

# Some Aspects of the Farmers' Problems

By BERNARD M. BARUCH

(Reprinted from Atlantic Monthly)

(Continued from Thursday's Daily.)

## II

Let us, then, consider some of the farmer's grievances, and see how far they are real. In doing so, we should remember that, while there have been, and still are, instances of purposeful abuse, the subject should not be approached with any general imputation to existing distributive agencies or deliberately intentional oppression, but rather with the conception that the marketing of farm products has not been unduly hindered.

An ancient evil, and a persistent one, is the undergrading of farm products, with the result that what the farmers sell as of one quality is resold as of a higher. That this sort of chicanery should persist on any important scale in these days of business integrity would seem almost incredible, but there is much evidence that it does so persist. Even as I write the newspapers announce the suspension of several firms from the New York Produce Exchange for exporting to Germany as No. 2 wheat a whole shipload of grossly inferior wheat mixed with oats, wheat and the like.

Another evil is that of inaccurate weighing of farm products, which, it is charged, is sometimes a matter of deliberate intention and sometimes of protective policy on the part of the local buyer, who fears that he may "weigh out" more than he "weighs in."

A greater grievance is that at present the field farmer has little or no control over the time and conditions of marketing his products, with the result that he is often underpaid for his products and usually overcharged for marketing service. The difference between what the farmer receives and what the consumer pays often exceeds all possibility of justification. To cite a single illustration, last year, according to figures attended by the railways and the growers, Georgia watermelon raisers received on the average 7.5 cents for a melon, the railroads got 12.7 cents for carrying it to Baltimore and the consumer paid one dollar, leaving 79.8 cents for the service of marketing and its risks, as against 26.2 cents for growing and transporting. The hard annual of farm-life are replete with such commentaries on the crudeness of present practices.

Nature prescribes that the farmer's "goods" must be finished within two or three months of the year, while financial and storage limitations generally compel him to sell them at the same time. As a rule, other industries are in a continuous process of finishing goods for the market; they distribute as they produce, and they can curtail production without too great injury to themselves or the community, but if the farmer restricts his output, it is with disastrous consequences, both to himself and to the community.

The average farmer is busy with production for the major part of the year, and has nothing to sell. The bulk of his output comes on the market at once. Because of lack of storage facilities and of financial support, the farmer cannot carry his goods through the year and dispose of them as they are currently needed. In the great majority of cases, farmers have to entrust storage—in warehouses and elevators—and the financial carrying of their products to others.

Farm products are generally marketed at a time when there is a congestion of both transportation and finance—when cars and money are scarce. The outcome, in many instances, is that the farmers not only sell under pressure, and therefore at a disadvantage, but are compelled to take further reductions in net returns. In order to meet the charges for the service of storing, transporting, financing, and ultimate marketing—which charges they claim, are often excessive, bear heavily on both consumer and producer, and are under the control of those performing the services. It is true that they are relieved of the stress of a changing market by selling at once; but they are quite willing to take the unfavorable chance, if the favorable one also is theirs and they can retain for themselves a part of the service charges that are all theirs in good years and bad, with high prices and low.

While, in the main, the farmer must sell, regardless of market conditions, at the time of the maturity of crops, he cannot suspend production in toto. He must go on producing if it is to avoid starvation, and if the world is to avoid the most he can do is to control production a little or alter its form, and that because he is in the dark as to the probable demand for his products he may be only to jump from the frying pan into the fire, making the consumer pay him.

Even the crop farmers who are not in the same predicament that they are in the case of a changing market, are in a disadvantage in the marketing of their products, especially raw silk, because of the high prices of distribution, which they must ultimately bear.

