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When the Farmers Needed a Friend

Let The Record Speak For Itself! How The War Finance Corporation Failed The Farmers

The true story of how the farmers were sacrificed in the great deflation period following May 10, 1920, as told by official records.

THE POLITICAL OUTLOOK IN NORTH CAROLINA CALLS FOR CERTAIN FACTS OF RECENT HISTORY.

Question. What was the War Finance Corporation, and for what purpose was it created?

Answer. It was a corporation created by Act of Congress, for the purpose —first, of assisting in the prosecution of the War, and later it was continued for the purpose of assisting agriculture by lending money for exportation of agricultural products. (See War Finance Corporation Act approved by U. S. Congress Apr. 5, 1918, and Acts Amendatory thereof.)

Q. How was the War Finance Corporation created?

A. "The Secretary of the Treasury, the Secretary of Agriculture, and four additional persons, (who shall be the directors first appointed as hereinafter provided), are hereby created a body corporate and politic in deed and law, by the name, style, and title of the 'WAR FINANCE CORPORATION' and shall have succession for a period of ten years." (Sec. 1, War Finance Corporation Act, Approved April 5 1918, 40 Stat. 506.)

Q. How was it to be managed?

A. "The management of the Corporation shall be vested in a board of directors, consisting of the Secretary of the Treasury who shall be chairman of the board, and four other persons, to be appointed by the President of the United States by and with the advice and consent of the Senate." (Sec. 3. War Finance Corporation Act.)

Q. Who were the directors in charge of the affairs of the War Finance Corporation at the times hereinafter mintioned?

A. Secretary of Treasury, Secretary of Agriculture, Eugene Meyer, Jr., F. M. W. Cutcheon, A. W. McLean, of Lumberton, North Carolina, and Geo. R. Cooksey.

Q. Did it have all the powers of an ordinary corporation?

A. Yes; it was governed by its directors just as your local bank is governed. It was continued in existence after the war for the express purpose of assisting agriculture, by lending money for exportation of cotton and other raw agricultural products. "The Corporation shall be empowered and authorized, in order to promote commerce with foreign nations, through the extension of credits to make advances upon such terms, not inconsistent with the provisions of this section, as it may prescribe, for periods not exceeding five years from the respective dates of such advances. (1) To any person, firm, Corporation, or association engaged in the business in the United States of exporting therefrom domestic products to foreign countries, if such person, firm, corporation, or association is, in the opinion of the board of directors of the Corporation, unable to obtain funds upon reasonable terms through banking channels." (See Fourth Annual Report of the War Finance Corporation, Pages 30 and 31.) Act of Congress March 3, 1919, 40 Statutes U. S. 1309, 1314.

Q. When and how were advances (loans) to be made?

A. "Where the exporter has made a definite contract for the exportation of products at a specified time, the Corporation may make the advance a reasonable time before the date of shipment, in order to enable the exporter immediately to purchase and hold products for future exportation under such contract.

"Advance to assist in carrying agricultural products in the [illegible] until they are exported, made by the War Finance [illegible] soon as the products warehoused or otherwise in condition to after [illegible] for the annual Report [illegible] Corporation, [illegible]

[illegible] War [illegible] the [illegible]rity [illegible]

[illegible] brought about this ruin[illegible] of 20-21?

[illegible] action of the Federal [illegible] and the War Finance [illegible] Federal Reserve [illegible] by means of pro[illegible] to local banks. [illegible]poration with, [illegible]nd and pow[illegible] millions [illegible]port of [illegible] did [illegible]por[illegible]uld [illegible]

[illegible] nual Report of the War Finance Corporation, Page 3.)

Q. When was this authority to make loans for cotton tobacco and other exports suspended?

A. May 10, 1920, after propaganda from Washington had resulted in the planting of the largest crop of cotton and tobacco in the World's history; after unheard of expenses had been incurred in the planting and purchase of fertilizers; after the farmers had sunk nearly everything they had in the crop which many believed would go far toward making them independent for life.

