

Financing the Cotton Crop

Benjamin West in Texas Farm Co-operator

The Farmers' Union is the outgrowth of a widespread conviction among farmers that they needed the powers of combination to guard their interests, but after nine years the organization is, as in the beginning, only a bundle of possibilities.

Among many sensible things wisely put, the Texas Farm Co-Operator says: "If the farmer wants his cotton financed this fall, he must commence now to make the necessary arrangements. The Farmers' Union will never succeed in financing cotton until they establish banks and trust companies with sufficient capital. These banks to have departments, in conjunction with warehouses, for buying and selling and financing cotton for members of the union. The handling and financing of cotton is a business proposition, and the farmer must make up his mind to do this business for himself, or pay someone else to do it for him. Then get down to bed rock and quit pursuing phantoms and airing impossibilities."

The man who wrote the above has wisdom and practical common sense; he knows the little dog may grow and bark, but the big dog keeps the bone. It should be clear to every reasoning Union farmer that in not organizing upon the comprehensive lines suggested by the Co-Operator, he leaves himself and his kind no alternative except selling to small local buyers, or shipping to a commission firm, who usually get the money they advance from banks by hypothecating the cotton shipped them and giving a note or notes carrying the authority to sell. Most of these notes have a provision like this: "In the event of a decline in the the market value of said collaterals, the holder shall have the right to require deposit of additional collaterals from time to time in such sufficiency that the salable market value of the entire collaterals shall be at least twenty per centum in excess of the indebtedness. A failure to deposit additional collaterals when demanded, or to pay at maturity and of the indebtedness, shall be full and sufficient authority for the holder to sell the aforesaid collaterals at public or private sale, with or without notice, the net proceeds in whole or in part, as may be necessary, to be applied towards liquidation of said note, and other indebtedness herein contemplated, and the bank at any public sale may purchase the said collaterals.

"The provisions of this agreement shall extend to and include any exchanged, substituted or additional collaterals, and said bank shall not be required to give any attention towards the collection of collateral paper."

Owning four-fifths of the cotton, by reason of money advanced and the cost of handling, and not sharing in the profits of a possible rise, but certain to suffer from too great a decline, banks are watchful of market changes, quick to notice weakness, uneasy when the price goes down, and when the decline continues a day or two, grow nervous and insist upon additional security, or the sale of the collateral. Put yourself in the bank's place and you will realize its action is perfectly natural, as is the submission of the commission merchant who carries the load. Declining markets bring hard, hard lines to the "load toater," who, like the dog tied under the wagon, can howl, pull back and choke, but must go with the wagon—he does the best he can, knowing that to sell during a low priced period means the farmer will believe

he was "hocuspocussed" and not to sell, or strengthen the collateral means the bank will sell the cotton and ruin his credit. So the commission merchant does what you, or any one else would do under like circumstances, sells the cotton, pays the bank, saves the firm's credit and accepts the condemnation of those so unfortunate as to draw more on their cotton than its market value would carry and who did not reduce the amount against it.

Under a steady or advancing market the commission merchant would prove useful, hold the confidence of the shipper and meet the hearty hand-clasp of the banker, but when markets tend downward and shippers fail to put up margins, the commission merchant's lot is very unsatisfactory, he has got to move as the wagon moves, or choke.

Business men understand that when more money is drawn on any security than its market value the party holding the securities will do his best to save himself from loss, and they also understand that when the value of the collateral decreases and the money drawn changes to a greater amount than is safe, the owner must protect by reducing the amount out or adding to the collateral to prevent its sale. As a rule farmers do not remember this until too late, hence their great need for a corporation strong enough to take care of them.

In spite of its bigness any thinking farmer can grasp that the Farm Co-operator points the only road for the man who must borrow heavily on his cotton, and such a farmer must see that if a number of them will be guided by such advice, the emotional upheavals resulting in ineffective efforts will give place to swift, steady development, suiting these times when only those who think and do things as successful men do, are prosperous.

Expert woodmen sometimes go back over their trails to check up new landmarks for their future course. We can profit by reviewing some of the lessons that have brought us thus far and gain better knowledge for our future progress in the perfection of details and fulfillment of ideals. Such reviews will show that none of the enterprises we started have secured the dominating success our conditions demand, each fails of the progress and permanence necessary—this comes from the refusal of our common sense to accept the visionaries, emotionally established enterprises as worthy of confidence, this same common sense tells us no practical results can be found in disregarding the business wisdom of this age, and clamoring for a millennium when the Golden Rule shall be the standard of business. To succeed the farmer must do as others do who win—he must build something common sense will believe in and strong enough to protect his money-making interest.

The Buying and Stealing of Votes.

The Lincoln Times.]

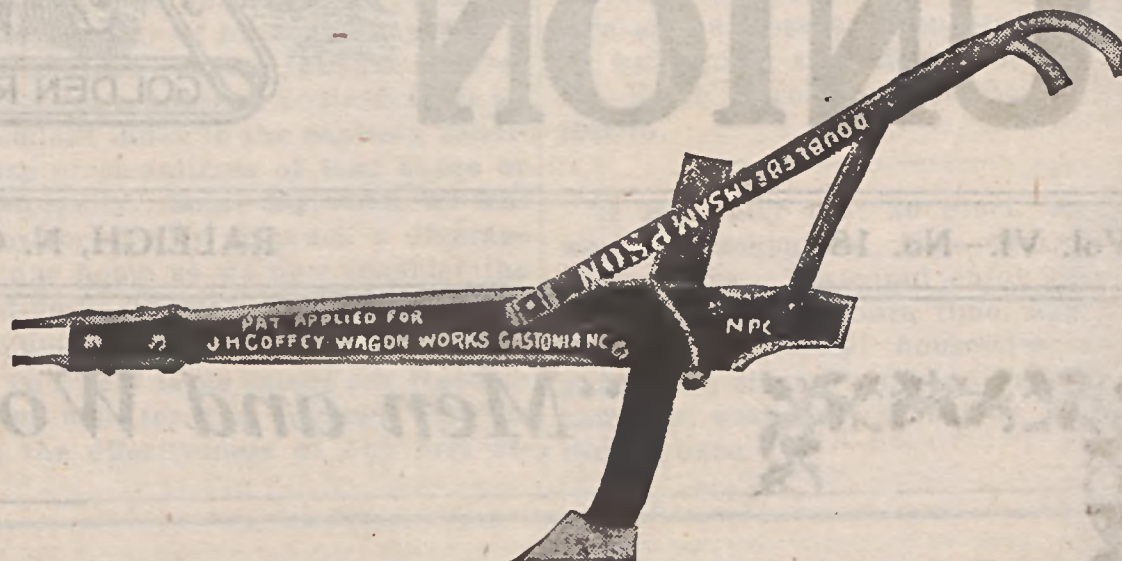
The Charlotte Chronicle says the ministers of Davidson County have organized for the purpose of putting a stop to the wholesale buying of votes in that county in the way of paying poll taxes for votes and otherwise debauching the ballot box. The charge is that the electorate of Davidson County is being debauched to a fearful degree by political leaders. The move of these ministers is a good one and should be followed by the ministers of about ninety-nine other

counties in the State. Nobody who is informed will attempt to deny the fact that elections in all parts of this State have been bought and stolen promiscuously for ten years by the the dominant party. This is a matter that should receive the earnest attention of all good citizens. No matter is more injuriously affecting the moral

standard of our young citizenship today. And nothing will make more for the moral uplift of our citizenship than the purification of elections.

If there is a harvest ahead—even though it be a distant one—it is poor thrift to be stingy with your seed.—Carlyle.

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