SOME OBSERVATIONS ON AGRICULTURAL MARKETING PROBLEMS IN VENEZUELA

By

Luis E. Brea

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CHAPTER I

INTRODUCTION

A. The Problem

The role of the agricultural sector in the process of economic development has been a controversial issue in the postwar development literature, as well as in the policy field. It is argued, on the one hand--by Kuznets, Nicholls, Rostow and others--that an increase in agricultural productivity is a pre-condition for economic development. On the other hand, Leibenstein, Herschman, and others emphasize almost exclusively the importance from the outset of the heaviest possible commitments to industrial development. In recent years there seems to be greater acceptance of more balanced approaches to development which recognize the inter-relations of the various factors, such as agriculture and industry.[1]

The argument for balanced growth strategies stresses the mutual interdependence of the agricultural and industrial sectors.[2] Increases in agricultural output frequently require the widespread adoption of modern

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[1] Millikan and Hapgood, No Easy Harvest (Boston: Little, Brown and Company, 1967).

[2] Ibid., Chapter 1.

technologies. This involves the purchase and use of industrial products, such as fertilizers, pesticides, tools, and machines. Unless these industrial products are available at reasonable prices in the rural trading centers, farmers will be unable to modernize their operations. On the other hand, industrial employment in urban centers is necessary to generate the consumer income needed to purchase increased agricultural output.

Although considerable progress has been made, particularly over the last decade, agriculture growth in Venezuela has not attained the levels anticipated by government programs. A major reason for this is that not enough attention has been devoted to facilities and services which must be available to farmers if agriculture is to develop. Agricultural marketing in particular has not yet been fully accepted as an essential element in agricultural development in this country.

The reasons for this lie mainly with the government of the country concerned. The principal cause is the lack of understanding on the part of government officials of what constitutes agricultural marketing, particularly on the part of officials at the policy-making level. Linked to this are the problems of uncritical acceptance of opinions and impressions as fact; unwillingness to appreciate facts which are contrary to the opinions held by high-level officials and/or contrary to government

policy; inability to understand the role of marketing institutions; and general bureaucratic procedures.

Thus the problem in the present study is to assess the role of agricultural marketing not only in terms of the problems encountered but also in terms of its contributions to the development of the agricultural sector in the Venezuelan economy.

B. The Role of Marketing in Economic Development

Agricultural marketing can be defined here as agriculturally oriented marketing. It embraces all operations and institutions involved in moving farm products from farms to consumers, in providing production and consumption incentives to producers, marketing firms, and consumers, and in distributing farm supplies--feed, seed, fuel, fertilizer, and machinery--to farmers. Thus, agricultural marketing covers assembling, transporting, processing, storing, packaging, wholesaling, financing, retailing, market information, pricing, market organization, competitive relationships, bargaining, selling, procurement, product and process innovation, and exporting of products of farm origin. It also covers the similar counterflow of farm supplies to farmers. Accordingly, this concept of agricultural marketing embraces the whole of the food, feed, seed, and livestock industries.[3] However, for such other

[3]Norris Pritchard, "A Framework for Analysis of Agricultural Marketing Systems in Developing Countries," Agricultural Economics Research, 21, 3 (July 1969).

Economic growth is a major national goal in all countries and a significant fact of modern life. It may be defined as a significant, sustained increase in real output per capita, or in total as measured in national income accounts.[4] Growth always involves sweeping changes in technology, economic and social institutions, structures of production, industries, markets and demand, and modes of life and work. According to Pritehard significant increases in real out-put per capita could be on the order of 15 per cent, and more, per decade. Sustained growth is expansion of real outputs and consumption over long time periods, usually several decades, with allowance for short run variations in rates. "By a sustained increase we mean a rise of such magnitude that is not overshadowed by short-term fluctuations. And by a sustained trend in structure, we mean one in which the rise in the share of nonagricultural activities in output (or in labor force) is not overshadowed by short-term fluctuations in the shares"[5]

Economists oriented to the workings of the perfectly competitive market model have tended to attribute a passive role to marketing as part of the economic development process. The relative neglect of marketing by economic planners was noted by Holton in the early 1950's. He pointed out, the incentive role of marketing and suggested that if market

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[4]Simon Kuznets, Modern Economic Growth (London: Yale University Press, 1966).

[5]Kuznets, op. cit.

channels were less tortuous and less costly to navigate, more goods might flow through them.[6]

Collins and Holton have questioned the validity of assuming that marketing firms will automatically spring up in response to price incentives and provide effective linkage between producers and the ultimate consumer. These authors contend that distribution can play an active role in economic growth by changing demand and cost functions in both agriculture and manufacturing in a way of favourable to expansion. They advance several reasons to explain why the distribution sector may not respond automatically and effectively to market incentives.[7]

Walt Rostow has pointed out that economic growth can be greatly enhanced by increased integration of the urban and rural areas of developing countries.[8] He suggests a strategy for "national market integration" which has four interrelated elements, as follows:

1. A build-up of agricultural productivity,
2. A revolution in the marketing of agricultural products,

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[6]Richard Holton, "Market Structure in Economic Development," Quarterly Journal of Economics, 67 (August 1963).

[7]N. R. Collins and R. H. Holton, "Programming Changes in Marketing in Planned Economic Development," in Agriculture in Economic Development, edited by Carl Eicher and L. W. Witt (New York: McGraw-Hill, 1964).

[8]Walt Rostow, "The Concept of the National Market and its Economic Growth Implications," in Marketing and Economic Development, edited by Peter D. Bennett (Chicago: American Marketing Association, 1965).

3. A shift in industrial output toward simple agricultural inputs and cheap consumer goods for the mass market, and
4. A revolution in marketing methods for manufactured goods, especially in the rural areas.

Agricultural marketing, as defined above, is an important subsystem in the economy. Like all operating systems it has institutions, participants, functions, inputs, outputs, behavior patterns, and complex linkages among the variables. That is, the basic concept of agricultural marketing as a functioning system provides one of the more dynamic forces in the development process to facilitate technological change and more productive institutional arrangements for organizing and coordinating economic activity.

C. Objectives of the Study

The overall objective of the present study is to analyze the major problems existing in agricultural marketing as it relates to agricultural development in Venezuela, primarily during the period 1960-69. Other objectives are summarized as follows:

1. To examine, for the ten year period 1960-69, the most significant changes that have taken place in the Venezuelan economy and the agricultural sector;
2. To examine the marketing aspect of the agricultural sector;

3. To establish means of improving agricultural marketing.

D. Sources of Data

The study is limited to the organization and analysis of statistical data available from various government sources published mostly by the Central Bank of Venezuela, the Ministry of Agriculture, the National Agrarian Institute, and the National Direction of Statistics.

CHAPTER II

AN INTRODUCTION TO THE VENEZUELAN ECONOMY

A. The Country and the Geographic Area

Venezuela is located at the northern coast of South America, bounded by Colombia, Brazil, and British Guiana. It is strategically situated along the Caribbean Sea and the Atlantic Ocean astride the major sea and air routes linking the northern, central, and southern portion of the hemisphere. The total land area covers 912,050 square kilometers. Although the entire area is in the tropical belt, there is a wide range of ecological conditions because of the geological formation and elevations ranging from sea level to over 16,000 feet above sea level in the Andes Mountain Range, which has one of its northern termination branches in Venezuela. It is divided into four distinct geographic regions: the Andes Highlands and adjacent coastal areas; the Maracaibo basin, composed of hot, humid lowlands bordering Lake Maracaibo; the "llanos," gently sloping plains, flatlands and valleys, sometimes parched and sometimes flooded, extending from the Andes to the Orinoco River in the South and East; and the Guayana

Highlands south and east of the Orinoco, a vast area of high plateaus and rolling plains.

The major political subdivisions of the country include twenty states, two federal territories, and a federal district that includes a number of Caribbean islands as dependencies. Venezuela is a federated republic comprised of the aforementioned main political subdivisions, but government powers are very strongly centralized.

With a population of over ten million people, Venezuela is one of the least densely populated countries of the hemisphere. The racial composition of the population is about 65 per cent mestizo, 20 per cent white, 8 per cent Negro, and 7 per cent Indian. To the outside observer Venezuela seems to be a society with no friction between racial groups.

The population is growing rapidly. It rose from 2.4 million in 1900 to 3.8 million in 1941 and just over 10 million at the time of the last estimation in 1970. The urban population has been growing at an even more rapid rate than the population as a whole. The largest growth has been in Caracas and its immediate surroundings where the population has risen from 700,000 in 1950 to possibly more than 2,000,000 in 1970. People living in localities with 2,500 inhabitants or more represented about 75 per cent of the total population; consequently, some 25 per

cent of the population is thought to be living on farms or in small rural settlements.

B. Recent History of the Economy

Until the 1930's, when the development of the petroleum industry started to exert an impact, the economy of Venezuela was based almost completely on agriculture. During the colonial period, which began in Venezuela in the sixteenth century, production for internal and export use was based almost entirely on agricultural and livestock products. Cocoa and tobacco were important exports in the seventeenth century in trade with the Caribbean islands and Spain. Live cattle and hides were also early exports. Coffee production began in the eighteenth century and, during the nineteenth century, became the most important export. For the first two decades of this century, the principal Venezuelan exports were coffee, cocoa, live cattle, and hides, in that order.

On the traditional, almost self-sufficient, but low per capita income economic pattern of Venezuela, the development of the petroleum industry has had a profound effect. This industry provided a large flow of foreign investment capital and techniques that began in significant amounts in the 1930's and has continued. The economic structure of the country, in many respects, has been drastically changed in a relatively short period of time.

The petroleum industry has provided an important stimulus to the nation's economic growth, principally in providing a relatively high-wage occupation of labor, a generating force for government fiscal income, and the preponderant source of very significant foreign exchange that has given Venezuela an extraordinary capacity for foreign payments.

