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Facts About Farm Credit Associations

Applications For Loans In This Section Are Handled by J. C. Galloway, Greenville, N. C.

The 1934 crop season will mean the beginning of a better system of credit for many farmers who are preparing to finance the year's farming by means of short-term loans through the production credit associations which are being organized under the Farm Credit Administration throughout this state.

Under the Farm Credit Administration the land banks will continue to make long-term real estate mortgage loans; but the administration is also providing a long needed system of short-term production credit for farmers—loans to be used for producing crops and livestock and repaid at the end of the season. This is an entirely new service for farmers; and it is designated to be permanent.

Farmers in this locality will be served by the Greenville Production Credit Association, which was chartered on December 7, 1933, to serve producers in Pitt and Greene counties. About four or five counties is the average size of an association. There is no fixed number of counties standard for all associations, but each must include enough territory to give a volume of business sufficient to secure efficient organization and low cost of operation.

The Greenville association was organized through the cooperation of representative farmers of the counties included, with the assistance of the Columbia Production Credit Corporation. There is one of these corporations in each of the 12 bank districts in the country. The local association will obtain loanable funds from the intermediate credit bank of Columbia, which will lend money on, or discount, well secured notes of farmers. All of these institutions are a part of the Farm Credit Administration.

A production credit association does not end Government money. The funds that will be loaned are obtained by the intermediate credit banks which sell short-term bonds, or debentures, to the investing public. In other words, the money is being borrowed to be loaned to eligible farmers to enable them to produce a season's crops. The association is not a charity institution; but a business credit institution for business-minded farmers. The purpose is to make loans that farmers can afford to use for a season's operations, and which will be repaid at the end of the season. It is a pay-as-you-go plan for agriculture.

Loans needed to buy work-stock, fertilizers, seed, machinery and equipment, for purposes of dairy or poultry farming, or for other expenses incurred for general agricultural purposes, may be obtained from a production credit association as conveniently as from any carefully-managed bank.

Most of the loans will run from 3 to 12 months, depending on the length of time required for growing and marketing the crop or livestock which the loan is made to produce. Loans for crop production will usually mature in less than a year, although loans such as those on dairy and breeding cattle may run longer—up to 18 months.

Applications for these short-term loans are handled in this territory by Mr. J. C. Galloway.

Applications will be acted upon quickly when they give a clear financial statement of the applicant's farming condition, listing all assets and liabilities, and estimating net worth. The applicant should name specifically the farming assets offered as security for the loan, and give a plan, or budget, showing how he is going to use the loan applied for and how he is going to repay it.

Primary security for production loans consists of livestock, farming equipment, growing crops, or other personal property most appropriate to secure the loan adequately and make up a chattel mortgage. It is not intended that loans shall be secured primarily by mortgage on real estate. Where this type of security is taken it will be regarded as additional collateral.

The minimum loan is \$50.00 and no loan may exceed 20 per cent of the authorized capital of the association. The amount of the loan should correspond with the actual need for credit. Perhaps more farmers have become heavily involved in debt because of too much credit than because of the lack of it. Loans from production credit associations will only be made as needed, and proper precautions will be taken to prevent over-extension of credit so that farmers will not have to pay unnecessary indebtedness with resulting interest.

After a farmer's application is received, his financial statement is checked and the property offered as

security for the loan personally inspected by a loan inspector of the association. The minimum charge for inspection is \$2.00. Regulations about inspection charges and collection may be changed as required by the production credit corporation. Usually no charge will be made for inspection if the loan is not granted.

If the report of the inspector is satisfactory and the loan is approved by the loan committee of the association, the farmer's note is endorsed in the name of the association, and sent, along with his credit statement and chattel mortgage, to the intermediate credit bank of Columbia. If the bank approves the credit statement and the security, it makes funds available to the association, and the association sends a check to the borrower immediately.

Each association is capitalized according to the credit needs of the territory it will serve. Most of the capital stock is purchased by the Production Credit Corporation of Columbia and this enables the association to begin making loans immediately. Funds derived from the sale of stock to the corporation are used by the local association to purchase high grade collateral, chiefly Government bonds, which are placed with the intermediate credit bank to establish a line of credit, that is, to get the bank to discount money on the notes of farmers which the association has endorsed. Ordinarily the bank will discount well-secured farmers' notes up to five times and association's capital. In this way an association may get all the credit it needs.

