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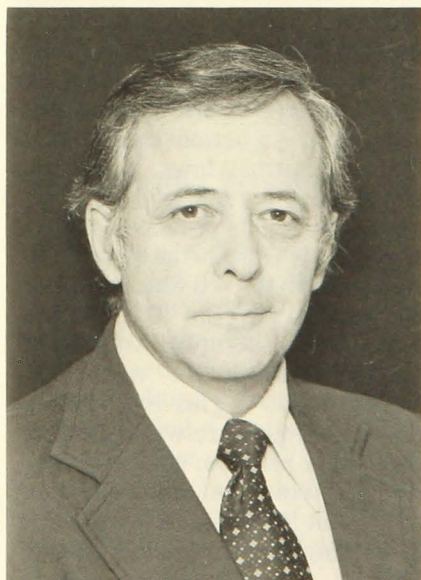
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Collective Bargaining for Farmers

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Winter of Farmer's Discontent

Farmers, stretched between the fence posts of increasing production costs and low farm prices, turn again to protest and strike to draw national attention to their financial plight. As in the 1870's, the agrarian protest had its origin in the northern Great Plains states in what Mary Elizabeth Lease then termed, "raising less corn and more hell." From then to now farmers have wanted the right to set prices for their products just as merchants, manufacturers, and organized labor do.

Is collective bargaining a path for farmers to resolve economic problems? This issue considers that.

INTRODUCTION

By the mid-nineteenth century, agriculture was starting to shift from self-sufficient, self-contained economic units to specialized businesses. The farmer sold much of his crops for cash and gradually began depending on stores and factories for many needs. The farmer felt, even during this early period, that he was not sharing fully in the fruits of the new industrialized society of the post Civil War era.

The problem of fluctuating and low farm prices has been with us except during periods of war or world-wide food shortages when American farmers have been able to achieve high prices with less government control. Technological in-

novations, expanding supply, coupled with a falling demand after the wars, resulted in excess production and price declines for farm products.

Other factors working against the American farmer have been the nature of the demand and supply of food. Although tastes may dictate more expensive food, economics and stomach size limit this demand. High fixed costs and the biological nature of farm production cause further dramatic price changes. When farmers overrespond to short term price increases, they suffer when prices adjust downward.

Over the years, the efforts of farmers and their organizations have taken many directions aimed at resolving their problems. This has included regulation of the middleman, direct government involvement in production control, price support payments, overseas sales of surpluses, an increase in lending money for farmers, and disaster payment programs.

The Farm Income Problem and Its Causes

Historically, the price and income policies for agriculture in the

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United States have tried to solve two important economic welfare problems. The first is that of price and income instability brought about by the severely inelastic aggregate demand and supply relationships of food in the United States, together with a lack of farm bargaining organization, and the vagaries of weather. Left uncontrolled, agricultural prices would fluctuate severely year to year, depending mostly on supply and demand factors beyond the control of the individual farmer. An important part of U.S. agricultural policy is to help reduce severe fluctuations in agricultural prices and income.

The second major concern of U.S. agricultural policy is bolstering sagging farm incomes and prices. Unorganized farmers, as buyers and sellers, are price-takers and caught in a cost-price squeeze.

The Competitive Structure of Farming

Farmers are so numerous that no one farmer has an appreciable influence over market prices. He is unable to convince buyers his product possesses unique characteristics different from other farmers. Farming is a relatively easy business to enter and leave. But, the traditional structural characteristics of U.S. farming are being challenged increasingly by developments from within.

More farm production today comes from large and specialized farm units. To the extent that farm numbers continue to decrease and farms increase in size, the farming sector will become more concentrated than before and gains in market power may be achieved. Despite these gains, the number of farms and the variety of products are still small enough to keep them from exerting substantial market power.

