

The South African Marketing Act

By "LAISSEZ FAIRE"

WOMEN everywhere are interested in food. Its production, its distribution, the way it is handled, and its ultimate consumption, are matters which are peculiarly the concern of women. How many women, however, know anything about the laws which govern these things?

History has shown that agriculture has always been the slowest part of the national economy to recover from any catastrophe. This was seen after the first world war, when farmers everywhere received ruinous prices for the food they produced. Food was destroyed in many countries in an endeavour to keep prices at a reasonable level. Then, when the position became desperate, efforts were made to prevent collapse by instituting varying types of legislation.

The South African Marketing Act of 1937

In 1937, a Bill was drafted to protect agriculture in South Africa, where continuing surpluses and low agricultural prices were being experienced. During the debate on this Bill, which was ultimately accepted by both sides of the House, it was said that its object was "to give stability to farmers and to reduce the gap between producer and consumer prices".

At that time, in spite of these laudable aims, orthodox economists and consumer organizations feared that what was virtually an attempt to prevent the operation of the natural law of supply and demand could only, in the long run, result in higher prices to the consumers.

The Consumers' Advisory Committee

During the passage of the Bill through the House of Assembly, these consumer interests approached the Minister of the day, pointing out that the Bill made no provision for consumer opinion to be heard on the proposed Boards which were to be set up under the Marketing Act. As a result of these protests the Marketing Act allowed for a Consumers' Advisory Committee, and for one member representing consumers to serve on each Board.

The Consumers' Committee was purely advisory, and in the early days of the Marketing Act its members were drawn from commercial, industrial and mining interests and trade unions, and the Municipal Executives appointed two members, while town and country housewives were also given two members. The Act was amended in 1948, and the membership was increased to 16 members, eight of whom are appointed by the Minister, two by the united Municipal Executives, and six from nominations sent in to the Minister by various consumer organizations.

Control Boards

Boards were set up to control the various agricultural commodities, notably dairy produce, meat, maize and wheat, and later, eggs and oil seeds. An attempt to control fresh milk was defeated in the Courts in 1939, and this commodity did not come under the Marketing Act until 1962.

The Act laid down that on every Board producers should have a majority. Provision was made for Government representation and, where the product was subject to processing, the manufacturing industry was represented. The single consumer representative originally provided for in 1937 was later increased to two on some Boards and three on others. These consumer members are nominated by the Consumers' Advisory Committee and appointed by the Minister, and in order to maintain a link with this Committee the Amended Act lays down that one consumer member on every Board shall be appointed from the members of the Consumers' Committee.

The Control Boards fall into two categories: those controlling commodities for which the main market is domestic, and those responsible for products like citrus and deciduous fruit, which are largely sold on the export market.

Amongst the first group, certain Boards have power to control their particular product from the farm to the consumer, although in some cases this was found impracticable. The Meat Board, for instance, has not been able to fix prices for all grades of meat, and the consumer is once again in the hands of the retailer.

The Control Boards are to be congratulated in so far as they have attempted, not always successfully, to improve the standard of agricultural products in South Africa. However, it is disappointing to notice from reports that, in spite of very greatly increased agricultural prices over the last twenty years, there has been little improvement in the yield per acre of our cereal crops and, in the case of dairying, scarcely any increase in the yield of milk.

The Second World War

In considering the Marketing Act at the present time, it is essential to understand that it was originally designed to handle and find a solution for recurring surpluses which had resulted in very low prices to the producer. This was the position in 1937 when the Act was promulgated. Before the value of this kind of legislation to cope with this particular set of circumstances could be tried out, the world was plunged into war for the second time. This changed agricultural conditions everywhere. Instead of the prevailing surplus of foodstuffs—surplus, of course,

to economic demand and not to nutritional needs—shortages began to appear, and rationing of foodstuffs had to be resorted to in many countries.

In South Africa, the organization which had been set up under the Marketing Act was invaluable in these circumstances, and the machinery which had been geared to handle "too much food" was now used more or less to ration what was available, and to prevent prices rising inordinately as they had done in the previous world war. The most severe critics of the Marketing Act under its original design are prepared to admit that, within limits, it proved a valuable asset under war conditions.

Post-war Conditions

The shortages continued during the period of reorganization after the war was over. All available foodstuffs were needed, and only in the last few years has South Africa, in common with other producing countries, once again found itself in the position of having "surplus" food.

For some years the situation was met by "dumping" on the overseas markets, and the resulting average between the export price and the effective demand price obtained in the local market, still showed a good return to the farmer. However, world-wide over-production, and particular pressures facing South Africa, have now created a position where "dumping" is no longer to any great extent possible. The Marketing Act is now again facing the position for the alleviation of which it was originally placed on the Statute book. It may well be that the original critics of controlled marketing, who maintained that this kind of interference with the natural law of supply and demand would fail, will be proved right.

Present-day Problems

Dairy products pose the greatest problem at this time. Efforts to coerce local consumers to buy more butter by drastically reducing the price have proved disappointing. This is largely due to the competition of vegetable fats and oils, allied to the world-wide propaganda against the over-use of animal fats. The vast unexploited market amongst the coloured people of this country is now being taken seriously, and efforts in the direction of subsidized distribution have been initiated in the urban townships surrounding the large towns. This new market, however, must inevitably show slow progress and cannot immediately absorb the surplus, so that the industry faces the situation where there are likely to be large surpluses of butter for which there is virtually no market.

Other products, for other reasons, are likely to run into difficulties. Experts in the field of economics were always of the opinion that any attempt to control perishables would meet with failure. From time to time requests have come from vegetable growers for some form of control,

but however optimistic the protagonists of control have been, this has never been attempted. Even the Potato Control Board, where the product is not so perishable, has not been an outstanding success. The control of bananas is causing a great deal of concern and controversy. Recently bananas were destroyed to keep up the retail price, while the producer was compensated to some degree.

Within weeks of the "withdrawal from the market" of these bananas, there was a "scarcity" of this fruit, and the price to the consumer rose again.

The two export fruit boards, citrus and deciduous, have their own type of problem. The overseas price of citrus collapsed recently and, although there is an improvement this season, high prices experienced in the past are not likely to occur again. However, with faster forms of transport and improved refrigerator conditions, it may be possible to find markets for this fruit further afield.

Over all, the Marketing Act is faced with a variety of problems, and some of these may prove to be unsurmountable. There is, of course, the point of view that consumers have a choice of two alternatives—either to accept some form of control under Statute, where there is at least some consumer representation, or to return to the "normal" market, where control of some sort, implicit or explicit, was imposed in almost every field of distribution.

What is required is a form of marketing where the producers are at least able to obtain a fair reward for their services to the community, and the consumers are able to enjoy the fruits of the soil on which they live. It would require a Solomon to provide a solution to the problems of distribution, and studies are being made throughout the world in an endeavour to overcome the real problem of poverty in the midst of plenty.

The guiding principle, that a policy of freedom for the individual is the only truly progressive policy, remains as true to-day as it was in the nineteenth century.

—*"The Road to Serfdom."*

F. A. Hayek

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Justice is done to peoples only when their rights are recognized, and there is no right without expression of that right.

Albert Camus.