

Grower

Cooperative Bargaining

associations part of increasing economic integration

Seven of the 35 grower cooperative bargaining associations in the United States are in California. One association in California began operations 38 years ago, was reorganized in 1936, and since then has operated continually. During the past several years, grower interest increased and six more such bargaining associations were organized in the state.

Following the lead and general pattern set in California, cooperative bargaining associations have been established in the Northwest, the Great Lakes States, New York, and the Middle Atlantic States.

Fruits and Vegetables

The farmer members of cooperative bargaining associations are generally growers of perishable crops, with fresh fruits and vegetables for processing, by canning or by freezing, representing the crops in which cooperative bargaining associations are most prevalent. In California, the canning crops include cling peaches, pears, freestone peaches, kadota figs, apples, and olives. Not all of the growers of these canning crops are members of cooperative bargaining associations, but in several crops a significant proportion of the processing tonnage is represented by such an organization. Each grower cooperative bargaining association in California follows the general pattern of limiting its operation to a single canning crop; several associations, in other states, bargain for a group of crops.

The major objective of a bargaining cooperative is to obtain for its membership the highest returns consistent with current and prospective economic conditions and the long term welfare of the growers. It is no simple matter to determine the price which fits in with the association's goal; the growers must reach a unified position and there is the problem of reaching agreement with the cannery-customers. Cannery customers also desire to have a price they judge to be consistent with their view of economic con-

ditions and their own interests. Cannery ideas may not agree with those of the growers.

Specialized Cooperative

A grower cooperative bargaining association is a voluntary organization established under the appropriate state statute and is subject to the state and federal legislation governing agricultural cooperation. An association generally has an open door for membership, because it is interested in obtaining bargaining control over as large a proportion of the industry crop as is possible. The members, through contractual arrangements, grant to the association the authority to bargain for price and other terms of trade and to sell their crop for processing.

In some respects a grower cooperative bargaining association is not essentially different from the usual agricultural marketing cooperative but there are distinctive characteristics.

Bargaining associations sell their tonnage to processors during a very short period of time. For given grades, a single price usually prevails for the entire quantity sold. Further, a bargaining cooperative association does not, ordinarily, physically handle its members' crops. The conventional marketing cooperative does physically handle the crop, sell it over an extended period of time, and various shipments are sold at different prices.

The bargaining cooperative has contracts with its cannery-customers which specify relations between the two parties. The number of canning companies having contracts with a bargaining cooperative varies from a few to a significant proportion of the canning firms, including the large national canners.

Bargaining with Cannery Customers

Although procedures vary among associations, there is a general pattern in

California. A cooperative bargaining association operates through its board of directors and manager. A subcommittee meets separately with each cannery-customer and discusses the situation. Federal anti-trust legislation prohibits a grower cooperative bargaining association from discussing price matters with two or more canners together. On the basis of discussions with individual cannery-customers and analysis of collected market information, the association directors determine an asking price, or price offer, which is simultaneously made known to all cannery-customers.

On receipt of the association's price offer, the individual canners have a certain number of days, as designated in the contract, in which to accept or reject the offer. The offered price becomes effective for all contracting canneries if a specified number accept the price within the time limit. If the required number of canneries do not assent, the price offer is void and after a certain number of days the association must announce a second price offer, after which the cannery acceptance or rejection procedure is repeated. If the second price offer is accepted by the necessary number of cannery-customers, that price becomes

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W. G. Wilde..... Editor

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BRIEFS

Short reports on current agricultural research

Possible

VIRUS DISEASE in European red mite

Examination of diseased European red mites from walnut trees in the San Jose and Linden areas produced no evidence that bacteria, fungi, or protozoa were responsible for the disorder. However, electron micrographs did reveal the presence of particles that appear to be a non-inclusion-type virus. No similar particles were found in preparations from healthy mites.—*Edward A. Steinhaus, Insect Pathology, Dept. of Biological Control, Berkeley.*