The farmer has relied on government programs since the 1930's to help make adjustments in production to increase product prices. More and more the farmer believes the government, including the USDA, favors nonfarm groups when higher agricultural prices are in conflict with the goals of the nonfarm sector. Some farmers have be-

come discontent with the present efforts of government on farm prices. The questions that confront farmers today include: Is agricultural bargaining a viable alternative to present farm programs? What are the essentials for successful federal bargaining authority for farmers? What are the major legal, policy, and economic issues that must be resolved to achieve bargaining legislation?

FARMER COLLECTIVE BARGAINING: DEFINITION AND AUTHORITY

Bargaining power means the ability of participants to affect the terms of trade in their market transactions. This should be measured by the alternatives available not by relative size alone.

Fundamentally, power accrues to those organized in large groups capable of controlling supplies. But it also can be achieved through product differentiation (actual or contrived characteristics), improved knowledge of alternatives available, and the ability of farmers to assume or coordinate costly marketing functions.

Farmers traditionally have held less bargaining power because they are relatively small, as individual units, compared with the firms with which they deal. But farmer power has also been diminished by the biological nature of their production and the perishability of their products. Add to this the fact that farmers have historically transferred various input supplying and product marketing functions to the industries with which they deal and the factors responsible for the bargaining status of the U.S. farmer emerge.

Farmers have tried various ways to reduce this apparent imbalance in market power—mainly through agricultural cooperative associations and market orders. The limited farmer bargaining authorized by federal and state law is found in legislation that is either quite old or fairly new. Unfortunately, present state and federal statutes do not provide farmers with the necessary tools to effectively bargain for the multi-product and diversified system of American agriculture.

Federal Bargaining Laws

Most federal law bearing on farm price and income problems has inadequately dealt with the market structure of agriculture compared with related industries. And even existing statutes tend to be passive rather than directive.

The Clayton Act of 1914 passively allowed farmers to join together for "mutual help," declaring that certain associations of farmers would be exempt from the nation's anti-trust laws. But this law does not directly provide bargaining authority for farmers.

The Capper-Volstead Act of 1922, the Agricultural Marketing Agreement Act of 1937, and the Agricultural Fair Practices Act of 1967 are regarded as the federal umbrella for agricultural bargaining. The Capper-Volstead Act enables producers to act together through cooperatives without violating federal antitrust laws. Without this authority, a group of farmers meeting to set prices or bargain for price and nonprice objectives would be subject to the same restrictions as a group of bakers, tractor dealers, or other merchants colluding to establish a sales price for their goods.

The U.S. Constitution protects a farmer's right to protest a governmental action or inaction and to petition for redress of a grievance. However, legislation embodied in the Sherman and Clayton Acts prohibits certain conduct of individual business organizations. It is against the law for farm firms to collude or restrain trade by agreeing on production limitations or fixing prices. Unless a group of farmers meets the requirements of the Capper-Volstead Act, its actions may violate federal antitrust laws. If a group action qualifies under the Capper-Volstead Act, its pricing decision is subject to review by the Secretary of Agriculture for "undue price enhancement." Would 100 percent of parity survive scrutiny by the Secretary of Agriculture for "undue price enhancement"? This is not to say that the farmers are wrong in desiring to raise prices or go on "strike." It merely points out the inadequacy of present laws to deal with farmer bargaining needs. Farmer strikes,

to be effective, should be protected with sound legislative authority.

The Agricultural Marketing Agreement Act of 1937 authorized marketing orders. When approved by product producers, marketing orders control product quality, deduct fees for handling, contribute to orderly marketing, equalize surplus, fund market research and development, and split markets according to use and limit products entering each of these markets. Milk marketing orders enable producers to impose minimum price provisions on handlers. Milk is also supported under federal price supports. With the exception of milk, most of the commodities under marketing orders are considered nonbasic commodities. Although the nonbasic commodities covered by marketing orders are not under federal price supports, the Secretary of Agriculture has limited authority to offer price support for these commodities. Nonbasic commodities lend themselves more easily to collective bargaining activities than do basic agricultural crops such as corn, wheat, livestock, cotton, soybeans, peanuts, and wool.

