

Agricultural Bargaining Associations Can Provide Important Benefits to Membership

New Study Released

Arlington, VA (April 15, 2003) - An agricultural bargaining association can provide important benefits to its membership, according to a new study of apple growers by researchers at the Henry A. Wallace Center for Agricultural & Environmental Policy, Cornell University, and Clarkson University. Apple growers who are members of the Michigan Agricultural Cooperative Marketing Association (MACMA), a bargaining cooperative, indicate higher levels of satisfaction compared to non-MACMA members and to growers in New York State, which does not have a state collective bargaining law. The study found also that MACMA has, on average, negotiated higher apple prices for Michigan growers, although this price differential appears to be diminishing over time due to intense competition from domestic and international markets.

During the past two decades there has been rapid consolidation in the agricultural processing sector in the U.S., with increasing vertical integration and contracting. Contrary to predictions that farmers would find it to their advantage to engage in cooperative bargaining, the number of agricultural bargaining associations has decreased during this time period. A key factor in this decline may relate to flaws in the federal Agricultural Fair Practices Act (AFPA) of 1967. Although the AFPA was intended to support the concept of collective action by farmers as a policy of the U.S. government, a number of weaknesses in the law have limited the ability of bargaining associations to engage in meaningful contract negotiations with processors.

"Michigan is one of nine states that have adopted laws to strengthen farmers' cooperative marketing rights beyond the provisions of the AFPA, while New York State has no additional law beyond the federal legislation. The study released today compares the experiences of Michigan and New York growers in order to measure the degree to which a favorable legal environment enhances the bargaining power of farmers and provides them with economic and social benefits. According to Shelly Grow of the Wallace Center, who co-authored the study, "Many prior studies on agricultural bargaining are outdated so do not reflect conditions in today's market. This study was done to help us understand how strong cooperative bargaining laws at the state level have influenced the well-being of farmers, as a starting point for future debates around changes in federal policy."

The researchers analyzed price data on Michigan and New York processed apples, according to processing type, from 1969 to 2001. In addition, 453 apple growers in Michigan and New York were surveyed by mail to determine their perceptions of the apple industry and the benefits provided by membership in a collective bargaining association.

Among the study's key findings:

- Prices in Michigan for canned, juice, and frozen apples were on average higher than the prices in New York and the U.S. overall. However, real apple prices had steadily declined for all growers over the time period.
- MACMA members in Michigan were more likely to believe they had input into the prices received for their processed apple crop, compared to non-MACMA growers and to growers in New York State.
- MACMA growers were more likely to believe they had input into contract terms and public policy that might affect them, and were more satisfied in general with their marketing arrangements.
- The histories of the Michigan and New York apple industries show that state legislation that protects growers' ability to organize is essential for establishing viable bargaining associations.

"The Effect of Laws That Foster Agricultural Bargaining: The Case of Apple Growers in Michigan and New York State" is available electronically at www.winrock.org/wallace. For those without Internet access who would like to request a print copy, contact the Wallace Center, phone 703.525.9430 ext. 675, e-mail

wallacecenter@winrock.org.

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The Henry A. Wallace Center for Agricultural & Environmental Policy at Winrock International uses its expertise in research, policy analysis, and development to foster sustainable and equitable agricultural and food systems. Winrock International is a nonprofit organization that works with people in the United States and around the world to increase economic opportunity, sustain natural resources, and protect the environment.

Formerly the Henry A. Wallace Institute for Alternative Agriculture, established in 1983, the Wallace Center joined Winrock International in 2000. The Center is named for Henry A. Wallace, who served as U.S. Secretary of Agriculture and Vice President during the Franklin D. Roosevelt administration. A leading advocate for conservation and sustainable agricultural practices, Henry A. Wallace worked to build a strong farm economy while protecting the nation's natural resources.