COLLECTIVE BARGAINING IN AGRICULTURE

JAMES E. BOYLE, Extension Professor of Rural Economy, College of Agriculture, Cornell University, Ithaca, N. Y.

I. COLLECTIVE BARGAINING—MEANING OF THE TERM.

Vagueness of the term.—In spite of the fact that there is a tremendous amount of discussion going on now in the press and elsewhere concerning collective bargaining, there is much vagueness about the meaning of this term. The word certainly conveys different meanings to different people. The term is a new one in agriculture, and therefore it is quite natural that a certain ambiguity should attach to it. The name Collective Bargaining and the thing itself both come to us from the field of industry. For some twenty or thirty years now the public has heard more or less about collective bargaining between labor and capital. And yet, oddly enough, in this field the real significance of collective bargaining is not yet understood. For instance, it was on this rock that President Wilson’s first Industrial Conference went to pieces in Washington last October. The conference split over a resolution offered by President Gompers of the American Federation of Labor, reading as follows:

“The right of wage earners to organize without discrimination, to bargain collectively, to be represented by representatives of their own choosing in negotiations and adjustments with employers in respect to wages, hours of labor, and relations and conditions of employment is recognized.”

On the face of it this resolution looks like a simple endorsement of the status quo, for Mr. Gompers, the introducer of it, is the head of large and powerful labor organizations and he has long seen labor unions enjoy the undisputed right to organize and bargain collectively. But Mr. Loree, speaking for the employers, said the Conference “would not be led into approving a collective bargaining resolution which did not clearly define the methods and circumstances under which it would take place.”

This is a very simple illustration, but it throws considerable sidelight on the situation. Since the practice of collective bargaining comes to us from the labor unions, it is well to pause a moment here and examine the meaning and significance of the term as used in this field.

Collective bargaining came to the public notice first in a general and favorable way in the case of the United Mine Workers. Back in the days of John Mitchell a joint conference was held at certain seasons, composed of representatives of the organized mine workers and representatives of the mine owners. In this industrial parliament, as it may be called, difficulties were smoothed out as much as possible and a collective bargain reached covering hours, wages, and conditions of employment. This method of bargaining did
unquestionably make for peace and efficiency in this great fundamental industry. It is worthy of note that contracts were honorably observed by the miners, even though, as in one case, the bargain called for a cut in wages. But within the present year we have witnessed a coal strike of the first magnitude, called by the officials of the union, after laying down certain terms in the form of an ultimatum. In other words, negotiation and bargaining were set aside in the very field where bargaining was supposed to govern.

On the railroads the conductors, engineers and firemen have maintained collective bargaining for thirty years, and in general have made wholesome and conservative use of their power. But beginning with the passage of the so-called Adamson Act in 1916 and continuing to the present, these powerful brotherhoods have negotiated the terms of their bargains in such a way that bargaining hardly seems to be the right word for what occurred.

In New York City, during the last year, we have seen two far reaching strikes in operation—the dock laborers and the printers—both of which strikes were conducted in violation of the authority of the unions themselves.

A witness at this time before the Senate Committee looking into this subject of strikes said that of the 70 recent strikes within the American Federation of Labor, only 8 had been authorized. The status of collective bargaining in industry in the year 1919, is, in short, one to inspire misgivings in the minds of the general public. Perhaps the deepest instinct the people have is the mistrust of autocratic power. And society has felt almost helpless, at times, in the face of demands made by some of these powerful unions. If a union is powerful enough to impose its will on others, even though in the guise of a bargain, it becomes a case at best of the strong bargaining with the weak, and such a bargain is a one-sided affair. Again, some bargains were made evidently by agents who misrepresented rather than represented the unions, a thing likely to occur under any form of representative government whether political or economic.

Looking back beyond the troubled World War period of the immediate present, over some twenty or thirty years of collective bargaining by labor organizations, the record for collective bargaining is on the whole good. Both the right to organize and bargain collectively and the desirability of doing so, in order to protect its own interests and to be represented by representatives of its own choosing are now quite generally conceded to labor. The abuses of the power of collective bargaining during the war period should not outweigh, in our minds, the sane use of this power during peace. For we must remember the old axiom, "All power is liable to abuse." One thing is obvious, however, collective bargaining does not solve all problems for labor. And the fact that the Industrial Conference of October, 1919, broke up on this issue shows that the full significance of the term is not yet mutually understood by labor and capital. It has been the radical labor leaders or misleaders that have hurt the cause of collective bargaining in the field or organ-
ized labor. We may say to organized labor, in Biblical language, "Your enemies are they of your own household."

