FARMERS' BARGAINING POWER AND THE DYNAMICS OF AMERICAN POLITICS

by Ross B. Talbot

(Editor's note: In the following paper Dr. Talbot examines factors involved in efforts to increase farmers' bargaining power through legislation. The paper was prepared in May, 1961, before final action was taken on the Agricultural Act of 1961.)

"All indications point to an acceleration in 1961 of a drive by farmers for more bargaining power. The reason is that this is earning power, and farmers will not be denied their right to it." Homer L. Brinkley, executive vice president of the National Council of Farmer Cooperatives, goes on in his annual report to say: "I want to emphasize that in the use of the term 'bargaining power' we refer not to any particular kind of cooperative but to the principle of matching the combined strength of farmers to the strength of those to whom they sell and from whom they buy."

It has been this agreement on principle fused with a substantial disagreement about the means to be used in its realization that has constantly plagued the farmer in his attempts to achieve bargaining power. For many decades the farmer has understood that power must be available to counteract power. He has, at least, come to such an understanding during periods of low income. His inability to meet those who buy from and sell to him on equal or superior bargaining terms has brought about periods of frustration, calls to action, occasional legislation, and -- in a few instances -- splurges of violence.

A fad of today is to proclaim once again that lack of power is a fatal weakness to the social, economic, and political position of the American farmer. The most notable and scholarly contribution in this field of disputation during the post-World War II era has been Galbraith's American Capitalism, in which he developed his concept of countervailing power and pointed sharply to the farmer's inability to exercise such power. A few years later Willard Cochrane's Farm Prices: Myth or Reality provided intellectual respectability for a course of action, involving a specific approach to bargaining power which one of the major farm organizations had been advocating for several years.

Theory and environment came together during the 1950's: Farm income was on a rather constant decline (except for the Korean War period); the new phenomenon called vertical integration came into being; advancing farm costs

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kept widening the gap between the gross and net income of the farmer; the farmer consistently produced more than the market would bear at the price he wanted; and costs of farm programs started to mount. The climate was propitious for political action.

**Political Approaches to Bargaining Power**

The leadership of the farm organizations, the political parties, and the Congress seem to be in general agreement that a critical weakness of the farmer is his lack of bargaining power. But, to use Walter Lippmann's apt phrase, we all have a different set of "pictures" in our minds of the nature of the reality that confronts us. It has been said that politics is a certain ordering of ideas, interests, institutions, and individuals. Probably so, but what kind of an arrangement of these four I's do we have when we examine the bargaining power concept as it affects agriculture? The interaction seems to have produced a consensus about the nature of the problem but three divergent approaches to its solution.

**Bargaining power through the price system -- the Farm Bureau approach.** In September 1959, the board of directors of the American Farm Bureau Federation recommended that the AFBF establish a national farm marketing cooperative. This action was approved at the 1959 national convention; in February of the following year there was created the American Agricultural Marketing Association; by April 1961, four state Farm Bureau marketing groups had become associated with the national organization. All these moves were ostensibly designed to improve the economic power of the farmer.

However, the Farm Bureau clearly intends to seek this bargaining power through what it considers the orderly and legitimate channels of the existing marketing system. "...A 'sound, workable' government program is agriculture's 'Holy Grail' --- a phantom, will-of-the wisp that can never be attained because it replaces God-given economic processes with man-made political power," according to Charles Shuman.

Just how effective the Farm Bureau approach will be in assisting farmers to obtain bargaining power, and thereby"...the full market value of farm commodities," is an issue which will be pursued in a later paper. However, the impression should not be left that the Farm Bureau is unwilling to use the instrument of government at all in the pursuit of an improved farm income. For example, during the 86th Congress and now in the 87th, the Farm Bureau has been endeavoring to secure the enactment of an enlarged and extended land retirement program. The Farm Bureau drafted at least two bills in 1960 which were designed to advance the conservation reserve program, and in the 87th Congress it sponsored a "cropland adjustment" bill which would, among other things, place some 60 million acres in a land retirement program.