The influence of the oil industry as a generator of the nation's economic growth is explicitly shown in Table 1.

Some additional comments are considered desirable to show how the impulse of the oil industry development has been superimposed on the traditional Venezuelan agricultural economy. The process soon resulted in a great increase in real income, both total and per capita, although this increase was not distributed to a large proportion of the total population. This increased purchasing power could not be supplied immediately by the other sectors of the economy; so, as would be expected, there was a large increase in imports of consumer goods to meet the demand. Also, the large fiscal income of the government brought a drastic reorientation of traditional government services that formerly had been limited to minor road-building and the erection of certain other transportation systems. Government services were increased in the fields of economic development, public health and education, and national public works. In the post-World

Table 1
Petroleum and Economic Development, 1959-1969
(Million Bolivars)

	1959	1969
Gross Territorial Product[1]	25,557	46,867
Petroleum	7,003	10,157
Participation (%)	27.4	21.7
Gross National Product[1]	23,668	43,379
Petroleum	4,802	7,494
Participation (%)	20.3	17.3
Fiscal Income	5,441	8,664
Petroleum	3,156	5,481
Participation (%)	58.0	63.3
Exports	7,316	11,064
Petroleum	6,654	10,145
Participation (%)	91.0	91.7
Foreign Exchange Income (mil. $)	2,167	2,382
Petroluem (mil. $)	1,612	1,595
Participation (%)	74.4	67.0
Economically Active Population[2]	2,456,735	3,002,400
Petroleum	43,331	24,521
Participation (%)	1.76	0.82

[1] At market prices.

[2] Number of workers.

Source: Petroleum and Other Statistical Data, Ministry of Mining, 1970.

War II period, the development of roads, irrigation works, communication services, education and medical facilities, and other institutional services has been significant and has placed Venezuela in a favorable situation with regard to these facilities in comparison with other Latin American countries.

However, in spite of the fact that the remarkable increase in the product of the Venezuelan economy has resulted in an increase in per capita income, this increase has not been sufficient to provide improvement in the general welfare. In real terms, the distribution of the income has been made in such a way that certain sectors of the population, especially rural areas, have achieved relatively slight improvement, whereas other sectors have obtained extraordinary benefits. Agricultural productivity has shown some improvement but is still far behind other sectors of the economy.

C. Economic Indicators

Gross Territorial Product

The Gross Territorial Product is shown in Table 2 for the year 1969 with fragmentation for the three main sectors and subsectors of the Venezuelan economy, and the average annual increase between 1960 and 1969 (geometric rate).

The total territorial product registered a steady increase passing from 27,116 million bolivars in 1960 to

Table 2
Gross Territorial Product of Venezuela by Economic Sectors
1969
(Million Bolivars at 1957 Prices)

Sectors	GTP 1969	Average Annual Increase 1960-1969
Primary Sector	12,706	3.0
Agriculture	3,030	4.8
Mining	454	0.6
Petroleum and Gass	9,222	2.6
Secondary Sector	9,039	6.0
Manufacturing	5,371	7.0
Oil Refining	546	3.0
Construction	1,975	2.0
Water and Electricity	1,147	13.4
Tertiary Sector	23,042	7.5
Commerce	6,501	5.6
Transportation and Communication	1,466	4.2
Services	15,075	8.9
Total GTP	44,787	5.7

Source: Annual Report of the Central Bank of Venezuela for 1969.

44,787 million bolivars in 1969, which is an average annual increase of 5.7 per cent.

All major sectors of the economy show absolute increases in production during the ten year period. The primary sector tended to diminish in its influence on the G T P passing from 36.0 per cent in 1960 to 28.4 per cent in 1969. This occured because of reduction in the relative contribution of

the petroleum industry to the GTP, which passed from 27.0 percent in 1960 to 20.6 percent in 1969. In the secondary and tertiary sectors the relative contribution to the GTP has tended to increase during the period, passing from 19.8 and 44.2 percent in 1960 to 20.2 and 51.4 percent in 1969.[1]

The service sector constitutes a relatively high proportion of the GTP; this percentage is higher than for several of the more economically advanced countries. Although the general services subsector of the predominant tertiary group is made up principally of government services financed to a large extent by oil income, there is still a serious question as to whether the primary and secondary sectors of economic production may not be sufficiently developed or may not provide a high enough rate of productivity to support such a high proportion of service industries in the long run. This is a particular danger signal in view of the limited improvement in the total production of the primary sector during 1960-69.

National Income

The national income of Venezuela increased from 19,372 million bolivars to 36,615 million bolivars from 1960 to 1969. This represents an average annual increase of 7.3 percent. Percapita income passed from 2,631 bolivars in 1960 to 3,649 bolivars in 1969. However, this per capita income, converted to U.S. dollars at the 4.50 rate, amounts to $810, which places Venezuela at the

[1]Economic Report of the Central Bank of Venezuela for 1969.

the highest income level for Latin American countries. Table 3 shows the distribution of national income according to contribution of the agricultural and other sectors and remuneration of labor and capital for the years 1960 and 1969 respectively.

Table 3
National Income of Venezuela
(Million Bolivars)

Sector	Remuneration for Labor		Remuneration for Capital		National Income	
	1960	1969	1960	1969	1960	1969
Total	11,645	21,249	7,727	15,371	19,372	36,615
Agriculture	1,131	1,741	334	1,639	1,465	3,110
Petroleum	877	868	2,876	6,044	3,753	6,912
Other Sectors	9,637	18,635	4,517	7,958	14,154	26,593

Source: Annual Reports of the Central Bank of Venezuela, 1960-69.

Existing Capital and Annual Investment

The existing fixed capital in the Venezuelan economy for the years 1960 and 1969, as reported by the Central Bank, is shown in Table 4. The table also compares the capital in the agricultural sector with that in other sectors.

Table 4 shows an increase in fixed capital from 55,162 million bolivars in 1960 to 74,042 million bolivars

Table 4
Existing Fixed Capital by Economic Activity
(Million Bolivars at 1957 Prices)

Sector	1960	1969
Agriculture	6,752	10,862
Petroleum	7,533	5,761
Mining	1,500	662
Manufacturing	4,019	6,716
Construction	443	494
Electricity	1,586	2,515
Transportation	6,620	10,477
Communications	91	486
Commerce	4,067	4,016
Services	3,039	11,386
Housing	9,392	15,458
Public Administration	10,120	5,209
TOTAL	55,162	74,042

Note: Part of the government sector is incorporated in the service sector from 1964.

Source: Annual Reports of the Central Bank of Venezuela, 1960-69.

In 1969. This represents an annual average increase of 3.3 percent during the ten year period. An important indication with respect to this study is that the capital existing in agriculture per economically active person increased only slightly in spite of government sponsored special incentives such as tax exemptions, price supports, import restriction

protection for new industries, and extensive financial assistance. However, in 1969 agriculture had a higher proportion of existing capital in the economy (14.7 percent) than its contribution to the Gross Territorial Product (6.8 percent)[2]

Table 5 illustrates the gross annual fixed investment in Venezuela's economic development at constant 1957 prices for the years 1960 and 1969, and the annual average increase for the period (geometric rate).

Table 5
Gross Fixed Investment by Economic Activity
(Million Bolivars at 1957 Prices)

Sector	1960	1969	Average Annual Increase
Agriculture	579	898	5.0
Petroleum	723	669	- 0.9
Mining	293	11	-30.6
Manufacturing	626	796	2.7
Construction	18	88	19.3
Electricity	223	240	0.8
Transportation	727	1,188	5.6
Communications	9	94	a
Commerce	239	282	1.8
Services	294	822	a
Housing	547	1,308	10.2
Public Administration	447	264	a
TOTAL	4,725	6,660	4.4

[a]Not calculated because of non-comparable data.
Source: Annual Reports of the Central Bank of Venezuela, 1960-69.

[2]Economic Report of the Central Bank of Venezuela for 1969

As shown in Table 5, total fixed investment increased from 4,725 million bolivars to 6,660 million bolivars from 1960 to 1969; an average annual increase of 4.4 per cent. This was somewhat less than the increase in GTP during the same period (5.7 per cent), a fact that may presage a future reduction in the rate of growth of the GTP, which is dependent, to a large degree, on investment in Venezuela's economic development.

Another important indication in this study is that foreign investments have a significant influence in the investment picture in Venezuela, a country that attracts more foreign capital than do most other Latin American countries. According to the Central Bank of Venezuela the total foreign investment increased from 21,050 million bolivars in 1960 to 25,712 million bolivars in 1968. This amount converted to U.S. dollars is equal to 5,715 million dollars, which places Venezuela at the highest foreign investment level for Latin American countries.

Foreign Exchange and International Reserve Balances

As mentioned previously, petroleum exports have provided Venezuela with an extraordinary capacity to increase imports and foreign payments.

Table 6 shows the Venezuelan international reserves for the years 1960 through 1969. The abrupt change between 1959 and 1962 was substantially due to the decrease in investments that was caused by a loss of confidence in

Table 6
International Reserves
(Millions of U.S. Dollars)

Year	Net Reserves
1960	604
1961	585
1962	583
1963	740
1964	835
1965	853
1966	772
1967	874
1968	928
1969	639

Source: Annual Reports of the Central Bank of Venezuela, 1960-1969.

government policy by many national and foreign investors. A consequent devaluation of the bolivar from 3.35 to 4.50 per U.S. dollar began in 1960 and was completed in 1964. However, Venezuela was able to resist the depression and built up its international reserve balance to levels existing before this critical period, as shown in Table 6.

