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Proceedings of
THE NATIONAL AGRICULTURAL MARKETING CONFERENCE

Denver, Colorado

April 27-29, 1971

Sponsored by:

Consumer and Marketing Service, USDA
USDA and State Extension Services
Experiment Station Committee on Organization and Policy
Foreign Agricultural Service, USDA
National Association of Marketing Officials
National Association of State Departments of Agriculture
USDA and Cooperative USDA-State Research Service

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FOREWARD

The sponsoring agencies and the Program Committee express their appreciation to the speakers; the individuals who served as Steering Committee--Discussion Leaders for the various work groups; the Secretary-Consultants; and to those individuals who served as Chairmen of the various sessions. The smooth functioning of the Conference was due to work of many groups and individuals but particularly to the Colorado Department of Agriculture, the Colorado Extension Service, and the Colorado Experiment Station.

Copies of these proceedings may be obtained from the Matching Fund Program Staff, Consumer and Marketing Service, USDA, Washington, D. C. 20250.

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DAIRY AND DAIRY PRODUCTS WORK GROUP

April 29, 1971

Steering Committee - Discussion Leaders

Chairman - Truman F. Graf, Wisconsin Extension Service

Fred Koller, Minnesota Experiment Station

Clyde D. Lacey, Oklahoma State Board of Agriculture

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The discussion centered around three major categories:

- (a) Standards, Grading and Inspection.
- (b) Federal and State Milk Orders.
- (c) Implications of Growth of Dairy Cooperative to Dairy Industry and Regulatory Programs.

Some salient points discussed under each were:

- (a) More uniformity in standards, grading, and inspection, between states both with respect to producer milk and finished products undoubtedly occur. This will introduce new marketing opportunities and problems, but will have to be faced up to and dealt with. Minimum standards for manufacturing grade milk will result in changes in quantity and location of milk supply, and eventually have pricing implications. Again it will have to be faced. Standards will also more greatly reflect consumers' desires as contrasted to producer and industry wishes and desires, than was true in the past, another trend which must be faced up to in the future.
- (b) Federal and state milk orders will change substantially in the future. Because of changing marketing conditions Federal orders will be faced with increased pressures for the following: economic formulas, supply management, including an expansion of Class I base plans, consolidation of orders, standby pools in Federal milk orders, formula pricing for Class II milk as manufacturing grade milk converts to grade A, expansion in promotion and advertising checkoffs under orders, and "check testing" manufacturing grade milk orders. State milk orders will be faced with pressure for more promotional checkoffs, and more trade regulation, but probably less producer pricing as "super" cooperatives develop and greater interregional movement of milk occurs.

- (c) The growth of "super" cooperatives will continue. This will introduce new elements into dairy marketing, such as changes in Federal milk orders listed above, but also eventually possibilities of replacing Federal orders with cooperatives exclusive of Federal milk orders, increased bargaining pressures by cooperatives with pressures for expanded bargaining legislation, increased political pressure by producer cooperatives, and greater coordination of producer actions through the group discipline approach to maximize total income to the largest number of farmers.

POULTRY AND EGGS WORK GROUP

April 29, 1971

Steering Committee - Discussion Leaders

Chairman - Leonard Voss, Missouri Experiment Station

Henry E. Larzelere, Michigan Extension Service

John Mahoney, Maryland State Board of Agriculture

Secretary-Consultant

Ashley R. Gulich, Consumer & Marketing Service, USDA

The session began with a good interplay between the panel and those attending the session on the controversial egg pricing system and the effectiveness of USDA Market News reporting. The interest in this subject is indicated by the response to the proposal by the United Egg Producers Cooperative that certain Market News reports be discontinued and other adjustments be made in the system of reporting. At the time of the meeting, over 1,000 comments had been received by USDA, the majority of which expressed a desire for the continuance of Market News reports, but updating the type of information to more effectively serve all segments of the egg industry. The participants at the session share the same opinion. They also prefer reporting by Market News rather than a trade organization because of the unbiased nature of the reporting. Suggestions were made to replace the price range system with a single price based on a weighted average, also to report retail prices rather than wholesale prices.

