

III. THE HISTORY OF FARM BARGAINING

Farm bargaining, as it is practiced today, achieved its major growth following World War II. However, efforts were made by producers starting as early as 1867, when The Fruit Growers Union was formed in Hammonton, N.J. In 1887, the Milk Shipper's Union of the Northwest was formed to serve dairy farmers in the Chicago market. One organization, the Milk Shippers' Association, was declared illegal under the Illinois Antitrust Law in 1895. A Milk Bargaining Association was organized in Virginia in 1916. Many of the early efforts at bargaining were involved with securing information and improving market conditions for dairy farmers. There were difficulties in obtaining the loyal support of enough producers for effective bargaining. Many milk producers who had enjoyed a continuing relationship with handlers for years feared that active participation in a bargaining association might result in their losing their market, particularly during the flush milk production season. Even efforts to own and operate manufacturing plants for distress milk failed due to a lack of support.

The 1920's

The 1920's marked a period of growth for agricultural cooperatives. With the passage of the Capper-Volstead Act, some of the fears over antitrust action against marketing cooperatives were set aside. During the early part of 1920, Aaron Sapiro, described as the cooperative evangelist of his day, began his crusade to gain effective bargaining power for American farmers by encouraging the formation of centralized commodity marketing organizations. These were in the form of

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pools with 'ironclad' membership contracts to gain control over supply and thus monopolistic power. Sapiro advocated strong business organizations which could control and merchandise agricultural crops. Sapiro helped to establish the wheat pool movement in Canada and organized over 66 associations in the United States. Rapid growth of commodity associations was spearheaded by Sapiro's efforts, but in a few years most of them were dissolved. It is interesting to note the reasons behind the failure of this popular movement. The lack of skilled management was one of the major reasons. Sapiro tended to underestimate the complexities of administering large-scale cooperatives and oversimplified the job of marketing regional supplies of an agricultural product. The problems with membership and placing too much confidence in the contract as a guarantee of grower loyalty doomed the effort to failure. However, some of Sapiro's concepts make good reading even in today's environment:

Price value is determined not by supply and demand but by supply where, and supply when, and the men who can control the flow of a commodity so that it moves into the markets of the world in given quantities at such a time and such a place, these men determine the price value of any commodity under the sun.²

Sapiro's views concerning overproduction are also applicable to today's situation:

Every merchant in the world has learned the fact that it is not what is produced that makes the selling value. It is what is moved into the markets where he can get it and under conditions fixed by him; in short, that it is not the supply that fixes the price. it is the control of the movement of the article.'

The early 1920's marked the beginning of the first bargaining associations in canning crops. The California Canning Peach Growers were organized in 1921 and conducted their first marketing efforts for the 1922 crop. Seven hundred and sixty peach growers agreed to market their crops cooperatively and opened offices in San Francisco. Low prices, unfair grade standards, and delay in payments for fruit were the principal reasons behind the growers' decision to organize. The fruit-canning industry was expanding rapidly after the war. Pricing the crop fairly was a problem for growers. Cannerymen in California used open-price contracts to purchase their supplies. Contracts were both seasonal and for a term of years. The practice was to delay fixing the price on the

²Knapp, Joseph G., *Farmers In Business* (Studies in Cooperative Enterprise), American Institute of Cooperation, Washington, D.C. 1963, pages 292-293.

³Knapp, Joseph G., *Farmers In Business* (Studies in Cooperative Enterprise), American Institute of Cooperation, Washington, D.C. 1963, page 293.

contract until the pack had been completed and a market firmly established for the canned goods. This often meant a delay of many months before growers were paid. Some canning companies were in a weak financial condition and growers often found themselves with no payment for the crop at all.

