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63D CONGRESS
1st Session

SENATE

Doc. No. 214
Part 3

AGRICULTURAL COOPERATION AND RURAL CREDIT IN EUROPE

INFORMATION AND EVIDENCE
SECURED BY

THE AMERICAN COMMISSION, CONSISTING OF DELEGATES FROM DIFFERENT STATES IN THE UNITED STATES AND DIFFERENT PROVINCES OF CANADA, ASSEMBLED FOR THE PURPOSE OF INVESTIGATING IN EUROPEAN COUNTRIES COOPERATIVE AGRICULTURAL FINANCE, PRODUCTION, DISTRIBUTION, AND RURAL LIFE;

AND

THE UNITED STATES COMMISSION, APPOINTED BY PRESIDENT WILSON "TO COOPERATE WITH THE AMERICAN COMMISSION ASSEMBLED UNDER THE AUSPICES OF THE SOUTHERN COMMERCIAL CONGRESS TO INVESTIGATE AND STUDY IN EUROPEAN COUNTRIES COOPERATIVE LAND-MORTGAGE BANKS, COOPERATIVE RURAL CREDIT UNIONS, AND SIMILAR ORGANIZATIONS AND INSTITUTIONS DEVOTING THEIR ATTENTION TO THE PROMOTION OF AGRICULTURE AND THE BETTERMENT OF RURAL CONDITIONS"
(H. R. 28283, APPROVED MARCH 4, 1913)

PART 3

AMERICAN EVIDENCE

WASHINGTON
GOVERNMENT PRINTING OFFICE
1914

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REPORTED BY MR. FLETCHER.

IN THE SENATE OF THE UNITED STATES,
October 20, 1913.

Resolved, That there be printed as a public document the evidence secured by the American commission in cooperation with the United States commission on their inquiry into the agricultural credit and cooperative systems of European countries, made between April 26 and July 26, 1913, including special reports of subcommittees, statements and addresses pertaining to the subjects, submitted to the commissions, or either of them, all printed matter prepared for the commissions, or either of them, a bibliography of any literature used as material for the reports of said commissions, translations of laws and statutes under which the various institutions studied operate in the different countries, translations of constitutions, by-laws, rules and regulations, and business forms of institutions investigated, special statistical data showing the extent to which each system or set of institutions is found to exist in each country, and *other material bearing on the work of the commissions.*

Attest

JAMES M. BAKER, *Secretary.*

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AMERICAN EVIDENCE.

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INTRODUCTION.

This bulletin, part 3 of Senate Document No. 214, completes the joint report of the American and United States Commissions. In the first section of this bulletin will be found letters from the governors and premiers in reply to the request from the American Commission for the appointment of committees to report on the agricultural needs of the States and Provinces, and copies of reports of the committees. In the second section of this bulletin will be found reprints of credit-union laws found in American States, collected by the secretary of the United States Commission, as follows:

Texas.—This law was approved by the governor of Texas March 31, 1913, to take effect 90 days after adjournment of the legislature of that State. On January 23 the commissioner of the department of insurance and banking of Texas advised that at that date there had not been formed in Texas any rural credit union. He advised further that no application for organization had been made, and still further that no steps had been taken by the department of insurance and banking to draw up uniform constitution, by-laws, the forms to be used, etc.

Wisconsin.—The Wisconsin law was approved August 1, 1913, and provision was made that the act should take effect and be enforced from and after its passage and publication. In a letter dated January 21 statement was made that no associations had at that date been formed under the act and, further, that no one had formulated uniform by-laws for prospective organizations.

New York.—The New York act to amend the banking laws in relation to credit unions became a law May 17, 1913, with the approval of the governor. According to the act, the law became effective immediately. No credit unions were formed, however, and gentlemen who were particularly interested in the success of the credit-union movement, after thoroughly studying the act, found a small number of defective sections and made some important recommendations, resulting in concerted action on the part of the commissioner of banks, the governor of the State, and others to amend the act as quickly as possible. The copy printed herewith is the finally approved act.

Massachusetts.—The Massachusetts law was chapter 419 of the acts of 1909. This is the oldest and best-known law on the subject. Replying to a request made upon the bank commissioner of the Commonwealth of Massachusetts, statement was made that the last report received from credit unions formed under this law was as of the close of business October 31, 1913, and on that date there were 34 unions doing business, with 4,529 members, $185,151 in assets, and with loans outstanding amounting to $146,740.

The bank commissioner of the Commonwealth of Massachusetts has prepared a set of by-laws, which are recommended by the department. These by-laws are not prescribed by the department, and they may be changed or added to in accordance with the needs in each case.

The activities of the Jewish Agricultural and Industrial Aid Society are well known. In view of the fact that this organization has been instrumental in organizing credit unions in different parts of the United States, brief reference should be made to these small societies. A three-page report showing the status of the various credit unions according to statement submitted upon September 30, 1913, is attached as part of the "evidence" pertaining to credit unions.

REPORTS OF COMMITTEES.

RESOLUTION ADOPTED BY THE AMERICAN COMMISSION IN GENERAL ASSEMBLY, LONDON, ENGLAND, JULY 8, 1913.

That the headquarters of the American commission call upon the governors of States and the premiers of Provinces affiliating with the commission, to authorize a State or Provincial committee to ascertain the agricultural needs of the respective States and Provinces and to file copies of their findings with the headquarters office of the American Commission not later than October 1, 1913.

LETTER FORWARDED TO GOVERNORS OF STATES AND PREMIERS OF PROVINCES OF DOMINION OF CANADA.

The American Commission, representing 36 States and 5 Canadian Provinces, has completed its investigation of agricultural finance, distribution, production, and rural life in European countries. Inclosed you will find copy of the preliminary statement unanimously adopted by the commission. You will note in the concluding paragraphs that a compilation committee and an advisory committee have been elected to brief the material and that the full commission will meet in Washington on or about November 18 to adopt the report that is to be submitted to the Congress of the United States, to the States and Provinces, and to the organizations affiliating with the body.

I am directed by a unanimous vote of the American Commission to request you to appoint a committee of three to prepare a brief statement as to the agricultural needs of your State, in order that the American Commission may consider the needs of our States and Provinces as they endeavor to reach the solution of our economic problems through the use of the findings of the commission in European countries.

Please advise this office if you will take immediate steps for the appointment of such a committee and favor us by forwarding the names and addresses of your appointees.

Yours, very truly,

ALASKA.

Cooperative stores owned and managed by natives are fostered wherever possible in Alaska by the United States Bureau of Education, which has charge of education for the natives of Alaska. In this way the bureau helps the natives protect themselves from those traders who charge exhorbitant prices for food and clothing and pay as little as possible for native products. In the small villages even legitimate marketing expenses are a heavy burden unless there is some form of cooperation.

These cooperative attempts have been a decided success. At Hydaburg, in southeastern Alaska, where the United States school-teacher has general oversight of the cooperative stores, the natives were able, after 12 months of business, to declare a cash dividend of 50 per cent and still have funds available for the erection of a larger store building. The Klawock Commercial Co., also under native management, was able after nine months of existence, to erect a new store building from its surplus. At Klukwan also the natives have organized a cooperative store.

Native stores have for several years been in successful operation at Cape Prince of Wales and on St. Lawrence Island, where the natives buy food at reasonable prices and are assured of an equitable exchange for their furs and other products.

A more recent example of cooperation is at Atka, a remote island in the Aleutian chain. Formerly rough lumber cost $50 per thousand and shingles $8 a thousand on this island, and clothing and food supplies were correspondingly high. On the other hand, the natives were poorly paid for their labor. For each of the few blue-fox skins the natives could catch they received from the trader goods averaging $8 in value. Sold at public auction in Seattle these skins brought $17.10 to $66.50 each, according to quality. In April of this year,

with the help of Seattle merchants and officers of the Revenue-Cutter Service, a cooperative company was organized under the direction of the United States public-school teacher, and now the natives are doing their own buying and selling with considerable advantage to themselves.

Eskimos on the shore of Bering Sea and the Arctic Ocean have until recently had to market through local traders. Now many of them are sending by mail packages of fox, lynx, mink, and hair seal to the Alaska division of the Bureau of Education at Seattle, and the Government officials sell the furs for the natives at public auction to the highest bidders.

Natives in Tatitlek cooperated in salting and exporting salmon during the past season, under the instruction of the local Government teacher, with the result that they have not only netted $1,000 in cash, but have also put away 76,000 pounds of smoked salmon for winter use.

Cooperation in Alaska has been aided by the policy of reserving tracts of land for the exclusive use of the natives. On this land the natives build up their own industries, safe from the evil influence of unprincipled white men. Hydaburg is a reservation settlement; Klukwan has recently obtained a similar reservation upon which to conduct its cooperative enterprises, and Klawock hopes to secure reservation land in the near future.

ALABAMA.

STATE OF ALABAMA, EXECUTIVE DEPARTMENT,
Montgomery, October 22, 1913.

I shall take pleasure in appointing the committee suggested from the State of Alabama with instructions that they expedite their work as rapidly as possible.

Yours, very truly,

EMMET O'NEAL, *Governor.*

NOTE.—Report has not been submitted.

ARIZONA.

THE GOVERNOR'S OFFICE, STATE HOUSE,
Phoenix, August 25, 1913.

DEAR SIR: I am in receipt of your letter of the 14th instant, suggesting that I, as governor of Arizona, appoint a commission of three members to prepare a brief statement as to the argicultural needs of Arizona.

In accordance with your request, at the instance of the American Commission, I have deemed it advisable to assign these duties to the regularly existing State commission of agriculture and horticulture, consisting of the following members: Hon. Andrew Kimball, Thatcher, Ariz.; Hon. W. K. Bowen, Mesa, Ariz.; Prof. R. H. Forbes, Tucson, Ariz.

I have requested the three gentlemen named above to prepare, at their earliest convenience, such a report as your commission desires, and have no doubt that the matter will be satisfactorily handled at an early date.

Yours, very respectfully,

GEO. W. P. HUNT,
Governor of Arizona.

NEEDS OF THE ARIZONA FARMER.

1. It is not less than the truth to say that the Arizona farmer, surrounded by new conditions of soil, of irrigation, of climate, of insect pests and plant diseases, needs the service first of all of those agencies for investigation which will inform him along the many new developments of farming with which he finds himself in contact. His needs are so urgent and so critical oftentimes than an ever ready source of information, both publications and personal advice, are a necessity. Assistance of this kind will, in many cases, save time and loss so likely to be incurred by the recent emigrant to the region. Agencies for investigation in the State, therefore, although they have been highly developed in proportion to the age of the State, must be advanced and strengthened in order to perform the service required of them. These agencies at present consist of the State agricultural experiment station, of the various branches of the Federal Department of Agriculture, efforts of the State commission of agriculture and horticulture operating in the Southwest, and, to some extent, also, of purely scientific organizations operating in the southwestern field, such as the Carnegie Institution for Scientific Research.

2. Another requirement of the Arizona farmer is for systematic education, both for long and short terms, to meet the needs of all sorts and conditions of men. The farmer himself must be reached by means of farmers' institutes, farmers' and fruit-growers' conventions under direction of the State commission of agriculture and horticulture, which are conducted in his home community whenever and wherever within the State a few may be gathered together to listen to the messages brought them by university lecturers, members of State commissions, etc. Institutes of several days' duration may also be held in classes organized to meet university lecturers in schools and academies through the State. Also, the two weeks' short course offered once each year at the State university, Tucson, gives a still better opportunity for the farmer to acquire a large amount of useful information at a small cost of time and of money. This feature of educational effort has been especially successful.

The further development of two and four year college courses is also needed within the State, the university having only recently endowed and organized its agricultural courses.

3. The organization of farmers is necessary in Arizona, whose producing centers are usually situated at great distances from markets. This fact makes especially necessary the organization of small farmers, so that they may deal through competent business managers with transportation and selling agencies. Such organization to some extent already exists, as fruit growers', citrus growers', cantaloupe growers', bee keepers', and various live-stock growers' associations; but there is opportunity and need for a much closer and more extensive organization of agricultural interests within the State.

4. A very urgent need of the farmer in Arizona, as elsewhere in the Union, is better business facilities in connection with his farming operations. It is usually the case that a farmer, like other business men, needs money from time to time with which to tide over his business while he is waiting for crops to mature or while he is holding crops for the best market prices. It is usual almost everywhere for commercial agencies to take advantage of the needs of the farmer and either force him to sell his products at a disadvantage or to borrow money at excessive rates of interest, or under conditions fraught with peril to himself. The rates of interest on agricultural loans in Arizona may safely be stated to be from 2 per cent to 4 per cent higher than in the case of business men in the same districts. This condition manifestly discriminates unfairly against the farmer, and it is suggested that, as in Europe, Government agencies should afford loans on proper security to the farmer, which will at least place him at an equal advantage with other borrowers.

5. Other needs of Arizona farmers are:

(*a*) Governmental aid in the construction of reservoirs and diversion dams and main-line canals; in the conservation of flood waters; in the conservation of artesian waters now allowed to go to waste.

(*b*) Aid to overcome the alkali threatening the lower lands in some rich and fertile districts of the State.

(*c*) Organization of an immigration bureau, with sufficient appropriations to enable its agents to aid the landless man to get upon the manless land, and to encourage the home seeker to settle in our country. This is the method used by Canada and Australia, which countries are getting thousands of our best American citizens.

Summing up, therefore, we feel that the principal needs of our farmers in Arizona are for fuller investigational service in connection with the many and new agricultural conditions of the Southwest; for a development of educational facilities along agricultural lines; for closer and more complete organization of the farmers into associations for the purpose of water development, marketing of crops, and mutual improvement; for better credit facilities in connection with the marketing of crops and the conduct of general farming operations; and for special service in solving local problems in irrigation, reclamation of alkali and other lands, and colonization.

Committee appointed by Gov. G. W. P. Hunt to report on the agricultural needs of Arizona.

ANDREW KIMBALL, *Chairman.*
R. H. FORBES, *Secretary.*
W. K. BOWEN, *Member.*

ARKANSAS.

STATE OF ARKANSAS,
Little Rock, August 22, 1913.

DEAR SIR: I am just in receipt of yours of the 14th instant asking that I appoint a committee of three to prepare a brief statement as to the agricultural needs of Arkansas. In reply beg to advise that I have this day designated Mr. F. W. Brodnax, of Van Duzer, Ark., Prof. G. A. Cole, Russellville, Ark., and Dr. M. F. Dickinson, Walcott, Ark.

Yours, very truly, GEO. W. HAYS.

NOTE.—Report has not been submitted.

CONNECTICUT.

LYME, CONN., *December 24, 1913.*

The committee of three appointed by his excellency S. E. Baldwin, governor of Connecticut, with instructions to report directly to your commission upon agricultural conditions and needs in Connecticut, has attended to its duties, and would respectfully report as follows:

The first settlers to make permanent homes in Connecticut seem to have been attracted by the river and the fertility of its valley, and for 200 years the principal industries of the colony and State were either agricultural or maritime. Mechanical pursuits were always congenial to the people, however, and during the nineteenth century, with the rise of the factory system, these attained to a prominence which has made Connecticut, in spite of its relatively small area, one of the great manufacturing States of the Union. The assurance of steady work, good wages, and the chance of advancement naturally tended to win enterprising and ingenious men from the farm to the factory. Thus it has happened that causes within the State have tended to diminish interest in farming.

Meanwhile causes without tended to discourage it. Hay, for instance, and other products of new western lands came into competition with home produce which, though of excellent quality, had to be laboriously and expensively cultivated; and the fattening of cattle for market, which in the period of the Civil War was a thriving industry in some parts of the State, could not compete with the highly organized methods of the great packing houses.

Furthermore, large portions of the State have become in a sense suburbanized, farms along the seashore and among the hills have given place to the large estates or small holdings of summer residents, and considerable numbers of men skilled in farming have been employed in their care. These men are still engaged in rural pursuits, but agriculture as a means of livelihood has become a secondary matter with most of them.

These and other causes brought about a steady decrease in both the quantity and quality of Connecticut farming during the later decades of the nineteenth century. In 1910, 70.9 per cent of the land area of the State was in farms; but there had been a decrease in total farm acreage from 2,312,083 to 2,185,788 acres since 1900. There had also been a decrease in the acreage of the average farm from 85.8 to 81.5 acres—a change by no means unfortunate in itself. At the same time, however, the value of farm property, including land, buildings, implements, and animals, had materially increased from $113,305,580 to $159,399,771. This change in values may be said, roughly, to indicate the change in the attitude of the people toward agriculture. Within the last decade there has been a marked awakening to the need of better farming and the chance which it offers for making not only a living but a life.

Connecticut farms are generally cultivated by the owners. In 1910, 23,234 farms were managed by their owners, 942 by salaried managers, and 2,632 by tenants. Dairying is upon the increase; renewed attention, thanks to the persistent teaching of the State's agricultural college and experiment station, is being given to orchard products, which climate and soil both favor, but which have been generally neglected. The raising of sheep and the fattening of cattle are also being widely advocated, and when the problems of a proper protection of the former from the ravages of dogs, and adequate marketing facilities for both are solved, there is bound to be a substantial increase in the number and value of live stock.

Connecticut has an admirable system of mutual savings banks, no joint-stock company being permitted to use the name "savings bank," and these have long been a chief resource of the farmer and small householder desiring loans on real estate. Furthermore, mortgages on Connecticut real estate are free from both State and local taxes, an arrangement which inures to the general advantage of borrowers. The rate at which savings banks lend on mortgage is about 5 per cent, and on good security money from private lenders can generally be had at a rate varying from 5 to 6 per cent. The mortgage note is usually a demand note, and fees or commissions are rarely burdensome. Some banks provide that sums of not less than $100 may be paid at any time upon these notes. The facilities of the Connecticut farmer for long-time credit may therefore be said to be fairly adequate—provided he has clear title to his land—except that the long-time loan with provision for amortization is practically unknown.

The small farmer's facilities for short-time credit are much less adequate. The chattel mortgage is not in favor either with bankers or reputable private lenders. Some farmers in need of credit are carried by the country merchants during the period of making their crop, but it can scarcely be said that the method prevails as a general makeshift for banking. The frugal and well-to-do farmer usually has his bank account, enjoying much the same credit facilities as the merchant, and no man has better standing with his banker. It is, moreover, encouraging to note that some banks are trying to increase their business among farmers, to their mutual advantage. One strong country bank known to your committee reports that within five years it has doubled its business with farmers; that it is now paying over its counter a million and a quarter of dollars to them every

year; that they represent one-half of its customers; that it generally lends at 6 per cent on two-name paper; and that during this period it has not lost a dollar on these loans.

The small credit union of the Raiffeisen type is, of course, almost unknown, except among the Jewish farmers, who have four rural credit associations, situated respectively in Fairfield, Ellington, Lebanon, and Colchester. Authoritative reports are not at hand, but it is understood that the members of these small credit banks are permitted to borrow capital from the Hirsch funds and then to lend it among themselves for productive purposes. It is possible that the key to the problem of this sort of credit for farmers of very small means may thus be furnished by the foreigners, who are steadily taking up the remoter farming lands of the State.

There are a few if any cooperative societies in the strict sense for either production or distribution, nor is the nature of these societies generally understood.

Schools vary from the very good to the pretty poor, but the quality of the latter is being steadily improved by State supervision, the growth of public opinion, and the general insistence upon professional training for the teachers. The fact that so many children in rural communities are obliged to go to larger centers in order to complete their high-school courses has its unfortunate side. While the training in the larger schools often rouses their ambition, it has also a strong tendency to divorce them from the country when in search of a field wherein to exercise it.

These are the conditions. The needs may be summed up as follows:

1. Better acquaintance with the methods of good farming, and the opportunities for it in Connecticut. The agricultural college is doing something to meet this need. Its work should be supplemented by rural schools which should do for country boys and girls what the manual training and trade schools do for the children in towns.

2. Intelligent cooperation among farmers for the purposes of using the most approved methods and machineries of production, for the standardization of product, and in particular for more efficient and economical marketing in the great centers of population which are so near to Connecticut.

3. More careful study by the farmers of the credit problems involved in their work and what farmers elsewhere are doing to solve them, and an effort on the part of bankers to cultivate more carefully the field which the farming population offers. It seems to your committee that the credit facilities of Connecticut are already of such a character that a wise extension of their use would go far toward meeting the needs of the people; and that it is doubtful whether credit unions of the Raiffeisen type would find congenial soil among our farming population, especially if these unions were characterized, as is usual, by the unlimited liability of the members.

4. Such modification of both law and custom as will make possible long-time loans on land with amortization, thus encouraging the borrower constantly to better his position by small, regular, and required partial payments, and by the prospect of a complete and easy discharge of his debt at the time of his note's maturity.

Whether to accomplish this most effectively it will be advisable to organize an institution of the landschaft type and issue bonds against these mortgages the committee does not undertake to say. If this were to be done, a simplification of our methods of land registration and the adoption of something like the Torrens system would be needful, and there would be need of further simplification of our customary foreclosure proceedings. The committee regards the former as desirable in any case; concerning the latter there is room for two opinions.

EDWARD M. CHAPMAN,
WALTER LEARNED,
E. O. SMITH,
Committee.

DELAWARE.

STATE OF DELAWARE, EXECUTIVE DEPARTMENT,
Wilmington, Del., October 14, 1913.

DEAR SIR: In reply to the second paragraph of your letter of August 14, I am inclosing you herewith a letter from the president of our State board of agriculture.

Mr. Newton is so well acquainted with the needs and interests of our farming community that his information alone is as fully comprehensive as any which I might receive from a committee of three, as suggested in your letter.

Very truly, yours,

CHAS. R. MILLER,
Governor State of Delaware.

STATE BOARD OF AGRICULTURE, OFFICE OF THE PRESIDENT,
Bridgeville, Del., September 22, 1913.

Hon. CHARLES MILLER, *Governor of Delaware.*

DEAR SIR: Replying to your letter of August 20, inclosing communication from the Permanent American Commission, I have the honor to say that in my opinion the agricultural needs of Delaware include the following:

First. More capital for the farmer.

Second. Cheaper and better transportation for farm products.

Third. A better system of education for rural people, including direct instruction for farmers already on the land, and instruction in practical agriculture for the farmers' sons and daughters now in the rural schools.

I realize that it is one thing to state a need and quite another thing to offer an adequate solution of the problem of supplying that need. The problem of education is the fundamental one. If the men and women now on the land in Delaware were educated to a high degree of efficiency and to the advantages of cooperation in developing their several communities, and in working together to establish and maintain agencies for securing greater credit and greater capital and better facilities for marketing their produce, all other problems could be solved in a short time. We need a system of education that would give the farmer more direct information that he can apply in his everyday practice on the farm, and that will arouse him to make the best of the opportunities that lie at his door, and give him that breadth of vision that will cause him to unite with his fellows in developing community interests, and bind farmers together for financial, social, and moral welfare. Such a system of education needs the direct help of the Federal Government cooperating with State governments and local organizations. This help would be furnished by the passage of what is known as the Page bill in the United States Senate.

Transportation facilities include all that is necessary to take the products of the farm to the door of the consumer. This begins with the haul from the farm to the railroad or wharf, and, therefore, includes the necessity of good roads. The States need the assistance of the Federal Government, and a liberal appropriation of Federal funds would afford the needed encouragement to the much more general building of permanent roads.

There is at present too wide a margin between the price of farm products received by the farmer and the price paid by the consumer. To reduce this difference is a serious problem and one full of difficulties. The Bureau of Marketing, now a definite part of the United States Department of Agriculture, working in conjunction with the Interstate Commerce Commission, seems to complete the Federal machinery necessary for the solving of this problem. The State should enact legislation that will make Federal and State cooperation effective. An efficient commission, clothed with adequate powers, would probably be the best way to secure the desired results.

The problem of more capital for the farmer is a very complex one, but I hope that this country will be able to establish an adequate system of rural credits that will do for the farmers of America what the rural credit systems are doing for the farmers of Europe.

Very truly, yours,

O. A. NEWTON, *President.*

FLORIDA.

STATE OF FLORIDA, EXECUTIVE CHAMBER,
Tallahassee, November 5, 1913.

DEAR SIR: Replying to your letter of the 23d instant, will say that I have been making some inquiry as to suitable parties to serve upon the committee of three from Florida to make suggestions as to the needs of this State, and think that I now have the three in mind whom I will name. Before naming them, however, I would like for you to kindly write me more fully as to the matters to be considered by the committee. I desire this information that I may furnish it to those who are appointed.

Yours, very truly,

PARK TRAMMELL, *Governor.*

NOTE.—Report has not been submitted.

GEORGIA.

STATE OF GEORGIA, EXECUTIVE DEPARTMENT,
Atlanta, October 30, 1913.

Ordered, That the following persons be, and they are hereby, appointed a committee from Georgia to work with the Permanent American Commission on Agricultural Finance, Production, Distribution, and Rural Life, the investigations to be made without expense to the State of Georgia: Prof. E. C. Branson, Athens, Ga.; C. W. Hillhouse, Esq., Sylvester, Ga.; I. A. Smith, Esq., Tennille, Ga.

JOHN M. SLATON, *Governor.*

By the Governor:

A. H. ULM,
Secretary Executive Department.

THE NEEDS OF GEORGIA FARMERS ALONG THE LINE OF CREDITS, PRODUCTION, MARKETING, AND COOPERATION.

[Report of committee appointed by the governor of Georgia on needs of Georgia farmers along the lines of credits, production, marketing, and cooperation. Addressed to Hon. John M. Slaton, governor of Georgia, for transmission to American Commission on Finance, Production, Distribution, and Rural Life.]

To his excellency Hon. JOHN M. SLATON, *Governor of Georgia:*

We, the undersigned, the committee appointed by your excellency to report on conditions affecting agricultural credit, production, marketing, and cooperation in Georgia, beg leave to submit the following report for transmission to the American Commission on Agriculture, Finance, Production, Distribution, and Rural Life:

It is evident that there is something wrong with the facilities for borrowing money on farm lands in Georgia. We find that the rate of interest demanded and collected on loans to farmers is higher than is charged to other classes of business. As a rule the farmer is the last to be supplied, and many times he is denied loans that he needs to tide him over his financial difficulties, even at a rate of interest higher than he should pay.

No greater blessing could come to the farmers of Georgia than the installation of a system of land mortgages, or land bonding, that would bring money to our farmers and landowners for a long period of years at a low rate of interest, upon the amortization plan of the Old World countries, with the privilege of paying a part or all of the loan as soon as they desire.

Our farmers are willing to pay a reasonable rate of interest on borrowed money, but it is not right that they should be required to pay more than other kinds of business.

States, cities, and corporations sell bonds at low rates of interest. Why can not the farmer do so on his lands? We must admit that lands are the safest security that can be offered.

If the farmers of Georgia could get plenty of cheap money to finance their farms, there would not be so many of our young farmer boys leaving the farm for the cities.

And this desertion of the farm regions is something that must be checked, or our Georgia farms will be left to tenants, which is a bad condition for any country.

The best developed and most progressive countries of the world are those that have the most farmers owning their own farms and operating them personally.

This was very clearly shown in the investigations made by the American Commission while studying agricultural conditions in Europe this last summer. It was shown that the country that had the most individual landowners was best agriculturally. But also that it was best for all other lines of business as well as best for the State and the Nation.

Another fact brought out by the American Commission while in Europe was that land bonds bearing the same rate of interest as Government bonds were quoted higher on the stock exchanges than Government bonds.

Why can not the farmers of Georgia float land bonds as cheap as the Government can float its bonds?

SHORT-TERM CREDITS.

Many of the farmers who own their own lands, as well as thousands of farmers who have very little or no property of any kind, need what is styled short-term credits, say, from 6 to 12 months, at low rates of interest, for purchasing cash supplies, fertilizers, seeds, and implements and to pay for labor.

Our farmers need a cheap, safe, and elastic form of credit.

If this class of farmers could command short-term loans at low rates of interest, it would work wonders in upbuilding agriculture. In addition it would bring new life to business in every line of commerce. It would add to the general prosperity of Georgia.

Georgia is a land of small farmers. One hundred and forty-seven thousand, or more than half of our farms, are less than 50 acres in size.

We believe that short-term, cheap, safe, and elastic credit can be secured by our farmers by the organizing of rural communities into cooperative credit unions.

But these credit unions need the help of the Government. At present the cheap money our farmers need can not be borrowed from private lenders or State or national banks. The Governments of the Old World countries are doing for the farmers just what we are here asking for our farmers at home.

PRODUCTION AND MARKETING.

The production and marketing of farm crops are so closely allied to farm finance that they can not be separated.

Our agricultural experts have been giving us lectures and written articles on how to produce more crops per acre, but very little about how to establish better marketing conveniences, arrangements, and facilities.

For example, take our Georgia melons. We sell many carloads containing 1,000 melons each for $50, or 5 cents apiece, when the same melons bring in New York, Chicago, or Cincinnati 25 to 50 cents apiece.