The authorized capital stock of the Greenville Production Credit Association is \$80,000.00. Of this amount the Production Credit Corporation of Columbia will pay in, as needed, about \$50,000.00, making possible a maximum total of loans of \$250,000.00 through loans and discounts with the intermediate credit bank.

Actually the Production credit corporations own about three fourths of the capital stock of the association. The farmers who borrow from it own most of the remaining portion, each borrower being required to own 5 per cent of the amount of his loan in voting stock in the association.

A farmer who gets a loan from the association does not have to advance any money to pay for his stock as the purchase price may be included in the loan, one \$5 share being purchased as each \$100 of the loan money is advanced. The stock carries no double liability. Thus a borrower's liability in a possible impairment of capital of the association extends only to his own stock holding, amounting to \$5 for every \$100 or fraction thereof borrowed.

A farmer does not have to purchase new stock each time he borrows unless the stock he owns has become impaired in value or he wishes a larger loan. A farmer not indebted to the association may sell his stock to another eligible borrower, or may exchange it at its fair book value for non-voting stock. Such an exchange must be made within two years after the holder ceases to be a borrower.

The stock purchased by the corporation is non-voting, but preferred as to assets in case the organization is liquidated. The voting stock is owned only by the borrowing farmers, each having only one vote in the association no matter what the amount borrowed or stock owned.

Officers and a local loan committee of each association are selected by the temporary board of directors which was elected by the charter members when the association was organized. At the first annual meeting of the voting stockholders, that is, the farmer borrowers, a board of directors, will be elected, confirming or replacing the temporary board. Thus each borrower has an equal chance of voting his opinion as to the management of the association.

At present loans from a production credit association carry an interest rate of 6 per cent, charged on an annual basis, that is, only for the actual time the loan is outstanding. A loan for six months, for instance, will carry an interest charge of about \$3 on a hundred. The interest is not collected until the loan is due.

The interest rate charged the individual borrower may not exceed by more than 3 per cent the rate at which the association gets money from the intermediate credit bank. At present the interest or discount rate charged the association by the intermediate credit bank is 3 per cent—these charges make up the 6 per cent interest rate paid by the farmer.

The interest spread of 3 per cent between the rate paid by the association and that paid by the borrower goes to the association to meet operating expenses and build up a guaranty fund or surplus, needed by any carefully managed business institution.

Actually, the Farm Credit Administration is establishing at Greenville, as at other centers of farming sections, a farmers' short-term credit

N. C. Tobacco Crop For 1933 Valued Over 83 Million

Total of \$83,553,000 Reported by Crop Reporting Service; Average To Be \$16.10

Raleigh, Feb. 14.—North Carolina's 1933 tobacco crop was valued at \$83,553,000 in estimates announced yesterday by the crop reporting service of the state department of agriculture.

This is \$48,280,000 more than the \$35,273,000 in 1932 crop produced. With 509,060,354 pounds of the estimated 1933 production of 518,522,000 pounds marketed through January, the crop already has brought in approximately \$81,296,000, the report revealed.

The average price paid through January was \$15.97 a hundred, as compared to \$12.03 for the 1932 crop marketed through the same period a year ago. The report estimated the yearly average for 1933 would be \$16.10 a hundred as compared with \$12 the previous year.

The estimated 1933 production represented an increase of 76.5 per cent over the 1932 crop which totaled 293,694,000 pounds, the report said. This tremendous gain was attributed in the main to a 43 per cent increase in acreage planted and a marked improvement in the yield per acre.

The estimated yield an acre was placed at 770 pounds, 146 pounds an acre more than the previous season. Market sales during January were unusually active this season, the report declared. Producers sales last month totalled 36,437,492 pounds at an average of \$14.31 a hundred, compared with only 13,007,833 last year at an average of \$8.67.

New bright belt markets, which sold 281,059,405 pounds through January at an average of \$16.31 a hundred, led the state in poundage, but old bright belt markets with an average of \$16.84 a hundred for 154,999,206 pounds, led in price. South Carolina belt markets, which closed in November, sold 70,056,428 pounds at an average of \$12.93 while sales on the Asheville burley market through January totalled 2,945,315 pounds at an average of \$9.66 a hundred.

