Cooperatives proven effective

Farm strike has history of failure

EDITOR'S NOTE: If farm strikes and witholding actions of previous decades are any indication, the current national farm strike will die a failure. Farmers cooperatives, on the other hand, have brought some benefits to American agriculture. The following historical perspective was prepared by the United States Department of Agriculture.

The idea of withholding farm products from the market until a higher price can be obtained has a great deal of appeal. Many business enterprises have demonstrated the effectiveness of orderly or controlled marketing. Various farm groups have worked toward this goal at several periods in American histroy, yet none has succeeded in obtainilng better market prices for farm products except for very short periods or for limited commodities.

The Southern Cotton Association, active from 1904 to 1909, is an early example. Members talked of voluntary acreage reduction, but also proposed strong measures to keep the price-depressing surpluses from market. In 1904, Texas farmers talked of burning a bale of cotton each, every Saturday for 15 weeks, to eliminate 2,000,000 bales that otherwise would be sold. Four years later, "night riders" attempted to keep some farmers from picking their cotton, and burned a number of gins. There was no measurable effect on the price of cotton.

At about the same time, farmers organized a number of cooperatives devoted to marketing specialized crops grown in limited areas particularly on the Pacific Coast. Many of these groups could effectively control marketing because their respective crops could be grown economically only in a limited area. Thay were successful, and most of them are still active.

Large-Scale Commodity Marketing

The success of cooperatives devoted to specialized crops led in 1920 to a new movement with the slogan "orderly commodity marketing and prosperity." Ideas developed by a California lawyer, Aaron Sapiro, contemplated state or regional single-commodity cooperatives, each controlling enough of its respective crop to be a decisive factor in determining prices. Regional and – after the American Farm Bureau Federation became active in the work – national marketing organizations were formed for cotton, tobacco, wheat, peanuts, rice, livestock, and may other products. Farmers signed "ironclad" contracts to market only through these groups.

These organizations of the early 1920's did not control enough of their crops to influence prices over any large area for long. For example, pools were formed to carry out orderly wheat marketing, with a goal of with holding wheat from sale until a satisfactory price could be received. In 1924-1925, ten pools, with 96,800 members, marketed nearly 28 million bushels of wheat, only 3.8 per cent of the U.S. commercial crop. Net returns to members appear to have been slightly less than to non-members.

In 1924-25, 15 large-scale cotton associations handled eight per cent of the total ginnings. In 1925, 28 associations marketed 1.9 million cattle and calves, out of a total of 24 million marketed. Such figures contrast with those of specialty crops grown in limited areas. The dried prune associations, for example, handled 42.4 per cent of the marketing in 1924-25, while the rice associations accounted for 26 per cent of that crop.

The attempt to control the marketing of widely-grown crops failed. Even where temporary price increases were obtained, non-members often profited more than members. Many of the large-scale cooperatives went out of business, although some of the groups survived as producers' cooperatives offering business services to their members.

The leaders of the "orderly commodity marketing'; group resigned from their positions in the American Farm Bureau Federation early in 1924, but were unable to establish strong, independent organizations. The Farm Bureau thereafter endorsed cooperative marketing, but did not promote the idea of obtaining control of the market through farmer action alone.

Federal Farm Board

Meanwhile, farmers were pressing for action by the federal government. President Coolidge vetoed the McNary-Haugen bill for farm assistance in 1927 and again in 1928, making farm policy an issue in the 1928 campaign. After Hoover became President, Congress passed the Agricultural Marketing Act, which the President signed on June 15, 1929. Voluntary orderly marketing through cooperatives, particularly with the idea of ending seasonal gluts, was emphaiszed by supporters of the Federal Farm Board, which was established by the act.

The Federal Farm Board helped farmers organize cooperative marketing associations and made loans to them. It also made loans to wheat and cotton stabilization corporations set up by the cooperatives to control surpluses that would tend to depress prices. However, the depression of 1929 and subsequent years doomed the Farm Board.

The last report of the Farm Board contained this perceptive comment: Experience with stabilization thus demonstrates that no measure for improving the price of farm products other than increasing the demand of consumers can be effective over a period of years unless it provides a more definite control of production than has been achieved so far. In a few limited and specialized lines, cooperative associations have made no progress toward such control. For the great staple products, however, the problem still remains for future solution....

Farm Holiday Movement

As the depression deepened, the farm situation became desperate. Midwestern farmers, faced with the loss of everything they owned, demanded strong action by the federal government. In Iowa, under the leadership of Milo Reno of the Iowa Farmers Union, farmers began talking on "farm strike." The strike was to be launched on July 4, 1932, under the slogan of "Stay at Home - Buy Nothing - Sell Nothing." It was sponsored by the new Farmers' Holiday Association, formed in Des Moines in May 1932. The title "holiday" was chosen because many of the banks which had closed had used the term. The rhetroic was impressive:

Let's call a "Farmers Holiday"
A Holiday let's hold
We'll eat our wheat and ham and eggs
And let them eat their gold.

The strike was postponed a month, and began in August. The first activity was in the Sioux City area, where roads were blockaded and some violence resulted. The movement spread to Des Moines and Omaha, while farmers converged on state capitals in the Midwest to demand farm relief legislation and moratoriums on mortgage foreclosures. The farmers won temporary victories by obtaining higher milk prices in Sioux City and Omaha, but the gains were erased when the picketing ceased.

When governors of several Midwestern States met in

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