The Agricultural Fair Practices Act of 1967 resulted from producer complaints of discrimination by processors because of their membership in or efforts to organize bargaining associations. The law prohibits any trade discrimination against a producer because of membership in a bargaining association, coercion or intimidation of producers in associations, and exchange of anything of value to induce or reward a producer for refusing to join or dropping out of an association.

State Collective Bargaining Laws for Farmers

Minnesota, California, Colorado, Idaho, Maine, Michigan, New Jersey, North Dakota, Ohio, Oregon, Wisconsin, and Washington have passed legislation dealing with agricultural bargaining applying to specified commodities.

Colorado law prohibits efforts to induce a member of a marketing association to break a contract. Maine, Idaho, North Dakota (potatoes only) and Minnesota (potatoes only) laws allow dues deduction by handlers for the benefit of producer organizations. These laws have contributed to the growth of state potato bargaining associations.

Ohio law prohibits unfair marketing practices by handlers. It also provides that processors may, but are not required to, bargain for raw agricultural products. Oregon code provides for bargaining associations and specifies unfair practices; however, it has been little used. Washington state law prohibits price discrimination among growers by processors and certain unfair trade practices, including attempts to discourage bargaining associations. Relating to prices paid, Wisconsin prohibits vegetable processors who grow more than 10 percent of a variety of vegetable processed at a plant from paying growers less for their crop than what it would cost the processor to grow it.

Only California, Maine, Michigan, and Minnesota have legislation directed squarely at the problems of agricultural bargaining. These state laws have met with limited success. California and Maine law requires good faith bargaining and specifies unfair practices. Michigan law provides agency shop bargaining units and compulsory binding arbitration. Under the agency shop bargaining unit, all growers defined in the bargaining unit are obligated to market their production "through or at the direction of the properly accredited associations." Bargaining units have been established for several specialty crops. Michigan law is being challenged in the courts.

Minnesota's agricultural bargaining law provides that cooperative associations may bargain for members under rules established by the Commissioner of Agriculture if the association represents 50 percent of the growers representing 50 percent of the deliveries to the firm or plant. Although the Commissioner may arbitrate a dispute, he has no power to resolve it.

State laws show the "island-of-competition" limitation. This means that producers in adjacent states will take advantage of any

price gains achieved by collective bargaining. National problems cannot be solved with state laws.

ISSUES TO BE RESOLVED

Bargaining for What?

The desire for farmers to form agricultural bargaining units is partly the result of a widely held view that farmers do not receive a fair return for their production. The advocates of collective bargaining for agriculture have emphasized raising prices through collective action.

During labor negotiations, non-price items are often the major focus of bargaining efforts. Health and pension benefits, vacation time, working conditions, and hours worked are major issues of labor union contracts. As independent entrepreneurs, farmers would need to achieve these benefits through increased prices and not simply as fringe items.

Aside from price, several other areas present the possibility of increased producer returns or structural improvements from bargaining. Farmers could bargain over methods to achieve supply stability and product movement to market. The real question, however, is whether bargaining can move the long range price level higher than it would otherwise be.

Reduction in processor marketing margins might be achieved by farmers performing additional marketing services. Shifts of marketing margins from middlemen to farmers will not necessarily reduce the cost of products sold to the consumer. Instead, it will require additional work by the farmer for additional income.

Another source of possible bargaining gain might be increased product promotion. The cost effectiveness of increased generic product promotion is questionable. Separate demands for substitute products pit one type of farmer against another or against himself when the farmer produces multiple products.

Collective bargaining may have the potential for improving farmer knowledge about market conditions and economic relationships. But the greatest potential for increased farmer income from collective

bargaining is higher prices for the commodity sold, achieved by negotiation, threat of withholding and strike, or sheer force of numbers.