The first years were difficult years for the peach growers, but their membership continued to grow, reaching 1,612 members in 1930. This was despite prices that varied from \$20 per ton to \$80. Alternate years of high and low production resulted in price-depressing surpluses of canned peaches that influenced the bargaining process. In 1933, the industry operated under a Federal Agreement and License signed by Secretary of Agriculture Henry A. Wallace. The canning industry proposed a "Code of Fair Competition," and an ill-fated canner allocation program was put into effect. The Association had also gone into the business of processing its members' fruit. The combination of low prices, poor returns, and an unworkable marketing agreement brought dissension and led to a reorganization of the Association under the name of the California Canning Peach Association. Many of the problems in the industry during the twenties came about as a result of distress selling by some of the canners who were in a weak financial condition.

In Utah, the State Farm Bureau named a committee of vegetable growers to meet with the State's vegetable canners to discuss prices and terms of trade. Canners were not receptive to the idea. The informal approach had negative results, and following the passage of the Capper-Volstead Act and similar legislation in the State of Utah, a formal association was established. The first one was in the Cache Valley of Utah when the Cache Valley Pea Growers Association was formed. The first formal negotiations took place in the spring of 1924. Later, the Association was broadened to include growers in Idaho and the Utah-Idaho Canning Crops Association became a unit of the Utah State Canning Crops Association.

Many attempts were made to organize producers to bargain with handlers and processors during the twenties and the thirties. Those that succeeded were fortunate in having dedicated leaders who devoted a great deal of time to the idea that farmers had a right to organize and deal with their customers on a collective basis. Those that failed either lacked good leadership or were unable to attract the type of skilled management that such an organization required. When growers were desperate, they would embrace the idea of collective action, but when

things got a little better, they tended to lose interest and find fault with the operation of the association.

The 1920's were a period of experimentation in the entire cooperative movement. There was substantial growth in cooperative enterprise. Operating cooperatives engaged in marketing, purchasing, and supply were organized and continued to grow. The legislative climate for growth was good. By 1930, 12,000 marketing and purchasing cooperatives had been organized and over 3.1 million members enrolled.

During the depression years of the thirties, the number of cooperatives decreased, but the membership increased. Many of the cooperatives became federated. Beet sugar growers organized bargaining associations in the 1930's. All during the 1920's and the 1930's, dairy farmers continued to participate in bargaining organizations. Many of the bargaining associations in the dairy business later became operating cooperatives.

There was little new activity in bargaining during the war years of the 1940's. Those associations that had weathered the formative years of the 1920's and the depression found themselves fairly well established by the early 1950's. Organized bargaining and price negotiation activity at that time was fairly well confined to dairy, sugarbeets, cling peaches in California, and vegetables in Utah and Idaho.

After World War II

The postwar period saw dramatic changes taking place in the food industry. During the war, with no restraints on production, assured markets, and firm prices, production had soared and profit margins were satisfactory. When the war demands ended, and the domestic pipelines were filled, a period of uncertainty dominated the food industry. Prewar export markets were not easily restored and many painful adjustments were taking place. Farmers were replacing equipment and modernizing their operations. Food processors were doing the same, and the productive capacity of producers for many commodities soon exceeded the domestic demand. During the war, and immediately after, many food-processing companies were merged and combined as the benefits of large volume operations became apparent. Profit margins were based on maintenance of volume, and competition between food manufacturers was often based on the need to maintain large volume operations.

Food distribution in the United States was also undergoing a dramatic change. During the 1950's and early 1960's, food retailers

were merging at an unprecedented rate. Regional chains became affiliated with national chains. Wholesale grocery companies were merging or going out of business. Regional brand names known to consumers for a generation were closed out and replaced with national brands and private-label brands owned by the chain stores. Many of the independent retailers became members of cooperative buying organizations. In a relatively few years, the retail food business became a large volume operation. Profits were dependent on volume, and the pressure to expand through merger and acquisition became an established trend. The Federal Trade Commission received many complaints that, in the evolution of food distribution, tendencies had developed to concentration of economic power, to collusive price action, and to unfair competitive methods. Several Commission studies, undertaken in response, revealed that there had been a significant increase in concentration in the purchase of grocery products, and an accelerated pace of merger activity among food processors. Farmers who analyzed the FTC Study, *Economic Inquiry into Food Marketing*, were suddenly made aware of the fact that as individual farmers they could no longer match the strength and power of the buyers of their production.