Georgia cantaloupes often net our farmers only $1 per crate, or, say, 2 cents apiece loaded in cars, but the same melons cost the consumers in the city cafés and hotels 10 cents for half a melon, or 20 cents each.

Our farmers often sell sweet potatoes at from 30 to 40 cents a bushel, while the consumers in large cities pay from $2 to $2.50 per bushel for them.

To illustrate further, we quote from an address of Prof. Sidney E. Mezes, president of the University of Texas, on "The gross injustice of our present marketing system."

He points out the fact that at Laredo, Tex., in the onion-growing district, one day a short time ago, onions were sold for 2 cents a pound, and the next morning the same onions were sold in the open market at Austin, Tex., at 15 cents a pound. Again, tomatoes were sold by the farmers one day at two-thirds of a cent each in Palestine, Tex., and the next morning consumers paid 5 cents apiece for them in the market of Austin.

In each instance cited, the producer received only 13 per cent of the selling price, while 87 per cent was divided between the transporters and the traders.

The glaring injustice of such a system is made more apparent by comparison with the result of cooperative marketing in Denmark.

In that country the cooperative society collects, sorts, and packs the product for 3½ per cent, ships and sells for 4 per cent, and leaves the farmer 92½ per cent of the final price paid by the consumer.

Denmark is about one-fourth the size of Georgia, and has about the same population. But Denmark is not only self-sustaining in home-raised food and feedstuff, but exported last year $110,000,000 worth of farm products.

Germany is about the size of Texas and contains 68,000,000 people, or about 17 times the population of Texas. But Germany produces 95 per cent of all products consumed by her people, while Texas imports $2,000,000 worth of meat alone.

Georgia and Texas do not begin to raise what the people at home consume. Each State imports millions of dollars worth of food and feedstuffs.

All or most of these supplies could and should be produced at home.

In Denmark and Germany the farmers are organized and work cooperatively in buying, selling, and banking.

Georgia farmers will never spell out the problems of markets and finance without similar organization and effort.

The farmers of Georgia every year create wealth amounting to some $300,000,000, but they operate too largely upon credit, pay ruinous rates of interest to bankers and profits to dealers, sell their products at the lowest prices, and buy what they need at the highest prices.

As a necessary result the left-over cash balance left in our country counties from year to year is a meager reward for the work and worry, toil and sweat of the year.

Our country people get discouraged, young and old, and flee into our cities.

THE BETTERMENT OF RURAL LIFE.

When Georgia farmers solve their problem of labor, markets, and finance as Denmark, Germany, France, and many other European countries have done, rural life will improve, and not otherwise. Neither Georgia nor any other State can thrive with fat cities and a lean countryside. Farm life in Georgia must be more profitable and prosperous.

Being better off does not necessarily mean being better, but no country on earth has ever built a great civilization out of a chronic economic deficit.

One of the needs of Georgia farmers is capable leadership in the organization of cooperative unions for self-help. Our farmers need to be led into a financial system that can and will furnish them with ample capital at low rates of interest; if not through the Government, at least under Government control. Their borrowings ought not to be subject to recall in time of distress.

With long-term credits on farm lands, short-term credits on personal securities, and a proper marketing system, our farmers will not only produce wealth more abundantly, but they will have more money in hand at the end of the year for church and school support, for better roads, for more attention to public health and sanitation, and for more home comforts and conveniences for our farm wives.

They will build better homes; they will have better live stock, better country roads, better schools, and better houses of worship.

They will have in their homes more newspapers, magazines, and books, more telephones, and more labor-saving devices to lessen the drudgeries and burdens of wives and mothers.

We need some system for the validating and registering of land titles—a system that will perfect deeds to land and give them assured value as security for loans.

Our bankrupt, homestead, and exemption laws need to be remodeled. Agricultural credit needs to be cheapened and facilitated.

If imperfect, doubtful deeds to land were eliminated, the farmer could obtain the credit he is now refused, and at lower rates of interest, and hardly so otherwise.

SUMMARY.

First. We find that credits cost farmers too much.

Second. We believe that some system of rural credit banking, based on European models but adapted to American conditions, should be devised for our farmers.

Third. There is great need for short-term credits to enable farmers to make their crops, and lower rates of interest, whereby they can work on a cash basis and escape from our present ruinous credit system.

Fourth. Also we need a long-term land-credit system, with a low rate of interest, under an amortization plan, in order to extend and improve our farm operations.

Fifth. We believe our system of taxation should be reformed so as to stimulate home and farm ownership; that the inequities of our tax system should be removed as rapidly as possible and the farmer relieved of the unjust share of the tax burden he is now bearing.

Sixth. We believe that our present lack of market arrangements, conveniences, and facilities for all crops whatsoever, save cotton, is largely the cause of our ruinous neglect of home-raised food and feed stuffs.

As a result our Georgia farms produce $300,000,000 of wealth every year, and nine-tenths of it—a king's ransom—immediately vanishes to purchase supplies that we could have raised at home.

Seventh. We believe that the main dependence of our farmers must be upon self-help through cooperation, but also that the State, through its agricultural agencies, should educate and stimulate the farmers in their cooperative efforts to solve the problems of farm labor, farm credits, and markets. We believe that the retention of farm wealth is just as important as the production of farm wealth, that the farmer is fairly entitled to a larger portion of the consumer's dollar, and that the authorities and agencies of Government are righteously bound to aid in freeing the farmer from economic injustices.

Eighth. We believe in the remodeling of all laws that stand in the way of cheaper farm credits.

Ninth. We need a system of legal validation and registration of land titles, the Torrens law or some such laws as nine other American States now have in force.

Tenth. We believe that money should be current in sufficient volume to serve the needs of every legitimate business that offers safe collateral and that farm land is the best security known among men.

Respectfully submitted.

E. C. BRANSON, *Athens, Ga.*,
C. W. HILLHOUSE, *Sylvester, Ga.*,
By C. W. HILLHOUSE, *Tennille, Ga.*,
Committee.

IDAHO.

STATE OF IDAHO, GOVERNOR'S OFFICE,
Boise, October 28, 1913.

MY DEAR SIR: I am in receipt of your letter of the 23d instant with reference to the naming of a commission for the purpose of reporting the needs of this State to the American Commission, which has made a study of the European system of rural credits and is now about to make certain recommendations which are intended to meet the needs of rural America.

I am referring this matter to a committee which I have recently appointed for the purpose of studying this question from the point of view of State laws. The chairman of this committee is Mr. Charles A. Sunderlin, of Burley, Idaho, and I shall request him to correspond with you at once and to submit a report as soon as practicable.

Yours, very respectfully,

JOHN M. HAINES, *Governor.*

MOSCOW, IDAHO, *January 31, 1914.*

Mr. CHARLES A. SUNDERLIN,
Burley, Idaho.

DEAR SIR: In compliance with your request in asking for a report of the agricultural needs of Idaho, I beg to state that this subject is one to which I have given a great deal of attention and much thought.

Idaho, as you know, has many problems peculiar to itself, in that the geography is peculiar, the climatic conditions in the different sections of the State are extreme and variable, the soil, while in general the same as some of the adjoining States, yet in many instances it is peculiar to Idaho. In addition to all these peculiar and variable factors in our agricultural problems, the past 10 or 12 years has seen our population increased by about 130 per cent. Large bodies of land have been reclaimed by irrigation in the south, and other large bodies of timberland have been cut over, leaving some hundred thousand acres of available agricultural land as soon as the stumps and small timber can be removed.

This large development has brought with it a number of serious and peculiar problems. Our greatest development has been in the southern part of the State in the valley of the Snake River. Not only has several millions of acres of land been made available for intensive agriculture through the large irrigation projects that have been completed and under process of completion, but a large number of towns and cities have been built in order to accommodate the trade and commerce developed through the largely increased agricultural development. Roads have had to be constructed, schoolhouses built, and all other improvements contingent upon a rapidly growing rural population.

The large majority of the settlers who have come to reclaim the land were men who had no previous experience with irrigation farming, and the majority of them with a limited amount of capital. The result has been that while a tremendous effort has been made, the agricultural situation at the present time in this State, in the north as well as in the south, is very critical.

Our soil in southern Idaho is lava ash, peculiarly rich in inorganic plant food, but very deficient in organic matter, and particularly the nitrogenous compounds. As this sort of soil, and the climate, and other conditions are very favorable for alfalfa growing, and as this crop more than any other tends to supply the deficiency in nitrogenous compounds, our people have gone very largely into alfalfa growing, with the result that we have had an oversupply of alfalfa hay and no markets to which the surplus could be shipped at a profit.

In many sections we have favorable conditions for fruit growing, and many of the new settlers have rushed into this business. As is well known in the fruit business, particularly the pomological fruits, a number of unprofitable years must be passed while the trees are growing and developing. This particular line of agricultural effort, therefore, has not been financially successful up to the present time.

As I see the situation at present, the great agricultural needs of Idaho are as follows:

First. Some means must be devised whereby settlers on Carey Act projects may receive early title to their lands, so that they may be enabled to give some security for borrowed capital, which they must have in order to develop their property and make payments on their water rights.

Second. Some means provided whereby the agricultural interests may secure long-time loans at reasonable rates of interest.

Third. Increased possibilities for the manufacture of raw material into finished products.

Fourth. The working out of some practical scheme for utilizing the by-products of the stumps on the cut-over lands of north Idaho, so as to lessen the cost of clearing the land and bringing it under cultivation.

Fifth. The development of industries other than agriculture, in order to furnish near-by markets for agricultural products.

Sixth. A marked modification in the long and short haul clause of railroad rates.

Seventh. Liberal Federal and State aid in the matter of practical agricultural education for the farmers through demonstration farms, county field agents, county agriculturists, and correspondence courses in practical agriculture.

These I believe to be the principal agricultural needs, and it may not be out of place to discuss them briefly.

EARLY TITLE TO CAREY ACT LANDS.

A very large percentage of the holders of Carey Act lands at the present time are being forced to sell their interest in these lands by the necessity of making regular annual water payments. Having no title to the lands they are not able to secure loans in order to develop their land and bring it under cultivation and crop productiveness. I know of no greater aid that could be rendered to the agricultural interests, particularly of southern Idaho, than that some steps should be taken at once to grant title to these Carey Act lands as soon as final proof of entry has been made.

LONG-TIME LOANS.

At the present time it is absolutely impossible for the new settlers in Idaho, either in the north or the south, to purchase live stock, to consume their raw products of hay and grain, at the exorbitant rates of interest that is charged them, and also upon the short-time loans that is required by all banks. No farmer can afford to buy dairy cows, or other stock, no matter how favorably he is situated, if he has to borrow money at 12 per cent interest, with notes running three to six months. He is doomed to failure under such conditions, though otherwise very favorably situated.

THE MANUFACTURE OF RAW MATERIAL INTO FINISHED PRODUCTS.

Idaho's population is now, and probably will be for many years, a rural one. It will be many years before we will be in intimate relation with any large center of industry. Freight rates and middlemen's profits on raw material will render it impossible for farmers marketing grain and hay directly from their farms to ever realize a reasonable profit on such a system of farming. Every effort should, therefore, be made to assist the farmers in feeding their grains and fodders to dairy cows for the production of milk, butter, and cheese, and to the growing and finishing of beef cattle, hogs, and sheep, and to supply the State's demand for these finished products, which are now largely shipped from eastern centers.

CLEARING STUMP LAND.

Our State has probably a larger proportion of timber land at the present time than any other northwest State. A good many thousands of acres of valuable agricultural land is now utterly useless, owing to the fact that the cost of clearing these lands of stumps is greater than can be borne by the settler. In fact, under our present methods, it costs more to clear the land of these large pine, fir, and tamarack stumps than the land itself is worth. Every effort should be made to encourage investigation and research into the matter of perfecting some system whereby a very large percentage of the turpentine, tar, and other by-products contained in these stumps may be utilized and conserved in the eradication and destruction of the stump, and in this way lessen very materially the cost of clearing the land. There are encouraging prospects that something may be accomplished along this line from the investigation now being undertaken by the State and Federal Government.

DEVELOPMENT OF MANUFACTURING AND OTHER INDUSTRIES.

The ultimate success resulting from the efforts of our farmers in the State of Idaho must depend upon the building up of other industries within the State. As long as our agricultural products must be shipped such long distances to reach industrial centers of the East, and so long as the products from these industrial centers must be shipped such long distances to supply the demands of our people for manufactured products, just so long will the profits from the farmer's labor and industry be reduced to the minimum. Transportation charges and middlemen's profits will consume the principal part of what should be the producer's profit. Every effort should be put forth to encourage manufacturing, mining, and other industries in the State. Idaho is greatly blessed with an abundance of water power; with tremendous supplies of raw material, particularly in the form of lumber and timber. With proper encouragement, there is no reason why a large number of manufacturing plants and industrial centers should not be developed.

LONG AND SHORT HAUL CLAUSE IN RAILROAD RATES.

The people of Idaho, perhaps, more than any other State suffer from this injustice. It seems to me if there is any kind of class legislation that is reprehensible, it is this. Merely because our people are isolated from large centers they must be charged not only the regular rates for transportation, but that they must be penalized an additional rate, seems to me utterly indefensible.

EDUCATION THROUGH DEMONSTRATION AND CORRESPONDENCE.

As before stated, the majority of the farmers of Idaho are new settlers. They had little, or no, experience with semiarid agriculture, and in many instances no experience of any kind in agriculture. The mistakes made under these conditions, where they have no counsel and advice, is extremely costly, and in very many instances deadly fatal to their success. In no other State, perhaps, do the farmers so much need and appreciate this help as they do in Idaho. Every county in the State should be provided with a thoroughly trained and experienced agriculturist. Such a man would be worth thousands of dollars annually to the county. The increase in the value of the land itself, from the success which might be attained through his direction, would many times pay his salary through the increase in taxes which would result, to say nothing of the benefits to be derived to the farmers themselves. Owing to the necessity for investigation into the new system of agriculture which must prevail in this State, there is great need for practical demonstrations as to the different methods of handling our varied soil, the kinds of crop best suited to the different sections, and the proper rotation of the various crops in order to develop the latent fertility of the soil.

These, it seems to me, are the greatest agricultural needs of the State of Idaho, and while they are not given in the order of their importance, yet, all of them must receive attention before the farmers of this State will secure a reasonable profit from the investment of labor and capital that they are now putting into their agricultural enterprises.

Very truly, yours,

W. L. CORLYLE,
Acting President.

ILLINOIS.

STATE OF ILLINOIS, EXECUTIVE DEPARTMENT,
Springfield, September 6, 1913.

DEAR SIR: Referring to your favor of the 9th ultimo, I have to state that Gov. Dunne to-day designated the following as members of a committee to prepare a brief statement of the agricultural needs of Illinois, in conjunction with George Woodruff, the present member: S. S. Smith, Mackinaw, Ill.; Hon. Peter Seibert, Fayetteville, Ill.; Dr. Eugene Davenport, dean, agricultural college of the University of Illinois, Urbana, Ill.

Very truly, yours,

WM. L. SULLIVAN,
Secretary to the Governor.

NOVEMBER 29, 1913.

Hon. EDW. F. DUNNE,
Governor State of Illinois, Springfield, Ill.

SIR: In accordance with your appointment of the undersigned committee to cooperate with the Illinois delegate to the American Agricultural Commission in preparing a statement of the agricultural needs of Illinois, we beg to report as follows:

We believe that the interests of agriculture in Illinois can be best advanced by securing legislation looking toward better business, better farming, and better living.

We feel that better business on the farm can be brought about by the establishment of improved rural credit facilities and the organization of societies for cooperative distribution and cooperative purchase. To this end we recommend the passage of a State or national law permitting of the organization of mortgage banks to handle farm mortgages on the long-time amortization basis and in accordance with the principles developed by European mortgage banks. We further suggest the passage of a general State cooperative societies' act, which will permit of the organization of pure cooperative societies for distribution and purchase.

Better farming, we think, can be advanced by the passage of a Federal law similar to the original Lever bill or by a State law providing for the employment of a farm demonstrator for each county in the State. We believe that an improved drainage law would be effective, and also a law making it compulsory upon the sellers of farm fertilizers to make public the fertilizer contents. The agricultural department of the University of Illinois should unquestionably be given the hearty support of all of the members of the legislature of the State.

Better living involves a better community spirit, better home conditions, better church conditions, better school conditions, and better means of communication. A better community spirit will follow as a result of better business. Better home conditions will result from the increased prosperity that will come from better business and better farming. Better church conditions will doubtless follow the gradual elimination of the poorer churches and the consolidation of the better ones. Better school conditions demand the attention of the State, and we suggest the necessity for a new State law providing for the modernization of country schools and the introduction of vocational courses of instruction. Any such law should doubtless provide for State aid. Better means of communication are being constantly developed, but the State can aid very greatly in connection with good roads, and we suggest that the hearty support of the people of this State should be given to those who are now engaged in good-road work.

All of which is respectfully submitted, sir, for your consideration and that of the American Agricultural Commission, which has requested of you that this information be furnished to it.

GEORGE WOODRUFF,
Illinois Delegate American Agricultural Commission,
E. DAVENPORT,
S. S. SMITH,
Committee.

IOWA.

STATE OF IOWA, EXECUTIVE DEPARTMENT,
Des Moines, August 25, 1913.

MY DEAR SIR: In compliance with your request that a committee of three be appointed by me to make a brief report to the American Commission with reference to the agricultural needs of Iowa, I have named as such committee the following: Hon. John Cownie, Des Moines, Iowa; Hon. F. D. Steen, West Liberty, Iowa; Hon. Eugene Secor, Forest City, Iowa.

Very truly, yours, G. W. CLARK, *Governor.*

THE NEEDS OF AGRICULTURE IN THE STATE OF IOWA.

The governor of the State of Iowa has asked this committee to outline briefly some of the agricultural needs of the State, which needs we herewith set forth along lines of production, distribution, cooperation, marketing, and credits.

The 35,000,000 acres of land of the State, taken as a whole, is a body of more uniformly good land than can be found anywhere else on the globe. It reaches within 200 miles of the greatest grain and live-stock market of the world. Its eastern and its western boundaries are two mighty rivers capable of bearing immense tonnage of navigation. It is crossed by a number of the trunk lines of very important railway systems. Its soil, rainfall, and climate are such that since its settlement by white people no serious crop failure has been experienced. These same conditions operate to make it possible for most products of the Temperate Zone to be produced here in abundance. Iowa is the very center of the corn belt and excels in the production of that cereal. Its people are industrious, law-abiding, and intelligent, and will compare favorably with people of any other part of the world.

Notwithstanding these many advantages, the agriculture of the State has needs of very far-reaching character.

LAND TENANCY.

The most obvious of these needs is the recasting of the present system of land tenancy. At present 40 per cent of the farms of the State are occupied by tenants. Most of the leases run for but one year; a few are for three years, and some for five years. This system of short-term tenancy is bad for the landlord, worse for the tenant, and worst for the land.

The general practice of farm tenancy takes but very little into account the all-important factor of retaining or improving the fertility of the land. No strictures too severe can hardly be employed to condemn the very general practice of depleting soil fertility. The greatest offender is the landlord. It is within his power to bring about a change. The tenant is compelled, because of high rent and the short-term lease, to wring from the land all possible returns. He cares but little for returning any fertility back to the soil, because next year, doubtless, he will move elsewhere. Such a system of tenancy robs the land, deprives the landlord of possible returns, and destroys in the tenant the interest he should have in the soil, the buildings, and other improve-

ments. It makes him careless as to the claims of the school, the church, the roads, and general neighborhood welfare. In short, it makes of him, against his will, perhaps, a citizen who can not discharge his high duties as a member of the Commonwealth.

We need laws, both Federal and State, that will compel consideration of the land in all leases, making it the chief factor of importance, to be followed later by the claims of the tenant and the landlord. We need mandatory laws providing for compensation to tenants for improvement both of the soil and of buildings. And then we need laws and general practice providing a sane, rational, and intelligent system of land tenure, which must place first in importance the claims of the land.

COOPERATION.

Another very serious need of the farmers of the State of Iowa is to learn more generally the advantages of cooperation. They are, indeed, reaping the benefits of cooperation in some instances, namely, in mutual insurance, cooperative creameries, and cooperative elevators. But the great body of farmers of the State are strangers even to these, except the first. The western farmers grew up in isolation on the different farms, each family seeking to produce as many of its necessities as was possible. Self-dependence was almost the predominant and all-important virtue. When other lines of activity developed mutuality, cooperation, and finally concentration, then the farmer still held to his individual efforts, and therefore has fallen behind in the race.

The advantages of cooperation and concentration in all business activities are certain and bring sure reward. The farmer must master them and appropriate them to his business or else he will degenerate toward peasantry. Nothing is more certain than this. But his training and habit of thought has been in the opposite direction. Hence, it will be a slow and difficult task to have him take advantage of this truth.

The great need is for farmers to meet often in social, business, and public meetings, to acquaint themselves more with public procedure of every kind, to develop in themselves more appreciation of their own privileges and power, and then apply modern principles of cooperation and concentration to the management of their business.

MARKETING.

The reports of the Department of Agriculture show that the farmer receives less than half of the price of his products which the consumer pays. The reason for this is that the farmer permits it. He is, on the whole, content to receive the price which the other man offers. The need is intelligent cooperation in collecting, grading, packing, and forwarding his farm products.

Moreover, cooperation on the part of the farmers is needful for the solution of such problems as the schools, roads, transportation, country church, and other public questions. Then, having learned to labor together with his fellow farmers, he must learn to cooperate with the city man to solve questions of community interest. The farmers must learn to insist that their cooperation be taken and even welcomed in the solution of transportation problems, for a great need of Iowa farmers is a more intelligent method of marketing their products. Overabundance of products on certain market days to be followed by other days of dearth of supply is a condition which much harms all the interested parties and also puts the transportation companies severely to the test. A great need is a more evenly distributed supply of products on the market.

In this connection it might be pointed out that a very great need of Iowa is the establishment by the railroads or by the State of a bureau of marketing, which should furnish information in regard to location and kinds of marketable products in various localities. Also, it should collect and furnish information as to localities needing such products. Thus bringing producer and consumer in touch with each other, much local traffic might be developed to the mutual advantage of consumer, producer, and transporter. In thus increasing the volume of traffic lower freight rates ought to obtain.

The working of Iowa farms involves the use of an endless variety and amount of farm machinery. For this the farmers of the State pay out each year an immense amount of money. The manufacture and sale of this machinery and kindred farm supplies is in the hands of an immense combination, which extorts millions of dollars yearly from Iowa farmers beyond what is a paying price.

By combination and concentration, both of manufacture and of sales management, there is a great economy of expenditure in the production of this machinery. But through manipulation these great profits go to the stockholders of the concern. The farmers do not share in the lessened cost of manufacture. In this way immense fortunes are accumulated in a few hands, and the many are compelled to pay tribute to them. This is fundamentally wrong and does not comport with a sense of common justice. What is true of the Implement Trust is equally true of the Lumber Trust, the Packing Trust, and other combinations. The reason for this is

that the farmers permit this state of affairs. They not only sell their produce at the price the other man offers, but they also pay for their supplies the price exacted by the sellers. The Federal Government owes it to the citizens of the State that above-cited conditions be speedily terminated. This should be done not by abolishing combination and concentration of production, but by forcing combinations to give to its customers some of the benefits of economical production. And this could easily be brought about if farmers would cooperate and get in live touch with their Congressmen. A very great need is for Iowa farmers to show more intelligent interest in public affairs.

RURAL CREDITS.

Another very great need of the farmers of the State is cheaper working capital. Not only is much capital needed to purchase the land, but much is needed to stock the land with the necessary live stock, with buildings, with machinery, with many appliances of various devices looking to more economic and efficient production. It is high time that on Iowa farms the buildings and other improvements partook more of the character of permanency. This would lead to great economy in time. The investigations of the Department of Agriculture show that for the year 1912 the farmers of the country paid an average of 7¾ per cent interest for short-time loans. In the division of States of which Iowa is a part the average rate was 8.05 per cent. These rates ought to be and could be nearly cut in half. The census of 1910 shows that the farms of the United States are encumbered to the extent of one-seventh of their value, or a little over 14 per cent. This proves that farm wealth is a very safe foundation for a system of farm credits, if it could only be made possible by sane legal authorization. A system of rural credits similar to the Raffeisen system would prove a great factor in more economic farm production.

FARM ORGANIZATIONS.

While there are in some sections of the State organizations among farmers with meetings at stated times, either in the homes of the members or in the rural schoolhouses, such organizations are altogether too few, and much good could be derived by having a farmers' club in every township or school district in the State.

Cities have their commercial clubs maintained by business men, professional men have their associations, and tradesmen their unions, where their needs are discussed and means taken to promote their own interests. But the farmer stands alone, without any organization whatever, each fighting his battle single handed, and this in the face of organizations in every department with which he transacts business in either buying or selling.

As agriculture is the mainstay of our Nation, leading all vocations or pursuits, it seems to us that our National Government should foster and encourage by substantial aid the formation of organizations among farmers. Such organizations would awaken greater interest in restoring and maintaining the fertility of the soil, the care and feeding of live stock, the marketing of farm products, the purchase of supplies, and would lead to a better social condition among the farmers. To the wives and children especially would these meetings be highly beneficial.

While it is true that we have a State agricultural society, district and county fairs, and farmers' institutes, all largely maintained by farmers, these meetings are held but once a year and can not take the place of local organizations with meetings at least once a month in the busy season, and oftener when farm work is not so rushing.

AGRICULTURAL EDUCATION IN RURAL SCHOOLS.

In many of our cities manual training is now carried on successfully. Both boys and girls have their eyes and hands trained in practical work that will be of great value to them in after life.

There is no training of this kind in our rural schools, and while the children born and reared upon the farms have a wide experience in actual work and owing to their surroundings habits of industry are formed, giving them advantages denied to the children reared in a city, still no provision has yet been made to teach even the simplest elements of scientific agriculture in our rural schools.

A large percentage of the teachers in the country schools have been born and educated in the cities and have no knowledge of or love for agriculture. Consequently the children hear more of the pleasures of the city than of their own home. The result is that a desire for city life is formed in the mistaken belief that life would be more enjoyable in the crowded cities than in the country.

To offset this condition the teaching of scientific agriculture should be made compulsory in our rural schools. At present there are no teachers qualified for this work who can be secured for the salaries paid. Here is a great opportunity for our National Government to provide the means for training teachers for this

work. If better salaries were paid to such teachers and more permanent employment afforded them, they would make a life work of teaching, to the great betterment of the schools.

A change of teacher in the rural schools nearly every term is just as vicious as changing the farm tenant every year. The sooner there is a radical change made and more permanency secured, the better for all concerned.

HIGH COST OF MEATS.

That there is a great falling off in the number of live stock on Iowa farms is well known. One of the main reasons for this condition is the short-term farm lease. While the owner lived on his farm there was more profit in raising live stock and feeding all the grain upon the farm than in selling the grain. By this method much fertilizing matter was returned to the soil and fertility was thereby increased, but the short-term tenant can not afford to keep stock, his tenure being altogether too uncertain. This condition is one of the main factors in the decrease of number of cattle in Iowa, and until there are longer terms in farm leases the shortage will steadily increase, because each year more farm owners leave their farms and move to town.

SWINE PLAGUE.

The breeding and raising of swine for market has been one of the most profitable parts of farm work in Iowa. Of late the swine plague or hog cholera has so decimated the herds that most serious losses have resulted. Efforts in a small way are being made by the National Government to stamp out this disease, but with only partial success; therefore larger appropriations are absolutely necessary, and a more determined effort should be made to prove the efficacy of the serum treatment. Farmers should also be taught and encouraged to provide better quarters and insure more cleanliness in the care of this animal. When the disease breaks out in any locality strict quarantine should be enforced, the sick should be separated from those not yet affected, and no time lost to treat the entire herd.

This is work that our National Government should assume, and with a fixed determination should ascertain the cause and, if at all possible, supply the remedy. To this end, Congress should make most liberal appropriations to educate men for the work of eradicating this disease, and thus add to the supply for the Nation at large.

CONCLUSION.

Recognizing as we do the importance of the work outlined by the Permanent American Commission, and the benefits that may be secured not only by the producer but by the consumer, the former by increased production at lessened cost and the latter by lower prices through cooperation with the producer, we have in the foregoing report endeavored to point the way to a better realization of the possibilities in Iowa.

We must educate the boys and young people on our farms in the principles of scientific agriculture, thereby creating an interest in the work and instill into their minds the great truth that the farm affords opportunity for research and improvement second to no other vocation.

JOHN COWNIE.
EUGENE SECOR.
F. D. STEEN.

KENTUCKY.

COMMONWEALTH OF KENTUCKY, EXECUTIVE DEPARTMENT,
Frankfort, October 25, 1913.