How Will Farmers Allocate Increased Returns?

The diversity of farm output, farm production, and farmer interest makes a unique set of "givens" for the workability of agricultural bargaining. Neither the labor nor the industrial model provides the correct structural framework for determining the success of bargaining for agricultural producers. Farmers are unique in that they can bargain for both the prices of their production inputs and their produced output. Unlike labor, when bargaining for product prices, farmers are bargaining for returns to labor, management, land, and capital.

The farmer usually combines his resources and talents with that of nature. If he does not plant or start the livestock reproduction cycle at the appropriate time, current production can be lost forever. If labor is withheld from the widget-maker today, the same widget can be made tomorrow.

Organized farmers can exert pressure through other market and economic channels, too. They could bargain for production assistance from the processor or lower prices from independent suppliers. Farmers might also apply pressure indirectly through other groups when they feel harmed by some group's action. As an example, could farmers have created pressure on longshoremens to load wheat by not purchasing products produced by another union?

The laboring man bargains on the basis of alternative value of his labor. The farmer also bargains for a return to his own labor. But he also bargains for a return to land, capital, and hired labor. When the farmer bargains for price, he has substantial variable and fixed costs that he must cover. In the short run, he may be willing to accept a price as low as his variable costs for these factors. In the long run, however, he will have to achieve a bargained-for price that gives a fair return to his fixed costs as well.

Historically, farmland owner-operators have merged the return from land with return for labor so that the two are indistinguishable. Farmers have often regarded ownership of land less as a source of returns from investment than as a means to employment. The union worker clearly uses the union to gain employment (seniority) security. Farmers use the land for the same reason but also to gain return for capital input.

Land may also provide the farmer with his major pension fund. Just as farm programs have often been capitalized into the value of the land, price gains from bargaining may also result in greater land values without a corresponding increase in farmer labor and management income. Such a result would be similar to labor unions bargaining for increased fringe benefits. Is this an economically sound method to pay pension benefits to farmers? It must be remembered that increased land price will cost the next generation when it purchases control of the land.

The allocation of income between land and labor may also depend on farm size. A 100-unit producer needs to allocate a greater percentage of product price for labor income to maintain the same total dollar income for living as a 300-unit producer of the same product. The size of the operational unit and the percentage of land, labor, and capital inputs owned by the farmer compared to the amount borrowed may determine how the individual farmer allocates among land, labor, and capital.

An interesting dilemma is presented to the farmer bargainer when he participates in a strike, withholding action, or destroys growing crops or livestock. Currently, farmers economic practices are not independent of his creditors or landlord. If the farmer has a mortgage lease or operating loan, his actions may be jeopardizing it. For example, in renewing or authorizing a new loan, a lender could penalize a farmer for "poor management risks" if the farmer destroys production as long as the actual or potential price receipt is

greater than the farmer's variable cost. However, if the farmer's action were taken through an authorized bargaining unit, a lender should view it as a legitimate management tool used to bring about desired price objectives. The farmer currently lacks the appropriate legal framework to justify such actions and he may be penalized by the lender or landlord.

Farmers would also face the prospect of substituting capital for labor as a result of higher prices guaranteed or expected. Will this encourage farmers to expand operations with the displacement of their less efficient neighbors? Will the greater income from the higher prices accrue to the benefit of land, machinery producers, farm suppliers, or additional labor/management income for the farmer?

As new capital-using, labor-saving, cost-reducing devices enter the market, how will farmers apportion receipts among these items? If they reduce per unit costs, will these savings be passed on to consumers as lower or steady prices or will farmers bargain for prices that will let them keep the economic benefit? These and other questions obviously assume that farmers can effectively organize for mutual benefit.

Will the gains from bargaining be adequate to cover the increased cost of the bargaining unit? The farmer organization that conducts the negotiations will need funds to cover expenses. These too will have to be allocated from farmers' bargained-for gains.

CAN FARMERS ORGANIZE?