The mergers and acquisitions in the retail field had an important impact on the processors and handlers of agricultural commodities. The smaller independent processors and handlers soon found themselves with fewer and larger customers. It was not unusual for independent food processors to find that some of their largest accounts had been absorbed or merged with another retailer or wholesaler. Frequently, the new organization dropped the independent as a supplier. The loss of a major customer often threatened the very existence of the company, which needed volume to be able to remain competitive. In addition, the independent processor-handlers were often faced with the loss of their own brand business. The larger retailers, having to make a choice of the number of brands they would carry, dropped some of the brands that had been acquired in the merger and stocked their shelves with one or two nationally advertised brands, a house brand, and perhaps one other.

There were a few large acquisitions in the canning business during the early 1950's, but the pace stepped up considerably in the following years as more of the independents became available for purchase. A Federal Trade Commission inquiry reported:

'*Economic Inquiry Into Food Marketing*, Federal Trade Commission, Part 3, June 1965.

During the period 1960 through 1963, 42 firms covered by this report were acquired. Many of the acquisitions involved large canners. Almost 20 percent of the 39 firms with 1959 canning sales in excess of \$10 million each were acquired during 1960-63. Twenty-seven of the 42 acquisitions made during this period were made by 23 canners; nearly one-half (11) of these 23 canners were firms with canning sales in excess of \$10 million in 1959. Twenty of the 27 acquisitions of canners by canning firms were horizontal in nature the remaining 15 (of 42) acquisitions in the period 1960 to 1963 were made by noncanning firms, increasing the number of diversified firms in the canned fruit and vegetable industry. As a result of recent acquisitions, such large and diversified firms as Reynolds Tobacco, Nestle, R.T. French and Coca Cola became fruit and vegetable processors. Three large dairy firms, Pet Milk Co. ., Carnation Co., and Borden Co. acquired large canning firms between 1960 and 1963. (By the end of 1963 the five largest dairy firms also ranked among the 20 largest canners of fruits and vegetables.) pp. 12 and 13.

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Dairy producers found themselves in a similar situation. Before the war, fluid milk was distributed to consumers in large part by home deliveries. Major markets were controlled by bottling firms who purchased milk from country suppliers and local cooperatives. With the merger activity among the retailers, there began a trend toward backward integration by the chainstores. Suddenly independent bottlers and distributors found themselves faced with the loss of an important customer in a local market. In addition, the new bottling plants were modern and efficient and often situated in better locations. The loss of volume and the need to modernize placed a great strain on the remaining bottlers who attempted to remain in business by seeking lower prices for milk. This served to stimulate the need for price bargaining by the producers. At the same time, many of the smaller co-ops, finding their markets threatened and prices depressed by events, were also faced with the need to modernize. Better storage facilities and bulk handling operations served to stimulate drastic changes for the dairy co-ops.

Many dairy farmers were not satisfied with their returns. A new national organization, The National Farmers Organization (NFO), appealed to many of the producers who saw the need for making the changes dictated by the change in the market structure. Actually, many things came together for the dairy farmer at this time. There was an increase in the use of Federal milk marketing orders. The declining milk prices during the mid- 1950's had created a wave of producer unrest. The introduction of farm tanks for bulk milk assembly launched a whole new marketing system. Milk could be transported long distances. For years the associations had struggled with ways of gaining control of

their milk supplies to strengthen their bargaining position. The new system, if organized on a regional basis, offered this control, along with considerable flexibility in moving milk directly from the farms to the various market outlets. Producers were anxious to obtain some of the cost savings that plants gained by shifting from can to bulk milk assembly. A move toward federated organizations to obtain a premium for the market's tank-assembled milk began.

