

Table 3. The effect of delaying the skinning operation for various periods after harvest upon the skinning of potatoes. The figures are based on a rating of 1 (least skinning) to 5 (most skinning).

Hours from Harvest	Age of vines at harvest			
	92 days (1)	106 days (2)	90 days (3)	90 days (4)
0	4.0	2.4	4.4	4.4
12	—	—	4.2	4.0
24	3.4	1.9	4.0	3.7
30	—	2.0	—	—
36	—	2.0	3.7	3.8
48	3.1	—	—	—
72	3.2	—	—	—
96	3.0	—	—	—
L. S. D. .05 level	.44	.35	.17	.38
L. S. D. .01 level	.59	—	.24	—

(1) Stored at 60° F. 1951

(2) Stored at 60° F. 1951

(3) Stored at room temperature, 1952

(4) Stored at 60° F. 1952

SUMMARY

All three methods tested for reducing skinning—namely, delayed harvesting, vine-killing and delayed skinning—were effective. Delayed harvesting was quite effective, but was more so when combined with vine-killing. Delaying the skinning operation after harvest to simulate delayed grading was not as effective as the field treatments.

Potatoes harvested 105 days after planting were skinned less than potatoes harvested 100 or less days from planting.

Potatoes harvested from plots in which the vines were killed were skinned less than potatoes harvested from plots in which the vines were not killed. The decrease in skinning

was greater at 14 days after killing the vines than at seven days. From the 1953 results, it appears that vine-killing is not effective if the vines are in poor condition.

Holding the potatoes for 24 hours after harvest resulted in a decrease in skinning, but this decrease was not as great as received from delayed harvesting and vine-killing.

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WHAT CAN THE FLORIDA VEGETABLE INDUSTRY ACCOMPLISH WITH A MARKETING AGREEMENT?

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Provision for agricultural interests to act collectively in solving their marketing problems and improving their economic position has been a matter of Federal legislation for many years. Yet, many agricultural groups still fail to understand the alternative courses of action which may be followed under this law and how these alternatives may be used in solving their marketing problems. The purpose of this paper is to outline the provisions of the Marketing Agreement Act of 1937, and to indicate in a general way what the Florida Vegetable Industry can achieve under its provisions.

CHARACTERISTICS OF THE LEGISLATION

The Marketing Agreement Act recognizes an orderly market for certain agricultural products as essential to the best interests of agriculture and of the national economy. In passing the Act, the declared policy of Congress was to provide a legal basis for the organization of agricultural groups for the purpose of establishing orderly marketing programs and maintaining favorable farm prices. In granting agriculture this privilege, the legislation explicitly protects the consumer by providing that under no circumstances shall programs be used to maintain farm prices above parity levels, and by further providing that upward price adjustments shall be orderly and in conformance with the public interest. Thus, while the legislation furnishes a means by which agricultural groups can act collectively to im-

prove their economic position, limits are placed on the extent to which programs can be used to this end. The operation of programs under the Act is not a prerogative of all segments of agriculture. The legislation applies only to a specific list of agricultural commodities, including practically all fruits and vegetables marketed in fresh form.¹ Also, the legislation of necessity applies only to products which move in or burden interstate commerce.

MECHANICS OF THE PROGRAM

The fundamental element in a marketing program under the Act is a contractual arrangement between the Secretary of Agriculture and the shippers or handlers of a particular commodity. This contract is known as a marketing agreement, and technically affects only those shippers who sign it. This agreement, or contract, outlines in considerable detail the program which the industry wishes to follow, specifying exactly how it will operate, and the duties and obligations of all parties concerned.

Since no group of growers and shippers are likely to agree on any plan of action, the chances of obtaining 100 percent voluntary cooperation are almost nil. Yet, the non-participation of a comparatively few individuals might well thwart the intentions and efforts of the majority. Consequently, the Secretary of Agriculture has the authority to issue a marketing order under certain conditions. This order makes the terms of the marketing agreement binding on all shippers or handlers of the commodity, regardless of whether they have signed an agreement with the Secretary. In fact, the Secretary has rarely signed individual agreements unless there was a parallel order binding all handlers.