MY DEAR SIR: Yours of October 23, 1913, was duly received.

I note your statement, that the Permanent American Commission planned, through formal resolution, to secure the consensus of opinion as to the agricultural needs of the States of the United States through a committee commissioned by the governors of the States; that 20 governors have appointed committees that have organized to prepare a comprehensive report; and I am requested to appoint a committee of 3 from the State of Kentucky.

I have therefore appointed Hon. Johnson N. Camden, of Versailles, Ky.; Hon. H. M. Froman, Frankfort, Ky.; and Hon. Harry Weissinger, Louisville, Ky.

Respectfully,

JAMES B. MCCREARY,
Governor.

PERMANENT AMERICAN COMMISSION, *Washington, D. C.:*

We, the committee appointed by his excellency, Gov. McCreary, to make a report to you upon the agricultural needs of Kentucky, beg leave to submit the following recommendations:

RURAL LIFE AND EDUCATION.

First. By legislative enactment, elementary agriculture should be required to be taught in every rural school, and the public schools of the smaller towns, in the State.

Second. To that end schools, or courses, of special instruction should be arranged at the agricultural colleges for the education of the rural teachers, and they should be required by law to qualify themselves in elementary agriculture, seed testing, etc., domestic science, hygiene and sanitation, and rural sociology and economics.

It is our belief that for rural-life betterment the open country must undergo a regeneration socially, educationally, and industrially. This demands the most earnest efforts of the best minds of America. All permanent betterment must of necessity be the resultant of the highest and best residential forces working together. Extraneous forces may stimulate and direct, but can not lastingly sustain rural uplift. We know of no better method than the "Community Welfare and Progress Association" as now being organized by the Eastern Kentucky State Normal School. In this connection, in an address on Rural Development Centers by its able and earnest president, Dr. Crabbe said:

> In these organizations it is hoped that the school can be helped to measure up to its responsibilities. Some of the plans are to map a planting plan for the school grounds, make out art plan for interior decoration, show the advantages of directed play, give the fundamentals of agriculture, fruit growing, household science, sanitation and hygiene, rural training, etc. It does not stop here, but goes into the home, anywhere to be of assistance. The farmer will be aided in problems of crop rotation, seed selection, variety values, fertilizer requirements, breeding problems. The housewife will be interested in decoration, cooking, sewing, serving, canning, clean milk, care of children, pure water. It will be a rural organization, by rural folk, for the betterment of the rural community. It will be for the young people as well as for the grown-ups. It is a great movement, and we are going to push it to the limit. We hope during the next year to extend it to every county in the eastern district.

All of this looks eventually to the consolidated graded country school, which we strongly recommend.

Rational recreation and amusement is essential to stop the drift of the young people from the farm to the cities. The consolidated graded school should have one big room, which in addition to being a school or classroom can be used as an auditorium, where receptions, concerts, and other entertainments can be given. Organized effort should be made to establish musical, literary, and other useful societies, and to bring them within this sphere.

A well-known authority on rural economics states:

> The farmer has the most scientific job in America. While the average factory makes use of one or two sciences, the average farm makes important use of half a dozen or more. The farmer must make, save, or lose money by the degree of skill with which he applies the sciences of animal nutrition, animal hygiene, soil chemistry, soil physics, plant nutrition, plant hygiene, to say nothing of curing, housing, and preparing his product. Besides, he must be a gardener, a poultryman, and a fruit grower. The conclusion is the job is too big for one man unaided.

So all present activities for thus educating the producer deserve maintenance and encouragement. There should be an agricultural expert in each county to advise in soil analysis and restoration, cropping systems, and farm-management problems, and to establish demonstration centers. These soil experts should be further qualified and able to be advisors and assist in directing distributional activities for their counties, manage labor bureaus, organize club work, and centralize and simplify the entire system. There should be a systematic coordination and federation of all the forces and agencies that are capable of bettering farm life.

We realize that the strength and power and life of the Nation depends upon the family as a unit. It is essential that the children should have strong home love and their affections entwined in happy home surroundings. The child who does not love home can not be expected to have a love for town, county, State, or nation. Good homes make good citizens and a strong nation. The country boy or girl moves to the city mainly for two reasons—to make more money and to have a more comfortable and a "better time." In order to stop this, rural social conditions must be improved and made as attractive as city life, and farm wealth must be increased through the channels of productiveness and better facilities for distribution.

AGRICULTURAL FINANCE.

One of the greatest menaces to the future stability of this country is the congestion of the cities and the decreasing farm population. Any step on the part of our Government that would give the landless man a home in the country and make him a producer instead of a consumer would be wise and patriotic. The increasing tendency of the tenant system, with its accompanying train of evils to the land and to the disadvantage of the tenant himself, is another grave menace.

In 1880, 25.6 per cent of all farms were operated by tenants; in 1910, 37 per cent. In 1890 the improved acres per farm averaged 72.2 per cent of the whole; in 1910 the improved acres per farm averaged 75.1 per cent, an increase in 20 years of only 2.9 per cent of improved acres. The average debt per farm in 1890 was $1,224, while in 1910 it was $1,715, an increased farm mortgage in 20 years of 39.8 per cent per farm.

We therefore recommend that the States buy and reclaim the waste places and sell in lots of 15 to 30 acres at cost and interest on long-time payments to the small tenant farmer, so he can own his own farm, live on it, and work out the payment.

We have investigated the various rural-credit systems as established in Europe and have come to the conclusion that, for several basic reasons, they can not be introduced in this country as established there. The basis of farm credits abroad is the combining of all the individual farmers, who place a mortgage on the property of all, upon which money can be borrowed by any member. The American temperament, habit of thought, and shifting population precludes that system. We do feel that some farm-loan system should be worked out and adopted by the Government. It is estimated that the annual interest charges upon all farm indebtedness amounts to $510,000,000, while the entire wheat crop in the United States in 1911 was about $543,000,000.

Agriculture bears the heaviest average interest rate (8.5 per cent) of all business enterprises and is the least able to stand it for the following reasons: It is estimated that every 12 years the value of all farm buildings is absorbed by interest charges, that interest charges absorb the value of all live stock every nine years, and every two and one-half years the value of all farm implements and machinery.

As this is a very complicated subject, requiring trained and perhaps technical ability, we refrain from making a definite recommendation; but, in view of the above statement of facts, we urge a careful consideration for this from the bankers, manufacturers, all business men, and Congress. They should assist to ameliorate this condition.

DISTRIBUTION.

This seems to be the crying need in the country at the present time. The proper handling of this subject calls for cooperation of the truest and broadest type. We think the large towns and cities have not been alive to the opportunities they might have seized and the advancement they might have made by reaching countryward through their commercial clubs and chambers of commerce. The city man and the country man should get together, know each other, and work together with increased production and distribution in view. If any commercial club could increase the corn or wheat yield 5 bushels per acre in their contiguous territory, it would benefit their township more than by giving a bonus to secure some doubtful manufacturing enterprise to locate with them. The growth and prosperity of our agricultural cities are entirely dependent upon the well-being of their surrounding farms. The small individual shipper or buyer can not hope for the business consideration and success that accompanies buying and selling on a large scale. The farmers should thoroughly organize and have community centers for buying and selling and distributing; have a central marketing bureau in close touch with each community, agency, or exchange, using the parcel post as a medium of exchange and distribution to the large centers of population. Distribution and transportation are inseparable and transportation is dependent on suitable roads—steam, trolley, and highways. Kentucky's highway system must be improved before proper distribution can take place, in a State-wide sense. We therefore urge the use of convict labor for State highways, and, further, we strongly favor national aid to the State in building highways.

PRODUCTION.

Owing to our rapidly increasing native population and including immigration amounting to over a million souls a year, and with no new lands in the United States for agricultural purposes to speak of, we are rapidly approaching a shortage of food supplies for our own people. The United States Bureau of Census states that in the past decade the total production of all our cereal crops, such as corn, wheat, oats, barley, rye, rice, etc., increased by only 1.7 per cent. That is, 4,439 million bushels in 1899 as against 4,513 million bushels in 1909, whereas the acreage farmed had increased 15.4 per cent during the same 10 years. The same report shows that our wheat export had decreased from 37 to 17 per cent of our total production, and our corn exports have decreased from 9 to 3 per cent of our total production. Yet the price of wheat in the same 10-year period has increased 31 per cent, and the average price of corn has increased 91 per cent during the same decade. The latest Yearbook of the Agricultural Department (1908) furnishes the acreage yields of wheat and corn for 40 years—from 1866 to 1905. Notwithstanding the vast areas of rich virgin soils brought under cultivation in the great West and Northwest in the past 40 years, notwithstanding the abandonment of great areas of worn-out lands in the East and Southeast in the same period, and not to mention the improvements in selected seeds

and the implements of cultivation, the average yield per acre of the two great grain crops, corn and wheat, has not been maintained. The average yield of wheat for the United States increased 1 bushel per acre, while the average yield of corn decreased 1½ bushels of corn per acre, according to the 40-year averages.

In the meantime the population of the United States has increased from 38,000,000 in 1870 to about 90,000,000 in 1910, or an increase of about 137 per cent in 40 years. We have been able to feed this increase in population by having large areas of virgin land to cultivate and by decreasing our exportation of foodstuffs. The time is within sight of those now living when this country will cease to produce enough stuffs to feed its population unless some nation-wide movement is at once inaugurated to restore the fertility of the soil, not merely conserve it. What is the remedy?

The chemists of our agricultural colleges, and particularly Prof. Cyril G. Hopkins, of Illinois, tell us clearly and plainly that almost all soils, even the barren and waste lands, contain enough of the mineral elements potassium, iron, calcium, and magnesium to grow crops. The other necessary elements are obtained through the air and rain, oxygen, hydrogen, and carbon—leaving the two indispensable elements of nitrogen and phosphorus for soil restoration to be supplied by man. The nitrogen and organic matter can be restored to the soil by raising clovers and leguminous crops containing the nitrogen-fixing bacteria in their roots—green crops that can be plowed under thus returning and restoring to the soil the organic matter required for good crops. It is safe to say that almost all of the soils of this country are too acid for the clovers to take hold and flourish. It is demonstrated by Prof. Hopkins beyond dispute or doubt that if crushed and powdered raw lime rock is scattered over the ground, 2 or 3 tons to the acre, it will sweeten the soil, so that abundant clover crops can be raised. Many progressive farmers are using the crushed rock, but the class of men who need it most are too poor to avail themselves of it. So we recommend that the State buy large mountains or quarries of limestone advantageously situated near railways, and install modern crushers; and in order to produce the crushed rock at the lowest possible cost, use the convict labor of the State, and thus sell the product to the farmers at actual cost of production plus transportation. The other remaining element, phosphorus, can be obtained only in a commercial or farming sense from the raw phosphate rock. The world's supply of phosphate rock is very limited, and in our opinion should be nationally conserved. It is estimated by Prof. Hopkins that $5,000,000 worth of phosphate rock is sold in the United States yearly for export which, if retained in this country and used on our farm lands, would produce more than $1,000,000,000 worth of wheat. Man can create and restore nitrogen and the necessary organic matter to the soil, but he can not create the indispensable element of phosphorus.

We recommend, therefore, that the States or the Government have their lands prospected for phosphate deposits, a careful survey made of all territory, and hold them in reserve for our own use, to be sold to the American farmers at cost and interest. We are accustomed to the thought of expending billions of dollars on the Army and Navy, as a matter of national defense, but have not realized that 86 per cent of all manufactured products come from the farm and the soil in a raw state, and that every manufacturer, every merchant, every business man, all good citizens are vitally interested in restoring and maintaining soil fertility. It means the life or death of a nation.

Respectfully submitted.

J. N. CAMDEN, *Chairman.*
HARRY MISSINGER.
H. M. FROMAN.

LOUISIANA.

STATE OF LOUISIANA, EXECUTIVE DEPARTMENT,
Baton Rouge, November 15, 1913.

DEAR SIR: This is to advise you that the governor has, in compliance with your request of October 23 instant, appointed as the committee of three to study and report the agricultural needs of Louisiana the following: Mr. John M. Parker, 816 Union Street, New Orleans; Mr. F. L. Maxwell, Mounds, La.; and Dr. W. R. Dodson, director Experimental Stations, Baton Rouge, La.

The governor hopes that these gentlemen will assist you in your work.

Respectfully, yours,

W. F. MILLSAPS,
Secretary to the Governor.

NOTE.—Report has not been submitted.

MAINE.

STATE OF MAINE, EXECUTIVE CHAMBER,
Augusta, August 20, 1913.

DEAR SIR: The governor wishes me to acknowledge receipt of your letter of the 15th and to inform you that in conformity with your request he has this day appointed the following-named persons as members of the American Commission on Agricultural Finance, etc., to represent the State of Maine: Hon. Harry P. Smith, Augusta; Hon. John J. Roberts, Norway; Edward F. Merrill, Esq., Skowhegan.

Yours, very truly,

GEORGIE C. FALES,
Personal Secretary.

To the PERMANENT AMERICAN COMMISSION:

Having been appointed by his excellency the governor of the State of Maine, William T. Haines, as members of your commission, and having been requested by your director general to prepare a brief and comprehensive statement of the agricultural conditions and needs of the State of Maine, we beg leave to report:

MAINE'S AGRICULTURAL CONDITIONS.

The area of the State is 19,132,800 acres. Of this, 6,296,059 acres are in farms, with only 2,360,657 acres in improved farm lands, which is 124,000 acres less than it was in 1880. We have 60,016 farms, an increase of 717 in 10 years, with about the same average acreage—104.9 acres. This farm land, the buildings thereon, with farm machinery and domestic animals, is valued at $199,271,904, an increase over 1900 of 62.8 per cent, or $76,861,094. The average price of farm land rose from about $8 per acre in 1900 to nearly $14 in 1910. There has been a relative increase in values of farm machinery and live stock. Ninety-five and seven-tenths per cent of all of these farms are operated by owners and managers, with only 4.3 per cent in the hands of tenants, and 41,309 of them are free of mortgage. While the average mortgage debt on farms seems to have increased in the past 20 years 58.8 per cent the average value of the same farms has increased 97.6 per cent, and while the average mortgage debt was given as 36.7 per cent of the value of these farms in 1900, it was given in 1910 as only 29.5 per cent.

MAINE'S AGRICULTURAL NEEDS.

Our agricultural needs are as wide as the needs of the Nation are measured by the greatness and the frailties of human nature and man's ambition, and can only be met as our people are taught and may learn to use their natural abilities and resources, to think for themselves, and to have their minds open to education and cooperation.

Our greatest need is in the expansion of our local market; the greatest development of the State outside of agriculture is bound to be the development of our water powers. In natural water powers Maine leads the world, and we think it has been proven that with the tremendous depletion of the coal fields the natural trend of the movement of manufacturing plants must be toward the supply of natural and cheap power, which we have so abundantly in our undeveloped streams and rivers. This development is surely coming, and whether in the near or distant future only depends on the wisdom and liberality of our laws in welcoming and regulating this development.

Situated as we are on the border and directly in competition, since the passage of the new tariff bill, with the magnificent farms of that section immediately adjoining us in Canada, and of the great Canadian Northwest now in process of development, our needs for a local market will be even greater than in the past.

Our State is about to awaken to an era of cooperation among its rural population, but a wider and more liberal cooperation is needed. The success of the banks and stores of the rural communities is just as essential as the success of our farms.

The geographical location of our larger financial institutions is of necessity in the most congested localities in our State and far away from our farming communities, and therefore the officers of some of our banks have been unable to conscientiously supervise and investigate the conditions of the collateral offered in a manner satisfactory to themselves. They, therefore, have declined to loan money on farms, as they know nothing of the business and have had no means of judging these credits.

Our needs along these lines are for trained men, trained in the knowledge of modern agriculture, in farm values, in agricultural finance, who may be in touch with the banks or financial institutions, and whose judgment can be relied upon to fix definite values on farm property on which it would be safe to loan money.

We need no bounty, no charity, no paternalism; loans are made on money values, and credit is built on absolute worth. Honesty, industry, and character are essentials, but our banks must be built and based on absolute values.

We need these trained experts, who will have the confidence of the financial institutions, whether they be cooperative or not, who can go into a community and advise with the men who will listen to them, as to the best crop to grow, trees to plant, or stock to buy, and by proof of their fitness, by their address and tact, be able to command the backing so that the money would be supplied to do what they advised. This has been done by J. S. Hill in developing the agricultural interests along his railroad lines. It is being successfully done in many States. These solutions which we are offering we realize are ideals, and can only be brought about when the people of the communities have justified themselves for this confidence by showing the necessary integrity and industry and by meeting their promises to pay when due.

Our rural communities are listening attentively and profiting by the advice of men of scientific knowledge who have taken for their life work the study of the needs under discussion. The Grange of our State is doing a great educational work and the State university, with its experiment station, its experimental farms, farm-demonstration work, and corps of earnest and enthusiastic workers, has gained the attention and commands the respect of our people. More money is needed for this work. The general educational board has given us a good start.

The matter of teaching agriculture in our secondary schools has been taken up, and this branch will be carried forward as it can be demonstrated that it has a larger place in the education of our children.

Our needs at certain seasons of the year are for more laborers, especially during harvest time.

Our needs are those of education as to packing our crops properly and marketing them scientifically.

Our needs are for more intensive farming and orcharding.

Our needs are to build up instead of to deplete the fertility of the soil.

We need to build up our live-stock industry; to raise the meat to feed our own people; to market our feed; and keep our soil productive.

We need simpler and cheaper plans to borrow money, but let us first look for security and safety in any new reform.

We need good roads, which will be to us as capital invested.

We need to keep more accurate and better accounts of our crops and expenses.

We need to keep the Ten Commandments and the Golden Rule ever before us.

Then we need to *work* and *think* for ourselves.

MARYLAND.

EXECUTIVE DEPARTMENT,
Annapolis, Md., September 20, 1913.

DEAR SIR: Referring to your letter of August 12, 1913, requesting me to appoint a committee of three citizens of this State to work in conjunction with you as a member of the American Commission representing Maryland, in preparing a brief statement as to the agricultural needs of our State, etc., I beg to state that I have appointed the following gentlemen: Mr. F. de Sales Mudd, secretary, bureau of State immigration, Baltimore, Md.; Hon. Henry M. McCullough, Elkton, Md.; Dr. Richard S. Hill, director of farmers' institutes, Upper Marlboro, Md.

These gentlemen will be duly notified of their appointment, with the request that they cooperate with you in every manner possible.

Yours, truly,

P. L. GOLDSBOROUGH.

NOTE.—Report has not been submitted.

MASSACHUSETTS.

COMMONWEALTH OF MASSACHUSETTS, EXECUTIVE CHAMBER,
Boston, September 4, 1913.

MY DEAR SIR: In further reference to your recent letter on the subject of the forthcoming national agricultural conference at Washington, I have conferred with Mrs. Charlotte B. Ware, who represents this State in the general conference; and at her suggestion I have designated Mr. Wilfrid Wheeler, Mr. Charles M. Gardner, and Prof. William D. Hurd to cooperate with her in the matter of transmitting to your board an account of the local needs of this Commonwealth with respect to agricultural development.

Yours, very truly,

EUGENE N. FOSS, *Governor.*

NOTE.—Report has not been submitted.

MICHIGAN.

STATE OF MICHIGAN, EXECUTIVE CHAMBER,
Lansing, August 12, 1913.

MY DEAR SIR: I have your letter of August 9 in relation to appointing a committee of three to work in conjunction with the delegate on the commission from Michigan, Mr. William B. Hatch, of Ypsilanti. Just as soon as James Helme, dairy and food commissioner, arrives in Lansing I will take this matter up with him. The failure on the part of the legislature to pass an appropriation bill for three commissioners has not worked favorably toward making it easy for me to comply with your wish. However, I will give the matter my best consideration.

Sincerely, yours,

WOODBRIDGE N. FERRIS,
Governor.

NOTE.—Report has not been submitted.

MINNESOTA.

STATE OF MINNESOTA, EXECUTIVE DEPARTMENT,
St. Paul, November 14, 1913.

MY DEAR SIR: Gov. Eberhart directs me to advise you that he has appointed the following-named gentlemen as a committee of three, to work in conjunction with the delegates on the commission from Minnesota:

Dr. L. D. H. Weld, chief of the division of research in agricultural economics, in connection with the University of Minnesota. His address is Minneapolis.

Mr. Hugh J. Hughes, editor Farm Stock and Home, Minneapolis.

Mr. James A. Valentine, banker, of Breckenridge, Minn.

Very truly, yours,

GEORGE F. ANTHIER,
Secretary to the Governor.

THE SITUATION IN MINNESOTA WITH REGARD TO AGRICULTURAL CREDIT, MARKETING, AND COOPERATION.

To his excellency Hon. A. O. EBERHART,
Governor of Minnesota:

We, the undersigned committee appointed by your excellency to report on conditions affecting agricultural credit, marketing, and cooperation in Minnesota, for the purpose of making recommendations to the American Commission on Agricultural Finance, Production, Distribution, and Rural Life, hereby submit our report. The time has been too short for a complete investigation of the problems involved, and our report deals with them only in a general way. The report is divided into two parts: Part I deals with agricultural credit, and Part II with marketing and cooperation. Each part contains its own separate set of conclusions.

I. AGRICULTURAL CREDIT.

The sources of the statements here made are threefold: An investigation by G. P. Warber, of the University of Minnesota, an independent personal investigation by Dr. Weld, also of that institution, and two separate investigations conducted by Farm, Stock, and Home. From these three sources the following facts are derived and the conclusions drawn are based solely upon them:

In 1912 and again in 1913, Farm, Stock, and Home made an investigation of rural-life conditions in the Northwest. The accompanying booklet, Exhibit A, is the result of the 1912 investigation.

The 1913 investigation went into the matter of acreage values and the kind and stability of the business done by the northwestern farmer. The figures for Minnesota show (142 reports) an average of 192 acres per farm and an average value of $67.05 per acre, or a total average valuation per farm of $12,871.60. This valuation per acre is somewhat higher than the 1912 figures, which show $53.50 per acre; this is for land and buildings alone and does not take into account live stock and machinery.

These figures agree approximately with the census figures as given in the United States Census reports of 1910.

Of 160 Minnesota farms reported in 1913, 78 are reported mortgaged. Of this number 33 report the mortgages decreasing. The average rate of interest paid on the mortgage is 6.4 per cent. This rate per cent corresponds fairly well with that reported in 1912 (see Exhibit A), 6.8 per cent for the State average.

As for the general business and credit of the State may be gathered the following facts of crop yield for 1913:

The State agricultural college reports wheat, $63,000,000; barley, $17,000,000; flaxseed, $9,000,000; potatoes, $15,000,000; dairy products, $55,000,000; poultry products, $35,000,000; vegetables, $25,000,000. These are the chief cash sources of income of the Minnesota farm.

Referring to the Farm, Stock, and Home investigation of the farmers' business, we found that of 155 farmers reporting, 122 pay their store bills as they go, and that 25 run bills from early spring until harvest. It is possible that a more complete investigation would show a larger per cent of farmers than is here shown carrying accounts from spring until harvest time. This is especially true in the census report for 1910. Twenty-seven report that the store-bill system is satisfactory, and 54 report that it is not. Of those who pay their bills regularly, 83 use dairy money, 34 use the income from poultry, and 16 draw upon their general farm income to cover this expense. This general survey is necessary to an understanding of the credit conditions which obtain throughout the western and northwestern parts of the State where grain farming is still the prevailing mode of agriculture.

RATES OF INTEREST.

Long-time loans.—Our study of credit conditions shows a marked variation in rates in different parts of this State, with rates varying from a minimum of 5.5 per cent in the southern part to 10 per cent in the northern part. In fact, the State may be roughly divided into two parts: In the southern half the prevailing rate on long-time loans is from 6 to 7 per cent, with the area of comparatively low rates extending toward the northwest into the Red River valley; in the northern half of the State the prevailing rate averages about 8 per cent, with many loans at 10 per cent. The latter rate applies especially to newly settled lands which have been or are being cleared of stumps. In addition to the interest, it often happens that a bonus or commission is required when the loan is made. In other cases interest is deducted in advance. Practice in this respect varies greatly, but it is evident that country bankers often take advantage of farmers by demanding commissions when they believe they can get them.

The rates on long-time loans vary not only in different sections of the State but to a surprising extent even in any given section. For instance, in the southern half of the State, where agriculture is well developed and where diversified farming is the rule, the rates vary from 5.5 per cent (in a few cases 5 per cent) to 7 and 8 per cent. Practice varies even in localities a few miles apart, depending partly on whether there is competition between the banks of the locality, the extent to which landowners predominate over tenants, and the activities of land agents and speculators in boosting the price of land and bringing in new settlers.

Short-time loans.—The variation in interest rates on short-time loans is even more marked than in the case of long-time loans. In general the rate of interest varies from 6 per cent in the southern part of the State to 12 per cent in the northern part. Again, the State may be roughly divided into a southern half, where the prevailing rate is from 6 to 7 per cent, and a northern half, where the prevailing rates are 8 to 10 per cent. Furthermore, there is some extreme variation of rates within a comparatively narrow area. In the case of one bank in the extreme southern part of the State, it was found that the rates on short-time loans to farmers varied from 6 to 10 per cent. The 10 per cent was charged on small loans.

There seems to be no discrimination against farmers and in favor of local merchants in the matter of interest rates on short-time loans. The mere fact that a merchant is a business man does not entitle him to a low rate of interest; the inefficient merchant is charged as much as the inefficient farmer. The fact has been brought out by bankers that the rates to both merchants and farmers in the older parts of the State are fully as low as the interest rates paid by the leading merchants of both Minneapolis and St. Paul on short-time paper.

Agencies from which farmers secure long-time loans.—Although farmers secure their long-time loans mainly through the banks, the funds furnished by the banks come largely from insurance companies and investment companies. There are also many private loaning agencies which handle the funds of insurance companies. Most significant of all, however, as bearing on the question of rural credit is the fact that in the southern half of the State it is very common for farmers to secure their long-time loans from each other. In some old-established sections farmers lend to each other at as low a rate as 4 per cent and sometimes even less. Such loans are often made without mortgage security. These conditions obtain only in sections where farmers are well to do, where the population is homogeneous with respect to nationality, and where there are very few renters. More commonly farmers lend to each other at 5 or 5.5 per cent and require mortgage security. It is evident that there is no pressing need for cheaper money in such communities.

Purposes of loans.—The commonest reason why farmers make long-time loans is for the purpose of buying land, either as part payment for the farm already occupied or for the extension of acreage. Loans made for farm improvements are more apt to be short-time than long-time loans. Little is borrowed for the purchase of land in other localities.

Length of time that loans run.—The usual custom in Minnesota is for mortgage loans to run five years. In the northern part of the State many mortgage loans are made for terms of only three or four years. In the southern half of the State the time is seldom less than five years, and there is an increasing number of 10-year loans. The tendency toward 10-year loans is very marked in some sections, although there seems to be no very great demand on the part of farmers for longer loans. In this connection your committee is advised to compare the results obtained by an investigation made by President F. L. McVey, of the University of North Dakota. This report is available, being published in bulletin form. Of course, many of the 5-year loans are renewed, probably at least half of them. The average length of time that long-time loans actually run, including renewal periods, is probably at least seven or eight years, although we have no definite data on that point.

Most long-time loans do not give the privilege of payment in installments. The contracts for some loans do specify that a certain amount may be paid off at any interest day, and the number of loans containing such privileges is increasing. Experience does not show, however, that farmers are taking advantage of this privilege to any great extent.

Short-time loans run usually from three to nine months. The commonest period is six months, and some banks make a uniform practice of dating their short-time notes six months ahead irrespective of the period for which the farmer is apt to need the money. In the northwestern part of the State it is common for notes to fall due in the fall, often November 1, as representing the time when farmers are apt to be able to pay off loans after harvest time. In such cases the length of time depends on the time of year that the loan is made, usually in the spring or during the summer.

Security for loans to farmers.—In the case of mortgage security, money is loaned up to 35 or 50 per cent of the value of the farm. A fair average would probably be about 40 per cent. In the case of short-time loans the practice with regard to security varies in different parts of the State. In some sections money is loaned on plain notes; in others, two-named paper prevails; in still others, it is common to require additional indorsers. In the northern part of the State chattel mortgages are often required, especially in the case of tenant farmers and new settlers. The rate of interest on such chattel loans is usually the maximum of that section.

CONCLUSIONS ON RURAL CREDIT.

1. Although there is no such dire need of cheaper credit facilities in Minnesota as there was in European countries before cooperative credit organizations developed, yet lower rates of interest would undoubtedly be an advantage to the farmers in many parts of the State. In some sections, where farmers are lending to each other at as low as 4 per cent, there is no great need. In many sections the rates run up to 10 or 12 per cent, and although these rates will come down as the communities develop, their very existence indicates the need of lower rates and suggests the advisability of devising methods for their reduction.

