

Ag speaks out on pros and cons of 'Block Vote' Bill

NEDCO

My name is James Beaver, Bellefonte, Pennsylvania. I am representing the Northeast Dairy Cooperative Federation, Inc (NEDCO), 428 South Warren Street, Syracuse, New York.

NEDCO is a federation of 54 Cooperatives, with 3,000 producer-members located in Pennsylvania, New York, and New Jersey. Approximately one-third of the producer-members are residents of Pennsylvania.

In the opinion of NEDCO, House Bill 767 serves little purpose, and is not needed.

Specifically, NEDCO objects to changing the requirement for approval of a marketing order from a majority to a two-thirds majority by number. We feel that if a majority of those voting approve an order, this is sufficient indication of the need and the acceptance of the provisions contained therein.

Furthermore, the requirement for majority approval by number and majority by volume gives added assurance of the acceptance. This double requirement safeguards the industry from the possibility of having a program voted into effect by small producers that are not representative. There is no requirement for measuring approval by volume under the two-thirds proposal. This, too, is a shortcoming of the Bill.

NEDCO also unequivocally opposes the provision of House Bill 767, that eliminates bloc voting for cooperatives and substitutes individual voting. Bloc voting by Cooperatives is an important and integral part of any marketing order program.

Producers unite together in a cooperative to gain strength and support, and in fact to speak as one. This, bloc voting accomplishes. Through the election of a board of directors, the cooperative members have delegated their authority to act on their behalf in all cooperative matters. If they become dissatisfied with the board action, members can be removed by not being re-elected.

Actually, this is a form of representative voting such as we have in our state and federal governments, where our elected representatives cast our vote for us. Only in very unusual situations (constitutional amendments) is the general populace allowed to vote. Their voice is heard in the election of those who will represent them.

A farmer who joins a cooperative association, transfers to the cooperative responsibility for marketing produce. Farmers commit all of their production to the cooperative, and the cooperative is committed to finding the best available market for all of the milk its members produce.

Since marketing orders and programs are an important tool which cooperatives use in marketing members' milk, it is reasonable that the cooperative be able to vote on behalf of its entire membership on proposed marketing programs.

History under Federal Order #2, shows that if cooperatives were not voting in bloc, it would be very difficult, if not impossible, to get changes made in orders. Relatively few individual ballots are filed, and those that are filed, come from those who are opposed, and wish to block passage. As in many referendums and elections, those that are against the program

are the ones that vote.

The proposal in House Bill 767, to shorten the period between referendums to determine whether or not two-thirds of those voting still desire a marketing program from five years to three years, is also opposed by NEDCO. An obvious reason to object is the cost of more frequent referendums. This is an expensive procedure for all involved, and without an overpowering need, is a useless expenditure of money.

In addition, a period of three years is not long to determine if a program is, or is not, going to be successful. This could easily result in the determination that a program is unsuccessful, when, and if allowed to operate for five years, the results might well have been quite different.

For the above reasons, NEDCO opposes the passage of House Bill 767. Passage would result in harming the industry, than it would in improving marketing conditions.

PACMA

My name is Guy Donaldson. I own and operate a 140 acre fruit farm near Fairfield in Adams County. I am a member of the Pennsylvania Farmers' Association and serve as president of the Pennsylvania Agricultural Cooperative Marketing Association. I also am a member of Mountain Orchard Cooperative, Incorporated and Knouse Foods. I am immediate past chairman of the Pennsylvania Apple Marketing Board and serve on the Board of Trustees of the International Apple Institute.

I appreciate the opportunity to share my thoughts on House Bill 767 as a farmer, a cooperative member, and as president of the Pennsylvania Agricultural Cooperative Marketing Association.

I would like to address the section of House Bill 767 that proposes to eliminate modified bloc voting by cooperative associations. If we examine reasons cooperatives are formed and why farmers use their cooperatives, I believe it will be evident that cooperatives should also have the right to represent members in referendums.