The resolution suspending the making of loans was as follows: "Resolved, That at the request of the Secretary of the Treasury and pending further action by this Board, the making by the Corporation of further advances for export purposes, except pursuant to existing commitments, be suspended." (See Third Annual Report of War Finance Corporation, Page 5, as signed by Hon. A. W. McLean and his associates.)

Q. Was the "request of the Secretary of the Treasury mandatory and did it have to be obeyed?

A. No. No more than any other board of directors has to comply with a request made by one if its members. See Sec. 3. War Finance Corporation Act. appointing Secretary of the Treasury as Chairman, but giving him no more authority than any other director.

It was provided in Section Six of said Act that the Secretary of the Treasury shall approve the by-laws regulating the manner in which its general business may be conducted and the privileges granted to it by law may be exercised and enjoyed, but did not confer upon the secretary any authority over his associates, except as to by-laws, and these had already been adopted and the Corporation had been operating under them for several months at the time the above resolution was passed.

Q. Why did the War Finance Corporation suspend the making of loans for purpose of exporting agricultural products?

A. It was stated in the newspapers that the making of said loans was suspended in order to reduce the cost of living. The War Finance Corporation has never explained.

Q. Did it reduce the cost of living to the farmers?

A. No, the farmers were the losers, and thousands were bankrupt after the 1920 crop was sold.

Q. For whom did it reduce the cost of living?

A. No one, so far as known. The price of manufactured articles was kept up until stocks purchased on high prices had been sold out. The result was, the farmer in 1920 and 1921 had to buy his cotton goods at a high price and sell his raw product at a low price. In other words, they "deflated" at the cost of the farmers of North Carolina and the South.

Q. What was the effect of suspending loans?

A. You know the answer to this question better than anyone else. Cotton, selling at 42 cents per pound, after the passage of this resolution, dropped to ten cents per pound, and lower. No one living then can fail to remember the misery following this sudden and unheard of deflation. Mere words cannot describe it. No panic this country ever saw left its victims in so hopeless a condition. The brankrutcy courts are full even now, of merchants who were forced out of business because the deflation had left the farmers with no money to pay their bills. Thousands of farmers were rendered helpless, hopeless and homeless. Devastation was complete. The following figures tell the story in language which no one can fail to comprehend:

"The cost of producing the 1920 crop of 13,270,000 bales was estimated by the Government to be 37 cents per pound, or $2, 322,250,000. The price received by the growers for that crop as a result of drastic deflation in the market values of cotton after the crop had been harvested will not net to them exceeding 10 cents per pound, or $50.00 per bale, 14,270,00 bales at ten cents per pound, $663,500,000. This would indicate a net loss on the 1920 crop of $1,657,750.000, or approximately a loss of 240 per cent. (From statement of J. S. Wannamaker, President Cotton Association, in [illegible]earing before the Committee on Ag[illegible]ulture, House of Representatives, [illegible] Congress. See page 167 of report [illegible]earing.)

[illegible]ance Corporation had loaned funds at for 5 to 6 per cent. as it had power to do, the Federal Reserve would not have been able to charge more. Exporters would have had plenty of money with which to get rid of the surplus cotton, and the local banks would have continued making loans to farmers. The panic would thus have been avoided.

Q. Who was responsible for this awful loss to the farmers and merchants of the South?

A. The directors of the War Finance Corporation who voted for the resolution suspending financial assistance for export of cotton, tobacco and other farm products, or who, by their inaction or inattention to their duties, failed or neglected to vote against, and thus defeat, the resolution when it was offered. Not on of them even warned the country that public credit had been cut off.

Q. Who voted for the resolution?

A. Mr. A. W. McLean and other directors of the Corporation. There is no record that any of them voted against it. The record is as follows: "The Directors of the Corporation, at a meeting on May 10, 1920, adopted the following resolution: Resolved, that at the request of the Secretary of the Treasury and pending further action by this Board, the making by the Corporation of further advances for export purposes, except pursuant to existing commitments, be suspended." (See Third annual Report of War Finance Corporation, Page 5, and signed by Hon .McLean and his associates)

Q. Who signed the report to Congress of the adoption of such a resolution?

A. The Secretary of the Treasury, A. W. Mclean, of Lunmberton, north Carolina, and Geo. R. Cooksey.

Q. Who was the only member on this Board from the South at the time this resolution was passed.

A. A. W. McLean of Lumberton, N. C.

Q. Did Mr. McLean represent the interest of the farmers of Carolina and the South?

A. No He stood with other members of the Board not to make available any more money with which to export cotton. If he had been faithful to the interests he was appointed to represent, he would have vigorously opposed such action and if not successful in defeating it; would have at least placed himself on record as being unalterably opposed to such a flagrant injustice to southern cotton and tobacco farmers.