2. Conditions are so diverse, even within Minnesota, that it is not at all certain that any general scheme to cover the whole State, much less the United States, would serve the purpose. At least any general scheme of organization for cheaper credit must be adaptable to local conditions. In this connection, our study shows the value and necessity of such investigations as we have partially made in Minnesota and the necessity of making such investigations for the whole country before any definite program is formulated.

3. The problem of better financing of a community involves not only the country but also the town, and implies a close friendly relationship between the farmer, the business man, and the banker. Hence the success of a rural credit program depends largely upon the avoidance of antagonisms between these interests.

4. In the discussion of this subject we believe that the tenant farmer has not received sufficient attention. The inefficient renter, who shifts from one locality to another, perhaps deserves to be left out of account. We believe, however, that under the present conditions of high land values, it is difficult for the industrious and efficient tenant to acquire ownership of land, and that a system of long-time loans with an amortization feature would be a distinct benefit to such renters.

5. On the whole we urge extreme caution in the development of a program for the betterment of agricultural credit conditions. Conditions here are not the same as in Europe, and they vary very widely within the United States. No form of organization should be definitely recommended until it has been worked out to the minutest detail, and no scheme would be at all safe or feasible unless it be surrounded by the most stringent safeguards. To attempt to get farmers started in the organization of credit associations without such caution and safeguards would be suicidal.

II. Marketing and Cooperation.

The principal products of Minnesota with which marketing problems are concerned are as follows: Cereals, live stock, dairy products, potatoes and other vegetables, eggs, poultry, and fruit. The principal facts with regard to the marketing of each of these products will be reviewed in order, together with a statement of the development of cooperative effort in each case.

Cereals.—The principal cereal crop marketed is wheat. In the early days line elevators secured control of the buying and storing of wheat at country points. Owing to the rapacity of these companies and the intolerable conditions surrounding the whole system, the farmers began building their own elevators about 1889. Since that time farmers' elevators have multiplied until at present there are over 300 in Minnesota. Not all of these are strictly farmers' elevators or cooperative companies; many of them are owned by bankers and business men of country towns. There is no information available as to the number owned strictly by farmers.

In the handling of grain at country points, the farmers' elevator buys from the farmers, and ships grain on consignment to commission men operating in the Minneapolis Chamber of Commerce or in the Duluth Board of Trade. A feeling of discontent with regard to the methods of the Minneapolis Chamber of Commerce has been gradually developing among farmers, who do not believe in dealings in futures, nor in the restriction of membership, and who feel that the chamber is a monopoly. This is evidently stronger in North Dakota than in Minnesota, and the Equity Cooperative Exchange, an outgrowth of the Equity Society of North Dakota, has set up an independent marketing agency, entirely outside of the chamber of commerce, and is marketing grain from farmers' elevators, which it handles on consignment.

The principal weaknesses of the farmers' elevator movement have been poor management and poor accounting methods, to say nothing of the destructive competition offered by line and independent elevators at local points. A careful study should be made of the methods employed by farmers' elevator companies, and of the best systems of accounting.

Live stock.—The usual method of marketing live stock has been for farmers to sell to independent buyers who drive about from farm to farm, and who ship their stock in carload lots to the commission men of South St. Paul and Chicago. This method of marketing is a costly one, inasmuch as the expenses of assembling and shipping from country points can be done more cheaply than through the independent buyer. Live-stock shipping associations have developed since 1908, until there are now about 100 in the State. These not only save the profits of the independent buyer to the farmers, but cut down the actual expense of assembling shipments through the use of the telephone instead of driving about the country with horse and carriage. These cooperative shipping associations are easy to form and easy to manage. They are increasing in number rapidly and will soon be the usual method of marketing stock. The promotion of the work has been done principally by the University of Minnesota and by the Society of Equity.

Dairy products.—The principal dairy product of Minnesota is butter; little cheese is made. In spite of the existence of 864 creameries in Minnesota, a large amount of butter is still made by the farmers and traded at the country store. The greater part, however, is made in the creameries. Of the 864 creameries, 621, or 72 per cent, are cooperative. A great many of these are not cooperative to the extent that they provide for patronage dividends, but they are practically all run on a no-profit basis and may be considered cooperative.

On the whole, the butter industry is well organized; creameries exist in all parts of the State where cows are raised to any extent. There is constant competition between the centralizing plants of the large cities, which attempt to draw shipments of cream away from cooperative companies, but in most places this competition is not severe. Each cooperative creamery markets its product independently, shipping to wholesalers and commission merchants of Chicago and New York. A selling association comprising a part or all of the cooperative creameries, with a distributing point in New York and perhaps other eastern cities, would undoubtedly result in more efficient marketing.

Potatoes.—The production of potatoes has increased immensely in Minnesota. The principal market for Minnesota potatoes, many of which are used for seed purposes, is in the South. Potatoes are bought direct from the farmers by the wholesalers of Minneapolis and St. Paul, who have warehouses at country points. Some companies have as many as 30 or 40 warehouses in the State, analogous to the line elevators in the grain trade. The farmers suffer a disadvantage in selling to these line houses. Accordingly, they have started cooperative potato warehouses, of which there are probably 15 or 20 in the State. There are about as many more which handle other vegetables in addition to potatoes. These farmers' companies ship on consignment to commission men in Minneapolis and St. Paul. Some are shipping to a cooperative selling agency called the Minnesota Fruit Association, which has not as yet made much headway.

Eggs and poultry.—It has always been the custom for farmers to trade their eggs at the country store, and this custom persists to an amazing extent to-day. Under this system there is no incentive to the farmer to improve his breeds, or to gather his eggs frequently, and he does not receive cash for his eggs. A change has started in within the last few years. There are now about 20 communities in the State that market their eggs through their creameries, while two or three others have organized formal egg-shipping associations. As yet the problem of marketing eggs through egg-shipping associations has not been thoroughly worked out, and the movement has not progressed very far. There is much room for educational work in this field.

In general, poultry is not sold on a large enough scale by Minnesota farmers to have led to any important development in marketing. A large part is traded to the country store just as eggs are. The country storekeeper then ships the poultry to commission merchants, both as live poultry and dressed. Where farmers ship their own poultry it is often poorly prepared and unattractively packed, and it does not bring the best price at terminal markets. There is great opportunity for educational work in this field also.

Fruit.—There are few districts in Minnesota where farmers may be said to specialize heavily in the raising of fruit. There are many farmers scattered over the southern half of the State who raise considerable quantities, but they are relatively scattered, making efficient cooperative marketing impossible. The reason that so many farmers have had to feed their good apples to the hogs has been the impossibility of marketing them effectively. Some large growers have as individuals perfected growing, picking, packing and marketing effectively. There are also four or five cooperative fruit-shipping associations which are doing good work, and there are undoubtedly other localities where specialization has gone far enough to permit of cooperative marketing.

Other cooperative organizations.—Besides the cooperative organizations mentioned above, there are other types which are developing among Minnesota farmers. For instance, there are 12 cow-testing associations; there are any number of cooperative breeding associations which exist for the purpose of the purchase and cooperative use of pure-bred sires; there are also about 12 community breeding associations which promote specialization in the raising of some particular breed; there are also three or four cooperative lumber yards, a cooperative laundry, and many informal types of buying associations. There are also about a hundred cooperative stores in Minnesota, many of which have been organized by the Right Relationship League of Minneapolis, which is a private, and not a cooperative concern.

CONCLUSIONS ON MARKETING AND COOPERATION.

1. The policy with regard to forming new organizations should be extremely conservative. It would be suicidal to attempt a rapid development of organizations. Some organizations, like creameries, live-stock shipping associations, and cow-testing associations are perfectly safe, but local conditions must be very carefully studied even before these forms are permitted to come into existence.

2. The primary need is to place existing organizations on a firm basis. The best possible accounting system should be devised for each type of organization. The University of Minnesota is planning to develop special "short courses" for the managers and secretaries of cooperative organizations, to teach them the principles of marketing and the best accounting methods.

3. For the present, the principal work should be investigational and educational, rather than propagandist. Minnesota has recently passed a law empowering the university to obtain annual reports from all cooperative organizations. This is the first step in the statistical study of the whole field that the university is about to make. Each form of organization and the marketing problems connected with it are being studied separately.

4. Educational work for effective cooperation should include more than practical instruction for those who are managers of existing organizations. It should aim to prepare both the students of agricultural colleges and the students in the public schools for future efficiency in cooperation. Education along cooperative lines has developed in foreign countries; it should be developed in this country, so as to prepare the growing generations for the development of cooperation that is bound to come.

5. Inasmuch as the University of Minnesota has already started to develop this work through the division of research in agricultural economics, and inasmuch as it has trained men who are familiar with conditions throughout the State, it would seem desirable to leave this educational and investigational work to the university, rather than to attempt to create a separate organization to perform these functions. What propagandist work is necessary can be done through the university extension department and through the publication of bulletins.

Respectfully submitted, December 9, 1913, by—

J. C. CALDWELL,
Member of the American Commission from Minnesota.
HUGH J. HUGHES.
JAMES A. VALENTINE.
L. D. H. WELD.

MISSISSIPPI.

MISSISSIPPI, EXECUTIVE DEPARTMENT,
Jackson, October 25, 1913.

MY DEAR SIR: Your letter of the 23d instant is received, and the reason I have not appointed a committee from Mississippi to give a statement of the needs of our State is that I have found it very difficult to secure three men who will give the necessary time and attention to this work.

I have concluded to appoint Prof. J. T. Brooks, of the agricultural college, who also went to Europe last spring and summer; H. E. Blakeslee, commissioner of agriculture and commerce of this place, and Dr. E. N. Lowe, also of this place. But I very much fear they will be unable to give the time necessary to making an accurate and full report. I will say that the needs of Mississippi are very much the same as Alabama, Arkansas, and Tennessee.

Yours, very truly, EARL BREWER.

To his excellency Hon. EARL BREWER,
Governor of Mississippi:

We, your committee appointed to report on the agricultural needs of Mississippi, beg leave to submit the following report for transmission to the American Commission on Agricultural Finance, Production, Distribution, and Rural Life:

One thousand letters were sent out to the various counties of the State to the leading farmers, asking what they considered the greatest need of agriculture in their several communities. Their answers covered the subjects of production, distribution, and finance, and the business and social side of rural life. It was practically the unanimous report that improvements were needed in all these departments of rural activity.

PRODUCTION.

That improved methods of agriculture are needed goes without saying. This will come from better agricultural education through the agricultural colleges, the agricultural press, and through the field workers of the State and National Government. We wish to make an observation just here on the overlapping of the dual agencies representing the State and Federal Governments, working for the advancement of agricultural knowledge among the farmers of the State. It is impossible to secure perfect cooperation between the representatives of entirely different sources of authority. A species of rivalry rather than cooperation springs up, and jealousies lead to friction and antagonism. This has been remarked upon by the Secretary of Agriculture, and applied in State institutions, in the following language:

> Some institutions, like some individuals, get to thinking so much about themselves that they forget the people whom they serve and who make them possible. I could point to State after State where the State department of agriculture is jealous of the State college of agriculture, and is busier watching the advance of the State college than it is with its job of helping the people. I could point to State after State where the State college of agriculture and the State university, created by the same people and maintained for the service of the people, neither is content to find out the job it can do best and do it. It is trying to prevent the other from doing a job it might do.

This observation should be extended to apply into Federal and State efforts for the benefit of the farmers, Through its numerous agents, the Federal Government is interested in purely local activities and is now engaged in organizing a national system for placing an agent in every county for the giving of advice to individual farmers. The over-lapping of the National Government agents in their work with the State Government agents in theirs is an uneconomic method of accomplishing the most good, and leads to disagreeable results—the waste of money, energy, and time—leading to confusion among those for whom the money is expended. The new draft of the Lewis bill does not provide for a change of policy. It is our opinion that all agricultural help from governmental sources should be directed by the State agricultural college. The fund supplied by the National Government should go to such purposes as the Federal Government may direct, but its management and operation should be under the direction of the agricultural college. There should be no Government agent occupying a position that renders him subject to political domination or makes him the agent for strengthening congressional fences by methods less obvious but more effective than the free distribution of seeds.

The State of Mississippi has not less than 10,000,000 acres not yielding their share of production. This is due to lack of proper cultivation and farm management and these in turn are in the main the results of two causes—lack of means, and lack of ownership by the one who cultivates the soil. Only 37 per cent of those who do actual farming in this State own their own land. We doubt seriously that this condition can be more than remedied to a limited degree by all the efforts of agriculturists in increasing the yield under present conditions. Some agencies that will bring the net result for the labor bestowed and a greater interest in the soil

itself must stimulate the moving, renting, and hiring class to become permanently located and in their own homes. This brings us to the business side of farming, which we believe has been neglected more than any other side of agricultural life. Any effort to increase production and the results of production, must be cared for, and this involves distribution and finances.

DISTRIBUTION.

We believe that a fuller development of the division of markets by the Federal Government, and the utilizing of a greater portion of its field workers in giving practical aid in marketing farm products will accomplish more good to producers and consumers than the same amount expended in any other line.

We believe with the conference called by Gov. Glynn of New York, on the same subject on which we are reporting, that "marketing farm products should be taught in all the agricultural schools of the State." This was their recommendation to the legislature. Last year, the report on a commission appointed by the Legislature of New York on the expense of distributing the year's supply for the city of New York stated that $60,000,000 a year could be saved by a better method of distributing the food products alone to the city of New York. It has been estimated by competent authority that enough money is lost each year through distribution from producer to consumer equal to double the entire expenses of the National Government. To wilfully allow this waste to continue is an economic crime. Why should we devote our energies to producing and neglect the consideration of the things produced? This problem is not limited to any State or nation. It is a world wide problem. It is tasking the statesmanship and business acumen of the leading statesmen of every nation. Under modern methods of production and transportation it is a travesty that it costs the consumer so much to get the products from the producer as it does to pay for the product from the producer. There should be a division of the saving between the producer and consumer, each profiting to the amount of many millions each year.

We believe that the exchanges should be required to furnish statements of the sales and purchases, and that the same be published; that they be required to state the original price for which each article sold and the final price secured therefor. By this means the exact points of expense can be obtained and the itemization of the cost of living be made possible. This is necessary for a complete understanding of the problem involved in solving the high cost of living.

FINANCE.

The Department of Agriculture has estimated that the average profit on farming amounts to 5 per cent. If this be true, the average farmer who pays more for his capital than 5 per cent is doomed to bankruptcy sooner or later as a mathematical certainty. When has it ever been that agriculture could be financed for 5 per cent or less in the United States? This, in part, accounts for the increase in tenantry and the decrease in home ownership. Those who are overaverage farmers may pay more for the capital invested and still make a profit. Those who do not borrow capital at all, but are able to go on a cash basis, escape the danger involved in paying high rates of interest. We believe that farmers should have a system of finances and credits adapted to agricultural needs. First, we believe that the farmer needs a time exchange, extending for a year or so, so as to help him perform the carrying function in the marketing of his crop. Second, he needs a system of long-time loans and the payment of same by amortization. He also needs long-time loans to enable him to go into the live-stock business without having to pay all the profits for the use of capital. Third, he should have provision made for the sale of debentures based on land investments that will furnish investments for those who are now absentee landlords and allow the purchase of their land by the tenants. Fourth, he should have the short-time loan, based on the principle of the open account, whereby the individual farmer may have a rating the same as commercial men, the loan to be provided for productive purposes. This will enable him to buy for cash and eliminate the credit system—one of the greatest taxes upon the resources of the farmers of the State. Ninety-five per cent of the business of the country is done without the use of money. This is a system of checking against accounts and credits that enables the business world to carry on its enormous affairs day by day. The farmer has not had a commercial rating and the open-account privilege, and farming as a business exemplifies the result.

If the farmers were allowed to organize credit unions, and these credit unions receive sufficient deposits to answer their needs, they would follow somewhat after Raiffesen models. If the deposits provided for only a portion of their needs, they would probably follow after the Hungarian model. If the deposits were insignificant compared to the needs they would probably follow after the French method.

Whatever system might be provided the various sections should be allowed to conform to the interests of the community. We see no reason why most European nations may successfully use individual character

as a basis of restricted loans for productive purposes, and this country refuse to permit or encourage a system of rural credit which brings out this latent power of applied industry. These credit unions have proved to be safer and more adjustable to local needs than the commercial bank. A signed statement from Dun's Commercial Agency in Austria states that they have not had a single failure of the Raiffesen type of cooperative banks. In Germany, where there are more cooperative unions than in any other country, there are 57 failures of commercial banks to one failure of credit unions.

In conclusion, we feel that agriculture in Mississippi needs applied science in production, applied economics in distribution, and applied economics in finance. We believe that an agricultural State, such as we have, is capable of the highest degree of prosperity and the best type of citizenship under the proper conditions, and we feel that it is a task of the statesmanship of to-day to put into operation the different agencies that may conserve the resources of the State and bring out all the productive activities of the people. We do not feel that this is being done. Should such agencies be applied as we have merely suggested, and not taken time to discuss, we believe that millions of wealth would result that at present is not coming to the producing citizenship of the State, and we do not feel that it would be a burden on the National and State Governments to apply each of these instrumentalities necessary to reach the results desired.

T. J. BROOKS, *Chairman.*

MONTANA.

EXECUTIVE OFFICE,
Helena, Mont., October 27, 1913.

DEAR SIR: Complying with your request of the 21st instant, I have to-day appointed the following committee to represent Montana in pursuance of the purpose of the Permanent American Commission: Alfred Atkinson, Bozeman; A. H. Bowman, Hardin; Joseph L. Asbridge, Roundup.

Yours, truly,

S. V. STEWART,
Governor of Montana.

DEAR SIR: Below you will find a statement of what the Montana committee considers the most pressing agricultural needs of the State:

1. *Better roads.*—The condition of the roads governs, in a large measure, the social life of the country. With large farms, neighborhoods are not thickly settled, so this is especially important here.

2. *Improved farm loan facilities.*—Farmers should be able to get money for longer periods and at lower interest rates.

3. *Adjusted transportation charges.*—Present rates tend to discourage manufacturing development in the State. The farm products are hauled to manufacturing centers and the finished products returned for consumption. Shipping out hay and shipping in dairy products is obviously poor management for the producer and consumer.

4. *Better Federal seed laws.*—Producers of high-grade seeds in one State ought to be protected from the misrepresentation of their products in other States. Also the sort of stuff that may be shipped from one State to another, to be sold as seed, ought to be regulated. At present, noxious weeds may travel over the continent in seed packages.

Respectfully submitted.

ALFRED ATKINSON, *Chairman.*

NEVADA.

STATE OF NEVADA, EXECUTIVE CHAMBER,
Carson City, October 28, 1913.

MY DEAR SIR: I beg to acknowledge receipt of your favor of the 21st instant relative to appointing a committee to prepare a report as to the agricultural needs of the State of Nevada, and in reply beg to advise you that I have this day appointed Hon. Charles A. Norcross, commissioner of the bureau of industry, agriculture, and irrigation; Hon. W. M. Kearney, State engineer; and Hon. C. L. Deady, surveyor general and register of Carey Act lands, members of the committee for the State of Nevada. All of the members of this committee reside in Carson City, Nev.

Trusting your commission will be most successful in its efforts, I am, very truly, yours,

TASKER L. ODDIE,
Governor.

NOTE.—Report has not been submitted.

NEW JERSEY.

STATE OF NEW JERSEY, EXECUTIVE DEPARTMENT,
August 27, 1913.

MY DEAR SIR: Following the request contained in your letter of the 18th instant, I have appointed Hon. Joseph S. Frelinghuysen, Raritan, N. J.; Dr. Jacob G. Lipman, New Brunswick, N. J.; and A. J. Rider, Hammonton, N. J., as a committee to prepare a statement of the agricultural needs of New Jersey to present to the American Commission on Agricultural Finance, Production, Distribution, and Rural Life.

Very truly, yours,

JAMES F. FIELDER.

NEW JERSEY REPORT.

The overshadowing importance of our State industries has, in a large measure, been the cause of the neglect of our farms and farm lands. There was a time when crop and animal production was the chief asset of our State. Throughout the eighteenth and up to the middle of the nineteenth century the forest areas of New Jersey were gradually reduced. Much land was made arable and prosperous farming communities were established throughout north and middle Jersey, as well as throughout the western portion of south Jersey. From decade to decade the first half of the nineteenth century showed an increase in the arable area and an increase in the value of farm products and an increase in the number of live stock kept on the farm.

The economic disturbances brought about by the Civil War and the opening of the western lands to settlement inflicted a serious blow to agricultural New Jersey, a blow from which it might have recovered had it not been for the rapid growth, in the last quarter of the nineteenth century, of the manufacturing industries along the Atlantic seaboard. The thoughts of the young men in the State were directed toward the cities rather than toward the country. There was for many years an unceasing drain of the best blood of the country districts and a constant migration of the ambitious and enterprising young men into the urban districts. This weeding out of the competent and the intrusting of the fortunes of New Jersey agriculture to those not always best fitted to insure its progress have led to decreased fertility of the once productive soils, to the neglect of important farm interests, and to the decay of the farm enterprises that had been in a flourishing stage for many years.

A careful study of rural New Jersey shows that profitable crop production can be more readily carried on to-day than it could have been carried on twenty-five or fifty years ago in spite of the changed conditions. It is recognized by all who have given some thought to this subject that the farm lands of New Jersey, like those of neighboring States, are at present below par. It is safe to predict, further, that a growing realization of the opportunities that exist in eastern agriculture and of the extremely low cost of farm lands in the East will bring to us a rush of farmers from the Middle and Far West. Land values will rise and soil improvements will be undertaken in a more systematic and more extensive manner.

In order to provide for the needs already existing and for the expansion in our agricultural industries that is bound to come, we must devise ways and means for hastening the more rapid development of our agricultural resources. In considering these ways and means we can not fail to agree that our problem concerns both the production of farm crops as well as the transportation and distribution of farm products. It is recognized by all thoughtful men that crop production is but one phase of the farm enterprise. Indeed many farmers fail, not because of their inability to produce average or even large crops, but because of their inability to dispose of these crops to the advantage of themselves and of the consumer for whom these crops are grown. The feeling has been growing among us, and has been voiced in the agricultural and general press of the country, that we have done much for better and larger production, but that we have neglected to help the farmer with his problems of transportation and distribution.

But after all is said and done it still remains true that we have much to learn as to methods of producing crops economically. We do not, in most cases, secure the returns from the land which the intelligent and industrious farmer should secure. But too often we plant seed that fails to germinate; but too often we neglect to prepare the seed bed and to fit it for the proper germination of seed; but too often we allow our soils to become acid and unfit for the growing of soil-restoring crops. We fail to conserve the moisture that falls upon the land. We fail to supply the lacking plant food. We fail to adapt varieties of crops to our particular needs. We fail to deal effectively with fungous and insect enemies. In a word, we still have much to learn concerning methods of profitable farming. There is still a vast field before us to improve so that larger returns may be obtained from the land. How, then, are the agricultural needs of New Jersey to be met so that the problem of crop production may be best solved?

THE NEED OF AGRICULTURAL EDUCATION.

In order to make the farmer more efficient as a producer we must place at his disposal the knowledge and the training that would permit him to answer clearly the almost innumerable questions which confront him. We must direct our efforts toward educating the sons and daughters of the farmer in the ways of agricultural production. We must begin with the children in the rural schools. These must be taught to see their own interests as a part of the interests of the community and of the Nation. We must instill into them something of the true spirit of farm life and of that great industry of which they are a part. In other words, we must create ideals, or at least awaken ideals that seem to be slumbering. Apart from the inspiration which wise teaching must bring to the children of the rural schools, provision should be made for vocational training so that the boys and girls of the farm may be better prepared to carry on their work on the farm. The need of rural New Jersey is much like the need of the rural sections of other States. There is before us an opportunity for providing agricultural education to the farmers to be.

But aside from training of children in the rural schools, aside from establishing agricultural high schools, aside from establishing or improving the agricultural courses at the State college, there is need for more education and of a wider outlook to the fathers and mothers of these children. Since the establishment of agricultural colleges and experiment stations, the efforts of these institutions have been directed toward leavening the whole mass of farmers. The great service rendered by the agricultural colleges and experiment stations to agricultural progress in the United States is well recognized by the friends of agriculture. Much has been done by these institutions toward raising the level of production, toward introducing improved varieties of plants and improved breeds of animals, toward making production more efficient and economical, toward finding methods to overcome soil defects or to combat plant and animal diseases. But, after all, the magnitude of the task was such that but little opportunity was offered to these colleges and experiment stations to deal with each farm as an individual problem. However, as the resources of these institutions have increased it was found possible for them to undertake more specific and more detailed work. Following the example of some of the European countries, a number of these State institutions, either alone or in cooperation with the United States Department of Agriculture, have been giving an increasing amount of attention to the individual farm enterprise. The conviction has been growing stronger that by dealing with the individual farm as a problem in itself, by learning of the defects in its organization and by correcting these defects, the level of production might be raised much more rapidly than by means of the older method of dealing with farmers of any section en masse. This method of education, attempted largely through our extension departments and the farm bureaus, is one of great promise. It is a method which has long passed the experimental stage. It can safely be applied to the conditions in our own State.

To sum it up, therefore, we must attempt to make the individual farmer a more efficient producer, and as the first step in this direction we must give him and his children better education and a broader outlook on life. By establishing agricultural courses in our public schools, by establishing agricultural high schools, by providing better trained teachers for our public schools, by reorganizing social activities in the rural districts, by providing books of reference materials, and by establishing farm bureaus in the individual counties—or even townships, if need be—we shall lay the foundation for systems of education dealing directly with the individual and directly with problems that need solution. But little difference of opinion can exist on this point. We must have better educational opportunities if we are to have more efficient farmers.

PROBLEMS OF TRANSPORTATION.

New Jersey is famed for its good roads, yet even New Jersey has much to accomplish for the transportation of agricultural products. Miles and miles of our country roads are still in a deplorable condition and the hauling of farm produce over these roads is a costly undertaking. The needs of New Jersey in this direction, while not as pronounced as the needs of other States, are present and should be given intelligent study. The friends of agriculture in New Jersey have been advocating the carrying of farm produce over our trolley roads. Notwithstanding attempts at legislation in this direction, notwithstanding some measures already enacted, the producer and consumer still fail to receive the benefits which could be theirs if our trolley roads could be used at certain times of the day for transporting agricultural products to our towns and cities.

It is true, also, that the splendid beginning made in our parcel-post service calls for further extension. This subject can not be passed in silence in any discussion of the agricultural needs of New Jersey, yet but little needs to be said about it at this time. It is certain to receive consideration from the standpoint of all of the States rather than from the standpoint of any one State.

The farmers themselves are much to blame for the defects at present existing in the transportation of farm products. Having been made an individualist by antecedents and environment, the American farmer has not

learned as thoroughly as the European farmer that the neglect of community interests is certain to react unfavorably on the individual producer. In many instances the farmers of New Jersey fail to avail themselves of the advantages of the lower freight rates on carload lots. They do not study their markets as they should, and, not knowing the markets, they do not adjust their cropping methods to the true needs of these markets. They are just as apt to ship at the wrong time as at the right time. The importance of distribution problems should bring the producer and the public carrier together. It is to be hoped that at certain centers in districts where specialized farming is being carried on storage houses will be built to provide room for large quantities of farm produce. At these central points farm produce can be collected and sent to the markets where they would be most likely to find ready buyers. The problem is surely a large one and its solution will be best accomplished only when the producers, the public carriers, and the jobbers and commission merchants at the points of consumption, will come together for the consideration of their common interests.

THE DISTRIBUTION OF FARM PRODUCE.

It is not always possible nor profitable for the producer to dispose of his wares directly to the consumer. With that much admitted, it remains true, nevertheless, that the crops raised on the farm pass through too many hands before they reach the consumer. Every one of the cities of New Jersey, like those of other eastern States, should have public markets. In the next place, the consumer in the city should recognize more strongly the value of cooperation or combination in the purchase of food products. Much has already been done in Europe in the organization of consumers' leagues, who secure their commodities from the individual producer or from societies of producers. The possibilities in this direction are well illustrated by an organization of factory employees in the city of Passaic, N. J. This organization has been buying cooperatively for a number of years directly from producers, among them the Monmouth County Farmers' Exchange, whose office is located at Freehold. There is entirely too much loss in our present method of distribution, and it is evident that at every agricultural college or State board of agriculture there should be some agency that would provide farmers, as well as consumers of farm produce, with information concerning markets, prevailing prices, and transportation. New Jersey shares with other States this need for more adequate, economical, and efficient distribution of farm produce. It is to be hoped that this need will receive the careful study of which it is deserving.

LAND-TENURE LAWS.

