Some of the states have taken steps to inaugurate a screening process, which segregates the good from the bad, but there is yet a very great need for improvement in this direction. One is also impressed with the fact that many members of legislatures and Congress come into office without previous experience in legislating, and are entirely ignorant of how to begin to correct a condition which may need correction by means of legislation. Some sort of a school for law-makers, or at least a guiding hand that will make our statutes as near fool-proof as possible is needed. A practical problem for many lines of business is how to know when they are within the law and every business with a national scope is now obliged to build up a legal organization of its own, to protect its own interests.

It appears to the writer that no more helpful work could be accomplished by this Association, than to prepare, through various committees, summaries of state and federal legislation on the more important branches of agricultural interests, to be distributed to members of legislatures and to interested persons of the general public. There are a number of good reasons why this work could be accomplished more effectively by committees of the National Association, than by a particular federal bureau. There is no way in which this Association could more quickly justify its existence and secure wide-spread support, than by rendering such services.

Summarized, the need appears to be; first, to discover just where we are with respect to legislative development, and second, to place, if possible, some definite limitation upon the growing complications in legislation which are so apparent to all that are in any-wise associated with their enforcement. The problem is not so much that of devising new legislation, as one of securing a simplification of the present laws, so that the average citizen may have some adequate idea as to when he is within the law.

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STATUS OF AGRICULTURAL LEGISLATION IN CONGRESS

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The time was when agricultural legislation received little or no attention from farmers generally. That time was before the days of farm organizations. The Grange was the first effort of importance to bring concerted pressure upon law-making bodies concerning favorable agricultural legislation. The national and state dairy associations have played a vigorous rôle in oleomargarine and dairy legislation. Up to the period of the war, however, these efforts on the part of agricultural interests to influence legislation were more or less spasmodic and were largely confined to only a few of the specialized agricultural activities. This situation passed into history with the establishment of the National Board of Farm Organizations at Washington, D. C., which is a representative body of the important farm organizations in the United States. It is not to be understood that farm organization has reached its highest development, for large numbers of farmers in different localities
are still outside the pale of organization. It should be recognized, however, that agricultural organization has proceeded sufficiently far to make possible by concerted action initiating and supporting favorable legislation, the opposing of unfavorable legislation, the following of bills in congress by experts through all the stages of legislative process, and the guarding of agricultural interests by trained delegates against unfair administration of the law.

The more important agricultural legislation before Congress at this time aims to secure collective bargaining for the farmers, to change the oleomargarine law, to regulate the packing industry, to enact a cold storage law giving the Secretary of Agriculture greater supervision over foodstuffs, to regulate the manufacture and sale of animal feeds and fertilizers so that their composition and value may be definitely known to the consumer, to improve our national highways, and to continue and extend the manufacture of nitrates under the direction of the War Department. The manufacture of nitrogenous products was carried on under governmental direction during the war and it is now proposed in a bill introduced by Senator Wadsworth at the request of Secretary of War Baker that the Government plant at Muscle Shoals, Alabama, be utilized for the manufacture of nitrates in the interest of cheap fertilizers for the farmers. This bill has some support among southern farmers but apparently very little elsewhere.

The bills dealing with good roads, pure feeds and fertilizers suggest legislation that has a very important bearing upon economic relationships. They should receive a large measure of attention from the farmers. The proposed agricultural legislation attracting widest attention among farmers are the Capper-Hersman bill providing for collective bargaining, the Sabbath and Calder bills providing for a nominal flat rate of tax per pound of oleomargarine law, the Kenyon and Hendrick bills providing for the regulation of the packers, and the cold storage bill passed by the House. In this discussion attention will be invited only to these four pieces of proposed legislation.

The Capper-Hersman bill has been initiated by the farmers themselves and is the one that is receiving the most active support of farm organizations. The bill proposes to amend that part of section 6 of the Clayton Act which states that "nothing contained in the anti-trust laws shall be construed to forbid the existence and operation of labor, agricultural, or horticultural organizations, instituted for the purposes of mutual help, and not having capital stock or conducted for profit, or to forbid or restrain individual members of such organizations from lawfully carrying out the legitimate objects thereof." The law as it stands obviously does not exempt a farm organization having capital stock and declaring dividends on capital invested from the operation of the antitrust acts. Nor does it set forth what the legitimate objects of a farm organization may be.

