Some Recent Interpretations of the Capper-Volstead Act: A Legal-Economic Analysis

by

Donald R. Levi and Thomas L. Sporleder

Originally published in IDAHO LAW REVIEW
14 IDAHO L. REV. 435 (1978)

SOME RECENT INTERPRETATONS OF THE CAPPER–VOLSTEAD ACT: A LEGAL–ECONOMIC ANALYSIS

DONALD R. LEVI AND THOMAS L. SPORLEDER*

The Capper-Volstead Act[1] was enacted to prevent prosecution of agricultural cooperatives for antitrust violations. The Act provides that associations qualified under its terms may process, prepare for market and market in interstate commerce products of their members. The Act further provides that these associations may have marketing agencies in common and that they may make the necessary contracts and agreements to carry out their purposes. Qualified associations are defined as those composed of persons engaged in the production of agricultural products as farmers, planters, ranchmen, dairymen, or fruitgrowers who act together in associations for the mutual benefit of their members.[2]

Since the passage of the Capper-Volstead Act in 1922, relatively few cases have required the courts to clarify its meaning. However, three recent decisions have substantially reduced the ambiguity inherent in the Act. While the Act expressly exempted marketing associations, whether associations with bargaining or pricefixing as their sole purpose were also exempt was unclear. Recent decisions have held that the term "marketing" is to be construed broadly enough to include both bargaining[3] and pricefixing associations.[4] A third decision addressed the scope of groups covered by the exemption. In that case the court held that a vertically integrated company operating at several levels of the production process could not qualify for the exemption provided for associations whose members are engaged in the production of agricultural products as farmers.[5]

The purpose of this article is to analyze these decisions in light of the economics of current activities in the food and agricultural sector and to affirm their economic soundness. Also, it will be shown

---

*Both authors are Professors of Agricultural Economics, Texas A&M University. Dr. Levi is a member of the bars of Texas and Missouri, and Associate Director of the Texas Real Estate Research Center.

1. 7 U.S.C. §§ 291, 292 (1970).

2. *Id.* § 291.

3. Treasure Valley Potato Bargaining Ass'n v. Ore-Ida Foods, Inc., 497 F.2d 203 (9th Cir. 1974), *cert. denied*, 419 U.S. 999 (1974).

4. National Cal. Supermarket, Inc. v. Central Cal. Lettuce Prod. Corp., [1977] TRADE REG. REP. (CCH) ¶ 21,337.

5. United States v. National Broiler Mkt. Ass'n, 550 F.2d 1380 (5th Cir. 1977).

that these decisions are in keeping with the purpose of the Capper-Volstead Act.

I. THE CURRENT CHARACTER OF AGRICULTURE

Before discussing the cases noted above, it is useful to examine the current character of the food and agriculture sector of our economy. This sector of our economy is experiencing a rapid trend toward industrialization. Industrialization implies many things. One is a relentless trend toward fewer but larger firms in nearly all industries within the food production and distribution subsectors. Another implication of industrialization is that it inevitably increases the complexity of business arrangements and, more generally, society as a whole.[6] Sophisticated exchange arrangements among firms which rely on forward contracts, joint ventures, or intregrated operations; world market interdependencies; technological developments which both create and destroy markets; and government monitoring and involvement in all aspects of business are examples of this complexity.

Exchange arrangements between the producer and first handler of agricultural commodities have changed markedly during this century and generally reflect the influence of industrialization. The traditional open spot market sale of agricultural commodities at the producer-first handler level within commodity marketing channels has become less important. Alternative exchange arrangements to the spot market take many forms, but two of the most prominent have been contracts and vertical integration.

Of course, the exchange arrangements vary substantially from one commodity to another as illustrated in Table 1. The most recent data available reflect that nearly ten percent of all crop output in 1970 was contracted while another five percent was grown under some form of vertical integration arrangement. This varies by commodity however, from almost no contracting or integration in commodities such as hay and forage to commodities such as sugarcane and sugarbeets where all output is either contracted or integrated.

The situation for livestock and livestock products is similar, except that contracting is more prevalent. Over thirty-one percent of all output in 1970 was under contract with another five percent under some form of integrated arrangement. Again, variance by commodity ranges from fluid-grade milk and broilers where nearly all output is either contracted or under integration to hogs where only a slight proportion is contracted or under integration.