Exports and Imports

The value of Venezuelan exports for the years 1960 and 1969 is shown in Table 7. Petroleum and iron predominate the export picture, with the former providing about 91.3 per cent of the total. The level of total

Table 7
Venezuelan Exports
(Million Bolivars)

Exports	1960	Per Cent	1969	Per Cent
Petroleum	6,641.5	86.0	10,145.0	91.3
Iron	526.4	6.8	592.1	5.2
Coffee and Cocoa	103.7	1.3	97.4	0.9
Others	448.5	5.9	228.9	2.6
TOTAL	7,720.1	100.0	11,063.5	100.0

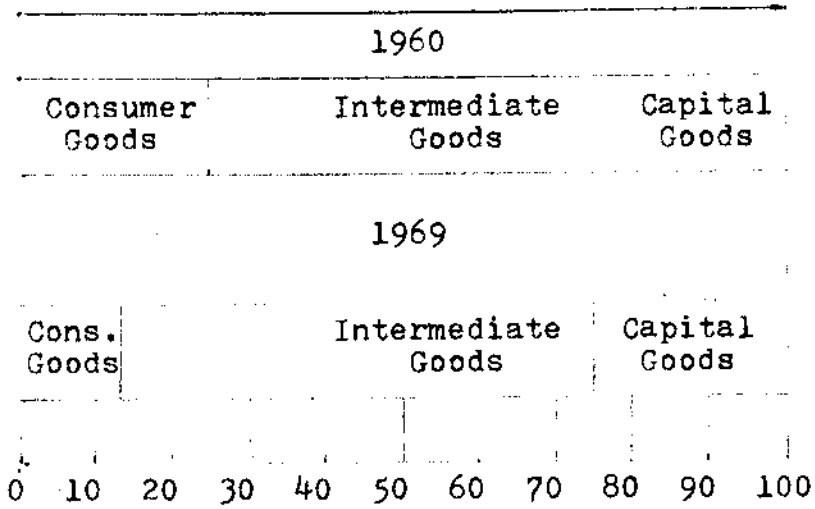
Source: Annual Reports of the Central Bank of Venezuela, 1960-69.

exports was stable, with only minor annual fluctuations after bolivar figures were adjusted to dollars.

Imports into Venezuela show a substantial increase over the ten year period, passing from 3,554 million bolivars in 1960 to 6,749 million bolivars in 1969, according to the annual report of the Central Bank of Venezuela. This is due to increases of raw materials for manufacture, machinery and accessories, and transport equipment. Consumer goods imports have been decreasing as shown in Figure 1. The significant change in the structure of Venezuelan imports is due to the import substitution policy in practice from 1959.

The general measures of the status of the development of Venezuela described previously illustrate two important facts: (1) Venezuela is a dependent economy

Figure 1
Structure of Venezuelan Imports
1960 and 1969



because the external sector is overemphasizing its role in relation to the rest of the economy. It is a dependent economy because of the significant inluence of petroleum exports in the Venezuelan international exchange and because of the substantial importance of foreign investments on the principal economic activities of the nation. (2) Venezuela is a deformed economy because of an unbalance in terms of the relative contributions to the gross territorial product by such economic activities as petroleum, manufacture, agriculture, commerce, and services. This distortion can also be expressed by the significant difference in productivity that exist among these economic activities and by the high proportion of the service sector in the GTP (51.4 per cent), which is higher than for several of the more economically advanced countries in the world.

CHAPTER III

THE ROLE OF THE AGRICULTURAL SECTOR IN THE VENEZUELAN ECONOMY

Throughout the previous chapter on the general economy of Venezuela and in most of the statistical tables presented therein, the agricultural sector has been separated so that comparisons could be made with other sectors of the economy. Consequently, the participation of the agricultural sector in the total economy of the country can be indicated by the following general measures of economic conditions:

1. The contribution of the agricultural sector to the gross territorial product in 1969 was 14 per cent;
2. The active rural population in 1969 represented 27 per cent of the total active population so that one of each four employments was provided by agriculture;
3. The national agricultural production constituted 82 per cent of the total supply in 1969, which represented one-seventh of the total capital of the country;

4. The annual gross fixed investment represented 14 per cent of total gross fixed investment in 1969.

The Central Office of Coordination and Planning (coordiplan) in cooperation with other government agencies (ministries and autonomous institutes) and in consultation with the private sector has the important function of preparing and evaluating the national development plans in Venezuela. According to the latest national plan,[1] the most important policy goals for the agricultural sector can be summarized as follows:

1. To increase production so as to meet the good needs on the rapidly growing population.
2. To increase the capacity of the agricultural sector to generate employment.
3. To encourage the substitution of domestic for import products including food and fiber and industrial products.
4. To achieve a more suitable distribution of income.
5. To support agricultural product prices at a level that assures sufficient production for growing internal consumption needs and to increase the production of agricultural commodities other than coffee and cocoa to permit their export at competitive prices.
6. To achieve more economic diversification in order to reduce the country's exaggerated dependence upon oil.

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[1] Plan de la nacion 1963-66, Cordiplan.

Although considerable progress has been made during the last ten years to achieve these policy goals, agriculture must improve its productivity with other sectors of the economy. The marketing system should be improved and must be included as an important policy goal with a view toward reducing costs and guaranteeing sufficient supplies to take care of internal consumption needs as well as exports.

A. Contribution to the Gross Territorial Product

The contribution of the agricultural sector to the GTP of Venezuela ranged from 1,987 million bolivars in 1960 to 3,030 million bolivars in 1969 stated at constant 1957 prices. The principal groups of agricultural products that make up the total agricultural product are indicated in Table 8 as percentage of the total value of agricultural production for the years 1961 and 1969.

The agricultural product groups with the most significant increases in the total value of agricultural production between 1961 and 1969 were livestock, fruits and vegetables. The group of coffee, cocoa, and others decreased from 26.6 per cent to 11.8 per cent. Ten most profitable products in 1969 were cattle, milk and derivates, poultry, corn, coffee, sugar cane, rice, plantains, bananas, and eggs.[2]

The total value of agricultural production increased from 1,953 million bolivars to 3,680 million bolivars from

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[2]1969 Agricultural Statistics Annual, Ministry of Agriculture.

Table 8
Relationship of Agricultural Product Groups to the Total Value of Agricultural Production in Venezuela

Product Groups	1961	1969
Cereals	7.0	9.9
Legumes	2.0	1.6
Roots and Tubers	9.4	7.4
Fiber and Oil Crops	4.0	4.6
Fruits and Vegetables	7.9	13.0
Coffee, Cocoa, and Others	26.6	11.8
Total Crop Groups	56.9	48.3
Milk and Derivatives	11.6	11.6
Eggs	3.0	5.8
Livestock	22.1	30.3
Total Livestock and Livestock Products	36.7	47.7
Total Fish	2.6	2.3
Total Forest Products	3.8	1.7
Total Agricultural Products	100.0	100.0

Source: Agricultural Statistics Annual, Ministry of Agriculture.

1960 to 1969. Agricultural production per person occupied in agriculture passed from 2,643 bolivars in 1960 to 4,180 bolivars in 1969 at 1957 constant prices, which constituted an increase of 58.2 percent during this ten year.period. Although agricultural production value per capita has been increasing, there is still a large difference in productivity with respect to other sectors of the economy.

B. Population Dependent on Agriculture

Available population data do not provide exact figures for the total number of persons dependent on the agricultural sector, although the 1961 census did provide information on the dependency distribution among the three main divisions of economic activities (primary, secondary, and tertiary). Some estimations have been calculated from this information and the figure of 2,639,711 people is arrived as the population dependent on agriculture for the year 1965 which represented 30.3 per cent of the total population.[3]

According to the annual report of the Central Bank of Venezuela it is estimated that 706,000 people were employed in agriculture, which represented 27 percent of the total occupied population in 1969. Table 9 shows the estimated economically active population in agriculture and other sectors for the period 1960-69.

C. Source and Consumption of Agricultural Products

The total cost of all products and services consumed in Venezuela in 1969 at 1957 constant prices amounted

[3]Louis & Heaton, The Agricultural Development of Venezuela (New York: Praeger Publishers, 1969)

Table 9
Estimated Economically Active Population in Agriculture and Other Sectors in Venezuela, 1960-69
(Thousand People)

Year	Agriculture	Other Sectors	Total Employed	Economically Active Population
1960	732	1,299	2,031	2,328
1961	730	1,322	2,052	2,393
1962	722	1,376	2,098	2,959
1963	713	1,449	2,162	2,528
1964	706	1,618	2,324	2,602
1965	701	1,743	2,444	2,681
1966	697	1,819	2,516	2,767
1967	694	1,914	2,608	2,852
1968	692	2,095	2,787	2,948
1969	706	2,171	2,877	3,081

Source: Annual Reports of the Central Bank of Venezuela, 1960-69.

to 26,233 million bolivars. The value of food consumed amounted to 7,407 million bolivars at constant prices. The predominant proportion of agricultural products consumed are produced domestically. The following table shows comparisons of absolute and relative figures between imports and national production on food consumption for the years 1960 and 1969.

In relation to the total consumption of agricultural products, the portion that was imported in 1960 diminished to 6.7 per cent in 1969 as a result of import substitution policies and the public attitude and support for the rural sector. The general policy of the

Table 10
Import Participation and National Production on Food Consumption for the years 1960 and 1969
(Million Bolivars at 1957 Prices)

	1960		1969	
Total Food	5,220	100.0	7,407	100.0
Imported	811	15.6	496	6.7
National Production	4,409	84.4	6,911	93.3
Agriculture	1,651	31.6	2,474	33.4
Industries	2,758	52.8	4,437	59.9

Source: Annual Reports of the Central Bank of Venezuela, 1960-69.