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Bargaining power through social conflict -- the NFO approach. The National Farm Organization is pursuing bargaining power through a new form of the general strike which it refers to as a "holding action." The objective and the strategy are obvious enough: Hold the particular commodity or commodities off the market until the processor agrees to a contract which will substantially increase the unit price of the commodity from what it was bringing in the "free market." The technique is to organize most of the 500 "farm" counties into a "minute men" set-up which can be used to shut off the flow of animals and grains to the market when the decision is made to do so.

The NFO considers itself a nonpolitical organization; but by this is really meant bipartisan. In NFO's opinion, the Capper-Volstead Act provides the legal justification for the holding action activity. NFO supported the feed grains bill ("...it can improve our bargaining power immensely") and has come out in favor of the recently proposed Agricultural Act of 1961. Nevertheless, the NFO is reluctant to seek bargaining power through such political means: "We point out, however, the weakness of relying entirely on legislation -- Congress can veto any plan developed by producers. Since consumers control Congress, consumers are still in a position to control farm prices. Are the prices charged by the U. S. Steel or General Motors, for instance, subject to congressional veto?"

Bargaining power through political conflict -- the Farmers Union approach. "Farm prices are made in Washington" has been a slogan of the National Farmers Union for many years. Such a statement is to the Farmers Union an expression of reality, if not of preference. Farmers Union officials have denounced the Farm Bureau approach because, in their opinion, it is a sure road to more production, lower prices, and the destruction of the family farm. The NFO approach had some attraction for them in the early 1930's when they assisted in the Farmer's Holiday movement but the realities of American economic life and their own limitations in organizational strength have led them to pursue bargaining power through instruments provided by national legislation. Since at least 1947, the Farmers Union has been advocating congressional action which would bring the farmer into a bargaining power situation which would be comparable to that of organized business and organized labor.

These approaches make little, if any, original contribution to knowledge. Rather, they give weight to Lord Keynes' contention that, "...The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else." With time and diligence we might sketch the sources from which farm organizations derived their ideas. Such is not our task; for this presentation it will be sufficient if the approaches are described fairly accurately, without further questioning the why.

7 Ibid., April 1961, p. 6.
85th and 86th Congresses and Farm Bargaining Power

The pursuit of farmer bargaining power through the device of national legislation is hardly novel. The Capper-Volstead Act of 1922 and the Agricultural Marketing Agreement Act of 1937 are two notable historical examples. However, the purpose of this brief section is not to develop a legislative history of this field but simply to provide background for discussion of the current political situations.

There were several attempts during the 85th and 86th Congresses to delegate new or additional marketing order authority for the regulation of a specific commodity; in one bill an effort was made to clarify and amend the Capper-Volstead Act to add to the bargaining-power potential of cooperatives. The bills were not reported out of committee except the final version of the Poage bill (H. R. 12261), which did receive favorable report but was defeated on the House floor.

(1) S. 1680 (85th Congress -- First Session) would have permitted marketing orders for cranberries to be used for canning or freezing. Fresh cranberries are already covered by marketing orders. The farm organizations, including most of the grower's associations, favored the bill. The Department of Justice voiced serious objections, but the Department of Agriculture testified in the bill's behalf. It was not reported out of either the Senate or House committee.

(2) S. 3864 (85th Congress -- Second Session) was entitled the National Turkey Marketing Act and would have permitted the issuance of turkey marketing orders. The USDA and the Farm Bureau had some serious objections to the bill. The National Grange actually drafted the bill; the Farmers Union approved, and many state turkey organizations strongly advocated passage. The bill was not reported out of committee.

(3) H. R. 1077 and 14 other similar bills (85th Congress -- Second Session) were introduced to establish some form of dairy self-help program. The USDA and the Farm Bureau opposed this legislation. Different versions of a self-help program were introduced but none was approved by either the House of Senate committee.