The implications of spot market exchange arrangements declining relative to alternate exchange arrangements are interesting. Ex-

6. Godwin & Jones, *The Emerging Food and Fiber System: Implications for Agriculture*, 53 AM. J. AG. ECON. 806-15 (1971).

changes accomplished through spot market mechanisms are relatively simple. Portions of a complete transaction such as physical delivery of the commodity, pricing, grading, and title transfer all occur simultaneously and without prior commitments on the part of either buyer or seller in the spot market.

Table 1 – Estimated percentage of agricultural output produced under production contracts and under vertical integration in the United States in 1960 and 1970.

Crop	Production Contracts		Vertical Integration	
	1960	1970	1960	1970
	Percent			
Feed grains	0.1	0.1	0.4	0.5
Hay and forage	.3	.3	–	–
Food grains	1.0	2.0	.3	.5
Vegetables for fresh market	20.0	21.0	25.0	30.0
Vegetables for processing	67.0	85.0	8.0	10.0
Dry beans and peas	35.0	1.0	1.0	1.0
Potatoes	40.0	45.0	30.0	25.0
Citrus fruits	60.0	55.0	20.0	30.0
Other fruits and nuts	20.0	20.0	15.0	20.0
Sugarbeets	98.0	98.0	2.0	2.0
Sugarcane	40.0	40.0	60.0	60.0
Other sugar crops	5.0	5.0	2.0	2.0
Cotton	5.0	11.0	3.0	1.0
Tobacco	2.0	2.0	2.0	2.0
Oil Bearing crops	1.0	1.0	.4	.5
Seed crops	80.0	80.0	.3	.5
Miscellaneous crops	5.0	5.0	1.0	1.0
Total crops[1]	8.6	9.5	4.3	4.8
Fed cattle	10.0	18.0	3.0	4.0
Sheep and lambs	2.0	7.0	2.0	3.0
Hogs	.7	1.0	.7	1.0
Fluid-grade milk	95.0	95.0	3.0	3.0
Manufacturing-grade milk	25.0	25.0	2.0	1.0
Eggs	5.0	20.0	10.0	20.0
Broilers	93.0	90.0	5.0	7.0
Turkeys	30.0	42.0	4.0	12.0
Miscellaneous	3.0	3.0	1.0	1.0
Total livestock items[1]	27.2	31.4	3.2	4.8
Total all items[2]	15.1	17.2	3.9	4.8

[1]The estimates for individual items are based on the information judgments of a number of production and marketing specialists in the U.S. Department of Agriculture. The totals were obtained by weighing the individual items by the relative weights used in computing the ERS index of total farm output.

[2]Final totals for production contracts and vertical integration were obtained by combining the total estimates for crops and livestock after adjusting for double counting of farm-produced feed crops consumed by livestock.

Source: R.L. Mighell & W.S. Hoofnagle, *Contract Production and Vertical Integration In Agriculture*, ERS-479, U.S. Department of Agriculture, April, 1972.

Contrast this with alternate exchange arrangements such as contracting. Obviously, not all portions of the transaction are completed at the same point in time. Indeed, the economic incentive for sellers may be to fix prices substantially in advance of harvest or to assure that a particular quantity and quality is delivered at some future time in the case of buyers.[7] This implies that delivery, pricing, grading, and/or title transfer may be separated in time and that commitments must be made on the part of both buyer and seller prior to a transaction being complete.

Because of the nature of alternate exchange arrangements, fundamental legal questions may arise such as: Who is a producer? What is bargaining? What is marketing? Are prices unduly enhanced or trade restrained by virtue of the exchange mechanism? An industrial organization theory of market structure is a useful backdrop for analysis of such questions.

II. MARKET STRUCTURE

The foundation of industrial organization rests on the proposition that economic performance is dependent upon market structure. Structure refers to the number and size of firms competing within an industry. Perfectly competitive market structure requires many competing sellers, none of sufficient size to influence the price paid or obtained for a given product. Another way to state this is that each seller in an industry must face an infinitely elastic demand for individual firm output.

Perfectly competitive structure is chosen as a norm in evaluating economic performance because long run equilibrium occurs where price equals marginal cost equals minimum average total cost. This results in no excess profits (excess profits are profits which are beyond that necessary to continue employing a factor input for a particular use relative to alternative uses). Further, each unit of output is produced at the lowest possible cost and the product is sold for its average long run cost of production.