The low prices during the 1960's, combined with the increased inter-market shipments of milk, led to the formation of two large regional bargaining federations. These organizations were successful in obtaining over-order prices in most fluid milk markets in the central part of the Nation. Today's dairy bargaining associations provide a unique and valuable service to producers, distributors, and the general public. Producers are assured of a home for their production at a reasonable price, distributors can maximize their plant operations by being able to acquire the exact volume of milk of the quality desired and at the time needed, to maintain the efficiency of their plants. The public is served by being able to buy this food at reasonable prices. All of this is a result of a very efficient system of producing, handling, and distributing milk. The flexibility of being able to divert surplus milk to manufacturing outlets at certain times of the year, and from time to time, as a particular market may become overloaded, also adds to the efficiency of the system.

Fruit and Vegetable Bargaining

The 1950's and 1960's also saw a growth in bargaining for other commodities. In 1954, *Farm Journal* carried a series of articles about farm bargaining. The experience of the California Canning Peach Association was described in one of the articles and produced a host of inquiries to the Association from all parts of the country. Secretary of Agriculture Ezra Benson was asked to respond to the inquiries which reflected the keen interest farmers had in farm bargaining. This resulted in the USDA's Farmer Cooperative Service (FCS) being charged with the responsibility of broadening the understanding of cooperative bargaining in agriculture. Joseph Knapp, the administrator of the FCS, held a meeting in Chicago in 1956 which was attended by representatives of bargaining associations from the West and the Midwest and officials from The American Farm Bureau Federation. There it was decided to sponsor annually a series of conferences on fruit and vegetable bargaining. The first conference was held in Chicago just before the annual

meeting of the National Council of Farmer Cooperatives in 1957. Most of the fruit and vegetable bargaining associations then in operation attended the first conference. These included:

From the West:

**The California Canning Peach Association
The California Canning Pear Association
The California Freestone Peach Association
The California Tomato Growers Association
The Oregon Washington Pea Growers Association
The Washington Oregon Canning Pear Association
The Washington Freestone Peach Association
The Utah State Canning Crop Association**

From the Midwest:

**South Cook County Tomato Growers (Ill.)
Great Lakes Cherry Producers Marketing Co-op
Cannery Growers, Inc. (Ohio)
Shiocton Bargaining Co-op (Wis.)**

From the East:

**N.Y. Canning Crop Growers Co-op
Western N.Y. Apple Growers Association**

From Canada:

The Ontario Vegetable Growers Marketing Board

Most of the associations represented at the conference had come into existence after the war. Two of the associations had been in business since the 1920's.

Sugarbeet growers in the United States have been involved in bargaining for terms since the passage of the sugar act in 1934. Their activities have, over the years, had a profound impact on the sugar industry. Beet sugar associations not only bargain with refiners, but provide a full line of services to their members.

National Farmers Organization

In 1955, a meeting of a group of Coming, Iowa, farmers in a local livestock auction barn to protest low prices led to the formation of the National Farmers Organization. NFO started out as a militant and aggressive farm organization. It rapidly established units in the States from Ohio to Idaho. The members signed 3-year contracts which provided that: Until such time as a contract was consummated with the processor for a commodity owned or controlled by the member under the terms of the agreement; or until a marketing procedure was

established for a commodity and ratified in accordance with the terms of the agreement, the members would be free to market their commodities as they chose. Ratification required a two-thirds vote of the members in a marketing area.

The rapid acceptance of NFO by many farmers was an indication of the keen interest that midwestern farmers had in improving their position. The start of the movement also concerned many of the older and well-established farm organizations. Their members wanted similar action. "Why," they would ask, "can't Farm Bureau, for example, do the same thing?" It was also quite evident from the beginning that many of the NFO members were producers who were not satisfied with the activities of existing organizations. When NFO moved into the milk-bargaining field, it served to stimulate action on the part of many dairy cooperatives whose members had signed NFO contracts. A signup involved paying dues, but the procedure for ratification and approval was such that a signup was, in effect a protest without necessarily being a commitment. A 1-year commodity participation agreement was offered to producers that left them free to market their production until such time as they voluntarily completed a supplemental agreement covering their production. Supplemental agreements were then made available to members for several commodities.

