CHAPTER V

Chapter V

THE CONSUMER AND THE MARKET

Food Inspection and the Consumer. In his last press conference as Secretary of Agriculture, on January 7, 1969, Mr. Freeman spoke of the meat inspection law as an example of how the Department can be misunderstood. The Department recommended legislation requiring the inspection of meat in intrastate commerce to the Congress for a number of years, but could arouse no public interest. Not a consumer group or a newspaperman did anything to support the idea. The Secretary felt that something had to be done, so the Department developed a moderate program to use matching funds. The Congressional committees and the state commissioners of agriculture, the latter a strong force against the original plan, agreed to the matching funds. When this bill was reported, many people suddenly became interested and called for the type of legislation which the Secretary had first proposed. This left Mr. Freeman in the difficult position of having mobilized the commissioners of agriculture behind the only bill that he could get out of committee, but suddenly having support for his original proposal, which was opposed by the commissioners. As Mr. Freeman said: "We ended up with a program we had hoped to get long before. And it is just one of the examples of how this system works." 1/

1/ Transcript, Press Conference of the Honorable Orville L. Freeman, Jan. 7, 1969. In: Files, Agricultural History Branch, Economic Research Service, U.S. Department of Agriculture.

On March 20, 1968, the Secretary of Agriculture established the National Meat Inspection Advisory Committee, consisting of State officials concerned with or responsible for programs under the Wholesome Meat Act of December 15, 1967. The committee was charged with (1) evaluating State programs for the purposes of the Act, (2) obtaining better coordination and more uniformity among the State programs and between Federal and State programs, and (3) providing adequate protection of consumers. 1/ On October 28, 1968, the name of the Committee was changed to the National Food Inspection Advisory Committee, and its responsibilities were expanded to include advising on the Wholesome Poultry Products Act of August 18, 1968. 2/

The Committee held its first meeting on December 17-18, 1968, in Washington, D. C. Generally, the Committee urged that small plant owners be reassured regarding false rumors and misconceptions. The Committee also recommended that guides for reviewing plants should state that final judgment in using the guide should be based on the ability of the plant to produce a clean, wholesome product, and in making the evaluation, the "rule of reason" should be applied. 3/

1/ U. S. Department of Agriculture, Secretary's Memorandum 1632, Mar. 20, 1968.

2/ U. S. Department of Agriculture, Secretary's Memorandum 1641, Oct. 28, 1968.

3/ U. S. Department of Agriculture, Press Release 3959-68, Dec. 18, 1968.

Meanwhile, several States reached agreement with the Department of Agriculture to improve their inspection services in accordance with the Wholesome Meat Act of 1967. By the end of 1968, 29 States had signed agreements. 1/

Changes in Marketing. Effective November 26, 1968, the Department announced that discrimination in the furnishing of stockyard services or facilities because of race, religion, color, or national origin was a violation of the Packers and Stockyards Act. This ruling included all facilities. 2/

Future trading in all regulated commodities in calendar year 1968 showed a slight decline from 1967. Wheat and corn, the two largest commodities traded on contract markets, showed declines. The third largest commodity, frozen pork bellies, showed a large increase. 3/

An entirely different type of business, farmer cooperative, rose 6 percent in 1967 over 1966, and 57 percent over 1957. Marketing

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1/ U. S. Department of Agriculture, Press Release 4023-68, Dec. 26, 1968.

2/ U. S. Department of Agriculture, Press Release 3684-68, Nov. 22, 1968.

3/ U. S. Department of Agriculture, Press Release 3991-68, Dec. 23, 1968.

represented 78 percent of the total net business volume of $16.6 billion. Farm supply business represented 20 percent of the volume. 1/

The Department has been interested in strengthening farmers' bargaining power for several years. The Farmer Cooperative Service has worked with cooperatives to this end, and the Department has endorsed proposed legislation to improve the farmers' position in the market place.