The average prices the previous year in these belts were: New bright \$12.41; old bright, \$11.14; South Carolina, \$12.66; and Asheville burley, \$15.22—a lower price than prevailed for the 1933 crop in each instance except the Asheville market.

CAPTAIN ANDERSON EXHIBITS HIS THIRTY WORLD WONDERS HERE

Featuring the exhibit of a number of deep sea specimens of Capt. A. J. Anderson, now on view in the store formerly occupied by the Hub Hardware Co., is a "monkey fish" said by the Captain to belong to the "skate" family. Of a broad type with a head and tail shaped like those of a monkey, the freak also has wings.

Capt. Anderson has traveled around in this and other countries for thirty years, and has spent the past nineteen years in gathering these wonders. Among the curiosities offered for inspection is a two headed calf and a baby whale.

business. Each borrower has part ownership in the business. His liability for loans of the organization is only 5 per cent of the amount he borrows. The management of the business is being entrusted to representative farmers chosen by the member borrowers. This is the only method ever devised which permits farmers with the aid of the Federal Government to ultimately own and operate their own production credit business.

Mouth Health Survey To Be Made in Public Schools of the State

Members of the North Carolina Dental Society will make a Mouth Health Survey of the public schools of the State on Tuesday, February 20th, and Thursday, February 22nd. These gentlemen are giving their time without any remuneration but as their contribution toward improving the health conditions of our children.

It is reported that undernourishment ranks first in the physical defects of our school children, and inasmuch as undernourishment is reflected in the mouth of the child by improper development of the teeth, the dentist has an unusual opportunity to find if this is true. If the child is found to have dental defects, the parent will be notified of such conditions. It is hoped that they will take the child to their regular dentist and have these conditions corrected.

Co. Board Held Meeting Friday

County's Finances In Better Shape; To Push Collection of Personal Property Taxes

Greenville, Feb. 15.—Holding its the Board of Commissioners of Pitt County transacted routine business, reviewed reports that showed the county to be in the best financial condition in five years, and urged increased efforts on the part of the tax collection department to collect personal property and poll taxes. The regular monthly meeting was scheduled to have been held on 1st Monday, but was delayed because of the illness early in the week of R. H. McLawhorn, chairman of the board.

The tax department's report for the fall's operations showed that the better business conditions in the county had been reflected in tax collections, indicating that should the proportions of collections continue for the coming spring months of the county would complete its fiscal year within its operating budget without borrowing any money, for the first time in more than five years. The debt service budget for the year was also beyond expectations and with good collections from now out that portion of the county affairs would likewise find itself in the clear for this year.

Noting from the tax department's records that there was still outstanding a large amount of uncollected personal property tax money, the board ordered the tax officials to concentrate their efforts on collecting these taxes in order to make it possible for the county to operate in the clear this year. The nearer collections reach the 100 per cent mark each year, the lower the tax rate will have to be, the board pointed out, and citizens who have not paid will be urged to do their part by paying now.

Cotton Drive Nears Close

Fifteen Hundred Contracts Expected To Be In The Office Here By Tomorrow

Greenville, Feb. 15.—The cotton production campaign which has been in progress in the county the last several weeks will be brought to a close tomorrow night, E. F. Arnold, director of the Pitt County Farm Demonstration, stated today.

Farmers who have not signed the contract calling for acreage reduction during the next planting season were urged to do so at once and be in position to take advantage of the splendid government benefits to be derived from such action.

Mr. Arnold said 1,200 contracts had been received at his office so far, but he expected 1,500 would be on hand by the end of the campaign.

Committeemen were at their places in various parts of the county assisting growers in putting their signatures on the dotted line and they were expected to be quite busy today helping those who put off signing until the last minutes.

Mr. Arnold when the campaign comes to a close and urged committeemen to do everything in their power to bring the recalcitrant ones into the fold.

The agreement to cut acreage has already resulted in a boost of cotton prices, and this advantage is expected to hold good as long as the growers show an inclination to cooperate with the government in its efforts to cut production, and relieve the surplus supplies glutting the world market at this time.

N. C. Has Best Syste of Roads In United States

Filed Supervisor of Bureau of Narcotics Says State Has One of Best Administrations

Raleigh, Feb. 14.—"North Carolina has the best system of roads in the United States and one of the best administrations of the federal narcotic law," H. T. Nugent, field supervisor of the bureau of narcotics, said today when he was making the usual supervisory visit.

