

would remain intact in the hands of farmers, nor that farm incomes would be satisfactory unless the legislation would attempt to deal with these matters, too.

If subsidy programs which would substantially increase farm earnings and maintain them at a high level were to prevail, then in the absence of restrictions to the contrary, more nonfarm capital would tend to be attracted into agricultural production. Increased subsidies along historical lines also would tend to widen the difference in earnings among individual farmers and further increase land prices.

Now, the third type of public approach is group organization and activity. Farmers appear to have some latitude for furthering their interests through group efforts. Certain directions would be possible under existing laws and rules; other approaches would require changes in legislation or public policy.

First of all, group activity options available under existing legislation. We would recognize that new knowledge, new technology, and changed attitudes may create a climate in which organizational innovations which did not emerge in the past can more easily flourish in the future. An important option is through broader use of the cooperative form of organization. The National Commission on Food Marketing believed that "Farmers do not yet fully appreciate the importance of cooperative action in marketing their products."

Cooperatives might become more aggressive in some areas where they have already demonstrated notable achievements, such as the purchase of farm supplies. Also bargaining efforts might be increased. Where considerable internal group discipline is possible, a group representing farmers can often improve terms of trade for the group. The potential for improvement may sometimes prove to be substantial where farmers are uninformed, disorganized or unable as individuals to match the knowledge, skill and power of those with whom farmers deal. Cooperatives might also be used to develop new purchasing and marketing arrangements to give independent farmers some of the advantages of vertical coordination, yet permit farmers to retain greater managerial latitude than allowed under most contract terms.

Where close vertical coordination would be essential for efficiency, quality control, or product improvement, farmers have the option of forming cooperatives to integrate forward into processing and distribution. In some market situations, cooperatives may find it advantageous to build positions of market strength in order to represent producers more effectively in competition with other firms or to counterbalance the market power of other buyers or sellers.

Group efforts of farmers, either through cooperatives, farm organizations, or other agencies, might initiate beneficial changes in contracts between farmers and processors or other integrating firms. New cost-saving innovations and vertical coordination efficiencies, which would be mutually beneficial to farmers and purchasers of farm commodities, might be obtained through organized group action. Groups representing farmers might thus be able to obtain higher returns for farmers by offering to share some potential new efficiency advantages with their bargaining opponents.

But we must recognize the limits of voluntary organization that are inherent in the structure of most of farming if the objective is