In Agriculture: Two Aspects of the Question.—Coming now to the discussion of collective bargaining in agriculture, we find much more vagueness and uncertainty as to the meaning of the term. We are sure of but two things, namely, the farmer wants collective bargaining; the public shies at it. Cooperation among farmers is popular with the general public; collective bargaining by farmers is not popular with the general public. Yet a great many people seem to confuse these two distinct activities. There is a great deal of cooperation in agriculture now, but only a very little collective bargaining. Collective bargaining means price fixing. In a certain sense all bargaining is price fixing, but collective bargaining conveys to the mind of the public a setting aside of competitive price, of supply-and-demand price, and substituting therefor a price arrived at by the deliberate and conscious act of the bargainers. Price fixing by bargaining between two individuals is supposed to fix a price within the rather circumscribed limits set by the competitive market.

Many people look on competition as an economic law, blind, relentless, impersonal, irrevocable, resistless as fate. Others view it as an everpresent force, like gravity, but, also like gravity, subject to considerable control and direction by human agencies. The fact remains, however, that man's control over natural forces is greater than his control over social forces. Competition has been accepted quite generally in our past history as part of our established system, except in case of natural monopolies. Our higher courts have certainly clung with great tenacity to the doctrine of competition. And a competitive price has been construed as a supply and demand price. And demand has been construed as the human factor, the psychic factor. Supply has been looked on as an impersonal, physical factor. But in actual commercial life, supply is not an impersonal factor, for the simple reason that it is the estimate of supply, the opinion of the parties as to the supply, that constitutes the market factor, and their estimate or opinion is constantly being modified to meet new market information and new conditions. The law of supply and demand, working out through free competition, through both objective and subjective factors, has for its major function the coordinating of production and consumption.

Collective buying and collective selling are not collective bargaining, for these are done on the competitive market, at the market prices. Collective bargaining is a substitute for competition. Collective bargaining in agriculture, therefore, so far as products are concerned, refers to the sale of the farmers' products. If farm laborers were organized, there would doubtless be collective bargaining in fixing wages.

It seems necessary to differentiate sharply between collective buying or selling and collective bargaining, on the basis of the purpose underlying each. Mr. E. M. Tousley of Minneapolis, our ranking premier in Rochdale cooperation has for many years emphasized
the principle that cooperation is for savings, not profits. Collective bargaining, on the other hand, is for profits, not for savings. For the farmer, like the other business men, is in business for profits.

We may illustrate this differentiation between savings and profits, between collective buying and collective bargaining in this way. Take, for instance, ten dairy farmers in the East, each spending one hundred dollars a month for feedstuffs. They are spending $1,000 a month, acting as ten individuals. By pooling their purchases (buying collectively) they secure their feed requirements for a total of $800 a month, thus affecting a savings of $200 a month in the purchase of this product. They simply buy in quantities and buy at the market. This is cooperation, but not collective bargaining. On the other hand, let us assume that the growers of the feeding stuff in the Cornbelt have organized and secured control of the supply and have decided to sell by collective bargaining. The purpose in such a move would be to find a market paying the highest price for the product. Can we imagine these western farmers conducting a collective bargain for the purpose of furnishing cheaper feeds to the East? Each member would sell individually if by so doing he could find a better market. The only excuse, therefore, for a member’s joining and adhering would be the opportunity for a better market and a better market means a higher price, a surer profit. For I insist that the farm business is conducted for profit, and that collective bargaining is to be looked on as one way of insuring this profit. If society wants the farm business continued or any other business continued, society must continue to contribute the profits necessary to keep that business going. In short, fair profits in farming and in other legitimate business are in accord with public policy. The fact that collective bargaining is for profits is no argument against collective bargaining, but a frank statement of a fundamental fact.

