

Price Fixing Machinery and Agricultural Wages

UNTIL THE EARLY 'THIRTIES our farm products moved through a comparatively free market, with only moderate customs barriers. Then came the agricultural crisis which forced farmers to co-operate in order to survive.

The price of farm commodities dropped so sharply that the individual farmer was losing money every year. This was brought about by excessive imports of wheat, corn, and oil cakes at very low prices.

To counteract these imports, the government devised a plan whereby home-grown products should be used first, and the imported products used only as a supplement. Consumers grumbled about having to use the Swedish wheat for baking, "Still more black in the bread." Actually the quality of bread was not so bad after the new varieties of spring wheat were introduced.

The prices of commodities were not definitely fixed, but were allowed to move within certain limits. Thanks to the work of the co-operatives we were able to keep them close to the upper limit.

Milk was the exception to the general rule, and, of course, a most important one. The price was fixed from time to time, but a clearing between different groups of milk producers also was introduced. A certain fee was deducted from every litre delivered. The fund obtained in that way was distributed as an additional price to those of the farmers who delivered milk for processing, because retailing paid better than butter or cheese making. The clearing, however, included more than that — farmers living in poor regions and on small holdings got more than those living in the fertile plains and on comparatively big farms.

In addition the surplus butter had to be exported and sold abroad at a very low price. Co-operatives engaged in the export trade got subsidies, originating from the above-mentioned milk fees, in order to be able to pay a fair price to their farmer members. All this was done through co-operation between the government and the National Union of Dairies.

The system was much more complicated than that, but I am afraid I have already gone too far into details, and that the reader may have some trouble in understanding the structure of the scheme.

I do not say that this scheme gave large profits to farmers, but it helped us to keep our heads above water. It is essential to note that results were reached through common action of the government and farmers' organizations. It should also be clear that during this period the problem involved getting rid of or taking care of surpluses.

Wartime Changes

This was the state of affairs until September 1, 1939, when everything was reversed. After the outbreak of the war, our communications with other countries were cut off more and more, and we had to rely on ourselves. Surplus was changed into shortage, and the government started rationing one product after another. Price control was introduced at an early stage in order to prevent a rise in prices — beginning with foods as the most important product and continuing later with other goods.

The government had had some bad experiences during the first world war, when there were few farmers' co-operatives. The Ministry of Food had to market a lot of goods themselves, with great losses both in quantities and in cash. Goods were not distributed in a fair way either, some groups of people getting a considerable quantity, some almost nothing — and there was a terrible black market.

In 1939 it was quite different. Through the work of the co-operatives and unions, farmers' products were already running in rational channels from producer to consumer. The government realized that this organization could be used as an instrument for rationing. They put the question to our unions, whether it would be possible to hire or rent farmers' co-operatives and establishments during the war.

We answered that our organizations were started for quite another purpose, namely to favor farmers' interests; consequently we could not rent them out for an entirely different purpose. We had, however,

no objection to working with the government's food board, and this was arranged. It would be an overstatement of the moral character of our people, including the farmers, to say that there was no black market at all, but taken as a whole it was not so bad.

Without price control and rationing, prices would have risen tremendously and all farmers would have made large profits. This did not happen, however, and profits were rather moderate. In fact, many farmers reported a loss during the war.

Before the war it was said by many politicians in this country that the government was subsidizing farming. I do not think that was right, because from the same point of view it may be said that the government was subsidizing quite a lot of industries engaged in the home market.

If it had been true, then it would be equally true that during the war farmers were subsidizing all Swedish consumers (because in a free market without price control and rationing, prices would have increased considerably and given large profits to producers). No doubt that is still true in many respects. The price of Swedish-grown wheat, for instance, was 30 kronor per 100 kilo and imported wheat 50–60 kronor in 1951.

This is not an argument for top prices, which also must include bottom prices during certain periods. It is much better to have an even price during a long run of years, than a perpetual rise and fall. This foolish talk about the government and consumers subsidizing farmers must be brought to an end.

PRICE DETERMINATION

The principles of the system for determining agricultural prices in Sweden during the war were, and still are, as follows: The whole agriculture in the country, on all farms and holdings, is still considered as one single enterprise.

Through statistics the "income side" is estimated, which means quantities of different products leaving the relative enterprise. Goods sold from farmer to farmer do not come into consideration; for instance, seeds, grains and hay for feeding, and livestock.

Kinds and quantities of necessities required for "the enterprise" also are calculated from statistics (goods and products originating from Swedish farms, not included). These represent costs, and quite naturally that side includes interest, rent, and wages. It should be noted that not only the paid labor wages were calculated here, but also the work done by the farmer and his family, the farmer getting a certain amount for the management of the farm.

Prices of fertilizers, concentrates, etc., are easily found. The figure for the labor, including farmers' and family labor, is put at the same rate as the collective agreements between agricultural employers and workers. This figure may be corrected to some extent by comparing with statistics available concerning agricultural labor. The essential point is that both the farmers' work and paid labor shall be counted on the same basis.