We have discussed the farmer's desire to bargain for price and the options in allocating any increased price returns among land, labor, capital, and management. But even if agricultural price gains are possible from collective bargaining, are farmers willing to give up independence and band together to bargain for their products?

Crop v. Livestock Farmers

The adversaries in agricultural bargaining may include neighbor farmers. Multi-product producers may be involved in several com-

modity organizations, some with conflicting objectives. A hog and corn producer needs a reasonably priced supply of corn and may be willing to take cheaper corn prices than his neighbor who grows only corn. Individual price goals will mean taking different positions in the bargaining unit. Likewise, if one farmer purchases all of his livestock feed, he will be his neighbor's adversary, not some distant middleman. This local pattern of crop versus livestock farmer may also affect regional differences. For example, higher grain prices will have a great impact on the dairy producing areas on the fringes of the Corn Belt.

Large Farmers v. Small Farmers

Increased per unit prices generally benefit large farmers. For example, an 800-acre corn producer of 125 bushels per acre will gross at least four times as much as a 200-acre, 125 bushel per acre corn producer. Assuming the per bushel costs of production, excluding land and labor, are the same, the large operator receives four times the return. The receipts from government programs have shown that the large producer has traditionally benefited more than the small producer. For example, in 1971 about 60 percent of the direct government payments to farmers went to about 20 percent of the farmers, bringing little direct benefit to small producers.

Small and large farmers will have different price goals. Although both will want the highest possible price, the farmer with the lowest per unit production cost and/or the larger producer will be willing to settle for a lower price.

Geographical Differences

Some farmers face interregional competition for their products. Illinois soybean producers fear increased production in southern states and Florida orange producers must gauge activities in Texas, California, and Arizona. One geographic area may have a production cost advantage over another. Bargaining demands would vary between regions just as between small and large farmers.

Assume that the cost of producing field corn is \$1.75 per bushel and popcorn is \$2 per bushel net of land plus producer-supplied labor. The market clearing price is \$2 for field corn, \$2.25 for popcorn, with identical production per acre. If Minnesota popcorn producers bargain and achieve a price of \$2.50 per bushel, Minnesota and neighboring field corn producers could switch to popcorn production. Even if Minnesota farmers received a closed shop agreement for popcorn production in Minnesota, thereby excluding Minnesota field corn producers from selling to Minnesota popcorn processors, this places the Minnesota popcorn processor at a disadvantage compared with the Iowa processor. Over time, any popcorn production and processing could be expected to move from Minnesota.

Confrontation of Producers of Substitute Goods?

One of the bargaining problems facing agricultural producers is product substitution at the user level—consumer or raw materials manufacturer. While passing on a price adjustment depends on the elasticity of demand for the product as well as structural considerations, processors may pass a large part of the increase in raw material prices on to the consumer. Consumers can readily substitute pears for peaches and, at the right price, wheat for corn in animal diets. Some commentators have suggested that a bargaining organization by crop probably cannot materially raise the returns to agricultural producers. The fact that there are substitutes in varying degrees for nearly every individual agricultural product imposes a severe limitation on how much prices for individual products can be raised without losing markets. An example is the current competition between high fructose corn sweeteners and sugar. If all raw product prices were raised simultaneously, this disadvantage could be reduced. Perhaps the opportunity to stabilize prices for all commodities through bargaining would discourage product substitution. The farmer would still face the possibility of overseas production as a replacement for his

product or at least as a price dampener on his bargaining.

The Free Rider Problem

Past farm strikes or withholding actions have shown the weaknesses of present laws to deal with the "free rider" problem. In the absence of legislation granting a closed franchise to the agricultural bargaining association, the selling side of the market is characterized by many sellers and the absence of barriers of entry. Today, bargaining associations' ability to enhance returns to members above the competitive price depends on the elasticities of demand, but also on the amount of nonmember supply.

