

A Study on the Role of Market Opener played in the Formation of Regional Differences in Calf Price

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子牛価格の地域格差形成における
市場開設者の役割に関する研究

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The structure of Japanese calf market is very intricate, and possesses a striking regional character. This paper treats of the regional differences among the market prices of Japanese black calf, and of the role which livestock market openers play in the formation of those differences.

The first consideration will be given to the differences in calf price which are made among regions in the three typical producing districts, Chūgoku-Kinki, Kyūshū and Tōhoku, the next to the development of market openers in each region and their types, and the third to the influences which market openers exert upon the formation of regional differences in the price.

I Analytical research on the actual condition of regional differences of calf price

1. Differences by producing districts

Table 1 shows the average prices in the main producing districts and prefectures: Kinki-Chūgoku, Kyūshū and Tōhoku. In the general average, Kinki ranking first is ¥3,589 higher than the second ranking Chūgoku, but the latter is only ¥1,477 higher than the third ranking Kyūshū. Tōhoku is remarkably lower than any other districts. In the price of female calf, Kinki is the highest, about ¥4,400 higher than Chūgoku and almost ¥7,000 higher than Kyūshū. Such a great disparity in female calf among districts is supposed to be chiefly due to the difference in quality. The reason why the regional difference in the price of male calf is comparatively small can not be attributed to quality, but to the increasing demand and the underproduction of it.

Generally speaking, it is pointed out that the price is lower in Tōhoku district (except Fukushima prefecture), where calf is inferior in quality and moreover, the rationalization of the market structure is at a low level, and that there is, on an average, little disparity between Chūgoku and Kyūshū. The reason why the average price in Kyūshū is higher is, it must be noted, due to the fact that calf price is especially high in the two prefectures, Kagoshima and Miyazaki, in that district. In the other prefectures there, the price is lower than that of Chūgoku district.

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Table 1. Calf Price in Major Producing Districts
(June, 1964 to May, 1965)
(Average Price)
(Unit: yen)

	Female	Male	Average
Kyōto	41,808	39,822	40,816
Hyōgo	50,141	42,144	46,108
Kinki	45,975	40,983	43,462
Tottori	41,108	36,019	38,542
Shimane	42,355	41,187	41,731
Okayama	42,192	35,899	38,908
Hiroshima	40,333	38,818	39,580
Yamaguchi	39,800	41,127	40,606
Chūgoku	41,497	37,981	39,873
Kumamoto	46,014	43,228	44,662
Ōita	37,189	35,822	36,497
Miyazaki	37,920	40,046	38,945
Kagoshima	43,527	42,520	42,991
Kyūshū	38,900	38,027	38,396
Fukushima	40,166	36,083	38,495
Akita	32,100	31,800	31,989
Tōhoku	32,768	30,179	31,704
Gifu	48,579	42,614	44,812
Average	38,971	36,716	37,858

Source: *An Outline of Livestock Market Investigation*, by the Ministry of Agriculture and Forestry (1965).

Table 2. Calf price in Hyōgo Prefecture
(1967)
(Unit: yen)

	Average	Female (1962)
Tajima	137,255	61,400
Tanba	108,441	41,000
Settu	96,863	—
Awaji	121,005	45,930
Higashi Harima	100,792	—
Nishi Harima	99,664	37,630
Average	121,339	

Source: Hyōgo Prefecture.

Table 3. Calf Price in Tottori Prefecture
(Average)
(Unit: yen)

	Price (Index) (1962)	Price (Index) (1965)
Tottori Iwami	36,948(94.10)	69,620(98.57)
Yazu	37,713(96.05)	67,605(95.98)
Tōhaku Kura-yoshi	41,972(106.90)	70,096(99.52)
Yonago Saihaku	42,113(107.26)	71,717(101.82)
Hino	37,571(95.69)	70,838(100.58)
Average	41,341(100.00)	70,433(100.00)

Source: Tottori Prefecture.

2. Differences by the main producing prefectures

A few comments must be made on these differences. See Table 1. In the ranking in the average price, Hyōgo comes first, Gifu second, Kumamoto third, Kagoshima fourth and Shimane fifth. It can be said that the calf prices in the newly-developed producing prefectures, Fukushima, Gifu and Miyazaki, etc, are at the same level as, or higher than, that of each of the senior prefectures except Hyōgo.