The depletion of the soils of our State has been hastened by lack of wise legislation on land tenure. Under present conditions the tenant is not in any way encouraged to improve his holdings. He knows that he is renting the farm for one or two years, or at most for a few years only, and aims to derive as large an income as possible with the least investment on permanent improvements. He has no incentive for adopting methods or rotations that would enhance the crop-producing power of the land. He is very economical in the use of manures and fertilizers. He withholds the application of lime as far as possible. He refrains from using cover crops for adding to the content of vegetable matter and nitrogen in the soil. He neglects the buildings and fences, and, in a word, becomes the true exploiter rather than a builder. European countries have long recognized the wisdom of encouraging the tenant to maintain the land at the high level of production. It is time that New Jersey, among other States, gave earnest consideration to legislation on land tenure.

THE SPECIFIC NEEDS OF RURAL NEW JERSEY.

Apart from the needs which our State shares with other States, there are problems and needs more or less peculiar to our own State. Of the more than four and a half million of acres of land surface, there are about 2,000,000 of acres which are yet to be made arable. Vast areas of scrub oak and pine land exist in southern New Jersey and still await development. While it is true that the soils of this pine belt are poor in plant food and very open in texture, they are capable of improvement and large production, as has been demonstrated time and again by farmers in this territory. But the improvement of these light soils calls for the highest type of farming skill for an intimate knowledge of plant-food problems and for well digested information on insects and fungus diseases likely to reduce the profits from crops raised on these soils. It is evident that these problems peculiar to south Jersey can not be studied at long range from the experiment station at New Brunswick. There is urgent need for the establishment of a branch experiment station in the pine belt of south Jersey. This branch experiment station should devote itself to the study of local problems and should show the way to the profitable farming of the sandy soils. Methods of tillage, of irrigation, of drainage, of fertilization, of cropping, of transportation and distribution—all peculiar to this territory—should be given thorough consideration and study.

Judging by what has been accomplished in certain sections of Europe, where soils fully as poor once existed, we may look forward with a great deal of confidence toward the coming prosperity of the pine belt. The improvement of the light sandy soils in this belt will be accompanied also by the improvement of the low-lying areas now designated as "swamps" and the improvement likewise of the great stretches of salt marshes, now the breeding places of the salt-marsh mosquitos. It is hardly necessary to emphasize in this place that the development of this region will be hastened by the establishment of a branch experiment station that can deal with the problems already enumerated at close range.

These, in brief, are the general and more local problems that we must consider in New Jersey for the upbuilding of our great agricultural industries. It is hoped that a discussion of these needs will serve to crystallize public sentiment in the right direction and will lead to united effort toward the wise and effective solution of the problems before us.

JOSEPH S. FRELINGHUYSEN.
A. J. RIDER.
JACOB E. LIPMAN.

NEW MEXICO.

STATE OF NEW MEXICO, EXECUTIVE OFFICE,
Santa Fe, September 6, 1913.

DEAR SIR: I beg to acknowledge receipt of yours of August 16 in regard to the appointment of a committee for the State of New Mexico to consider the agricultural needs of our State and to cooperate with the American Commission appointed for the investigation of agricultural finance, etc., in European countries.

I am heartily in favor of the purposes for which this commission was appointed.

The committee appointed by me is as follows: James G. Fitch, Socorro, N. Mex.; Ralph C. Ely, Deming, N. Mex.; George H. Slaughter, Roswell, N. Mex.

With best wishes, I am, yours, very truly,

W. C. MCDONALD, *Governor.*

OCTOBER 15, 1913.

AMERICAN COMMISSION ON AGRICULTURAL COOPERATION, *Washington, D. C.*

GENTLEMEN: Possibly no State in the Union presents more of complexity in its rural credits, its farm production, distribution, and rural social conditions than does New Mexico. It is at once the oldest of our settled communities and the youngest of our States. At least 50 per cent of its people are native, or Mexican people, finding their origin at once in the aborigines and the conquistadores, while the other half of our people are drawn from every State in the Union and every country in Europe. The native people are stable, immobile, and in a large measure attached to the communities in which they live by hundreds of years of tradition, habit, and precedent. The balance of our population is largely newly grafted on the soil, unattached, shifting, and transitory. While a great proportion of these people are coming to look upon New Mexico as a permanent place of abode, the number of those who have actually been here so long they think of no other place as home—no other place where they could live to their own satisfaction—is comparatively small.

For a great many years the largest rural industry of the then territory has been the raising of cattle, horses, sheep, and goats. Vast herds of these animals were at large upon the public domain. The methods of their care under those conditions were, and still are, more nearly analogous to the methods of Abraham, Isaac, and Jacob than to those of the farmer and stockman of the eastern and northern portions of the United States and the European countries.

There are two general classes of farmers—the so-called dry farmers, in the northeastern portion of the State, who endeavor by skillful and scientific methods to conserve the rainfall, ranging from 16 to 22 inches annually, and thereby to make it adequate for the production of general farm products; and the irrigator, who applies his water artificially. The irrigators in turn are sharply divided into two classes—those who divert water from flowing streams, or reservoirs when the same has been impounded, and conduct it upon the land under so-called gravity systems, and those who pump the water from an underflow. The dry farmers and the irrigators by pumping are, as a rule, Americans—that is to say, of European origin—while the gravity irrigators are very largely natives, particularly where the oldest water rights are found and the diversion of the water was most easily accomplished.

The native farmers often love their work. They are, as a rule, better acquainted with the seasons than the more recently transplanted Americans. They usually have smaller holdings of land, and are very frequently lacking in thrift. Their stock, as a rule, is inbred and inferior in quality. Their farming methods are

crude and wasteful, but their crops are better than what might otherwise be expected because their lands were the first selected for cultivation and have an abundant water supply and the soil is very fertile. When New Mexico became a part of the United States some 65 years ago, nothing was done by the American Government for the education or the development of these people. They had been living for nearly 300 years in isolated communities without any communication with the outside world and with very meager knowledge of its affairs. Our Government established no schools for them, sent in no teachers as it did to the Philippine Islands and Porto Rico, introduced no new methods of agriculture, and made no very adequate provision for the establishment of a stable and respectable government. New Mexico, as a state, is now struggling with problems which should have been met and solved by the Federal Government during the 60 years of our territorial existence; and the social and economic conditions must be improved among this class of people, in my opinion, before any considerable improvement in the line of rural credits can be developed among them, however great its need may be.

The American gravity irrigator, as a rule, receives his water through extensive systems, which have been developed either by private enterprise or through the activity of the Reclamation Service of the Federal Government. The title to his water right usually is more formal in character than that of the native irrigator, having been provided for by legislative and congressional acts, while the title of the native irrigator to his water right is more frequently prescriptive in character. Nevertheless, there is very little litigation and these water rights are generally considered to be good. The American irrigator usually handles his tract of land with more skill in his methods, and after a few years of acquaintance with the climatic condition, produces more to the acre than his Mexican neighbor. His farm or orchard is kept up in better shape, and when he sells he gets a better price for his land.

The irrigator who gets his water from wells by means of pumping plants is a more recent acquisition. The necessity of possessing some knowledge of mechanics in order to operate a pumping plant or engine, coupled with the fact that wells and casing, and pumps and engines require an immediate cash outlay, have the effect of settling districts of this character with a class of farmers who are a little more forehanded than are usually found in other localities. They come from all sections of the country, and are frequently above the average in skill and capacity. As a rule, they greatly underestimate the expense of necessary development work, and with hardly an exception they become borrowers very quickly after they enter the country. It probably takes more working capital and a larger immediate cash investment, per acre, for farming of this class than it does for general farming under any other conditions, but the water supply (when properly developed) is more abundant, more flexible, and more reliable, and the returns are more certain than under gravity systems, to say nothing of the dry farming. There are probably no sections of the whole country where the profits to be derived from farming are so absolutely sure as in irrigated sections, and there is no form of irrigation so reliable as that of pumping.

The so-called dry farmers are entirely dependent upon the conservation of an uncertain rainfall in an uncertain country. Their methods of tillage are comparatively inexpensive. They cultivate large areas and are gradually developing crops which withstand drought amazingly. When they make a crop, the profit in its production will easily carry them over a lean year and a total loss is unnecessary and inexcusable, being usually due to the slackness or the want of skill in the farmer.

I think I have sufficiently outlined the general conditions so far as the farmer himself is concerned. When he becomes a borrower, conditions harder than those imposed by nature surround him. It is perfectly safe to say that the average rate of interest paid by the farmer on short-time loans exceeds 12 per cent, and he has great difficulty in getting money sufficient for his needs. This is a borrowing State. Our banks are small and their resources are limited. Their biggest depositors to-day may to-morrow become their biggest borrowers. It is necessary to carry more than the legal reserve in order to meet extraordinary demands. As a rule, very considerable deposits are carried in Chicago and New York banks, out of all proportion to their deposits. Real estate loans to farmers sometimes extend over a period of three years, but are, as a rule, made for a shorter term. There are a few five-year loans. These loans usually command 10 per cent. The Union Central Life Insurance Co., of Cincinnati, and the Pacific Mutual Life Insurance Co., of Los Angeles, have within the last few years been lending money in the State. They have usually made their loans at 7 per cent for from three to five year terms, and have, as a rule, required the borrower to take out life insurance with them, the premium on which approximately equals the interest paid on the loan. Disregarding the value of the insurance to the borrower, his total cost, including the expense of the loan, as well as the interest and the cost of the insurance, runs from 10 to 15 per cent. In some instances the insurance is assigned as additional collateral. I have heard of some money loaned in the State at 7 per cent for from three to five years, while the paper is discounted at the rate of 3 per cent per annum for the full term of the loan. On a five-year loan, the discount would be 15 cents on the dollar, and the actual interest paid would be over 11 per cent. These conditions usually are found

in the development of new farms and the security offered is frequently corn or milo maize lands, which have net earning power of from $20 to $50 per acre, or alfalfa land, which will earn from $30 to $60 per acre. The character of the security is first class. Its earning power per acre is in excess of the earning power of farm lands in eastern and central States, but the scarcity of money in this section of the country, the lack of a knowledge of the resources of New Mexico on the part of those in the East who have money to loan, make it very difficult to procure money on some very valuable farms. I do not know of any other section of the country where farmers can prosper and pay from 10 to 14 per cent on the money they borrow. No other section more sorely needs the development of some system for the presentation of farm loans in the money market, accompanied by dependable information as to the character of security, than does this section.

The markets of the Southwest, including New Mexico, are exceedingly good. The stockman, the miner, the railroader, as well as the urban population, produce nothing to eat. The cattle from our ranges are, as a rule, sold as stockers and feeders on the eastern market, a few are killed for home consumption during possibly five months of the year. We import into our State dairy products, including butter, milk, cheese, eggs, and poultry, equaling in value the total products of our sheep. Our people are fed very largely from tin cans on the products of Colorado, Kansas, and California and on the milk of Wisconsin, Illinois, and Iowa. But no other section of the country is better adapted for dairying, as far as natural conditions are concerned, than New Mexico. Our markets are supplied from States to the east and west of us. In a large measure the freight rates, which are high, operate as a protective tariff and are of very great benefit to the producer within our State. Marketing conditions, however, are difficult. It is easy for the local merchant, wherever he may be, to find a uniform and reliable supply of his wares in the better organized States, and he looks to them naturally for his goods. The individual producer in New Mexico, wherever he may be situated, rarely if ever finds near him a merchant who will buy his products for cash and market the same for him. He is almost compelled to peddle his apples, his hay, his dairy products, his beans from door to door in the settled communities to get cash for same. The merchant has grown up under the old stock-raising conditions. In the past he has not been bothered with the necessity of marketing local products and has found his chief care in supplying the needs of his patrons from abroad. It follows very naturally that organized marketing, if not cooperative marketing, must be developed in this portion of the Union, and it follows from the facts which I have heretofore set forth, regarding the composite character of our people, that any scheme of cooperative endeavor will be more or less difficult to initiate and possibly more difficult to execute. Many of the brightest and most capable of our people, deep in their hearts, consider themselves as temporary sojourners in New Mexico, hoping to make a stake and get back to the States from which they came to pass their remaining days. These people are naturally looking for quick profits from their individual effort, while those of our American farmers permanently attached to our State are frequently only slightly acquainted with one another and not easily welded together in any scheme for community upbuilding.

Possibly I am not wrong in reciting this catalogue of difficulties growing out of the complexity of our conditions before discussing some of the more cheerful features of New Mexico rural life. At a cost of from $5 to $8 per acre the dry farmer should always produce enough to pay for his seed and labor and should, three years out of five, produce, under present market conditions, wheat, milo maize, Kafir corn, having a value of from $15 to $20 per acre. The irrigator who produces alfalfa should harvest from 4 to 7½ tons of hay per acre year in and year out. Of course we have varying conditions from year to year affecting the crop, and in the higher altitudes the seasons are shorter, lessening the yield of this staple. Our hay is worth from $10 to $15 per ton, baled, at the time of harvest, and the feeding value of alfalfa is unequaled, alike for the fattening steer or for the milch cow. Silos are being constructed in many sections of the State, and their more general use will materially increase the profit that the farmer derives from his crop. It is not at all unusual for the irrigator to get 40 bushels of wheat, 60 bushels of corn, and 80 bushels of oats per acre. The more reliable his water supply and the greater intelligence with which he conducts his work, the more sure and the more generous are his returns. While the farmer in the Northern and Eastern States feeds his teams for 12 months in the year in order to have them available for work for possibly 6 months in the year, the farmer in New Mexico can work with his team in the field practically 300 days out of the year. He requires correspondingly less work stock, has a decreased expense of maintenance and an increased earning power for himself. Our stock requires less shelter, takes less feed for bodily heat, and with reasonable care we sustain few losses from exposure. I believe it is perfectly safe to say our cows will produce more pounds of milk for these reasons on the same feed here than they can possibly produce where climatic conditions are more rigorous. The average market price for butter throughout the year in our towns and cities is 40 cents a pound. Eggs bring about the same price per dozen. If we can produce more pounds of butter for every ton of feed and more tons of feed per acre cultivated and cultivate the land with fewer animals and less hired help, we can face the difficulties of our marketing conditions and the temporary embarrassment of high interest rates with some degree

of equanimity, for the marketing conditions are not impossible to adjust, and outside money is now beginning to flow into our State for investment. It would not come if the security were not satisfactory, no matter what the interest rate might be, although it is perfectly natural that the money loaners should exact as high rate as they can procure through the necessities of the borrowers. Our railroads for more than a generation have considered this a vast expanse of territory which they must necessarily traverse in going from east to west or west to east. They are beginning to see in our valleys fields for the activities of their farm demonstrators and are becoming increasingly liberal in their appropriations to aid in the development of the country which they traverse, so that it may become productive of freight and passenger traffic. Our bankers who have heretofore failed to accede to the farmers' demand for money are beginning to realize that the farmer is really a factor in our economic development, and they are considering the means of procuring money for them. Our merchants who have been annoyed by the complaints of the farmers because of our marketing conditions are beginning to study this new phase of commerce which they must take up if they continue in trade, and New Mexico in another 10 years will have worked out many of the problems which are now puzzling its people. Whatever its difficulties may be, however complex our conditions may appear, the basic facts are that our land has an unusual power of production, our climatic conditions are extraordinarily favorable, both for the health of our people and for the growth and the production of our crops, and our resources are of such a character that whether our development is slow or rapid, we will always consume more products than we can possibly raise, so that our markets will be equal to the best markets of the East and our prices will be measured by the prices obtained in the nearest competitive productive States, plus the cost of transportation here.

I have left to the last the discussion of New Mexico's social conditions. The day of the bad man has long since past. Whatever the census may show, as to the percentage of the illiteracy in this State, it may be ascribed justly to the Federal Government's failure to see its duty to New Mexico 60 years ago as clearly as it has seen its duty to our colonial possessions during the past decade; but the fact to-day is that we have our university, our school of mines, our agricultural college, our military institute for the training of boys, three normal schools, and a number of private or sectarian institutions, all of which are doing work of an excellent character that would compare favorably with the higher educational work in many of the Eastern States. Throughout New Mexico the little primary and secondary schools are dotted for the training of the boys and the girls of the present generation. Our native people are recognizing the necessity of the proper education of their little ones, even more clearly than one would expect them to do. Some of the clearest minds and most courageous hearts in the State have been developed among these people. Our churches are well sustained and well distributed. Lecture courses are common in our larger towns and a chautauqua has been maintained at Mountainair for the past five years. Moral conditions throughout our State are ordinarily clean, and the foundation of our communities' future development, laid in the lives of our young people, calls for no apology. I know of a number of farming communities where the people are closely in touch with the progress of the investigations of your commissions in Europe, as reported from time to time in our papers and magazines, and they are already organizing themselves socially and are eagerly awaiting the report of this commission on economic questions. These people are building their silos first. They will follow with good barns and later will build homes, but in the meantime they are working for their schoolhouses, their Sunday schools, and their churches, and when this commission reports the plans, and Congress or the legislature of our State prescribes the machinery, the people of New Mexico, particularly the American-born farmers, will be prepared to quickly follow out the plans for the development of their community. We need men and money. There is plenty of room for the immigrant, either from other States or from abroad, but after he gets here he will, like those who have preceded him, require an introduction in the cheaper money markets, and a suggested plan of organization for the distribution of his products, in order to realize the fullest measure of the possibilities of his own life.

Community borrowing, as it is practiced in European countries and particularly in those sections where the individuals assume unlimited liability for the entire amount of the loan, is quite impossible to initiate in a country so complex as ours. Our native people are not sufficiently familiar with business transactions of any character to engage in such an undertaking, and our American farmers are too newly settled, too slightly acquainted with one another, to enjoy that mutual confidence which must be essential to such an undertaking. It would seem, however, that where the security is good, the need for money great, the earning power of the land high, the markets assured, and the cost of money excessive, some scheme of community borrowing ought to be possible of development. Out of the practice of the two insurance companies, which I have mentioned, and of the loan company which exacts a discount of 3 per cent per annum, in addition to the regular interest charged, it would seem that a workable plan might be developed. On a five-year loan the 15 per cent discount paid by the borrower is gone forever. The person making the loan, whether he rediscounts the paper or carries it himself, must find in that 15 per cent practically an insurance feature against loss, and some measure of addi-

tional profit. Otherwise, he would loan his money at 7 per cent in some other market. If that 15 per cent discount is more than a reasonable insurance against loss, due to the supposed uncertain security, then it may be reasonably assumed that it is an excessive discount.

I would suggest the following scheme for the organization of rural or agricultural cooperative borrowing societies:

First. That loans be procured in series of say $100,000, borrowing the plan of the old-fashioned building and loan association.

Second. That mortgages be made by individual farmers to a trust company as trustee to secure, first for the holders of the notes or other evidences of indebtedness, and second the proposed cooperative borrowing society, as guarantor.

Third. That the total par value of the notes, or other evidences of indebtedness, be equal to the total amount of the money borrowed in each series, say $100,000.

Fourth. That the loan be discounted by the association to the farmer, say 3 per cent per annum, for the term of the loan, or 15 per cent on a five-year loan. That on such a loan, the borrowing farmer be given 85 per cent of the par value of his notes, or other evidences of indebtedness, for the prosecution of certain specific work, to be defined by contract between himself and the association and to be supervised by the association.

Fifth. That the discount exacted by the association be evidenced by stock issued by it to the borrower and the money held as a sinking fund for the following purposes:

(*a*) Of paying the expense of negotiating the loans and conducting the affairs of the association.

(*b*) Of guaranteeing the payment of the interest and principal on all notes, or other evidences of indebtedness, issued through the association.

(*c*) For repayment to the borrowing members of the association at the time of the maturity of their loans, by means of distribution of the said sinking fund and its proportionate earnings among the members of the association at the time of the maturing of the loans represented in each series.

Sixth. That shares of stock in the association should be issued to the members thereof in amounts proportionate to their several contributions to the aforesaid sinking fund.

Seventh. That the business of the association be conducted by a limited number of directors, selected by the members or stockholders.

Eighth. That the sinking fund be put out in short-time loans at the going bank rates of interest, that the earnings of the sinking fund be equally and equitably distributed among the members or shareholders, in proportion to the number of shares held by each. The concern being mutual in character, preference, of course, should be given to its members in making the short-time loans. But in all instances adequate security should be exacted and precautions at least equal to those observed by conservative banks should be taken.

Ninth. Real estate loans for a longer period than five years would be exceedingly desirable in this country, and it is possible that graduated discounts, up to 25 per cent of the par value of the loan, might be advantageously worked out, particularly in view of the fact that the sinking fund, which would be loaned on personal security, would inure to the benefit of the members or shareholders; and its earnings, together with its principal sum, would operate to the final discharge of their indebtedness.

Tenth. Provision should be made for the payment of certain portions of the principal at any interest-paying period, at least to the association, if not to the holder or holders of the notes, or other evidences of indebtedness, so that the borrowers could reduce their interest burdens whenever their ability to do so would permit.

Eleventh. That the long time loans, secured by real estate security, should not be made in excess of 50 per cent of a conservative valuation of the property, with the proposed improvements; and with the additional security, which the association would hold on the loans of its sinking fund, would make it practically a 40 per cent basis, which ought to provide against all possible fluctuations of value in a new country.

It is quite impossible to forecast the cost of placing a loan of this character, if indeed it could be placed. But if some such scheme were worked out in detail and should prove satisfactory in operation, the expense of negotiation, after the first series had been placed, would be materially decreased. The cost of handling the sinking fund would be very nominal, because of the cooperative character of the institution. For the same reason the scrutiny which would be given to the business would be rigid and the risks reduced to a minimum. The very conditions which would make the assumption of an unlimited liability by the members of such an association difficult would cause the members to deal with great caution, both in associating themselves together for the purpose of making the long time loans, secured by their real property, and in authorizing the short time loans on personal security.

Using 7 per cent as a basis for the loans in the beginning, with a discount feature to a sinking fund, would enable the members, if they were able to place a paper on a 6 per cent basis in the eastern money markets, to

proportionately increase the amount of the discount, and by swelling the sinking fund, and therefore its earning power, to distribute among themselves fairly the dividends resulting from improved rural credit conditions, if such a result should follow.

The foregoing suggestion is offered because of the complex conditions in New Mexico and the very great difficulties which would be encountered in endeavoring to transplant upon our soils the institutions and practices which have been outlined from time to time in the public press of your findings in several of the European countries which you have investigated. We shall gladly welcome any method of procedure, which will place the remote communities of the newly awakening Southwest in closer touch with the money centers of our country.

All of which is respectfully submitted.

NEW YORK.

STATE OF NEW YORK, EXECUTIVE CHAMBER,
Albany, August 30, 1913.

MY DEAR MR. OWENS: In accordance with your request of the 11th instant, Gov. Sulzer has appointed as members of the committee of three to work in conjunction with the delegates of the American Commission on Agricultural Cooperation from New York in preparing a brief statement in regard to the agricultural needs of the State, the following named: Hon. Calvin J. Huson, commissioner of agriculture, Albany, N. Y.; Hon. William Church Osborn, of Garrison, N. Y.; Hon. W. A. Stocking, jr., acting dean of the College of Agriculture, Ithaca, N. Y.

Very truly, yours,

CHESTER C. PLATT,
Secretary to the Governor.

NOTE.—Report has not been submitted.

NORTH CAROLINA.

STATE OF NORTH CAROLINA, EXECUTIVE DEPARTMENT,
Raleigh, August 23, 1913.

DEAR SIR: Gov. Craig is to-day issuing commissions to Mr. Clarence Poe, of Raleigh; Mr. W. A. Erwin, of Durham; and Mr. R. G. Vaughn, of Greensboro, as delegates to participate with the representatives from North Carolina in preparing a report to be submitted to the Congress by the American Commission which recently went abroad to look into agricultural, financial, and other conditions.

Very truly, yours,

JNO. P. KERR,
Private Secretary.

REPORT OF COMMITTEE APPOINTED BY THE GOVERNOR OF NORTH CAROLINA ON NEEDS OF NORTH CAROLINA FARMERS WITH REGARD TO CREDITS, MARKETING, AND COOPERATION.

To his excellency Hon. LOCKE CRAIG,
Governor of North Carolina:

We, the undersigned committee appointed by your excellency to report on conditions affecting agricultural credit, marketing, and cooperation in North Carolina, beg leave to submit the following report for transmission to the American Commission on Agricultural Finance, Production, Distribution, and Rural Life:

It is clear that there is something radically wrong with the facilities for borrowing money on farm lands in North Carolina. From general inquiry in many parts of the State the fact is revealed that few banks in North Carolina lend on farm lands and that the average farmer desiring to borrow money on his land is compelled to deal with the land-loan shark, and is compelled to pay from 6 to 20 per cent on money borrowed. As a general rule he is subjected to many kinds of extortion, usury, and exploitation, and, naturally, the average farmer of North Carolina is very much dissatisfied with the present land-loan-shark business and avoids borrowing money whenever possible. Frequently the land-loan shark preys upon the necessities of the distressed farmer and, regardless of law against usury, without conscience and without heart, gets all for the money loaned that his victim will pay. Another curious fact about this business in North Carolina is that the more remote the farmer lives from the larger money centers the greater the usury, the higher the commission and renewal fees, and the more exacting the oppression and the extortion.

Hardly any greater blessing could befall the farmers of North Carolina than the institution of a system of land-mortgage credit that will bring money to the farmers and landowners at a low rate of interest, and by the process of amortization or annual installments extend to them the privilege of repaying this money over

a long period of years. Our farmers are willing to pay what money is worth in the markets of the world, but they are not willing to be robbed by land-loan sharks and "blood suckers." Rather than subject themselves to oppression they prefer to allow about 14,000,000 acres of land to remain in a state of waste that is a menace to the health and happiness of the entire population of our State.

COLLECTIVE CREDIT OF CITIES UTILIZED; WHY NOT COLLECTIVE CREDIT OF FARMERS?

Collective credit for public purposes and at from 4 to 5 per cent has already been extended by investors to nearly all the counties of North Carolina and to many townships upon satisfactory amortization basis, but collective credit has been denied the citizen in his individual capacity. The result has been that the counties and cities in North Carolina in their corporate capacities have made such marvelous progress as to attract the attention of the rest of the country, yet the farmer in North Carolina is making little progress in developing his lands. The average Tar Heel farmer is only making a bare living. He enjoys none of the profits derived from the business handling of his products.

It is a fairly established fact that there is a great deal of money in North Carolina that would be invested in land-mortgage bonds bearing 5 per cent interest payable to bearer and secured by aggregated mortgages on farm lands, but in order that money for such investment may be attracted we should first make some reforms in our present system of taxation; second, we must institute the necessary financial machinery for handling land-mortgage bonds; and, third, we must remove from the minds of the bankers their unjust prejudice against lending money on real estate. The actual experience of a few banks in different parts of our State shows that this prejudice is unjust, and that loans on real estate, especially small loans on real estate, when handled with intelligence, are just as liquid and active as loans on other security and are safer and better loans than the average loan found in commercial banks

But in view of the fact that the great commercial bank is highly organized for the purpose of supplying credit to the manufacturers, merchants, and business men, it would be difficult for such a bank to extend its business to the handling of land mortgages. There is pressing need in North Carolina of *a great State land-mortgage institution* (or some institution rendering similar service) with proper capital and with proper equipment for mobilizing individual land mortgages placed on property located in the various counties, and issuing bonds against these aggregated individual land mortgages, controlled by the farmers. The form of organization of this great land-mortgage institution should be largely determined by the security behind the collateral trust bonds and the ability of the institution to find a satisfactory market for its issues of bonds, whether at home or abroad.

While the greatest need of the farmer is probably for long-time credit, yet there is also a great and pressing need of short-term credit for North Carolina farmers.

At the present time the manufacturers, the merchants, and business men in the cities of North Carolina have a practical monopoly of short-time credit. The average farmer either has no credit at all or is compelled to use such forms of high-priced credit as he can obtain from the merchant. We have a great many banks in North Carolina, but we have scarcely any banks willing to do the banking business of the poor man. The farmer who has little or no property which can be taken by law for debt—the man who has no stored-up capital in North Carolina—has practically no standing at its banks. This great body of borrowers does not receive consideration at the banks because the average bank is not organized to handle this class of business.

It is estimated that there are at least 200,000 persons engaged in agriculture in North Carolina that have not sufficient stored-up property to give them standing either at land-mortgage banks or at the present commercial banks, but these people greatly need money at reasonable rates of interest for *purchasing supplies, fertilizers, seed,* and for *paying for labor.* A cheap, safe, and elastic form of credit which could be reached by this tremendous class of small farmers would work wonders in upbuilding agriculture and bring much new business to our commercial banks.

PRESENT BANKING FACILITIES UNSUITED TO FARMER'S NEEDS.

