to the introduction of such a policy. This would give growers more control over the activities of the board members. Important changes in policy could only be effected after a poll had been conducted at which at least three-fifths of the voters favoured the proposal.

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<sup>19</sup> *The Banana Bulletin*, July 1, 1946, p. 5.

<sup>20</sup> *The Banana Bulletin*, February 1, 1948, p. 7.

<sup>21</sup> *The Banana Bulletin*, March 1, 1948, p. 5.

### 5. DISTRIBUTION PROBLEMS.

Between producers and consumers, three groups of operators are concerned in the commercial distribution of bananas in New South Wales, namely, transport agents, wholesalers who operate ripening plants, and retailers. Where the fruit is re-consigned from a metropolitan market to country centres or interstate, it is sometimes handled by a second wholesaler before going to retailers and consumers.

The New South Wales banana industry has not witnessed any considerable integration of the marketing functions between producer and consumer, though some development in this direction can be detected. The Banana Growers' Federation Co-operative Ltd., through its trading activities, has attempted to assist growers to keep down marketing costs by supplying cases, nails, wire, etc., at wholesale rates. The transport service which has been built up by the Federation is also of material benefit to growers in providing a means for fruit to be despatched to the large metropolitan markets by regular trains and at reduced rates. At Sydney and Newcastle markets, the Federation employs a firm of carriers to transport the fruit from the railway terminal to the agents' floors. Two growers' co-operatives operate ripening rooms and wholesale selling floors at the Sydney markets<sup>22</sup>. A third organization, Banana Growers' Distributors Ltd., which is a proprietary company in which shares are held by growers, also carries on a considerable trade. Though there are twenty-four other agents handling bananas at the Sydney markets, these three organizations, together, handle approximately one-third of all receipts and are probably thus able to influence

<sup>22</sup> The Committee of Direction of Fruit Marketing and the Producers' Co-operative Distributing Society Ltd.



**Buyers Inspecting Fruit at an Agent's Sales Floor.**

*(Photo. by courtesy of Banana Growers Distributors Ltd.)*

the standard of service of other agents to growers and retailers. The New South Wales industry has so far not carried the co-operative principle into the retail field.

The growers' co-operative movement has extended further into the marketing field in Queensland than in New South Wales. The developments in Queensland have largely been brought about by the Committee of Direction of Fruit Marketing<sup>23</sup>. This organization has established over the years banana-ripening rooms and wholesale floors at five centres in Queensland and three in New South Wales<sup>24</sup>. Retail selling facilities have been established at eleven towns in Queensland and selling facilities have been further extended by road distribution to suburban mixed businesses<sup>25</sup>. Loading of railway trucks, supervision of trans-shipment at the border and receipt of Queensland bananas at Sydney and Newcastle markets are also functions of the Committee of Direction.

In New South Wales, the question of the extent to which a growers' organization should be concerned with ripening and selling has been discussed at various times. When the New South Wales Banana Marketing Board was first formed it decided at first not to engage in these operations, but later opened ripening rooms and wholesale selling floors at Sydney, Hobart and Lismore. When the Board was disbanded, its assets were sold by the liquidator to a new company, Banana Growers' Distributors Ltd., especially formed for this purpose. Capital for this company was subscribed entirely by banana growers. Growers were equally divided on the question of the desirability of the Federation purchasing the assets of the Board, as they were on the dissolution of the Board. In view of this, the Federation decided it would be in its best interests not to endanger the financial stability of its organization by using its reserves to purchase the Banana Marketing Board's assets and enter into competition with the selling agents. The formation of a separate company, the Federation contended, would allow those growers who so desired to support such a proposition by subscribing the necessary capital<sup>26</sup>.

The extension of the marketing activities of the Committee of Direction in Queensland has been mainly achieved since 1936. At that time there were only three selling agencies—at Brisbane, Rockhampton and Sydney. As in New South Wales, there has been some difference of opinion among members of the Committee on the question of what should be the scope of their activities. Some members of the Committee have

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<sup>23</sup> The Committee of Direction was constituted in 1923 as a result of statutory power granted to Queensland fruit-growers by the Fruit Marketing Organisation Act, 1923. The Committee is a growers' organization and no major policy changes are introduced without the approval of at least sixty per cent. of the growers concerned. The organization is divided into six sectional group committees, for bananas, pineapples, citrus fruits, deciduous fruits, other fruits and vegetables. There are ten growers' representatives on each sectional group committee and each sectional group has two representatives on the executive of the Committee of Direction. A government representative attends meetings of the executive committee but does not vote.

<sup>24</sup> Brisbane, Rockhampton, Mackay, Townsville and Cairns in Queensland; Sydney, Newcastle and Albury in New South Wales.

<sup>25</sup> There are C.O.D. retail stores at Nambour, Gympie, Charleville, Rockhampton, Mackay, Bowen, Innisfail, Stanthorpe, Southport, Longreach and Charters Towers.