A little more coaxing might have made a double superlative for the state, but he stopped at extravagance on the narcotic enforcement. The state is freer from the traffic illegally in these deadly drugs than any that he knows. He told clerks in the federal offices that the national government is getting great cooperation from this state. He amazed the departmentalists with his praise. He is a Philadelphian and was appointed 10 years ago.

"The state is better off economically and industrially than any I know," he continued. He thought that of himself though another may have told him the details. It astounded him to hear that the state met an interest installment of more than \$3,000,000 in January and paid another \$3,000,000 on principal. He learned about the promptly, though poorly paid teachers, and he acclaimed North Carolina as the best fixed state in the union.

"I can tell the moment I get on your roads," he continued. "They are better marked and better built. I know something about roads, traveling as I do from 25,000 to 30,000 miles a year. I learn that you have taken over all the county roads. In time they will be finely cared for."

"Your gasoline tax is high, but you have a lot to pay with it. You of course make more mileage and your cars last much longer as the result of your roads. But there is nowhere in the country that seems to be quite so well fixed as North Carolina. To be able to keep up interest and principal on your state debt is a great accomplishment and it seems to answer the question whether you went into building on too great a scale."

TOWN GIVES CITIZENS BENEFIT OF STREET IMPROVEMENT

With the idea in view of improving the sidewalks here, the Town of Farmville has purchased at wholesale prices such materials as sand, cement, and stone, and will furnish the labor under the CWA to repair or lay new pavement within the city limits where desired, if the property owner will pay for the materials used.

Mayor Lewis and the committee wish to get in touch with citizens desiring this improvement at once as it is uncertain just how long this service may be continued.

College Building Reduced to Ruins

Early Morning Fire Destroys Wingate Hall at Wake Forest

Wake Forest, Feb. 14.—Wingate Hall, the second building to be erected at Wake Forest College, was reduced to ruins by fire today causing damage estimated at approximately \$85,000 by Dr. Thurman D. Kitchen, president of the school.

Plans for replacing the structure, which housed the Baptist school's chapel, physics, psychology, Latin and Greek departments, will await adjustment of insurance, totalling \$30,000 on the building and \$12,500 on the equipment, Dr. Kitchen said.

Meanwhile, room will be made in other buildings at the college to meet the emergency.

Wingate Hall was erected more than four-score years ago. It was the oldest building on the campus as the college's first building, Wait Hall, was destroyed by fire about a year ago. Wait Hall, originally built about 100 years ago, has been replaced.

The fire in Wingate Hall was discovered about 2 a. m. and had gained such headway that the combined efforts of the Wake Forest and Raleigh fire departments failed to save the structure. Its origin was not determined.

Dr. Kitchen lamented loss of a

MacCracken and Brittin Given Ten Days in Jail

Gen. Johnson to Speak at Dunn

NRA Chieftain Accepts Invitation of Eastern Carolina Trade Body

Dunn, Feb. 14.—Gen. Hugh S. Johnson, chief of the National Recovery Administration, will speak in Dunn before the twelfth annual meeting of the Eastern Carolina Chamber of Commerce, April 10. Governor J. C. B. Ehringhaus may also appear on the program of the meeting, which will be a dinner session held in the Dunn armory.

Preliminary plans for the convention were made at a meeting last night of representatives of the Rotary and Lions clubs, the Merchants' Association and the Women's Club, presided over by Henry M. Tyler, vice-president of the Eastern Carolina Chamber of Commerce, and attended by N. G. Bartlett, of Kinston, secretary of the organization. There are 110 members of the chamber in Dunn. Officers of the trade body announced the NRA chief had accepted an invitation to speak.

More than 500 members of the commerce body will be in Dunn for the annual meeting. Elaborate entertainment for them on their first visit to Dunn is being arranged. The dinner session will be followed by a public dance, for which Waldmeyer's orchestra of Washington will furnish the music. The complete program of the event will be published by Secretary Bartlett within a few days. Committees on arrangements for the meeting will be made public.

General Johnson, who has previously spoken in Georgia and in the West, will come to eastern North Carolina for the first time.