The small Tar Heel farmer has no use for a 90-day loan that the commercial bank handles, and upon which it charges interest in advance and requires 25 per cent of the money borrowed to be left in the bank without interest. The farmer wants money for six, nine, and twelve months with the privilege of renewing the loan until he has marketed his crop and, in the event of crop failure, until he can raise another crop. Rather than pay from 8 to 20 per cent for his money and have himself subjected to the uncertainty of call by the bank, he will either join (or be forced to join) the great host of farmers who have moved to the cities, or become a crop-lien farmer, closing entirely the door of hope for landownership and home building.

It is respectfully submitted that the collective paper of neighborhood groups of North Carolina farmers is as good security as the collective paper of neighborhood groups of farmers in any other country in the world.

There is a great and pressing need for steps to be taken as rapidly as practicable to organize *neighborhood cooperative credit unions among our farmers* in order that they may secure short-term, cheap, safe, and elastic credit to which they are so justly entitled.

THE NEEDED FORM OF CREDIT UNION OR FARMERS' BANKS.

The particular form of this credit union can be determined by the particular locality in which it is to be organized. The credit union of each neighborhood should be thoroughly adapted to its *necessities*. Generally speaking, the constitution and by-laws of the credit union must conform to the means of securing funds.

If the organizers believe that sufficient deposits can be secured from the community to take care of the loans of the farmers, then the cooperative credit union would take the form of a savings and loan association and naturally would follow somewhat after the Raiffeissen model.

If the organizers believe that the deposits secured from the neighborhood would only be sufficient to take care of a part of the loans required by the farmers and the balance of the money needed is to come from rediscounting the paper of the union, the form of organization would probably follow somewhat after the Hungarian model.

If the organizers did not take into consideration at all the deposits from the neighborhood and expected to rely entirely upon rediscounting the paper of the credit union in order to raise funds to meet the demands for loans by the farmers, then the form would probably follow somewhat after the French model.

No matter what cooperative form the local credit union adopted, the foundation principle would be the same; that is, that any man of good character and industrious habits may secure financial assistance if needed for productive purposes, and that this necessary credit shall be advanced to him at as low a rate as the rate charged by banks to any other citizen of the State. Many of these unions may find it advisable to incorporate some specific features of our town building and loan associations.

RELATIONS TO EXISTING BANKS.

As any cooperative system of local credit unions would substitute *industry and honesty* for stored-up property as security, it is respectfully submitted that they should be organized *separate* and apart from our highly organized commercial banks. It is not only possible but highly desirable that this *new agency* shall be connected with the existing banks and not projected against them: *Provided*, That the banking institutions of our State be willing to rediscount the paper of the neighborhood credit unions on a satisfactory basis and thus share in the great volume of new business that the organization of these cooperative credit unions will be sure to create.

But if our existing banks, through neglect, stupidity, or selfishness, fail to meet this great movement kindly and assist in its organization and development, then it will be up to the farmers of North Carolina to go it alone and organize a big central cooperative bank to act as a monetary adjustment institution, a clearing house for all the local credit unions in the State.

SAFETY OF COOPERATIVE BANKS ASSURED.

Under the provisions of the pending national currency bill, such a State central cooperative bank would have little difficulty in rediscounting the bulk of the paper of the local credit union with the nearest regional bank of issue of the United States. The power to rediscount agricultural paper by order of the Federal Government at a fixed rate of interest granted by this currency bill ought to be sufficient argument to induce our existing banks to make a thorough study of this great problem and do all in their power to give us the very great blessing of cheap, safe, elastic credit for our North Carolina farmers.

There need be nothing startling about the proposition to the banks to rediscount for our local cooperative credit unions a reasonable amount of the paper which is secured by the earning capacity of our best farmers, instead of by land, buildings, stocks, and bonds.

Experience shows that the earning capacity of farmers, organized in cooperative credit unions, is about the best banking security in all the world. A signed statement from Dun's Agency in Austria states that this agency did not have any record of a single failure of the Raiffeisen (cooperative) banks, and that the system was founded on such a strong, conservative basis that failure was practically impossible. In Germany, where there are many thousand cooperative credit unions, there are 57 failures of commercial banks to 1 failure of the cooperative credit unions.

In Hungary, during a recent financial crisis, all of its 2,412 cooperative banking institutions stood the strain without failure, while 52 banks of the ordinary joint-stock kind which we have in North Carolina, or 10 per cent of the entire number of such banks in the country, were compelled to close their doors.

INEFFECTUAL MARKETING SYSTEM HINDERS PRODUCTION.

Reports from the Agricultural Department show that last year North Carolina imported $5,000,000 worth of corn for feed purposes, $4,000,000 worth of vegetables, $15,000,000 worth of hay, 12,000,000 pounds of butter; and despite the fact that probably no country in the world, in proportion to its acreage, offers better facilities for raising hogs and cattle, we imported last year 52,000,000 pounds of meat in order that our people might be fed. All in all, the value of food products imported into North Carolina during the past year reached the enormous sum of $50,000,000. It is clear from the above facts that our farmers either have not learned the great lesson of diversified farming, or they have not learned how to produce food products as cheaply as farmers of other parts of the country.

It is clear that, step by step, the farmers of other States are capturing our markets for foodstuffs, and our farmers are driven more and more to the one-crop system of production. It is necessary to place farming in North Carolina on a *business basis*. Step by step the great manufacturing centers in North Carolina are capturing the markets of the world. Why can not our farmers do likewise? Perhaps our farmers might profitably learn from our captains of industry the secret of thoroughly industrializing the business of farming. In order to accomplish this great result there is need of organized community effort; the farmers in North Carolina need to follow the example of farmers of other parts of the world and *turn to cooperation* as the great working system that will give them a fair share of the profits of their labors by bringing them in closer relationship with the consumers.

Standardization of farm products must be the rule in North Carolina if our farmers expect to meet outside competition. In all probability one of the greatest reasons for the failure of our farmers to present a better showing in the production of foodstuffs for our people is their persistent refusal to standardize the products they sell.

The strawberry farmer who fills the bottom of his baskets with small, knotty strawberries and crowns the top with delicious, large, red berries is only cutting off his nose to spite his face. When his crate of berries reaches the market the consumer overturns the baskets and penalizes the farmer by refusing to buy his crate of berries at all or by paying the price of knotty berries for the whole crate, one-half of which would bring first-class prices.

The good, honest housewife who, in her ignorance, sends to town a couple of dozen eggs which, by mistake, includes six of uncertain age is sure to get a low price for her eggs; and, furthermore, she brings about hard feelings between the merchant and the consumer.

The apple grower who "faces" his barrel of apples and fills the center of the barrel with off-color, off-shape, undersize, and wormy apples is bringing discredit upon his State and low prices for himself and his neighbors. Upon reaching the market the barrels have to be opened, every apple standardized and repacked, and all this work must be paid for at high prices, plus many extras. The producer is thereby penalized and the consumer is made to pay for the extra work of repacking the apples. A properly labeled, standardized barrel will obviate the necessity for repacking, bring better prices for the farmers, and by cutting out waste lower the price to the consumer, bring smiles to the faces of American wives, and encourage them to use more apples.

If the farmers of North Carolina will only standardize their products and label them "North Carolina," they will quickly build up a world-wide market for all their products and secure at least 25 per cent better prices. Irish farmers captured the London markets by standardizing; why can not North Carolina farmers capture the market of New York by standardization? Sharp dealing in the marketing of farm products brings low prices, overproduction, and tremendous waste, while square dealing and standardizing in marketing farm products bring greatly increased prices and world-wide markets.

Distribution of farm products in North Carolina is characterized by tremendous waste, complicated methods, outworn ideas, and general dissatisfaction. Lack of proper system of marketing and distribution of our farm products is costing North Carolina farmers an annual tribute of millions of dollars.

One illustration, the marketing of eggs, will be sufficient to show the waste and duplication of service, the loss to the farmer, and the loss to the consumer. Eggs that are served on the breakfast table of the leading men in the leading cities of North Carolina have frequently passed through a wonderful around-the-country trip. They have been collected by the farm wives at odd times and kept until the number was sufficient to carry them to the nearest store. From the country merchant they pass to the collector, who makes it a business to go through the country gathering eggs from the storekeepers. The collector ships the eggs in large quantities to cities like Richmond and Baltimore, where they are received by wholesale dealers, known as commission men. The commission men then sell the eggs in large quantities to jobbers who in turn sell the eggs to the retailer, the small corner groceryman. Then our city housekeeper orders the eggs over the telephone and the groceryman delivers the eggs, which are of ancient age, to the home of the consumer; and finally the family

cook stops the merry-go-round of the eggs from the hands of the farm wife, the storekeeper, the collector, the commission man, the jobber, the corner groceryman, to the city consumer. At each transfer there is loss in handling, expense for trucking, storage, and margin of profit.

The same amount of unnecessary waste in more or less degree is found in handling the poultry, vegetables, fruit, peanuts, and other articles of farm produce other than such staple crops as cotton and tobacco.

There is something radically wrong with the present method of marketing when the farmer of Halifax County gets $2 a bag for peanuts, which, after taking the merry-go-round journey of the commission merchant and the jobber, finally lands in Guilford County at $7 per bag.

It is poor encouragement to the farmer of Craven County when he can get only $1.50 a barrel for white potatoes which finally reach the consumer in Durham County at a price of $4.80 per barrel.

The Buncombe County farmer is going slow in mortgaging his land for cheap money, repayable in small installments over a long period of years, in order that he may acquire sufficient capital to plant his waste farm land in apple orchards, when he is compelled to sell his apples at $1 per barrel that have to take a roundabout journey through several States and several cities and finally reach the consumer of Wake County at $6 per barrel.

We need to establish a great system of community marketing whereby the best brains and the best energies of the State are employed in bringing the producer and the consumer closer together. Individual marketing by the farmer, as well as individual marketing by the consumer of the city, has proven a failure in North Carolina, as elsewhere in the world. We need a system of cooperation, or association marketing, whereby the products of the farmer are offered to the consumer in uniform quantities, thoroughly standardized and guaranteed in quality, and thoroughly suited to the requirements of the consumer. The Tar Heel farmer will then receive a fair market price for all the marketable produce that he can grow upon his farm.

Proper organization of the farmers of North Carolina is greatly needed to devise the ways and means for establishing institutions that will provide long-term and short-term credit desired by the farmers, and that will institute proper systems of cooperative production and cooperative distribution.

The last census shows that about four-tenths per cent of the population of North Carolina, or one person out of every 250, was foreign born; hence it is apparent that the two and a half millions of white people in our State are about the most homogeneous body of white people on the face of the globe. There would seem to be no serious obstacles, therefore, in the way of finally organizing our white farmers along cooperative lines after they have had sufficient opportunity to learn what cooperation really means and after they have had time to acquire the true *cooperative spirit.*

Let us proceed on the principle that cooperation means "organized self-help;" all these needed reforms must be brought about mainly by the farmers themselves. What the farmers can do for themselves along these lines is immensely more valuable than what well-meaning friends in the cities and subsidies from the State can do for them; but there is great need of encouraging the voluntary efforts of the farmers in these organizations by the judicious aid of the State itself, mainly along educational lines. There is urgent need that all institutions controlled by the State, capable of rendering such services, should lend a helping hand in the launching of this great movement for the upbuilding of the State. There is need in North Carolina for a great agricultural forward movement in order that our Federal Department of Agriculture and our State department of agriculture and our rural public schools and our educational institutions offering courses in agricultural economy, forestry, and domestic science, can come in closer contact with and widen their usefulness to the farmers themselves.

Now that the farmers are greatly interested in the subject of cooperation, there is immediate need for a great *central bureau of information* with the hearty cooperation of State and National Governments where persons interested in the formation of cooperative enterprises can promptly secure all the proper legal forms and the proper system of bookkeeping for the organization of such enterprises in North Carolina and to provide ample information on marketing subjects. There is also great need, even at this early stage of this movement, for the services of experts in cooperative credit, cooperative production, and cooperative distribution, in order that the farmers may start their organizations on the right basis and with the best expert information that the State can afford.

SUMMARY.

1. We find that credit costs the average North Carolina farmer 8 to 20 per cent normally.

2. We believe that some form of rural credit society not dependent upon our present system of commercial banks must be evolved, based on the European models but adapted to American conditions, with the addition perhaps of certain other features of our building and loan associations. There is great need both for short-time credit and for providing money on long time and low rate to enable worthy citizens to build houses, buy land, drain it and stock it, provide home conveniences, etc.

3. North Carolina has just adopted the Torrens system of registering land titles, a system which will greatly cheapen and facilitate agricultural credit, and which we would commend to other States.

4. At the same time our system of taxation should be reformed so as to discourage speculation in lands, stimulate home ownership, and stop taxing the farmer on the full value of a farm he has just contracted for when perhaps he has only paid for one-fourth of it.

5. Largely because of our undeveloped marketing system we find that North Carolina is importing $50,000,000 of food or feed products which should be produced in the State.

6. One of the chief needs in providing markets for these potential products and in economical marketing of what we already produce is the proper standardization of these products.

7. We believe that the main dependence of our farmers must be self-help, but that it is the duty of the State through its agricultural agencies to educate, stimulate, and guide their efforts in these respects.

8. Our farmers need to develop a complete system of cooperation in (1) getting credit; (2) in buying supplies; (3) in buying and using machinery; (4) in converting raw products into more finished forms, as in ginning cotton, grinding grain, converting cotton seed into meal and oil, milk into cream, butter, and cheese, etc.; and (5) in marketing the finished product directly to the consumer.

Respectfully submitted.

E. L. Daughtridge,
H. Q. Alexander,
Clarence Poe,
John Sprunt Hill,
Subcommittee on Report.

(Full committee: E. L. Daughtridge, chairman; Clarence Poe, secretary; A. E. Tate; J. H. Evans, S. H. Hobbs, R. G. Vaughn, H. Q. Alexander, John Sprunt Hill.)

NORTH DAKOTA.

State of North Dakota,
Office of the Governor,
Bismarck, August 28, 1913.

My Dear Sir: I have your letter of the 16th instant, asking me to name three men to prepare a brief statement as to the agricultural needs of the State.

I believe that this matter is a most important one and one well worthy of serious consideration, and I have taken pleasure in naming the following: Hon. W. P. Tuttle, Dawson, N. Dak.; Hon. W. A. Scott, Fargo, N. Dak.; and Hon. J. E. Phelan, Bowman, N. Dak.

Sincerely,

L. B. Hanna.

Bismarck, N. Dak., *September 25, 1913.*

We, the undersigned commissioners appointed by Gov. Hanna, of North Dakota, to report on the agricultural needs of North Dakota, respectfully submit the following:

Statistics show that in 1911 farmers received $6,000,000,000 for their products. Consumers paid thirteen billions for the same products. The cost of transportation for the products was only four hundred and ninety-five millions. The farmers for such products, including the cost of transportation, received less than one-half of the total amount paid by the consumers.

The agricultural needs of North Dakota at the present time can be best served by all the well-disposed people who are advising the farmers how to travel the road to success making good in that line themselves; that is, if we know how to farm and how farmers ought to farm, let us demonstrate the methods by practical experiences. In other words, maintain successful farms where weeds are cut out, profitable crops raised, moisture conserved, and success perpetuated. Then demonstrate that all this can be done at a profit and convince the farmer that he is not being made a part of an industrial system that is aiming to force production without due measure of profit.

When the country home is given the same conveniences that the city home enjoys the city must pay for its food supplies off the farm sufficient to hire the help necessary to take care of the time and cost of such improved living. Competition, mentally, advantageously, and economically, has been so keen in the city that the quality and price of help in the country has not kept pace with the price the city wishes to pay for farm products. The result is the changing of ownership from the farmer who lives on his farm to the city ownership.

Farming to be a success must be a profitable and enjoyable industry. The farmers are getting tired of being preached at, but never grow tired of seeing things grow or being made to grow bountifully. Present methods in National Government tend to put the farmers in competition with all the world, to set an example in the competitive system, making it necessary to produce the greatest amount for the least compensation. Over against this condition stands the powerful organizations that tend to hold production to a safe and profitable balance with the demand in nearly all industrial fields, including skilled labor.

So far as North Dakota is concerned, no State in the Union is better equipped to supply the necessary credit to farmers for their needs. The university, agricultural college, experiment stations, farmers' institutes, country schools are all adequate and progressive and practically in the hands of the farmer, representative government to shape according to their own best interests and the interests of the State.

In this direction we recommend further effort and extension of agricultural and manual training in all the schools, expansion of demonstration farms throughout the country; also better farming associations. We recommend untiring effort in maintaining a cordial fellowship between the farmers and their brethren of the banks, the railroads, and commercial centers.

The uplift is on in North Dakota and the intelligence of the farmers is equal to their task, and to-day we believe that the farmers are operating on a narrower margin of profit, considering the property and labor involved, than any other industry in this Nation. Under present conditions, dollar wheat on the farm, and other products in proportion, can aid the "back to the farm" movement. Many are deploring lack of production on the farm and the cities crying for lower cost of living, but no one wants so-called cheap living, excepting those who are seeking something for nothing.

Proper compensation to the farmer for his labor and his products will insure bountiful and ample production.

W. P. TUTTLE.
WM. A. SCOTT.
J. E. PHELAN.

OKLAHOMA.

STATE OF OKLAHOMA,
Oklahoma City, October 24, 1913.

DEAR SIR: I am in receipt of your letter of October 21, in reference to the appointment of delegates to represent the State of Oklahoma in reference to preparation of a report based on the American Commission, but regret to state that on account of no appropriation having been made by the legislature, I do not see my way clear to make these appointments and to expect this work from such committeemen. If you could get them to act voluntarily, I believe Mrs. C. E. Lahman, of Vinita, who made the European trip with the commission, Mr. J. F. Darby, of Muskogee, who is greatly interested in agricultural matters and a member of the State board of agriculture, and Capt. S. T. Bisbee, managing editor, Daily Oklahoman, Oklahoma City, who is also interested in agricultural matters, would be good persons to serve on such committee.

Yours, truly,

LEE CRUCE, *Governor.*
By F. S. E. AMOS, *Secretary.*

Report of J. F. DARBY.

No adequate understanding of the agricultural situation in eastern Oklahoma can be gained without some knowledge of the history of this section. A brief recital of this history will in a large degree explain the present conditions. To apply remedies it is necessary that the conditions sought to be remedied must be fully understood.

The land of eastern Oklahoma (formerly Indian Territory) was for many years held in common by the Indian tribes. Through acts of Congress this territory, comparable in area to the State of Indiana, was allotted in severalty to approximately 100,000 Indians—men, women, and children. After this process was well advanced, in 1904, the restrictions on the sale of lands so allotted were removed from a certain class of enrolled citizens. Subsequently more restrictions have been removed and more or less land rendered alienable and open to farmers to purchase. At the present time there is still considerable land which the allottee himself can not sell, mainly the holdings of full-blood Indians, and other portions which may be sold through the approval of the deed by the Secretary of the Interior. Because of these conditions, due to Indian holdings of land, eastern Oklahoma is largely undeveloped. On all sides of us we find the territory in an advanced state of agricultural development. What our agricultural resources are in kind and quality and what population this territory can support few realize. The conditions existing here are unlike those existing in other sections of the United States of equal area. This expanse of country is new to modern agriculture, since only within the last few years could our

land be bought and sold, and only since November, 1907, have we enjoyed the rights of self-government under State organization. We found ourselves at statehood in a backward condition. Only a small amount of land had been purchased by actual farmers and a great portion of the lands were not cultivated. A large portion of our farmers were tenants renting from year to year, many of whom moved about in covered wagons. Most all farm improvements were exceedingly poor and hardly fit for habitation for man or beast. Only a few section-line roads had been opened and no funds had been made available for road improvement or construction of bridges. No rural schools existed except a few Indian schools.

From this condition in 1907, the time of statehood, we have progressed steadily, yet many of our foremost problems are the same now as they were then. We need immigration of more farmers and better farmers. Not more than one-half of our lands are utilized at all and a much smaller amount is in cultivation. We must have more farmers, and it is equally imperative that we have farmers who will succeed. Our present farmers come from north, south, east, and west of us, from localities where the climatic and soil conditions are very different. To such farmers we must lend every assistance in our power to educate them as to cultivation of the soil and selection and rotation of crops. To induce desirable farmers to come they must be satisfied by observation and demonstration that they can make farming remunerative on the basis of the price they have to pay for the land. If they come as tenants we must give them better improvements and better living conditions. Landlords must do their share in this work and should understand that it is the successful farmers who cause the advance in the value of land. Farmers who have prospered elsewhere will only come when improvements on the farms, the roads, schools, and social conditions appeal to them as being satisfactory. The situation is such as to demand prompt, intelligent, united action on the part of all agencies operating to develop agriculture in this region.

Our holdings of land are in many cases allotted in small tracts which permit no large colonization or immigrant schemes. Our accessions to rural population have come and will continue to come through gradual process of infiltration. When the conditions around the farmer are made more desirable this movement of farmers to eastern Oklahoma will be thereby accelerated.

The present period may be called one of adaptation. Our farmers who gather in here from all sides, where dissimilar conditions as to plant life and soil conditions prevail, are endeavoring to adapt their methods in farming and stock raising to conditions which are new to them. We need more intelligent comprehension of our soil conditions, including conservation and improvement of the soil and a better understanding of climatic conditions, together with practical advancement along the lines of preparation of seed beds and selection of crops and seed, methods of cultivation, and intelligence in marketing. Our conditions are favorable for general stock and poultry raising, yet our farmers do not understand that they are not even going to approximate their full capacity in agricultural production until each farmer raises cattle, hogs, poultry, and dairy products Eastern Oklahoma, year in and year out, can raise an abundance of green feed for stock in wonderful variety.

At the present time there are several agencies at work in eastern Oklahoma which deserve mention. The United States Department of Agriculture, through its farmers' cooperative demonstration work, has some 40 county agents engaged in demonstrating to farmers on their own farms methods by which they can secure greater crop yields. This carries instruction direct to the farmer. About 30 of these demonstration agents are engaged by eastern Oklahoma counties.

To assist the Department of Agriculture in this work and make the work more effective the Eastern Oklahoma Agricultural Association was organized at Muskogee in February, 1913. Its primary function is to cooperate with the Department of Agriculture in its work, and to this end 35 counties in eastern Oklahoma have now been organized. In this organization there are not only farmers but business and professional men interested in better farming. These organizations interest themselves in all agricultural matters and assist the farm demonstration agent in his work. Everyone in eastern Oklahoma is talking agriculture, which is a decided step toward improvement. The last legislature, through the efforts of the Eastern Oklahoma Agricultural Association, passed a law authorizing county commissioners to appropriate $500 per annum to be paid on the salary of farm demonstration agents in connection with the United States Department of Agriculture. Before this law was passed and before the organization of the Eastern Oklahoma Agricultural Association, the Department of Agriculture was forced to pay the entire salary of these agents, whereas now it pays only one-half or less; thus this movement has resulted in placing in eastern Oklahoma almost twice as many farm demonstration agents as heretofore with no increased appropriation by Congress. This work is not only carried on among the farmers, but boys' and girls' clubs are organized and are doing very effective work.

As the result of the coalition between the Eastern Oklahoma Agricultural Association with its component county organizations and the United States Department of Agriculture a novel method of distributing practical information to the farmers has been put into practice. Farmers' bulletins are issued each month containing advice for the farmer in concise, simple paragraphs on subjects which should have consideration during

the month. These are printed on single sheets of cardboard with a calendar at the top and perforated so as to hang on the wall. The material printed in these bulletins is prepared under the direction of the State agent of the farmers' cooperative demonstration work and franked out under Government frank. The cost of the printing and mailing is borne by the Eastern Oklahoma Agricultural Association. The bulletins are also placed each month in every railway station in eastern Oklahoma. These bulletins are doing an infinite amount of good to the farmers, as they will read them when they will not read farm papers. They are usually kept hanging on the wall and not destroyed. This is the most effective and cheapest process of printed means of education for the farmers of which I have any knowledge, and deserves adoption in other States.

Besides these agencies we have in Oklahoma an Agricultural and Mechanical College of almost 1,000 students and 6 district agricultural schools. There are published in this State at least four farm papers. Agriculture studies are fast being put into the public-school curricula.

The Department of the Interior of the United States Government maintains, under the direction of the Indian superintendent, 14 expert farmers, who work among the full-blood Indians.

There are also two large fairs, one held at Oklahoma City and one at Muskogee, and in addition many county fairs.

Practically all of these agencies of agricultural development were started only recently, but their effects have already been felt.

To summarize, I will say that we need an immigration of a desirable class of farmers. One of the duties of each county organization is to give the incoming farmers information relative to the soil and climate and conditions with a view to making them successful farmers. We need a general education of our farmers along all agricultural lines. Fundamental in such education should be information relative to soil and climatic conditions, as practically all our farmers come from States where conditions are different and will not realize the full degree of success from their efforts until they have an understanding of the local conditions and wherein they are different from the conditions to which they have been accustomed. We need better roads. At the present time there is considerable agitation for better roads, and some work is being done each year. The Government might help out in this matter in connection with rural mail routes and interstate roads and also in sending lecturers over this country to instruct our people on methods of road making and upon the benefits to be derived from well-constructed and well-maintained highways. There could be much done, also, to promote the live-stock business. Eastern Oklahoma is well adapted to the growth of live stock, and this feature of farming is so necessary for the maintenance of soil fertility and to the realization of the maximum profit from the farms that it should be encouraged in every possible way. The State and Federal authorities have live-stock agents engaged chiefly in the work of tick eradication, which work is progressing in a satisfactory manner.

Much is said about credit systems and about high rates of interest charged farmers. In my opinion this matter will adjust itself when our farmers farm in such a manner as to accumulate a surplus sufficient to improve and stock their farms. Interest rates are subject to an economic law of supply and demand and when the security which the farmer gives the banker is improved rates of interest will fall. I do not believe this matter merits any special attention. In prosperous farm communities in the older States farmers loan to each other at a low rate of interest and many of them have time deposits in the bank bearing low rates of interest. The Government might do more work than it is doing in educating our farmers in the management of their business. Much lack of success in this State is due to a failure of our farmers to use business ability in managing their farms and marketing their crops after they produce them. We need better schools for the farmers. The aim should be to give the farmer boy and girl an education equivalent to that given to the boy and girl in the village and town. If this condition prevailed not so many farmers would move to town to send their children to school. The crying need of this country is for better elementary education. A higher degree of intelligence is needed everywhere among our farmers and the school is the proper place to start such improvement.

To those familiar with conditions in eastern Oklahoma it is needless to say that one of the most important factors in the development of this country lies in the removal of restrictions on alienation upon the greatest possible acreage. This restricted land means the tenant system, for as a rule the restricted land farms are so poorly improved that good farmers will not live on them. The proportion of tenant farmers in the counties in eastern Oklahoma runs from 50 to 85 per cent of the total. This condition in itself is the source of many of our agricultural problems.

Inasmuch as we are endeavoring to raise field crops and use methods adapted to the conditions imposed by nature it might be well if the Government would establish one agricultural experiment station in eastern Oklahoma and one in western Oklahoma. All experiments and bulletins of the United States Department of Agriculture should be made more easily available to the farmers, and I believe it would be wise if each county agent would prepare a list of the farmers to whom bulletins should be sent or be required to order direct for them such bulletins as would be of greatest benefit to them.

Report of MARION S. LAHMAN.

A categorical list of the agricultural needs of Oklahoma or any other place is of little value without some explanation of the causes that create such conditions, particularly if the enumeration is made for the purpose of suggesting remedies.

For instance, the first most pressing need of this, the eastern section of the State, is better farmers; farmers who are trained in the science of agriculture, who are intelligent enough to vary their methods to suit the varying climatic conditions, and who are energetic enough to do as well as they know how.

This statement might apply to almost any poor farming district, but in order to plan improvements the causes of such a need must be considered, since those causes vary with the localities. With us lack of land titles, ignorance of the nature of the soil, and extremely variable climate have kept out the better class of farmers. Until a short time ago the restrictions on Indian lands made it difficult for a white man to get clear title to a farm. Even now so many complications have arisen over transfers of titles that it is often an expensive matter to prove a clear title. On the other hand, renting was not satisfactory, because farms had so few improvements that only a very inefficient class of people would consent to live in such a primitive manner. So much money had to be spent in order to make the farms habitable and productive that good farmers could not afford to so take hold of another man's land. Again, the soil in many places requires particular handling; sometimes the addition of an applied agent to counteract some excess of varying chemical constituents. The average farmer does not know how to analyze soil, and it usually takes many failures to teach him the successful way of handling his fields.

Then the climate of eastern Oklahoma is exceedingly variable and full of extremes. One year spring planting will be delayed by excessive rains; another year at the same season there will be no rain at all. Many a corn crop has been blasted by scorching winds that burned corn in the tassel; or days of drought will shrivel crops during seed formation. Repeated crop failures discourage farmers and they lose ambition.

Agricultural conditions have improved somewhat in the last five years. Since title to land could be bought, a better class of farmers has appeared. Rural schoolhouses have been built; bridges and some road improvement put in. Still our rural conditions are bad. Roads are so poor that after a heavy rain it is very difficult for farmers to get to town. Town residents are made to feel this by a sudden scarcity of eggs and the like.

