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## SOCIOECONOMIC ASPECTS OF FARMER BARGAINING

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The subject of "farmer bargaining" is studied by economists from the viewpoint of economics. Scant attention is given to the sociological aspects of bargaining even though bargaining is usually defined as "negotiation over the terms of trade on a contract." With this in mind, the Departments of Resource Economics and Sociology at the University of Vermont initiated a study to determine both the economic and social objectives of farmer bargaining in the market place. Special attention was given to aspiration levels and attitudes toward bargaining structures and institutions of Vermont farmers.

Bargaining may be viewed as a response by farmers to increased organization among those to whom they sell and from whom they buy. But bargaining is also a means to achieve increased market power without sacrificing rural traditions. Although the primary motivation for bargaining is economic, farmers are exposed to many influences from within and without the farming community. Methods used to attain economic goals are affected by individual values, personal attitudes, and peer groups. Farmer aspirations and goals also play an important role in shaping "feelings" and bargaining activities. Any study of bargaining activity among dairy farmers must deal with motivations within the farmer's mind and not confine itself to a purely economic approach.

### Study Approach

The most obvious and immediate question for a study of bargaining is to ascertain whether or not farmers really want to engage in bargaining activities. To answer this question and many others related to the bargaining issue, 7 percent of Vermont dairy farmers were interviewed. The sample was designed to yield a cross-section of dairy farmers by size, by geographical location, and by affiliation with various farmer-controlled marketing organizations. An



in-depth interview schedule was constructed with three basic parts: the first section elicited factual data about each farmer such as age, size of farm, level of income, etc.; the second was designed to record each farmer's opinions and evaluations of farm organizations and cooperatives to which he belonged; and the third delved into each farmer's attitudes regarding bargaining concepts.

Questions were asked not only to discover if dairy farmers feel a need for bargaining but also to learn what bargaining means to farmers. How do farmers visualize its application? What degree of commitment is necessary by individual farmers? What discipline will they submit to in hopes of greater success?

In order to guard against mistakes of interpretation based on single question analysis of attitudes, answers to groups of attitude questions were weighted and combined in "attitude clusters." For example, there were attitude clusters concerned with farmer's "Need for Unity," his "Degree of Commitment" to the bargaining concept, and the amount of "Enforced Conformance" necessary for the success of bargaining activities.

#### Does the Vermont Dairy Farmer "Believe In" Bargaining?

More than half of the 286 farmers interviewed felt a definite need for farmers to organize for purposes of bargaining. A majority believe that by organizing, dairy farmers can have a significant effect upon the price of milk. A large majority (80%) also feel there is a great need for cooperatives to work together or merge.

However, Vermont farmers are divided as to the best methods for carrying on bargaining. Only 38 percent of those interviewed are strongly committed to the selected methods for achieving bargaining goals suggested during the interviews. Less than half of the farmers interviewed felt that the milk producers supplying the New England markets should form a "super cooperative" to control milk prices in the area. Similarly, less than half believe farmers should be willing to accept production controls even if they help maintain a good price for milk. Only 22 percent of those responding felt that the National Farmers Organization and the Farm Bureau should merge.

These survey results support the conclusion that while Vermont farmers have faith in the bargaining concept as a general principle, there was considerable disagreement on methods. They were especially reluctant to accept specific

changes in their behavior if these changes involved loss of identity. For instance, while most of the farmers agreed that "the majority of producers within a market should be able to decide the conditions under which milk will be sold by all producers in that market" and that "the individual farmer should be willing to sacrifice some of his individual freedom for the good of all dairy farmers" many of these same farmers were unwilling to accept the specific personal disciplines which commitment to these principles would seem to imply.

The crux of the issue seems to be that many farmers believe bargaining can be successful without a high degree of personal commitment or enforced conformance. In light of the fact that 41 percent of the farmers responding to the survey believed that the most important result of successful farmer bargaining is an increased price for milk, it would seem that more farmers will be forced to accept a higher degree of cohesiveness as a necessary prerequisite for successful bargaining or else bargaining will fall short of its primary goal for lack of a key tool. In arriving at this decision, it is likely many farmers will ask themselves: "How much freedom of decision should I give up?"