Q. Did the War Finance Corporation have any money on hand to lend to cotton exporters?

A. Yes, $375,000,000,.00, which was four times as much as the entire cotton crop of North Carolina brought in '22.

Q. Were ther any applications or negotiations for cotton loans pending at the time this resolution was passed?

A. Yes, about $70,000,000. In addition , Mr. J. S. Wannamaker of South Carolina, President of American Cotton Association, as a result of a vast expenditure of efforts and money, had at that time perfected the sale of 300,000 bales of cotton at 40 cents per pound, low middling, f.o.b. concentration points in the South to the mills of Europe. In the midst of this transaction of the War Finance Corporation cut out all loans as above shown, to cotton exporters and this trade fell through. Every bale of cotton, which failed of exportation, lowered the price of every other bale. The price fell [illegible]0c to 10c per pound between [illegible]920 and December, 31, 1920. [illegible]hearings before Committee on [illegible]ulture, Sixty Seventh Congress, [illegible]165.)

After cotton had gone to ten [illegible]ts per pound and farmers throughout North Carolina and the South were bankrupt, did Mr. McLean and his associates make any effort to resume the financing of cotton exports, which was voluntarily suspended by them on May 10, 1920?

A. Not until Congress in January, 1921 adopted a resolution directing the Corporation to resume activities, and even then nothing was done until it was too late to help the farmers. (See Fourth Annual report of War Finance Corporation, Page 1)

Q. Did Mr. McLean and his associates, make any loans to the big corporations of the country?

A. Yes, the railroads, public utilities, and industrial corporations, borrowed about $272,000,000.00 as against approximately $80,000,000.00 loaned on warehouse receipts, cattle loans and export loans. (See Page 9, Fourth annual report of War Finance Corporation.)

Q. Were loans made by Mr. McLean and his associates to agencies of his board to be loaned direct to cattle farmers of the West?

A. Yes, $7,827,278.36. See above report, Pages 15 to 21 inclusive for list of these loans, name and address of, and amount loaned to, each borrower.

Q. Did Mr. McLean and his associates make any loans to the cotton or tobacco farmers of the South between May 10, 1920, and Februray 1st 1921?

A. They did not.

Q. Did Mr. McLean and his associat[illegible] cooperative associations any loans in aid of cotton farmers?

A. Not to amount to anything. Certainly they did not until after most of the farmers had been forced to sell their cotton to the manufacturer or cotton speculator, and then it was everlastingly too late. The local banks throughtout the country, on account of the inactivity of the War Finance Corporation has been forced to call the loans made to farmers, and they in turn had been forced to sell at whatever price they could get. When money became available, the cotton farmers did not have the cotton; the speculator or manufacturer had it.

Q. Were there any strings tied to the loans actually made to the cooperative association?

A. Yes, Mr. McLean and his associates stipulated that the association would have to sell its cotton at stated periods, irrespective of the prices prevailing at the time, and liquidate the loans, and if in the opinion of Mr. McLean and his associates, the association was "not at any time marketing the products of its members with sufficient rapidity, the Corporation (War Finance Corporation) may itself dispose of such portion of the pledged commodities (cotton) as may be necessary in order to comply with the terms of the agreement." (Fifth Annual report of the War Finance Corporation, Page 8.)

Q. What was the effect of this stipulation?

A. It made it impossible for the cooperative association borrowing from it to carry out any general holding movement which would be calculated to increase, or hold up, the price of cotton.

When the cooperative associations learned that they could be forced to sell at stated periods, whether prices

(Continued on Page Four.)