In this way they get the total costs, which must be covered by the total income. The quantities of prod-

ucts being already estimated, and the total income already known, it is only the question of putting the right prices on the different products to get the balance.

One trouble is that the crops have to be estimated in advance, before harvesting and threshing are done. Should there be a difference of more than 4 per cent of the calculated total income, the prices are adjusted accordingly in order to restore balance again within the 4 per cent limit. As the income of milk is about 50 per cent of the total income, the adjustment is mostly done by revising the milk price.

All this may sound rather simple, but in reality it is very complicated. A large staff is engaged by the Food Board to calculate all quantities and figures and to distribute money and subsidies.

There is a kind of council attached to the Food Board, representing all groups within the nation, in order to enable a broad representation to follow the proceedings.

The difficulty is that statistics can be read in quite different ways, and that figures never tell the whole truth.

Here again the broad group of farmers appears in the background. They may have a feeling that the figures worked out do not correspond with reality — and they may often be right. This is why the price-fixing system had to be completed or supplemented by negotiations between farmers' organizations and the government.

It is the intention of both the government and

Parliament to continue with the price-fixing machinery in the future. It may be corrected on certain points, for example, by accounts from typical farms of different sizes and characters.

The present system does not give any top prices to the farmers, but the majority of farmer representatives fear that an unlimited importation of surpluses from overseas will occur again after some years. They prefer the present system with the "balance sheet" and controlled import.

AGRICULTURAL WAGES

The method of fixing agricultural wages is through collective agreements between the Employers' Association and the Farm Workers' Trade Union (not the Farmers' Trade Union, R.L.F.). Agreements are worked out on a national basis, with some additions due to special conditions in different counties.

Farm workers' trade unions started a little later than the majority of industrial trade unions. It was during the first world war that agricultural laborers realized the necessity for organizing themselves, and of course it was not long before agricultural employers did the same. During that war, with high prices of produce there was every chance of raising the wages, and it was done. Trouble came after the war when all prices dropped, often 50 per cent, and the wages had to follow suit. Then came disputes and strikes, and the atmosphere between employers and workers was extremely bad. During the 'twenties, however, prices and also wages stabilized, and there were few,

if any, activities, either from the trade unions' side, or from the employers'. Most of the laborers dropped out of their trade unions, and employers did likewise from their association.

About 1930 all this was started on a new basis. The Swedish Federation of Labor (LO), to which organization farm workers' trade unions are attached (like the industrial workers) took up the matter of organizing the whole group of farm laborers. The result was that most of the paid farm laborers have now joined the trade unions, these in turn being grouped together in the National Union of Farm Workers, attached to the Federation of Labor.

Employers also had to reconstruct their association and make it fit for negotiations regarding wages. The present agricultural wage rate is almost four times that of 1937. Farmers have been forced to pay higher wages in order to secure help because of a corresponding increase in industrial wages.

Indivisibility of Wages and Prices

Thus in principle, negotiations on wages were carried out quite independently of negotiations on produce prices. It soon became evident, however, that there was a connection between the two. If farmers were to be in a position to pay reasonable wages, there had to be fair prices for the produce. Particularly when the scheme for price-fixing, along with the "balance sheet" mentioned earlier in this chapter, was put into action, it became increasingly clear that prices and wages were indivisible.

The level of agricultural wages in Sweden is still lower than that in other industries. The target for future agricultural policy is that the wage standard of the agricultural population should be equal to that of the urban. It may take some time before that target is reached, and sometimes it even seems as if the urban people, particularly the great Socialist party, had quite forgotten that declaration.

No doubt farmers and farm workers have a common interest in fair prices of agricultural produce, but it frequently happens that the farm workers' trade unions do not realize that. They are attached to the Federation of Labor, where the urban influence dominates, and the urban population has an interest in cheap food. The Federation of Labor wields considerable influence within the Swedish community, and they employ it in dealing with all groups attached to them.

In the new French Agricultural Federation, *Confédération Générale de l'Agriculture* (GGA), the agricultural workers form one of the groups. They realize that they have an interest in common with the farmers, concerning fair prices of produce, but they are also connected with the French Federation of Labor, which is helping them to negotiate with the farmers concerning wages. This scheme is quite logical and most interesting.

In England and Holland the common interest of farmers and farm laborers is not so clearly defined, but the tendency seems to be exactly the same as in France. Unfortunately we have not yet reached that state in Sweden.

POLITICAL ACTIVITIES

Starting with the great Constitution and Parliamentary Reform of 1866, most farmers joined the Conservative party. Since the Conservatives advocated custom barriers against foreign wheat, the farmers felt they were in good hands.

