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FEDERAL FARM LOANS

XXIII—SEPTEMBER DAYS IN EUROPE

After moving accidents by flood and field, or rather after moving encounters with the passport officers and custom house officials of Denmark, Germany, and France, I am halting at Strassburg for a few days to catch my breath somewhat and to consider the political significance of the things I see in Europe in September 1923. Europe is a witches' cauldron of fear, hate, jealousy, suspicion, greed and ingratitude, and if 1923 is a less significant year in history than 1789 was, then I mis-read the signs of the times on this side the Atlantic. It is unnecessary to forewarn my readers that I may be mistaken. I am a poor prophet in the field of politics. I recall that in all my life I have never voted for but two men who ever got elected to any office whatsoever. My mind is habitually busy with economics, the laws of which have the fateful pull and power of gravity and other laws of the universe that rule in the long run. But politics—well, politics has to do with herd psychology, largely with mass hysterias. Nineteen twenty-three may mean much or little, or nothing more than any other year of the new century. But I have come to be oppressed by the feeling that I am in Europe at a time when disruption and dissolution are ready to write a new chapter in human history. I therefore set down my experiences, observations, and conclusions—for what they may chance to be worth.

A Hurry Call

We were called out of Denmark a month ahead of our itinerary date by the rush of events in Germany—the final collapse of the mark, the shutting down of factories, the closing of stores, the food riots and street railway strikes in the larger cities and industrial centers, the raiding of the fields and barns of the farmers, the ending of bank correspondences and the difficulty or impossibility of getting American dollars from German banks on our letters of credit and travelers' checks, the approaching surrender of Germany, the inflated state of the German mind, the signs of secession in the German states, impending civil strife and the breaking of Bismarck's empire into bits. These and such-like newspaper reports impelled us to hurry back to Castle Engelberg to save our personal effects in storage there.

A Lull Before the Storm?

We traveled two nights and a day and arrived in safety on time to the minute—on a Miteuropa sleeper from Berlin to Stuttgart at a cost of twenty-five cents apiece for our night's rest! We found the state of Wurtemberg as quiet as when we left it in early July. But the pace of everything is perceptibly slowed down, the crowds in the railway station and on the sidewalks are smaller, and the motor cars and trucks are fewer than ever. There is no longer any briskness in the gait of the Stuttgarters. They move about listlessly and look dazed as though in a dream. The daytime silence of voices and traffic in the streets is positively funereal. Wurtemberg is in far better case than any of the other German states, but like all the rest Wurtemberg is now helpless and hopeless. On our way south we stopped a day in Berlin, and a more dispirited, distraught, and distracted people I have never seen.

It would have been infinitely better for Germany to have squared her reparations account on any terms whatsoever in 1918 or to have arranged a settlement in good faith on a bankable basis. It would have been better for France, if the Allies had followed Poch's advice and promptly occupied the Rhine states with standing armies as collecting agencies settled down to stay until Germany had surrendered her last pound of flesh.

The Ides of March Ahead

Instead, France and Germany have been gambling with fate, and both with the cards stacked against them. The inevitable end, as I see it, is bankruptcy in both countries. Germany in 1914 gambled on the billions of loot she

expected to enjoy, and France during the last five years has gambled on the reparation billions she somehow expects to receive. On the basis of these two fictions, both countries sold billions of government securities and covered the same with unsupported printing press currencies. The end of this folly in public finance came first in Germany, and a similar end is due to follow in France—not suddenly perhaps but none the less certainly at last. The Ides of March are in fate's calendar for France, unless I am mistaken.

