whom they deal. We should be concerned to see that abuse of power is stopped promptly. We should be equally concerned to see that power when needed to equalize bargaining conditions is obtained for and by farmers and other interests.

REMARKS ON MR. BOYLE'S PAPER

JOHN D. BLACK

I also wish to take exception to Mr. Boyle's definition of collective bargaining as including the fixing of a monopoly price. It would be extremely unfortunate if such a conception of the object of collective bargaining should become prevalent. On the one hand, it would strengthen the standing suspicion of this very thing in the minds of the consuming public into an almost ineradicable belief. On the other hand, it would put farmers in general in the same class with certain groups of our rural population who at present and for some time past have been saying that the farmers are the only class who are not in a position to "set the price" on the goods they sell and have been urging the farmers to consolidate into a third great monopoly power complementary to labor and capital. We never have accepted this analysis as sound and we surely are not going to change our minds now.

The purpose of collective bargaining is not to set a monopoly price, but to discover and establish a "necessary price," that is, a price which will call forth the supply of a product which the consumers will demand at that price. We know that the ordinary price-making forces work very crudely in many cases. They cause orchardists to plant too many apple trees for a series of years and not enough for the succeeding series. They keep farmers producing too much milk at a loss for a period, and not enough at a good profit for a succeeding period. What we want is a price that will keep up a steady supply sufficient to meet the demands of the population. It is no simple task to discover what this price is, especially in periods like the present when demand is in a state of rapid flux, and price levels are very uncertain. Nevertheless, it is my belief that the right sort of statistical and accounting records and careful economic analysis of them would enable us to approximate necessary production in this sense and in many cases forecast necessary price with sufficient accuracy to furnish a basis for price negotiation. Any price agreed upon and established will of course be a sort of "cut-and-try" price. It may prove to be ten or fifteen per cent off in cases where demand is uncertain.

This is illustrated by the Twin City Milk Producers' Association which supplies over half the milk used in St. Paul and Minneapolis. They are selling milk to the distributors on a cheese-price basis at present, and have been selling it cheap all winter because cheese prices are at present very low relative to butter prices. The manager tells me that he believes that he and the distributors, at least those among them that are honest and fair-minded, have had enough experience trying out different prices so that they could agree within a few cents as to what price is necessary to bring out the
supply desired. The Milk Producers' Association has no thought of anything but necessary price. Necessary price is a very pertinent thing to them. If they do not pay it, the milk goes to the creameries and cheese factories in the district. The Producers' Association even claims that it has to bid against the extra prices that the creameries pay during slack seasons in order to keep their plants running. These men also know that the only way that they could establish a price above necessary price would be to control the output of their members and keep supplies from coming in from new territory, or extend their membership and control to all new territory brought into the market area. At the most, all the advantage that they could hope to attain would be either temporary or a slight differential due to better location. The interest of the Producers' Association is therefore in necessary price. This is the price they wish to be able to determine. A new contract goes into effect in July and they are looking for a better basis for bargaining. They have no faith in cost-of-production methods. They do not wish to continue on the cheese basis.

The last Minnesota legislature passed the Winkinson Bill which legalizes collective bargaining for farm products. The bill was passed to free the officers of the Twin City Milk Producers' Association of the indictments against them.

As already indicated, a small monopoly element may be introduced into milk prices by producers' organizations. Temporarily, a considerable monopoly element may be introduced in some of the large metropolitan centers where milk comes from a wide area. One hesitates, however, to predict to what extent monopoly may or may not be introduced under certain circumstances in the future. Undoubtedly there are a few farm products selling at present at prices involving a considerable producers' monopoly element. There may be a few more in the future. We can safely predict that such tactics will eventually bring public price-fixing and regulation. The proper objective for any producers' organization is not a monopoly price, but a necessary price. This means a price which will cause farm enterprises to be balanced in such a way that our human and natural resources are most economically utilized. Collective bargaining may prove a very satisfactory way of arriving at necessary price in certain cases where the various bargaining forces are all brought to a head in one place, where producers, distributors and consumers can unfailingly observe from day to day exactly how certain prices actually work. When producers, middlemen and consumers are widely separated, it is likely that other agencies will come to be preferred. Just at present, what is most needed is careful, statistical studies of production, demand, prices, etc., so as to make possible the forecasting of necessary production and necessary prices.