

(3) 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.

(a) *Group Activity Options Available Under Existing Legislation.*—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."⁵

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.⁶ 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 countervail 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 to affect the level and stability of farm income. Although farms in the future may be counted in thousands rather than millions, they will still be selling raw, undifferentiated products and be too numerous, diverse and scattered, in the absence of government help, to control supplies in ways to influence significantly the general level of price.

(b) *Enabling Legislation to Expand Organization Options.*—Available organizational devices, such as cooperatives and marketing orders as presently authorized, in many cases do not enable farmers to coordinate their individual production efforts, or to negotiate effectively with buyers. Increased flexibility and opportunity for group action are often needed. In responding to this need the National Commission on Food Marketing concluded in 1966 that marketing orders and agreements should be authorized for any locally or regionally produced farm product. The idea of a new device, termed an "Agricultural Marketing Board," was also proposed.⁷

Essentially an extension of a marketing order, such a board could be voted into effect by producers and could regulate production or marketing and negotiate prices. Besides an administrator representing the Secretary of Agriculture, each board would also include representatives of handlers and the public.

The Commission further believed specific legislation necessary "to protect the right of farmers to organize," that is, to prevent obstruction, boycott or intimidation in group activities of farmers to increase their bargaining power.

Other new devices which would facilitate joint efforts of farmers in production, in marketing, or in the acquisition and transfer of farm property, might be

⁵ "Food From Farmer to Consumer," Report of the National Commission on Food Marketing, U.S. Government Printing Office, June, 1966, p. 110.

⁶ Willard F. Mueller, "Cooperatives' Contribution to Effective Competition," Keynote Address, Cooperative Month Observances, Washington, D.C., October 9, 1967, p. 14.

⁷ "Food from Farmer to Consumer," *op. cit.*, p. 110.