

Some Aspects of the Farmers' Problems

By BERNARD M. BARUCH

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This is the first of a series of six articles written by Bernard M. Baruch. They were written at the request of the editor of The Atlantic Monthly because of the writer's independent viewpoint and his previous studies made on this question at the request of the Kansas State Board of Agriculture and the American Farm Federation. It is in the belief that these articles are opportune, interesting and helpful that we publish them.—Editor.

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 markets; 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.

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 of deliberately intentional oppression, but rather with the conception that the marketing of farm products has not been modernized.

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 shiplod of grossly inferior wheat mixed with oats, chaff and the like.

Another evil is that of inaccurate weighing of farm products, which, it is charged, is sometimes a matter of dishonest 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 attested by the railroads 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 20.2 cents for growing and transporting. The hard annals of farm-life are replete with such commentaries on the crudeness of present practices.

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—each charges they claim, are often excessive, bear heavily on both consumer and producer, and are under the control of those performing the services.

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 he is to go on living, and if the world is to exist. The most he can do is to curtail production a little or alter its form, and that—because he is in the dark as to the probable demand for his goods—may be only to jump from the frying pan into the fire, taking the consumer with him.

Even the dairy farmers, whose output is not seasonal, complain that they find themselves at a disadvantage in the marketing of their productions, especially raw milk, because of the high costs of distribution, which they must ultimately bear.

Now that the farmers are stirring, thinking, and uniting as never before to eradicate these inequalities, they are subjected to stern economic lectures, and are met with the accusation that they are demanding, and are the recipients 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 purported to permit them to combine with immunity, 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 co-operation in the form of incorporation? If it be 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 selling agencies? Why should it be right 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 measures 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 merchant marine; he reads that the railroads are being favored with increased rates and virtual guarantees of earnings by the government, with the result to him of an increased toll on all that he sells and all that he buys. He hears of many manifesta-

tions of governmental concern for particular industries and interests. Rescuing the railways 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; especially 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 privilege and to the special privilege of unequal opportunity that arises 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 so 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 farmers from endeavoring scientifically to integrate their industry with other industries, 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. Repairing 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 remedial, corrective, 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.

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Now, what is the farmer asking? Without trying to catalogue the remedial measures that have been suggested in his behalf, the principal proposals that bear directly on the improvement of his distributing and marketing relations may be summarized as follows:—

First: storage warehouses for cotton, wool, and tobacco, and elevators for grain, of sufficient capacity to meet the maximum demand on them at the peak of the marketing period. The farmer thinks that either private capital must furnish these facilities, or the state must erect and own the elevators and warehouses.

Second: weighing and grading of agricultural products, and certification thereof, to be done by impartial and disinterested public inspectors (this is already accomplished to some extent by the federal licensing of weighers and graders), to eliminate underpaying, overcharging, and unfair grading, and to facilitate the utilization of the stored products as the basis of credit.

Third: a certainty of credit sufficient to enable the marketing of products in an orderly manner.

Fourth: the Department of Agriculture should collect, tabulate, summarize, and regularly and frequently publish and distribute to the farmers, full

Save American Eyesight Urges San Francisco Mayor



James Rolph, Jr. Mayor of San Francisco

Need National Campaign to Battle with Dangers of Defective Vision, He Says

EVERY individual with "a love for the well-being and happiness of his fellow man" should co-operate in a campaign against evils of defective vision in American life, according to Mayor James Rolph, Jr., of San Francisco.

The chief executive of California's largest city, in an interview just issued, terms conservation of eyesight a national problem of vital importance.

"This was when measures to alleviate defects of vision were far more crude than they are today," Mayor Rolph stated. "Modern optometry accomplishes feats little short of the miraculous. Particularly in a preventive way—in educating children and young manhood and womanhood

in the proper care of their vision—in the promulgation of facts and figures along the lines of eyesight conservation of the utmost importance.

"There is no end to the evils that arise from defective vision. Those of us who daily drink in the great variety of sights that come to us in the bustling world, who see the beautiful works of God and man—we should feel the most profound pity for that person congenitally blind or sightless from accident, disease or neglect.

"Let us all co-operate in the dissemination of useful knowledge that will tend to lessen the eye troubles of the world, and we will be doing a work most valuable in promoting the welfare of mankind."

For over 18 years I have been advocating measures along these lines and from my experience, professionally, can honestly say Mayor Rolph does not put sufficient stress upon the importance of caring for the eyes. Over 11,000 cases treated in 18 years.

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the world, so that they shall be as well informed of their selling position as buyers now are of their buying position.

Fifth: freedom to integrate the business of agriculture by means of consolidated selling agencies, co-ordinating and co-operating in such way as to put the farmer on an equal footing with the large buyers of his products, and with commercial relations in other industries.

When a business requires specialized talent, it has to buy it. So will the farmers; and perhaps the best way for them to get it would be to utilize some of the present machinery of the large established agencies dealing in farm products. Of course, if he wishes,

the farmer may go further and engage in flour-milling and other manufactures of food products. In my opinion, however, he would be wise to stop short of that. Public interest may be opposed to all great integrations; but, in justice, should they be forbidden to the farmer and permitted to others? The corporate form of association cannot now be wholly adapted to his objects and conditions. The looser co-operative form seems more generally suitable. Therefore, he wishes to be free, if he finds it desirable and feasible, to resort to co-operation with his fellows and neighbors, without running afoul of the law. To urge that the farmers should have the same liberty to consolidate and co-ordinate their peculiar economic functions,

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