

AGRICULTURAL CREDITS ACT, 1923

By HENRY C. WALLACE, Secretary of Agriculture.

On the last day it was in session Congress enacted the Agricultural Credits Act. This act is designed to give the farmer the sort of credit he needs to produce efficiency and market in an orderly way the products of the farm. It is an effort by Congress to meet a need which has been felt for at least fifty years. The act may not be perfect. Quite possibly experience will show the need of amendments from time to time. But it furnishes the basis for a system of intermediate credit adapted to farm conditions and farm needs. Also it should bring about a reduction in the interest which farmers must pay for money borrowed.

The act is divided into two parts. In the first part, it provides government agencies for handling agricultural loans. In the second it authorizes the organization or private agencies under government supervision for making loans on livestock and on farm commodities on the way to market.

The government loan activities will be carried on in connection with the Federal land banks. At the present time the country is divided into two districts, and in each of these districts there is a Federal land bank, which makes land mortgage loans, these twelve banks being directed by a central Federal Farm Loan Bureau in Washington. In connection with each of these land banks there is to be established an intermediate credit bank, located in the same city with the land bank and under the supervision of the officers and directors of the land bank. The Federal government supplies each of these intermediate banks with capital of not to exceed \$5,000,000. These intermediate credit banks are authorized to discount farmers' notes which have been taken by banks and other financial institutions, and then

can carry such notes for a term of from six months to three years. The banks may also loan direct to farmers' co-operative associations under conditions set forth in the act.

These intermediate credit banks may issue debentures which will have back of them the farmers' notes which the banks have taken. The idea is that these debentures may be sold to people who wish a safe investment. They are exempt from taxation, just as the bonds issued by the Federal land banks are exempt. The interest charged by the intermediate banks may not exceed by more than one per cent the interest paid on the debentures issued by the farmer who borrows. Interest may not be charged an interest rate of more than one and one-half percent above the interest charged by the intermediate credit bank.

No doubt some time will be required to get this machinery in smooth working order. It will be just like building up a new business. It should not be very long, however, until the benefits will be apparent and the farmer will find that he can borrow needed capital for a period up to three years without having to pay an unduly high interest rate, without having to renew his note every ninety days or six months, and without being in danger of having to sacrifice his crops or livestock because of a sudden financial flurry.

The second division of the act authorizes the organization, under Federal charter, of national agricultural credit corporations. These are to be organized by private capital. They will be under the supervision of the Comptroller of the Currency, just as are other national banking institutions. They must have a capital stock of at least \$250,000. They must use collateral trust debentures up to ten times their capital surplus. Such corporations will probably be organized in the Western States where livestock industry is important and where new cattle loan companies are in operation.

In addition to the provisions of the act designed to furnish the farmer much needed intermediate credit, certain changes have been made in the law under which the Federal land banks operate and in the Federal Reserve Act. Provision for the establishment of the so-called permanent organization of the twelve Federal land banks is made by providing that three out of the seven directors are to be appointed by the Federal Farm Loan Bureau. The seventh director, who will be president of the board, will be chosen from three persons who have received the highest nomination vote for this position by the borrowers or stockholders in the bank.

Heretofore the maximum amount which might be loaned to any individual by the Federal land banks has been \$10,000. This has been increased to \$25,000. Also the purpose for which mortgage loans may be made has been broadened to include the repayment of any existing indebtedness.

The Federal Reserve Act is amended by broadening the definition of what is called agricultural paper, making it include the grading and processing of agricultural products by co-operative marketing associations. Heretofore the Federal Reserve Banks have not been permitted to discount agricultural paper for a longer period than six months. This period has been increased to nine months.

A large number of state banks are now members of the Federal Reserve System, some of them because their capital is not large enough to meet the requirements of the law. An amendment to the Federal Reserve Act is carried in this bill designed to encourage small banks to join the system. A bank which has capital equal to sixty per cent of the capital required of national banks may now be admitted, if within a reasonable time the capital will be increased to correspond with the capital required of national banks.

The life of the War Finance Corporation is extended up to February 29, 1924, the expectation being that by that date the new credit facilities provided for under this agricultural credits act be sufficient to meet the needs.