Venezuelan government is to encourage the substitution of domestic for imported products, including food and fiber and industrial products. This policy has been implemented by special import licensing and contingency arrangements for such products as dried milk and some pork products. The policy has also been implemented through customs duty protection or exoneration of duties in the case of some raw materials that are later manufactured into products used locally such as animal feed.

D. Existing Problems and Obstacles to the Development of the Agricultural Sector

This final section of the present chapter will be concerned with brief observations on those problems and obstacles considered most important in the development

of the agricultural sector. Some of these are the following:

1. The efficiency in production methods and in the organization and management of the basic factors of production (manpower, capital, and land area) is lower than is needed for increased productivity and sound future development. This applies to other sectors of the economy with the exception of the petroleum industry.

2. Oil production, which has yielded such significant economic returns for Venezuela in comparison with other Latin American countries and has formed the basis for the spectacular economic growth during the last three decades, continues to be the strongest point in the Venezuelan economy. The recent plans of the country are generally based on continuance of this income for at least two decades. These plans, however, do place considerable emphasis on diversification of the productive pattern of the economy through the development of manufacturing industries and agriculture, and significant steps have already been taken in this direction, especially with respect to substituting domestic production for imported goods. In practice, these efforts have not achieved satisfactory results from the productivity standpoint for various and complex reasons. Some of the capital thus generated has been utilized in the development of road networks, school systems, and irrigation works of benefit to the agricultural sector of the economy. However, to

improve the basic productive structure of agriculture and to bring into the dynamic economy of Venezuela a large portion of farm families and farm units, there remains a serious capital shortage.

3. Several important problems and obstacles to development are related to knowledge of and use practices with respect to land, water, vegetation, and other ecological aspects of natural resources. Some of these are: scarcity of inventories, maps, and other scientific descriptions to evaluate basic natural resources. In addition, there is a serious need for legislation providing for adequate management and control of basic resources for agricultural use.

4. The traditional large rural landholders ("latifundistas") operating under the paternalistic hacienda system still have a persistent negative effect on rural development taking into consideration that the agrarian reform program began in the year 1960. Most of these property owners do not live on their farm properties a major portion of the time and are more oriented to the affairs of the cities than to the development of their rural properties. In fact, most are very conservative in economic activities and are firm believers in the recent "status quo" with respect to investments in rural facilities and other development. This group still controls a considerable proportion of the land area in Venezuela.

Coexisting with the traditional large rural landholders and the modern commercial farmer group there are thousands of subsistence farmers ("campesinos") who operate very small parcels of land, mostly on a "shifting cultivation" basis and utilizing only hand tools. This is the largest group and it is marked by low educational levels and low income levels. This large number of campesinos is waiting for the agrarian reform program in order to have more economical and efficient units of production. These smaller units control a small proportion of the total farm land.

5. The general chaotic condition of distribution and marketing facilities for most perishable crops and products (as well as for some that are not so perishable) is a critical problem. This situation makes it extremely difficult for a farm operator to justify the cost of the larger inputs required for modern technological production of these goods because he has no reasonable assurance of increased returns at market time from the larger volume produced. The result is a slow growth in the farm units, both as producers of food (for which demand increases steadily) and as consumers of products from other sectors, a process that is essential for the balanced development of the Venezuelan economy.

These general problems, of course, affect the lack of some factors, shortages of others, and efforts that should be exerted in many aspects of the development

activities in Venezuela. General government policies, education and research efforts, efficient and significant agrarian reform programs, priority assignments of capital, and many other factors can help to remove these general obstacles.

An overview of the agricultural marketing system and the most critical existing problems will be pointed out in the chapters that follow. In a later chapter, some ideas and suggestions on alternative solutions will be presented.

CHAPTER IV

AN OVERVIEW OF THE VENEZUELAN AGRICULTURAL MARKETING SYSTEM

Although Venezuela is far ahead of many other Latin American countries in establishing good roads and other facilities and in attracting significant investment to some food-processing industries, Venezuela's food distribution from producers to consumers is characterized by few strong points and many weak ones. Prices vary widely between different markets and the gap between prices received by producers and prices paid by consumers is excessive. On the other hand, the marketing of processed agricultural commodities in Venezuela is relatively efficient and the more standardized a product the more closely its marketing conforms to marketing in other developed countries. Hence marketing methods tend to be deficient for such unstandardized and perishable items as livestock, meat, fruits, vegetables and some dairy products as well as for some that are not so perishable.

A. Marketing Agencies, Market Organizations, and Marketing Operations

To some extent, producers of agricultural commodities perform some sort of marketing functions, but as a

rule, the functions they perform are very simple in nature and rather unimportant in their overall weight. This is very commonly observed in many of the market places existing in practically all of the 635 municipal ("municipio") political subdivisions in Venezuela that are open usually one day or more per week, in which producers sell their products directly to consumers in addition to selling to country buyers and local retailers. What the producers do usually involves very short-range transportation and retail transactions. In most cases, only those products ready for final consumption are handled in this manner although in some cases short-period storage and simple treatment or processing may be done before transfer of the commodity. As specialization and commercialization in agriculture develop, however, individual producers as independent marketing agencies show a declining tendency in importance.

The activity of agricultural marketing cooperatives, together with some production cooperatives, have been established since 1958. The number of cooperatives registered with the Ministry of Agriculture, according to the Agricultural Statistics Annual of that Ministry for 1965, are as follows: 1960 and before, 7; 1961, 3; 1962, 4; 1963, 4; 1964, 5; and 1965, 7. Not all of these cooperative organizations are directly concerned with marketing or other distribution activities, but it is probable that the major portion are involved in some aspect of marketing.

Due to the limited number it appears that the influence of agricultural cooperatives in improving general marketing efficiency for agricultural products is relatively minor.

There are two important government agencies conducting marketing of farm products in Venezuela. These agencies are the Agricultural and Livestock Bank (BAP) and Market, Silos and Cold Storage Corporation (MERSIFRICA). The main objective of the BAP is to provide agricultural credit facilities to farmers, but it also performs several marketing functions such as construction, maintenance, and operation of storage facilities, price support operations for various agricultural commodities produced domestically, purchases of several agricultural products at prices set by the Ministry of Agriculture, sales of those purchased products, and control in the importation of all agricultural commodities. MERSIFRICA manages and leases market stalls to retailers and wholesalers in twenty municipal markets existing in Caraeas and La Guaira and administrates the large wholesale market existing in Caraeas, which serves to many retail grocery stores and some supermarkets of this capital city. It also has constructed and currently lease many of the cold storage facilities and silos existing in the metropolitan area. An autonomous government agency established as a branch of the Ministry of Agriculture (Corporacion de Mercado) is in the process of organization in order to take control of all the agricultural marketing operations in the entire country.

In the rural areas, there are many country buyers who undertake the assembly of agricultural products directly from the farm or indirectly from the local market. Many of these are full-time traders who assemble farm products and deliver them to the public markets or to other sellers without too much treatment. Others may be farmers who collect, in addition to their own, produce of their neighbors.

In many cases, wholesalers receive agricultural commodities from country buyers or processors and distribute them to retail merchants or processors on a wholesale basis. At the same time, some of them may undertake the country buyer's function of direct assembly, especially when they are operating in the producing areas; they may at the same time perform the retailer's function of selling to final consumers, especially when they are established in the consumption centers. Wholesalers are very often criticized as speculators who are willing to assume greater risks than others. They buy when and where prices are low and, after storage and transport, sell when and where prices are high.

To a varying degree, packers and processors change the form of the products they handle to one more convenient for marketing and consumption. They are equipped with packing and processing facilities, technical knowledge, and capital investment to carry out the transformation of the many agricultural products which are

standardized. These methods are not very well developed or are deficient for many unstandardized and ungraded products such as fruits, vegetables, legumes, etc. Recent efforts have progressed toward the establishment of industrial meat packing plants, including integrated slaughtering and utilization of all products, where such services were not available in the past. There have been significant investments in food-processing industries and many national and foreign firms such as Del Monte, Gerbers, Heinz, Purina, Kellogg's Protinal, Quaker, and many more are operating in the country in a way similar to that in which they operate in their country of origin.

Considering the time and expenses involved in attending to transactions in person, producers and country buyers often find it convenient and economical to consign the selling of the produce they ship from the producing area to intermediaries which sometimes are established in the wholesale markets. The presence of many intermediaries between producers and consumers is one of the most important causes for the existing gap between prices received by producers and prices paid by consumers.

Selling commodities to the final consumers, the retailers constitute the final link of the chain which connects producers and consumers. Retailers in general are small establishments, buying from producers, wholesale distributors or processors in relatively large lots and breaking the goods down into smaller units suitable for

purchase by a large number of small consumers on a cash basis. Most retail shops are family-operated enterprises, depending on low volume, slow turnover, and high markups with relatively poor returns to the family labor required. In recent years, several large chains of supermarkets have been established in the cities of Venezuela. Some of these are starting to buy directly from producers on a contract basis and are establishing transportation and storage facilities to accommodate these arrangements.

Public retail markets attended by many small retailers are important market institutions in many of the 635 municipalities of Venezuela. They are particularly important retail outlets for the unstandardized food products such as meat, fruits, and vegetables. The nature of these markets and their facilities vary considerably, with some operated as farmers' free markets and others operated by regular commercial concessionaires who rent space from the municipality on a permanent or temporary basis. In the larger population centers, there are several of these municipal markets. In Caracas, there are approximately twenty of these market places operated by MERSIFRICA. Municipal markets are the traditional urban and towan outlets for agricultural products. Some of them lack adequate sanitary and space facilities, constituting traffic bottlenecks in most cities. They aparently still provide the consumer with the type of service demanded at present.