Oligopsonistic market structures generally dominate other structural forms at the producer-first handler level in commodity marketing channels. That is, the structure is characterized by (1) few buyers, each of sufficient size to influence market price and (2) many small sellers, none having ability to influence market price. Industrial organization theory predicts socially undesirable consequences from such structure due to misallocation of resources, higher prices than necessary, and restricted output compared to a competitive equilibrium.

---

7. T. Sporleder & D. Holder, *Vertical Coordination Through Forward Contracting, Marketing Alternatives for Agriculture*, NATIONAL PUBLIC POLICY EDUCATION COMMITTEE PUBLICATION NO. 7, Cornell University (Nov. 1976).

This general structure provides the broad economic rationale for laws such as Capper-Volstead which allow producers, selling in oligopsonistic market structures, to "countervail" such structure by joining together in associations to market their products. Allowance of such associations to jointly market output theoretically moves the prevailing market structure from oligopsony to bilateral oligopoly. Although no unique price and quantity equilibrium can be identified from a bilateral oligopoly structure, resource allocation, prices and quantities in market equilibrium are thought to be nearer those which would prevail in bilateral competition than those which would prevail in oligopsony.[8] However, price and output is indeterminate over a range of price and output possibilities.

Given this broad economic rationale for allowance of producer associations to jointly market output, inevitably specific cases may arise which focus upon the legislative intent embodied in such laws as Capper-Volstead or Section 6 of the Clayton Act.[9] This, coupled with the aggregate picture of relatively declining spot markets at the producer-first handler level, give the economic reasons for such legal actions as *Treasure Valley, California Lettuce,* and *National Broiler.* These cases are spawned by fundamental economic and legal issues such as the definition of producers, bargaining, and marketing.

Such cases are not isolated or unrelated and as exchange arrangements increase in sophistication over time, similar cases may be expected. For example, if ownership of contractual vertical integration become increasingly important in the future, as they have over the past two decades, continuing long-term pressure for a workable legal definition of "producer" or "farmer" may result.

III. THE *TREASURE VALLEY* CASE

In *Treasure Valley Potato Bargaining Association v. Ore-Ida Foods, Inc.,*[10] potato growers in Malheur County, Oregon and ten southwestern Idaho counties joined together to initiate an action in

8. F. SCHERER, INDUSTRIAL MARKET STRUCTURE AND ECONOMIC PERFORMANCE at 245-52 (1970).

9. 15 U.S.C. § 17 (1970). Section 6 of the Clayton Act was the forerunner of the Capper-Volstead Act. The general philosophy of both is that farmers should be given the same unified competitive advantages as those available to businessmen acting through corporations as entities. 497 F.2d at 211 n.7. However, the Clayton Act was viewed at the time of its passage as a labor act with uncertain application to agricultural cooperatives. This uncertainty was eliminated and the exemption for agricultural cooperatives was clarified by adoption of the Capper-Volstead Act in 1922. Therefore, though both Section 6 of the Clayton Act and the Capper-Volstead Act come into play in all three cases under discussion, reference will only be to the Capper-Volstead Act.

10. 497 F.2d 203 (9th Cir. 1974), *cert. denied,* 419 U.S. 999 (1974).

their own behalf and for others of the same class—basically members of the Treasure Valley Potato Bargaining Association and the Malheur Potato Bargaining Association. Each association had several members whom they collectively represented in negotiations with potato processors. Individual member growers were prohibited from selling to processors by "preseason contract" unless their contracts had previously been approved by their respective bargaining association. The controversy arose out of activities preceding the formation of preseason contracts between the defendants, two large potato processors, and the plaintiffs.

As a result of strong economic incentives, preseason contracts are becoming increasingly popular. Basically, such a contract is entered into at or near planting and requires the grower to deliver his production from specified acreage to the processor at a certain price, dependent on size, quantity and quality. Lenders, in particular, encourage their borrower-growers to participate in preseason contracts because they reduce uncertainties about price levels at harvest, thereby making cash flow and loan repayment capabilities more certain. Preseason contracts also serve an important economic function for prosessors, as they help assure them of the supply necessary to fulfill their market commitments.[11]

The plaintiffs in *Treasure Valley* charged the defendants, Ore-Ida and Simplot, with pricefixing in connection with the preseason contracts and other practices unreasonably in restraint of trade and therefore violative of the Sherman Act, Sections 1 and 2.[12] Both the trial and appellate courts rejected the plaintiffs' Sherman Act claims.[13]

