

Bounties to farmers, subventions to the shipping interests, tariffs for manufacturers are all of a piece. They are all flagrant violations of the natural law and economic abominations in the sight of God and man. More to the point they are all unnecessary and must sooner or later be swept into the discard if we are to avoid the rocks industrially and commercially.

All of our major ills are economic and not political. This is only another way of saying that salvation lies in the wholesale repeal of many of the laws we now have instead of piling up one monstrosity on another in a pitiful attempt to overcome the evils of one bad law by the enactment of others equally vicious; or to express the same idea in other words, that there is any hope for the future in the ridiculous antics of our time serving "statesmen" in Washington.

When both the people and the politicians come finally to admit the fact that industry periodically languishes; that millions of men are either unemployed or underpaid; that the lying term "overproduction" really means involuntary underconsumption on the part of whole nations; and that the fault is a system of taxation which penalizes thrift and honest toil on the part of both labor and capital in order that the parasitical few may collect the bulk of the nation's ground rent without any return to society, then and not until then will there be honest, fundamental relief for the farmer.

Of the debenture plan we can fervently subscribe to its recent characterization by the *New York World* in the following pointed language:

"Disliking bounties the *World* is opposed to the debenture scheme. But for the sake of publicity in this country it would be most illuminating if the debenture plan were tied up with the Smoot-Hawley tariff bill and debated along with it. Like a tin can tied to a dog's tail, it would keep everybody informed about where the dog is going."

—COSHOCOTON (Ohio) *Tribune*.

SENATOR WITT most unwittingly contends for collecting taxes from the soil when it yielded no revenue, as was the case before the State was well settled and all land taken, whereas, since the State is populated and industrialized to a high degree, with its resultant accrual of "revenue from the soil," ground rent or a social fund of around \$300,000,000 annually, he proposes to forego that easy revenue to which the State has clear title, and instead levy tax on bread and shelter, transportation and utility service, etc.

No "people's lobby" is needed, but a people's school instead, with the 181 legislators in the primary class.

—FRED WILLIAMS in Fort Worth (Texas) *Star Telegram*.

LAWs to enforce personal property taxation are efforts of legislators to match brains with business men . . . and some people wonder why the laws don't work.

Depressions and the Tariff

THE belief is entertained that business depressions come and go in cycles and occur about every ten years. Examination fails to confirm this theory. The 1857 panic was short and ended in the Spring of 1858. There was a depression in 1867 which continued to 1870. From 1870 to 1873, a period of three years, there were fairly good times. Then came the panic of 1873, its terrible effects lasting until 1879. Then good times set in and lasted until 1884.

In 1890 there was a panic from which the country quickly recovered, so that we may be said to have had a year of depression and nearly two years—1891-2—of good times. Then came the panic of 1893, the effects of which were prolonged to 1896, when good times came and continued till the Autumn of 1907, a period of eleven years, followed by a depression from which we were wholly recovered by the Spring of 1909. This should dispose of the theory of a ten-year period for recurring business depressions.

These depressions have been attributed to a variety of causes, ranging from "overproduction" to "sun spots." We may dismiss one along with the other. Overproduction is the more popular theory, but there can be no general overproduction. What may occur locally, or in certain industries, has a tendency to right itself, and its influence upon business generally is temporary. There can be no question that such overproduction as may exist in isolated industries or localities tends in some degree to extend beyond the immediate boundaries, but this influence is neither permanent nor pervading.

We are chiefly interested at the moment in the economics of the protectionist school which attributes depressions to low tariffs. An impartial examination fails to confirm this theory. Even James G. Blaine testified that the Walker tariff of 1846, in which duties were low enough to correspond with what is sometimes called a "free trade tariff," failed to convince the business men of the time that low duties were inimical to prosperity. Business was generally good in these years until interrupted by the financial panic of 1857. So strongly converted were business men to this view that representatives of the New England manufacturers who had opposed the tariff of 1846 favored the amendment of 1857 making a further reduction in duties.

In 1864 the tariff was increased 50 per cent. Manufacturers made fortunes, but wages in gold were less than ever before. In 1867 there were great increases in the tariff on wool, and this was followed by two years of profound business depression. From 1873 to 1879, with the tariff higher than ever before, business depression following the panic of 1873 was general over the entire country.