#### Sense of Economic Disadvantage

The ramifications of more forceful bargaining philosophies and methods within the farming community are far-reaching. Growth of stronger farmer bargaining will require drastic changes in agricultural institutions and attitudes of farmers. Before such changes occur, there must be some incentive or pressure which develops a "felt need" among farmers for more aggressive group bargaining tactics. The milk withholding actions of the 1960's exemplify such a felt situation.

One of the most basic stimulants to participate in bargaining activities comes from a sense of "relative economic disadvantage." We attempted to measure farmers' sense of economic disadvantage by analyzing farmer reactions to selected statements. Over half of the responding farmers indicated "mixed feelings" of deprivation but only 38 percent definitely felt that they are economically deprived. A majority of the respondents indicated that farmers were not receiving a "fair" price for milk and 60 percent believed they could achieve higher incomes at some other occupation. Both of these factors (opinion of the price of milk and opportunity for achieving higher income elsewhere) indicate a sense of inequality among farmers and provide an initial motivation for engaging in bargaining activities.



The extent of farmers' feelings of relative economic disadvantage is further highlighted by the "reference groups" specified when they evaluated their income. Farmers who compared their incomes with individuals in the nonfarm community tended to feel more economically deprived than those who compared their incomes with individuals within the farming community. We also found a significant positive relationship between a sense of economic disadvantage and participation in group activities. One possible implication is that as the farmer "rubs elbows" with other than his cows, he becomes more aware of a feeling of economic deprivation. As Denton Morrison has pointed out in a Michigan study,<sup>1/</sup> participators (in farm social movements) are dissatisfied not because they have less, but because they have come to want more (have higher aspirations) through their association with more affluent "reference groups."

Morrison suggests a farmer's aspirations or goals are of great importance in establishing attitudes toward bargaining. Both economic and noneconomic aspirations are important. In terms of economic aspirations, we found 63 percent of the responding farmers hoped to attain incomes in excess of \$10,000 while only 19 percent admitted achieving incomes in excess of that figure. No correlation was found between actual and hoped-for income levels. There was a significant correlation between those who aspired to higher income levels and those who felt the greatest sense of economic disadvantage.

#### Noneconomic Values

While economic aspirations are easily recognized in the formation of attitudes toward bargaining, the exact role of noneconomic goals is harder to measure. Approximately 82 percent of the respondents to the Vermont study indicated that even if they could expect 20 percent more income at some other job, they would continue to farm. Traditionally, farmers are assumed to hold values which strongly influence agricultural policy. Among those often mentioned are a commitment (1) to economic freedom, (2) to the "family farm," (3) to cooperativism, and (4) to the "rugged individualist" life style. This survey backed up most of these traditions. A majority of the responding farmers said they were in the farming business for some noneconomic reason (to be able to live in the country, to be able to be the boss, to get away

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<sup>1/</sup> Morrison, D. E., Farmers' Organizations and Movements, Morrison editor, Michigan State University, Research Bulletin 24, East Lansing, May 1969.

from the city, to be able to do farm work). Curiously, we found no significant relationship between the value the individual farmer placed upon noneconomic considerations and either his sense of economic deprivation or his attitude toward bargaining.

It appears then, that the major incentives to participate in bargaining activities stem from a sense of economic disadvantage (rather than low income, per se) and a desire to achieve substantially higher income in the future. The farmer's sense of economic disadvantage is based on his opinion of his own income relative to (1) other farmers' incomes, (2) nonfarm incomes, and (3) the peer group which he chooses. The study also revealed that those who feel most economically deprived tend to (1) produce less milk, (2) have lower net family incomes, (3) have more years before they retire, and (4) operate farms unsuited for commercial or other types of development. All of these characteristics, of course, indicate that those who feel most deprived are those who feel locked into agriculture.

#### Who Is Interested In Farmer Bargaining?

Before the individual farmer makes a strong commitment to group bargaining efforts, he must feel more than a sense of economic disadvantage or an aspiration for increased future income. The farmer also must be of the opinion that his problems lay beyond his farm gate. If the farmer believes his income problems are solely the result of production inefficiency, there is no reason to seek marketing solutions. The majority of farmers interviewed feel that their involvement in milk marketing affairs is important. They do not feel that dairy farmers should ignore the milk market even though they may be members of cooperatives and organizations which are representing their interests. In short, the majority of those farmers interviewed do possess a degree of the "marketing consciousness," which must exist before strong bargaining efforts can be initiated.