In one of his last formal addresses, on January 13, 1969, Secretary Freeman said to a group of cooperative leaders: "Only through enhanced bargaining power can farmers get a fair deal. Otherwise, the deck is stacked against them. I hope you will continue to bend every effort to perfect the bargaining cooperative as a means of providing additional bargaining power not only for your present members but for other farmers who choose to use it." 2/

The Consumer and the Department. In his Annual Report for 1968, the Secretary wrote: "It is true--and it will remain true--that the Department of Agriculture has its roots on the farm, but its branches touch the lives of all, serving more people with more categories of

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1/ U. S. Department of Agriculture, Press Release 3724-68, Nov. 27, 1968.

2/ U. S. Department of Agriculture, Press Release 86-69, Jan. 13, 1969.

services 24 hours a day and 365 days a year than any other agency of Government. As Abraham Lincoln said, it is truly the people's department." 1/

1/ U. S. Department of Agriculture, Report of the Secretary of Agriculture, 1968, p. 147.

UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

October 28, 1968

SECRETARY'S MEMORANDUM NO. 1641 (CORRECTED)

National Food Inspection Advisory Committee

The objectives of the Wholesome Meat Act and the Wholesome Poultry Products Act are to protect the consuming public from meat, meat food products, poultry, and poultry products that are adulterated or misbranded. The Acts provide for this to be achieved by the Federal Meat and Poultry Inspection Programs and State Meat and Poultry Inspection Programs. The Secretary is authorized, after determining that it will effectuate the purposes of the Acts, to cooperate with appropriate State agencies in developing and administering effective State meat and poultry inspection programs, including the regulations of meat and poultry processors and related industries.

The Secretary may also appoint advisory committees to consult with him concerning State and Federal programs with respect to meat and poultry inspection and other matters within the scope of these Acts. This includes (1) evaluating State programs for the purposes of the Acts, (2) obtaining better coordination and more uniformity among the State programs and between Federal and State programs, and (3) providing adequate protection of consumers. In accordance with provisions of these Acts, the National Food Inspection Advisory Committee, consisting of State officials concerned with or responsible for programs under these Acts, is hereby established. This Committee will provide valuable assistance in implementing meat and poultry inspection programs. The Committee will serve for a period of two years and will meet at the request of the Chairman.

Members of the Committee are:

Phillip Alampi (New Jersey)
Phil Campbell (Georgia)
Doyle Conner (Florida)
Dexter D. Davis (Missouri)
Charles P. Ellington (Maryland)
Joseph H. Francis (Utah)
Donald N. McDowell (Wisconsin)
W. F. Moss (Tennessee)
Ira L. Myers (Alabama)
John P. Orcutt (Colorado)
Dave L. Pearce (Louisiana)
James E. Peavy (Texas)
Robert M. Schneider (Illinois)
Stanley I. Trenhaile (Idaho)
Don J. Wickham (New York)
A. O. Wilson (Montana)
Herald G. Wixom (California)

Mr. Rodney E. Leonard, Administrator, Consumer and Marketing Service, will serve as Chairman of the Committee; Dr. Robert K. Somers, Deputy Administrator, Consumer Protection, Consumer and Marketing Service, will serve as Vice Chairman; and Dr. H. M. Steinmetz, Assistant Deputy Administrator, Consumer Protection, Consumer and Marketing Service, will serve as Executive Secretary.

Subcommittees composed of the above Committee members may be established to study and make recommendations on specific problems assigned to them.

In addition to the Committee members, it is planned to invite the participation of State technical and operational meat and poultry inspection representatives, when needed, to assist the Committees.

Funds are available for reimbursement for travel and per diem expenses of the Committee members, and invited State technical and operational representatives.

Secretary's Memorandum No. 1632, Revised, dated July 19, 1968, is hereby superseded.

Orville L Freeman

NATIONAL FOOD INSPECTION ADVISORY COMMITTEE

Washington, Dec. 18, 1968

(Issued through facilities of the
U. S. Department of Agriculture)

National Food Inspection Advisory Committee Meets:

Problems and progress in implementing the Wholesome Meat Act and Wholesome Poultry Products Act were discussed by the National Food Inspection Advisory Committee, meeting December 17 and 18 with representatives of the U. S. Department of Agriculture.