I would like to use PACMA as an example. I believe that most cooperatives qualifying under current law to bloc vote for their members would be similar in nature and structure.

PACMA maintains a membership of 718 farmers. Agriculture commodities served by PACMA include fruit, cattle, vegetable, poultry, and swine. The geographic area covered by the cooperative includes Pennsylvania and parts of Maryland. PACMA is an affiliate of the Pennsylvania Farmers' Association. We employ five staff specialists who serve as advisors to the cooperative board and handle the day to day business of the association.

The cooperative is controlled by a ten man Board of Directors who represent both a cross section of members, geographically and by commodity. Each director represents approximately 72 cooperative members and is elected to a three year term of office. The one man one vote principle of representative government is used to elect directors.

As president of PACMA, I have had many occasions to talk with cooperative members about the reasons for forming and joining PACMA.

Farmers join cooperatives because it provides them with the method and means to influence factors that they could not influence as individuals. By utilizing a representative form of government, members can work together to achieve mutual goals. These goals can include such things as receiving a higher price for products sold, obtaining a lower price for supplies needed, or influencing the outcome of a referendum. Members realize that in order to achieve this influence, they must voluntarily give up individual control and work together through their cooperative structure.

Farmers join cooperatives because as an individual they may not have the time or be willing to devote the time necessary to keep informed on all the factors that should be involved in making a decision. Instead, a member depends on his elected director to make the decisions that are in the best interests of the cooperative members.

We, on the PACMA board make great efforts to be in tune with member needs, and make decisions we believe to be in their best interest. Again, members voluntarily give up individual control and choose to rely on the cooperative structure to represent them in the best way possible.

To be eligible to bloc vote under provisions of the Pennsylvania Agricultural Marketing Act of 1968, a cooperative must meet the requirements of the Capper Volstead Act. The act states that a cooperative must be operated for the mutual benefit of its members insofar as they are producers of agricultural products.

When considering the requirements that cooperatives must adhere to in order to be eligible to bloc vote for its members, and the representative form of self government that is incorporated in cooperative structure, there can be no question that cooperatives are controlled by and act in the best interests of members.

The Pennsylvania Agricultural Marketing Act of 1968 contains a method by which a cooperative member is notified of his right and given the opportunity to vote as an individual. I believe that when a cooperative member decides not to exercise this right, he is asking his elected Board of Directors to cast the vote in his best interest and use the pooled votes of all the cooperative members to influence the outcome of the referendum. I believe it is the right and obligation of a cooperative to cast the votes of its members, if the member does not exercise his right to vote as an individual.

For this reason I, as a farmer, a cooperative member and as President of the Pennsylvania Agricultural Cooperative Marketing Association, ask you to oppose House Hill 767 and retain the right of democratically controlled cooperatives to exercise modified bloc voting on state referendums.

PFA Dairy Council

My name is Mervin Myers. I operate a 58 cow, 250 acre dairy farm near Littlestown in Adams County. My milk is marketed through Inter-State Milk Producers' Cooperative. I serve on the Dairy Action Committee of the Pennsylvania Farmers' Association and a president of the Adams County Farmers' Association.

I appreciate the opportunity to comment on House Bill 767. My statement is being made on behalf of the more than 23,000 farm families who are members of the Pennsylvania Farmers' Association. My comments are based on current policy of the organization.

PFA is composed of fifty-four county farmers' associations. Policy of PFA originates in these county units. It then passes through the policy development process and is voted on by county delegates at PFA's annual meeting. Several of the many policies adopted by delegates in November of 1980 deal with the provisions of House Bill 767.

If passed, House Bill 767 would change the requirements necessary to put a marketing program into effect. The law currently states that a majority by number and a majority of volume of those voting is needed to pass a referendum. House Bill 767 proposes that only a two-thirds majority by number of those voting be needed. No mention is made of volume.