The withholding action on livestock in the fall of 1962 attracted much attention and shocked many people both in and out of agriculture. It served to disrupt for a short time the receipts of livestock at major centers. NFO executives described the action as a tactic to get attention, which it did. It was also designed to show the buyers of livestock that NFO had considerable strength and was an organization to be reckoned with. Whether or not the action had the long-term results hoped for, it did bring the movement to the forefront of national attention. A similar tactic was also employed by NFO members' dumping milk. Picket lines around processing plants and blockades were tactics frequently used by NFO to draw attention to its objectives. There were some in NFO who believed the tactics used in holding actions, strikes, milk dumping, and so forth, would cause the buyers to conclude that it would be cheaper to deal with NFO than to fight.

When NFO was organized, its principal purpose was to develop collective bargaining for all of American agriculture. Early appeals pointed out the dwindling political power of agriculture. NFO's operating structure was organized by congressional districts. At the outset, processors and handlers refused even to talk to the NFO repre-

sentatives. NFO believed that bargaining had to be carried out industrywide, and that all of the major commodities had to be worked on at the same time. It was necessary, they pointed out, to bring them into relative balance. Clearly, NFO's objectives were to build an organization representing farmers that would have real economic power. The words "power" and "force" were often used to describe their objectives. Oren Lee Staley in an address before the National Conference of Bargaining Cooperatives had this to say: "When you are talking about bargaining in American agriculture, you are talking about collective bargaining. You're talking about a strong economic force or forces that exist against a counteracting force that is being built to compete with the existing economic force."⁵

One of the strategies used by NFO was to move grain and livestock into new marketing patterns, and away from traditional markets. The theory is that when a large movement takes place, it leaves a vacuum and the existing buyers then compete more vigorously for the remaining supplies. This, NFO believes, moves the general level of prices up.

Despite the dedicated efforts of a good many farmers, NFO has not accomplished what it originally set out to do. It has gained recognition from some of the leading meatpackers, and it sells members' grain to major grain buyers, but the economic power and the successful use of force to deal on an industrywide basis has so far eluded its efforts. More and more, the pattern of conduct is along traditional lines.

One of the early supporters of the NFO movement was the United Automobile Workers, which provided much of the early orientation of the NFO's leaders. Many believe this reflected the lack of knowledge and understanding of the operation of the marketing system for agricultural commodities. Had NFO been successful in achieving its goal of economic power to bargain for the Nation's basic commodities on an industrywide basis it would have indeed become one of the most powerful forces in the United States. Its power over the Nation's food supplies would rival that of the Government.

NFO not only found itself operating in a hostile environment as far as buyers were concerned, but also it grew very rapidly. Trained personnel experienced in the business of marketing commodities were hard to find. The logistics of operating a multi-State bargaining association dealing in a number of crops were complex and demanding. The prob-

⁵12th National Conference of Bargaining Cooperatives, Los Angeles January 7-8, 1968.

lem was to get enough farmers to stand together for a long enough time to accomplish permanent gains.

There had been previous attempts to persuade farmers that if they could comer the market, they could demand a price. The Grange tried it in the 1890's; Aaron Sapiro and his associates tried it in the 1920's; NFO made a similar attempt. NFO is making a valiant effort, but so far it has not developed the power that its organizers had hoped for.

