Marketing Order Programs

agricultural marketing programs once considered temporary
often continue when geared to changes in industry concerned

Sidney Hoos

In 1959, 32 state and 16 federal marketing orders and agreements were in effect for California products. The total farm value of all crops having active state marketing programs in 1958 approximated $400 million—about 41% of the state's total cash receipts from marketing of fruit, truck, and potato crops.

To achieve their main purpose—increased net returns to growers—agricultural marketing order and agreement programs may use, under California legislation, some or all of certain provisions specified in the program authorization: regulation of volume, quality, size, grade, pack or containers; advertising and sales promotion; research; and prohibition of unfair trade practices.

An order for a given product may have most of these provisions, as does the California program for canning and freezing cling peaches; or an order may contain only one or a few provisions, as does that for California raisins. A given product may have more than one program, as with turkeys. Different market outlets for a product are sometimes covered by separate orders, as with fresh market and processing asparagus.

Volume Control

Under certain conditions, regulating the total shipments to market during the season may increase farm price and income, at least, in the short run. For such a program to raise prices effectively, the marketing order should cover all or a sufficient amount of the product being harvested and marketed during the control period. The California marketing order for cling peaches fulfills this condition since California produces practically all of the nation's supply of cling peaches. In contrast, a California marketing order that provided for volume regulation of a commodity produced throughout the country, as, for example, eggs, would have little chance of raising California producers' prices. If all major producing areas of a product such as eggs agreed to cooperate in regulating shipments, prices could be raised, although probably for only a limited period. But, such agreements are difficult to establish and enforce.

Even if the marketing order covers enough of the total marketings so that prices can be increased by limiting total volume shipped, producers' total returns may not be increased. Whether they are or not depends on the nature of the total seasonal demand for the product. If consumers buy less of the product or buy competing products, the total returns to growers may be no greater and may be less.

Marketing orders do not provide for control of production. Hence, continued restriction of volume marketed, if it does result in higher returns to producers, may lead—over time—to an expansion in total production, which is apt to defeat the effort to raise producers' total returns. If the surplus problem an industry faces is temporary or seasonal, a marketing order may help. But, marketing orders are not likely to solve chronic surplus problems, and—in fact—may prolong those problems by retarding needed production adjustments in the industry.

Quality Control

Provisions for quality control have been used more widely than volume control provisions.

Quality control includes regulation of grade, size, maturity, and similar characteristics, as well as the provision for inspection to enforce the regulations. Such regulations are carried on for economic reasons and have economic effects. Each class generally brings a different price to growers and should reflect real differences in consumer preferences.

If the grading does reflect real consumer preferences, quality control has a valid role in marketing. However, if consumers' preferences are not accurately reflected by the standards used, they result in economically unjustified differences in returns to producers and handlers.

Promotion

Promotion, which includes advertising, trade, consumer education, and point-of-sales displays, is the most frequently used provision in California marketing orders. The intent is to supplement private advertising to increase the demand for the product concerned. However, if the basic problem in an industry is over-production, or cost or price competition with related products, sales promotion programs by themselves do not offer a complete solution.

Research

Almost as many California marketing orders carry provisions for research as for promotion; but research activities have accounted for only a minor percentage of the total funds expended, because much of the needed research is done at the state university.

Two general types of research activities are carried on under marketing programs. Technological research projects include, for example, investigations to improve crop varieties, mechanical equipment, and methods of disease and insect control, or to find processing methods to develop new uses. Economic research projects range from the development of data-reporting systems to statistical analyses of the operation and effects of marketing programs. Under some marketing orders, arrangements have been made for gathering information on retail inventories, purchases, sales, and prices—a type of data not generally available from federal or state agencies.

Unfair Trade Practices

The unfair trade practices provision, currently authorized in three California marketing orders, was first authorized in the three California orders in 1949. The unfair trade practices provision is modeled after provisions in federal and state antitrust laws. It provides for the prohibition of certain practices, such as discriminating against producers of a certain product, in a manner which is intended for the purpose of adjusting price. It also provides for the prohibition of other practices, such as paying illegal rebates to producers of a certain product, in a manner which is intended for the purpose of adjusting price.

The unfair trade practices provision is subject to the same limitations as the volume regulation provision. It is not intended to control production or to provide for the regulation of volume marketed. It is intended to provide for the regulation of the terms and conditions of trade in marketed commodities. It is also intended to provide for the regulation of the terms and conditions of trade in marketed commodities.
Spray for Soil Erosion Control

surface spray of polyvinyl alcohol stabilizes soils on banks or lawn area without injury to plants or to seed germination

John J. Stark

Tests with Elvanol, grade 71-30, indicate that the material might replace straw and wire for control of water or wind erosion. It has been applied on newly seeded lawn areas and on previously planted banks without apparent plant injury or reduction of seed germination.

Elvanol is a polyvinyl alcohol in the form of a free-flowing powder, and may be readily dissolved in water at 170°F to give a concentrate with the consistency of rubber cement. The concentrate may be stored in a closed container for prolonged periods and diluted with cold water at the time of application.

The same chemical compound is used in many products—as a water resistant adhesive, a remoistenable adhesive, and a laminating adhesive. It is used also in many paper, plastic, and textile products. In the soil its action is apparently one of coating the surface particles with a thin film of adhesive, which joins the particles firmly together but leaves many spaces for the entry of air and water. After application, Elvanol will absorb cold water up to 40% of its weight without redissolving, and is found to offer very little resistance to the normal growth of plant roots.

Elvanol, applied on a two-acre sloping lawn—recently graded and seeded—substantially reduced erosion around the sprinkler risers, which had been a major problem. The previously planted seeds germinated and produced an excellent turf.

The rate of application was 20 gallons of a 3% Elvanol solution, sprayed uniformly over an area of 1,000 square feet. The soil should not be wet or excessively dry at the time of spraying. To secure the bonding action of the material, the soil should be allowed to dry and should not be disturbed after treatment.

Elvanol is available in powder form or as a 6% concentrated solution in 55-gallon drums.

Many California marketing orders apply jointly to producers and handlers of the commodity affected. In such cases a marketing order can not become effective unless—in addition to the producers’ approval—written assent is given by at least 65% of the handlers by number or volume. An exception applies to the processors of canned and dried fruit for which the requirement is 65% by number and by volume. Orders affecting only handlers require assent from the same proportion of handlers as do joint orders.

The State Director of Agriculture has responsibility for the operating and enforcement of marketing order provisions. He appoints, from industry nominations, Advisory Boards which make recommendations to him. Where necessary, state and local law enforcement agencies and legal divisions are available to render service; violations are referred to the Attorney General’s office for prosecution.

The costs of California marketing programs are borne directly by the industries themselves through assessments on producers and handlers. In 1957, assessments for all programs totaled $8,474,000—of which about 58% was spent for market promotion; 29% for administration, inspection, and enforcement; and 3% for market research. The percentages vary widely from one program to another.

Some orders are issued with a specific date of termination. However—after hearings and the required assent from the industry affected—the Director of Agriculture may extend the order. Other orders operate continuously. Several of the present California orders have undergone a series of amendments to keep the order geared to the changing needs of the industries concerned.

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BULLS

Continued from preceding page

... remained with the heifers for 30 days. At slaughter—30 days later—the percentage conception was calculated from the number of fetuses of the proper size.

Regression equations were calculated from semen quality tests on the 12 bulls used for breeding. Regression lines drawn from these equations are shown in the graph.

If a conception rate of 30% or less is considered impaired breeding efficiency, the graph indicates that impairment may be present when less than 43% of sperm are living, or less than 27% are motile, or more than 35% are abnormal.

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