ATTENTION—Democrats

Inasmuch as it appears that the office-holding class, under direction of Senator Simmons, Governor Morrison and A. D. Watts, seem to have determined to appoint Hon. Angus Wilton McLean, Governor to succeed Morrison in 1925, we deem it our duty to acquaint the rank and file of the Demoratic Party with Mr. McLean's record as one of the Directors of the War Finance Corporation. For this purpose we refer the reader to the questions and answers printed elsewhere in this paper.

We do not believe that the Democratic Party can afford to take the risk of placing Mr. McLean at the head of its ticket in 1923, for the following reasons:

1. His record as Director of the War Finance Corporation cannot be successfully defended before the farmers of North Carolina. The record shows that in the hour of their supreme need he failed them.

2. The rank and file of our people are unusually restless. They resent the idea of having a set of office-holders to name their Governor—wheether they want him or not. The CROWN PRINCE business has gone too far.

3. In 1924 the Boll-Weevil will have done his worst. Thousands of our farmers will work their 1924 crops at a loss. In November of that year many of them will be ready to vote against the Democratic Party, and they will surely do so, if the Machine undertakes to run Mr. McLean over them.

4. We will need a Democratic candidate for Governor in 1924 who can make a rousing canvass. Mr. McLean's most ardent admirers do not claim that he is personally magnetic or that he can make an arousing speech. They say he is too cold.

5. If ever the powers that be should seek to call the rank and file to their assistance, now is the time. It is certainly no time for bosses to be paying off their obligations. Let them stand back and give the people a chance. Nothing short of this will restore confidence in the Democratic Party.

6. Next year this time our Party will be before the people. It must defend itself as against high taxes, against the Watts scandal, the Norwood scandal, the Cooper scandal, the Morrison-Maxwell deficit debate; and the Lord only knows what will happen if, at the same time, the Boll-Weevil hits us, and we have at the head of our ticket a man who cannot appeal to the people, but who will be on the defensive himself on account of the War Finance Corporation failure.

More reasons could be given, but we believe these are sufficient.—Editor.

AMERICAN LEGION TO BUILD HUT

LEGION HUT, TOWN HALL AND WOMAN'S CLUB

The Legion Boys Will Build Hut Which Will Care for a Long Felt Want

At a meeting of the American Legion held on last Saturday night the boys definitely decided they would build a hut, which will contain offices for the town board, rooms for the Woman's Club, rest room for the ladies who may come to town, and best of all, it is hoped arrangement will be perfected whereby a nurse will be on hand at all times that the ladies coming in from the country can leave their babies in care of the nurse and go about any business they may have on hand.

The second floor will be used as an auditorium and will seat 750 people, giving the town something which has long been needed. Of course, the boys will not have sufficient funds to complete this splendid building, but it is believed the friends of the Legion will rally to their rescue and thus make the completion an easy undertaking.

We heartily congratulate the boys, and feel sure they have made no mistake in the estimate of their friends.

LADIES BAZAAR

Don't forget the bazaar to be held next Saturday by the ladies of the Baptist Church. You will find a world of fancy articles, suitable for Christmas presents, both for the men as well as the woman. Doors will be open at 11 o'clock, and dinner will be served. Let all of the men notify the good woman of the house when they leave Saturday morning that they will not return for dinner, as they expect to lunch with the Baptist ladies, and every man from the country is advised that they are expected to dine with them, also.

Bazaar will be held in the Jackson Garage salesroom. Be sure to attend.

MEETING OF PARENT-TEACHERS ASSOCIATION

The Parent-Teachers Association met on Tuesday, Nov. 27th instead of Thursday , Nov. 29th, that being Thanksgiving day. Mrs. S. G. Winstead told some plans for beautifying the school grounds by planting trees, shrubbery and flowers. She also asked any one having trees, shrub or rambling rose slips to donate for this purpose to report to her.

Mrs. W. A. Bradsher made a very interesting talk on co-operation between parents and teachers.

The president urged that each member solicit new members. Hereafter the association will meet the last Thursday of each month.

