

# 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  
Concluded on page 6

### CALIFORNIA AGRICULTURE

Progress Reports of Agricultural Research,  
published monthly by the University of California  
Division of Agricultural Sciences.

W. G. Wilde.....Editor

Articles published herein may be republished  
or reprinted provided no endorsement of a  
commercial product is stated or implied.  
Please credit: University of California  
Division of Agricultural Sciences.

California Agriculture will be sent free upon  
request addressed to: Editor, California  
Agriculture, 207 University Hall, 2200 University  
Avenue, Berkeley 4, California.

To simplify the information in California  
Agriculture it is sometimes necessary to use  
trade names of products or equipment. No  
endorsement of named products is intended  
nor is criticism implied of similar products  
which are not mentioned.



# 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.

*John J. Stark was Farm Advisor, Los Angeles County, University of California, when the above reported study was conducted.*

## MARKETING

Continued from page 2

marketing orders, is designed to correct or prevent deceptive practices in the marketing of a product, making false claims or misleading representations, and improper sampling and grading.

### Marketing Tools

Marketing orders by themselves are only devices and tools and their effectiveness depends upon the skill and judgment of the operators and on the nature of the problems involved.

There are no fixed rules for formulating and operating marketing programs. However, the provisions of a marketing order should consider the probable effects on net returns over a period of several years. Too often marketing programs are judged by their effect on one year's price. In operating any marketing program, attention must be given also to competitive effects on other products and to market-entry possibilities from other areas.

### Industry Support Required

California legislation provides that a marketing order regulating producers can not become effective unless written assent is given by at least 65% of the producers representing 51% of the volume, or by at least 51% of the producers representing 65% of the volume.

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.

*Sidney Hoos is Professor of Agricultural Economics, University of California, Berkeley.*

## BULLS

Continued from preceding page

mained 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 37% are motile, or more than 35% are abnormal.

*P. T. Cupps is Professor of Animal Husbandry, University of California, Davis.*

*B. McGowan is Assistant Professor of Veterinary Medicine, University of California, Davis.*

*D. F. Rahlmann is Assistant Specialist in Animal Husbandry, University of California, Davis.*

*The above progress report is based on Research Project No. 1550.*