THE AMERICAN FARM BUREAU FEDERATION AND BARGAINING
POWER FOR FARMERS

by Lee Kolmer

The program of the American Farm Bureau Federation is concerned with
improving the economic position of the farmer. It is not a program to secure
bargaining power through supply control, as the term has been primarily
employed in this seminar. The Farm Bureau is making no attempt to secure
control of a large segment of the output of a particular commodity for the
purpose of holding it off the market and, through this control, bargain for
better prices or market conditions. It hopes to inject more competition into
the system and at the same time obtain prices that may be above the general
level of prices for a particular commodity.

This higher price does not represent compensation for control exercised
by the Farm Bureau in the market but compensation for marketing services pro­
vided the buyer. These services might include (1) assembly; (2) grading,
sorting, and packaging; (3) relatively large volume lots in each grade; and
(4) market information concerning available supplies and prospective supplies.

In short, the Farm Bureau activities might be described as an attempt
to improve the farmers' economic position by assuming some of the marketing
functions and implicitly threatening to assume additional functions. The
Farm Bureau attempts to increase returns to farmers by:

1. Retaining profits now going to other marketing agencies.

2. Introducing efficiencies which will reduce costs and increase net
revenues.

In discussions with Farm Bureau officials the objective of supply
control was never mentioned as a primary objective of the organization at this
time. However, Farm Bureau officials did emphasize that the objectives of
the organization may change, and I have no doubt that if they decided this
objective were feasible at some time in the future, they would attempt supply
control.

The program of the American Farm Bureau Federation, as presently
organized, has two major aspects -- developing foreign markets and strengthen­
ing bargaining associations for domestic producers. Foreign market develop­
ment has been concentrated in Western Europe. The Farm Bureau maintains an
office in Rotterdam and through this office attempts to bring Western European
buyers of agricultural products in contact with United States processors and
handlers of these products. The Farm Bureau's European representatives, in a

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sense, operate as brokers. In addition, they attempt to arrange meetings between prospective buyers and United States processors at trade fairs and similar events in Europe. At one recent trade fair they arranged a meeting between the buying executives of a group of Western European supermarkets and the sales executives of the Campbell Soup Company, in an effort to expand the market for American branded products in European retail outlets. Through activities such as this the Farm Bureau hopes to shift the demand curve for United States farm products in European to the right.

At the present time, the Farm Bureau does not take title to goods. However, Farm Bureau officials indicated that if quality standards and uniformity require it, they may take title to products at some time in the future. Also at present, they do not charge a finder's fee. Here again, if they are successful in Europe they feel they may be forced to charge a fee.

The Rotterdam office also is responsible for keeping the Farm Bureau informed on legislative proposals in Europe that may affect the market position of United States agriculture. For example, recently the Common Market nations were deliberating whether they should pursue a policy encouraging self-sufficiency in food production in Western Europe. The Rotterdam office made a report of this so the Farm Bureau was in a position to bring its influence (political and otherwise) to bear on this problem.

On the domestic side, the Farm Bureau has formed a corporation to act as a selling agent for member cooperatives. Membership is by application, and any cooperative certified by a state Farm Bureau organization is eligible for membership. The purpose is to provide a nationwide product clearing house and selling agency. This program is in the initial stages and the only commodities under consideration at present are fruits and vegetables. Michigan and California organizations are the most active in the program at present. Conceivably if this program is successful and eventually includes Farm Bureau affiliated cooperatives in all commodities, a considerable degree of supply control may be effected. Under such conditions the American Farm Bureau Federation could divert or destroy a portion of the total supply to raise prices. Perhaps at such times, supply control will be an explicit objective rather than an implicit objective as it is now.

In addition to engaging in selling activities, the Farm Bureau market corporation provides legal counsel and market information to affiliated cooperatives. The aim is to strengthen and build from present cooperatives rather than to form new organizations. Farm Bureau officials emphasized that the entire program is in the formative stage and that the ultimate form and nature of the marketing corporation would only be determined after an experimental period.

The American Farm Bureau Federation has requested that each state Farm Bureau set up a marketing corporation or department to work with the national Farm Bureau organizer stationed in Chicago.
Farm Bureau activities may eventually result in bargaining power or supply control even under the vague and nebulous framework we have outlined in this seminar. However, at present, the Farm Bureau is primarily a marketing agency in competition with other marketing agencies.