American Farm Bureau

The voting delegates at the 1958 annual meeting of the American Farm Bureau Federation (AFBF) adopted a policy resolution supporting the need for strengthening the bargaining position of producers of certain commodities. As a result, in 1960, AFBF established a marketing affiliate, The American Agricultural Marketing Association (AAMA). This meant that AFBF was going to give major emphasis to the business of bargaining. The commodities getting top attention were to be fruits and vegetables for processing, broilers, and livestock. This was a major move. Those familiar with Farm Bureau operations will appreciate the difficulty of bringing this action program into being. For a good many years, AFBF philosophy consisted of rigid support to the free market and the belief that market power for farmers could best be achieved by the use of the market price system. AFBF often found itself opposing prospective farm legislation, arguing that there should be less government involvement in handling farm surpluses, regulating the market and disposing of food and fiber through domestic and foreign programs. The market system was changing. The relative marketing strength of the American farmer compared to the buyers, processors, and handlers was heavily weighted toward the buyers. The farmer's marketing weakness was being exploited by some buyers. Tomato growers and their associations in Ohio and New Jersey were the victims of unfair and discriminatory practices by processors. Broiler operators in Southern States were frustrated in their efforts to negotiate prices and terms of sale with integrators. There was an inadequate legal base for farm bargaining. The bargaining efforts of the newly formed NFO, a potential competitor for the AFBF, provided a stimulus for action.

This major shift in AFBF policy made some compromises necessary. One of these was that membership in AAMA would be limited to those approved by State farm bureaus and AAMA. This meant that farm bureau bargaining would be fairly well restricted by State boundaries and to farm bureau members. Growers producing commodities in one

State and marketing their production to a company located in another State would have to form a separate organization in that State. This was bound to produce problems for such commodities as tomatoes, apples, and broilers. But, problems aside, it was a major and significant move by the Nation's largest farm organization. (Farm Bureau has since made some adjustments to enable inter-State commodities to deal through a single agency.) With Farm Bureau's backing, national legislation was passed in the form of the Agricultural Fair Practices Act (S-109) in 1967. A number of States then adopted legislation designed to help the producers bargain. The entry of AFBF and the newly formed NFO brought a great deal of attention to the need for, and the interest by, farmers to achieve some type of bargaining power.

AFBF sought advice from established organizations. Their approach was based on the experience of those organizations that had been in the business for a long period of time, and experience gained by Farm Bureau during efforts in the 1920's. It was a different approach than that undertaken by the NFO. Some excerpts from AFBF policy resolutions:

Farmers through their own organizations must develop the capacity to understand the market system and manage their production to gain the highest return from the market. Farm bureau seeks only equity in bargaining-not politically imposed compulsion. Reasonable people should be able to negotiate and come to terms without compulsion- provided there are reasonable rules to be followed. The essential requirement is good faith bargaining on the part of both producers and handlers.

Farm Bureau's new position came as a surprise to many of the Nation's leading food companies. The president of AFBF, Charles Shuman, visited many of the largest food companies to explain Farm Bureau's position and to assure them that this was not some wild idea sponsored by radicals. He explained that Farm Bureau wanted fair and honest treatment and hoped to be accepted by industry as a business partner. He pointed out that processors had much to gain from such a relationship and nothing to lose. His appearance before the National Canners Association met with a cool, almost hostile, reception, but the pleas were in vain. He was told over and over again that the companies would not recognize any association that undertook to come between the processor and its growers. Dr. Kenneth Hood, who headed the AAMA, told the National Conference of Bargaining Cooperatives meeting in Phoenix in January 1972:

When farmers have sought to organize bargaining associations or sought much needed bargaining legislation, they have often encountered fierce, unreasonable, and often high handed opposition from handlers, chambers of commerce. com-

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modity interest organizations in which growers have membership, and even some of our college educators who are more in sympathy with handlers than farmers.

We recognize that farmers have products to sell that handlers need and under many circumstances cordial business-like dealings are possible. In other cases, however, especially where efforts are made to organize growers who have individual contracts with handlers, all hell breaks loose. When this happens, farmers often say, 'Agribusiness be damned.'

Farm Bureau finally found out who its friends weren't.

Hood told the conference that after a number of years of experience they had concluded that bargaining could do three things:

1. Get the full market price based on economic conditions which include supply, demand, carryover, production of competing products, availability of synthetics, business conditions, and other factors.
2. Earn more by supplying products that are worth more to buyers. This involves quality improvement, volume adjustment, time of delivery, production of grades and sizes, and other considerations that make the products worth more to the buyers.
3. Provide special services such as labor procurement, group purchasing of supplies, record keeping, mechanical harvesting, development of full supply premium markets, and the like.