Issuing Rag Money

With francs fluttering around sixteen instead of five to the dollar, France is at this very minute offering three issues of six percent treasury bonds at 98.50, and these are just so many more of such issues during the last ten years. It is Hobson's choice. She has no other way to meet the steadily increasing demands on her treasury. On Germany's promise to pay, France has spent billions in rehabilitation work in her devastated areas, and the billions have been furnished by the buyers of government securities at home and abroad. On Germany's delay, France has been forced to maintain a standing army of seven hundred and fifty thousand men, and finally to seize upon the Ruhr as a means of collecting the billions of gold marks due her. A military establishment of this size and a venture of this magnitude call for more billions of expense money. They cannot be supplied by a taxpaying public already heavily over-taxed. They can be supplied only by further issues of government bonds, but they are bonds whose basis of security steadily diminishes. Nevertheless these bond issues are absorbed by the French public in the fever and fervor of a new victory on the Rhine. The consumption of government credit means an inflated currency, it has never meant anything else in any land; and abundant cheap money means flush times and apparent prosperity, over-confidence and expansion in business, wild-cat enterprises and blue-sky artists. More public bonds mean more of all the fantastic things I see in France. But the public debt must someday be redeemed with good money and the longer the delay the greater the certainty that the franc will once more be rag money.

Can France Get Her Dues?

France is bankrupt unless she can have the 132 billion gold marks allotted to her in the last verdict of the Reparations Commission. Her statesmen have said so frankly and repeatedly. And undoubtedly it is true. Her policies of public finance these five years have all been based on these billions of gold and in the sight of God and man she ought to have them.

But will she and, in the natural course of events, can she have them now or ever?

Fatal Figments of Fancy

Since April of this year I have been living first on one side of the Rhine and then on the other, and it is my deliberate conclusion that France like Germany has staked her fate on a fiction, that her reparations gold is as certainly a figment of fancy as the loot that lured the German armies on, and that the end of public finance based on fiction is as certainly fatal to France as it proved to be fatal to Germany.

Disintegrating Forces

The reparations debt can be collected by force and by force alone. Or so I hear it said over and over again daily. But force in the Ruhr has meant less coal, coke, and iron for France, less reparations in kind and less reparations in gold or rather none at all. Conceivably Germany could pay the debt in gold in the course of long years, if the integrity of the republic can be preserved and if the solvent nations of the world can recover faith enough in German honor to underwrite her bonds. But paying 132 billion gold marks means a burden of paralyzing debt for German taxpayers for long centuries to come, and to escape this debt the German states are strongly minded to break

FARM LOAN BANKS

The proceeds of loans granted by federal farm loan association banks may be used for the following purposes only:

1. To buy land for agricultural uses.
2. To buy equipment, fertilizers, and livestock.
3. To provide buildings, and for the improvement of farm land.
4. To discharge indebtedness incurred for agricultural purposes.

away into separate distinct autonomies—into Balkan-like communities, say. The Ruhr occupation fanned German nationalism into a flame, but the Berlin surrender—the paper surrender—the other day set free the forces of dissolution. "What's the use of holding Germany together, when German unity means tax-bondage to France forever?" This question is in the hearts and on the lips of the German masses. One hears it or feels the silent force of it everywhere in Germany today. Even the dullest German is thinking of little else at present. It may mean much or it may mean little, for the Teuton does not have a revolutionary temper. But if Germany flies into pieces France has forty-odd areas instead of one to force with armies of occupation. If France were equal to the task, would it produce the gold she needs? Can Berlin hold Germany together under present conditions? I doubt it. Not social revolution but repeated political upheavals, I say once more, seem to me to be inevitable in Germany during the next half century or so—not monarchism on an imperial scale or not for long at a time, and not bolshevism, but strong-arm state governments in rapid succession here and there or everywhere. The old German empire fell to pieces in some such fashion, and not inconceivably Bismarck's empire may go the same way.

France's Dilemma

But in this event, would it mean the gold France needs in her treasury to redeem her bonds and secure her currencies? It is a need that is no whit less imperative than her statesmen say it is. And meantime has France the men and the means to maintain the pace she has set for herself and the still greater pace in prospect? Can she finance the conquest of central Europe and seize loot enough to pay her debts and redeem her printing-press money? Meantime can French taxpayers stand the strain, and will they? Can France escape the further and the final debasing of her currency? Nearly a billion crisp new francs went into circulation last week. Will the necessity be less imperative next week and the week following and so on to the end? With her new war debt unpaid, and under the pressure of circumstances unconsidered, can France sell more securities in the money markets of the world to finance a policy of war? And when the final collapse of her currency sets in, will the French people continue to buy French bonds and clip coupons payable in francs of steadily dwindling value? The French are tried and proven patriots. They love La Patrie as the Danes love their Danneberg. But they are also thrifty, canny, temperamental and revolutionary by nature. When the franc follows the mark into the abyss, the French people will have a word to say about it, and they are likely to say it in a characteristic fashion. France is throwing to the winds the safety that lies in solvency. Which-ever way she turns bankruptcy stares her in the face.

