



The Source of the Bank Account.

Co-Operative Farm Products Marketing

How It Is Done in Europe and May Be Done in America to the Profit of Both Farmer and Consumer

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WILL THE BANKERS REFORM?

Copenhagen, Denmark.—The American banker must reform. If he does not he will be up against it as are others who refuse to mend their ways. The American farmer cannot get money of American bankers upon terms suited to his needs. He is going to have the money from some source. If the banker will not give it to him he will organize a new kind of a bank, for you may rest assured that the American farmer is going to have an opportunity to borrow money upon some suitable basis. The Irish farmer can get money on favorable terms; the Belgian farmer co-operating with his neighbors does his own banking; in Germany the co-operative banks do a business that is astonishing in its volume; in Denmark it is easy to get money for buying a farm or for temporary investment in seeds, fertilizers or stock. The same is true of the farmer in Italy and France; even in benighted Russia farm credits are cared for by co-operative organizations.

Do the bankers of America think that the American farmer is going to consent to continue to be the only civilized agriculturist who has no adequate borrowing facilities. That is not the American way. What, then, can possibly prevent the formation of co-operative credit associations all over America? Nothing, except the presence of some institution that will do for the American farmer what co-operative credit is doing for the European farmer. If the American banker wishes to do the banking business of America so far as the farm is concerned, he and he alone can give the farmer this sort of an institution and thus make co-operative credit societies unnecessary. It is up to the banker.

Capital for Farming.

Formerly when an American farm could be acquired by living upon it; when horses and cows and implements were cheap, and when fertilizers, blooded stock, and special high-grade seeds were unknown, a young man with comparatively little capital could begin farming. Now considerable capital is as necessary to success in agriculture as it is in the manufacturing industries. Every wise farmer knows that money judiciously expended in better stock, better buildings, labor-saving machinery, proper fertilizers, and good seed will net large returns. But it takes money to do these things. Consequently there is a demand for loans.

In America the farmer can seldom get a loan on terms that meet his needs. In Ireland, Belgium, Germany, Holland, Denmark, France, Italy and elsewhere upon the continent the banks have forced the farmers to organize co-operative credit societies. In many instances the government also has aided the co-operative banks in obtaining money for loans. These societies are taking a safe, profitable business away from the bank. Now when it is so late the banks realize their mistake.

The question just now is this: Will the American bankers forestall co-operative credit companies by meeting the needs of rural borrowers or will they force the farmer to go into the banking business as did the bankers of Europe? It is up to them. Will they beat co-operative credit banks by beating them to it?

Buying Farm Easy in Denmark.

To buy a farm there are a number of different methods open to the Danish farmer. It must be remembered that in Denmark a farm is considered as having five stock and implements used in working the land inseparably attached to it, hence the purchase price to be paid includes all equipment necessary to the operation of the farm and all mortgages are secured by a pledge of this personal property as well as of the real estate. If the would-be buyer has forty per cent. of the purchase price he may apply to a credit society for a loan of no less amounting to sixty per cent. of the value of the farm and all equip-

ment and stock upon it. The loan may run from forty-five years to seventy-nine years. The borrower has his prospective purchase surveyed and assessed. He makes out a mortgage and delivers it to the co-operative society. This mortgage and hundreds of others like it are delivered to a trustee with a trust deed which pledges them as security for a series of bonds. The co-operative society guarantees the bonds also.

It is from the sale of these bonds that the co-operative society obtains its funds. These co-operative credit associations have in the beginning no capital whatsoever. Each is simply an agency whose functions are to see (1) that the real estate security offered is assessed at its true value; (2) that the title is clear; (3) that the mortgages are properly executed; (4) that they are grouped, pledged and deposited with the trustee; (5) that the trustee issues bonds; (6) that the land, buildings and equipment are properly cared for and their value is not permitted to deteriorate; (7) that the payments of principal and interest are promptly met.

Easy Repayment of Loans.

The farmer pays from four to six per cent. of the principal amount each year. This is not wholly interest, however, for it includes a small installment of principal, for the mortgages are all amortization mortgages. Payment of this fixed sum annually or semi-annually for the fixed period therefor automatically discharges the debt. A small amount out of each payment is also set aside for reserve for the co-operative society and for an expense account. It has been the universal experience, however, that the expense runs very low.