The Michigan Farm Bureau was one of the strongest supporters of the new AFBF program. Michigan had a number of fruit and vegetable processing companies operating in the State. Growers' bargaining efforts had been resisted by the individual companies and their trade associations. Notwithstanding the passage of S-109, the efforts of the Michigan Agricultural Cooperative Marketing Association (**MACMA**-the Michigan Farm Bureau affiliate) met resistance at every turn. Many processors simply refused to recognize or to deal with the grower associations. In those cases where negotiations were carried out, processors saw to it that nonmembers benefited without having to pay any of the costs. MACMA had 10 years of experience in developing effective bargaining in Michigan. During that time, the attitudes of Michigan farmers were changing. They came to understand the problems of bargaining.

Delegates at the Michigan Farm Bureau Annual meeting in November 1971 adopted a statement of policy that placed the organization in full support of a comprehensive agricultural marketing and bargaining act at the State level. The significant part of the new policy was the majority rule concept. The statement said: "Based on the concept of majority rule, associations that demonstrate that they are supported by

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fifty-one percent of the producers with fifty-one percent or more of a commodity grown in a production area should be authorized to represent and to be supported by all producers in the area in the pricing and marketing of the commodity." This action led to the adoption of the Michigan Agricultural Marketing and Bargaining Act (P.A. 344), a new and advanced approach for farm bargaining. The following associations have been accredited under the Michigan State Statute: Michigan Asparagus Growers, Kraut Cabbage Growers, Michigan Potato Growers, Michigan Red Tart Cherry Growers, and Michigan Processing Apple Growers.

The processors, however, have not given up. The Michigan Act is being challenged in the courts. The Michigan Canners and Freezers Association has brought suit against the Agricultural Marketing and Bargaining Board and Michigan Agricultural Cooperative Marketing Association, as have Ore-Ida Foods, Inc., and several others. The case brought by the Michigan Canners and Freezers Association, filed in March 1974, deals with asparagus, and the focal point of the litigation is whether or not P.A. 344 is within the scope of the constitution of the State of Michigan. A final verdict is yet to be rendered.

Broilers and the AAMA

During the late 1950's and early 1960's, many broiler growers found themselves entirely dependent on commercial firms for contracts under which they could raise broilers. Many were attracted to the possibilities that existed for AAMA to support their interest in bargaining for prices and terms of sale. The broiler industry was continuing to go through a series of changes that altered the traditional market system for broilers. There was keen competition between the integrated broiler firms. This competition led to lower payments to producers, who in turn tried to offset the lower unit payments by expanding their production capacity. Producer profit margins continued to fall and the contract provisions became increasingly onerous. AAMA responded to the calls for help and in 1966 started its organizational activities. The effort resulted in widespread opposition from the integrators and their trade associations. The opposition arose despite the AAMA policy of not going into a new area until a grower survey was completed and a definite request from area growers had been received and a real need existed. AAMA officials also met with integrators to explain why the program was being initiated and what the objectives were. The organization effort met with practically no support from the integrators, and more open hostility

than neutrality. Even the Extension Service personnel in some States were reported to have made it clear that they were not on the side of the organizing efforts. AAMA's early efforts were devoted principally to education and information sessions. One of the objectives was to develop a model contract that could be adapted to individual company operations.

Despite the opposition and hostility, AAMA did meet and discuss its objectives with most of the integrators whose growers were organized. However, a pattern of contracting and being recognized as the bargaining agent for the producer continued to elude the organizers. The discussions and negotiations did, however, lead to many improvements in the contract terms being offered to growers. The threat of organization had a significant effect on the broiler industry. Perhaps the most important achievement was getting the USDA, through the Packers and Stockyards Administration, to issue regulations that required that all grow-out contracts be in writing and meet minimum standards. The National Broiler Council that fought the AAMA efforts adopted a code of ethics designed to eliminate a number of practices that were objectionable to growers. Many other notable advances and changes were brought about as a result of the efforts of AAMA. However, after 6 years of effort, the program was terminated. The reasons given were lack of grower support and too many free riders, insufficient support from some of the industry's leaders, lack of adequate financing, refusal on the part of leading integrators to bargain in good faith, and the continued hostility on the part of major factors in the industry.