Simplot and Ore-Ida counterclaimed that the bargaining associations had combined and conspired in restraint of trade in meeting prior to the negotiations and agreeing to seek similar prices and terms of trade in their contracts with the defendants.[14] Among several issues facing the trial court was whether Section 1 of the Capper-Volstead immunized the plaintiffs from antitrust liability.[15]

Section 1 of the Capper-Volstead Act provides that persons engaged in the production of agricultural products may join together in associations to process, prepare for market, handle and market their products. It further states that "[s]uch associations

---

11. *See* M. Phillips, Processed Potato Grower's Associations, U.S. Dept. of Agriculture, F.C.S. Research Report 35, at 12-15 (Jan. 1976) for an extended discussion of contracting potatoes.

12. 497 F.2d at 207.

13. *Id.* at 209.

14. *Id.* at 207.

15. *Id.* at 210.

may have marketing agencies in common; and such associations and their members may make the necessary contracts and agreements to effect such purposes."[16] The specific question raised by the defendants was whether "marketing agencies" could be construed broadly enough to include bargaining agencies.[17]

Simplot and Ore-Ida claimed that the bargaining agencies were not exempt under the Act because they did not engage in the functions listed in the Act, namely, "processing, preparing, handling and marketing."[18] Both the trial and appellate court rejected this argument, deciding that the statute did not contain a requirement that marketing agencies also engage in the sale of potatoes in order to qualify for the antitrust exemption.[19] The Ninth Circuit Court of Appeals, in interpreting the word "marketing" employed a common definition of the term: "The aggregate of functions involved in transferring title and in moving goods from producer to consumer, including among others buying, selling, storing, transporting, standardizing, financing, risk bearing, and *supplying market information.*"[20] The court then stated that the activities engaged in by the bargaining associations were a part of the "aggregate of functions involved in transferring title to the potatoes," and affirmed the lower court's dismissal of the counterclaim.[21] However, the court went on to say that agricultural cooperatives are not wholly exempt from the scope of the antitrust laws. The exemption is lost where an association monopolizes, attempts to monopolize, or engages in predatory practice, but no such abuses were found in *Treasure Valley.*[22]

Treasure Valley was a case of first impression in which the court, having no direct precedent to bind it, was able to employ a liberal construction of the "marketing agency" exemption. The Ninth Circuit cited with approval one authority's belief that "bargaining cooperatives are much in need of somewhat more liberal

16. 7 U.S.C. § 291 (1970).

17. 497 F.2d at 214-15.

18. 7 U.S.C. § 291 (1970).

19. 497 F.2d at 215. An additional point which was clarified by the decision relates to agricultural cooperatives working together. The court reasoned that since Section 1 of the Capper Volstead Act allowed a common marketing agency, it "would follow that without such a separate agency, the associations may act together in marketing and make the necessary contracts to accomplish their legitimate purpose." 497 F.2d at 214. Persuasive support for this interpretation was found in The Cooperative Marketing Act of 1926, 7 U.S.C. § 455 (1970), which provides for the direct exchange of crop, market, statistical, economic and similar information between original producers and/or cooperative marketing associations or federations.

20. 497 F.2d at 215.

21. *Id.*

22. *Id.* at 216-17.

court constructions of the Capper-Volstead Act."[23] From an economic policy perspective the holding of *Treasure Valley* is a sound one because it encourages a more balanced bargaining posture between buyer and seller.

IV. THE *CALIFORNIA LETTUCE* CASE

National California Supermarket, Inc. v. Central California Lettuce Producers[24] was decided by the Federal Trade Commission. The Central California Lettuce Producers Cooperative operated under "Cooperative Marketing Agreements" with each of twenty-two member producers. Its sole function was "to serve as a meeting ground for the lettuce producers to come together and agree on pricing policy."[25] Central did not grow, harvest, ship, negotiate, or enter into sales agreements in its own name. Thus, plaintiffs argued, Central was not within the exemption created by the Capper-Volstead Act and therefore the defendant was in violation of antitrust laws.