Still Easier for the Farm Laborer.

There are other forms of loans even more advantageous to the borrower, particularly if he is one of the poorer farm laborers. If such a laborer seeks to become a land owner on a small scale he may under certain conditions secure a loan for nine-tenths of the value of the proposed purchase, being required to advance only one-tenth of the purchase price in cash. The government furnished the funds for these loans. The conditions are (1) the borrower must have been engaged in agricultural labor for five years (women may take advantage of this law as well as men); (2) the land must not exceed ten acres in extent nor \$2,144 in value; (3) the borrower and prospective purchaser must agree to crop the farm in a certain manner, dividing it up into five or seven fields and following a certain rotation of crops, thus insuring continued productivity and preventing deterioration of soil fertility. Under these mortgages the borrower pays three per cent. interest with no installments upon the principal for the first five years. Then he pays, in addition to the interest one per cent. upon two-fifths of the loan as an installment upon principal, doing this until the two-fifths of the loan is entirely discharged. Thereafter he pays an annual installment of one per cent. upon the three-fifths remaining of the principal, this being in addition to his three per cent. interest as before. The bonds may be issued upon unstamped paper and are free from tax.

Does the Danish farmer take advantage of these opportunities? Are the tenants becoming land owners? The facts are these: Denmark has 2,600,000 population, somewhat less than that of Chicago. It has about 500,000 families, including those in cities and villages as well as those in the rural regions. These co-operative credit societies have a membership of over 200,000; that is to say, two out of every five families in the entire country are represented in them. Largely as a result of this credit system ninety per cent. of the farmers of Denmark own their own land.

How Character is Capitalized.

Obtaining a loan on personal security has been euphemistically termed "capitalizing character." It is not an

inept phrase since any farmer who has a good character, who is a sober, honest, industrious, intelligent, productive worker, has a capital that is considered a proper basis for credit and he can in fact capitalize his character. His character is in very truth under these conditions his capital. Here is the way it is done here in Denmark:

By the law enacted in 1898 the government is authorized to turn over to the credit association \$1,250,000, for which the associations account to the government at the rate of three per cent. per annum. This sum is placed at the disposal of the farmers' credit association in order that these associations may be ready to give small loans to their members. When any farmer finds it urgently necessary to secure a loan in order to meet expenses such as the payment of wages, the price of better seeds, or of artificial manures, or of feed for cattle, he makes application to one of these associations. In determining the amount of the loan to be granted to each man it is the theory that the earning capacity of the borrower should be taken into account. This is thought to be best indicated by the number of dairy cows which he owns. A member may thus obtain a loan to about \$13 per head of cattle fed and milked on the place. The loans must be repaid in from one to nine months. Interest must not, according to the original law exceed 4½ per cent. per annum to the borrower.

Danish Bankers Have Reformed.

The fact that there are in Denmark many banks which are organized for the sole purpose of meeting the needs of the farmers has awakened the Danish banker to the fact that the rural credit is a big business which he cannot afford to ignore. Compared with the American banker the Danish banker most decidedly has reformed. He does meet the needs of the farmer in a manner which would surprise Americans. This is particularly true of the method in which he assists in financing co-operative associations. When the big Trifolium dairy association was formed, for example, it was done in this way: One hundred farmers, most of them owners of large farms, formed an organization for the manufacture of dairy products and for the further purpose of supplying milk to the city of Copenhagen. These one hundred farmers were the owners of something like 12,000 cows. While they individually had property, real and personal, they had no money which they wished to invest in a co-operative organization. They therefore sent their leaders to the bank to borrow the money. They simply asked the bank for a loan of \$125,000 on the note signed by these leaders. The bank did not require the other members of the association to sign the note, although by the terms of the agreement into which all had entered in the formation of the co-operative association all were liable, jointly and severally, for the debt contracted at the bank. As a matter of course the bank made the loan to these farmers at a low rate of interest.