The committee, made up of 17 heads of State agencies responsible for meat and poultry inspection programs, meets monthly to advise the Secretary of Agriculture.

The committee discussed fears of small plant owners that regulations under the act might drive them out of business. To counteract any false rumors or misconceptions, the committee recommended that USDA's Consumer and Marketing Service should develop a plan of action including:

* A national workshop with personnel from States and Federal government participating.

* Eight regional working committees of Federal and State officials to exchange information and maintain a uniform approach to problems.

The committee asked for an opportunity to review in detail the annual report which the Secretary of Agriculture is required to submit to Congress regarding State inspection systems.

The committee recommended that the guide for review of slaughter and processing plants should include a statement that final judgment in using the guide should be based on ability of the plant to produce a clean, wholesome product; and in making the evaluation, the "rule of reason" should be applied.

It also recommended that regulations should permit an exempt retail market to conduct custom slaughtering and/or preparation, PROVIDED effective separation of inspected and uninspected product and facilities can be maintained, subject to approval of State and Federal inspection officials.

The committee asked that Federal agencies amend their regulations to permit purchase of meat and meat products from State inspected establishments found to be "at least equal to" establishments operating under Federal inspection. These products would be distributed to the agency's installations within the same State.

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UNITED STATES DEPARTMENT OF AGRICULTURE

De La Garza DU 8-3285
McDavid DU 8-4026

Washington, Dec. 26, 1968

Montana and USDA Complete Wholesome Meat Act Agreement:

The U. S. Department of Agriculture today announced that it completed a cooperative agreement with Montana as a major step toward establishing a Federal-State meat inspection program in the State under provisions of the Wholesome Meat Act of 1967.

The Act gives each of the States until December 1969 -- or December 1970, if significant progress is being made -- to establish a meat inspection program at least equal to that of the Federal government.

Signing of the agreement Dec. 23 follows a survey of present inspection procedures and of meat plants in Montana made by both State personnel and officials of the Consumer and Marketing Service. The survey was to determine the nature and extent of Montana's meat inspection program, any deficiencies in it, and estimates of the costs involved to further develop and operate its program.

C&MS officials said Montana has submitted an improvement plan, detailing how the State intends to correct deficiencies.

C&MS will provide up to 50 percent of the cost of Montana's program and will give technical assistance to the State in planning and developing its program.

Montana will operate an inspection program for red meats that are sold or shipped within the State. C&MS will continue to inspect meat processed in plants which sell products across State lines or in foreign commerce. The Wholesome Meat Act provides for a uniform standard of wholesomeness, whether meat is State or Federally inspected.

C&MS officials said the agreement signings bring to 29 the number of States that have completed Wholesome Meat Act agreements with USDA.

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UNITED STATES DEPARTMENT OF AGRICULTURE

Pfister 388-5501
McDavid 388-4026

Washington, Nov. 22, 1968

USDA Issues Statement on Nondiscrimination:

Discrimination in the furnishing of stockyard services or facilities"...because of race, religion, color, or national origin..." is a violation of the Packers and Stockyards Act, the U.S. Department of Agriculture said today.

The announcement came in a Statement of General Policy of USDA's interpretation of the P&S Act. It becomes effective upon publication Nov. 26, 1968, in the Federal Register.

USDA's Packers and Stockyards Administration (P&SA) said the statement extends to "establishing rules or regulations at the stockyard" which show prejudice against persons using the services or facilities.

Services and facilities involved in the policy "include, but are not limited to, those furnished for observing, selling, weighing, or other handling of livestock, the restaurant, the restrooms, drinking fountains, and lounge accomodations.

P&SA said instances of discrimination may result in issuance of a complaint against a stockyard owner or market agency for violating the Act.

The P&S Act is a fair trade practices law. It promotes and maintains fair and open competition in the marketing of livestock, poultry, and meat.

Copies of this statement may be obtained from the Packers and Stockyards Administration, USDA, Washington, D.C. 20250.

