

AN ANALYSIS OF THE AVAILABILITY OF CAPPER-VOLSTEAD
COOPERATIVE MEMBERSHIP TO AGRICULTURAL PRODUCERS

by

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CHAPTER I

INTRODUCTION

Agricultural marketing cooperatives are a unique type of business organization in the United States business structure. These associations are unique in that they offer individual agricultural producers an opportunity to join together and collectively process and market their products. This opportunity to collectively market their goods is made available to agricultural producers only through special enabling legislation, the Capper-Volstead Act, as such activity would otherwise likely be forbidden by antitrust laws. Section I of the Act provides that "[p]ersons engaged in the production of agricultural products as farmers, planters, ranchmen, dairymen, nut or fruit growers may act together in associations, corporate or otherwise, with or without capital stock, in collectively processing, preparing for market, handling, and marketing in interstate or foreign commerce, such products of persons so engaged."¹

¹Section 1. Persons engaged in the production of agricultural products as farmers, planters, ranchmen, dairymen, nut or fruit growers may act together in associations, corporate or otherwise, with or without capital stock, in collectively processing, preparing for market, handling, and marketing in interstate and foreign commerce, such products of persons so engaged. Such associations may have marketing agencies in common; and such associations and their members may make the necessary contracts and agreements to effect such purposes: Provided, however, that such associations are operated for the mutual benefit of the members thereof, as such producers, and conform to one or both of the following requirements:

First. That no member of the association is allowed more than one vote because of the amount of stock or membership capital he may own therein, or

Second. That the association does not pay dividends on stock or membership capital in excess of 8 per centum per annum.

And in any case to the following:

Third. That the association shall not deal in the products of non-members to an amount greater in value than such as are handled by it for members.

7 U.S.C. 291 (1970).