DISCUSSION OF PROF. BOYLE'S PAPER ON COLLECTIVE BARGAINING

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I want to thank Mr. Boyle for his careful analysis of collective bargaining inasmuch as it opens for discussion a question of great importance. I am interested, too, because I not only disagree with his definition but I deprecate the publication of anything by this Association that might be construed as an acceptance of his definition. Moreover, it gives me great pleasure to stand by to see what a body of economists do with a controversial bone of this kind when it is thrown among them.

In the first place Mr. Boyle's definition does violence to the words collective bargaining. Every sale or purchase is made by a process of bargaining, and every sale or purchase by or for a group is a collective purchase or sale. In New England we have used this term synonomously with collective selling, less frequently collective buying, by groups of cooperating farmers or consumers.

In the next place while it is evident that some groups of farmers cooperate solely for the purpose of fixing or determining a price, as previous speakers have pointed out is the case with several milk producers' organizations, this does not mean either large or permanent monopoly control in any instance that I know of. In the case of the New England Milk Producers' Association it is definitely stated that price fixing is the immediate and temporary purpose; its permanent function is the improvement of quality of product and the effecting of economies in market distribution. These last are the real purposes of collective marketing. I would be sorry to see the use of the term narrowed to the odious and odorous use which confines it to monopolistic price fixing or restraint of trade. If we need a term why not call it collective price fixing since price fixing is its essence.

I object to the definition because it emphasizes this one purpose of cooperative marketing which is not permanently important. Practically all collective marketing is for the purpose of increasing the returns to the group members either by a better price or by more economical methods of marketing. Better prices accrue from better quality, larger quantity, more regular shipments, judicious storage, better markets, advertising, branding, grading, packing and the like much more than from monopoly control, which is never perfect and generally tremendously exaggerated by hostile interests. The public does not understand these greater functions and seizes upon the monopolistic price fixing attempts to bring into disrepute all collective marketing by producers. It ill becomes us who know the facts to emphasize this phase by saying that collective bargaining means monopolistic price fixing only.

Again the definition cannot be used consistently. A western co-operative cannery sells fresh fruit as well as canned products for
its members. It controls a comparatively large supply. The manager bargains for the sale of the canned fruit long before it is canned, since jobbers give their orders months in advance of the canning season, for future delivery. Mr. Boyle would call this collective bargaining probably. This cooperative cannery sells its fresh fruit for immediate delivery also to jobbers and wholesalers. The manager bargains in quantity again but sells a product in hand. This according to definition is not collective bargaining but cooperative sale.

Two New England organizations may illustrate my point. A few days ago I was called to Vermont to attend a meeting of representatives of Vermont creameries who purpose to form a dairy union or federation of the cooperative creameries and milk plants of that state. If all goes well the federation will control the manufacture and sale of a large part of the Vermont milk supply. When I asked why they wanted to federate they answered, "To advertise our products, to sell under one brand, to improve the quality of Vermont butter, to sell the entire product collectively and reduce the expense of overhead sale, to control the utilization of the raw product in such a way as to handle the surplus milk most advantageously;" that is to allot to certain creameries the manufacture of butter, others of cheese, others of pasteurized milk or cream or casein during certain months or seasons. In other words they wish to introduce economies in processing, manufacture and sale of milk. Not a word was said about price fixing although some of these plants have constantly sold milk at higher prices than the New England Milk Producers' Association with all its powers and price fixing activity has been able to offer. They would make collective bargains but sell on a competitive market and not fix prices in the accepted sense.

The tobacco industry in the Connecticut Valley would seem to lend itself admirably to organization for price control. A specialized crop, a small compact area, a well defined market, a group of intelligent growers, a fairly limited supply and a definite demand.

We have just succeeded in organizing some eight or ten local tobacco exchanges who have already formed a selling federation. Why did they organize for collective action? Frankly to better marketing and producing conditions. They will probably purchase large quantities of guaranteed fertilizer and supplies; make uniform labor bargains with their hands, utilizing them on farms and in tobacco barns when needed and in the collectively owned sorting shops in season—assuring a steady permanent supply of laborers; own their warehouses and do their sorting and sweating and packing; sell the tobacco at a central point by sample where all buyers may come to bid for it; pool small lots of uniform grade in order to make a saleable quantity. All this means bargaining and economizing at every point. It need not mean price fixing at all—in fact little or nothing is said about monoplistic control of price—four-fifths of the activities are directed to elimination of market-
ing and producing wastes and the effecting of economies through collective action. Tobacco buyers are quick to call growers price fixers, monopolistic and profiteers. But we who know need not do it. They do bargain collectively—in my definition, because they buy and sell collectively.

I trust the Association will not set the seal of approval on Mr. Boyle's definition though of course we all recognize that we must distinguish between price fixing and other functions of collective marketing groups. Moreover we recognize that price fixing as defined may be legitimately attempted by farmers in many instances. Its permanent success in any line of agriculture is more than doubtful. What we need as an Association of Agricultural Legislation is a brief for collective marketing or collective bargaining in the larger and more accurate sense.

COLLECTIVE SALE OF LIVE STOCK

Henry A. Wallace, Editor, "Wallace Farmer"

Live stock has never been sold collectively in the sense that milk is now being sold collectively by such an organization as the Chicago Milk Producers. Any one of the five big packers represents more bargaining power than all of the live stock producers' selling agencies put together. The degree to which the five big packers work together in the buying of live stock is a matter of some dispute, but it is generally believed by producers, and this belief seems to be borne out by the Federal Trade Commission reports that the five big packers maintain from day to day a remarkably uniform purchasing policy. At any rate, the buying policy followed by Armour and Swift seems often to determine the policy of smaller packers. Unquestionably there has been a vast amount of concentrated purchase of live stock and practically no collective sale of live stock.

Fattened live stock is almost as perishable as milk, fruit or vegetables. After five months of corn feeding, the ordinary feeder steer is ready for market, and further feeding is likely to be at a loss. In the case of hogs, gains become decidedly less economical after a weight of 250 pounds is passed. Furthermore, there are definite seasons when big receipts are to be expected. December and January are normally months of heavy receipts of finished cattle and hogs, whereas, during the spring and summer there is a time of seasonal scarcity. With all this true and with the selling power of the producers diffused and the buying power of the packers relatively concentrated, it is readily seen how difficult it is for live stock producers to combat a lower price drive, no matter how unwarranted it may be. Producers have often greatly reduced their marketing for a month or two at a time, in an unorganized, blind resentment against an unwarranted price drive. But generally the packers have set tight in a case of this sort, knowing that it was only a matter of a month or two till the stuff had to come to market, and when it did come they paid an even