This Agricultural Credits Act of 1923 is one of the most important acts passed by the last Congress. It marks an earnest effort to provide the farmer with the sort of credit

REGAINS LIGHT HEAVYWEIGHT TITLE



GENE TUNNEY (right) recently regained the Light heavyweight title by defeating Harry Greb (left), who won the match by a decision after fifteen rounds of the hardest fighting he has ever experienced.

BILL BOOSTER SAYS

"HONEST, I FEEL SORRY FOR SOME PEOPLE IN THIS TOWN WHO AIN'T NEVER SATISFIED WITH ANYTHING! 'YA AFRAID WHEN THEY GET TO HEAVEN, THEY AINT GOING TO LIKE IT THERE!"



SUBSCRIBE TO THE SCOUT

Ogreeta

The weather is very nice now.

The people of our section are busy hauling crossties these days.

Mr. and Mrs. Fred Tyler visited Mrs. Tyler's sister at Hangingdog Saturday and Sunday.

Mr. John Floyd, of Vets., made a business trip to Mr. G. M. Hall's one day last week.

Mrs. Jim Tyler visited her sister Saturday.

Mr. Tommie Floyd visited his brother at Vets Sunday.

Mr. Charlie Carroll was a pleasant caller at Mr. Tyler's last week.

Mr. Charlie Floyd is every ill at this writing.

Mr. Charlie and Tommie Floyd and Millard Johnson had a very hard time fighting fire at Sunday night which was set out by an unknown person, the their tracks were still there where the fire was caught at.

Mrs. Jane Flody visited her son at Vets last week.

YOUR HOME TOWN FIRST

Work for your own town.
 Beautify it. Improve it. Make it attractive.

The world war and the Treaty of Peace, the Protective Tariff and all such things, are important subjects, but what's the good of cleaning up the world unless you sweep your own door steps?

The best advertisement of your business is the town you live in.

Towns get reputations, as well as men. Make your town talk all over the State. It will thus draw people. And where the people come there is prosperity.

Rid your town of one eyesore after another. Clean up the vacant lots and plant them in gardens. Make a cluttered yard a disgrace. Make public opinion too hot for those who will not help.—Franklin Times.

Daily Market News for Farmers A Possibility Through Radio

Radio Receiving Equipment in Farm Houses Will Bring Crop Prices to Farmer's Very Ear.

Radio has presented to the world the possibility of putting an end to the isolated farm. No matter how far from cities the farms may be, they need no longer be out of touch with events, with the latest news, especially the latest market news.

The farmer who has a radio receiving set in his farm house can obtain the latest information about market prices for his crops. He can obtain this information daily—or rather nightly—just in time for him to prepare his plans for the next day's operations.

What are the city markets paying for wheat, for potatoes, for turnips, for lettuce, for rice? Not the price last week—which is sometimes the best his weekly newspaper can give him—but the price that very day, almost that very minute?

Put on your radio ear-piece and "listen in." The radio will tell you these very things, these market prices, while you listen.

Never before was such a thing possible. Therefore, it is small wonder that radio prophets predict the speedy day when all progressive farms will be hooked up with the rest of the world by radio. It will mean cold cash in the farmer's pocket,

for information of the sort mentioned means money if it can be promptly received.

The experiments made by WGY, the big radio broadcasting station of the General Electric Company at Schenectady, N. Y., in sending out reports on markets, beginning with stock market quotations, and broadening to include other markets, have been finding a favorable reception. As time goes on the demand will doubtless increase. And the service to be given will be further broadened to meet the call for it.

The radio will give the farmer what he has not previously been able to obtain—a semblance of a daily newspaper.

Japan Likes Electricity
 In 1903 there were 500 electric light and power companies in Japan, delivering 80,000 kilowatts of energy; in 1912 there were 2,400, delivering 1,320,000 kilowatts. In this matter of electrical growth Orient and Occident are alike—and extension, not limitation, is the diplomatic watchword.

Improving the Dolls
 Japanning ovens, electrically heated, are now used by numerous automobile factories, as well as other industries. Such ovens will bake anything requiring the treatment from cores to dolls' heads. The race of dolls especially is improving by electrical treatment.

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he must have to carry on efficiently. It is not class legislation. The results will be helpful to business in general, because the effect will be to stabilize agricultural production and marketing.

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