In reference of Table 1, special regard must also be paid to the fact that the rate of middle margin on sale and the method of collecting it vary regionally accordingly to market openers. At present, in Kinki-Chūgoku, and parts of Kyūshū and Tōhoku, a seller (producer) is charged 4-5% of the dealing price as a commission, thus the money received by him being so much reduced. In the other parts of Kyūshū and Tōhoku, they collect a commission from both buyer and seller, the rate being 2-3% from each.

The result is that the buyer, livestock dealer, must pay a commission in addition to the market price. However, as a market opener does not like to force the buyer to pay the commission, there are not a few occasions when the buyer puts off payment or makes no payment at all. The last case is often seen in the region where the marketing structure has not yet been improved.

3. Differences by producing areas within a prefecture

The prices of calves are observed to be also different among producing counties (*gun*) or cities in the same prefecture. This fact can be attributable to the differences in quality or the variety of persons to whom a calf is sold, and in some areas, to the differences in the marketing practices or in the levels at which the market systems have been rationalized and modernized.

(1) Kinki-Chūgoku District

First, there are considerable differences among the producing areas in Hyōgo Prefecture, as seen in Table 2. The price is very high in the four counties of Tajima Area. In 1967, compared with 1962, the order in price remained unchanged, Tajima Area ranking first, Awaji Island second and Tanba Area third. The price is the highest in Mikata and Kinosaki counties in Tajima and the lowest in Nishiharima Area. Such a remarkable contrast in price is due to the difference in quality and to the presence of a number of minor, independent market openers (*gunchikuren*)¹.

Next, the situation in Tottori Prefecture in Chūgoku District is shown in Table 3. The range of calf price is narrow among the counties and cities in Tottori Prefecture. In 1965, the highest 101.82 in index number in Yonago-Saihaku Area and the lowest 95.98 in Yazu Area. In the light of the fact that in 1954 the highest had been 111.23 in Yonago-Saihaku and the lowest 85.46 in Tottori-Iwami, it must be pointed out that the differences among counties and cities have got smaller and smaller in the prefecture.

In Tottori Prefecture, the prefectural authorities, moreover, have tried to consolidate market openers. In December, 1964, *gunchikurens* were liquidated and annexed to *kenkeizairen*². Along with these, the recent decreasing tendency in differences in calf quality among counties and cities have spurred the regional differences of price to become smaller.

(2) Kyūshū District

Ōita Prefecture has produced Japanese cattle for a long time. The transaction has been carried on through *gunchikukyō*³ and *gunchikuren*, which have been neither consolidated nor modernized yet. In 1962, the highest of the average price was 115.7 in Kuma County and the lowest 62.5 in Hida County, the range being wide. In this prefecture calf is, on an average, inferior in quality to that of Chūgoku District. Moreover, an unfair dealing outside the market has often been seen. It can be said that the marketing structure there has, to that extent, been not yet improved.

4. Differences by market openers

The patterns of market openers are classified into three: *kenkeizairen*, *gunchikuren* and *gunchikukyō*. See Table 4.

1. *Gunchikuren* : County federation of livestock agricultural coops.

2. *Kenkeizairen* : Prefectural federation of economic agricultural coops.

3. *Gunchikukyō* : County livestock agricultural coop.

Table 4. Number of Market Openers in Major Producing Districts

		<i>Kenkeizairen</i>	<i>Gunchikuren</i>	<i>Gunchikukyō</i>	<i>SōgōNōkyō</i>	<i>Kenchikuren</i>
Tōhoku	1962	2	8	60	4	0
	1967	2	11	42	6	1
Chūgoku Kinki	1962	1	63	3	1	3
	1967	4	50	0	5	1
Kyūshū	1962	1	40	26	3	1
	1967	2	35	24	4	1

Source : Ministry of Agriculture and Forestry.

First, in Tottori Prefecture where the markets are opened by *kenkeizairen*, the difference between the highest and lowest prices was, in 1962, 13.20 in index number (¥5,116), and in 1965, 5.84 (¥4,312). The difference was comparatively small.