UNITED STATES DEPARTMENT OF AGRICULTURE

Grant DU 8-4987
McDavid DU-8-4026

Washington, December 23, 1968

Commodity Futures Trading in 1968 Declines Slightly from Previous Year:

Futures trading in all regulated commodities in calendar year 1968 will show only a slight decline from 1967, the U. S. Department of Agriculture reported today, based on preliminary data from the Commodity Exchange Authority.

The total volume of futures transactions (purchases plus sales) in all regulated commodities, estimated at 15,688,000, will be 4 percent under last year. The estimated value of futures trading will decline 10 percent from $67.6 billion in 1967 to $60.8 billion in 1968, CEA reported.

Wheat, with an estimated 8.3 billion bushels traded in 1968 compared with 11.3 billion bushels in 1967, continued to be the largest commodity traded on contract markets. Corn, second in terms of market activity, has an estimated volume of 8.1 billion bushels in 1968, a decline from the 9.8 billion bushels traded in 1967.

Frozen pork bellies, under CEA regulation for the first time in 1968, ranked third largest among the commodities, with an estimated 1.4 million contracts traded, an increase over the 1.0 million contracts in the previous year. Trading in other livestock and livestock products which were added to the Commodity Exchange Act in 1968 show general declines in volume.

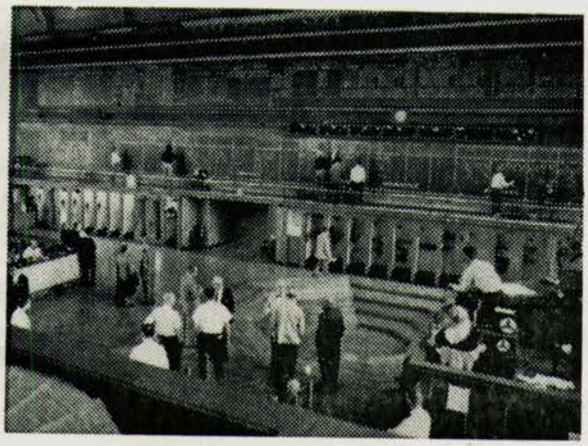
Soybeans continued its decline of the past two years, dropping in volume to approximately 4.8 billion bushels in 1968 from 5.6 billion bushels in 1967. Soybean oil and soybean meal, however, were both traded at increased levels. Oil volume, estimated at 309,660 contracts for 1968, compares with 284,506 contracts a year earlier. Soybean meal will increase to approximately 37,561,800 tons from 35,363,200 tons in 1967.

(more)

Cotton, with an estimated volume of 24,105,400 bales is three times larger than the volume of the previous year.

Eggs trading of approximately 166,235 contracts in 1968, is a large increase over the 29,276 contracts a year ago. Potatoes, although traded less actively than in 1967, continues as a large market, with an approximate volume of 484,453 carlots in 1968. Potato trading in 1967 reached nearly a half-million carlots.

Substantially increased trading is also indicated for frozen concentrated orange juice, the most recent commodity to come under CEA regulation. From 23,338 contracts traded in 1967, the estimated volume will increase to 151,399 contracts in 1968.



NOTE TO EDITORS: Prints of this photograph (ST-549-10) showing the Minneapolis grain exchange are available free to news media upon post card request. Write to Photography Division, Office of Information, U.S. Department of Agriculture, Washington, D.C. 20250. Use your zipcode.

USDA 3991-68

UNITED STATES DEPARTMENT OF AGRICULTURE

Stanton DU 8-6486
McDavid DU 8-4026

Washington, Nov. 27, 1968

Farmer Cooperative Business Surpasses $16.5 Billion Mark:

"Dollar business volume of farmer cooperatives exceeded $16.5 billion, a rise of 6 percent over the previous year, according to the annual survey just completed," stated David W. Angevine, Administrator, Farmer Cooperative Service, U.S. Department of Agriculture. "This is a rise of 59 percent over the volume 10 years earlier."

The survey showed total net business volume of $16.6 billion for marketing, purchasing, and related-service cooperatives for the year July 1, 1966 to June 30, 1967. California, Minnesota, and Iowa were first, second, and third among the States in total net dollar volume of business.