In order that the federal antitrust law may exempt farm organizations from its operation in unmistakable language the Capper-
Hersman bill proposes that existence shall not be forbidden to agricultural organizations "instituted for the purposes of mutual help and that pay annually no greater dividends on stock or membership capital invested than the minimum legal rate of interest of the State where organized." In order also that the law shall clearly define the legitimate objects that may be lawfully carried out by such organizations it is proposed that collective sales of farm products be specifically allowed. The Capper-Hersman bill makes provision for this in the following terms: "associations, corporate or otherwise, with or without capital stock of farmers, horticulturalists, vineyardists, planters, ranchmen, or dairymen engaged in making collective sales for their members or shareholders of farm, orchard, plantation, ranch, dairy, or vineyard products produced by their members or shareholders are not contracts, combinations, or conspiracies in restraint of trade or commerce." In another paragraph the bill provides that the organization may prescribe the terms and conditions of such collective sales.

There are then two points in this bill upon which the farmers seek legislation. In the first place they ask that the farm organizations producing and selling their own products be set out or differentiated from ordinary business corporations. The legal technicality that is to differentiate the agricultural organization in this way is the proposal to exempt from the operation of the antitrust acts the farm organizations paying dividends not greater than the current rate of interest. This is in fact an extension of the no-profit principle embodied in the Clayton Act and in corporation law generally. It is now proposed that the paying of dividends no greater than the current rate of interest be regarded as a payment for the use of capital and the distribution of any earnings above the current rate of interest as profit. With this legal differentiation of the farm organization it is hoped that its business activities are less liable to be construed as monopolistic and therefore less liable to lead to prosecution. In the second place the farmers seek the legal right to bargain collectively and refer to Section 6 of the Clayton Act as giving a similar right to organized labor. The two cases are, however, quite dissimilar in as much as the Act very properly declares human labor not a commodity.

Whether or not the amendment if adopted will very materially strengthen the legal position of the farm organization depends upon its own price policies and general business methods together with the attitude of the court. The court looks through the form of business organization to the intent and purpose of the concern, and declares monopoly illegal wherever found. It is, however, true that the adoption of the proposed amendment to the federal antitrust act will probably give great impetus to the movement, already begun, to enact state membership corporation law under which co-operative agricultural associations may organize and be thus clearly differentiated from ordinary business corporations. This new status of the farm organization will probably shield it considerably from antitrust prosecution.
The origin of the Capper-Hersman bill must be found in the recent and rapid organization among producers of milk for fresh consumption in urban centers. Organization among milk producers is proceeding rapidly and in many parts of the country it has become sufficiently effective to sell at one price through its own delivery system or to dictate the price at which it will sell to the middlemen. These conditions have led to the institution of legal proceedings in New York and other states under antitrust acts. Federal authorities have also investigated the activities of the milk producers serving Chicago. It is therefore very natural that this bill should be drawn up by representatives of the National Milk Producers Federation and that it should have their active support. It is, however, a bill that appeals to agricultural interests generally. Wherever farmers have organized to the extent that collective sales can be made, this bill will receive strong and hearty support. This condition obtains largely among fruit growers and to some extent among cattle raisers and wheat growers.

The economic effects of this bill if enacted, and providing the attitude of the courts will not be unfavorable to the farm organization will probably be considerable. It will lead to more comprehensive organization among farmers. Competition among sellers of foodstuffs will be largely eliminated. Where organization will lead to a control of the supply, prices will be fixed between groups of buyers and sellers for definite periods and speculation attending price fluctuations in foodstuffs will virtually disappear. It will change considerably the market organization, eliminating the present-day middleman where the distributing process is more or less simple. Finally where these conditions may be realized it will oppose the urban consumer to the farmer which must necessarily lead to municipal or governmental price-fixing or else to the organization of the communities into consumers’ leagues with which the farm organization will agree upon prices.

Two oleomargarine bills known as the Calder and Sabbath bills are arousing strong opposition among the dairymen of the country. The Calder bill may be dismissed with the statement that it provides for the interstate shipment and the sale of oleomargarine in the original package without being subject to state oleomargarine laws. Such a law would very seriously hamper the state dairy and food commissioner in his efforts to prevent fraud and only very little if at all expedite general observance of the provisions embodied in the Sabbath bill.

The Sabbath bill proposes (1) that a flat tax rate of $\frac{1}{2}$ of one cent per pound on oleomargarine manufactured for sale instead of 10 cents per pound on colored oleomargarine and $\frac{1}{4}$ of one cent per pound on uncolored oleomargarine as provided for the the present law, (2) that oleomargarine shall be sold in original packages only, (3) that packages shall be small allowing a variation in size from $\frac{1}{2}$ pound to 10 pounds, (4) that each package shall be sealed with an Internal Revenue stamp, (5) that the word “Butterine” shall be impressed on the brick or roll and each wrapper
and container of the product be branded with the word "Butterine," (6) that wholesalers keep proper records of receipts and sales, (7) that heavy penalties be imposed for the removal of oleomargarine from the factory in any other form than in packages sealed with Internal Revenue stamps or for making of false entries by wholesalers.