A most interesting feature of this transaction is the method of repayment. It was agreed that the loan should extend over a period of twenty years with the privilege on the part of the association to repay out of its profit each year a sufficient sum so that at the end of the twenty years the debt should be discharged. At this time the association has been running for twelve years and has been more than able to keep up its amortization payments. At the end of eight years more the debt with the bank will be discharged. At Fredericksund, out some little distance from Copenhagen, there is a co-operative egg association which is composed of 10,000 farmers. These 10,000 farmers had no capital which they wished to invest in an egg-packing and shipping organization. Their leaders went to the bankers as did the leaders of the Trifolium dairy association and made a similar loan except that in the case of the 10,000 farmers who wished to start an egg-packing establishment the period of repayment was over a period of ten years rather than twenty. This seems to be quite an ordinary practice.

Can Banks Supply Rural Credit?

I have said it is up to the banker to supply the American farmer with loans similar to those supplied to the European farmer. But there are those who say that the joint stock bank can never meet the farmers' needs as do co-operative credit societies and that co-operative credit will come in spite of all the bankers can do.

Dr. Charles McCarthy is of this number. He bases his conclusion on these grounds: First, no joint stock bank can afford to tie its money up for long-period loans as do the credit banks. These deposits are all short-time deposits. They have no way of hypothecating one series of loans in order to raise money for another series. Their system of finance is not sufficiently elastic to lend itself to the transactions demanded in an adequate line of rural credit.

Second: No money-making concern can possibly serve the farmers as do co-operative credit societies whose sole aim is to aid the borrower and to protect his interests.

But in agriculture a system of rural credit cannot be a substitute for brains and business sense and a marketing system. Unless the farmer produces a good product and sells it to advantage his farming will be a failure. Easy loans will only make it a bigger failure. Co-operative credit is important, but with it must come a better system of marketing either co-operative or otherwise, which will give the farmer more than half what is paid for the farm product. And so far as we can learn co-operative marketing is the system which will do this.

THE STATE HIGH SCHOOL DEBATERS



Clifton Eaton and Charles Riddick of Winston-Salem, 15-year-old winners of State High School Debate held at Chapel Hill recently. Michael H. Kernodle and Miss Fionnie Cooper of Graham, team which lost to Eaton and Riddick.

CAN NOT ENFORCE SEGREGATION LAW

A LIST OF OTHER RECENT DECISIONS OF THE STATE SUPREME COURT.

LATE STATE CAPITOL NEWS

Review of the Latest News Gathered Around the State Capitol That Will Be of Interest to Our Readers Over North Carolina.

Raleigh.

In a list of 12 opinions delivered recently by the Supreme Court one of special note was that of the state against Darnell from Winston-Salem involving the right of the aldermen of that city to prescribe certain blocks for colored or white occupancy for residence. The Court, Chief Justice Clark writing the opinion, declared that there is nothing in the charter of Winston-Salem to empower the aldermen to enact and enforce an ordinance such as that involved, but does not pass upon the question of whether or not the Legislature would have power under the Constitution to enact statutes that would convey power to prescribe such "race segregation." The list of opinions follows:

Parrott vs. Norfolk Southern Railway Company, from Lenoir, new trial as to whether the continuance of a flag station would interfere with the defendant's duties to the public in the carriage of freight and passengers; Slocumb vs. R. C. & S. Railway, Cumberland, no error; Hodges vs. Wilson, Cumberland, no error; Bank vs. McArthur and Bank vs. Newton, from Wake and from Cumberland, affirmed in both cases; Dallege vs. Coast Line, Fender, no error; Blumenthal and Bickart vs. Kennedy, New Hanover, no error; Thompson vs. Seaboard Air Line, Bladen, error; State vs. Darnell, Forsyth, action dismissed; State vs. Shouse, Forsyth, no error; State vs. Atwood, Forsyth, no error; Tate vs. Mirror Company, Forsyth, no error; Rangley vs. Harris, Surry, no error.

State Banks Make Report.

Members of the North Carolina Corporation Commission gratified at the showing made by the banks in their reports of conditions as of March 4 just made public. The summary shows 415, including 17 branch banks, compared with 400 banks, including 16 branch banks for the summary on April 4, 1913. Total resources show an increase of \$6,701,111, and deposits an increase of fully \$5,400,000, and an increase of nearly \$70,000 in cash on hand. At the same time there is a decrease of \$71,835 in overdrafts and of nearly \$500,000 in notes and bills rediscounted and bills payable.