However, at the beginning of the twentieth century, agricultural production shifted away from crops in favor of livestock. In the interests of obtaining cheap foreign feed for their cattle, some farmers became Liberals. Sweden was rapidly becoming industrialized, and the laborers organized trade unions in the spirit of the new Socialist party. Few farmers were attracted by this new party with its Marxist ideology, but many of the farm laborers were.

For a time before the first world war, there was co-operation between Liberals and Socialists. Their interest in solving social questions served to unite them. But it soon became obvious that their ideology was different and their liaison did not last very long.

Socialists under their leader, the great statesman Hjalmar Branting, developed rapidly, and both Conservatives and Liberals had to adopt a defensive attitude towards the newcomers. The battle was between Socialism and nonsocialism, and agriculture was nearly forgotten. Conservatives and Liberals gravitated more and more towards urban parties and the farmers did not feel satisfied. Nowhere did they find a political group willing to take up agriculture whole-heartedly. As a result they formed the Farmers' Party (*Bondeförbundet*) in Sweden in 1914, which was reconstructed in 1921. Out of the 230 representa-

tives in the Second Chamber of Riksdagen (Parliament) there were twenty-one representing the Farmers' Party in 1921. This figure has increased continuously and there are at present thirty-nine. The composition of the directly elected Second Chamber is shown in the following table.

Conservatives	.	.	.	.	23
Liberals	.	.	.	.	57
Farmers' Party	.	.	.	.	30
Socialists	.	.	.	.	112
Communists	.	.	.	.	8

Formation of the Farmers' Party was tremendously criticized, particularly by the Conservatives. Even today there are many farmer M.P.'s among both the Conservatives and Liberals, and even a few among the Socialists. Within co-operatives and the Farmers' Union, all farmers, regardless of their political affiliations, are working very well together.

The Farmers' Party can be considered a typical "class" party, like the Socialists. But unlike the latter, the Farmers' Party will never be able to gain the majority in the Second Chamber because they are in a minority of the total population. Nevertheless, as a result of their joint efforts with the other parties, the Farmers' Party has been able to accomplish a good deal.

"Cow Dealing"

The most striking feature within the history of the Farmers' Party was what took place during the early

'thirties. In Swedish political history the event is called the "Cow Dealing."

The Socialist party wanted social reforms, but at that stage they did not command a majority. As this was during the worst period of the agricultural crisis, the farmers wanted fair prices for their products and protection against unlimited imports.

The two parties made an agreement complying with the old rule, "If you will help me, I shall help you." They were thus able to fix both the social legislation and the produce prices. In Conservative and Liberal papers there was a terrible outcry in relation to the "Cow Dealing." They considered the Farmers' Party a league of traitors.

For many years there was a combined government of Socialists and farmers, and the result of the "Cow Dealing" justified the methods. The leaders of these parties were competent men of practical policy. They did not care much for doctrines and such, thinking more of the results achieved. Their reasoning was, "Laborers and farmers are the two broad groups of the country. Why should they not work together to their own advantage — and to the advantage of the whole community." As a matter of fact, the 'thirties were a rather happy period — so much so, that Conservatives and Liberals stopped grumbling about the "Cow Dealing."

The second world war brought a Coalition Government of all parties. The tendency after the war pointed towards a growth of the left wing. In 1945 the Socialist party held the absolute majority in

Riksdagen, and consequently formed a government of their own.

“Cow Dealing” was brought to an end, the new Socialist government introduced a strong labor policy, without considering the interests of the others. The Farmers’ Party again started co-operation with Conservatives and Liberals, in order to counterbalance the influence of Socialists. In recent elections the Communist party has lost ground considerably. They have no contacts with any other party. The small number of communist M.P.’s are almost considered as traitors towards their own country.

The Rural Party

In the beginning, the Farmers’ Party was a pronounced class party, dealing exclusively with the interests of the agricultural population. During recent years, however, they have realized that a broader background and a broader program is needed. Hence much more interest is now taken in the cultural and social side — schools, education, housing, etc. The name has been changed to Rural Party. A lot of country people — craftsmen, shopkeepers, teachers, etc. — also are joining the party.

Many times there has been discussion as to whether farmers should have their own party, or whether the farmer M.P.’s within the different parties should influence as much as possible the policy of their respective party.

No doubt, the Farmers’ Party in Sweden has been of great value to the agricultural population. In

Parliament it has done the structural work for farming policy, in which also farmer M.P.'s belonging to other parties have joined. It is generally acknowledged that the previous leader of the party, Bramstorp, held one of the key positions within Swedish politics.

Political activity is only one of the means for acquiring better conditions. Still more important in the long run is the work carried out by co-operatives and the Farmers' Union.

Two things stated earlier are again worthy of mention in this connection. One is the S.K.L.F., the women's branch of the Farmers' Party, the other is S.L.U., the youth branch. Both of these have proved to be most valuable in political as well as other activities. Thanks to them the spirit of co-operation has been kept alive not only among the men but also among women and youths.