(4) S. 2014 (86th Congress -- First Session) was designed to grant farmer marketing cooperatives complete immunity from antitrust laws, except where they combined or conspired with others. The USDA opposed the bill and recommended that no action be taken until the United States Supreme Court handed down a decision in the case of United States v. Maryland and Virginia Milk Producers Association. The Senate reported out the bill but later recalled it.
(5) H. R. 2490 (86th Congress -- First Session), the Metcalf bill, was a Farmers Union-sponsored bill. It would have given the Secretary of Agriculture and producer committees the authority to use nearly every known device to improve farm prices and incomes. The bill received no committee action. Then came the Family Farm Income Act of 1960 (H. R. 10355), followed by the Family Farm Act of 1960 (H. R. 11769). The latter did come to a vote in committee, but all the Republicans and eight Democrats voted against it. Finally, there was the Farm Surplus Reduction Act of 1960 (H. R. 12261). It cleared the committee but was defeated in the House by a vote of 176-230.

Congressman Poage, vice chairman of the House Committee on Agriculture, introduced the last three bills, so they will be referred to hereafter as the Poage bills.

Political Kaleidoscope

Conflict is the essence of politics. "At the root of all politics is the universal language of conflict," and "democratic government is the greatest single instrument for the socialization of conflict in the American community." When a particular course of action is believed to be one which will change the existing structure of social, political, and economic power, the issue will quite likely become involved in politics. Such is the situation today regarding the bargaining power of the American farmer. We are witnessing an all-out effort both to enact and to defeat the Agricultural Act of 1961. Just the fact that the Farm Bureau has labelled the measure as "the Cochrane-Freeman bill" says a good deal about the nature of and the interests involved in the struggle for power.

Of the three approaches outlined, it seems apparent that the third (Farmers Union) approach is the one that is now receiving its day in national politics.

My guess is that H. R. 6400 will be enacted into law, although the Title I provisions may have to suffer at least one further important alteration:

10 H. R. 6400 was introduced in the House by Chairman Cooley on April 18, 1961; S. 1643 was introduced in the Senate by Chairman Ellender on the same day. They are companion bills and are officially entitled the "Agricultural Act of 1961". Hereafter, the bills will be referred to as H.R. 6400. In barest outline, the act contained the following provisions:
Title I --Supply Adjustment and Price Stabilization programs:
(1) Use of advisory committees; (2) Extension of marketing orders;
(3) Use of marketing quotas; (4) Price stabilization authority --
direct payments, price support levels, etc.; (5) Congressional
review.

Title II --Extension of the Agricultural Trade Development Act (P.L. 480).
Title III --Modification of the credit program of the Farmers Home Administration.
Title IV --General provisions concerning the Great Plains conservation program,
the school lunch program, and the legal status of cooperatives.
The supply adjustment and price stabilization programs of the USDA and the farmer advisory groups will probably have to be submitted to Congress for whatever specific modifications the Congress, and notably its pertinent committees, may wish to extend.

How could this prediction be plausible in light of the preceding review of recent congressional action and in view of the formidable authority which will be given to the USDA if H. R. 6400 becomes law?

Please don't inquire into the laws of physics involved in a child's kaleidoscope. For whatever the reason, a change in the structural positions of the glass particles brings about a new relationship of colors and imageries. In political terms, the equilibrium of power has been altered. Whether the viewer was more pleased with the original rather than the subsequent perspective is probably the crucial philosophical issue but not the one with which the political scientist is concerned. My contention is: The American voter turned the kaleidoscope last November. It was not a wrenching twist, mind you, but enough of a turn to bring one party into control of both the Presidency and the Congress. A few thousand votes in a few strategic states substantially changed the structure of political power.

It would require a major effort to describe and analyze even the major causes and effects involved in the new kaleidoscopic formation, but an outline of at least the most significant political ingredients seems necessary.

The Presidency. Since 1933, the President has been the clearly dominant figure in our American political system. Clinton Rossiter has named him the chief executive, the chief of state, the commander-in-chief, the chief diplomat, the manager of prosperity, the chief of his party, the chief legislator, the voice of the people, and the leader of a coalition of free nations. 11 Perhaps Herman Finer and Rexford Tugwell are correct in saying that no one man can wear so many "hats" without being crushed by an overburden of responsibility. 12 We are not about to change the system, however, so we must try to make it work for the interests of the United States and all the free world.