Next, in Hyōgo Prefecture and Shimane Prefecture, where markets are opened by *gunchikuren*, the difference in 1962 was 44.6 (¥24,370) in the former and 26.8 (¥9,718) in the latter. In 1965 Hyōgo had the difference of 30.98 (¥37,591) and Shimane 8.4 (¥7,816). This shows that the difference was still great in the former, but a considerable decrease in the difference was seen in the latter.

Thirdly, in Ōita and Akita Prefectures, the differences between counties in 1962 were all large, 53.30 (¥14,951) in Ōita, 28.91 (¥8,397) in Akita.

To sum up, it is in the area where markets are opened by *gunchikuren* and *gunchikukyō* that the regional differences in price between counties are comparatively greater. The causal factors of such a regional difference are numerous and complicated, but the most important factor is the market opener himself that performs the function of regulating the other factors.

II The development of the market opener and its regional characteristics

A livestock market opener sells cattle on consignment and at the same time gives farmers a technical guidance in cattle breeding and raising. Therefore, he plays a very important role in the cattle marketing and the modernization of producing organizations. Who is the opener is, it can be said, a matter of great consequence for the promotion of rational marketing.

In the first half of the Meiji period, most markets were conducted by livestock dealers. But since the 33rd year of Meiji (1900) the government has encouraged an association of livestock breeder to open its market. Now, after the end of the war, agricultural cooperative associations are predominant as market opener in our country.

The existing market openers are classified into three types : special purpose agricultural cooperatives (*gunchikuren* and *gunchikukyō*), general purpose agricultural cooperatives (*kenkeizairen* and individual coops) and livestock dealers. And as the market modernization goes on, there seems to be a tendency that the old fashioned opener, *gunchikukyō*, develops first into a *gunchikuren*, and then into a *kenkeizairen*. In some regions, of course, two or three types of the above mentioned may exist together concurrently.

The phenomenon varies according to the degree to which the marketing structure has passed through the rationalization in that region.

In such producing districts as Kinki-Chūgoku, Kyūshū and Tōhoku, most of the markets are conducted by organizations under control of agricultural cooperatives. According to the Agricultural Cooperative Association Law enacted in 1947, a number of individual livestock agricultural coops of county area (*gunchikukyō*) and federation of agricultural livestock coops of county area (*gunchikuren*) were established in 1948 to 1949. The number of *gunchikukyōs* established was large, but owing to the fall in cattle price about 1949, they suffered a loss and came to a slump in business. So, in many regions, they were reorganized into *gunchikuren*, the members of which were individual agricultural coops. Most of the *gunchikurens* in Chūgoku District have passed through a similar process of development.

At present, the markets are still under the management of *gunchikukyō* in Akita and Miyagi prefectures in Tōhoku District, and in Kumamoto and Ōita prefectures in Kyūshū District. But in those prefectures, it must be noted that livestock dealers have a great influence upon the cattle transaction and the management of market openers, with the result of no remarkable development being attained in the marketing structure.

In short, time-series analysis shows that *gunchikukyō* and *gunchikuren* have a declining tendency, especially that the former decreased in number from 287 in 1954 to 97 in 1966. The writer's investigation reveals as shown in Table 4 that *kenkeizairen* and individual agricultural coops (*sōgō nōkyō*) have remarkably increased in number in Chūgoku-Kinki and Kyūshū districts. Naturally *gunchikukyōs* have decreased, though *gunchikurens* into which *gunchikukyōs* were reorganized have increased in some regions.

To sum up the recent development of livestock market openers, its general tendency is expressed in these words: *kenkeizairen* or general purpose agricultural coops have advanced, while special purpose agricultural coops declined. At present, cattle producing districts are divided into the following four types:

(1) Districts where *gunchikukyōs* which were established from 1948 to 1949 continue to be the leading openers:

Kumamoto Prefecture in Kyūshū; Akita Prefecture in Tōhoku.

(2) Districts where *gunchikurens* which were established from 1948 to 1949 continue to be the openers:

Hyōgo, Shimane and Hiroshima Prefectures in Kinki-Chūgoku; Miyazaki and Kagoshima Prefectures in Kyūshū.