To illustrate further the differentiation between collective bargaining and cooperative buying or selling, we may cite the case of the three best examples of successful cooperation in North America, namely, the United Grain Growers of Winnipeg, the California Fruit Growers Exchange of Los Angeles and the Eastern Shore of Virginia Produce Exchange of Onley. These concerns sell on the market “at the market.” They sell collectively, but they sell at the prevailing competitive price. They also buy considerable material collectively but also at the market. Like any large-scale business, like the ordinary “big business” corporations, they effect certain economies and savings by the mere volume of their business. In no case do these concerns use the collective bargain, as I understand the term. It is a somewhat significant fact that the first California producers’ concern to make some use of collective bargaining, namely, the California Associated Raisin Company of Fresno, found itself facing certain legal questions of an annoying nature, to say the least. It is of course also significant that in the cases of the organized milk producers in the respective areas about
San Francisco, New York, Chicago, Cleveland, and Minneapolis, these associations were all haled into court charged with price fixing in the course of their collective bargaining.

The foregoing discussion is preliminary to arriving at a definition of the term collective bargaining in agriculture. Since the renting of farm land or the hiring of agricultural labor by the collective bargain method is not yet a live issue, we may disregard these two problems in formulating a definition. This narrows the task down to the products of the farm. And for all practical purposes this means the selling of these products. There remain three elements then in collective bargaining, namely, (1) an agreement concerning price, or price fixing; (2) control by the farmers of the supply of the article sold, or monopoly; (3) the bargain must represent group or collective action. Framed into a single definition, these elements may be stated as follows:

Collective bargaining in agriculture means an agreement by a group of farmers concerning the selling price of a product the supply of which they produce and control.

II. COLLECTIVE BARGAINING—IN THEORY.

Considerable time has been spent trying to define the term collective bargaining. At this point we may turn to some of the more important principles involved.

The ancient, child-like faith of our people in competition as a fair price maker is breaking down. Free and open competition, under the law of supply and demand, is not held in the high repute it once was. Some college presidents, even, are announcing to their trusting followers that the law of supply and demand has been laid on the shelf as a relic of antiquity. Without embracing this fond delusion, we may accept as true that there are many serious human barriers in the way of the free play of the so-called "free and open competition." Hence comes the pressure from many sides for a substitute for competition as a price maker. Not so long ago we abandoned the doctrine of competition as the correct price maker in the field of natural monopolies, such as railroads, street cars, gas companies, telephone companies, etc. In these fields the public came to rely for protection against high prices and high profits upon the ratemaking of some public body like a public service commission or the Interstate Commerce Commission. This is neither the time nor the place to pass judgment on the success or failure of this form of price making. But I merely want to register the point that the state of mind of the people demanded this method of price fixing and got it.

Now we must recognize the nation-wide demand by farmers for this thing which they call collective bargaining. Is or is not this demand sound in principle? To me it seems to be sound. Analyzing the state of mind of the American farmer as I now see it, I find three more or less deep-seated reasons for this demand.

(1) Voice in price making.—The grower has come to feel that he has too little to say about the selling price of his product. This
feeling is a sort of blind instinct. It may be compared with the demand in political life that government be based on the consent of the governed. As the monarchs and emperors depart, we see the peoples in various lands securing a voice in their government. It seems that this instinct in the individual for a voice in his political government must be accepted and endorsed. The same principle obtains in our economic environment, it seems to me. If we talk about the "democratization of industry" (as we do) we must mean giving a voice in the management of industry to those directly concerned. So it seems eminently logical and fair to give to the farmers in a group some conscious and audible voice in the price making of their own products.

(2) Stabilising prices.—Organised farmers could go far towards stabilizing supply and price in certain fields. At present a large part of the farmers’ complaints concerning our price structure is leveled at speculation and price fluctuation. It is useless to repeat and reiterate that most speculation is due to price fluctuation; that all prices fluctuate, even the prices of government bonds, and that is why men speculate, that the organized exchanges lessen the amount of price fluctuation rather than increase it. The farmer feels that he ought to be allowed to work out some scheme of price stabilizing over periods of time, say from month to month, with no fluctuations in the interim. Such a scheme would not eliminate speculation, but it would slightly reduce it.

