

Part 37

1. SUBJECT CLASSIFICATION	A. PRIMARY Serials	Y-AE70-0000-G302
	B. SECONDARY Agriculture--Distribution and marketing--Latin America	

2. TITLE AND SUBTITLE
A comparative study of food marketing systems in Latin American countries;
progress report, April-Oct., 1967

3. AUTHOR(S)
(101) Mich.State Univ. Latin American Studies Center

4. DOCUMENT DATE 1967	5. NUMBER OF PAGES 5p.	6. ARC NUMBER ARC
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7. REFERENCE ORGANIZATION NAME AND ADDRESS
Mich.State

8. SUPPLEMENTARY NOTES (*Sponsoring Organization, Publishers, Availability*)
(Research summary)

9. ABSTRACT

10. CONTROL NUMBER PN-AAC-258	11. PRICE OF DOCUMENT
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12. DESCRIPTORS Latin America Supplying	13. PROJECT NUMBER
	14. CONTRACT NUMBER CSD-786 Res.
	15. TYPE OF DOCUMENT

CSD-786 Per
PN-AAC-258
10/15/67
October 15, 1967

Progress Report
On Research Contract No. AID/csd-786
With Michigan State University

Title: A Comparative Study of Food Marketing Systems in
Latin American Countries

I. Introduction

This is the fifth biennial progress report on this project which began on April, 1965 and is scheduled for termination on February, 1968. The first phase of the study was conducted in Puerto Rico between June, 1965 and June, 1966 with the analysis and report writing extending into 1967. Field work was initiated in November, 1966 in Recife, Brazil upon the second phase of the project. As previously reported in the April 15, 1967 Progress Report, delay in initiating field work in the second phase of this project was occasioned by the sudden change in governments in June, 1966 of Argentina. This made it necessary to shift operations from Argentina to Northeast Brazil.

In the Brazilian phase of the study we have merged the activities of two U.S.A.I.D. contracts into one field operation - csd 786 and la 364, the Latin American Marketing Planning Center. This has made it possible to broaden the scope of work to include other dimensions of national market development and to make provisions for activities to implement the results and recommendations derived from research.

II. Major Activities and Accomplishments

The report of April 15th summarized in considerable detail work to that date and described some of the difficulties in the securing of additional support from the Brazilian government necessary to complete the assignment that had been expanded at the request of the Brazilian government and the U.S.A.I.D. Mission in Northeast Brazil.

Work has proceeded on the second phase and activities have continued to complete the analysis of the

first phase of our work, e.g. the study of the role of food marketing in the development of San Juan, Puerto Rico.

A. Phase I - Puerto Rico

John R. Wish has completed his doctoral dissertation, "Food Retailing and Economic Development: Puerto Rico, 1950-1965". This work was completed during the period when Wish was Chief of Party for the Michigan State University research and advisory contract (1a-364) with the Latin American Bureau in La Paz, Bolivia.

John Griggs, after conferring with Dr. Edward Holland and others of U.S.A.I.D. has modified and expanded his doctoral thesis which is now well on the way to completion. He has also visited Recife, Brazil and assisted in the planning of the mathematical model for analysis of the market processes of Recife, Brazil being prepared by Thomas Webb.

The report draft is now well under way and will be released along with the Recife report upon completion of both phases of the project. This publication schedule will foster coordination and make easier comparisons between the two phases of the study.

B. Phase II - Northeast Brazil

COITAP funds in the amount of \$80,000 have been promised from the first of the year and staffing plans were based upon the arrival of these funds to supplement monies available from Washington through both the csd-786 and 1a-364 contracts. No funds were made available until August, 1967. However, our research team proceeded to hire interviewers, for the most part these were students at the Federal University of Economic Sciences. Technicians were released to work on the assignment from SUDENE even though many received no compensation for several months during the period when the delay in release of the COITAP funds occurred. We're happy to state that the team stayed roughly on schedule during the period through August, 1967 even though they were short \$30,000 during much of this time. The shortage of funds however was not without its cost. A number of very capable young people who had worked with the assignment either as interviewers or as research

assistants left the project prior to the time when it would have been most advantageous. Some of the technicians from the SUDENE organization also were transferred at times which proved awkward to the continuation of the research.