The issuance of a marketing order is an action that is by no means taken summarily by the Secretary of Agriculture. Elaborate provisions are made for all sides of the matter to be discussed, and for every interested party to have his say before an order is issued. The first step in the issuance of an order is the de-

velopment of a proposed program by representatives of the industry concerned. This program is submitted to the Secretary, who, if he feels that the program merits further consideration, schedules a public hearing in the producing area. At this hearing individuals and agencies are provided with an opportunity to express their sentiments. The original proposal is revised in conformance with the results of the hearing, and the agreement is then submitted to the growers and handlers for their approval or disapproval in a referendum. The Secretary can issue an order only after he finds that two-thirds of the producers of the product concerned, measured either on a numerical or volume basis, approve of the program under consideration, and generally, only after one-half of the handlers have signed an agreement. Under certain conditions, an order may be issued without approval by one-half of the handlers, providing the program is approved by at least two-thirds of the growers. Thus, the final say on such a program rests with the grower, and, as a general rule, all segments of the industry must substantially agree before an order will be issued by the Secretary.

Not only is a marketing agreement initiated, developed and approved by the industry concerned, but the program is also administered and financed by this group. While administrative procedures vary among the marketing agreement programs now in effect, control always rests with an elected committee consisting of growers or handlers or both growers and handlers. The usual arrangement is to have two committees; a committee consisting of growers, which determines the action to be taken under the program, and an advisory committee, consisting of shippers, which advises and assists the grower committee in making its decisions and plans. The entire administrative cost of the program is usually financed by an assessment on shipments, and is collected through the shippers.

TYPES OF PROGRAMS POSSIBLE

The Marketing Agreement Act is strictly a regulatory device. The law is quite flexible regarding the types of activity possible. In fact, the possibilities of applying the legislation to the fruit and vegetable industry have never been completely explored. However, specific provision is made for a number of types of activity. These are:

¹The Agricultural Marketing Agreement Act of 1937 provides for marketing agreements and orders for the following agricultural commodities: milk; fruits including pecans, walnuts, almonds and filberts but not including apples other than those grown in Oregon, Washington, and Idaho, and not including fruits other than olives for canning and freezing; tobacco; vegetables but not including vegetables for canning or freezing other than asparagus; soybeans; hops; honeybees; naval stores and the products of these commodities.

(1) The regulation of sales on a quantity, quality, or size basis in any specific market or during any market period.

(2) Limitation of the volume which handlers may purchase or ship on some equitable basis.

(3) The development of programs for the control and disposition of surplus production, including methods of determining the amount of the surplus and schemes for equalizing the burden of disposition among growers and handlers.

(4) The establishment of reserve pools and the development of methods of equalizing returns from the portion of the crop handled in this manner.

While these are the principal types of regulatory activity possible, provision is also made for agreements which serve police functions for an industry. Marketing agreements and orders can also be established for (a) preventing unfair methods of competition or unfair trade practices on the part of shippers or (b) providing a system of open price filing, under which handlers must make public their selling prices and adhere to published price schedules.

Any one or a combination of the previously mentioned types of activity may be included in a marketing agreement program. To varying degrees, all have been tried with one product or another in the United States. However, the most common use of the legislation has been for restricting or controlling the volume of produce moving into the market.

POSSIBILITIES OF PROGRAMS IN FLORIDA

The vegetable industry of Florida is characterized by a high degree of price instability. This is caused by a combination of circumstances, the most notable of which are sharp fluctuations in the consumer demand and wide variations in available supplies. Substantial price changes have often occurred over the span of a few days, and frequently returns of some producers are substantially below those of others, who, by reason of good fortune of judgment, selected a more appropriate time at which to sell. The perishable nature of most of our products places the grower under an inexorable pressure to harvest and market his crop when it matures. This, in turn, often leads to market gluts, precipitous price declines, and ultimately to economic abandonment on the part of some producers.