If Farmer A withholds his product from the market and is successful in raising the price, Farmer B benefits when B sells his product during the strike or withholding action. Farmer A loses when his production returns to the market and prices fall.

Nonaffiliated farmers (without sharing in the overhead cost) would benefit directly from bargaining association efforts to raise price or impose distribution. The nonmember producer can either undersell member competitors without sacrificing profit or sell at the same price and increase the return. Unless prohibited, buyers may be willing to pay a slight premium to nonmembers in the form of higher prices or an increase in supply demanded in efforts to weaken bargaining associations and to discourage membership in such associations.

Obviously, the increased production of nonmember producers will decrease the amount buyers will demand of association member producers. Further, if prices are raised high enough, unless restriction is placed on market entry, new producers will be attracted to the field. State laws are ineffective in dealing with the free rider question. Production can move across state lines. International trade compounds the free rider problem.

The Supply Control Problem

Without the establishment of supply controls by farmer bargaining associations, the establishment of a

higher price would break down of its own weight with stimulation of production beyond the point of normal consumption. There is a fundamental divergence of firm and group interest in volume of production or sale. This difference could lead to a breakdown in the effect of the price gain without market control.

The usual problems relating to governmental supply control actions would relate to farmer bargaining associations' attempt to control production. How do you enforce production limitations? Quantity versus acreage limitations and regional limitations all come into play. How do you prevent the price from being capitalized into any quotas or "right to produce"?

The behavior of labor unions is generally to sacrifice membership and employment to maintain price in the form of wages. Unemployed widget producers find a job at lower wages in another industry or unemployment compensation. But what alternatives are available to unemployed or underemployed farmers and their resources or products? Unused food production represents a waste/misallocation of resources. Without adequate supply control, the bargaining associations' ability to raise prices will be seriously limited.

THE EFFECTS OF COLLECTIVE BARGAINING

The specific impact of a national system of collective bargaining for farmers obviously will depend on its enabling legislation and whatever organizations make it operable. Regardless of the form, however, there are some effects that can be anticipated and which must be considered. These include: What would be the impact of farmer collective bargaining on consumers? Would the creation of national bargaining units for agriculture encourage changes in the structure of the U.S. food system? How would collective bargaining affect governmental policies such as foreign policy, foreign trade, welfare, and defense?

The Impact of Farmer Bargaining on Consumers

One of the major goals of collective bargaining in agriculture obvi-

ously would be to increase the prices received by farmers for their products. Rhetoric aside, this increase primarily would be financed in the form of higher food prices to consumers.

On various occasions, consumers have said they would pay higher food prices if it would go to improve the economic plight of the farmer. The unanswered question is how much of an increase is acceptable and how do you assure that the increase is passed, dollar for dollar, on to the farmer?

For example, a recent USDA analysis of an immediate increase in farm prices from 68 to 100 percent of parity concludes that retail food prices would rise by 20 percent initially. In subsequent years, food prices would increase 6 to 7 percent annually. At the new higher farm price levels, however, consumers would reduce red meat consumption (beef by about 25 percent) and increase broiler consumption. There would be other significant shifts in eating habits. It is questionable whether consumers understand the full impact of an increase in farm prices. Nor is it clear what the employment and general inflation impacts would be.

It might be argued that collective bargaining would not result in an immediate increase in food prices, but could be staged to achieve farm price gains over time. Such recognition of the impact of price enhancement would be laudable, but the end result is still higher food prices.

If food prices increased as a result of collective bargaining, it should be noted that the greatest impact would be felt by those consumers with low incomes. In U.S. society food expenditures usually represent a greater part of the budget for the poor than the affluent. Any substantial increase in food prices would probably trigger an increased need for tax supported welfare benefits.

If quantity and quality of production could be effectively handled, would collective bargaining on a national scale create serious food supply availability problems? If a group of farmers, through their bargaining unit, decide not to produce or limit production, would this

cause serious food shortages? Much of the possible concern here might be alleviated by the mechanism for collective bargaining, but the potential for a food strike is so fundamental to the welfare of our society that it is clear Congress would establish the means to protect the public's interest.