(3) Price fixing.—The farmer sees certain large-scale industries like flour milling and the steel industry, able to make forward contracts for their output and thus guarantee their manufacturing profits. He feels he would like to put his big investment in something at the same class, so that his profits, his dividends might be guaranteed from season to season. When we recall that farming is now becoming a strictly commercial proposition and that a large fixed investment is required, in order to meet the consumer’s food requirements, the validity of this demand is apparent.

Assuming that the farmer is entitled to more voice in the selling price of his goods, and to a more stabilized price and to more certainty of profits, and that he secures all these by means of the collective bargain; What protection to the consumer would there be?

If my theory is correct thus far, the farmer, in the case mentioned above, would substitute collective bargaining for competition. Absence of competition is generally called monopoly. And when it comes to monopoly, the public shies, as was stated at the outset of this discussion. In two ways the public could be protected from autocratic power or abuse of power by the collective bargaining farmer. First, the consumer could be represented at the conference or sitting in which the collective bargain is made. This would give the consumer a voice in fixing the price. Second, full publicity could be required of all cases of collective bargaining, setting forth in particular all the facts and items used in arriving at the price, such as cost of production statistics, probable demand
statistics, and so on. A monopoly wearing a double bit of this kind would be tractable enough, in my opinion.

III. LIMITATIONS AND DANGERS.

Farmers organized so as to have a monopoly in certain fields of production and hence to do effective collective bargaining in this field, will work under certain limitations. The first limitation comes from what we may call the representative government idea in collective bargaining, since a few representatives must deal for the whole group. We know in our political life how incomplete a success representative government is—how difficult to select persons who truly represent us. Sometimes they misrepresent us. So also it will be with collective bargaining. The second big limitation is the problem of arriving at a just price and relating it properly to the cost of production and to the consumers’ demands. Just now the farmer is most doggedly claiming the right to a price based on the cost of production. This phrase needs very cautious interpreting. If the farmer has in mind a price which will cover cost of production of the product of the most inefficient farmer, his claims are absolutely indefensible. Without prolonging the discussion on this important point I will simply add that the cost of production factor alone will never be the basis of a fair price, but that the demand side must always be given the same weight and consideration by the price fixing body. This problem is, in my opinion, the most vital issue in the present discussion of collective bargaining. The measure of the success or failure of any scheme of price making will be its degree of conformity to the law of supply and demand.

The dangers which beset collective bargaining are the same in agriculture as in organized labor. When peaceful means fail, weapons of industrial war are used. The chief of these is the strike. You will all recall, at this point, the famous milk strike at Elgin in 1916, and the two big milk strikes in the New York area in 1916 and 1919 respectively. We may look for more and more strikes by farmers, as the processes of distribution become more complex. Again, the farmers will doubtless use the weapon of Limitation of Output. For instance, as foreshowing this sort of practice, mention may be made of the Cotton States Acreage Reduction Convention held at New Orleans, February 17 and 18, 1919, and of the Mississippi Cotton Acreage Reduction Convention held at Jackson, Mississippi, February 27, 1919, at the latter of which convention the following resolutions were adopted:

Whereas, The farmers, merchants and banking interests of the South are confronted with a grave crisis on account of the accumulation of large stocks of cotton at this unsettled and uncertain reconstruction period, which crisis is fraught with grave danger, both, to the present welfare and future prosperity of the South; and,

Whereas, The farmers, merchants and bankers have within their own hands the infallible solution of the threat-
ening conditions that now exist in the cotton producing section; and,

Whereas, There was held in the City of New Orleans on February 17–18th, 1919, the Cotton States Cotton Acreage Reduction Convention, composed of farmers, merchants, and bankers from every Southern State, which Convention carefully considered for two days the menacing conditions that have been precipitated upon the cotton producing states, and recommended, among other things, the reduction of at least one-third of the 1918 cotton acreage for 1919; the planting of largely increased food crops; the holding of the present cotton crops until remunerative prices can be obtained, and the organization of the farmers, merchants and bankers in every State in the South; and,

Whereas, The solution of the perplexing problems that now confront the cotton growers lies in the frank and efficient co-operation and intelligent organization, as well as the united action of the farmers, merchants, and bankers of the South;

Now, Therefore, Be It Resolved by the Mississippi Cotton Acreage Reduction Convention assembled in the City of Jackson, February 27, 1919:

First—That this convention hereby ratify and endorse the resolutions adopted as aforesaid by the Cotton States Cotton Acreage Reduction Convention in New Orleans on February 17–18th, 1919.

