

The Farm Credits Delusion

MR. BERNARD M. BARUCH, a highly successful Wall Street operator, who amassed a large fortune by bold and skillful speculation in stocks, and served with great ability as Chairman of the War Industries Board, has recently been actively engaged in the advocacy of Federal legislation to give the farmers better credit facilities for holding or marketing their crops.

Mr. Baruch sees clearly that agriculture is the most important of all industries, and that there can be no return to permanent prosperity until the farmers are prosperous. He knows that millions of farmers are in sore distress, and that hundreds of thousands of tenant farmers cannot pay the rent exacted from them for the privilege of creating wealth by their toil.

But lacking a knowledge of the elementary principles of economics he sees no further into the problem than its financial aspects, and has therefore no other remedy to offer than the old advice that the farmers should co-operate in marketing their products, and his suggestion for Government aid in establishing a system of loans and credits that would enable the mortgage-ridden farmer to go more deeply into debt.

It is a cause for pity for the blind leaders of the blind when we see a sincere advocate of justice to the farmer hopelessly befogged in the current financial jargon that attributes economic well-being to an abundance of money, capital or credit. Mr. Baruch means well, but he doesn't understand. Probably he never will understand. It may, however, interest him to know that the explanation of the deplorable conditions in our great agricultural industry is very simple. The farmers are poor because they have for many years been systematically robbed of their earnings. They have been robbed by the high protective tariff system, that has added billions of dollars to the cost of everything that they buy. They have been robbed by exorbitant freight rates on all that they produce or consume, in order to pay billions of dollars in dividends on watered railway stocks and bonds. They have been robbed by an unscientific system of local and State taxation that fines the farmer for making improvements on his land. They have been robbed by the exactions of high interest charges, due to a banking system planned chiefly for the advantage of money lenders and the commercial and industrial interests. If the surplus wealth wrung from the soil had been left in the possession of its owners the farmers would all be prosperous today. They would not need the assistance of Wall Street financiers and stock promoters to carry on their industry. Other conditions being equitably adjusted, there would be no reason for the farmers going further into debt in order to make a living.

The credits which Mr. Baruch suggests should be extended to the farmers properly belong to the farmer. Government has no stock of capital or credit. What it may use

is taken from the people in taxation. All that the Government can properly do for the farmers is to lift from them the burden of oppressive tariff and other taxes, and leave them alone to produce and enjoy the fruits of their labor.

A Neglected Science

OF all departments of the organized intelligence that seeks through the discovery of natural laws to contribute to the welfare and happiness of mankind, it would seem that political economy, the science dealing with the production and distribution of wealth, is by its nature one of the most important. To the great majority of the people of all lands the chief problem is that of securing by their labor of hand or brain a sufficient supply of the things needful for their sustenance in a fair degree of comfort. When for any reason the social mechanism of production and exchange breaks down, or functions so inefficiently that it fails to meet the requirements of a considerable percentage of those whom it is supposed to serve, the results are quickly manifested in the form of involuntary idleness, poverty, and a demand for public and private charity for those who, through no fault of their own, are unable to procure the labor products essential for existence. In so far as the science of economics professes to explain these phenomena it is clear that it relates to a matter that is of universal concern, and that there is an urgent need for the most careful investigation both of fundamental principles and the outward manifestations that prevail in practically all the civilized nations at the present time.

In no department of science has there been shown such an utter inability to furnish a reasonable explanation of what appear to be contradictory facts, as in the failure of the so-called economists to show why with a productive capacity of farms, mines, mills and factories far beyond the public needs, millions of men and women able to work, and willing to work, have been unable to find employment. It will not be pretended that this state of affairs is due to any lack of need for the surplus products that fill to bursting grain elevators, warehouses and stores. The need exists, but for some reason markets cannot be found for the goods that idle labor is willing to make and exchange for them. A sample of the current opinions on the subject was recently given by Secretary of Commerce Hoover, in the vague expression that: "extreme fluctuations from prosperity to depression are responsible for a large part of the social and economic wastes due to unemployment." This would be more enlightening if Mr. Hoover had stated the causes of the extreme fluctuations.

Many millions of dollars are being given as endowments for laboratories or institutions for scientific research, but the list of these benefactions is scanned in vain for any project for a searching inquiry into the causes of, and remedies for, the industrial and trade depressions that periodically afflict civilized society. Here, it would seem, is an