Charters Orthopaedic Hospital.

The Orthopaedic Hospital (Inc.) of Gastonia, received a state charter a few days ago for the purpose of founding at Gastonia a home for diseased and crippled indigent children, especially dependent orphans. The institution is to also have power to maintain a department for training nurses. The directors for the institution include such well known men as Senators Simmons and Overman; State Superintendent of Public Instruction J. Y. Joyner, C. R. Hoey, B. N. Duke, J. Elwood Cox and others.

Cross-Examines Comptroller Plant.

Attorney Bickett resumed the cross-examination of Comptroller Plant of the Southern Railway a few days ago with a view to showing that if the Southern Railway's own figures be applied to the interstate movement of freight of North Carolina local trains the showing of overcharge against intrastate freight would be over \$12,000 and that the whole statement filed by the Southern using April, 1913, for demonstration, is based on a false percentage as between state and intrastate business on local trains.

Hospital Board's Annual Meeting.

The regular annual meeting of the board of directors of State Hospital for the Insane has just been held in Morganton. For the first time in several years every member of the board was present, namely: I. I. Davis, Morganton; J. P. Sawyer, Asheville; Charles P. Matheson, Taylorsville; A. A. Shuford, Hickory; F. P. Alspaugh, Forsyth county; A. E. Tate, High Point; Dr. J. E. S. Davidson, Charlotte; Dr. L. M. Glenn, Gastonia; R. B. Clark, Statesville. It being the regular time for the election of officer, Mr. Davis of Morganton, was re-elected president of the board and Mr. Clark secretary. Messrs. Davis, Clark and Tate were continued as the executive committee.

F. M. Scroggs was re-elected steward of the hospital and his salary was increased from \$1,500 to \$1,800, and Miss Cilla Summers was elected marshal to succeed Mrs. C. A. Marsh, Mrs. Marsh, who has been matron since the institution opened, has been in feeble health for some years and recently her mind has failed. She is now a patient in the hospital she has so faithfully served. Miss Summers has for years been housekeeper of the institution, and she will now be both matron and housekeeper.

The report of Superintendent McCampbell for the four months ending with March 31 showed that there are 1,302 patients on the rolls. During the four months 56 were admitted, two discharged and 17 died; and for the same period 54 applicants had to be denied admission to the hospital for lack of room.

Several New Charters Granted.

The Southern Dyeing and Chemical Co., of Charlotte, capital \$1,000, by Fouis E. Green and others. The Sladeville Transportation Co., of Sladeville, capital \$2,500 by J. A. Lupton and others for maintaining boat lines for passengers and freight. The Swan Quarter Supply Co., of Swan Quarter, capital \$100,000 authorized and \$10,000 subscribed by Tooty Cullitt and others for general mercantile supply business. The Farmers and Merchants' Bank of Hillsboro, capital \$100,000 authorized and \$10,000 subscribed by J. F. Johnston and A. J. Forest and others for general savings banking business.

Revenue Records Show Increase.

The records at Statesville in Collector Watts' office show revenue collections for last month as follows: Lists, \$3,075.62, special tax, \$125.25, tobacco and snuff, \$560,469.87, cigars and cigarettes, \$25,498.29, a total of \$599,169.03, which is considerably above the monthly average. The monthly collections, however, nearly always reach the half million mark.

Governor Names Delegates.

Governor Craig commissions 37 leading citizens from various parts of the state to attend the National Drainage Congress in Savannah, Ga., April 23-25. The list includes: A. H. Eller of Winston-Salem; Dr. J. R. Alexander, of Charlotte; P. E. Beard, of Salisbury; J. S. Myers, of Charlotte; R. P. Richardson, of Reidsville; George Stevens, of Charlotte; Dave White, of Mebane.

Governor Pardons Don Emerson.