Total gross business volume -- the amount that adds business between cooperatives to the net figure -- amounted to $21.9 billion for the year.

Other highlights of the survey are:

. Total number of cooperatives decreased almost 3 percent -- to 8,110. Minnesota, Wisconsin, and Iowa stood 1, 2, and 3 in number of cooperatives.

. Memberships totaled 6.5 million, 5 percent less than the previous year. This figure contains some duplications, since many farmers are members of more than one cooperative. Minnesota, Indiana, and Iowa led in memberships, in respective order.

. Net value of all farm products marketed amounted to $12.9 billion -- 5 percent over that reported a year earlier. Dairy, grain, and livestock led in product value in that order.

. Net value of farm production supplies amounted to $3.4 billion, an increase of almost 9 percent over the previous year. Leading farm supplies handled were feed, petroleum, and fertilizer, in decreasing order.

Marketing volume for 1966-67 represented 78 percent of the total net business. This volume was 61 percent greater than that reported in 1956-57.

The rise in cooperative marketing volume largely came from increases in the net value of dairy products, livestock, and grain handled.

Dairy products ranked first among commodities marketed with almost $4.2 billion -- up 9 percent over the previous year and 51 percent above the period 10 years earlier. These products represented 32 percent of the total net value of marketings by cooperatives, 1 percent more than the year previous.

Grain volume of almost $2.9 billion was 7 percent greater than the previous year and 73 percent greater than that for 1956-57. It accounted for 22 percent of the total net value of farm products marketed, the same percent as the previous year.

Livestock ranked third with a net business volume of $1.9 billion -- up 13 percent from the previous year and 62 percent greater than 10 years earlier. It comprised 15 percent of the total net value of farm products marketed, compared with 14 percent in 1965-66.

California continued in first place in net value of farm products marketed with $1.8 billion, Minnesota in second with $892 million, and Iowa in third with $766 million.

Farm supply volume of $3.4 billion in 1966-67 represented an increase of 57 percent over the $2.1 billion reported in 1956-57. It accounted for 20 percent of the total net business of cooperatives in 1966-67.

Increases in the net value of feed, fertilizer, petroleum products, and sprays and dusts handled accounted in large part for the rise in cooperative supply volume.

Feed had the highest value among farm supplies with over $1.1 billion -- an increase of about 9 percent over the previous year and 43 percent over 1956-57. Feed accounted for 34 percent of the net supply volume in this latest survey, the same as the previous year.

Petroleum products were second with $728 million -- 4 percent greater than the previous year and 37 percent over 1956-57. Petroleum products accounted for 22 percent of the total net supply business, 1 percent less than the previous year.

In third place was fertilizer with $632 million -- 12 percent over the previous year and 130 percent over 1956-57. Fertilizer accounted for 19 percent of total farm supply business in 1966-67, 1 percent more than the previous year.

Iowa ranked first in the net value of supplies handled by cooperatives with $297 million, Minnesota ranked second with $210 million, and New York ranked third with $208 million.

Related services -- receipts for trucking, storage, drying, ginning, grinding, and similar services -- amounted to $317 million, 2 percent less than the previous year but 35 percent greater than for 1956-57.

In net value of combined marketing, supply, and related-service volume, California continued in first place with $1.9 billion -- 12 percent of total net business. Minnesota remained in second place with slightly more than $1.1 billion -- 6.8 percent of the total. Iowa ranked third with slightly less than $1.1 billion -- 6.5 percent of the total.

(more)

Total number of memberships was 6,493,585 -- about 15 percent under 1956-57. The average number of memberships per association stood at 801 in 1966-67. The decline in number of memberships reflects the reduction in number of farmers in the United States.

Minnesota continued to lead in total number of memberships with 600,215. Indiana jumped to second place with 425,875, and Iowa ranked third with 422,800.

Total number of cooperatives, 8,110 was almost 3 percent less than the previous year and 32 percent below the high point of 12,000 associations in 1930. The decrease primarily reflects a continuing reorganization trend involving merger, consolidation, and acquisition.