The provisions of the Sabbath bill are almost verbatim the recommendations made by the International Revenue Commissioner during recent years. These recommendations have been made primarily in the interest of a more satisfactory administration of the oleomargarine law. Important changes would result from this bill if enacted into law. Probably all oleomargarine would be manufactured and sold in the colored form. It would however, be clearly distinguishable to the consumer because it would appear in the retail trade in original packages, properly branded. The bill proposes that "Butterine" be substituted for "Oleomargarine." This should not be done because it does not distinguish the product clearly and definitely. The consuming public is acquainted with the present manner of branding and there is no good reason for making the proposed change. The provision of the bill would reduce fraud to a minimum, because the law would ignore the question of color and the sale of the product as oleomargarine would be more safely guarded than under the present law. The change of the tax rate would increase the revenue by several hundred thousand dollars. There is no justification for the increase in the rate of the tax from ¼ of one cent to ½ of one cent. Oleomargarine has won a place for itself as a wholesome article of food and a tax greater than necessary for regulating purposes violates the principals of ability to pay. The fact that oleomargarine would be colored in imitation of butter by the manufacturer would only slightly increase its demand. It is true that people like to see the product colored but the two important factors that control the demand for oleomargarine are its quality and its price as compared with butter. It can easily be shown that fluctuations in the consumption of oleomargarine vary directly with those of butter prices. Immediately after the act of 1902 which placed a 10 cent tax on the colored product there was considerable decline in the consumption of oleomargarine, but there was at this time also a sharp fall in the price of butter. The facts indicate that color restrictions only slightly affect consumption and that the fears on the part of the dairymen that if all oleomargarine were colored it would destroy the butter industry, are wholly unwarranted.

The consumption of oleomargarine has increased from 107 million pounds in 1900 to more than 320 million pounds in 1918, which shows that it has become an important article of food for those who cannot afford to pay the price of butter. The economist cannot take the position of advocating legislation specially favoring the dairy interests. The butter industry must stand or fall without any special privilege accorded it by the government. It must compete in both quality and prices with oleomargarine. This competition,
however, must be fair. If oleomargarine is sold at monopolistic prices the consuming public may justly demand that monopoly in the production and sale of oleomargarine be destroyed.

Two Senate bills providing for the regulation of the packing industry, and more or less similar, are the Kenyon and the Kendrick bills. The Kenyon bill is more complete and is drawn in greater detail than the Kendrick bill. Attention will therefore be called to the provisions of the Kenyon bill only. The report of the Federal Trade Commission and its recommendations as to the control of the packing industry were available for the drafting of the bill. Many hearings have been conducted by the Senate Committee on Agriculture and Forestry. Owing to the investigation of the packing industry by the U. S. Attorney General and the resultant agreement entered into recently between him and the packers, some changes in the provisions of the proposed legislation may be made. According to Senator Kenyon's statement, however, the attempt will be made to enact into law the main provisions of the bill in order that the industry may be subjected to regulation more or less generally desired by agricultural interests and the consumer.

The main provisions of the Kenyon bill are the following:

It is proposed that a Commissioner of Foodstuffs be appointed with a salary of $10,000 a year for a term of five years and placed under the authority of the Secretary of Agriculture to secure efficient administration of the provisions of the bill.

Licenses for interstate business must be secured from the Secretary of Agriculture by all slaughtering establishments, stockyards, commission men handling live stock in connection with stockyards, dealers buying and selling live-stock products, and manufacturers and dealers handling dairy products, poultry, and poultry products. The dairy and poultry interests need not secure licenses unless their volume of business exceeds $500,000 per year.

Section 7 1/2 provides that after two years from the date that the act becomes effective no concern engaged in preparing live-stock products or in marketing such products may have ownership in stockyards. The bill thus provides for divorcing the stockyards from the packing industry.

The bill also provides that after six months from the date the Act takes effect common carriers shall employ only their own refrigerator cars. Arrangements, however, may be entered into between the carriers and others owning or controlling cars, providing these arrangements are submitted in writing to and approved by the Interstate Commerce Commission.

Unfair, and unjustly discriminatory practices are declared unlawful, including combinations among licensees in buying and selling for the purposes of apportioning the supply and controlling prices.

Licensees must keep adequate records of transactions and of the ownership of their businesses. They must render regular and special reports to the Secretary of Agriculture. The information as to supplies, their location and movement, is to be furnished by the
Secretary to all licensees. This provision would secure adequate market information and would make the Department of Agriculture the distributing center of such information.