Many growers and shippers view these conditions with justifiable concern, and with the

feeling that the industry suffers unnecessarily from the lack of organization in its marketing system. The Marketing Agreement Act provides the necessary legal permission and the administrative framework for achieving such organization. By several criteria other than the existence of a problem the Florida vegetable industry seems well suited to such activities: Our producing areas are relatively small, and the community of interest among growers comparatively high; production is located substantial distances from the principal markets, thereby facilitating control and enforcement; many of our growers produce more than one vegetable crop, making it possible to include several commodities in a program, even though separate regulations must be issued for each. But organization is a step to be taken only after full consideration has been given to the limitations as well as the advantages of such a program. The brevity of this paper precludes the possibility of an exhaustive analysis of the various alternatives which the legislation permits. However, the remainder is devoted to an examination of the feasibility of the approaches most frequently used by other agricultural groups with analogous problems.

A PROGRAM OF RESTRICTION

In instances where the problem is one of over-supply for the season, a restriction of the volume of the product which moves to the market is the only practical way of exerting control over prices. Thus, during years of over-abundant production or decreased demand, a program of marketing less than our total output is the only effective alternative to drastically low prices and returns.

Restriction programs are fraught with difficulties. It is difficult to obtain equity among growers and shippers. If the program is reasonably successful, it is difficult to restrain growers from overshipping, thus precipitating the very conditions which all the effort originally forestalled. However, it is possible and practical to pursue a course of restriction if circumstances warrant such action. But in doing so, everyone concerned should understand and appreciate the fact that such a program is effective only under emergency situations—where a temporary condition of over-supply or underconsumption exists.

Considering the numerous canned, frozen, and imported substitutes for the goods we produce, continued restriction to maintain high

prices would simply drive consumers to other products. If overproduction is the fundamental difficulty, limitation of marketings can only postpone the inevitable economic adjustments which must occur.

Properly used, a program of limitation could be of immeasurable benefit to the Florida vegetable industry. Improperly used, it could lead it right over the brink of economic chaos.

A PROGRAM OF REGULATION

Quite commonly, our problems are not ones of absolute oversupply, but a maldistribution of production over time or among the nation's markets. A marketing agreement program can probably be of most benefit to the industry in solving problems of this type. Time and again the industry has had excessive supplies in individual markets or in national distribution channels for short periods. These conditions stem not from the lack of ability on the part of our marketing agencies; they are rather testimony to the fact that our shippers have an exceptional acuity for judging market conditions. Every successful shipper will accelerate his activities if he expects peak prices when his goods arrive at the terminal. While the actions of individual shippers might well have a negligible effect on market supplies and prices, the concerted efforts of all materially alter the outcome. Supplies tend to accumulate in distribution channels, and prices drop. This is followed by the expensive process of waiting until the market is cleared. Not only do producers and shippers sustain losses on goods already harvested, but the abandonment of substantial acreages is frequently necessary because wholesale prices will not support the harvesting and shipping costs.

Under a Marketing Agreement much can be done to achieve an orderly flow of perishable products into the marketing channels. Control of marketings would be vested in a central authority, composed of the growers themselves, who would have access to all available information on market conditions and prospective supplies. Means could be developed for the equitable allocation of shipments over time and into individual markets so that the costly downward price adjustments would be averted. An industry-wide marketing plan would also serve as a guide to plantings, thereby facilitating an even flow to market. However, the legislation cannot be used as a device for making direct production adjust-

ments. The objective of a program of this type would, of course, be to prevent prices from falling below harvesting and marketing costs.

The benefits which might accrue from this approach to industry problems would not be obtained without sacrifices. Growers would, of necessity, lose some of the managerial prerogatives pertaining to the marketing of their crops. The loss of independence of action must be weighed against the benefits of a more orderly marketing operation. This is the reason why a referendum is held—so the producer and shipper can make a clear-cut choice between the alternatives.