The failure by AAMA to achieve its basic objective of organizing the broiler growers is understandable for, besides the reasons given, it involved a multi-State effort on a major agricultural commodity controlled by large processing and marketing firms. These firms had developed a system of grow-out contracts that had reduced the farmer's independence and control to a minimum. Bargaining was a threat to the system and induced maximum resistance. AAMA's efforts also commenced at a time when commodity bargaining on a widespread scale was just getting underway.

A Half Century of Progress

By the end of 1970, a great deal of progress had been made in agricultural bargaining. Since the end of World War I, the successes have far outweighed the failures. Most of the growth has taken place since 1950. The mergers and acquisitions in the food industry were a **power-**

ful stimulus in developing interest in the idea of farm bargaining. Further interest was stimulated because of the instability associated with Government price support programs. Farmers are becoming increasingly aware that they alone must deal with their economic problems through their own organizations. Most of the Nation's canning crops are subject to price negotiations between producers and processors. In some areas of the country, the practice has become institutionalized, particularly on the west coast. Much of the Nation's milk is subject to price negotiations carried out between co-ops and the bottlers and retailers. Most of the sugarbeets produced in the United States are subject to terms arrived at by negotiation between beet grower associations and the sugar companies. Most of the Nation's dried fruits are subject to negotiation concerning prices and terms of sale. Some fresh fruits and vegetables are influenced by the action of service associations. Participation contracts in which producers, through their own organizations, negotiate the **nonprice** terms of the contract are used in Florida for citrus. There are instances of some local success in the case of livestock and grains.

Those trends will not abate. As more of the Nation's food industries come into contact with constructive bargaining, the resistance will become less and perhaps the legitimate objectives of the American farmer will be realized. Legislative proposals designed to require good faith bargaining between the farmers and their customers will become law some day, and the inevitable growth of the concept of bargaining will include more commodities and more situations, each tailored to meet the special needs of a particular market.

Some measure of the growth of farm bargaining can be gained from the following table. What is significant is the volume of agricultural commodities affected by the bargaining effort. It is evidence of the fact that farmers are achieving a measure of influence in the pricing of their production. This table deals only with fruits and vegetables. There are many other activities both direct and indirect in which associations of farmers are influencing the prices and terms of sale for which no data are currently available.

The share of milk delivered by cooperatives to plants and dealers in 1973 amounted to 76 percent in **the United States**; this was up from 67 percent in 1964.⁶ The figures include milk handled through bargaining

⁶George C. Tucker, William J. Monroe, and James B. Roof. Marketing *Operations* of *Dairy Cooperatives*, FCS Research Report 38, U.S. Dept. Agr., Farmer Coop. Serv., 1977.

transactions, but no precise data are available to identify that amount. The growth that has taken place particularly in connection with regional bargaining associations would indicate that bargaining affects a major share of the milk handled by cooperatives in the United States.

Table 1 Selected cooperative statistics, noncitrus fruits and vegetables and sugarbeets, 1978

	Fruits ¹ and vegetables ²	Sugarbeets
Number of associations	30	4 ³
Number of members	15,723	11,625
Total dollar volume subject to negotiation	858,787,902	487,610,250 ⁴
Total dollar volume processed	2,888,770,362	669,981,200
Percentage of processed volume negotiated	29.73	72.78

¹Does not include cranberries, strawberries, and citrus fruits

²Includes 13 major vegetables for processing and potatoes

³Includes the American Sugarbeet Growers Association, a trade association having nine affiliated bargaining associations and three independent associations

⁴Dollar volume represents value of sugarbeets negotiated by members of sugarbeet bargaining associations