Rural mail delivery and rural telephones have greatly improved the social condition of our agricultural population, but there is still a great lack along this line. Farmers' clubs, cooperative associations, and the like are practically unknown.

Rural credit can be obtained only at high rates. I have left this point until the last, partly because I do not consider it of first importance, as many do; and partly because it seems the most difficult of solution of all farm problems.

Easy and cheap credit seems to be the panacea generally recommended for all agricultural troubles. It is true that the condition of the peasants in a number of European countries has been improved by the personal credit system, but their whole foundation of agricultural conditions differs so absolutely from what we have here in Oklahoma that the adoption of such a system by us is, so far, out of the question. Their rural population is stationary; ours is migratory. Their people are accustomed to supervision by the Government and by overlords; our people would resent interference with personal affairs. In our older settled districts where many farmers have bank accounts and are able to finance themselves, where the same family from one to three generations has occupied the same land, you will find personal credit given more or less as financial security. In the majority of cases here, the farmer's personal integrity is not well enough known to permit his using it as financial security. Ignorant as many of our farmers now are of both the first principles of farming and of business methods, it would not be any real advantage to them to be able to get into debt. So we come back to the first proposition; first improve the farmer, then he will improve his surroundings. It is a tedious matter to educate adults. Our only hope is to educate the rising generation. Better rural schools is a great cry and a good one. How we are to get them is another matter.

With the present area of farm land as compared with rural population, the distances are too great to allow more than a small number of farmers' children to use any one schoolhouse. In towns, one schoolhouse, one equipment, one set of teachers, serve for a large number of children. In the country the cost of such advantages is in inverse ratio to the school attendance; the fewer the children, the more per head is the cost. The same thing applies to road making and other rural improvements.

More intensive farming would seem to be one factor in the solution of this problem. Education, both general and agricultural, is undoubtedly our first need. The farmer left to himself must grope his way hesitatingly. He could be helped, given a start, so to speak, by those who are already educated. This would not

be altogether a labor of charity, for town and city will profit by increased prosperity of surrounding agricultural districts.

This is a very fragmentary statement of the situation. Its only value lies in its attempt to draw attention to this most vital subject of the state of our agricultural lands and population.

OREGON.

STATE OF OREGON, EXECUTIVE DEPARTMENT,
Salem, August 21, 1913.

DEAR SIR: Replying to yours of the 11th instant, this is to advise you that I have named as a committee to cooperate with the Oregon delegates on the American Commission in the matter of preparing a statement concerning the agricultural needs of this State the following men: A. P. Davis, La Grande, Oreg.; A. T. Buxton, Forest Grove, Oreg.; Geo. F. Rodgers, Salem, Oreg.

Very truly, yours, OSWALD WEST.

PORTLAND, *September 22, 1913.*

A committee appointed by Gov. West met in the Imperial Hotel, Portland, to discuss and report on the agricultural needs of Oregon. The members present were H. G. Starkweather, Milwaukee; Geo. F. Rodgers, Salem; A. P. Davis, La Grande; and H. Macpherson, Corvallis. In addition, Messrs. H. F. Cutting, of Portland, and Wm. Grissenthwaite, representing the Farmers' Society of Equity, were present as consulting members.

After considerable discussion the committee settled upon the following as the paramount agricultural needs of the State of Oregon:

Cheaper credit.—Interest rates are too high, and, in general, terms of repayment are not adapted to farm conditions. The State and National Governments should take a hand in securing a system which will provide loans for the farmer upon mortgages and other collateral at rates and upon terms which insure the promotion of the great fundamental industry.

State guaranty of land titles.—Steps should be taken to secure compulsory uniformity of land registration and State guaranty of titles. Some system upon the Torrens plan of land registration is necessary to cheapen the transfer of property and secure simplicity and safety in pledging land as a security for credit.

Cooperative laws.—The present cooperative law of Oregon is quite unsatisfactory. Careful preparation should be made to frame suitable laws to be presented at the next meeting of the legislature.

The federation of farmers' organizations.—Various plans were discussed for the federation of the farmers' organizations of the State, especially with a view to securing a more efficient and economical system of marketing farm products. The members of various organizations present resolved to bend their efforts toward bringing about such a federation.

Better country roads.—One of the worst handicaps to Oregon agriculture is the bad condition of our country roads. Plans should be worked out, if possible, to secure both Federal and State aid in building up a system of highways.

H. G. STARKWEATHER, *Chairman.*

PENNSYLVANIA.

COMMONWEALTH OF PENNSYLVANIA,
EXECUTIVE CHAMBER,
Harrisburg, August 26, 1913.

DEAR SIR: The governor directs me to acknowledge the receipt of your letter of the 11th instant and to advise you that in accordance with the request therein contained he has appointed N. B. Critchfield, secretary of agriculture, Harrisburg; A. L. Martin, deputy secretary of agriculture, Harrisburg; and George G. Hutchison, Warriors Mark, Pa., as a committee of three to work in conjunction with the delegates from Pennsylvania on the Permanent American Commission.

Respectfully, yours, W. H. GAITHER, *Private Secretary.*

NOTE.—Report has not been submitted.

RHODE ISLAND.

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS,
EXECUTIVE DEPARTMENT,
Providence, October 28, 1913.

SIR: I have the honor to inform you that, pursuant to the request of the Permanent American Commission on Agricultural Finance, Production, Distribution, and Rural Life, I have appointed the following-named persons as a committee to report upon agricultural conditions and needs in Rhode Island, and to confer with the delegates of the American Commission at meetings to be called with a view to furthering the welfare of New England agricultural and rural life: Dr. Howard Edwards, president Rhode Island State College, Kingston, R. I.; Mr. Horace W. Tinkham, Warren, R. I.; Mr. Frank E. Merchant, Kingston, R. I.

A copy of this letter has been sent to each of the above-named persons, to Mr. Clarence J. Owens, director general of the Permanent American Commission, Southern Building, Washington, D. C., and to Dr. Alexander E. Cance, chairman New England committee, Massachusetts Agricultural College, Amherst, Mass.

Very truly, yours,

A. J. POTHIER, *Governor.*

STATEMENT CONCERNING RHODE ISLAND'S NEEDS FROM AN AGRICULTURAL STANDPOINT.

The State of Rhode Island is possibly unique from the agricultural standpoint in that (1) its native population, having had their attention turned almost exclusively toward commerce and manufactures and having found, as a rule, so much larger returns and more compact and pleasant community life through these pursuits, have come to regard agriculture in the State as outside of or indeed beneath the scope of worthy endeavor on their part; and (2) as a consequence, while it is by for the most densely populated of the States, it has also relatively the largest amount of unused farming land.

We would therefore place as first and most difficult in advancing the status of agriculture among us the creation of a mental attitude as to its possibilities and its consequent dignity.

To create this new mental attitude, three things are necessary: (1) Financial success in farming in Rhode Island; (2) the minimizing of hand labor on the farm and in the home; (3) the enlargement of social life and opportunity through better transportation facilities.

Financial prosperity is, then, the key to the whole situation. Energy and intelligence are everywhere looking for outlets to success, and they will enter upon farming as readily as upon any other line so soon as they are made to see a reasonable prospect of adequate financial return for effort put forth. It behooves us, first of all, therefore, to examine into the conditions for financial success.

The evidence goes to show (1) that intensive cultivation and specialized farming are financially successful in Rhode Island, taking the form of market gardening, fruit, and poultry products; (2) that, under favorable conditions, dairying can be made to pay; (3) that, in the opinion of some and with suitable marketing facilities, beef raising might now be profitably carried on; (4) that rougher outlying lands can be made to bring in a revenue by sheep raising and forestry; (5) that general farming as practiced on a large scale in the West is not profitable in Rhode Island, as is evidenced by the decrease of improved farm land by 4.8 per cent in the last 10 years.

Now, the conditions necessary for success in these specialized lines of farming are three: (1) Thorough knowledge of the applications of science in these pursuits combined with individual initiative and energy; (2) credit facilities of the same kind and extent as are available for the manufacturer and the merchant; and (3) organization for cooperative marketing.

To obtain these conditions, there are needed, in our opinion:

(1) Wider, more practical, better organized instruction in agriculture in our public schools; the elimination from all our schools of that atmosphere of veiled contempt or, at best, of passive indifference toward farming which so surely influences the minds of our strongest and most ambitious boys and girls away from country life and its pursuits. We believe that the attitude of our teachers in this matter has more to do with the present low estate of farming than any other one factor entering into the problem. All the processes of the school work tend to exalt the office of the financier, the manufacturer, the railroad magnate, the lawyer, the physician, or the writer; but the farmer in picture, and story, and song lacks every element of grace, dignity, or romance, and his occupation, instead of figuring as the greatest and most important of the productive industries is either taken for granted or ignored. These things, while trivial in themselves, have an enormous effect in determining the ambitions and ideals of youth, and, indeed, almost in spite of oneself, color all the thought of later years. Under such school conditions it is no wonder that young blood is steadily drained away from the farm and that the land cries out for intelligent and adequate tillage. Let us have

schools in which, not only are a few instructed in the principles and methods of agriculture, but the many are also duly impressed with the dignity and importance of farming, with the wonderful opportunities it now offers for ambition, energy, science, and skill, with pride in its achievements and respect for its processes in the same way as they are now informed of the standing and function of the merchant or the manufacturer. Until then we shall have as now, the general complaint of dearth of energy and initiative on our farms.

We need (2) one or more agricultural vocational schools (not colleges) to which the boy from the common school may go and receive intensive instruction and practice in the scientific processes and methods of those forms of farm production adapted to our resources and needs. These schools may form a department in some existing high school or may be organized separately, but in all cases they should have a minimum of academic training combined with a maximum of vocational and social work that would enable the student to pass directly from the school to effective participation in farm enterprises and undertakings.

We need (3) better financial support for the work of the State board of agriculture and the extension department of the State college in carrying to the men and women now on the farms detailed information and advice concerning existing problems, situations, and opportunities. This work should be done, not only by farmers' institutes, by pamphlets and bulletins, by correspondence, and by the fostering of boys' and girls' corn clubs, potato clubs, canning clubs, and the like—all of which methods are good and are now being prosecuted as earnestly and vigorously as strength and funds will permit—but also by house-to-house visitation, by actual demonstrations on the farms themselves, by continued consultation, tactful advice, and suggestion, man to man, as occasion and need arises, on the part of an expert living in the community year in and year out. In other words, we need the operation of just such a measure as the Smith-Lever extension bill, providing for State and county agricultural leaders, whose whole business shall lie in the prosecution of just this sort of work.

It is by some such process as this that more obviously needed improvements will be brought about. Farmers need organization and cooperation both in selling their products and in buying their fertilizers, feed stuffs, and supplies. They need improved marketing conditions. They need capital for making farm improvements and for financing the year's enterprises. They need to learn the significance and value of intensive farming under our market conditions. They need information about changing demands of the consumer, the development of new markets and opportunities, more attractive farms for marketing products, standardization of products for the market, new and better methods of seed selection, crop production, and crop defense, better and more intimate farm bookkeeping to show what undertakings and what individuals are profitable and what are not, cow-testing associations to raise the productive grade of their herds—a thousand things that mean success or failure in farm undertakings under increasingly exacting conditions. But all these needs can come and will come only by and through the farmer himself. He and he alone in all these matters must work out his own salvation. The manufacturer or the merchant calls in the expert to tell him how, but he himself must, and he alone can, carry out the methods which the expert invents or discovers. So with the farmer—give him the expert counsel of the State and county advisers provided for in the Lever bill, and he will himself evolve provision for all these other needs.

To sum up, then, financial success, the one thing necessary to vivify farming in Rhode Island can be obtained only through either the possession of specialized knowledge or access to advice and direction from a specialist. One essential result of this farm-specialist's work will be the demonstration of the need for cooperation and the development of the cooperative spirit. Once this spirit is thoroughly awakened, credit facilities will be naturally and inevitably evolved, just as they have come in other countries, not as a beneficence from the outside, but as a natural development of enterprise and initiative in the farmer himself.

Finally, with the establishment of a financially prosperous and aggressive farming class in the State, invention and ingenuity will surely apply itself to the lightening of the tasks of the intensive farmer in a series of implements comparable with those already evolved for the extensive farmer of the West. Indeed, we may surely say even now that the devices for minimizing hand labor on the farm and in the home are in large measure already existent and can be obtained with comparatively small expenditures. In the same way the establishment of better transportation facilities is dependent only on further organization and cooperation.

SOUTH CAROLINA.

STATE OF SOUTH CAROLINA, EXECUTIVE CHAMBER,
Columbia, August 14, 1913.

DEAR SIR: Gov. Blease is in receipt of your letter of August 12, requesting that he appoint a committee of three "to work in conjunction with the delegates on the commission from South Carolina, Messrs. R. I. and E. F. Woodside, both of Greenville, in preparing a brief statement as to the agricultural needs" of South Caro-

lina, "in order that the American Commission may consider the needs of our States and provinces as they endeavor to reach the solution of our economic problems through the use of the findings of the commission in European countries."

I have the honor to inform you that Gov. Blease has named the following three gentlemen: Mr. B. O. Harris, Pendleton, S. C.; Mr. Welch Wilbur, Newberry, S. C.; Mr. J. P. Kirven, Darlington, S. C.

It is presumed that you will send the proper notification to these gentlemen, with such information as you may deem necessary.

Respectfully,

JNO. K. AULL,
Private Secretary.

NOTE.—Report has not been submitted.

SOUTH DAKOTA.

FAIRFAX, S. DAK., *October 10, 1913.*

DEAR SIR: Gov. Frank Byrne, of Pierre, S. Dak., appointed a committee on rural credits and agricultural cooperation for the State of South Dakota, consisting of J. F. Goodsell, of Flandreau, S. Dak.; G. R. Malone, of Draper, S. Dak.; and Charles A. Johnson, of Fairfax, S. Dak. On September 23 this committee met at Mitchell, S. Dak., and perfected an organization by electing G. R. Malone president and Charles A. Johnson secretary. They passed a resolution, which was unanimous, indorsing the proposition of rural credits and cooperation, pledging themselves to do all that they can in securing such information as is available of the present condition of our farming community, and in cooperating with your organization.

I find that in looking into the matter of the credits of farmers in this part of the country that the farmers are able to borrow money on land for five years at 6 per cent, and that every five years they have to pay a commission of from 1 to 2 per cent for the whole length of time on the loan, which makes the loan cost them anywhere from 7 to 8 per cent, and in many cases it costs them as high as 10 per cent on five-year loans in the western part of our State. The State of South Dakota has quite a volume of school money, which is loaned to the farmer on five years' time without any commission, but this is only a drop in the bucket and is taken up very rapidly. I have been in the farm-loan business for the past 25 years and have charged commissions ranging from 1 to 2 per cent. We do this because we have to pay a commission in selling these loans where we sell them through brokers, but I think that the system is all wrong, as a five-year loan carries with it an uncertainty to the farmer, wondering whether he can renew his loan at its due date and at what rate. I believe that if rural credits could be secured for the farmer, enabling him to borrow his money for longer time and without a commission, that it would do more for the farming industry than has been done for it in the last 50 years, and that it would enable a lot of men who are now renters to own farms, which would materially increase the production. As it is now, with high rates of interest, the renter says that he can better afford to rent land than to pay the high rate of interest that he would have to in owning a farm. I believe that the system of rural credits, such as some of the countries of Europe have, would easily double the number of farm owners living on the farm than we have at the present time, as the renter who has a few thousand dollars now finds it more profitable to rent than to pay the high rate of interest that it is necessary to pay under the present system.

Assuring you that this commission for South Dakota will be very glad to cooperate with you in any way possible and we would be very glad to have any suggestions for our future work in this State, and assuring you that we are at your command, I remain,

Respectfully, yours,

CHARLES A. JOHNSON,
Secretary of Rural Credits Commission for South Dakota.

TENNESSEE.

STATE OF TENNESSEE, EXECUTIVE CHAMBER,
Nashville, August 13, 1913.

DEAR SIR: I am directed by Gov. Hooper to acknowledge receipt of your letter of the 8th instant, and to advise that he has appointed the following men on a committee to work in conjunction with the delegates on the American commission from Tennessee:

Hon. T. F. Peck, Nashville, Tenn.
Mr. Robert Gallagher, Shelbyville, Tenn.
Mr. R. T. De Berry, Humboldt, Tenn.

Very truly, yours,

ROBERT S. HENRY, *Secretary.*

AGRICULTURAL CONDITIONS AND NEEDS OF TENNESSEE.

This is a big question, and one with many angles, and it will not be possible for it to be covered with justice to its importance in the time given for the preparation of this report. More recent years in Tennessee have given signs of much progress among the rural population of the State, and it is a significant fact that every section of the State is evidencing the ever-widening wave of interest in things agricultural—and more especially in the spread of knowledge of better methods of farming. This interest is manifesting itself not only among the farmers themselves, but among the bankers, the manufacturers, and the great public-service corporations—especially the railroads of the State, the directors of which keenly appreciate the importance of the development of agriculture and allied industries along their lines as furnishing their chief source of revenue.

The most important phase of the work of the present administration of the department of agriculture of Tennessee has been and is its efforts to redirect thought and action into agricultural channels that the great resources of the State may be developed to the extent that it will produce everything necessary to the support of its people and, as it is capable of doing, furnishing a surplus for export.

The wonderful results of the past several years in the study and research for the improvement of agriculture have been taken to the farmers of Tennessee through the institute work of the department of agriculture. Experienced men, fitted and trained for this work, have visited the various counties of the State and have discussed with assemblies of interested farmers the needs of that particular section—soil conservation, the enemies and diseases to which crops are subjected and the best methods for their subjection and eradication; the proper preparation of farm products for the market and the adoption of the most approved methods for this purpose; the placing of the products in the hands of the consumer in the best possible condition and at the least expense, in order that the producer may obtain his rightful share of the consumer's dollar.

In order to bring the producer and the consumer closer together, for the profit of both, the State department of agriculture has inaugurated a free market bureau, at the service of both, and this movement is meeting with the hearty cooperation of the farmers of the State, and bids fair to be successful and to contribute in no small degree to the progress of agriculture in the State.

During the past year the State department of agriculture, in cooperation with the Federal Government, has completed the work of eradicating the Texas fever tick, placing the entire State out of quarantine, and thus giving the live-stock raisers of the State an unrestricted world market for their cattle. What this accomplishment means to the live-stock industry of the State can hardly be measured in dollars. With this incubus removed, Tennessee should and will be one of the leading beef-producing States of the Union; for its mild winters and long grazing season, and its abundance of native grasses make it the ideal live-stock section. Besides the eradication of the Texas fever tick, all other contagious animal diseases have been brought under control in the State, and there is now nothing standing in the way of a great development of this industry in Tennessee.

The farmers in every section of the State are evidencing a desire to adopt better methods of farming. There are many really progressive and up-to-date farmers in the State—men who have taken up and put into practical working the results of the research work of the experiment stations; and these men are serving as examples to their neighbors. The institutes held in the various counties of the State are well attended, and the interest in this work is increasing. The State needs more assistance along this line from the Federal Government. It needs trained lecturers and demonstrators. The appropriation made by the State is inadequate to do the work that is badly needed along this line, and it is hoped that the needed assistance will be forthcoming in the near future.

If some method can be devised and put into operation by which the farmers of the State can obtain money on longer time and at a lower rate of interest than they are now having to pay, enabling them to buy improved labor-saving machinery, to employ labor at the time it is most needed, and to harvest their crops when mature, agriculture in this State will receive an impetus that will result in increased acreage and production under the better methods which would be adopted, and the State would take its place as one of the best agricultural sections of the entire country.

Tennessee has the same conditions to meet as other sections of the South. About 45 per cent of the farmers of Tennessee, according to the Federal census of 1910, are tenant farmers. How to decrease this number by increasing the number of farm owners is a problem worthy of as much study as that of making it easier for the landowner to borrow money with which to operate his farm.

Of course, in the last analysis, this, as well as many other questions affecting the rural population, is one to be worked out by the individual. At the same time, it may well be assumed that if changing conditions, easier money, better farming methods, community cooperation, etc., improve the status of the landowner, the condition of the tenant will also be improved, enabling him to produce more, save more, and take advantage of opportunities to invest in a small farm for himself.

T. F. Peck,
Commissioner of Agriculture.
R. Q. De Berry.
Robt. Gallagher.

TEXAS.

GOVERNOR'S OFFICE,
Austin, Tex., August 19, 1913.

DEAR SIR: Replying to your letter of August 11, beg to advise that the governor has appointed Hon. Gus Shaw, of Texarkana; Hon. Howard Bland, of Taylor; and Hon. Peter Radford, president of the Farmers' Union of Texas, of Fort Worth, as an advisory committee to work in conjunction with the permanent members of the American Commission in preparing statement of the agricultural needs of this State.

Yours, truly,

J. T. BOWMAN, *Private Secretary.*

SIR: The following members of the American Commission for the study of European systems of agricultural credit and cooperation, Clarence Ousley, J. S. Williams, S. A. Lindsay, and Charles B. Austin (F. W. Wozencraft being absent), and Peter Radford and N. A. Shaw (Howard Bland being absent), the three latter gentlemen appointed by His Excellency Gov. Colquitt, to cooperate with the members of the American Commission, wish to submit to the permanent American Commission the following brief statement concerning the agricultural needs of the State of Texas at the present time:

Before these needs can be satisfied, the rural population must have instruction in rural organization and the business side of farming. It is our belief that this can be secured by the cooperation of the national bureaus and State institutions concerned with agricultural betterment, and by the present farmers' organization carrying on an educational propaganda.

The State needs improvement in the credit and financial facilities now at the command of the farmer. There should be inaugurated a system whereby the tenant may secure long-time credit at a low rate of interest for the purpose of purchasing a homestead and making permanent improvements thereon.

In addition to securing a system providing for putting homes within the reach of the present tenant, there should be established a system for financing the production and marketing of farm crops, the loans secured under this provision being for a short time in contrast to the long-time credit mentioned above.

The State of Texas needs improvements in methods and facilities for marketing both perishable and staple products. The chief product of the State is cotton. It is our opinion that a State bonded warehouse system should be established for the improvement of present marketing methods.

A special need of this State and of all cotton-growing States is a bureau of information for the purpose of ascertaining and publishing from month to month accurate facts concerning cotton consumption and the condition of the cotton trade in order that the demand as well as the supply may be known. We recommend that the cotton States and the Federal Government cooperate to this end.

CLARENCE OUSLEY,
Chairman, Fort Worth, Tex.
CHARLES B. AUSTIN,
Secretary, Austin, Tex.

FORT WORTH, TEX., *October 7, 1913.*

UTAH.

STATE OF UTAH, EXECUTIVE OFFICE,
Salt Lake City, October 28, 1913.

DEAR SIR: This letter is to acknowledge receipt of your communication of the 21st instant, requesting me to appoint a committee of three to advise the Permanent American Commission as to the agricultural needs of the State of Utah.

Complying with your invitation I have this day appointed Mr. Robert J. Glendinning, Mr. Glen Miller, and Mr. R. T. Badger to serve as such a committee.

Very truly, yours,

WILLIAM SPRY,
Governor of Utah.

AGRICULTURAL NEEDS OF UTAH.

1. More expeditious and economical land-transfer system.
2. A quicker and cheaper supply of money for farm loans.
3. Feed lines from our present transportation systems to reach the vast areas of good agricultural land now too distant from railroads.
4. Legislation to encourage electric-trolley transportation of produce.

5. Improvement of parcels post whereby perishable farm produce can be cared for in transit, and if necessary refrigerated.

6. Free public markets in larger cities.

7. Training of children and adults in sorting, preserving, and general handling of farm products.

8. Agricultural survey of the State, that accurate and scientific data may always be available as to soils, climate, water supply, and adaptability of every section of the State.

9. Reclamation of large tracts of alkali soil through drainage and fertilization. This could not be done by individuals except through large cooperative societies with power to issue reclamation bonds, secured by long-time mortgages with easy amortization.

10. The conservation of the State's water supply, so as to prevent needless evaporation, overconsumption, and other waste.

11. Scientific education in dry farming and application of water to sparsely supplied districts.

12. Good roads.

13. State immigration department amply supplied with funds to properly advertise the lands of the State and working hand in hand with the agricultural and experiment stations. More damage is done the State by misdirected private zeal in land promotion than by none at all.

14. Local warehouses to care for farm products on a reasonable basis of profit, so that the farmer would not have to sell on glutted markets and be at the mercy of middlemen.

VIRGINIA.

COMMONWEALTH OF VIRGINIA, GOVERNOR'S OFFICE,
Richmond, October 22, 1913.

DEAR SIR: I have yours of October 21, but have not before received any communication asking for the appointment of a committee to report on the agricultural needs of the State. Responding to your request, I have appointed Dr. J. D. Eggleston, president of the Virginia Polytechnic Institute, Blacksburg, Va.; T. O. Sandy, State agent, farmers' cooperative demonstration work, Burkeville, Va.; and Hon. B. D. Adams, member of State board of agriculture, Red Oak, Charlotte County, Va.

Very truly, yours,

WM. HODGES MANN,
Governor.

NOTE.—Report has not been submitted.

WASHINGTON.

STATE OF WASHINGTON, OFFICE OF GOVERNOR,
Olympia, October 25, 1913.

MY DEAR SIR: Gov. Lister directs me to acknowledge the receipt of your favor of the 21st instant and to call your attention to the fact that he has appointed a committee from this State, comprising Senator Ralph Metcalf, of Tacoma, Wash., and Hon. Clark G. Black, of Pomeroy, Wash., to act in preparation of the recommendations referred to in your letter. This committee is now formulating its recommendations preliminary to a meeting that I believe is to be held in Washington, D. C., during the month of November.

Yours, very truly,

IRVIN W. ZIEGAUS, *Secretary to the Governor.*

NOVEMBER 26, 1913.

To the GOVERNOR OF WASHINGTON, *Olympia, Wash.:*

Pursuant to your request for a report upon the agricultural needs of the State for transmission to the Permanent American Commission on Agricultural Finance, Production, Distribution, Rural Life:

The soil and climate of Washington are unsurpassed for agriculture. It is the one State capable of producing practically everything needed. Its progress and the happiness and prosperity of its people would continue if it were separated from the rest of the world by an impassable wall.

In Washington, as elsewhere, the farmers are undercapitalized. A system of very long time farm loans is needed on the amortization plan. This can best be secured on the Landschaften system of collective security. This State has extended this system from cities and counties and school districts to port districts, diking districts, drainage districts, irrigation districts, and agricultural development districts. It should be extended to provide

collective security for loans for 30 years or longer to farmers, payable by amortization. Short-time personal loans are also needed at a very greatly reduced rate of interest and much more easily to be obtained.

This necessitates a guaranty that the security, individual or collective, land or personal, shall not deteriorate in value; that it shall be worth as much intrinsically at any time during the loan and when the mortgage is due as it is the day of the loan. A loan is not justified on a farm which the borrower robs of its productive value, to leave it stripped of fertility and productivity, as we have done in America for several generations. Farming must be so managed, crops so planned, fertilizer so used, that its value is not stolen, but maintained, its vital element restored as it is withdrawn in crops. Every farmer in Europe knows this. His first thought is study and analysis of the soil, crop rotation, and fertilizer, and before he buys his seed he buys his chemical. Maintaining the productivity of the soil is a contract feature in his loan. Some European Governments by law prescribe a crop rotation that shall accomplish this, for without it ruin and starvation would be inevitable.

To this end dairying and raising beef cattle is essential in the grain belt of eastern Washington and is probably the best first step in the development of the logged-off lands of western Washington. This will not only preserve fertility, but will double the value of the land and produce greatly increased returns. This State is shipping a large amount of lumber east for silos in the grain States. It would profit a thousand times more if these silos were constructed and utilized here in every agricultural section of Washington. It has been demonstrated that corn can be grown for silage anywhere in the State. It should be grown. The carbohydrates are essential. Alfalfa and clover are a matter of course. When our farmers add a dairy herd and a silo, they have taken a long step toward providing the protective security that will be needed when a farm credit system goes into effect.

The most important law for the farmer passed by the last legislature, chapter 18, providing for a bureau of farm development and the establishment of an agricultural expert in each county, has been neglected by most counties. In every agricultural county farmers should demand that they be given the advantage of this law. A manufacturer and a merchant employs an efficiency engineer. One of the largest eastern manufacturers called such a man from a distant city, handed him a check book, and told him he had deposited a check for $50,000 to his order. He wanted a certain small reduction in his cost of manufacture of each machine he was turning out, whether by devising labor-saving machinery or other means he cared not; and he said if the $50,000 was not enough there was plenty more available. He was turning out many thousand machines a year, and a dollar or two reduction on cost of each meant an increase of five or six figures in his profits. The farmer has not been able to do this; he can do it under this law with no expense; he needs it more than the manufacturer. There is plenty of very valuable information in books and Government bulletins, but the only plan that will work is to carry right to the farmer the answer to his personal problem. This law provides the way.