There is little, therefore, to uphold the contention of the protectionist economists as to the primary cause of bad times. We must conclude that the real causes lie deeper than those generally assigned. Is it too much to ask that

he economists begin to apply the spirit of scientific inquiry to the phenomena which are their especial province?

—JOSEPH DANA MILLER in *New York Times*.

Land Readjustment Mexico's Real Problem

“WE are not in favor of indemnifying the landowners for the expropriation of their land. And we are not, because it does not appear to us that one section of society shall be sacrificed in order that the landowners may not lose money by what, according to the very terms of the Law itself, is only a restitution of property which belonged before to those who now demand it. On the other hand, the loss which the landowner experiences in the redistribution, in which he is deprived of a part of his property, does not ruin him, as, in the majority of cases, it leaves him enough to live with relative comfort. On the other hand, the indemnizations for land expropriation, when added all together, may sometimes represent for the people a tremendous burden and delay the economic rehabilitation of the nation.”

—MIGUEL SANCHEZ DE TAGLE, under the title of “The Agrarian Bonds,” in the newspaper *El Universal* of January 16, 1929.

In what appears to be an authoritative article, by Engineer F. Palomo Valencia, published in the March, 1929, issue of the *Revista Mexicana de Economis*, the ultimate total amount of expropriations anticipated and to be guaranteed by Agrarian Bonds is estimated to reach \$1,226,000,000.

It is a singular fact that, in the fundamental readjustment sought by the Mexican people in their relations with their national heritage, the land, it seems to have occurred to no one in the National administration that this readjustment might be achieved, simply and with perfect equity, by the instrument of Taxation,—an instrument already applied by national, state and municipal bodies to practically every object and activity within the Mexican border, except that of land, its ownership and use.

Why is this instrument, Taxation, overlooked in the settlement of the fundamental, social and economic problem? Every student of economics is acquainted with it. Why is it not faced frankly in the Mexican Economic Review, from which we have quoted? Is the intellectual courage of the professors not equal to that of the common people who, on both sides of the late civil war, showed themselves capable of any sacrifice?

THE land problem has underlain Mexico's troubles since prehistoric times, though its importance was never fully grasped by the chroniclers.

ERNEST GRUENING in the *Nation*

The Riddle of Modern Society

CARL MARFELS

ADDRESS AT THE ENDINBURGH CONFERENCE

WHEREVER we may look among civilized countries we find the same paradoxical conditions; on the one hand highly-developed scientific and technical knowledge, which makes it possible to produce the necessities of life and luxuries in excess of the needs of humanity. On the other hand poverty among the great mass of the people which cries aloud to Heaven for redress. It is true that in the past there have been periods in which mankind suffered temporarily from want and privation, but it was then usually a case of bad harvests which, owing to the backward state of transport, could not be counteracted by importing supplies from lands with good harvests. Sometimes it was a case of objects in daily use not being manufactured on account of poorly developed mechanical knowledge. In other words: in earlier days mankind suffered want because enough could not be produced; today they suffer want whilst too much can be produced.

The most preposterous thing, however, is that widespread unemployment should obtain. Last winter the number of unemployed in Germany alone was not less than 2½ millions, without taking into account the large number of workers on short time. At the same time, poverty—that is to say, lack of the products of work—also prevails. In other words: there are millions of people who need housing accommodations and the necessities of life, whilst these same millions would willingly produce all such things, but find no opportunity to do so. Why cannot demand and supply be brought into touch with each other?

The answer to this question is of extraordinary urgency as the discontent among the masses in all civilized countries is assuming alarming proportions; and not only in the ranks of wage-workers, but also in the ranks of self-supporting manufacturers, tradesmen and merchants.

If one watches the efforts of statesmen to remedy these evils, one must be astonished at the absolutely useless measures and ineffective remedies proposed in order to combat the danger. It might well be understood that the two great problems of our day have not yet been solved, viz.: Why, notwithstanding the gigantic technical progress which has been made in the last hundred years, and despite the resultant increase in wealth-producing power, the wages of workers have not only not risen, but have, calculated on the basis of real comforts, even fallen; and how it happens that millions of men who are willing to work can find no work to do, when “work” means—apart from a few negligible exceptions—the production of food and the necessities of life? With such widespread poverty and misery a great task faces every sincere reformer.

With the exception of the English and Danish Parliaments, and the local councils in such countries as Australia,