Wholesale markets are found in large cities such as Caracas, Maracaibo, and Barquisimeto. They are permanent establishments constructed and operated by public

entities; the wholesale Coche market in Caracas is operated by MERSIFRICA and it serves the many retail grocery stores of this capital city. The wholesale markets of Maracaibo and Barquisimeto are equipped with new buildings and other related facilities.

Products sold for direct consumption without any processing, such as most vegetables, fruits, and legumes, still have no organized assembly points in producing areas. Such assembly points are necessary to permit not only more effective transportation arrangements but also the establishment of an effective system of product grading, uniform packing, and large lot shipment to consuming centers. Now, individual truckers, often without specialized equipment for adequate care of the products, pick up products from individual producers in a wide variety of containers and carry these products to local or central markets without grading or sorting them. Consequently, later purchasers at the wholesale or retail levels must inspect every container and carry on price negotiations in very small lots, a procedure that involves some unnecessary costs. The lack of grading and uniform packing has also limited attempts at establishing a market price and quantity reporting system for important market areas on a current enough basis to serve as a guide for shipment of products from the producing areas to alternative market outlets. Packing sheds have been established in the plantain-producing areas for the purpose of packing fruits

for the newly developed export market in the United States of America, from which some experience in this respect hopefully will be gained that can be applied to other products.

Storage facilities for some agricultural products such as corn and rice have been constructed by the government in some important production areas of the country to reduce physical deterioration of these products and to make them available for consumption at all times. Large concrete silos and cold storage facilities have been constructed with modern installations in the most important cities. Nevertheless, increasing production and consumption is calling for more storage facilities to meet consumer demands over time. Some of these facilities may be erected, for example, at points more accessible to producers. According to the recent agricultural marketing law, the government has the function of planning, promoting, and regulating storage of agricultural products. All public and private installations require official approval, and the government can fix storage tariffs and time period for storing in order to avoid improper increases in the prices of these products.

With respect to the marketing of animal products, the slaughter facilities are under the control of the municipalities, which, in practically all cases, provide only rudimentary facilities. Livestock producers have had to carry their animals for sale to municipal slaughter-

houses, pay the slaughter fees and taxes, and then sell the carcasses to meat wholesalers or retailers. The Venezuelan Development Corporation has constructed several integrated meat-packing plants, including integrated slaughtering and utilization of all products, in order to resolve this situation. There are still no regular stockyards or public market facilities where producers can sell live cattle on an auction or contract basis. In the larger consuming centers, the wholesale meat distribution activities have tended to consolidate into monopolies that will probably have adverse effects on the interests of both producers and consumers. The wholesalers have also developed transportation services for live and slaughtered cattle and, in recent years, have been buying live animals in producing areas but with considerable bargaining advantages over the producers with regard to prices.

The facilities for the marketing of milk products are tied in with nineteen large pasteurizing and seven powdered milk processing plants, with total capacities of 132,455 liters of milk per hour and 29,250 kilograms of powdered milk per hour, respectively.[1] The industry is subject to a great deal of government control with respect to a producer's subsidy program and maximum price control for consumers' prices. The pasteurizing plants are relatively new and have fairly modern facilities.

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[1] Agricultural Statistics Annual, Ministry of Agriculture, Venezuela (1969).

The poultry industry is generally carried on with modern technology, and some large breeding and hatching farms are now well established and are providing the preponderant portion of the poultry stock now utilized for intensive and highly productive operations in Venezuela.

B. Exports and Imports

As mentioned previously, until commercial production of petroleum was developed after the second decade of the present century, Venezuela was an agricultural country which received the bulk of its foreign exchange income from the exportation of cattle, hides and skins, cocoa, and coffee. Based on the extreme importance that the agricultural sector deserves, the general policy of the Venezuelan government is to increase production so as to meet the food needs of the rapidly growing population, to encourage the substitution of domestic for import products--including food and fiber and industrial products--and to increase the production of agricultural commodities other than coffee and cocoa to permit their export for achieving economic diversification, creating employment, and generating income in order to reduce the country's exaggerated dependence upon oil. The agrarian reform law, enacted in 1960, also states some general policies for the agrarian reform program, encompassing not only land distribution to those who work the land but also social and economic improvement goals for campesinos and farmers. Implementing

mechanisms which are used by the government to achieve its policy objectives including tariff duties, import licenses, import prohibitions, and export subsidies.

Quantitative restrictions in the form of licenses are required for the importation of most agricultural products, although some commodities such as live animals, some fresh fruits, and animal feedstuffs other than grain may be imported without a license. Restrictions have been applied by refusing to grant licenses for certain products and by establishing import quotas for other commodities such as dried milk, black beans, copra, and some pork products. In addition to these restrictions, the Agricultural and Livestock Bank has a monopoly on the importation of some agricultural products for seed and consumption.

Imports into Venezuela by general product groups for the year 1969 are shown in Table 11. The figures show that consumer goods represented 21.3 per cent of total imports while intermediate and capital goods constituted 78.7 per cent. Total imports amounted to 6,784.74 million bolivars which converted to U.S. dollars, at the 4.50 rate, amounts to 1,507.72 million dollars. Fifty per cent of these imports came from the United States of America.

An analysis of Venezuelan imports according to their final destination show a significant change in structure as a result of the import substitution policy between the years 1960 and 1969.[2] Consumer goods passed

[2] Annual Report of the Central Bank of Venezuela, 1969.

Table 11
Venezuelan Imports by Product Group, 1969
(Million Bolivars)

Product Group	Total	Per Cent of Total	Interannual Percentage Change 1960-69
Food and Beverages	352.72	5.2	-1.3
Other Consumer Items	1,085.75	16.1	4.3
Raw Materials	2,224.38	33.0	10.9
Machinery and Accessories	1,755,57	26.0	9.2
Transport Equipment	1,091.73	16.2	9.6
Materials and Equipment for Construction	238.59	3.5	-1.0
Total	6,748.74	100.0	7.4

Source: Annual Report of the Central Bank of Venezuela, 1969.

from 25.4 per cent of total imports in 1960 to 12.8 per cent in 1969; intermediate goods passed from 52 per cent in 1960 to 61.3 per cent in 1969, and capital goods passed from 22.6 per cent in 1960 to 25.9 per cent of total imports in 1969. However, these changes did not diminish the total value of imports during the ten year period.

Total Venezuelan exports in 1969 amounted to 11,110.21 million bolivars which converted to U.S. dollars represents 2,468.92 million dollars.[3] Table 12 shows the composition of the value of Venezuelan exports between 1959 and 1969. As mentioned previously, petroleum represented 91.3 per cent of total value of exports for the year 1969. Agricultural exports amounted to 171 million bolivars in 1969 while agricultural imports were 960 million bolivars.

Table 12
Composition of the Value of Venezuelan Exports, 1959-69

Exports	1959	1960	1963	1966	1969
Petroleum	91.0	86.0	92.0	92.3	91.3
Iron	5.9	6.8	3.9	5.1	5.2
Coffee	1.1	0.9	1.0	0.6	0.6
Cocoa	0.4	0.4	0.4	0.3	0.3
Other Products	1.6	5.9	2.7	1.7	2.6
Total	100.0	100.0	100.0	100.0	100.0

Source: Annual Report of the Central Bank of Venezuela, 1969.

[3] Annual Report of the Central Bank of Venezuela, 1969.

C. Pricing and Prices

Insofar as the pricing of agricultural commodities is concerned, Venezuela's agriculture is a complex economy. In part, it is a free market economy in the classical sense, i.e., the economy is directed by the free play of supply and demand forces with variable prices acting to clear the market. In this sort of economy, supply and demand is equated by the functioning of the price mechanism, at least in a relatively longer run. In part, it is to some extent a planned economy in the sense that market prices are highly influenced, if not determined, by government policies, directly or indirectly. In this case, effective supply and demand are no longer the sole forces which determine market prices.

For some agricultural commodities, market forces are fully permitted to determine prices and the government has no positive or intentional measures to influence the price levels. This is the pricing of the free market economy of the classical example in which prices are free to fluctuate and the market is cleared by arbitrage. In this case, the price levels are settled by the interaction between demand and supply or, in static economies, at the intersection of demand and supply curves. Since demand is considered relatively stable in the short-run, the price level is a reserve function of supply, other things remaining constant. This is the case for most of the agricultural commodities of Venezuela.

For some farm products, therefore, market prices are fundamentally determined by the free working of market forces, but the government employs some measures to influence price indirectly. The primary objectives of the government measures is to stabilize prices for the consumers or to hold down inflation and achieve political acceptances, but incentives for the producers to produce more are also taken into consideration. In fact, stable price is different from low price. For this purpose the government relies more indirectly on marketing measures than directly on price itself, such as establishment of official prices. Technical assistance, financial assistance, provision of high quality farming materials such as certified seed, pesticide, farm machinery and fertilizers, etc. at reasonable prices will provide farmers with non-price incentives and induce more supply available at given market prices. The government in many cases also undertakes market operations to stabilize prices at the retail, wholesale, and farm levels. When the effective demand is dull and market price depressed, the government also collects, stores or exports part of the surpluses. By separating the excess supply from the market temporarily or by channeling it to foreign outlets, further decline in market prices may be prevented. When the effective demand is keen relative to available supply and market prices are soaring, the government may release its stocks or undertake

importation from abroad. By injecting more supply to the market, government market operations tend to prevent prices from rising further.

For several agricultural products such as corn, rice, beans, sorgo, cotton, sisal fiber, and potatoes, the Venezuelan government operates a system of minimum price supports through the operations of the Agricultural and Livestock Bank[4] (Banco Agricola y Pecuario). The BAP objective has been to contribute to price stability through the minimum price guarantee and the management of storage stocks in cooperation with a branch office of this bank called ADAGRO (Almacenes de Depositos Agropecuarios). However, there seem to be no clear criteria to be used for support levels and methods of operation. While there seems to be general agreement that support prices should cover the cost of production, it is not clear how such costs are determined, or what methods of production are assumed.