Second—That it is the sense of this Convention that if the entire acreage of cotton in the United States is to be reduced one-third of the acreage of 1918, then it is absolutely imperative that not more than sixty (60%) per cent of the cultivated lands in the Delta and not more than twenty-five (25%) of the cultivated lands in the hill and other sections of Mississippi be planted to cotton during the year 1919. And the farmers, merchants and bankers composing this Convention hereby pledge themselves to plant not more than sixty per cent of the cultivated acreage in the Delta and not more than twenty-five per cent of the cultivated acreage in the hill section of Mississippi to cotton in 1919, provided that in no case shall any farmer or planter be expected to pledge or is hereby pledged to reduce his cotton acreage for 1918, and further pledge themselves to use their influence to see that the acreage in Mississippi is so planted during the year 1919.

Third—That this Convention hereby pledges its members not to sacrifice the present crop but to hold the same until a reasonably remunerative price can be obtained therefor.

Fourth—That this Convention endorse the publicity
campaign that has been inaugurated and is being carried on by T. V. Wensel of Natchez, Mississippi, for securing fair prices for cotton.

Fifth—That P. P. Garner, R. S. Wilson, J. E. Evans, S. H. Lowenburg and R. C. King be, and they are hereby appointed as the State Executive Committee of this Convention and that each county in the State be requested immediately to organize with an executive committee to consist of one representative from each supervisor’s district with the county chairman as ex-officio member of the committee to see that recommendations of this Convention are carried out.

Sixth—That this Convention hereby recommends that the said county executive committee be charged, among other things, with the duty of seeing that individual pledges to cotton acreage reduction as herein recommended are secured, that the plantings be verified and that reports be made to the said executive committee of this Convention from time to time, that a formal pledge be adopted and that full publicity be given to any farmer who refuses to comply with the recommendations herein made, and that pledges be secured from the bankers and merchants to assist in seeing that the recommendations of this Convention are carried out. And that each precinct in every county in the State be thoroughly organized for the accomplishment of the reduction in cotton acreage herein recommended.

Seventh—That the thanks of this Convention are hereby tendered to the public press for the wide publicity given to the reduction movement, and that acknowledgment is hereby made of the splendid service so rendered by the press and that the public press be requested to continue to give wide publicity to the cotton acreage reduction movement.

Eighth—That this Convention pledges itself and its members to foster a public opinion that will brand every man who, because his neighbor and the cotton producers generally are reducing their acreage, undertakes to profit through such general and united action, by increasing his own crop or by refusing to reduce the same as herein declared, as an undesirable citizen, unworthy of the respect and confidence of the community in which he lives.

The Bulletin of the Department of Commerce and Agriculture of Mississippi, Volume 14, No. 1, Jackson, Mississippi, March, 1919.

The dangers of collective bargaining, we may say in summarizing, are merely the general dangers of the occasional abuse of this power. Since all power is liable to abuse, this is no valid argument against placing this power, this monopoly, in the hands of
the farmers, so long as reasonable "checks and balances" are pro-
vided to protect the public.

IV. COLLECTIVE BARGAINING IN PRACTICE.

The theories of collective bargaining make us ask what will hap-
pen in the future. But when we contemplate the unknown future
we will be filled with hope or fear, depending upon whether we are
temperamentally progressives or conservatives. To put our feet
back on solid earth once more, we may pause long enough to look
at two concrete examples of collective bargaining in agriculture.
The two examples selected at random are certified seed corn and
whole milk.