France is no longer a free agent. She is caught fast in the fell clutch of circumstances. She must have more gold in her treasury or she is bankrupt. If she cannot have her reparations money, she must be freed from the fear of Germany. She cannot be secure as long as Germany is alive. Germany cannot be destroyed without force, force means war, and war can never a gain mean loot, but only debt, taxes, and bankruptcy anywhere in Christendom.

The Logic of Force

The humor of France is perfectly understandable, but nevertheless it is certainly fatal. The winds of fate are whipping Europe into war, and another

war will be the death of Europe. It is the logic of force that is writing history today as heretofore in the long story of man on the planet. And a sorry story it has been in every age.

What good thing can come out of a death struggle between hate and fear? And what nation on earth can hope to escape the consequences of another war in Europe?

The World Involved

America? Europe is our best customer and Europe has ceased to pile up trade balances in our favor. Our farmers are facing bankruptcy in consequence, and not all the protective tariffs that congress will pass can save our manufacturers in the end. Great Britain is grimly holding tight in the English way in a period of desperate business distress. Denmark, Norway and Sweden are suffering in trade relationships. And the same thing is true of Holland and Belgium. Switzerland has not known such stagnation since the Napoleonic wars. Spain is upheaved, Italy ventures to dare destiny with war, the Balkan states have chips on their various little shoulders, and forty thousand officers of the old German army are licking seven hundred thousand Russians into war efficiency—for what end God alone knows!

The Way Out

And the way out cannot lie in the war that is brewing in the witches' cauldron of fate. There is no way out except in the peace of the Prince of Peace. His peace message is two thousand years old and it is still an iridescent dream. If it must always be so, then civilizations must continue to rise, flourish, and fall into death, one after another until the end of time.

Which reminds me that somebody once asked Henry Ward Beecher whether or not Christianity was n't a failure. "I cannot say," said he, "the world has never yet tried it."

I am appalled by the signs of war I see in Europe in September 1923. I am writing them down very much in the humor if not with the skill of Arthur Young who noted the things that fell under his eye in France in 1787.

I make no apologies for thrusting this letter into the series on Denmark. The Danish letters will continue until I have exhausted the materials I have assembled, but the rest must be written in France and England.

And I am writing about the signs of approaching disaster in Europe with a Scotchman's grim optimism—which means that I take my pleasure sadly without being hopelessly depressed or unduly exhilarated. But also by strain of blood I am a Quaker and I hate war and everything that breeds war.—E. C. Branson, Paris, October 7, 1923.

OUR COUNTY JAILS

At the third meeting of the North Carolina Club held on November 19, Mr. W. B. Sanders gave a report on the results of the study of prison conditions carried on for the past year under the joint auspices of the North Carolina Conference for Social Service and the State Board of Charities and Public Welfare.

The following are a few of the facts brought out.

1. Of the 49 county jails included in the study only six had five or more cell compartments meeting the requirements of the state law. Nineteen of the jails had only one cell compartment, while fourteen more jails had only two cell compartments. In the majority of the jails, therefore, there was not adequate provision for separation of races or sexes, sick and infectious prisoners from those in good health, insane, vicious or dangerous prisoners from the others. In several counties the whites and blacks were actually confined together with no attempt at segregation. In a certain eastern county jail out of twenty negro prisoners given a physical examination, nine had active cases of venereal disease, and one was a positive tubercular, yet all were freely associating together.

Only two counties claimed to be enforcing the law requiring every prisoner to be examined by the court physician within 48 hours after confinement to jail. None of the jails had a hospital ward or facilities for treating sick prisoners. Twelve jails had no mattresses for prisoners to sleep on. In other jails blankets were inadequate, in some the bedding was filthy beyond description, and was never washed. In thirteen of the 49 county jails there was no provision for prisoners to take a bath. In twenty-seven jails there was no provision for hot water for prisoners to bathe. In sixteen jails the sewage system was out of order, while three of the jails had no water works or sewage system.