Mrs. A. B. Stalvey, Sec.

"PATTY MAKES THINGS HUM."

This play was given last Friday evening by the young folks for the benefit of the B. Y. P. U. and in deed and in truth, Patty did make things hum. It was well worth the price, and every one is high in its praise. The young people did themselves proud, and were greeted with a full house, nothwithstanding other attractions were on for that evening. These young people will probably give the play in other places, and we want to say if you wish to enjoy an evening of real fun, don't miss it when it comes within your reach.

WRENN-GLENN

The friends of Mr. W. W. Wrenn and Miss Mary Gleen were treated to a surprise on Thanksgiving day, when it was learned they had mortored over to Halifax, Va., and were married by the pastor of the Baptist church. They returned to Roxboro and are living at their country home about two miles southwest of Roxboro, on route 1.

Knox or Stetson Hats appeals to most folks, they will appeal to you, get your next hat from Wilburn & Satterfield.

THE TOBACCO MARKET

Prices Were Off Last Week, But Better This Week.

For some cause there was a slump in prices the first of last week, but this slump was not confined to Roxboro, but was general in the old belt, all markets feeling it. However, we are glad to say prices are just about back where they were before the slump. There were heavy sales Monday and Tuesday, and while the average was not as high, the cause was not in the price, but because of the large amount of common tobacco.

One of the best sales reported was that of James Tally, who sold at the Hyco. He brought in a load in his Ford, which netted him $325.00

Tobacco has been in bad condition, owing to the warm damp weather, but we believe just as soon as it clears up and turns cold you will see the market in as good shape as it has been during the season.

ROXBORO WINS GAME FROM BROOKNEAL

The Roxboro Town Basketball Team was winner by a 31-21 score in the opening game of the season last Friday night. The game, played in Brookneal, with the Brookneal town Team, was hard fought throughout, the Roxboro boys getting an early lead which they never lost. Brookneal's team wascomposed of the following: Elmer Clayton, Gordon Kent, Emmett Bates, William White and Bennie Ginther. Roxboro: John Morris, Kenneth Oakley, James and Maynard Clayton and Charlie Harris.

Scoring, Field Goals, E. Clayton 3, Kent 3, Bates 3, Morris 6, Oakley 1, J. Clayton 5, Harris 3. Foul Goals, E. Clayton 3, Harris2.

The Roxboro Town Team will play Bethel Hill High School Saturday, December 15th, in the Winstead Warehouse.

SCHOOL NOTES

A fine Teachers' Meeting last Saturday. Only seven abent, six on account of sickness, and one called away. Two were late on account of car trouble.

We are pulling up on our dollar for the Association. Don't forget, you 25 who have not paid, that you are honestly due this dollar.

The Colored teachers' will meet this Saturday. Let every one be present. I will be with you at roll call and have something important to discuss. Each teacher will please get the $10 worth of seals that you are asked to sell for this county. It means much to take care of the sick and you ought to do your part.

The schools of the County will not close before the 21st of December and only two weeks will be given for holidays. We expect all schools to open on January 2nd. Where teachers have a long way to go home, it might be permissible to close and open on more suitable dates.

BOX PARTY AT HELENA

There will be a box party at the Helena High School Friday night, Dec. 14th, for the benefit of the church. Everybody invited.

A CORRECTION

In our last issue we stated that "the contempt case against Mr. G. E. Harris and wife was continued." We regret that Mrs. Harris' name was in this article, as Mrs. Harris says she has nohing whatever to do with the case and her name should not have appeared. We gladly make the correction.

MR. CLAYTON KILLS FAT PIG.

Our good friend Mr. Weldon G. Clayton reports the killing of his pig, which weighed 468 lbs. He says this was the fattest pig he ever saw, it produced 11 gallons of lard.

DR. S. RAPPORT, of Durham will make a special visit to Roxboro Wednesday, December 19th, to examine eyes and fit glasses. He will be at Davis' Drug Store

This will give you an opportunity of getting a new pair glasses for Xmas.

Gold Seal Congoleum at the same old price at Wilburn & Satterfield.

MUTILATED