The recently enacted Egg Products Inspection Act (P.L. 91-597) was discussed with those attending the session. No major problems are anticipated in implementing the program created by the Act. A very limited time was spent discussing clarification.

USDA is for decentralization, but there are some problems in this area. Some States, for one reason or another, prefer to use Federal employees rather than State employees in the voluntary grading programs for poultry and eggs. There were several other subjects the participants wished to discuss, but the limited time allotted for the session did not permit going into these other subjects.

FRUIT AND VEGETABLE WORK GROUP

April 29, 1971

Steering Committee - Discussion Leaders

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CONCLUSIONS

A. Market News

1. Price discovery is becoming more difficult and important under an integrated marketing system.
2. Use of market news as a basis for pricing can be dangerous in some situations.
3. Bargaining groups do not provide a substitute for market news reporting.
4. Need additional volume of marketing reporting, relating price to volume. Additional price analyses would be helpful.
5. Market news reporting should be a public responsibility. Complete cooperation and coordination of all State and Federal agencies is necessary.
6. On compulsory reporting by industry there were two points of view--pro and con.

B. Market Structure

Bargaining with respect to marketing arrangements may be potentially useful. Care should be exercised to avoid anti-trust implications. Sound legal advice should be sought.

C. Regulation

1. The present competitive model apparently does not operate with complete satisfaction to everyone. Some agricultural distress arises from causes outside agriculture. No complete prescription on a suitable remedy has been developed but we should look afresh at the problem.

2. Marketing orders and other forms of market regulation were discussed at length with no consensus of the best course of future action.

LIVESTOCK AND LIVESTOCK PRODUCTS WORK GROUP

April 29, 1971

Steering Committee - Discussion Leaders

Chairman - Al Madsen, Colorado Experiment Station

Edward Uvacek, Texas Extension Service

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Jerry Goodall, Consumer & Marketing Service, USDA

The work group discussion followed the same general outline that Dr. Clayton Yeutter used in his remarks before the General Session. Much of the discussion centered around problem areas and current activities of USDA and the State departments of agriculture. Several participants expressed considerable concern on several points, particularly in the areas of market news and market intelligence. There seemed to be a general consensus that producers need more interpretative information than is now generally available and that Federal-State efforts should be expanded to provide more of this kind of information. However, the group did not reach any conclusions as to specifically how producer needs should be fulfilled. The more pertinent points of the discussion period included:

Decentralization Activities of USDA

Effects of decentralization on the livestock and meat industry--

Status of current efforts to decentralize market news and meat grading programs--

Need for maintaining national uniformity in programs and methods now used by USDA to achieve uniformity--

Who (Federal or State Government officials) is responsible for providing impetus to decentralization efforts, and who will be responsible for decentralized programs.

Industry Structure

Public or consumer oriented aspects and effects of market orders and similar producer self-help activities--

Equity of not only permitting members of cooperatives to discuss supplies, market strategy, etc., but praising it while similar activities by private individuals or firms could result in anti-trust action.

Federal-State Market News Program

Discussed several aspects of public versus private market information services, including goals and objectives of each type of service, segment of the industry that each serves, interrelationships of various existing private services and USDA Federal-State programs--

Content of market news and other Federal or State reports, including the need for more analytical work on a more frequent (daily or weekly) basis, who should perform the analyses, and objectives of public versus private interest analyses--

Need for or desirability of legislation making it mandatory for buyers and sellers to report price and supply information to the Federal-State market news service--

Cost of market news, including financing of market information that is of national significance as compared with that which pertains only to local areas, increasing cost of the service due to inflationary trends, shifts in marketing practices, etc., possibilities of assigning cost of service to users of the service, providing information for small producers who cannot afford to purchase it--

Summarized recent changes made in Federal-State market news service; briefly reviewed adjustments necessary in collecting and disseminating information which arise from changing industry structure and trade practices and the willingness of news media to use market information.

Meat Grading

Reflection of value differences in grades and the importance of using economic factors to develop grade standards--

Recent developments and current status of USDA grading system--

Need for further educational work by State Extension Services, universities, State departments of agriculture, and others to speed the adoption of yield grading.

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