Regulation of licensees is broadly outlined and provides that detailed regulations shall be presented by the Secretary from time to time. A high degree of cooperation between the Secretary and the licensees is suggested. Standardized plans and specifications for buildings and grounds shall be proposed by the Secretary and submitted to licensees free of charge. The Secretary shall assist licensees in securing adequate transportation service. All licensees are subject to inspection and conditions of sanitation in their establishments must conform to standards prescribed by the Secretary of Agriculture.

The collection of production and marketing costs of live-stock, dairy and poultry products and investment costs of stockyards is specially provided for; and full inquisitorial powers are given the Commissioner of Foodstuffs to carry out this provision.

The power of suspending or revoking license is vested in the Secretary of Agriculture. Such action, however, may only be taken after the licensee has been granted a hearing. Testimony must be taken in writing and filed. Suspension or revocation orders must include findings of fact. Appeal from the Secretary's decision to the courts is sufficient guarantee against the exercise of autocratic power by the executive branch of the government.

This bill together with the provisions of the cold storage bill passed by the House will very greatly increase the regulatory function of the Department of Agriculture. It marks a step in the very rapid development of the Government's supervision over foodstuffs, which may be expected to be extended still further. The Department of Agriculture is the logical executive branch of the Government to carry out the provisions of the bill in as much as it has already control of meat inspection, the administration of the pure food law, and performs other regulatory functions that concern foodstuffs.

The Palmer agreement cuts off a link at each end of the packers' chain in as much as it calls for the sale of the stockyards and a complete dissociation of the packers from the retail meat business. It therefore goes further than the Kenyon bill. The Federal Trade Commission recommended government ownership of stockyards, rolling stock for the transportation of meat animals, refrigerator cars, branch houses, and cold storage plants. The Kenyon bill provides for private ownership of stockyards separate from the packing industry, and for private ownership of refrigerator cars and strict regulation by the Interstate Commerce Commission. The Kenyon bill is therefore drawn along conservative lines and goes about as far as the farmers desire. Probably the majority of the people of the country will also be satisfied with the degree of regulation and control provided for by the bill.

A cold storage bill has been passed by the House with only four votes opposing it. The main provisions of this act are that all
foodstuffs used in interstate commerce and placed in warehouses cooled to or below 45 degrees Fahrenheit shall be carefully marked with dates of entrance into and issue from such warehouses, that the time for storing all foodstuffs except cheese shall be limited to 12 months, that the inspection as to compliance with the law and the supervision of conditions of sanitation of warehouses and refrigerator vehicles be vested in the Secretary of Agriculture, and that the Secretary shall supervise the importation of foodstuffs. Appropriate records to be prescribed by the Secretary shall be kept and monthly reports shall be rendered showing amounts in storage and such other facts as the Secretary may desire.

Under the definition of the term “warehouse,” the bill includes the producer’s warehouse as well as that of the wholesale trader. The refrigerator vehicle, however, is not included nor is the cold storage room of the retailer. If the bill is enacted and no changes are made by the Senate all goods placed in cold storage by the producer only for the period preparatory to shipment will have to be marked with the time it was in cold storage. This point seems to be the center of attack on the part of produce merchants. The farmers seem to be little interested in the proposed legislation, but the trade journals are calling attention to a probable reduction of the selling value of fresh foodstuffs marked as having been in cold storage and in this way hope to align the farmers with the opposition party.

The measure will have little effect upon the cost of living notwithstanding the hopeful attitude of the public. It is in fact a pure food measure giving authority to the Secretary of Agriculture to standardize the conditions under which foods shall be stored preparatory to shipment, while in transit, and before offering for sale. It is also supplementary to and in general accord with the proposed legislation looking to the regulation of the packing industry. A very important economic result of the bill will follow from the provision giving authority to the Secretary of Agriculture to collect statistics as to stocks on hand. The manipulation of market news with a view to control prices will be rendered abortive, and in fact the socialization of demand and supply prices will be centered in the Department of Agriculture.

The attitude of these bills now in Congress toward farmer and merchant may be said to be different. Farmers are to be given the right of collective sales under the Capper-Hersman bill, while that right is to be denied to the produce merchants under the Kenyon bill. This is, however, not a correct statement of the situation, in as much as the Kenyon bill provides for the licensing of dealers buying and selling dairy products whose business exceeds $500,000 a year causing the dairy merchant as well as other produce merchants to fall under the provisions of the bill. Should organization among farmers displace the present-day merchant, the farmer himself would become the merchant and hence would also be subject to the provisions of the Kenyon bill.