Approximately 2,500 interviews have been completed. These interviews took from an hour to two hours to complete and involved from three to five hundred individual machine tabulated questionnaire items. The sample selection procedure followed was relatively rigorous for research of this type, particularly when considering the field conditions of investigation. Sample designs were carefully drawn and procedures were instituted to insure that interviewing was in fact conducted according to plan. Following is a list of the schedules completed during the last six months:

<u>Projectable Sample</u>		<u>Sample Size</u>
1.	Consumers	354
2.	Retailers	
	Feiras	210
	Public markets	100
	Fixed Feiras	78
	Small	450
	Large	<u>75</u>
		913
3.	Wholesalers	
	Large and Small	150
4.	Non Food Retailers in Feiras and Public Markets	100
5.	Assemblers and Processors for the following commodities	
	Rice	
	Beans	
	Manioc	
	Cotton	
	Milk	
		150
6.	Farmers for the following commodities	
	Rice	
	Beans	
	Manioc	
	Cotton	
	Milk	
		800

	Sample Size
7. Special Study on Farm Inputs for dealers of Insecticides Fertilizers Tractors Farm Implements, etc.	30
8. Other Special Studies	
A. Market Basket Price Studies. (Study of repre- sentative Market Basket Prices in various retail outlets)	100
B. Special Study of Feira Prices for 30 commodities bi-weekly for 18 months.	
C. Non-structured depth interviews in various retail outlets from very small to large	50-75
9. Industrial Depth Interviews Series of 3 or 4 depth inter- views of 2 to 3 hours each in over 30 firms covering Food Processing, Agricultural Im- plements, and Small Consumer Goods.	

The entire 2,500 interviews have been completely edited, coded and transferred to IBM cards in Recife. Working with the IBM organization in Recife, Brazil the data from the cards were transferred to magnetic tapes, preliminary analysis was conducted on the 1401 IBM Computer available in Recife and the magnetic tapes were transferred to Michigan State University's Computer Center. At the Computer Center analysis has been conducted. The frequency distributions and basic statistics from each of the individual surveys has at this stage been completed. We are now completing index construction and further analysis of a bi-variate nature for significance as well as relationship are being conducted on appropriate sections of the data.

We are now in the process of preparing a preliminary report for delivery in December, 1967 in Recife which will summarize both the findings and preliminary recommendations of the research

study. Professors Riley, Taylor and Slater will work with the team in Recife this next month to assist in final preparation of the report.

Change in Brazilian government this past year has been accompanied by a change in many of the regulations governing the conduct of business and the utilization of government guarantees and loan funds for industrial development. As a result the study initiated to examine the legal framework for reforms has largely been made obsolete. This remains one important area where further research should be conducted to provide guidance on the precedent conditions that should be suggested in connection with capital development programs to foster regional market integration.

III. Plans for the Final Period (October 15, 1967 - February 28, 1968)

- A. Delivery of the preliminary report, including data and recommendations for implementation, is scheduled for early December, 1967. This report will be presented to the NEAA-USAID Mission and SUDENE.
- B. Our U.S.U. staff at Recife will return to campus upon presentation of the preliminary report. Here they will assist in preparing the required final report which is due to AID/" sixty days after completion of the term of this contract. Also, they will complete their dissertations. SUDENE counterparts, it is assumed, will resume duties with that agency.
- C. Additional funds amounting to 115,000.00 have been requested from AID/" by this project. In view of the expanded field survey, together with the mentioned time delays, the present committee funds appear inadequate. Unless the request is granted for additional funds our project may well be forced to over expend its budget.