Strength of this consciousness varies. Those farmers who display active interest in milk marketing affairs are likely to have more formal education and be more involved in both farm and nonfarm groups than those who display a higher degree of "production consciousness." Farmers who are more interested in milk marketing are more likely to be committed to use of aggressive bargaining techniques in the market place.

An examination of the respondents "marketing consciousness" vs. "production consciousness" revealed that those



farmers who possess the "marketing consciousness" viewpoint are more likely to have favorable opinions of their cooperatives and farm organizations.

Nearly 80 percent of the farmers interviewed gave their cooperatives a rating of "good" (highest rating possible) on such questions as effectiveness, credibility, skill at jobs, representation of member objectives, aggressiveness, cooperation with other cooperatives, and potential to improve. Those who gave their milk marketing cooperatives the highest evaluations also expressed the strongest desire for farmers to work together through mergers, federations, and bargaining.

The popularity of milk marketing cooperatives should come as no surprise since the values, attitudes, and beliefs that have become part of "cooperative philosophy" are basically an outgrowth of the values, attitudes, and beliefs of individual farmers. Cooperatives are economic organizations with which the farmer can easily identify.

As one result, interaction between cooperative members and the hierarchy of the cooperative is common. The ideas of the members tend to be channeled up through the structure of the cooperative and receive greater acceptance when they become cooperative policy. Cooperative policies, on the other hand, tend to reinforce attitudes held by individual members. For example, our study reveals that 78 percent of the responding Vermont farmers feel that advertising and promotion of milk should be mandatory if a majority vote for it (an idea which many cooperatives have implemented) whereas only 41 percent believe farmers should be willing to accept production controls even if they help to maintain a good price for milk (an idea which has not been widely supported by New England cooperatives). One may argue whether the above are examples of grass roots feeling implemented by cooperative management or membership reflection of leadership policies but the circle appears to be complete.

Not all farmers agree, however. We found that those who gave their milk marketing cooperative the highest rating tended to be older and to have operated their farms for a longer period. These findings tend to substantiate the claim that cooperatives have become institutionalized. They are sometimes the object of younger member frustrations.

Some farmers have turned to the recently formed National Farmers Organization. It has become an influential reference group for some members of the farming community and in the process has served as a catalyst to force many of the more established organizations to review their policies. NFO is viewed by some as an alternative to the established organization.



The National Farmers Organization has built on the same basic building blocks as the older agricultural organizations. It has (1) intensified farmers' feelings of deprivation and their desires for a better economic standing in the future, (2) stressed that group action is necessary to alleviate the problems of farmers, (3) identified a structural blockage--the organized buyers, and (4) offered a structural solution--the methods proposed by the new organization. The NFO has provided emotional stimuli to provide for a group cohesiveness and a feeling on the part of the members that they should attempt to organize other farmers. In short, the NFO has attempted to restructure the situation in which the farmer finds himself and in the process has created its own ideology with the accompanying institutionalized values and beliefs.

While the farmer's attitude toward voluntary organizations is an important aspect of bargaining, the role of government agricultural programs cannot be ignored. The majority of the 286 Vermont farmers surveyed said that price supports have helped dairy farmers, that farmers are "better off" with federal milk market orders than they would be without them, and that milk prices would fluctuate more without federal marketing orders. However, the majority of the responding farmers did not feel that government policy protects the family farm. Further, they believe that farmers do not have as much political power as other interest groups in the United States.

In the past, government intervention in agriculture has been considered to be the major alternative to bargaining within agriculture. The results of this study indicate that the majority of Vermont farmers would not favor further government intervention in milk marketing at this time. Farmers accept the existing governmental involvement, but feel that government support prices should be considered a floor from which to bargain for higher prices.

Analysis of farmers' responses indicated a highly significant relationship between the economic literacy of the respondent and a relatively favorable attitude toward government intervention into agriculture. These respondents who had a high level of net family income and above average farm size also favored government intervention in agricultural markets.