The survey also showed 5,068 cooperatives, or 63 percent, primarily marketed farm products, 2,865, or 35 percent, primarily handled farm supplies, and 177, or 2 percent, primarily performed services related to marketing or purchasing activities.

Minnesota continued to lead in total number of associations with 997, Wisconsin was second with 593, and Iowa third with 516. Following closely was Texas with 508.

The accompanying tables give additional detailed information from the 1966-67 survey of farmer cooperatives.

Estimated business in specified commodity and service groups of marketing, farm supply, and related-service cooperatives, 1966-67 1/

Item	Number of cooperatives handling	Gross business (includes intercooperative business)	Net business (excludes intercooperative business)
		$1,000	$1,000
Products marketed:			
Beans and peas (dry edible)	54	53,629	33,638
Cotton and cotton products	572	527,351	441,171
Dairy products	1,204	5,020,633	4,161,325
Fruits and vegetables	556	1,851,735	1,539,848
Grain, soybeans, soybean meal and oil	2,569	4,689,197	2,882,217
Livestock and livestock products	455	2,000,090	1,900,124
Nuts	70	229,803	219,629
Poultry products	379	613,792	516,912
Rice	60	341,114	272,193
Sugar products	68	533,431	532,505
Tobacco	30	292,731	292,731
Wool and mohair	220	25,575	25,528
Miscellaneous	165	63,320	58,956
Total farm products	2/ 5,776	16,242,401	12,876,777
Supplies purchased:			
Building materials	2,079	197,914	140,289
Containers	1,071	102,838	38,509
Farm machinery and equipment	1,509	144,951	91,867
Feed	4,252	1,624,082	1,151,504
Fertilizer	4,351	1,187,046	631,868
Meats and groceries	741	83,656	60,433
Petroleum products	2,729	1,144,426	728,067
Seed	3,937	187,406	129,129
Sprays and dusts (farm chemicals)	3,385	171,875	103,397
Other supplies	4,831	491,024	284,930
Total farm supplies	2/ 6,455	5,335,218	3,359,993
Receipts for services:			
Trucking, cotton ginning, storage, grinding, locker plants, miscellaneous	2/ 5,215	3/ 317,177	3/ 317,177
Total business	2/ 8,110	21,894,796	16,553,947

1/ Preliminary.
2/ Adjusted for duplication arising from multiple activities performed by many cooperatives.
3/ Charges for services related to marketing or purchasing but not included in the volume reported for these activities.

Estimated number, memberships, and business of marketing, farm supply, and related-service cooperatives, by States, 1966-67 1/

State	Number of cooperatives with headquarters in State	Number of memberships in State	Net business (excludes intercooperative business)
			$1,000
Maine	15	9,790	51,737
New Hampshire	7	2,950	31,808
Vermont	20	9,165	101,914
Massachusetts	22	9,100	80,058
Rhode Island	1	760	12,669
Connecticut	19	5,455	75,462
New England	84	37,220	353,648
New York	314	132,185	846,536
New Jersey	54	23,390	114,552
Pennsylvania	131	84,010	451,275
Middle Atlantic	499	239,585	1,412,363
Ohio	229	269,080	696,671
Indiana	124	425,875	570,450
Illinois	381	417,415	911,533
Michigan	167	143,565	442,824
Wisconsin	593	391,940	861,818
East North Central	1,494	1,647,875	3,483,296
Minnesota	997	600,215	1,120,025
Iowa	516	422,800	1,082,341
Missouri	183	392,735	489,925
North Dakota	495	233,600	451,715
South Dakota	291	183,350	250,961
Nebraska	361	260,540	519,720
Kansas	306	215,230	534,538
West North Central	3,149	2,308,470	4,449,225
Delaware	9	11,665	15,477
Maryland	45	54,665	130,293
Virginia	132	163,760	229,449
West Virginia	66	41,200	45,520
North Carolina	37	171,355	279,859
South Carolina	21	39,330	73,268
Georgia	72	158,350	247,859
Florida	106	44,475	396,105
South Atlantic	488	684,800	1,417,830
Kentucky	82	196,100	183,272
Tennessee	131	154,710	137,631
Alabama	61	83,905	91,937
Mississippi	130	128,285	280,481
East South Central	404	563,000	693,321
Arkansas	105	95,760	279,710
Louisiana	97	15,755	109,494
Oklahoma	167	136,775	281,668
Texas	508	183,835	668,733
West South Central	877	432,125	1,339,605
Montana	175	66,370	144,881
Idaho	76	57,260	161,819
Wyoming	32	11,430	28,596
Colorado	97	47,445	176,376
New Mexico	29	8,855	36,177
Arizona	12	76,620	108,828
Utah	52	37,445	113,296
Nevada	3	295	5,084
Mountain	476	305,720	775,057
Washington	169	119,485	430,731
Oregon	98	64,205	271,693
California	346	88,445	2/ 1,905,217
Pacific	613	272,135	2,607,641
Sub-Total	8,084	6,490,930	16,531,986
Alaska	2	410	2,593
Hawaii	24	2,245	2/ 14,947
Export 3/	-	-	4,421
United States	8,110	6,493,585	16,553,947