Our specific interest is farmer bargaining power and H. R. 6400. The picture in our kaleidoscope has changed: President Eisenhower was not about to accept a Poage bill, and the veto power is an almost absolute weapon. President Kennedy has sent just such a bill, and more, to Congress. He can get it passed

if the priority is high enough on his agenda. A general farm bill is not top priority legislation in the President's judgment, but his political commitments in this area are rather formidable.

The Congress. The critical period in the life of a bill is when it is in the committee stage of the legislative process. If the bill is reported out of committee the chances are about nine out of ten that it will pass at least one house of Congress. For whatever the reasons, neither Cooley nor Ellender would even introduce into the 86th Congress what we have referred to as the Poage bills. In the 87th Congress, H. R. 6400 was introduced by Representative Cooley and the Senate companion bill (S. 1643) by Senator Ellender. The latter spoke on the floor of the Senate in favor of the Title I provisions: "The Congress would be able to carry out its authority and responsibility more effectively by devoting its attention to the broad policy questions and implications of recommended programs and not become involved in interminable discussion of the minute details involved."13 Chairman Cooley talked to the House in equally enthusiastic phrases: "I have today introduced the Administration's Farm Bill. I shall do everything within my power to bring about its enactment at the earliest possible date."14

Committee action poses certain imponderables. The Republicans gained 21 seats in the 1960 House elections, and their membership on the House Agriculture Committee increased by two. The issue becomes: Will the Southern Democrats stand fast and vote for the administration's bill? Probably some of them will maintain their allegiance to the quondam coalition of Southern Democrats and Midwest Republicans.15 On the Senate side, the two strongest advocates of potent national farm legislation of the H. R. 6400 variety have left the Committee on Agriculture and Forestry -- Senators Humphrey and Symington. Their replacements -- Senators McCarthy and Neuberger -- are of the same political inclinations as their predecessors but are not of equal experience and seniority.

14 Statement by Congressman Harold D. Cooley, Chairman, House Committee on Agriculture, April 18, 1961 (mimeograph).
15 This type of legislation tends to freeze production patterns. The average net income per farm family is considerably lower in the South than in the rest of the nation's farm areas ($2,036 compared to $2,084 in 1959), but during the last decade it increased 16 per cent as contrasted to 4 per cent for the non-South. Change has been slow in parts of the South but "in other areas, where one-crop farming formerly was typical, peaches now blossom, cattle graze, hens cackle, and hogs bask in their parlors". (C. E. Bishop, "The Changing South - Problem or Opportunity," Agricultural Policy Review, Vol. 1, No. 1 [1961] p. 4).
The same kinds of consideration must be given to the interplay of political forces that will take place when this bill moves to the floor of the House and the Senate. At this time a new variable enters -- the urban members. The recession will probably be significant in keeping the Democrats in line, but the Republicans and the Farm Bureau, among others, will start to shout "bread tax" as soon as the bill leaves the committee, assuming the Title I provisions are retained.

The Supreme Court. The Court has not used its power of judicial review since 1936 to void any Congressional legislation of an economic nature. The Warren Court is dominated, in numbers at least, by Eisenhower appointees, but the practice of judicial self-restraint in the area of economic policy is still being adhered to.

Section 401 of Title IV in H. R. 6400 seems to countermand the Supreme Court decision in United States v. Virginia and Maryland Cooperative Association (362 U.S. 458), but the qualifying phraseology is so general ("... substantially to lessen competition, or to tend to create a monopoly") that the Supreme Court will almost certainly have to give some interpretation to the statute.

The U. S. Department of Agriculture. The U. S. Department of Agriculture is already, and by far, the most potent force in the formation and execution of farm legislation. If H. R. 6400 is enacted substantially as is, the department's role will become even more paramount.