Now that the farmers are strong, thinking, and acting as never before to eliminate these inequalities, they are subjected to stern economic lectures, and are not with the accuracy that they are demanding and the results of special privileges. Let

us see what privileges the government has conferred on the farmers. Much has been made of Section 6 of the Clayton Anti-Trust Act, which purports to permit them to combine with community, under certain conditions. Admitting that, nominally, this exemption was in the nature of a special privilege,—though I think it was so in appearance rather than in fact,—we find that the courts have nullified it by judicial interpretation. Why should not the farmers be permitted to accomplish by co-operative methods what other businesses are already doing by cooperation in the form of incorporation? If it is proper for men to form by fusion of existing corporations or otherwise, a corporation that controls the entire production of a commodity, or a large part of it, why is it not proper for a group of farmers to unite for the marketing of their common products, either in one or in several stages? Why should it be denied for a hundred thousand corporate shareholders to direct 25 or 30 or 40 per cent of an industry, and wrong for a hundred thousand co-operative farmers to control a no larger proportion of the wheat crop, or cotton, or any other product?

The Department of Agriculture is often spoken of as a special concession to the farmers, but in its commercial results, it is of as much benefit to the buyers and consumers of agricultural products as to the producers, or even more. I do not suppose that anyone opposes the benefits that the farmers derive from the educational and research work of the department, or the help that it gives them in working out improved cultural methods and practices, in developing better yielding varieties through breeding and selection, in introducing new varieties from remote parts of the world and adapting them to our climate and economic condition, and in devising practical means for the elimination or control of dangerous and destructive animal and plant diseases, insect pests, and the like. All these things manifestly tend to stimulate and enlarge production, and their general beneficial effects are obvious.

It is complained that, whereas the law restricts Federal Reserve banks to three months' time for commercial paper, the farmer is allowed six months on his notes. This is not a special privilege, but merely such a recognition of business conditions as makes it possible for country banks to do business with country people. The crop farmer has only one turnover a year, while the merchant and manufacturer have many. Incidentally, I note that the Federal Reserve Board has just authorized the Federal Reserve banks to discount export paper for a period of six months, to conform to the nature of the business.

The Farm Loan banks are pointed to as an instance of special government favor for farmers. Are they not rather the outcome of laudable efforts to equalize rural and urban conditions? And about all the government does there is to help set up an administrative organization and lend a little credit at the start. Eventually the farmers will provide all the capital and carry all the liabilities themselves. It is true that Farm Loan bonds are tax exempt; but so are bonds of municipal light and traction plants, and new housing is to be exempt from taxation, in New York, for ten years.

On the other hand, the farmer reads of plans for municipal housing projects that run into the billions, of hundreds of millions annually spent on the marketing of his products, of increased rates and virtual guarantees of earnings by the government, with the result to him of an increased toll on his that he feels and all that he pays. He hears of many manifestations of governmental concern for particular industries and interests. Rescuing the railroads from insolvency is undoubtedly for the benefit of the country as a whole, but what can be of more general benefit than encouragement of ample production of the principal necessities of life and their even flow from contented producers to satisfied consumers?

While it may be conceded that special governmental aid may be necessary in the general interest, we must all agree that it is difficult to see why agriculture and the production and distribution of farm products are not accorded the same opportunities that are provided for other businesses. Equally as the enjoyment by the farmer of such opportunities would appear to be even more contributory to the general good than in the case of other industries. The spirit of American democracy is unalterably opposed, alike to enacted special privileges and to the special privilege of unequal opportunity that comes automatically from the failure to correct glaring economic inequalities. I am opposed to the injection of government into business, but I do believe that it is an essential function of democratic government to equalize opportunity.

As far as it is within its power to do so, whether by the repeal of archaic statutes, or the enactment of modern ones, if the anti-trust laws keep the farmer from endeavoring scientifically to integrate their industry with other industries and a way to meet modern conditions without violating such statutes, then it would seem reasonable to find a way for the farmers to meet them under the same conditions. The law should operate equally in fact. Repealing the economic structure on one side is no injustice to the other side which is in good repair.