Seek Tax On Non-Signers In Leaf Drive

Greenville, Feb. 14.—Federal legislation seeking taxation of non-signers of tobacco reduction contracts at warehouses is being pressed by agricultural leaders of this county as a means of protecting those who have agreed to take part in the government campaign to cut next year's crop and relieve the glutted condition of the American market, it became known today.

E. F. Arnold, director of the Department of Agriculture of this county, made public a telegram which J. E. Winslow, chairman of the Pitt County Department of Agriculture, recently dispatched to Congressman Lindsey Warren at Washington, urging that the Congress take immediate action looking to the question of such legislation.

The telegram said that 2,500 tobacco growers who signed the tobacco reduction contracts urged the government to start action for acreage control through taxation at tobacco warehouses on all non-signers. It stated that growers would be sorely disappointed if such action was not taken.

In explanation of the message, Mr. Arnold said, the request applied to new farmers planting after the tobacco campaign has closed. It also would affect farmers whose production is above what they signed for.

The farm director said practically all growers of the county had signed the government contract, but that acquisition of farm lands by interests which did not sign would sorely affect the reduction campaign if something is not done to improve the situation.

Although no reply has yet been received from Congressman Warren, this was expected in the next few years. The board members felt that the Congressman fully appreciated the situation and would take immediate steps to remedy same.

score or more of portraits of distinguished sons of Wake Forest which hung on the walls in Wingate Hall's chapel.

Burley growers in Haywood County are signing the tobacco reduction contract, reports the farm agent, and say it is something that should be done even though the government had not sided them.

Senate Finds Both Guilty of Contempt; Hanshue and Given Freed

Washington, Feb. 14.—William P. MacCracken, who led the Senate a merry legal chase for almost a week, and L. H. Brittin, who tore up some papers a Senate committee had subpoenaed just like he would have torn up any other papers, were found guilty of contempt of the Senate tonight and sentenced to ten days in jail.

Harris M. Hanshue and Gilbert Givrin, who took some papers from MacCracken's file, but returned them, were found not guilty. The four, held waiting in a committee room while the Senate locked its doors to deliberate over the evidence that had been put before it in open session, were brought back into the chamber to hear the findings read in sonorous tones by a clerk.

Frank J. Hogan, counsel for MacCracken, who had protested that the Senate had no authority to try his client for contempt, did not indicate immediately what his next legal step would be. He already had said he intended to appeal a decision by the District of Columbia supreme court which turned MacCracken over to the Senate.

31 New Credit Groups in State

Corporations Organized For Loans to Farmers Organized

Washington, Feb. 14.—There have now been organized in North Carolina 31 production credit corporations, each covering two to four counties, which have combined capital of \$1,772,500 and which are authorized to make short-term loans to eligible borrowers to cover the cash costs of producing livestock, dairy and poultry products and other general agricultural purposes. Borrowers may obtain loans by becoming members of these associations, obtaining the voting stock, obtaining one five dollar share for each \$100 borrowed and by offering adequate security.

Both the facilities of these associations and the \$40,000 seed loan bill will be available to North Carolina farmers in financing their 1934 crops. The seed loan bill, which provides for no security except liens upon the crops, provides that no farmers may receive aid who have not signed reduction agreements and a similar restriction is expected to be placed around the loans of the production credit corporations.

Locations of the 31 associations in North Carolina, together with the capital stock of each, follow: Elizabeth City, \$85,000; Greenville, \$80,000; Washington, \$85,000; New Bern, \$80,000; Lenoir, \$80,000; Carteret, \$80,000; Ahoskie, \$45,000; the Pitt County Department of Agriculture, recently dispatched to Congressman Lindsey Warren at Washington, urging that the Congress take immediate action looking to the question of such legislation.

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Italy Wary of Intervention

Will Support Austria as Suggested by French Only as A Last Resort

Rome, Italy, in the opinion of well-informed persons, will consider intervention in Austria's civil war as suggested in Paris—only as a last resort. Many Italians fear the Nazis may seize upon the Austria crisis as an opportune time to drive political power. It is this factor which causes chief concern.

There was no official comment on the unofficial proposal in Paris by Henry Beniger, Senate Foreign Affairs Committee chairman that Austrian independence be protected by France, Britain and Italy.

Growers of early truck crops in Brunswick County have pooled their orders for Irish potatoes and may have used and have arranged for a trucking company to transport their produce to market this spring.