PFA policy states "that the program shall be approved or amended by a majority of the eligible producers voting in a referendum, and these must represent 50 percent or more of the production of those voting."

We are concerned that the increase in numbers needed to pass a referendum and the elimination of the volume requirement could create a situation where the best interests of the full-time producer were not represented. It is the full-time producer with a large investment and long term commitment who will benefit the most or be hurt the most by promotion, research, market development, or information programs. The volume requirement insures that a marketing program must have the approval of the large full-time producer.

If passed, House Bill 767 would eliminate modified bloc voting by cooperatives. The law now allows a cooperative to bloc vote for its members provided that they are given notice of their right to vote as an individual and choose not to exercise that right.

PFA policy supports the current law and the concept of modified bloc voting by cooperatives. Our policy states "that the referendum shall be conducted according to either of the following two methods:

Referendum of individual producers; or

Bloc voting be permitted provided: the policy making body has issued a certified resolution permitting bloc voting for its members; individual members of a cooperative are mailed an individual ballot for the purpose of casting his or her vote; the votes cast by individual members of the cooperative are deducted from the bloc vote case by the members' cooperative; it be stated on the ballot that if the individual member of the cooperative does not vote, his vote will be bloc voted by his cooperative."

The Pennsylvania Agricultural Marketing Act says that a cooperative must meet provisions of the Capper Volstead Act in order to bloc vote. The Capper Volstead Act requires that cooperatives have a representative form of self-government. We believe that this form of government insures farmer control and allows adequate representation of the farmer as an individual in his cooperatives. Therefore, if a member is notified of his right to vote and chooses not to exercise that right, his

cooperative should have the right to cast the vote in its member's best interest.

For the reasons I have outlined, the Pennsylvania Farmers' Association is opposed to the passage of House Bill 767. We believe the Pennsylvania Agricultural Marketing Act of 1968, as it stands, is in the best interests of our 23,376 farm family members, and should not be changed.

PFU

The Pennsylvania Farmers Union fully supports House Bill 767 and encourages your favorable consideration.

Our position on this bill, has a basis in policy adopted at our 1981 State Convention. The statement adopted by delegates reads:

"We recommend that the Pennsylvania Cooperative Law be amended to prohibit any form of bloc voting."

It is clear that members of the Pennsylvania Farmers Union and the farming commodity at large are strongly opposed to the practice of bloc voting. They feel there should be no infringement whatever on their right to cast a vote in a commodity promotion referendum.

On a more fundamental basis, farmers should have the right not to cast a vote. The continued existence of bloc voting as provided currently in the commodity marketing act denies the farmer this right as well.

House Bill 767 also will raise the percentage of the vote required for passage from 50 percent to a 2/3 majority. Farmers Union supports this amendment since a referendum passed under provision of the commodity act would be absolutely mandatory for all producers of the commodity in Pennsylvania. A full mandatory, and perhaps costly, program should at least receive the support of 2/3 of those voting.

We urge you to report HB 767 from this committee (Agriculture and Rural Affairs) without amendment for consideration by the full House of Representatives. Passage of this bill would further the purposes of democracy in Pennsylvania's farming community.

Jack Philson, Chairman

PFU President

I am Carl L. Kautman, Administrative Director of the Pennsylvania Farmers Union, Suite 608, 212 Locust Street, Harrisburg.

We are pleased to have the opportunity to address this committee on House Bill 767. I'd like to thank the Pennsylvania House Agriculture Committee and Chairman Grieco for their continuing efforts to strengthen the posture of agriculture in the Commonwealth.

The Farmers Union is an organization dedicated to the survival of the family farm structure. Recommendations presented here are the views of our members, taken directly from policy statements drafted annually by our county organizations.

Abraham Lincoln said it best when he stated: "If government strays from democratic principles, it is to that extent that government becomes less democratic." Current law permitting bloc voting by cooperatives does just that—strays from the basic democratic principles of all Pennsylvania

(Turn to Page D4)