2. Of the 306 prisoners found in these 49 county jails 41.8 percent were white men, while 45 percent were negro men. Over twenty percent of the prisoners were under twenty years old while 62.3 percent of all the prisoners were under thirty. In regard to education 19.2 percent were totally illiterate. Almost half the prisoners had never finished the first reader. The distribution of offenses was as follows: violation of prohibition law 31.1 percent, crimes against property 27.2 percent, crimes of violence 22.2 percent, sex crimes 7.8 percent. The prisoners for the most part came from the lower economic levels of society.

Among the recommendations for changes suggested by Mr. Sanders were (1) the substitution of the district jail for the county jail, (2) a State Farm Colony for Women Offenders, (3) a matron for women's wards in the larger county jails, (4) the elimination of negro jailers, (5) abandonment of the lash and dark cell as means of punishment for prisoners, (6) more power for State Board of Health and State Board of Public Welfare to enforce existing laws in regard to jail conditions and treatment of prisoners, and (7) the arousing of public interest in the general problem of social treatment of offenders against the law.

FEDERAL FARM LOANS

The following table shows the percent of all farms in each state on which loans have been made by both Federal Farm Loan and Joint Stock Land Banks from date of organization to June 30, 1923.

United States average, 5 percent of all farms have received loans, the average amount of each loan being \$3,721.

North Carolina average, 3.7 percent of all farms have received loans, the average of each loan being only \$2,516.

In North Carolina 9,978 farm loans have been granted by both types of banks, distributed as follows: 7,434 loans by federal farm loan association banks totaling \$15,031,150, averaging \$2,022 each; 2,544 loans by joint stock land banks totaling \$10,076,600, or an average loan of \$3,962. Total loans by both types of banks amount to \$25,107,650, or only 2 percent of the value of all farm property in the state. Our farmers should make more liberal use of the Federal Farm Loan system, especially of the Association, or farmer-owned, banks.

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Rank	State	Average loan both banks	Farms borrowing, percent	Rank	State	Average loan both banks	Farms borrowing, percent
1	Utah	\$3,255	17.6	25	Virginia	\$2,948	4.1
2	Idaho	3,578	15.5	26	Connecticut	3,216	4.1
3	Washington	2,816	15.5	27	North Carolina	2,516	3.7
4	Wyoming	3,629	14.1	28	West Virginia	2,576	3.6
5	New Mexico	1,945	14.0	29	Massachusetts	2,718	3.5
6	Oregon	4,004	13.1	30	Missouri	4,496	3.4
7	Montana	2,923	12.3	31	Oklahoma	3,019	3.3
8	Arizona	4,411	12.2	32	Illinois	6,604	3.2
9	North Dakota	3,928	12.0	32	South Carolina	3,844	3.2
10	Colorado	2,644	10.5	34	Wisconsin	3,732	3.1
11	Texas	3,535	7.5	34	Maine	2,731	3.1
12	South Dakota	5,389	6.7	36	Michigan	2,481	3.0
13	Nebraska	6,059	6.6	37	Tennessee	2,813	2.9
14	Kansas	4,898	6.4	38	Kentucky	4,087	2.5
15	Mississippi	1,891	6.3	39	Vermont	2,679	2.4
16	Minnesota	5,668	6.1	39	New Jersey	3,871	2.4
17	Nevada	4,621	5.9	41	Georgia	2,466	2.3
18	California	4,642	5.8	42	Rhode Island	2,994	2.2
18	Arkansas	2,081	5.8	43	Ohio	4,688	2.1
20	Florida	1,808	5.6	44	New York	3,454	1.9
21	Indiana	4,487	5.5	45	Maryland	3,774	1.4
22	Louisiana	2,017	5.3	46	New Hampshire	2,667	1.2
23	Iowa	9,769	5.2	47	Pennsylvania	2,819	1.1
24	Alabama	1,928	4.7	48	Delaware	3,195	0.6