Retail price controls are another feature of government price policy to influence market prices directly. With the objective of contributing to price stability and regulating monopolistic and speculative profits, the Venezuelan government has applied some price control regulations in different opportunities and time periods. The Ministry of Development has the authority to fix prices for goods of prime necessity and a number of other goods.

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[4] Memoria y Cuenta, Ministry of Agriculture (Caracas, Venezuela, 1970).

However, these measures are very difficult to enforce in practice due to lack of administrative and judicial procedures and to the existence of monopolistic pricing practices in the distribution system of some agricultural commodities such as meat and plantains.

D. Existing Marketing Policy

As indicated in the beginning of this chapter, the lack of organization in the marketing and distribution services available to agriculture, especially for the more perishable products, is one of the most critical impediments to more rapid agricultural development. There are, on the one hand, several products with minimum price support programs together with others for which special price protection devices are provided by export or import controls and subsidies (sugar, coffee, cocoa, and milk). Fairly definite market channels are established for these products and the Venezuelan government plays a large role in their purchase, storage and distribution. On the other hand, the marketing processes of many products are unorganized and are subject to a wide variety of problems ranging from too many steps and too many intermediaries handling small volumes to near monopolies at the whole sale level for some products. Even with regard to the products with established market channels and protected prices, the subdevelopment of management skills and the lack of adequate microeconomic data and analysis, especially cost data at

the farm level, to permit efficient management of these programs results in widely varying response or lack of response in the production picture due to these alleged production incentives and market protection devices. All of these factors mitigate against the producer's receiving a reasonable and fair price and force the consumer to pay more than he should because of inefficiencies in the marketing and distribution processes.

The development of agricultural marketing operations is in the process of adjustment and a tremendous effort will be necessary to eliminate existing deficiencies in marketing services.[5] In consequence, the Ministry of Agriculture is directing its marketing policy to the following principal points:

1. Organization of the Agricultural Marketing Corporation, an official institution which will have the function of centralizing, organizing, and controlling all marketing operations in the entire country in accordance with the recent law of agricultural marketing passed by the Venezuelan Congress.

2. To develop a national project for marketing of agricultural products which will be financed by a loan obtained from the International Bank of Development, the Venezuelan government, and the private sector.

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[5] Memoria Y Cuenta, Ministry of Agriculture (Caracas, Venezuela, 1970)

3. To support minimum prices for such agricultural commodities as corn, rice, beans, sorgo, cotton, sisal fiber, and potatoes.

CHAPTER V

CRITICAL MARKETING PROBLEMS AND THEIR MAJOR CAUSES

The previous chapter of this study has mentioned some problems and obstacles related to marketing of agricultural products in Venezuela. This chapter will attempt to organize and summarize the most critical marketing problems and their causes, and present them in a manner relating them to agricultural development in this country.

A. Land Tenancy and Land Size of Farms

The data from the agricultural censuses of 1950 and 1961 are the only source of information available in Venezuela at the present time with respect to the distribution of farm land area by tenancy status. This information is summarized in Table 13.

As is shown in Table 13, the relative position of owners, both with respect to number of farms and the amount of land controlled did not change significantly between the census periods. The change in the relative position of cash renters from 15.2 per cent in 1950 to 10.5 per cent in 1961 occurred as a result of land selling expectations. Several traditional landholders preferred

Table 13
Distribution of Farm Land Area by Tenancy Status, 1950 and 1961

Tenancy Status of Farm Operators	Per Cent of Total Farms		Per Cent of Total Land in Farms	
	1961	1950	1961	1950
Owners	44.4	41.6	84.2	83.2
Cash Renters	10.5	15.2	3.2	3.3
Sharecroppers	8.6	6.4	0.6	2.2
Squatters and Other Forms	36.5	36.8	13.0	11.3
Total	100.0	100.0	100.0	100.0

Source: 1950 and 1961 Agricultural Census, National Direction of Statistics, Caracas, Venezuela.

to wait for high prices in order to sell their land to the National Agrarian Institute than to rent them to cash renters.

The relative number of squatters did not change between the census period. It is expected that the agrarian reform program should have materially reduced the number of squatters since 1960, but spot studies that have been completed indicate a strong tendency for settlers to continue to operate land as squatters outside the settlement areas in addition to the parcel in the agrarian reform settlements. Consequently, it is not certain that the number of squatters has been significantly reduced since the 1961 census.

The number of families benefited and the area of land involved in the parcels of land acquired and redistributed by the National Agrarian Institute during the period 1961 to 1969 are shown in Table 14. According to the 1961 census the total area of public and private lands amounted to 2,662,693 and 23,342,168 hectares, respectively.[1]

The information in Table 14 indicates that 74.36 per cent of that public land and 5.2 per cent of the existing private land for the census mentioned has been involved in the activities of the agrarian reform program during the eight year period. Consequently, a large amount of public land has been affected by the National Agrarian Institute in providing a land base for colonization programs and the relocation of farm people into rural communities. At the same time, a large amount of the funds appropriated to IAN have been utilized for land acquisition from private individuals including some traditional large rural landholders (latifundistas), but land tenure as an essential precondition for agricultural development still persists as an unfavorable condition to facilitating agricultural progress and efficient marketing procedures. A satisfactory system of land tenure together with adequate marketing facilities and reasonably stable prices for agricultural products at a remunerative level are

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[1] 1961 Agricultural Census, National Direction of Statistics, Caracas, Venezuela.

Table 14
Families Benefited and Areas Involved in Venezuela's Land Settlement Activities, 1961-69

Total Land Involved in Settlement Activities (Has)	3,186,906.26
Public Lands (Has)[1]	1,979,522.94
Private Lands (Has)	1,207,383.32
Number of Families Benefited	134,087.00

[1]Does not include the year 1969 because data were not available.

Source: 1969 Agricultural Statistics Annual, Ministry of Agriculture.

three of the basic conditions needed for market demand to exercise its full intensive effect on production.[2]

Census data are the only source of information available on a national basis with respect to farm sizes in Venezuela. These show a very typical pattern for Latin American countries, with a combination of latifundio and minifundio in land area in individual farms. However, the combination is not as extreme as in some other Latin American countries. Generally speaking, a large number of farms are too small for economical, efficient production, and provide the families thereon with low incomes. At the same time, these smaller units control a small

[2]J. C. Abbot, "The Role of Marketing in the Growth of Agricultural Production and Trade in Less Developed Countries," in Selected Readings to Accompany Getting Agriculture Moving, edited by Raymond E. Borton (The Agricultural Development Council, Inc., 1966).

proportion of the total farm land. At the other extreme, a low proportion of the total farm operators control a large proportion of the land and many of them are latifundistas which operate under the traditional and inefficient hacienda system. Between both extremes there is a modern commercial farmer group, recently formed, on the whole members of which have been the principal innovators in applying modern technology and farm management to agricultural production.

In general, with the present technology employed in Venezuela, farms of less than ten hectares are inadequate to provide a decent living for farm families. Existing information on the operation of the agrarian reform program indicates that it has contributed little to increasing the amount of land available to the family-type farmers of Venezuela.[3] Surveys of economic conditions of settlements have shown a very high incidence of farm units of less than ten hectares and have indicated that one of the most critical problems of these settlements is an inadequate land base for each family, which mitigates against significant improvements in income and efficient production of the farm families involved. In addition, the tremendous dispersion of these small units

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[3]Series of technical studies made between 1963 and 1965 by representatives of the Agricultural Bank, the Agrarian Institute, and the Consejo de Bienestar Rural in sixteen states and the Federal District. Reports prepared by the Consejo de Bienestar Rural, Caracas, Venezuela.

of production around the country constitute a negative effect against considerable public investments which have been made in order to improve roads, electricity, water channels, market facilities, educational programs, and other service facilities of importance to the agricultural development of Venezuela. Consequently, the high cost and the dispersion of these public investments have not been sufficient to improve farm productivity, marketing processes, and living standards of the family-type farmers of Venezuela.

In summary, the unfavorable land tenure situation, the existence of large traditional inefficient farms (latifundio) and the spread of many uneconomical small farms (minifundio), constitute some of the most critical problems and obstacles that influence agricultural marketing progress and other aspects of Venezuelan agricultural development.

B. Organization and Management of the Farm

The deficiencies in management skills at all levels of the agricultural sector provide one of the most serious obstacles to agricultural marketing development in Venezuela. Sufficient skills in analysis, management, and execution have not been developed at the micro-economic, or at the farm level (where decisions for change in methods of production are made), to permit a rational and aggressive attack on the obstacles to

increasing productivity and marketing efficiency. This is reflected in the apparent lack of, or limited correlation between price and demand factors. The inadequacy is indicated in the wide disparity in possible profit margins between several important types of products with very little apparent shifting by producers from one activity to another that appears to be more remunerative. On the other hand, there are outstanding examples in which special campaigns of financial and technical assistance have resulted in spectacular increases in productivity, as in the case of rice, oil seed (ajonjoli), sugar cane, and sesame.

Limited management skills are, of course, due to deficiencies in many aspects of the institutional facilities that are necessary to develop such skills together with lack of public demand for more efficiency and less waste in the use of resources for production. This applies to educational, research, and experience requirements for the execution of government programs, private supply and marketing services for agriculture, and individual farm management.

Further, lack of farm management skills and research information is one of the reasons why the marketing services for many products, especially perishable products, have continued in such chaotic conditions for long periods. Economically oriented analysis and information have not been adequately developed at the farm

level and in the intermediate steps of distribution on a realistic enough basis to permit development of convincing programs for improving the marketing services.

