

FARM COOPERATIVES AND GROWER ORGANIZATIONS

Federal legislation called the Capper-Volstead Act, passed in 1922, provides individual growers the legal ability to collectively pool their products, negotiating power, or marketing efforts with protection from anti-trust laws if they form a cooperative structure.

A recent effort at organizing the United Potato Growers of America typifies the interests of growers. As stated by Albert Wada, “Today, virtually every industry downstream from [agriculture] has consolidated and changed while we have been resistant... we are all subject to unmanaged supply, price risks, and lack of information. It is time we adjust to the globally competitive, consumer-driven economy by rationing our production and market management.... An industry that has excessive production capability selling to just a few customers is a recipe for economic loss of value to producers. Growers can independently do little to coordinate national production and markets.”

(Spudman Magazine, April 2006). Many growers in Oregon have joined this organizational effort.

Oregon has had a mixed record with grower cooperatives over the years, having far fewer than mid-western states. Several cooperatives have gone out of business in recent years (primarily food processing

cooperatives), taking millions of dollars of growers’ equity with them.

Others remain successful, including widely known brand names such as Tillamook County Creamery, Pendleton Grain Growers, and NORPAC foods. Several regional cooperatives also have an Oregon presence, such as Land O’ Lakes, Northwest Dairy Association, Farm Credit Services, and CHS.

Approximately 30 grower-owned cooperatives currently operate in Oregon, ranging from farm supply co-ops to bargaining organizations to processing facilities and lending institutions.

Small-scale organic growers have found that organizing into cooperatives enables them to pool their production and marketing, accessing larger contracts and market position.

Another new development in the cooperative arena is state-supervised price negotiation, also known as “state-action immunity.” This process was authorized in Oregon by the 2001 Legislature. The process enables a grower organization organized under Capper-Volstead as a cooperative or bargaining association to meet with more than one buyer at a time. The oversight of a state agency, in

this case the Oregon Department of Agriculture, provides anti-trust protection to the buyers/dealers as well as the growers' organization.

Initially this process was applied to perennial ryegrass pricing, and involved the Perennial Ryegrass Bargaining Association and seed dealers who have contracts with this growers group. In 2003, the law was expanded to include seafood. Dungeness crab and shrimp harvesters have requested ODA to supervise pricing negotiations with dealers.

Cooperatives, and even "new age" organizations like LLCs, offer growers the ability to do things together they cannot do on their own with respect to marketing, bargaining, processing, and group purchasing. Cooperatives will remain an important form of business arrangement for Oregon's growers and ag-related businesses as global markets and trends change over time.