The plaintiffs advanced two reasons for why Central could not qualify under the Capper-Volstead Act. First, they argued, that since Central did not participate in all of the acts enumerated in the statute they were not exempt. However, their argument failed because the FTC, consistent with the statutory language, interpreted this list of activities as a checklist of functions which *may* rather than *must* be performed.[26] Second, plaintiffs submitted that Central was not exempt under Capper-Volstead because they were not engaged in "collectively marketing" a product. While the administrative law judge had accepted this argument, the FTC overruled him.[27] Again at issue was what constitutes "marketing" within the meaning of Capper-Volstead.

The FTC saw *Treasure Valley* as involving a closely-related issue, but distinguishable on the facts. While *Treasure Valley* involved bargaining with buyers on behalf of cooperative members, *California Lettuce* involved agreement on prices to be sought in separate *individual negotiations.*[28]

The FTC examined the legislative history of the Capper-Volstead Act and concluded that it did "not address the question of whether or what kind of additional activity [other than price-setting]

---

23. *Id.* at 215-16, *citing* Lemon, *The Capper-Volstead Act—Will it Ever Grow Up*, 22 AD. L. REV. 443, 47 (1969-70).

24. [1977] TRADE REG. REP. (CCH) ¶ 21,337 at 21,233.

25. *Id.*

26. *Id.* at 21,234-35.

27. *Id.* at 21,235-37.

28. *Id.* at 21,237.

is required to qualify for the exemption."[29] Then the FTC held that marketing "include[d] establishing an asking price as an essential element of negotations looking toward a sale"[30] and that even the cases relied upon by plaintiff[31] accepted the idea of "pricing agreements as a necessary incident of cooperative marketing."[32] Just because "a cooperative may lawfully function as a corporate entity does not compel or even support the additional conclusion that it must perform an undefined list of corporate functions."[33] Clearly, the purpose of the Capper-Volstead Act is advanced by pricing agreements such as those used in *California Lettuce* as they tend to equalize the buyer's and seller's bargaining positions.

V. THE *NATIONAL BROILER* CASE

The *United States v. National Broiler Marketing Association* case[34] involved a group of vertically integrated broiler companies who allegedly combined to fix prices and restrict supplies in an attempt to increase prices. The principal question here was whether the National Broiler Marketing Association's member companies were farmers within the meaning of the Capper-Volstead Act.

Before addressing the issue in *National Broiler*, it is essential to analyze the economic nature of vertically integrated companies. Basically, a vertically integrated company is one which conducts more than one function at different levels in a production process, such as managing the breeder flock, producing the chicks, operating the feed mill which manufactures their feed, growing (feeding) chicks to market weight, processing and preparing birds for market, marketing broilers to retail outlets, and retail sales to consumers. A company conducting two or more successive steps in this production process is said to be vertically integrated as opposed to horizontally integrated, which involves the acquisition of additional assets and thus, economic power, at the same step or level in the production process.

Two broad economic incentives are thought to exist for vertical integration. One motivation is to enable an individual firm to compete more effectively while the second is to enable an individual firm to adopt or implement technological innovation. The former motivation may entail widely ranging opportunities such as product differentiation or diversification, cost reduction (especially from

29. *Id.* at 21,236.

30. *Id.* at 21,237.

31. Maryland & Va. Milk Prod. Ass'n, Inc. v. United States, 362 U.S. 458 (1960); *In re* Washington Crab Ass'n, 66 F.T.C. 45 (1964).

32. [1977] TRADE REG. REP. (CCH) at 21,238.

33. *Id.* at 21,237.

34. 550 F.2d 1380 (5th Cir. 1977).

spreading fixed costs), reduction of risk from less variable prices over time (which is another form of cost reduction), assurance of a market or access to additional market segments increased information, or simply favorable return on investment.[35] The latter motivation involves seizure of cost-reducing technology which could only be implemented under a vertically integrated structure. This is generally cited as the motivating factor for nearly all transactions within the broiler subsector at the producer-first handler level now under contractual integration.[36]

The broiler industry operates on extremely high volumes and small profit margins. Because of the economic advantages associated with vertical integration, small independent producers generally cannot compete economically with large integrated firms. To generalize, the broiler industry now consists of relatively few but large firms.