1/ Preliminary.
2/ The volume of a Hawaiian sugar cooperative headquartered in California is included in the dollar volume of California.
3/ Includes value of fertilizer sold by cooperatives overseas.

U. S. Department of Agriculture
Office of the Secretary

As your chairman has indicated, next week I take over my responsibilities as President of EDP International. This is a smaller organization than the one I've headed these past eight years, yet in some respects it has similar objectives. I'll still be concerned with crop and livestock production, with food, with farmers, with agricultural research, with hungry people -- and with cooperatives.

This new organization will try to help governments around the world harness their resources and use these resources to raise the living standards of their people.

These governments aren't blessed -- as we have been -- with abundant resources. Nor are they blessed -- as we were -- with lots of time. U. S. agriculture developed technologically at quite a leisurely pace for 100 years -- from McCormick's reaper to World War II. We could afford mistakes. We could waste resources and waste time. And we did.

These nations that today are developing their agriculture cannot afford to waste either resources or time. They must make the correct decisions and make those decisions now. In helping them do so, I expect to use overseas some of the lessons that you and I and others have learned here in America, and I expect to be working with some of you in the months and years ahead.

Remarks by Secretary of Agriculture Orville L. Freeman at the National Conference of Bargaining Cooperatives Luncheon, Lincoln East Room, Hilton Hotel, 12 noon, (EST) Monday, January 13, 1969.

You who are attending this 13th National Conference of Bargaining Cooperatives should be particularly proud that U. S. farmers, generally speaking, today place great emphasis on bargaining power. Over the years, you at this Conference have discussed and examined your successes -- as well as your mistakes -- in using the most effective bargaining technique that U. S. farmers so far have developed. In doing so, you have helped stimulate this pervading demand for farmer bargaining power.

Bargaining power is farmers' ability to influence the prices they receive for their crops and livestock products. Through organizations such as yours, they may exercise this power over these commodities as they leave the farm gate. Or farmers may exercise this power over these products as they arrive in the supermarket -- through great marketing, processing, and merchandising cooperatives.

Only through enhanced bargaining power can farmers get a fair deal. Otherwise, the deck is stacked against them. I hope you will continue to bend every effort to perfect the bargaining cooperative as a means of providing additional bargaining power not only for your present members but for other farmers who choose to use it.

In this effort, you have had -- and I hope you will continue to have -- the vigorous and effective assistance of Farmer Cooperative Service. I'm proud of this agency and of its work.

(more)

As you know, we defined the purposes and objectives of FCS two years ago, and then several months later we reorganized the agency so as to carry out those objectives more effectively. In this reorganization we strengthened lines of authority and responsibility and shifted to a functional rather than a commodity structure — all to achieve more comprehensive service for rural cooperatives.

I'm proud that we've brought FCS closer to the center of Department affairs, that FCS now gives greater attention to new rural cooperatives — including those that low-income persons organize — and that the agency now exercises greater initiative in leading cooperatives into new areas of service.