CONTROL TO MAINTAIN QUALITY

Some Marketing Agreement programs (including the one for Florida Citrus) restrict the grade or quality of a product which may move to market. This is a two-edged device. It is a means of exercising indirect and limited control over the volume that can be shipped during a particular period or during the season as a whole. Also it is a means of preventing the short-sighted shipper with a quick profit motive from doing irreparable harm to the entire industry. Too frequently, the exigencies of the market situation result in the movement of produce which is below the quality standards which should be maintained in the interests of good customer relations. Such experiences stay long in the minds of the consumers.

CONCLUSION

The possibilities of applying the Marketing Agreement Act to industry marketing programs are legion. However, the success of such endeavors is dependent upon the capacity of the industry to envision its basic problems and upon its ingenuity in developing a program that fits its specific needs. There is no standard formula that can be applied. Each group must search through the mass of statistics and opinions in quest of an effective and workable approach to its particular problems.

Regardless of the approach adopted, there are advantages of a marketing agreement which are frequently overlooked. It affords an opportunity for industry representatives to meet around the conference table and officially consider their problems; it promotes an understanding and appreciation of the position of various segments of the industry; and it is con-

ducive to harmonious working relationships between growers and shippers. These are by-products of a program, but they may well emerge as major benefits to the industry concerned.

Everybody has an antipathy toward control these days, and Florida farmers are conspicuous in this respect. There is nothing magic about a marketing agreement. It is not a

panacea for the ills of an industry. Indeed, improperly used, it might well contribute further to the woes of the ones who seek relief through the assistance it provides. It simply affords growers and shippers with an opportunity to work out a cure of their own. This is usually a most difficult task. However, it is one that can be accomplished if the need and the collective will is great enough.

VEGETABLE TRADE IN THE CARIBBEAN AREA

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Imports of vegetables from the Caribbean Area enter the United States largely during the period in which similar vegetables are marketed in Florida. Much of the responsibility for last season's unprofitable tomato deal has been attributed to increased imports of Mexican tomatoes. Various actions have been taken by Florida producers to limit the volume of these competitive imports, but efforts to date have not been marked with success. Rather than review the attempts by the Florida vegetable industry to bring about a curtailment of imports, most of this paper will be devoted to a discussion of recent trends in vegetable imports, as well as in domestic production. Since the patterns of vegetable trade and overall world trade have both changed and any governmental decisions regarding trade policy will take these into account, our overall world trade position will be briefly reviewed.

SHIFTS IN WORLD TRADE

World trade patterns have shifted greatly as a result of the economic changes which occurred during and since the first World War. In its international economic transactions the United States evolved from a debtor to a creditor nation, but continued to act like a debtor nation. We sold our goods abroad, but set up barriers which made it difficult for other countries to send us goods and services in payment for those they obtained from us. Before World War I the United States, as a debtor nation, needed to—and did—have an export surplus. It was necessary that the goods and services it exported be of greater value than those it imported so that it could

make payments of interest and principal on the capital which had been invested in our railroads and other industries by foreign lenders.

Its new status as a creditor nation called for the United States to have an import surplus if it were to receive payment for its exports of goods and services plus interest and principal on its foreign investments. Adjusting to its international economic position would have meant lowering tariffs and other trade barriers to encourage the importation of more goods and services into this country. Instead, the opposite course was followed. Tariffs were raised, and we had an export rather than an import surplus. Although our tariffs have been decreased during the past 20 years, it is nevertheless a fact that each year since 1914 the United States has exported more than she has imported. This export surplus since the first World War has exceeded \$120 billion and has largely been financed by government grants and subsidies. Much of it was occasioned by the disruptions of war, but a large part was brought about by our trade policies. The burden of the cost has fallen on the shoulders of American taxpayers.

VEGETABLE IMPORTS COMPETITIVE

In 1952, total imports into the United States were valued at nearly 11 billion dollars. Forty-three percent of these imports, or about 4.5 billion dollars worth, were agricultural commodities (11). Some 2.6 billion dollars worth, or 58 percent, of these agricultural imports were competitive with the same or similar commodities produced in this country.

Some of these competitive agricultural imports consist of tomatoes, peppers, cucumbers, and other vegetable products which are important in Florida agriculture. Although fresh vegetable imports are the equivalent of only one percent of all vegetable production for the