In *National Broiler*, a civil antitrust action was brought by the government against National Broiler Marketing Association. The government alleged that the Association's members and others had combined to fix prices and to restrict production in order to increase prices. The issue confronting the court was whether the Association's members were farmers within the meaning of Section 1 of the Capper-Volstead Act which immunizes from antitrust liability "[p]ersons engaged in the production of agricultural products as farmers, planters, ranchmen, dairymen, nut or fruit growers."[37]

Association members in *National Broiler* were vertically integrated companies who generally owned and operated not only processing plants, but also feed mills, hatcheries and breeder flocks for the production of broiler eggs. However, the members of the National Broiler Marketing Association did not participate in the actual raising of chicks to maturity. Contract growers performed this function. The contract growers were responsible for the day-to-day husbandry of the chicks and were the equivalent of independent contractors, although title to the chicks remained in the integrated companies.

The Association argued that "farmers" ought to be construed broadly to include all persons actually engaged in the production of agricultural products. It further claimed that agriculture had undergone substantial changes since the passage of the Act and that "a romantic view of agriculture. . . [including] the Jeffersonian concept

35. Trifon, *Guides for Speculation About Vertical Integration of Agriculture with Allied Industries*, 41 J. OF FARM. ECON. 734 (1959).

36. Arthur & Marion, *Dynamic Factors in Vertical Commodity Complexes: A Case Study of the Broiler Industry*, OHIO AGRI. RES. & DEV. CENTER RES. BULL.

37. 7 U.S.C. § 291 (1970).

of the self-sufficient yeoman" ought to be avoided.[38] The court however, after conceding that the question was a novel one and recognizing the lack of precedent in the area, decided that a "farmer" still means one who owns or operates a farm. The court stated, "Whatever else farming may mean, an irreducible minimum must be either husbandry of animals or farm ownership."[39] Association members simply could not be squeezed into "farmers' boots."[40] The decision of the lower court in favor of the integrators was therefore reversed.

From a policy standpoint, the court further pointed out that the intent of the Act was to allow small producers to band together to deal on equal economic footing with the larger buyers and sellers. Further "[c]ooperation among farmers was seen as the best solution to the farmers' problems because it allowed them to band together without sacrificing their social and economic individualism."[41] Clearly, the court's decision mirrors the intent of the drafters of the Act. Protection of powerful integrated companies with concomitant bargaining power and financial strength was not the purpose of the Capper-Volstead Act. Furthermore, in light of the current need to protect the small farmer, granting a corresponding exemption to the integrator would be economically unwise.

CONCLUSION

While contrary arguments have been made elsewhere,[42] it is submitted that *Treasure Valley, California Lettuce,* and *National Broiler* are all consistent with the original intent of the Capper-Volstead exemption. They are both philosophically and economically sound.

---

38. 550 F.2d at 1386.

39. *Id.*

40. *Id.*

41. *Id.* at 1388.

42. Note, *Trust Busting Down on the Farm: Narrowing the Scope of Antitrust Exemptions For Agricultural Cooperatives,* 61 VA. L. REV. 341 (1975). Here the author suggests reforms for Capper-Volstead. His suggestions are logical, given his apparent perception of the competitive nature of the agricultural and food industry. Unfortunately, his perceptions are substantially different from the actual situation. It may be that he based his perception on data illustrating the proportion of total cooperative business done by regional cooperatives believing that this was the proportion of total agricultural production involving cooperatives. See for example author's table at 346. He apparently believed, for example, that seventy-six percent of cotton production was marketed through cooperatives while recent data by U.S.D.A. show this to be in the neighborhood of twenty to twenty-five percent. If our interpretation of his perception is correct and his apparent belief that the current cooperative effort more than countervails the economic power of purchasers of agricultural products supports our interpretation—then his conclusions and recommendations are inappropriate for the current economic climate.

As noted earlier, it is likely that trends away from the use of spot markets toward contractual and vertical integration arrangements will lead to further, perhaps increased, Capper-Volstead litigation in the future. Additionally, as observers of the cooperative movement have privately said for some time, relatively little Capper-Volstead litigation has resulted in the past because cooperatives have not been particularly effective in their negotiations. However, with the trend toward full-time, well-educated professional cooperative managers, they are likely to be a more effective countervailing economic power in the future, which also suggests increased Capper-Volstead litigation may well be around the corner.

The three cases analyzed in this article provide a solid foundation for a legally and economically sound interpretaton of the Capper-Volstead exemption. The decisions have interpreted the Act broadly in favor of the individual farmers and narrowly against the integrator and the processor which is consistent with the real intent of the Act. Therefore, since these decisions foster expanded marketing activities they provide a strong impetus for the formation of farm marketing cooperatives in the future.