Governor Craig granted a pardon recently for Don Emerson of Guilford county, who has served four months of a six-months' sentence for carrying a concealed weapon. He is a youth and is just recovering from an operation for mastoiditis of both ears and the county physician says to recommit him to jail might jeopardize his life and that he certainly cannot be sent back to the convict camp. The judge of the municipal court who sentenced him, recommends the pardon.

Instruct North Carolina Infantry.

Official notification came recently from the war department to Adjutant General Young, of the North Carolina Guard, that Captain Bernard Sharp, retired officer of the United States army, is assigned to service in North Carolina to assist Capt. R. C. Langdon in the instruction of the North Carolina Infantry. He will make his headquarters in Tryon, N. C., with the consent of the government, this being his home town. Capt. Langdon will continue to make all the official inspections of companies.

WILSON ANXIOUS FOR TRUST LAWS

'RESIDENT DISPLEASED WITH IDEA OF ACTION ON LEGISLATIVE PROGRAM.

FIRM IN HIS OPPOSITION

Democrats in House and Senate Are Against Perfecting a Full Schedule, But Prefer to Make Recommendations to Next Congress.

Washington.—Unqualified disapproval was expressed by President Wilson of the proposal in Congress to curtail the anti-trust legislative program for this session. Later, members of the House Judiciary Subcommittee, who had conferred with the President on the subject, declared that an effort would be made to report quickly a single measure, embodying the substance of all the separate tentative trust bills, and that legislation also would be pressed to meet the demands of labor for restriction of the injunction power of the courts.

That opposition to carrying out the full trust legislative program is growing among Senate and House Democrats continued in evidence during the day, notwithstanding determination to revive the effort to perfect measures affecting interlocking directorates, holding companies, price discriminations and other evils.

Senator Newlands, chairman of the Senate Interstate Commerce Committee, said his committee expected to report a general trust bill soon, though the members had not agreed upon details. Before the committee determines finally upon its course, however, it will pass upon the amendment already prepared to preclude action at this session upon anything but a bill to create an interstate trade commission with broad powers and express direction to investigate the whole problem of big business, and to recommend to the next Congress what legislation supplemental to the Sherman law should be enacted.

ECONOMIC SIDE OF REPEAL

Senate Committee, Considering Matter Excludes, Questions of Obligations.

Washington.—The economic side of the Panama Canal tolls controversy occupied the Senate Inter-oceanic Canal Committee to the virtual exclusion of the treaty obligations involved and neither aspect was in evidence elsewhere about Congress. At the White House, however, President Wilson reaffirmed his belief that repeal of the exemption from tolls granted to American coastwise ships would not constitute an interpretation of the Hay-Pauncefote treaty, but merely would indicate the unwillingness of this country to bring up the question of discrimination.

The President agreed with the views recently expressed by Secretary Bryan that no amendment was necessary to the pending repeal bill, reaffirming the sovereignty of the United States over the canal.

New Corn Grading Rules.

Chicago.—The new corn grading rules of the Chicago Board of Trade were adopted by a vote of the members. The new rules give a premium on unmixed corn and conform to the new Federal Government corn rules which go into effect July 1, 1914.

Opposes Medical Experiments.

Trenton, N. J.—Governor Fielder after a public hearing vetoed the bill which would have permitted foreign medical societies in this state. The bill was backed by the Rockefeller Research Institute.

North Carolina-Tenn. Boundary Line

Washington.—The Supreme Court assigned the boundary line controversy between North Carolina and Tennessee for argument on October 13 next.

The White House Wedding.

Washington.—Although there has been no formal announcement from the White House as yet of the date for the wedding of Secretary McAdoo and Miss Eleanor Wilson, youngest daughter of President and Mrs. Wilson, friends who are in position to know say May 8 has been tentatively selected. The affair is expected to be private. Mr. McAdoo's colleagues in the cabinet being practically the only guests outside of the two families. Miss Wilson trousseau, it is said practically is completed.

Federal Reserve System.

Washington.—That the work of the organization committee in setting up the new Federal reserve banking system will not be delayed by the bank was indicated by an announcement that already many banks have forwarded checks or cash in payment of the first part of their subscription to the stock of reserve banks. The subscriptions are premature, however, and the money offered will be returned, pending formal notification that the committee is ready to organize.