I'm very proud that one of my first acts as Secretary of Agriculture was to reconstitute — after an 8-year lapse — the National Advisory Committee on Cooperatives. This Committee includes the chief executive officers of six national co-op organizations — American Institute of Cooperation, Cooperative League of the USA, National Council of Farmer Cooperatives, National Federation of Grain Cooperatives, National Milk, Producers Federation, and National Rural Electric Cooperative Association.

(more)

I've had a close working relationship these past eight years with these men, and I am very pleased that they (or their representatives) are at this table today.

This Committee has helped every agency in the Department of Agriculture recognize cooperatives as an extremely useful technique in carrying out our overall Department objectives. So far as cooperatives are concerned, the Department and its agencies aren't neutral. We're <u>for</u> cooperatives, every step of the way.

The National Advisory Committee on Cooperatives also has helped make Co-op Month into a truly nationwide celebration. I was one of the first state governors to proclaim October as Co-op Month, and I'm proud to have led USDA, other Federal Departments, and independent agencies into an active role in what is now a national observance. In this, I have had the Committee's full cooperation and support.

I hope this Committee will advise my successor as diligently and as wisely as it has advised me. Certainly our cooperatives should insist the Committee continue to function.

Basically, of course, a cooperative is a technique that groups of persons use, either to increase their incomes or to stretch whatever incomes they have. It has worked well for many people. Farmers, more than any other occupational group in our society, have used cooperatives successfully, imaginatively, and effectively. They have seized many opportunities to make cooperatives an integral part of farming.

(more)

Small farmers use the cooperative technique to become successful commerical producers. They have done so for 50 years, and they will continue to do so in the future.

Occasionally, someone has suggested -- or implied -- that cooperatives should offer membership only to successful farmers. Those who do so forget that if we had divided farmers into the successful and the unsuccessful 10 years ago, and consigned the unsuccessful to non-farm occupations, many who are now known as successful farmers wouldn't be farming today.

Farming is an "open" occupation. A man can enter the industry and succeed -- if he has what it takes -- or fail -- if he doesn't. Farming is not an occupation that's closed to everyone except successful farmers.

Cooperatives generally recognize this -- and I hope they will continue to do so. Income barriers that exclude some farmers while admitting others are contrary to the cooperative spirit.

I'm not suggesting, of course, that the milk marketing co-op which gathers its members' output in giant, glass-lined, semi-trailers should invest in equipment to handle the old 10-gallon milk can, just because some farmer with three cows wants to join the co-op. The cooperative is not a charitable institution.

However, I do feel that the leaders of successful cooperatives have a responsibility to consider ways that these cooperatives can work directly to include small farmers within the benefits of membership and indirectly to expand economic opportunities in rural America.

(more)

I'm gratified that farmers marketing and purchasing cooperatives are contributing to an improved rural-urban balance. Within the past year and a half, these co-ops have located a quarter-billion-dollars worth of major facilities in rural areas. That's 85% of their total plant investments.

Whether they've invested in rural America because I urged them to do so in a speech at the University of Maryland in May 1967 is immaterial. What's important is that they're doing it.

That's an indirect benefit. I hope your cooperatives will continue to explore new ways they can <u>directly</u> serve small farmers.

There is, for example, a tremendous opportunity for small farmers in the southeastern U.S. to raise hogs. We know that a small farmer in this area can handle the offspring of 20 sows, and raise them to market weight, and earn a net return of $5,000. We know because we've seen it happen.

Primarily they need credit. Farmers Home Administration can finance only a limited number of such producers. I hope production credit associations will expand their services so as to provide the needed credit and to afford the other benefits of cooperative participation and control.

The small farmers in the Southeast also need hog feed at a reasonable cost, and a cooperative is the logical place for them to get it. They also need a dependable marketing service, and -- again -- a cooperative is the logical place for them to get it.

(more)

This is a single example. Similar opportunities for cooperatives to expand their services exist throughout America, and I believe our cooperatives have a responsibility to pursue such opportunities vigorously.

Bargaining power. Farmer Cooperative Service. The national advisory committee. Small farmers. And the thread that connects them all is cooperatives. I'm proud of what the Department has accomplished in this field the past eight years. Let's continue to work together.