We have traveled a long way from the old conception of government as merely a defensive and policing agency; and legislative, executive, or equalizing legislation, which apparently is of a special nature, is often of the most general beneficial consequences. Even the First Congress passed a tariff act that was avowedly for the protection of manufacturers; but a protective tariff always has been defended as a means of promoting the general good through a particular approach; and the statute books are filled with acts for the benefit of shipping, commerce, and labor.

(To be continued)

## CO-OPERATION ASKED BY JAPS

(By Associated Press)

TOKIO, Jan. 24.—The executive committee of the Women's Peace association following a large public meeting in Tokio, December 13, adopted a resolution recording gratitude for progress at the Washington conference and expressing a desire to cooperate with women of other nations for true international friendship. Various religious organizations have also given expression to desires for success of measures taken by the conference making for world peace, among them being:

The Episcopal mission, the Methodist mission, the Japan Congregational mission and the Salvation army, at Toyohashi, Aichi prefecture; the Matsuyama Christian mission of the Congregational church; the Shizuoka Christian Fraternity mission; the Kunitomatsuka Christian and eight other associated missions; the Hitaikaido Methodist mission; the Hyogo Baptist mission of Kobe and the Inagoya Dairi Methodist mission.

## STILL TOO CLOSE

(By Associated Press)

BERNE, Jan. 24.—Former Emperor Charles of Austria-Hungary and his wife, Zita, will be deported to an island much more remote from Europe than Madeira, to which they are now exiled, if there is any further attempt at restoration of their throne in the states forming the former empire. Zita, who came here to be at the bedside of her son Robert, has so been informed by the Swiss government, which transmitted to her a statement made by the British, French and Italian ambassadors here.

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## PHILIPPINE BUDGET MADE

(By Associated Press)

MANILA, P. I., Jan. 24.—The government budget for the year 1933 as recommended to the legislature by Governor General Leonard Wood, amounts to \$36,269,294, or about \$10,000,000 less than the amount appropriated for the year 1932. It was explained that, although the revenue of the government next year would amount only to \$31,525,717, the current surplus at the beginning of 1932, amounting to \$5,882,076 would give the government ample funds to cover its needs during the ensuing year. The surplus, it was pointed out, arises from the fact that appropriation have been made for certain public works, but that the money has not yet been released.

The largest single recommendation made was for the department of public instruction which amounts to \$9,927,640. The sum of \$720,000 is recommended to the University of the Philippines, in addition to the amount for the department of public instruction.

## CREDIT MEN TO MEET IN JUNE

CLEVELAND, O., Jan. 24.—The annual convention of the Retail Credit Men's National Association will be held here June 12th to 15th, inclusive, according to information to Cleveland members from D. J. Woodcock, secretary and treasurer of the association, St. Louis.

## WANT ACTION

WASHINGTON, D. C., Jan. 24.—Delay in formation of the administrative plan for reorganizing government departments to make them more efficient had less costly was defeated in the senate today by republicans and democratic senators. 571—Empire Filling Co. 1-21-33

Senators Smead of Utah and Jones of Washington, republicans, said the president should compel department heads who differ to "get together."

## FIND VERIFIED

(By Associated Press) PORT WORTH, Tex., Jan. 24.—Dr. Frederick A. Cook, shown today the Associated Press story from Canada telling of the finding of one of his notebooks in the possession of a wandering Eskimo, declared that the book had been buried by a member of his party at least 1500 miles from where it was recovered. He said many of his books had been dug up or found and later traded in by the Eskimos.

Much other evidence of this kind on his north pole trip will be found, he added, and said all of it would vindicate him and sustain his claim of the pole discovery.

## ALASKA MAY BE SPLIT IN TWO

KETCHIKAN, Alaska, Jan. 24.—Ketchikan's commercial club has revived an old move to split Alaska into two territories and has voted to ask Congress to make the decision. It is proposed that the southeastern or "panhandle" section be made one territory, leaving the northern section to remain another territory.

Advocates of the move say that the interests of the two sections are different. From southeastern Alaska come most of the salmon and in this section there are prospects that great pulp and paper mills some day will be erected.

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