<sup>26</sup> *The Banana Bulletin*, February 28th, 1939, p. 14.

held that the C.O.D. organization was primarily constituted to *direct* the marketing of fruit and that it should not actively engage in the sale of fruit and vegetables in competition with private enterprise. A majority of the Committee, however, has believed that by successfully engaging in selling activities the C.O.D. would be in a better position to assist the marketing of Queensland fruit and vegetables. Bearing upon this issue, it is of some interest to note that a Royal Commission appointed in 1943 to inquire into the Queensland fruit and vegetable industries, concluded that: "It is clear to us that if the C.O.D. did not act as an agent it would be powerless to assist growers—it would have little funds for other activities"<sup>27</sup>.

Irrespective of whether marketing is partially or wholly left to agents, growers, consumers or a statutory authority, there should be adequate provision for the efficient transfer of bananas from producers to consumers and, in addition, a satisfactory framework for the determination of market prices for both commodities and the services of the marketing agencies. While it is important to provide for distribution at low cost, it is also necessary to ensure that the marketing system does not exploit *either* producers *or* consumers. Despite evidence of profits to be made in marketing, there may be limits beyond which it would be unwise for a growers' organization to enter into the marketing field. If, for instance, a growers' organization were to reach a monopoly position in marketing, there would be the tendency for it to take insufficient note of its prices to customers and ignore questions of efficiency. This position might lead to criticism by consumer interests. If a growers' marketing organization is able to make substantial and perhaps undue profits from its operations, consumers are entitled to share in the profits in the form of better marketing services or reduced prices.

Under the present system of marketing bananas in New South Wales, practically all agents who handle bananas also sell other fruits and vegetables. Any steps towards further grower entry into the selling fields in the banana industry would, therefore, appear to involve a decision as to whether other fruits and vegetables would be handled.

The initiative for the advances that have so far taken place in banana marketing in New South Wales and Queensland has come mainly from growers' organizations. J. D. Black, in pointing out the importance of integration of the various stages in marketing, has argued that the initiative for such a development could come from grower co-operatives, consumer co-operatives, middlemen co-operatives or private enterprise<sup>28</sup>. As indicated above, the Federation has concerned itself to some extent with ripening and wholesaling in that it will only accept for transport bananas consigned to agents who have approved ripening equipment available. Further extension into the marketing field by a growers' organization to give growers more control over the disposal of their products (or alternatively, increased co-ordination of functions by some other group), might result in financial economies and technical improvements to the marketing process. If any economies so derived are applied to benefit consumers as well as producers, the marketing system as a whole will be improved. If, however, economies in marketing go

<sup>27</sup> Quoted by Dorothy Campbell, *op. cit.*, p. 119. Miss Campbell adds: "It is the revenue derived from the selling activities that has made possible the expansion that has taken place in recent years."

<sup>28</sup> John D. Black, "Guideposts in the Development of a Marketing Program," *Journal of Farm Economics*, Vol. XXIX, No. 3 (August, 1947), pp. 616-631.

into profits rather than lower prices to consumers, competing organizations might develop in order to enter such lucrative fields. This would probably lead to competitive expenditure which would add to marketing costs and neutralize or reverse economies that might have been intended.

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### BOOK NOTES.

**Proceedings of the Seventh International Conference of Agricultural Economists.** London: Oxford University Press. (Geoffrey Cumberlege), 1950. Pp. xii, 372. 47s. od.

This volume, the seventh of a series dating back to 1929, contains substantially verbatim reports of the papers and discussions of the International Conference of Agricultural Economists held at Stresa, Italy, in August, 1949. The conference was attended by agricultural economists and others from twenty-five countries, and papers were read on a wide variety of subjects.

Superficially, it might appear that international conferences of workers in a specialist field, such as this one, provide a useful means of furthering the study of the subject matter of that particular field. The Proceedings under review suggest, however, that international conferences are not characterised by the level of discussion necessary to promote a fuller understanding of their subject. Their atmosphere of self-conscious internationalism tends to stimulate the patriotic and ideological sentiments of the participants, some of whom seem obliged to disguise these sentiments with an uncritical tolerance of all points of view.

The conference did not conceive the subject matter of agricultural economics narrowly, as economics with application to agriculture; speakers insisted on the right to draw on the fields of sociology and political science as well—sciences which, since they contain a larger normative element than economics, are more subject to ideological confusions. The choice of topics for the three main theoretical discussions—"Diagnosis and Pathology of Peasant Farming," "Agricultural Co-operation and the Modern State," and "The Spread of Industry into Rural Areas"—attests to the Conference's interest in sociological and political questions. The wide scope of these topics, together with the time limit imposed upon the speakers, led to a fairly low level of discussion, most speakers being content to either express opinions without corroborative argument, or give factual accounts of happenings in their own countries. Professor Ashby's closing remarks in the discussion on co-operation, that "the day's proceedings have brought together an interesting and useful collection of information on the condition of agricultural co-operatives in various countries, but we still need further study of relationships between co-operatives and the State," would apply, suitably amended, to the other theoretical discussions.

Professor Ashby's paper on "Agricultural Co-operation and the Modern State," although penetrating and provocative in many respects, is questionable in others. In the first place, his insistence that co-operatives are organised "for the benefit of the members and not for the benefit of the co-operative as a legal entity," prevents his analysis from dealing adequately with co-operatives as independent institutions which have interests of their own, separate from the collective interests