

## Agricultural Co-operation In Ireland

By CLARENCE POE

### II.—Co-operative Credit Societies and Why we Should Have Them in the South.

I next visited Mr. John Brett, Secretary of the Ballyragget Agricultural Bank. I found in Mr. Brett a sturdy, stubby, good-natured Irish farmer and ex-schoolmaster, whose thrift has brought him in his age into possession of one hundred acres of land—a pretty large farm in Ireland. Moreover, the Ballyragget inn-keeper informed me that he also gets a pension as a retired school teacher, he having served full thirty years, I believe, in the school-room, and the British government, unlike ours, having acted on the theory that it is just as sound policy to pension teachers who make life more abundant as it is to pension soldiers who destroy life. As we walked through his fields, Mr. Brett told me of the workings of the Agricultural Bank, and then took me to his little farm-house to show me the "books."

#### "Surprised Entirely."

The story of its growth is interesting, and Mr. Brett confided to me that when he recounted it before a public committee in Dublin recently, they were "surprised entirely." I doubt not, too, that many of our Southern farmers will be "surprised entirely" to find out how much superior are the banking facilities these Irish farmers have worked out for themselves as compared with our own.

Here is the story in brief: In 1901 Mr. G. W. Russell, editor of the Irish Homestead, went down to Ballyragget and told them how to proceed with their organization. There were about fifty members to start with; they fixed a six-shilling (\$1.44) entrance fee; elected the parish priest as president; named an executive committee, and pledged their joint credit to get a loan of £100 (\$486) from the Government. On this loan they paid interest at the rate of 3 per cent and lent money to the members at 5 per cent. Another point that must always be kept in mind is this: money is lent to members for productive purposes only. That is to say, no money is lent to a man merely to keep him going the even tenor of his way, but only to help him go forward—to help him buy stock, or make some improvement, or take advantage of some other safe and profit-promising farm investment.

One does not put up collateral to secure a loan, but he must have two solvent sureties to sign with him. And here is the keynote of the whole system: from beginning to end it is based on the principle of co-operation, that the members must help one another, believe in one another, and join together in a movement for the common uplift. The members of the bank are jointly liable for the safety of the money it borrows or receives as deposits, and two persons must endorse with the borrower for every loan.

#### A Different Sort of "Bank."

Perhaps, too, it may be as well to explain just here that while it is called a "bank," it is very different from the banks we are accustomed to seeing, it being, in fact, only a farmers' mutual credit society, with one of their number as cashier keeping the books in his own home. There is no expensive office to maintain or rent to pay, and about the only expense incurred is a nominal sum for bookkeeping and the annual examination of the books by an expert auditor from the city. The executive com-

mittee meets once a month to consider applications for loans and to see that all notes that have fallen due are paid. The members who have surplus funds may deposit them in the bank and receive 3½ per cent interest.

It is not presumed that there will be much idle capital; the outstanding loans should about equal the capital and the deposits; but in case of surplus, it is invested in Government bonds or deposited in the postal savings bank or other interest-paying financial institutions.

The first year the Ballyragget Co-operative Bank received no deposits. "The people would not trust us then," Mr. Brett told me; but now the bank gets more money than it can handle, although it has reduced the interest paid on deposits to 3 per cent. Instead of the £100 (\$486) capital with which the bank started, it now has capital and deposits aggregating thirteen times as much, and it has extended its influence from a three-mile radius to the five-mile radius.

#### When Money Cost 12 Per Cent.

The good this bank has accomplished in the community is almost incalculable. The farmer members now borrow money from it at 5 per cent besides getting back the profits the bank makes, and they can borrow for a period of twelve months in case the money is needed for so long a time. Before the coming of the bank, these Ballyragget farmers had to go to Kilkenny, the county-seat, pay 6 or 7 per cent for a loan, take two securities with them and feed and treat these securities, and go through the same expensive proceeding to get the loan renewed at the end of three or four months—if they could. With such a system, of course, few farmers got the benefit of small sums when they really needed them, and the cost averaged 12 per cent or more. Now all this is changed. If the farmer needs \$10 to \$100 for a really productive purpose, he simply gets two of his neighbors to sign with him; gets the money from the Agricultural Bank at 5 per cent, borrows, if necessary for a longer period than the city banks would have lent to him and has no embarrassing red tape to go through with.

#### Five Advantages of the Co-operative Bank.

Or if an exact summary of the advantages of these small co-operative banks is wanted, let us say:

(1) The farmer gets small sums when needed, such as he would not trouble a city bank to borrow.

(2) The higher interest rate and the expenses of sureties, investigations, etc., formerly made most bank loans cost him 12 per cent, whereas this cost is cut in half under the co-operative system.

(3) The city banks will lend for only three or four months (our whole banking system being built to meet the city man's needs), while the agricultural bank recognizes the fact that in farming one must frequently borrow for twelve months or not at all.

(4) The simple operation of having two solvent friends or neighbors endorse one's note prevents the necessity of putting up collateral or making a mortgage, besides stimulating brotherliness and co-operation; and—

(5) Limiting loans to those made for productive purposes, prevents the bank from being imposed upon by shiftless farmers, and prevents any

farmers from tying up or losing their estates through miscellaneous borrowing.