It is also reasonable to expect that government would want to monitor collective bargaining to assure that prices are not "unduly enhanced." The concept of "undue enhancement" embodied in the Capper-Volstead Act gives the Secretary of Agriculture authority to step in when the effect of cooperative actions is to increase prices in a manner inconsistent with public welfare. A concept like this should be considered in any national legislation that permits farmers to unite to affect prices and other terms of trade.

Structural Changes in the Food System

The granting of collective bargaining power to farmers would clearly adjust the current balance of market power in the entire food system. Depending on the nature and scope of the bargaining units developed, farmers would be put in a monopoly or near-monopoly position in terms of their selling markets. The processors who buy from farmers would presumably face a single representative across the negotiating table for any one commodity. In short, the balance of power would not merely become equalized but would shift from lesser-power-by-the-farmer to lesser-power-by-the-processor. This shift in bargaining power probably would result in increased concentration in processing to countervail the farmer's new negotiating strength.

Small processors would be totally at the mercy of the local farmer collective bargaining unit. Their economic survival would depend on the understanding by the farmer unit of processor production costs and the economic realities of the markets in which they sell their processed products. The potential exists for many small processors to be forced out of business, perhaps

selling their interests to large processors or to agricultural cooperative interests.

The large processor would be encouraged by confrontation with a singular bargaining unit to engage more fully in the production of raw farm products or to attempt to purchase them outside the United States. Many large food processors are already engaged in basic farm production. Most of this production, however, is geared to provide specialty crops or livestock products necessary to their food manufacturing operations. In the absence of legislation that prohibits large food processors from integrating their businesses into farming, farming by food processors could increase. This could affect land prices, the effectiveness of collective bargaining itself, and the farm character of American agriculture.

Many large food processors are already multinational. Faced with negotiation demands by a farmer bargaining unit, they would readily purchase raw material needs from non-U.S. farmers or simply produce their processed products outside the U.S. and export the manufactured foods into the U.S. for sale to and consumption by U.S. residents. It is possible that coordinate legislation could be passed to exclude the foreign "free rider" (prohibition of raw farm products from abroad), but serious and complex foreign agricultural trade questions would have to be resolved as a result. Any legislation that would restrain U.S. processors from importing their finished products into the U.S. would result in a flurry of increased imports of processed foods into the U.S. by foreign food processors.

Changes in the organizational structure of farmers and/or food processors would also have a further impact on the structure of food retailing. Food retailing firm organization can be analyzed in a manner similar to that for processing. Faced with increased concentration in their procurement markets, small retailers would be in a reduced bargaining position and large retailers would search for alternative sources of supply.

The impact of collective bargaining would be felt within farming, too. Given the diversity of farmers in terms of size, costs, and products, it would be hard for any single collective unit to represent all interests. If some farmers' interests are not represented by the bargaining unit, they will be affected in terms of the nature and extent of their business operation. This could mean a reduction in farm numbers, or a loss of flexibility within agriculture, depending on the bargaining mechanism chosen. To bring about effective supply control for any commodity, some type of entry restrictions would be needed. This means that farmers could not as freely shift from the production of one commodity to another.

Coordination with Government Policies

Institution of national collective bargaining for farmers would need to mesh with a number of major governmental policies such as foreign, agricultural trade, national defense, and the various welfare programs now administered by the Department of Health, Education, and Welfare and U.S. Department of Agriculture. Questions must also be raised about what alterations in current domestic agricultural policy and market regulations would be needed to make bargaining a workable alternative to solving farm income problems.

Unlike most other countries of the world, the U.S. has tied its agricultural trade to its international politics. Economic sanctions have been levied against countries of different political persuasion or to aid a more general economic policy design to affect unemployment or inflation. Similarly, aid in the form of agricultural products is offered to complement expressions of political friendship and to help alleviate food emergencies, particularly among developing countries.