Here the changing picture seems clear. Secretary Benson strongly endorsed the Farm Bureau approach. Secretary Freeman is asking Congress to give him more power than any Secretary of Agriculture has ever had. Whether Freeman would use those powers aggressively is a point of conjecture, but there seems to be little reason to think that he would not. He is a dynamic, experienced, resourceful, and ambitious politician-administrator. To bargain effectively one must not only have power but, just as importantly, be willing to use it.

The private interest groups. Any major political controversy leads to a coalition of public and private interests and ideologies. Sometimes these coalitions are multisided, but in the case of H. R. 6400 the situation is becoming one of the USDA-Farmers Union versus the congressional Republican leadership and the Farm Bureau. Both sides are engaged in the usual and hectic scramble for allies. The NFO approach is in temporary abeyance, and the NFO has chosen to side with the Farmers Union for the time being.

Certain of the farm organizations met at the National Grange headquarters on April 20 and agreed to support H. R. 6400. Eleven in all signed their alliance, among them the Farmers Union, the Grange, the National Association of Wheat Growers, the NFO, and the National Corn Growers Association.16

The American National Cattlemen's Association has decided to ally itself with the Farm Bureau and announced that some of the sections of the bill form a breach of the traditional and constitutional rights of a free people. 17

At this juncture, the National Council of Farmer Cooperatives, the National Milk Producers Federation, and the National Cotton Council have not committed themselves.

The Farm Bureau has announced that the "Cochrane-Freeman" bill is "a bid to concentrate unprecedented power over the destiny of American agriculture in the hands of the Secretary of Agriculture and the Executive." 18 Secretary Freeman has testified that "delay or postponement (in the passage of this bill) now could mean disaster. The time is running out." 19

Organized labor probably will support the Administration's bill after it is reported out of committee. Organized business will surely rise to denounce the bill if it comes out of committee with the Title I features intact.

The political parties and the constituency parties. The position of the national party organizations is fairly clear cut. The Democratic Party will certainly support the bill; the Republican headquarters will pick and choose; that is, they will pick at Title I mercilessly and choose to accept at least Title II (the extension of the Public Law 480 program).

The constituency parties are still the Democrats and Republicans, but their basis is provincial, not national. Each member of the House and Senate is, to a significant degree, on his own in American politics. The national party organization and the Congressional campaign committees may be of some financial help at election time, but largely, he -- the Representative or Senator -- will have to make his own decision about the configurations of power within his constituency. This condition probably will bring about some crossing of party lines when the bill comes up for floor votes.

The "publics." The urban consumer public will respond in some manner to the cry of "bread tax" and higher food costs. The processor, exporter, and grain storage publics will reflect on the meaning of a shrinking supply of farm products to their business enterprises. Those who believe in "cheap feed" will also express a concern. If the producers should vote down a supply adjustment program the defeat might harm the Kennedy Administration more than would the failure of the bill to be enacted into law.

18 Ibid.
19 Orville L. Freeman, Testimony on H. R. 6400, given before the House Committee on Agriculture, April 24, 1961, p. 9, (mimeograph).
Albert Einstein was once asked, so the story goes, why Aristotle's studies of physics were outmoded while his writings in the area of politics were still considered highly useful. His generous reply was reported to be, "This is because politics is so much more difficult than physics." It may well be true that this oft-told tale is the concoction of some frustrated political scientist. Nevertheless, the remark does point to one difficulty involved in political predictions, namely, the configurations in the kaleidoscope are never static. Groups and individuals are always in conflict when the issue at hand involves a change in the structure of power.

This means that analyzing the various alternative courses of action is a rather pedantic way of viewing the political process. More specifically, power groups are seeking to bring all three approaches into constitutional, economic, and social reality. And the contests are going on simultaneously.

The principal conclusion of this paper is as follows: Because of the present configurations of power, the USDA-Farmers Union approach will be the next legislative experiment to be put into operation in the area of farmer bargaining power. Let it be noted that this is only one estimate of the situation.