1. Certified Seed Corn.—The farmers on Long Island by reason
of soil and climate have a virtual monopoly in growing certain
kinds of garden and field seeds, including one variety of corn
known as Luce’s Favorite. The Suffolk County Cooperative Asso-
ciation is an organization of about one hundred Long Island farm-
ers, producing and marketing certified seed of this variety. For
all practical purposes they have a monopoly of this product. The
seed is gathered into a central plant, where the corn is shelled,
dried, tested as to germination, sacked and labeled. It is guaran-
teed by the Association as to purity of variety, as to moisture con-
tent, and as to germination qualities. The 1918 crop was sold by
the Collective Bargain method, the details of which are worth re-
porting here. Of course the price was the vital point at issue. In
the first place, in growing this corn on Long Island and in certify-
ing it, the farmers worked in cooperation with the local county
agricultural agent and with the Department of Farm Crops at the
State College of Agriculture. A crop of 24,000 bushels was pre-
pared for market. It was decided, in the collective bargaining
scheme finally evolved, that this seed should be distributed to the
farmers of New York State through the New York Grange Ex-
change, Inc., of Syracuse, New York, a cooperative store owned by
the grangers of the State. A price of four dollars a bushel to the
growers was finally put on the corn, as the result of several confer-
ences and much "bargaining." As a first step, a preliminary meet-
ing was held at the Agricultural College, where cost of produc-
tion, fixed charges for maintaining and operating plant on Long
Island, probable volume of business, etc., were all considered. It
was thought that overhead expenses to the growers for preparing
the crop for market after the crop was produced would be about
fifty cents a bushel, and that the grower should have at least $3.50
a bushel net to warrant him in producing this crop. This made a
total price of $4.00 a bushel.

Since the largest consumer of this corn would be the dairy farmer,
and since the dairy farmers are organized into a Dairymen’s League,
the next conference was held at the League office in New York
City. In addition to the League, there were represented at this
conference the Grange Exchange, the Suffolk County Farmers, and
the College of Agriculture. A general understanding was reached
concerning price and terms. Further negotiations led to complete harmony among all concerned, the Grange Exchange signing a contract to take the 24,000 bushels at $4.00 a bushel f. o. b. shipping station Long Island, the Dairymen’s League promising to cooperate with the Grange Exchange in having the farmers buy and plant this seed, and the Agricultural College central office directing county agent work promising to have all county agents concerned promote the use of this pure, certified seed. The Suffolk farmers delivered the corn and met all the terms of the agreement. The Grange Exchange then undertook to sell the corn at prices varying according to quantity taken, from $4.50 to $5.00 a bushel. Single bushel lots were sold at $5.00; fifty bushel lots at $4.50 a bushel. But owing to transportation difficulties and other merchandising problems, both usual and unusual, the Grange Exchange at the end of the season still had 5,000 bushels of shelled corn on hand in the Suffolk County farmers’ warehouse, for which the Grange owed $20,000 and for which they had no seed market. The matter had to be adjusted, and was finally amicably settled by negotiation, the Grange Exchange paying $1,000 and turning the corn back to the farmers, to be sold for feed purposes at the market price, namely, about $2.90 per bushel. In other words, instead of realizing $20,000 for this 5,000 bushel lot as per contract, the farmers received about $15,000, or a deduction of $4,500.

This ends the story of the first year of collective bargaining by the Suffolk County farmers. From the purely commercial standpoint, this is not a fair test of collective bargaining, since so many other elements enter in. For instance, the College and the county agent aided considerably in the interest of the pure seed policy involved. Somewhat similar arrangements are now being made for the coming year, hence we may conclude that all parties concerned are willing to give the system another trial.

2. Milk in New York City.—The dairymen in the territory tributary to New York incorporated the Dairymen’s League in 1907 under the Laws of the State of New Jersey. It was not till 1910 that the 50,000 cows necessary to form a permanent organization were secured. The distribution of milk in New York City is largely controlled by a few large companies, and these milk dealers did not take a friendly attitude towards the movement. The League felt itself strong enough by 1916 to attempt price fixing. The dealers were notified that they could buy milk from the representatives of the League. Few dealers paid any attention to the notice, believing the individuals would consign or sell milk as previously. Beginning October 1, 1916, the League farmers staged a 14 day milk strike. The dealers tried to break the strike by shipping in milk from Chicago, Indianapolis, Cleveland, Pittsburg, Philadelphia, Boston, and other points in Massachusetts, New Hampshire and Canada. The farmers won the strike; the dealers recognized the League and began to deal with it. New York’s milk supply has been cut to 10% of normal during the strike, showing the League in possession of a virtual monopoly of the metropolitan milk supply.
In fixing the price of milk the League used the Warren formula, a formula worked out by Dr. Geo. F. Warren of Cornell, and showing the cost of producing milk. This formula gave a sliding scale of price, fluctuating with the price changes for feed, labor, etc., which go to make up the cost of milk production. The milk price was fixed for a month at a time.