C. Marketing of Primary Products

As mentioned before, the general chaotic condition of distribution and marketing facilities for most perishable crops and primary products is one of the most critical problems for agricultural development. There is no organized market for fresh fruits and vegetables and the marketing processes of such products are subject to a wide variety of problems. Livestock production is generally characterized by extensive but unproductive operations and marketing processes are near to monopolies at the wholesale level. There are no organized assembly plants in producing areas for vegetables, fruits, and legumes, and the lack of grading and standardization has limited attempts at establishing a market price and quantity reporting system for important market areas on a current enough basis to serve as a guide for shipment of products from the producing areas to alternative market outlets.

Specific market development activities for perishable and primary products, utilizing marketing specialists on a full-time and continuous basis, have received very little attention in the agricultural sector. Commodity groups and government research and extension programs have not dedicated any significant resources to this activity.

D. Wholesaling and Retailing Deficiencies

Some wholesalers are usually criticized as speculators and hoarders (acaparadores). By buying when and where demand is slack and attempting to resell when and where demand is relatively high, the wholesale distributor is stabilizing the market, moving goods through time and space to the advantage of society and preventing the price level from fluctuating between still wider extremes. But where the operation of strategic market is under the control of a trade association at the wholesale level or a municipal authority which itself is dominated by representatives of the existing traders, there is enough evidence that powerful trading monopolies are established to maintain high margins and to get excessive profits. The wholesale meat distribution is one of these cases which has tended to use monopolistic pricing practices with adverse effects on the interests of both producers and consumers. Consequently, the establishment of efficient market practices through marketing organizations, legislation, and government executive action will be needed to avoid such monopolistic practices. More competitive conditions can be achieved through indirect measures such as regulatory and facilitating services, e.g., price and market information, standards and regulation of trading practices.

It was indicated in Chapter IV that several large chains of supermarkets have been established in the cities

of Venezuela. Co-existing with these modern large grocery stores are the traditional urban and town mar-lets for agricultural products known as municipal markets, and a large number of small retail grocery stores. Retailing margins for basic foodstuffs appear to be relatively low for a large number of retail grocery stores, but this is a result of the low returns to labor and the small amount of marketing services provided. Most of the municipal markets lack adequate sanitary and space facilities and some of them constitute traffic congestion in several cities.

Although the food distribution system is changing toward more modern food distribution practices as a result of the growth of large cities and a corresponding increase in purchasing power, there are barriers to this process of change. Small-scale retailers generally have limited knowledge and skills in managing food operations and credit is usually not available from commercial lending centers. Municipal authorities frequently discourage the adoption of efficient marketing procedures because of the fear that local revenues will be diminished by the displacement of existing traders, or through the application of arbitrary regulations. Most of these constraints on innovation are beyond the control of individual food distribution firms. Hence, public or group action is needed to create an environment that will encourage desirable patterns of change in the food system.

E. Deficiencies in Marketing Services

As mentioned previously, Venezuela has the best road facilities in Latin America which permit communication between the major population centers. Additional rural access roads are needed, and continuous work on construction of such penetration roads has been going on. The transport of perishable products such as fresh fruits, vegetables, and legumes lacks adequate specialized equipment for adequate care of the products to ensure the highest standards of quality perservation. The lack of grading and uniform packing on these perishable products sold for direct consumption is another impediment to agricultural marketing progress in Venezuela. The Venezuelan Commission of Industrial Standards (COVENIN) has been established in the Ministry of Development to set grading standards and other controls for products used in industrial plants, but there are no minimum standards of quality, condition, or size, and types and specifications of authorized packages in the marketing field of such agricultural products.

There is excessive concentration of storage facilities around the capitol of Venezuela. Sixty-five per cent of the private storage facilities are concentrated in the three states and the Federal District which surround the capitol city of Caracas. This area has approximately one-third of Venezuela's population, but it is clear that double transportation is involved in the

distribution process because products are brought into the central part of Venezuela for storage and are later shipped back again to areas in the interior. The location of government facilities ameliorates this situation somewhat, and additional storage facilities are being constructed closer to the producing areas than at present. However, the principal processing plants are located in the central area, which also explains the concentration of storage facilities there. Also, the storage facilities of the government have been costly and still constitute a serious drain on public funds because of government inefficiency.

F. Lack of Market Information and Marketing Research

One of the critical bottlenecks in the agricultural marketing development picture is the lack of adequate information regarding stocks, impending supplies, movements, consumption, and prices. There is not enough available information about the market, including current price quotations, the "feel" of the market, trade opinion as to future trends and the probable effect of seasonal influences, and forecasts of future production, consumption, and trade movements. This type of information is especially important in Venezuela because the government is responsible for meeting marginal deficits or facilitating the disposal of surpluses. The availability of accurate information is also important to producers,

consumers, traders, and to price stabilization if the market mechanism is to work efficiently with economy and precision.

There is a significant lack of marketing research directed toward the objectives of improving the agricultural marketing system as a whole or the services available to its users, i.e., producers and consumers. The lack of technical knowledge regarding modern marketing methods and lack of agricultural marketing specialists are other factors which have retarded the development of the agricultural marketing system. Consequently, there is a substantial need for specialized training programs in marketing principles, organization, and management, and methods of handling food and agricultural products. Marketing research projects in the context of economic growth, as well as studies of specific market operations, are urgently needed in order to improve agricultural marketing processes.

There are, of course, other detailed items in the agricultural marketing system that have constituted impediments to agricultural development in Venezuela, but additional detail is not considered essential for the purposes of this study.

CHAPTER VI

SUGGESTIONS AND POLICY RECOMMENDATIONS FOR IMPROVING AGRICULTURAL MARKETING

The general characterization of the agricultural marketing situation and the most critical problems related to marketing of agricultural products and agricultural development in Venezuela have set the stage for presenting some ideas on alternative means that could make important contributions to the achievement of the policy goals summarized in chapter IV. These suggestions will be related to the most critical obstacles to agricultural marketing progress in order to accelerate the rate of agricultural development in this country.

Increases in agricultural marketing efficiency would directly benefit all consumers through lower food prices and improved services. Since low income urban families spend a very high percentage of their earnings for food, they would stand to gain relatively more than families with higher incomes. The gains in real purchasing power of urban consumers would increase their effective demand for additional food, as well as non-food, consumer

goods and services. Thus, one of the secondary effects of marketing improvements should be a relative increase in prices received by farmers for raw products which should stimulate an expansion in output. As this occurs farmers would demand additional urban produced agricultural inputs and consumer goods. Another secondary effect would be the increased demand for non-food consumer goods that would stimulate industrial output. Thus, agricultural marketing improvements that reduce food costs to low-income urban consumers can have several favorable effects on internal economic development.

The suggestions and recommendations outlined in this chapter focus on those activities which should receive high priority in a recommended public effort to improve the Venezuelan agricultural marketing system. Heavy emphasis is placed upon the role of government as a facilitator and fomentor of private economic activity but with sufficient regulation to guide these activities toward generally desirable goals for national economic development.

A. Land Tenure and Agrarian Reform

The Venezuelan Agrarian Reform Law, which became effective in March 1960, provides broad authorization for adjustments in the agrarian structure concerned principally with redistribution of land resources to people who work the land and for integrated development of agricultural methods to improve production, productivity, income

levels, and general welfare of families operating medium and small sized farm units.

In spite of the significant government funds that have been utilized for land acquisition and the large amount of public land that has been affected by the National Agrarian Institute in order to provide a land base for colonizatinn programs and the relocation of farm people into rural communities, the unfavorable land tenure situation, the existence of latifundios and the spread of an excessive number of uneconomical small farms around the country still persist as some of the most critical obstacles to agricultural development and marketing progress.

Consequently, the agrarian reform programs should be intensified to provide a satisfactory system of land tenure as well as an optimum and economic size of the holdings as an essential precondition for agricultural development and marketing efficiency. However, taking into account the accumulated experience of land settlement, it is recommended be taken into consideration: (a) the settlement location must be suitable and reasonably accessible so that settlers can hope to get their produce out cheaply; (b) the right settlers must be chosen according to their agricultural experience and similar social background; (c) physical preparation of the site must be ensured before the settlers arrive; (d) tools, seeds, fertilizers, and food must be provided until the

first harvest and livestock and credit facilities must be provided for settlers in order to ensure the minimum requirements for economic production and the success of the settlement; (e) the organization of group activities must be encouraged by taking into account the economies of large scale organization and marketing advantages; (f) the settler must be given enough land on which to provide a decent living for farm families and an efficient and economical exploitation; and (g) the settler must have security of tenure to guarantee a high positive attitude toward his land and security of capital already invested in agricultural production.

B. Organization and Management of the Farm

Improvement in the managerial skills at all levels of the agricultural sector has been indicated as one of the most critical needs for increasing rates of agricultural development. This applies to institutional management at the government level and on down to management of individual farms. It has special application to marketing and distribution activities for agricultural products. Such improvements are, of course, dependent on long-range educational processes and upgrading of administrative and technical skills.

The lack of adequate information regarding proper farm management as a means for improving farm productivity and the need for data regarding the proper administration

of government programs such as agricultural extension, credit, price support, and marketing, require action in the higher educational institutions, as well as in the investigation, extension, and economics departments of the Ministry of Agriculture, and among farmers themselves and their commodity organizations. Agricultural economics training facilities in the agricultural universities of Venezuela needs to be augmented and improved, and post-graduate scholarships need to be emphasized in such subjects as farm management, farm production economics, agricultural credits, cooperatives, land economics, and marketing principles and practices, including price analysis, product classification, packing, and distribution facilities.