Since large quantities of agricultural products are a regular and major part of U.S. exports, some mechanism would have to deal with this. One possible solution would be that the government itself could be a purchaser of farm products—together with domestic processors. If

so, the government would need to be represented at the bargaining table as one of several buyers. If, as indicated earlier, U.S. consumer interest should also be protected by a government representative, it would be difficult to accommodate these different government roles at the bargaining table.

In addition to foreign policy and trade considerations, collective bargaining must accommodate other governmental policies. How do you maintain a capacity to produce and assure an adequate supply of basic foods for national defense and security reasons? Similarly, adequate supplies of foodstuffs must be identified to support the growing number of welfare programs at federal and state levels. Such programs include the School Lunch Program and commodity distribution of surplus products to welfare institutions.

A very complex set of questions arises as to adjustments that will need to be made in current agricultural policy and the regulation of agricultural and food markets. Should all current agricultural income policy be scrapped? What elements should be retained? Should bargaining be authorized for selected commodities only? Should changes be made in the array of market regulations that exist at various levels of the food system? Some of these are designed to protect the farmer and may become redundant in the face of effective collective bargaining? Others are designed to protect the consumer or marketing middleman and may need strengthening.

Overall, the effects of collective bargaining may be significant not only in helping farmers achieve income goals, but in general terms of farmers' impact on the economic and social system.

INGREDIENTS OF NATIONAL COLLECTIVE BARGAINING FOR AGRICULTURE

Originally proposed as a solution to the farm problem in the 1920's, collective bargaining for agriculture has received renewed interest in Congress during the past decade. A new bargaining bill is expected during the current session. In addition to the issues raised earlier, effective agricultural bargaining legislation must also resolve the following issues:

- The establishment of an administrative framework.
- The determination of legal and economic obligations and organizational structure of bargaining participants.
- The necessary antitrust exceptions.
- Provisions for certification and decertification and voting procedure for bargaining units.
- Who does the bargaining unit bargain with? Processor, combination of processors, government, grain merchants, foreign nations, or a combination depending on commodity considered?
- What and how can prices, terms of trade, fringe benefits, and other items be bargained for?
- How do the bargaining units pay for their administrative and organizational expenses, including any cost for storage and product diversion?
- Should closed shops and production control be authorized?
If so, what standards should be established to assure adequate production for society and rights of bargaining participants?
- Are there commodities that for U.S. economic or policy reasons should be excluded from the bargaining process?
- Should bargaining units be allowed to discriminate among product market uses as now done under marketing order programs?
- Should multi-product bargaining be allowed?
- Should an appropriate governmental unit be given power to limit price gains to prevent undue enhancement of prices?
- How are foreign policy and trade considerations handled if farmers are permitted to limit or control production to assure stable prices?
- What type of structural changes will result from bargaining authority and should these structural changes be limited?
- Provisions such as arbitration for the fair and equitable settlement of bargaining disputes should be established.
- Should farmers be given authority to picket or strike the appropriate processor, handler, or distributor? This would be effective if unions honored the picket lines.
- The legislation might require the immediate processing of perishable commodities and settlement of bargaining issues later. This would prevent irreplaceable losses to the farmer, processor, and consumer.

SAGE, SUGAR, AND VINEGAR

Farmers will need to show unity on bargaining legislation if Congress is to enact it. All major farm organizations still appear to support bargaining legislation for farmers in principle. In addition, other members of the food chain and consumers will have input as to the dimensions of the agricultural bargaining legislation.

The farmer is neither merchant nor laborer. If there is an appropriate federal legislative solution to the farm bargaining issue, it will result from a careful choosing from and improving on the concepts or principles of the labor and farm policy models and mixing in a little sage, sugar, and vinegar from the condiments of public interest.

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THIRD CLASS BULK RATE

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