#### Parallels with Organized Labor

The farmer's opinion of labor unions might shed some light on the possible direction of future bargaining within

agriculture. A majority of those responding to the Vermont study believe that labor unions have helped their members get higher wages, but they also believe that labor unions have restricted the individual freedom of laborers in the process. Nevertheless, 81 percent of the farmers interviewed feel that farmers should have the right to bargain for higher prices in a manner similar to that of organized labor. Farmers are very divided, however, in their opinions on the desirability of utilizing labor union bargaining techniques to improve the economic position of the dairy farmer.

Farmers who favored labor unions tended to favor use of stronger bargaining methods within the farming community. They indicated greater acceptance of restrictions and enforced conformance in the pursuit of bargaining objectives. Incidentally, the farmers who held more favorable opinions of labor unions also (1) had less family labor, (2) had more years to retirement, (3) were younger, (4) had operated their farm for fewer years, and (5) operated larger farms. Apparently, the younger farmer who operates a large farm with little family labor is likely to favor a strong bargaining stance.

#### Other Human Contacts

One of the most significant intrahuman factors related to farmers' attitudes toward bargaining is related to the amount of family and/or hired labor on the farm. Farmers who employed hired labor on their farms were more likely to feel that successful bargaining would involve greater discipline and more enforced conformance than those who employed less hired labor. On the other hand, these who utilized a relatively greater amount of family labor in their farm operation were less committed to a use of discipline in the bargaining process. Whether this involves differences in personalities or differences in past experiences is hard to say. Obviously, hired labor involves a higher cash cost outlay and different personal relationships than does family labor.

The study also indicated that farmers who were more involved in both farm and nonfarm groups were more likely to express a stronger desire to use bargaining. These group-active farmers indicated greater acceptance of the various disciplines and restrictions which successful bargaining might necessitate. As mentioned earlier, "rubbing elbows" with others may be a contributing factor in development of this attitude.



In summary, the study revealed that those farmers who held more favorable opinions of their milk marketing cooperatives and also more favorable opinions of labor unions and labor union bargaining techniques were more likely to express a strong desire for bargaining and a greater willingness to accept some of the restrictions which its use might imply. This finding bears out the contention that farmers' opinions of various organizations and institutions weigh heavily in their use of bargaining.

Finally, the study showed that those farmers who most strongly expressed a favorable attitude toward bargaining (1) were more informed about economic matters, (2) had a strong urge to achieve a higher family income, and (3) were more involved in milk marketing activities.

#### Will Stronger Bargaining Come to the Northeastern Agriculture

The momentum the bargaining movement will develop depends upon several contingencies. The initial motivation to pursue bargaining will come from a desire (aspiration) on the part of the farmer for an improved economic and social position. The strength of the aspiration will be determined by the measuring sticks (reference groups) the farmer looks to in evaluating his situation. As the farmer continues to "rub elbows" with other segments of society, it is likely that the "farm community's ideology" will be influenced or colored by the goals, values, and attitudes of others in the society.

If the changes proposed are compatible with traditions, institutions, and values within the farming community, it is likely they will receive widespread support. When change comes through an "established" organization with which the farmer is familiar, no revolutionary thought process is required before he renders his support.

Selling an idea that does not find support from institutionalized values is like paddling a boat upstream.

Farmers' beliefs are important to the way in which bargaining has and will function in the agribusiness community. As economists, we can dream up neat economic models which show that economic forces "dictate" the future of agriculture over the next 5 or 10 or 20 years. Perhaps they do. But the strong convictions of farmers will, at the least, have much to say about how we get from here to there.

When this survey was taken in 1971, the vast majority of Vermont farmers showed faith in their cooperatives. This

does not mean all farmers were satisfied. In fact, competition for membership was high during the survey period. Although the study was not designed to measure this fact, it appears that much of the stronger criticism of specific cooperatives was associated with instances of membership competition.

This would appear to further reinforce the conclusion that while bargaining by farmers is based on economics--it goes much farther. The beliefs--the gut feelings--of farmers strongly influence farmer attitudes toward bargaining and the organizations farmers may or may not support to speak for them.