In January, 1919, came another short and sharp dispute with the dealers and another milk strike, which the League won. However, the League did give up the cost-of-production basis of price fixing. The present basis of price is confessedly an awkward one and is being used as a temporary makeshift, rather than as a settled policy. Beginning April 1, 1919, the price of milk has been based on the price of butter, skim milk, cheese and whey. A calculation is made as to the market value of these four elements in 100 pounds of milk, and this gives the unit for fixing the market value of the 100 pounds of whole milk. The first six months under this method gave a milk price about 4 cents a hundred over the cost-of-production basis of the Warren formula. The prices set for the first three winter months, however, fell somewhat below the Warren formula basis. But more time is needed to pass an intelligent judgment on the actual workings of the new price formula. The significant thing is, that the cost of production factor alone did not prove a workable basis for selling the whole supply of milk. On this point, President R. D. Cooper of the League, said in his address at the 12th annual meeting of the Dairymen’s League, Inc., at Jersey City, December 9, 1919:

“"The change from the Warren formula to another method of selling the milk, however, does not by any means abandon this principle. The Warren formula was found impractical because it seemed impossible to sell the milk by its use without continual friction and warfare and because it is necessary to sell all, not part of the League milk. It is difficult, if not impossible, to sell all of the milk or all of any other commodity on a plan absolutely guaranteeing to dairymen or other producers the cost of production every month in the year for all they may care to produce."

In short, the principle will not work when a surplus is produced. The Dairymen’s League expects to continue the practice of collective bargaining. The League is however, developing a large central cooperative association, to own and operate the country milk stations in order that the surplus milk of certain seasons may be made into by-products and thus be kept off the whole-milk market. This will stabilize the supply of milk and hence operate to help stabilize prices.

CONCLUSIONS.

In this paper I have endeavored to show that the three essential elements in collective bargaining in agriculture are monopoly, price fixing, and group action. I have further taken the stand that a
monopoly in certain fields in agriculture is better than competition; that in these cases a farmers' monopoly is a "good monopoly," and that ways can be found for protecting the consumer against abuse of power and autocracy on the part of the organized farmers. My final conclusion is that collective bargaining, like most other so-called reforms, would be a step forward, although but a small step—hence a disappointment to its enemies, a disillusionment to its friends.

DISCUSSION OF PAPER ON "COLLECTIVE BARGAINING"

By THEODORE MACKIN, University of Wisconsin

Two impressions of the paper and discussions should not be permitted to pass unchallenged.

The general conclusion that "collective bargaining" on agriculture necessitates the threefold existence of "monopoly" "price-fixing" and "group action" hardly accords with the facts and experiences of actual practice. Furthermore the definition that cooperative marketing by farmers is synonymous with collective bargaining fails to recognize the essential characteristics which distinguish collective bargaining from the more commonly known types of cooperative marketing.

"Collective bargaining" instead of implying monopoly, through which "price-fixing" is supposedly made possible, is more nearly group protest against the continued existence of price levels or other factors which have become intolerable through the mere weight or inertia of custom. Collective bargaining certainly implies group action but does not imply monopoly or price fixing. It does mean the existence of impressive group indignation and publicity which throws the spotlight upon prices that have become unreasonable. Where the single individual would certainly bargain in vain, concerted protest carries an appeal to the fair-mindedness of the public in general. United effort to inform the consumer that continued low prices will mean withdrawal of farmers from the given line of production paves the way for changes in price levels that would otherwise be met by serious misunderstanding and protest from consumers. Those changes which are effected by collective bargaining are compromises which have been negotiated after extended discussion and investigation involving farmers, middlemen and consumers. The fact that the compromise price agreed upon has in some cases stimulated increased production, attended by price reduction later to prevent oversupply and price demoralization, is suggestive that the collective bargainers were hardly able to control the supply for the purpose of price fixing. Instead of price fixing by monopoly power through group control of supply, the collective bargainers repeatedly have been obliged to attempt reduction in supply, and this reduction has been accomplished by price reduction. In other words, price has regulated the supply, instead of supply regulating the price. This was true in the Des Moines, Iowa milk producers experience. There the high price,