

Reading Passage (240 words): Problems in African Wholesale Markets and Arguments against Modernization

Like many other areas of the world, Africa wants to modernize its economies, but there are several arguments against the promotion of wholesale marketing systems in Africa.

Wholesale marketing systems entail higher transport costs for retailers. Many wholesale markets are located along traditional trading routes for particular produce that are unconnected to new road and rail networks, which developed with the demands of the growing city in mind. In some cases the markets are located some distance from river, sea or airport facilities that play a crucial role in the supply and distribution of food to the city. Because of the lack of infrastructure, it can be quite expensive for retailers to transport goods to the wholesalers.

From a static viewpoint, efficient wholesale markets that reduce transaction costs and increase labor productivity can lead to a decrease in the size of the workforce engaged in food supply and distribution. As the market in Africa becomes more efficient, perhaps by solving some of the technical and infrastructure problems that it has, it will need fewer employees to distribute the foods and goods in the various regions, which in turn can cause unemployment to increase.

Finally, there is the under-utilization of wholesale markets by traders. New or improved market infrastructure and available facilities may not be sufficient to attract well-established wholesalers. The saying, "If you build it, they will come.", may not necessarily apply to the wholesalers and retailers who may not want to come to visit the new markets.

Writing Prompt: Summarize the main points of the lecture showing how they oppose the main points in the reading passage.

Lecture (346 words): African Wholesale Markets and Arguments for Modernization

Indeed, modernizing African wholesale markets may be difficult, but I think it may be more possible than what the author in the reading passage suggests.

It can, however, be argued that a wholesale market can in fact reduce overall transport costs incurred in the distribution of food if its location is carefully selected to reduce the need for retailers to buy stocks from several wholesalers scattered throughout the city. The system can further be supported by an intra-city transport system that ensures a regular flow of suitable haulage vehicles between wholesale and retail markets. This has been done in Abidjan where the municipal authorities have set up a system with several vans (marked "market supplies") that specialize in transporting goods between markets.

Any job losses associated with the modernization of wholesale markets, however, can be fully or partially offset as a result of increased volume of trade and lower transaction costs due to enhanced competition that encourages rising farm-gate prices and reduced retail prices. Any increase in productivity in an economy creates unemployment if demand for goods remains constant. The essential feature of economic development lies precisely in gains in productivity leading to higher earnings and an increase in demand for goods and services. It is in this context that it is argued that wholesale markets can indeed contribute to economic growth and job creation.

Although new or improved market infrastructure and available facilities may not be sufficient to attract well-established wholesalers, further inducements in the form of tax and credit concessions may be required. When major wholesalers have been persuaded to invest in the new market (for example in building warehouses, offices, etc.), their participation and that of others will be ensured. It is vital, however, that local government authorities do not use wholesale marketing systems as channels for levying taxes on produce traders. To encourage patronage, it may be preferable to simply reorganize wholesale activities at existing sites, but if relocation does prove necessary the potential new sites should be as near to the existing location of wholesalers as possible.