Agricultural economists are needed in the Agricultural Investigation Center (CIA), in the Department of Economics and Statistics of the Ministry of Agriculture, and in the Agricultural Extension Service, in both the national and regional offices, to advise on methods of developing convincing economic material in support of the technological information being communicated to farmers. After additional agricultural economists have been incorporated into the Agricultural Extension Service, specific training materials and interpretation of farm management study results for use by farmers could be developed for effective direct training programs. The development of farm management and marketing training projects could

then be incorporated, with high priority, in the annual plans for the national and local extension programs.

C. Developing a National Marketing Agency and Establishing an Agricultural Marketing Plan

Specialized government agencies have been working in Venezuela in the fields of agricultural production, development, and research. There are a number of official bodies with responsibilities falling within the marketing field, including government ministries such as Agriculture and Development, development banks such as the Agricultural and Livestock Bank and the recently created Bank of Agricultural Development, and some specialized agencies like MERSIFRICA and ADAGRO. Most, however, are either not equipped to promote a comprehensive marketing program or else have other interests and would give it only secondary attention. There is thus a clear need in Venezuela for developing a central marketing unit able to provide initiative and continuity. This agency (Agricultural Marketing Corporation) is in the process of organization in order to centralize all the functions and operations involved with the marketing of agricultural products. This autonomous government agency is being organized as a branch of the Ministry of Agriculture and its major functions are indicated in the 1970 agricultural marketing law and can be summarized as follows:

(a) Advising the Government of Venezuela on agricultural marketing policies, minimum price

policies, and the maintenance of stocks and storage tariffs,

(b) Buying and selling agricultural products inside and outside of the country when it is necessary in order to stabilize prices for the producers and consumers,

(c) Buying those agricultural products supported by the minimum price system,

(d) Fomenting agricultural production and marketing activities,

(e) Fomenting the establishment of exchange markets to facilitate contact between buyers and sellers,

(f) Developing programs for construction of storage and other marketing facilities,

(g) Fomenting the organization of marketing enterprises and marketing cooperatives,

(h) Establishing grade, standard, and quality con-control specifications for agricultural products,

(i) Developing a service of data collection and market information,

(j) Establishing standards and conditions for transportation of agricultural products from the farm to the consumers or from one place to another,

(k) Accepting credit tramsfers and serving as intermediary or credit guarantor in relation with the agricultural production acquired from producers.

(1) Granting security and appraisal in favor of producers with guarantee of their products in storage.

As can be noted , there are some important aspects that the agricultural marketing law does not take into account among the functions to be developed by the corporation. Training of agricultural marketing specialists to undertake the planning and execution of research, the promotion and organization of marketing research, credit facilities for marketing participants in order to develop a more progressive agricultural marketing system as well as the establishment of a marketing extension service, are significant elements that have been left out of the law. Consequently, it is recommended that these fundamentals be included as major objectives of the Agricultural Marketing Corporation.

It is suggested that the direction of this corporation, as well as the technical personnel, be selected on the basis of professional qualifications and experience; yet the director may act at the highest administrative level as advisor to the government. This corporation could operate with consistency over the whole country, working through state marketing agencies set up along the same lines and with active participation by the private sector.

It is recommended that a national agricultural marketing program as well as regional marketing programs be organized and operated through the national and state marketing agencies. These state agencies would promote the development of the regional marketing programs and foment major structural changes in agricultural marketing systems in the state capitol cities, including the food supply channels serving these urban centers. As the program evolves attention should be given to agricultural distribution problems in closely related secondary cities and smaller towns. They could also provide technical assistance to municipalities interested in planning improved food distribution systems, coordinate the procurement of external technical assistance for food marketing programs, stimulate the development of marketing research and educational programs, supervise construction and development of new marketing facilities, and foment the development of an efficient and effectively competitive system of food wholesaling and retailing in the large urban centers.

D. Grade and Standard Specifications

As has been pointed out, standardization and grading are among the major impediments to agricultural

marketing progress in Venezuela. Consequently, grade and standard specifications should be established by the Agricultural Marketing Corporation as an important element of the national program, especially for those products such as fruits, vegetables, and legumes which are presently unstandardized and ungraded. What is needed is the development of an accurate and intelligible trade language, so that consumers can tell producers what they want by means of words or numbers that can be used at a distance and independent of the presence of the physical goods.

Voluntary grades and standards for a broader range of products should be promulgated by the corporation giving priority to those having the opportunity to substantially improve market coordination through better product identification. It should be recognized that standard product grades can only be effective when individual traders find them useful and workable.

E. Organizing Cooperatives

The organization and development of regional and national cooperatives to improve general marketing efficiency for agricultural products is another fundamental need that should be incorporated into the national and regional marketing programs. As indicated, these marketing agencies have not been used in Venezuela because of lack of promotion and organization. They could operate more efficiently than other private traders and inter-

mediaries reducing marketing costs by the economical use of large-scale equipment and better methods of processing and marketing. In addition, they should be able to obtain higher sales by modifying the form of the produce sold, by dividing it into more effective categories, controlling the volume sold in accordance with changes in demand, and building up new demands through research and advertising.

Cooperation by producers and consumers to provide needed marketing services is an advisable approach to marketing improvement that could help to solve many of the chronic and undesirable problems existing in the wholesaling and retailing systems of the large urban centers such as those that have been mentioned in Chapter V.

F. Price Stabilization

It is recommended that the price stabilization program operated through the Agricultural and Livestock Bank be transferred to the Agricultural Marketing Corporation for its continuation. This program should continue to be focussed upon the use of price supports as a stimulus to farm production and as a means of reducing supply and price fluctuations through guaranteed forward prices. However, clear criteria and defined methods of operation should be specified in order to establish the minimum price levels for such agricultural products. Also, they should not become a means of transferring income because these transfers are essentially from poor people as consumers to wealthy landowners as producers.

The use of regulations to avoid improper increasing prices and hoarding "acaparamiento" should be reviewed, commodity by commodity. Given the existence of Monopolistic structures on the wholesale level for some agricultural products, a theoretical argument can well be made for price regulations. But it must be recognized that administration of such regulations is extremely difficult and may introduce a number of undesirable economic effects. Such monopolistic manipulations as well as evidence of perverse speculation should constitute a further reason for government intervention against those people who are directly responsible for these illegal activities, but price control regulations do not assure that the price control criteria are applied and they can cause significant distortion in the use of resources. Perhaps the most significant example of negative effects of the speculation regulation is on the legetimate and important function of storage described in the Research Report No. 5 of the Latin American Studies Center[1] which is perfectly applicable to the Venezuelan marketing conditions. "Along with negative attitudes toward middlemen and discriminatory credit policies, the law appears to have greatly reduced the storage function usually performed by merchants. They do not wish to risk the litigation against speculation, which may be costly. The tendency of assemblers, wholesalers, and retailers to avoid performing the storage function

[1]Latin American Studies Center, Michigan State University Market Coordination in the Development of the Cauca Valley Region-Colombia (East Lansing, Michigan).

increases price instability rather than reducing it. The very nature of storage is buying commodities and storing them in order to achieve a higher price in the future. The essential price differences serve to ration the use of commodities over time. Since price variations are uncertain, storage typically results in some gains and some losses. If the gains do not exceed the cost of storage by enough to compensate for losses, the storage function cannot be profitable. Since an inspector may interpret any gain from storage as "speculation" under the law, performing the economically justified storage function subjects the merchant to possible litigation."

As a deterrent to unwarranted speculation, greater emphasis could be placed upon the Agricultural Marketing Corporation's purchase and storage policies to provide stocks for sale in periods of scarcity in order to hold prices in line. The effective collection and dissemination of timely information on product inventories in the market would be a further deterrent. There is no intent to question the wisdom of state regulation of the market. The market must be regulated in the interest of the community in order to work effectively but the arbitrary application of adverse laws with resulting wide seasonal price fluctuations and occasional product shortages should be eliminated.

G. Market Information and News Services

The effectiveness of an open market system in allocating products in consumption and factors in production depends on the flow of accurate and timely information. Consequently, another field that should be incorporated into national and regional marketing programs is that involving the provision and interpretation of economic market information for farmers and intermediaries.

The Agricultural Marketing Corporation should organize a central service as well as regional agencies in the major cities to provide the following types of current information: (1) basic supply and demand information that will help farmers lay their production plans each year, (2) month-to-month and day-to-day market reports that will help them market their products after they are produced and forecast information as a guide for developing plans for the production and marketing of farm products on a more intelligent basis. This market information should be disseminated to the public by means of radio, the press, television, telephone, mail, and bulletin boards.

H. Planning Marketing Research and Training Marketing Specialists

As has been indicated in Chapter V, there is a significant lack of agricultural marketing research and agricultural marketing specialists in Venezuela. It is recommended that marketing research studies be developed by the Agricultural Marketing Corporation in collaboration with universities, the private sector, and the Food and

Agricultural Organization (FAO). Research projects as studies of the marketing processes of the principal products of each region, the marketing of export products, studies of the market structure, marketing facilities for wholesale and retail levels as well as price research studies are some of the classical projects needed in Venezuela.

It is also recommended that the Agricultural Extension Service, in cooperation with the Agricultural Marketing Corporation, include explicit marketing considerations in the extension program for farmers. This will require some in-service training of extension agents on agricultural marketing as well as the teaching of appropriate marketing courses in the agricultural universities of Venezuela, such as those indicated in the section including recommeddations for the organization and management of the farms.

A program for training agricultural marketing specialists at different levels should be promptly organized by the Agricultural Marketing Corporation, universities, the FAO, and the private sector. Scholarships should be provided by these institutions to send personnel abroad for advanced training. This should include opportunities for participation in short courses offered by the Instituto Latinoamericano de Mercadotecnia de Alimentos in Guatemala or the OAS training center (CICOM) in Brazil. Finally, local food marketing seminar and workshop programs should be encouraged and supported by the Agricultural Marketing Corporation.

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