(3) Districts where many of *gunchikurens* in a prefecture were disorganized and annexed to *kenkeizairen* and one organization resulted:

Okayama, Tottori and Yamaguchi Prefectures in Chūgoku.

(4) Districts where two openers, *gunchikuren* and *gunchikukyō*, coexist:

Fukushima Prefecture in Tōhoku; Ōita Prefecture in Kyūshū.

It must be noted that in major producing Prefectures in Chūgoku-Kinki, like Hiroshima, Shimane and Hyōgo, there are many *gunchikurens* already reorganized, though not yet annexed to *kenkeizairen*, while a number of old fashioned *gunchikukyōs* still exist in backward prefectures in Tōhoku or Kyūshū districts.

III Conclusion

The writer stated in the preceding chapters that there are differences in the price of calf among its producing areas and that livestock market openers are composed of three types and their distribution in our country is marked by regional characters. The crux of problem is how those characters observed in the distribution of the three types are related to the formation of regional differences in calf price—that is to say,

what role the openers play in the determination of calf price in their respective regions.

The factors of the regional differences in price have four aspects :

1. aspect of market structure (transaction systems) ; 2. aspect of commodity (quality of calf) ; 3. aspect of demand (measures for promoting demand) ; 4. aspect of supply (control of the number of heads brought to market).

First, what is expected of market openers to do in the aspect of market structure is to modernize the market constitution, namely, to rationalize transaction systems, to improve marketing methods, etc. To be concrete, this means openers' efforts to consolidate markets and adjust the number of market openings so that they may get out of dealers' control. These efforts, of course, affect the regional differences in price. In Kyūshū and part of Tōhoku, where there are many *gunchikukyōs*, livestock dealers control both the market management and the price formation. The price at auction there is low for good quality of calf. In districts like Kinki or part of Chūgoku, where markets are opened by *kenkeizairen*, there is no room for shady transaction through livestock dealers. The market management is, considerably, rationalized, and the range of calf price is narrow among counties.

Secondly, in the aspect of commodity, market openers are expected to give a technical guidance to producers and to induce them to have their cattle registered. In the case of *gunchikurens* in Chūgoku-Kinki District, these efforts of openers are highly valued, with the result of good high-priced calves being produced. However, they tend to make cattle more indigenous to a particular region and increase the disparity in price among counties. In the case of *kenkeizairen*, on the other hand, balanced and systematic guidance is given for breeding and improving techniques all over the prefectures, so that the differences among counties are not so great.

Thirdly, market openers, in the aspect of demand, have to extend the market and make propaganda for cattle marketing. This business is most rationally done if the opener is *kenkeizairen*. An enlarged market raises the price.

Fourthly, what openers can do in the aspect of supply is to control the number of livestock brought to market. Producers are bound to sell their calves at the appointed market according to the practice. Therefore, the yearly number of heads supplied to a particular market is almost invariable, and hard to increase or decrease at the opener's convenience. This means that all the opener can do toward control of livestock marketing is to increase or decrease the number of heads to be put on sale as occasion calls. In a backward district like Tōhoku or part of Kyūshū where markets are opened by *gunchikukyōs*, calves are often sold in a direct transaction between producer and dealer before they are carried to market. In this case, the number of marketed cattle decrease and accordingly the price falls.

In conclusion it must be added that among the factors creating the regional differences in calf price, the following are under direct control of a market opener : improvement of market organizations ; regulations on marketing ; adjustment of heads to be put on sale, All of these strongly affect the formation of regional differences.

摘 要

和牛の生産地の家畜市場で成立する子牛せり価格には地域格差がある。一般に、中国・近畿と九州の一部では、価格は高く、また東北地方では安い。先進地でも、兵庫・鳥根・広島等の諸県では高く、また、その県内の郡市間の格差はかなりある。

次に開設者の組織形態は、兵庫・鳥根・広島県では郡

畜連である。農協系統の流通対策の進んでいる岡山・鳥取県では県経済連である。流通構造の比較的おかれている秋田・宮城・熊本県では郡畜協である。最近の流通近代化とともに、郡畜協は著減し、郡畜連は徐徐に改組され、しだいに、県経済連が増加しつつある。

市場開設者の役割は、価格の地域格差形成の要因を規制する点にあるといえる。