#### Some Practical Exhibits.

To illustrate more fully what this particular bank is doing, let me mention some of the loans as I found them in Mr. Brett's books. First, there was a loan of \$125 for twelve months to enable a certain farmer "to hold over stock for a better sale"; then a loan of \$60 for twelve months to help some one buy a cow; \$25 for twelve months, "to purchase a grass take to graze a horse"; \$60 to buy two calves; \$45 to buy seeds and fertilizers; \$70 to buy calves; \$10 to buy two pigs; \$100 to buy young stock; \$35 to buy a heifer; \$12.40 (\$2.40 payable monthly), to buy small pigs, and \$20 to enable a farmer to hold over cattle.

The minutes of the meetings show that business is done very carefully by the committee members who meet monthly and pass upon the applications, knowing that their credit is pledged, as well as that of other members, for the solvency of the society. Notice these typical entries: "Thomas Lacy £6 to buy a horse, granted"; "Michael Murphy, £7 to buy two calves, granted"; "William Phelan, £12 to buy a cow, refused, as one surety was objected to; granted on condition that two solvent sureties can be obtained."

Another meeting: "Mr. Michael Clancy's loan of £9 was overdue. He attended and offered £2 on account of interest. The £2 offered was not accepted. He was ordered to pay the full sum or proceedings would be taken at the quarter session for the recovery of the loan."

Again: "Michael Downey attended and obtained a further time for two months for payment of loan. Thomas Lacy, ditto, till he could sell his barley."

#### How the Bank Helps the Farmers.

And so it goes. Men thus have the opportunity of borrowing who could not borrow from an ordinary bank, and the loans to the farmers have enabled them to make and keep many a shilling in the neighborhood. "We lend a man, say £15 to buy a young cow," said Mr. Brett, "and he pays 15 shillings [5 per cent] interest and at the end of a year has a cow worth £18, and a calf besides—all for the sake of the 15 shillings."

The Ballyragget Agricultural Bank does business on such a narrow margin that its profits no year have exceeded \$25 or fallen below \$5. A few dollars a year to Mr. Brett for bookkeeping covers the entire official expense, and as his home is the office, there is no charge for rent. I notice, however, that Sir Horace Plunkett, in his latest President's address strongly advises that these co-operative banks should not attempt to lend money at too low a rate—especially in view of the fact that any profits will go as reserve fund in which the members are equally interested—and that 6 per cent rather than five should be the normal rate.

No loans are made for over \$150. Originally the maximum was \$50, but this amount was soon raised to \$75. Ninety loans were outstanding New Year's Day aggregating over \$4,000.

#### Another Co-operative Bank.

I also paid a visit to the Castlecomer Credit Society, or Agricultural Bank, which I found in no less flourishing condition than the one at Ballyragget. All these banks operate on the same general principles, so the rules of the Castlecomer Society are practically the same as those I have given for its neighbor. It has existed for twelve years and "neither lost a penny piece in bad debts," as the Secretary, Mr. Joseph Tobin, told me, though, of course, it has had to

resort to proceedings once in a while. January 1st its capital consisted of about \$3,800 borrowed at 4 per cent, and \$2,000 in members' deposits, bearing 3½ per cent interest, practically the entire \$5,800, total, being loaned out to members at 5 per cent. Only two loans were overdue and these have since been repaid. The entrance fee is one shilling, and there are 278 members. The maximum amount that can be lent any one person is \$100; and there is a fine of 15 per cent for allowing a loan to become overdue. The annual turnover grew from \$1,250 the first year to \$2,000 the second; \$3,000 the third; \$4,000 the fifth, and \$6,000 the sixth, and is now \$10,000.

In addition to all the usual society books and records, such as I found at Ballyragget, Mr. Tobin showed me an alphabetical index which indicates at a glance whether or not a member has money borrowed or is surety for a borrower, and enables the executive committee at its monthly meeting to determine immediately whether or not any member should be accepted for a further loan or as a surety for another borrower. And the success of the Castlecomer Co-operative Bank in aiding the farmers of the community has been no less marked than in the case of Ballyragget.

"I know many members," said Mr. Tobin, "who pay back the money at the end of the year out of the profits made on the original loan and have the loan money clear."

(Continued next week.)

#### LITAKER UNION PICNIC.

There will be a picnic of Litaker Union at W. N. Isenhours, in No. 11 township Friday, August 9th. Every body is invited to come and bring well-filled baskets. Refreshments will be served by the local.

W. F. LITAKER,  
President.

#### ANNUAL PICNIC OF CABARRUS FARMERS' UNION.

The annual picnic of Cabarrus County Union will be held at Harrisburg August 21, 1912. Everybody is cordially invited to come and enjoy the day.

J. L. D. BARRINGER,  
President.  
L. A. LIPE,  
Secretary.

The Lee County Farmers' Union will meet at the court house Saturday, August 10th, at 10 o'clock a. m. for the purpose of transacting important business and to select a place and set a date for holding a picnic. Every local is requested to send delegates to this meeting.

Our subscribers who raise sheep will be interested in the offer of Chat-ham Manufacturing Company, of Elkin, N. C. (See page five) to exchange their fine blankets for wool.

# \$10

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