Problem of control of

CYCLAMEN MITE on strawberries, complicated

Search for pesticide materials effective against the relatively resistant cyclamen mite on strawberries is complicated in California by the long harvest season—weekly from April till November—as it is impractical to apply materials which leave a toxic residue on the strawberries. A satisfactory pesticide must give a high degree of control, because the cyclamen mite population can build up explosively

from a few individuals surviving under the protective cover of the folded leaves and crowns of the plants. In addition, the pesticide also must be harmless to humans and relatively so to natural enemies of the cyclamen mite.—*William W. Allen, Dept. of Entomology and Parasitology, Berkeley.*

Weighing tank measures

WATER USE BY CROPS under changing conditions

Minute losses of moisture from soil and plant surfaces in a 20' diameter plastic tank are automatically recorded by a 50-ton scale in an underground chamber. The open top of the tank is set flush with the ground in a cropped field at Davis. Instruments adjacent to the tank and under nearly identical soil conditions record temperature and moisture changes at various depths. Other instruments above the cropped surface measure radiant heat energy, wind movements, and temperature and moisture gradients in the air. The three sets of records for certain hourly periods are correlated for the study of the basic processes involved in the use of water by plants.—*William O. Pruitt and David E. Angus, Dept. of Irrigation, Davis.*

YOUNG REDWOODS in coastal fog belt

Stands of young redwood trees throughout the commercial area in the northern Coast Range are being sampled for growth rates by measuring the widths of annual rings on cores extracted from trees by an increment borer. Also some permanent sample plots are remeasured periodically. A table of expected growths is being constructed, on the basis of density of stand, number and kinds of trees, and the heights of the trees in relation to their age.—*Marshall N. Palley, School of Forestry, Berkeley.*

Study of

SCALE INSECT PESTS directed toward improved control

An extensive taxonomic study under way in Davis has a dual objective: to assist biological control measures against scale insects—including the armored scales, the soft scales, and the mealybugs—now in California; and to give a basis for protective quarantines against the introduction of destructive species.—*Howard L. McKenzie, Dept. of Entomology and Parasitology, Davis.*

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COOPERATIVES

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effective. But if the second price offer is rejected, a new phase of the bargaining is entered.

The association contract with canneries provides that in the event a price has not become effective by harvest time, the crop is to be picked and orchard or field deliveries made to canneries; and that canners shall pay and the association receive a reasonable price. It is not specified in dollars and cents in the contract but is in accordance with a reference to the California Agricultural Code. In effect, the reasonable price would be subject to determination by the court of laws—a procedure that suits neither the growers nor canners and is considered as a last resort, which has not yet been used. In practice, if the price is not agreed upon through the contract specified num-

ber of association offers, the association accepts the best price it can receive.

In accordance with its contract with each canner, the cooperative agrees that if it sells at a lower price to another canner, the lower price will also apply to the former canner; correspondingly, the contract with a canner specifies that if he pays a higher price to any party other than the cooperative, the cooperative also will receive the higher price. This reciprocal contractual arrangement, in effect, results in the bargaining cooperative being the industry-wide price leader if its price offer becomes effective.

For a bargaining cooperative to operate effectively, it must be realistic, be well possessed of the necessary economic marketing information and have bargaining know-how. Its management must have the confidence of the membership and of the canners. It must attract and hold a sufficient number of growers and

control an adequate proportion of the industry tonnage. These requirements are met in differing degrees by various bargaining cooperatives. Some have attained success, while others are still struggling.

The growth in cooperative bargaining is part of the current movement toward increased integration in agriculture as well as in other parts of the economy. Although many growers continue to prefer to sell their own crop and deal directly with canners, other growers view cooperative bargaining as a means of improving their price and income position in the changing market and distribution system.

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

Peter G. Helmberger is Junior Specialist in Agricultural Economics, University of California, Berkeley.

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