Agricultural education in schools and high schools should be made practical and emphasized. It should be available to the farmer as well as to the schoolboy. School laboratories should be available for soil analyses, which are neglected by our educational authorities. If practicable there should be a demonstration farm in connection with high-school instruction, where farmers may be shown the enormous difference right farming makes, while the boys are being taught to farm right; where the effect of planting the right seed, using the right rotation, preserving fertility by the right fertilizer will stand out in nature's book, forcing attention, and not be smothered in books and bulletins molding on forgotten shelves. Such a demonstration farm would be of infinite value to the county agricultural expert.

Standardizing crops and stock is greatly needed and will necessarily come with cooperative marketing. Cooperation eliminates most of the middlemen and of the superfluous duplication of process of distribution which causes a fearful economic waste for the producer. Our apple growers must realize that there have been hundreds of thousands of apple trees planted all over the country and hundreds of abandoned orchards in the East revitalized. Whatever the superiority of Washington fruit, salvation depends upon a genuine cooperative organization, a strenuous campaign for increased and ever-widening markets and marketing upon a scientific basis. And the same principle applies to all of our products in every part of the State.

There are men who say that cooperation will not work in this country and point to failures as a proof. We are just beginning to learn the kindergarten principles of cooperation, and failures are due to this lack of knowledge of what true cooperation is. Cooperation does this. We are not hazarding a to-be-proven hypothesis; we are stating a fact, emphatically and without equivocation. Practically every country in Europe has demonstrated it beyond argument or denial. Cooperation cheapens and vastly betters supplies, increases returns and insures a certain market, strengthens human power and ability for productive labor. Milk, eggs, meat, fruit, and grain bring better prices; fertilizer, feed, implements, seed, all agricultural necessities, cost less. And, further, indirect effects are diffusion of practical knowledge, remarkable educational capacity, stimulation of thought, teaching men to cultivate better, select the most profitable crop, to conserve the fertility of the

soil, to improve grade, to turn produce to better account, and to promote general well-being and community spirit. It means making farming profitable and easier, the creation of a high, prosperous, contented rural civilization, the vital need of our time. Cooperative credit, collective security are the basic principles of cooperation. Cooperative production, supply, and distribution naturally and logically and necessarily follow. This is our first essential. We are going to have cooperative farm credit in this country, and we are going to have Federal and State legislation to make it easy and to safeguard it. And when this movement starts, it must be in the hands of the farmers themselves. We emphatically repeat the one recommendation of our August report to your excellency: Whatever rural credit or cooperative organizations may be provided by legislation, the farmers must take the initiative in their creation, must take their management—so that their success and the benefit for the entire State, since what benefits the farmers of necessity benefits the State, may be due to and belong to only the farmers themselves. This is the Irish idea, and no country ever in the world's history made so much progress in agriculture, in the betterment of the life and condition of the farmer, in a like period as has Ireland, the result of the preaching and teaching and organization of cooperation by Sir Horace Plunkett. It is no longer suffering Ireland; it is happy, prosperous Erin in the agricultural districts. On the Continent Government aid indubitably has retarded progress. It must be self-help.

Respectfully submitted.

RALPH METCALF.
CLARK BLACK.

WEST VIRGINIA.

STATE OF WEST VIRGINIA, EXECUTIVE DEPARTMENT,
Charleston, August 27, 1913.

MY DEAR SIR: In compliance with your recent request, Gov. Hatfield has announced the appointment of the following committee to act in conjunction with Mr. J. F. Marsh, of Charleston, the delegate on the commission representing West Virginia: E. W. Oglebay, of Wheeling; H. E. Williams, of Charleston; J. B. Garvin, of Barboursville.

Yours, very truly,

WALTER S. HALLANAN,
Secretary to the Governor.

SUMMARY OF AGRICULTURAL ORGANIZATIONS IN WEST VIRGINIA.

The following summary of the agricultural organizations in this State will show that we have a large number and a large variety of organizations having for their purpose the benefits coming from unified action among our farmers. On the other hand, these paragraphs will show that these organizations are by no means occupying the fields that need so much organized attention in our State. Below we mention our principal agricultural organizations:

(*a*) *The grange.*—There are in West Virginia about 64 grange organizations with a total membership of 11,813. In years past, the grange was quite active in organizing cooperative buying and selling stores. At the present time, only a few, if any, of these stores are in operation. The grange is now giving its chief attention to farmers' mutual insurance and, in this way, is doing the farmer a good service in a business sense. In addition to its business activities, the grange serves a good social purpose in the communities where it is active. Prof. T. C. Atkeson of Morgantown, W. Va., is the State master and recognized leader of this organization in West Virginia.

(*b*) *Farmers' mutual cooperative insurance.*—The best proof that cooperative farmers' organizations will succeed in West Virginia is found in the records of the farmers' cooperative insurance companies. This State protects these companies by a strong law and encourages them by friendly supervision. At the present time we have about 20 such companies in this State, with insurance in force amounting to $18,703,801. According to the official report of the State auditor, this insurance is absolutely safe and costs only about one-half as much as the old line insurance.

(*c*) *Horticultural societies.*—We have nine horticultural societies found mostly in the northeastern part of the State. These societies carry on an educational propaganda and do much for the encouragement of fruit culture. When we remember that Switzerland, a country two-thirds the size of West Virginia and even more mountainous, has 118 such societies with a total membership of more than 6,000, we realize the need for more activity in this branch of agricultural organization.

The Virginias' Fruit Exchange is doing some practical work in marketing the fruit grown in the eastern panhandle of West Virginia, and is demonstrating what are the possibilities for better marketing through cooperative effort.

(*d*) *Live-stock associations.*—The different live-stock societies in this State have recently federated under one organization. The leaders of these societies feel keenly the need of cooperative organizations for pure animal breeding and marketing. The most recent definite piece of work done by these associations is the publication of a partial directory of all of the breeders of pure bred live stock in the State.

(*e*) *West Virginia branch of the American Poultry Association.*—There are 11 local branches with a membership of several hundred in this State, 60 of these being life members. Hon. Horace Atwood, of Morgantown, in commenting on this organization, says, "We have great need for more economical and efficient methods of marketing poultry products in this State. For example, in the interior counties eggs practically sell for not more than one-half what the high-grade eggs are selling for wholesale in New York City, and yet the express rate in most instances is less than 3 cents a dozen." This statement clearly shows the need of organizations that will connect our farmers with the best poultry markets. Special attention is called to the "Report of the Proceedings of the Fifth Annual Meeting of the West Virginia Branch of the American Poultry Association," which can be secured from Hon. H. E. Williams, Charleston, W. Va.

(*f*) *Creamery associations.*—In spite of the fact that West Virginia is a natural dairy State, we have less than half a dozen cooperative creamery associations in the State. We take pride in calling our State the Switzerland of America, yet we find in Switzerland 2,785 milk and cheese societies with a membership of 77,227. From these figures it is evident that there is great opportunity for good work in organizing of farmers for the purpose of increasing the number and efficiency of the cows of the State and in getting the daily products to the market with the best economic results.

It is the hope of this committee that the foregoing pages will call to the attention of our governor and the American Commission the need and opportunity for cooperative action among farmers in West Virginia; the proof that such organizations succeed when properly managed; and that this branch of the business of the State is exceedingly small when compared with what might be done if the State should enter with earnestness upon a campaign for better farming, better farm business, and better country life.

Respectfully submitted.

J. F. MARSH, *Chairman,*
Charleston, W. Va.
E. W. OGLEBAY,
Wheeling, W. Va.
H. E. WILLIAMS,
Charleston, W. Va.
J. B. GARVIN,
Huntington, W. Va.

AGRICULTURAL NEEDS OF WEST VIRGINIA, WITH SPECIAL REFERENCE TO COOPERATIVE ORGANIZATION.

[Letter of transmittal.]

SIR: We, the members of the committee appointed by Gov. H. D. Hatfield at the suggestion of the American Commission to prepare a statement of the agricultural needs of West Virginia, with special reference to agricultural organizations, respectfully submit the following report.

J. F. MARSH, *Chairman, Charleston.*
E. W. OGLEBAY, *Wheeling.*
J. B. GARVIN, *Huntington.*
H. E. WILLIAMS, *Charleston.*

[Letter of transmittal.]

Hon. HENRY D. HATFIELD,
Governor of West Virginia.

SIR: We, the members of the committee appointed by your excellency, at the request of the Permanent American Commission, to prepare a statement on the agricultural needs of West Virginia, with special reference to agricultural organizations, respectfully submit the following report for your consideration.

J. F. MARSH, *Chairman.*
E. W. OGLEBAY.
J. B. GARVIN.
H. E. WILLIAMS.

INTRODUCTORY.

After inquiry as to the wishes of the American Agricultural Commission which inspired the appointment of this committee, and considerable thought as to how this report might add to the great mass of agricultural literature appearing in the State and Nation from time to time, we have decided upon the course indicated by the contents of the report.

It appears that the national authorities are in need of a brief, accurate survey of the agricultural organizations—especially cooperative organizations—in each State to use as a basis for framing national law and in carrying on a nation-wide campaign for organizing the agricultural forces throughout the country. In view of this need we have endeavored to make this report answer as a creditable chapter on "Farm organization in West Virginia," in case these State reports are combined in a national report on this subject.

We feel that this compilation of facts, with the brief comments by the committee, contains some valuable information and suggestions for West Virginia officials and lawmakers. In our opinion the most convincing thing to be found in this report as a whole is the lack of organizations among our farmers and the great need and opportunities for further cooperative action among the farmers, our greatest producing class.

This committee urges the governor to request the State commissioner of agriculture, the College of Agriculture of the State University, the officers of agricultural societies, and the head of the State legislative reference bureau to cooperate in preparing bills bearing upon the agricultural needs of the State for the consideration of the next session of the legislature.

If it is the pleasure of the governor, this committee will hold itself in readiness to render every possible service in behalf of better organization among the farmers of West Virginia.

NEEDED—MORE ORGANIZED EFFORT AMONG FARMERS OF WEST VIRGINIA.

As has been stated in the introduction to this report, no attempt will be made in this treatise to discuss the great variety of agricultural needs in this State. In this connection a few facts should be given to show the urgent need of constructive organization and effort among the farmers and those who depend upon the farmers in West Virginia. The urgency of the situation is indicated by the brief survey of conditions found in the following paragraphs:

1. The people of West Virginia are leaving the farms, as the table below shows:

1890, rural population of West Virginia, 82 per cent of total population.
1900, rural population of West Virginia, 78 per cent of total population.
1910, rural population of West Virginia, 70 per cent of total population.

2. The people of West Virginia are not feeding themselves.

Without discussion the figures given below tell their own story. For example, let us use the figures regarding the production of corn in this State. This product can be raised with profit in our great river valleys and can be consumed with good returns on our farms and in our numerous markets, yet the per capita production is decreasing as follows:

	Bushels.
1880, per capita corn production of West Virginia	22.4
1890, per capita corn production of West Virginia	18
1900, per capita corn production of West Virginia	17.3
1910, per capita corn production of West Virginia	14

Other products are not keeping pace with the increase in population. Indeed, many of the important products of the farm are decreasing, and thus are putting longer and longer distances between the demand and the supply. The following table shows this situation:

	Per cent.
Increase in population from 1900 to 1910	27
Decrease in number of sheep, 1900 to 1910	3
Decrease in number of cattle, 1900 to 1910	6
Decrease in number of swine, 1900 to 1910	26
Decrease in wheat raised, 1900 to 1910	40

It has been shown by a careful study of the facts that at the present acreage of hay, corn, oats, beans, and potatoes, if cultivated according to scientific methods and with reasonable care, would produce an increase of about $7,000,000, although the total present production on this acreage is only $22,500,000.

At the present time West Virginia pays annually for imported farm products about $50,000,000. At the lowest estimate it seems quite possible for our State to supply this great demand which is now sending so much of our wealth beyond the borders of our State. Our annual coal production of $60,000,000 can not add much

to the permanent wealth and happiness of our State so long as most of the money thus received must be sent out of the State to bring in products to feed our people.

West Virginia should be a "land of plenty."—The reader should not get the impression from what is said above that West Virginia does not have great possibilities as a general farming State. The rich valleys of such rivers as the Ohio, the Kanawhas, the Potomac, and numerous smaller ones are capable of producing heavy crops on a large scale; the hill and mountain ranges of "chert" limestone, and heavy clays, and rocky lands, with ideal natural frost protection and sun exposure, are waiting to blossom with beauty and wealth in peach and apple orchards; the great rolling areas of limestone produce blue grass that will put cattle in condition for export without any grain feeding; the great variety of soil, contour, and climate make unusual possibilities in trucking, small fruit, poultry, etc. Some of these fine farming resources are being well used, others are in the process of development; but much of our State is awaiting the vigorous touch of organized, expert effort from our farmers. Therefore we conclude that—

3. *The farmers of West Virginia should organize.*—The reports found in the pages which follow will show that this State has a large enough variety of organizations. They will also show that most of these organizations, up to the present, have been "discussing" organizations. This work of education and culture is highly essential, but the time has come when we should turn talk into action. Our organizations need much larger numbers of active members and many more definite activities to perform. It isn't much trouble to induce farmers to quit work to attend a sale if there is a prospect of getting a good bargain there, or of getting him to go to town if he has some produce to sell and the market is especially good. The same instinct for business will cause him to give active interest to a society that has businesslike appeals to him. The reports of the different societies will suggest their specific purposes and needs. In this general statement we desire to point out in the following paragraphs at least two important means of service to be rendered by active farmers' organizations.

(*a*) *Such organization will give each member the benefit of the best aggregate thought of all.*—"It is not good for man to be alone" well applies to farmers. If a farmer is using poor methods, he should mingle with those who use better methods. This contact will make him "catch" the better practices. If he is using superior methods, the laws of good citizenship require him to pass along his ideas. An organization that brings together the farmers of a neighborhood will accomplish both of these ends. We talk much about conservation. One of the greatest wastes in West Virginia is found in the good farm ideas which are going to waste for want of wide use. Most farmers are expert at something, small or great. If all of these experts were brought together, the whole community could profit by the ingenuity and experience of all. The motto of many of the European cooperative societies is, "All for each, and each for all."

(*b*) *Such organizations will act as agencies for national and State workers.*—Farm organizations should be run by farmers for farmers. When such organizations are actively at work, they will naturally begin to look around for help. With a real motive, the farmers will then call upon the United States Department of Agriculture and other national organizations, the State commissioner of agriculture, the State colleges of agriculture and experiment stations, the county demonstrators, the rural high schools, and the numerous other sources of direct help and inspiration. Under our present system there are large supplies of enthusiasm and inspiration at national and State headquarters, but these good things for the farmer have no well-connected medium through which to reach the individual farmer, where they are much needed. On account of the lack of local organized activity among farmers, the State is failing to get proper returns for what it is spending for agricultural experimentation, teaching, and supervision.

NEEDED—BETTER CREDIT FOR FARMERS.

Inasmuch as the National Congress at the urgent request of the President of the United States is now considering the passage of national laws on this important question, and, as the United States Department of Agriculture and several national organizations are preparing model State laws to create, protect, and supervise systems of rural credit in the several States, it is not deemed advisable for this committee to report at length on this question. We offer, in brief form, the following propositions:

1. *West Virginia has plenty of capital and banks.*—Owing to our great national resources, our State has sufficient aggregate capital to finance all classes of business including that of our farmers. Under our present system there is a natural tendency for this capital to concentrate in great industrial centers in and out of the State. Although our farmers are willing to pay a reasonable interest and to offer good security, they can not, as a rule, secure without difficulty loans suited to their particular needs. A few months ago, a prosperous farmer in one of our interior counties told a member of the committee that he and his farmer neighbors had been accus-

tomed to pay 8 per cent on money with which to buy stock and improve their farms. One day he learned that the banks in a near-by railroad town were loaning to merchants at 6 per cent, so he had a business friend to negotiate his next loan which was secured at the lower commercial rate. Such conditions are common in West Virginia. Farmers are favorite depositors, and are often treated as undesirable borrowers. Progressive farming is a business demanding considerable working capital in varying quantities. For this reason the farmer should have facilities for securing easily fair loans for productive and constructive purposes.

2. *Good credit for the farmers requires an improved land-title system.*—In countries that have been most successful in establishing helpful rural credit systems, much attention has been given to land titles. The best title systems have the following characteristics: (1) Simplicity: A good title system's rules and forms should be simple enough to be understood by the average man. (2) Provision for inexpensive transfer: At present a lawyer is often needed to determine the worth of a title, and to assist in making a transfer of real estate. With a proper title system, the transfer of deeds should be no more difficult than the transfer of a negotiable note. (3) A title should carry a guarantee: Before an ideal system of rural credits can be worked out, all titles to land must be made clear. In countries where titles are guaranteed, a small fee is charged which goes to a fund that takes care of any loss the State may meet in guaranteeing titles. In this State it might be necessary to classify titles, as it will take much time to determine the legal owner of much of our land. Much valuable information on this subject is available. It is time for West Virginia to study these systems and begin to adopt and adapt one to our needs.

3. *Our farmers need improved facilities for short-time credit.*—As a rule the customs of our banks, even those in rural towns, are determined by the demands of the merchant and industrial classes. Loans are made for 30, 60, 90 days, or 6 months without much reference to the time the farmer expects to get his cash returns from his farm. Our State can secure valuable suggestions to meet this trouble from the agricultural banks of Europe and our own Philippine Islands. In these places, a farmer who wishes to undertake an agricultural project—to raise a crop, buy stock or implements—makes an application stating the purpose of the undertaking, the estimated cost, and probable returns, and the time when the returns will make it possible for him to pay the loan. This application is passed upon by a committee or special official, and, if the projects are based upon sound, economic principles, the loan is made. Such a system fits a farmer's immediate needs, and encourages careful thinking about his plans.

4. *Our farmers need special facilities for long-time credit.*—This form of credit is needed by purchasers of farms and builders of homes who are not able to make the payments in the time generally stipulated under the present business system. By what is called the amortization plan, a poor young man could buy a farm and borrow the money to pay for it on 25-year or even 50-year time. He would be charged for the entire time a rate that would amount to an annual payment sufficient to pay the interest, a small amount for bank administration, and for amortization (payment on principal). In Europe many such loans are made for 54 years at an annual rate of about 4½ per cent.

Rural banking is a big subject and no attempt has been made to discuss it in detail in this report. This committee believes that the improvement in rural credit where needed should be made if possible through such banks, trust companies, building and loan associations, and such other established financial organizations as will meet these demands.

REPORTS OF ORGANIZATIONS AND COMMENTS BY THE COMMITTEE.

THE GRANGE.

1. *Merits of the grange.*—In a card issued by the National Grange the merits and record of that organization are summed up as follows:

WHY JOIN THE GRANGE?

It is the farmer's only organization national in character.

It has stood the test for 32 years, and has never been found wanting in any respect.

It has exerted greater influence in securing State and National legislation in the interest of agriculture than any agency in the country.

It is officered by those engaged in agriculture, who know from experience the needs of farmers, and are sincere in their desire to aid them in every possible way.

It is the duty of farmers to cooperate with one another, if they would successfully meet the influence of organization in every direction, and secure for wife and home a fair share of what the harvest yields.

It has secured national legislation in the oleomargarine law, the establishment of the Interstate Commerce Commission, the establishment of Rural Free Mail Delivery, and State legislation in every State in the interest of the farming population.

It has exerted the greatest influence known in breaking up the isolation of farm life and in making farm life attractive to the boys and girls, bringing sunshine and happiness into the farm home to such an extent as has never before existed.

2. *Extent of the grange in West Virginia.*—The latest report at hand gives location and membership of the granges of West Virginia as follows:

(*a*) Pomona granges:

No. 2. Monongalia and Preston Counties.

No. 3. Lewis and Upshur Counties.

No. 5. Marion County.

(*b*) Subordinate granges:

Location.	Membership.	Location.	Membership.
Tuscarora, Berkeley County	14	Valley, Lewis County	178
Fairview, Ohio County	17	Little Guyan, Mason County	181
Woodlawn, Jefferson County	21	Olive, Wood County	184
Pleasant Valley, Upshur County	31	Tygarts Valley, Wood County	196
Pleasant View, Lewis County	34	Evening Star, Preston County	206
Marion, Marion County	42	Evergreen, Mason County	214
Orion, Lewis County	47	Union, Lewis County	218
Rose, Putnam County	54	Friendship, Monongalia County	236
Falling Springs, Greenbrier County	67	Excelsior, Tucker County	237
Clover Valley, Taylor County	73	Clover Dale, Gilmer County	249
Richlands, Greenbrier County	76	Perseverance, Gilmer County	253
Phoenix, Monroe County	78	Union Vineyard, Lewis County	285
Grass Lick, Jackson County	87	Rocky Point, Putnam County	290
Mount Zion, Lewis County	89	Lost Creek, Harrison County	293
Union, Jackson County	90	Poca, Putnam County	312
Grassland, Marion County	92	Enterprise, Webster County	320
Valley, Gilmer County	93	Lone Star, Raleigh County	322
Buenavista, Cabell County	95	Cassville, Monongalia County	335
River Side, Putnam County	102	Centennial, Kanawha County	336
Enterprise, Harrison County	104	Victoria, Ritchie County	337
Teays Valley, Putnam County	110	Smithville, Ritchie County	338
Banner, Marion County	111	Lady, Tyler County	339
Star, Marion County	113	Independent, Ritchie County	356
Eagle, Marion County	129	Unity, Kanawha County	358
Independent, Randolph County	134	Salem, Nicholas County	368
Hazel Dell, Monongalia County	140	University, Monongalia County	372
Hannon, Mason County	251	Rockforge, Monongalia County	380
Flora, Upshur County	164	Kingwood, Preston County	383
Evergreen, Upshur County	165	Kanawha, Gilmer County	397
Oak Grove, Marion County	167	Glenndale, Ohio County	105
Frontier, Tucker County	169	Gap Mills, Monroe County	106
Locust Grove, Wood County	172		

3. *The history and work of the grange in West Virginia.*—The following letter from Hon. T. C. Atkeson, who has been the recognized leader of the grange in West Virginia for many years and who stands high in National Grange circles, gives a valuable account of the history, the work, and the possibilities of the grange in West Virginia.

Prof. Atkeson's letter follows:

Mr. J. F. Marsh,

Chairman, Charleston, W. Va.

Dear Sir: Your favor of September 30 just at hand. Inclosed I am sending you the 1910–11 grange directory which is the latest I happen to have. If you will write Secretary M. V. Brown, Buffalo, Putnam County, W. Va., he will send you a later directory. A number of new granges have been organized in the last year or two.

The grange was organized in this State in October, 1872, and has met regularly every year since. The membership is between four and five thousand—membership in the United States about 1,000,000. The grange has done more cooperative buying and selling during its 41 years of life in this State than all the other individuals and organizations combined and, being a perfectly organized concrete fraternity of farmers with well-trained conservative leaders, possesses all the necessary machinery for successful cooperation.

In its early years the grange established hundreds of cooperative stores in West Virginia, built woolen mills, wool warehouses, and engaged in other enterprises of a similar character. Then a period of reaction came and most of these enterprises were closed out, and some of them suffered disastrous losses. For the last 20 years the cooperative efforts of the grange have been given to fire insurance, buying fertilizers, nursery stock, machinery, and general farmers' supplies and to selling live stock and general farm products.

The grange began the agitation for the election of United States Senators by the people, the introduction of agriculture into the public schools, the establishment of agricultural experiment stations, the improvement of our agricultural colleges, rural mail delivery, parcels post, postal savings banks, and many other State and National reforms. The grange has been a pioneer in practically every reform movement in this State for 40 years—including movements for better schools, better roads, tax reform and many others. It is impossible to do justice to the cooperative and reform work of the grange without writing a complete history of the order. The grange held the first farmers' institutes and agricultural extension schools ever held in the United States. It held the first farmers' institute in this State and probably the first in the United States in October, 1872, and the first agricultural-extension school ever held in the country, March, 1897.

The grange is the only farmers' organization that has lived long enough to become a permanent institution. Many others have sprung up like Jonah's gourd and perished in a night, while the grange continues to grow. Away back in 1874 the grange said in its declaration of purpose: "We shall advance the cause of education among ourselves and for our children by all just means within our power. We especially advocate for our agricultural and industrial colleges that practical agriculture, domestic science, and all the arts which adorn the home be taught in their courses." And as far back as 1872 it publicly advocated the teaching of agriculture in the public schools.

Again quoting the declaration of purposes, "We propose meeting together, talking together, working together, buying together, selling together, and in general acting together for our mutual protection and advancement, as occasion requires." That is pretty good cooperation doctrine to be 40 years old. Once more, "For our business interests, we desire to bring producers and consumers, farmers and manufacturers, into the most direct and friendly relations. Hence, we must dispense with a surplus of middlemen, not that we are unfriendly to them, but we do not need them. Their surplus and their exactions diminish our profits." That is what is the chief cause of the high cost of living to-day.

As a rural-betterment organization the grange has no equal. Its "specific objects" are: "To develop a better and higher manhood and womanhood among ourselves; to enhance the comforts and attractions of our homes and strengthen our attachments to our pursuits; to foster mutual understanding and cooperation; to maintain inviolate our laws and to emulate each other in labor; to hasten the good time coming; to reduce our expenses, both individual and corporate; to buy less and produce more, in order to make our farms self-sustaining; to diversify our crops, and crop no more than we can cultivate; to condense the weight of our exports, selling less in the bushel and more on hoof and in fleece; less in lint and more in warp and woof; to systematize our work and calculate intelligently on probabilities; to discountenance the credit system, the mortgage system, the fashion system, and every other system tending to prodigality and bankruptcy."

But I must close. There never has been any better farmers' organization than the grange and probably never will be.

With very best wishes, I remain, very truly, yours,

T. C. ATKESON,
Member of the National Grange Legislative Committee.

4. *Comments by the committee.*—Your committee fully realizes that the grange has great fundamental, abiding qualities that give it permanent possibilities. As stated in Prof. Atkeson's letter, its opportunity for best service at present in this State is found in the field of farmers' mutual fire insurance and cooperative buying. Your committee believes the grange should be encouraged and urged to expand this phase of its work, so as to secure for its members the cheapest sound insurance for live stock and better methods of marketing farm products, such as eggs, butter, vegetables, and fruits.

Probably the grange's emphasis on thrift and savings would make it an unnatural medium for carrying on a propaganda for farm credits. We believe, however, that the grange will lend its influence to any proper effort to insure fair borrowing facilities for farmers who need short-time or long-time loans.

We suggest that the governor, the State commissioner of agriculture, the college of agriculture, and organizations for promoting the interests of rural life encourage and use the grange in every way possible, and, on the other hand, we call the attention of the members of the grange to their opportunity and duty respecting the need for better business methods among the farmers of the State.

The present State officers of the grange are:

State officers:

Master, T. C. Atkeson, Morgantown.
Overseer, C. E. Lewis, Maxwelton.
Lecturer, E. W. Sheets, Lost Creek.
Steward, W. T. McDonald, Charles Town.
Assistant, G. E. Skinner, Pliny.
Chaplain, G. V. Forinash, Horner.
Treasurer, J. B. Wilson, Mannington.
Secretary, M. V. Brown, Buffalo.
Gatekeeper, W. E. Evans, Cottageville.
Ceres, Mrs. Anna M. Wells, Bens Run.
Pomona, Miss Bly Darnell, French Creek.
Flora, Miss Fay Allman, Weston.
Lady assistant steward, Mrs. R. C. Taylor, Horner.

Executive committee:

H. C. Skinner, chairman, Pliny, 1914.
J. R. Wells, Bens Run, 1912.
R. E. Thrasher, Duo, 1913.

FARMERS' MUTUAL COOPERATIVE INSURANCE COMPANIES IN WEST VIRGINIA.

The best example of the possibilities of cooperative action among farmers and of the benefits to be derived from such action is found in farmers' mutual cooperative insurance companies. As reported by Mr. Atkeson, the grange has done much to promote this movement.

West Virginia has a sound law covering this form of insurance, and thus makes this form of business legal and safe in every respect. Extracts from the law regarding farmers' mutual cooperative insurance follow:

SECTION 11. A farmers' mutual cooperative fire insurance company is hereby defined to mean a company incorporated under the laws of West Virginia for the purpose of insuring property against damage by fire, lightning, tornadoes, without capital stock, and which operates on the assessment plan and is limited to one or more counties in the transaction of its business, as hereinafter provided.

SEC. 12. No such company shall commence the transaction of business until it receives from the insurance commissioner a certificate of authority, which certificate shall state that such company has complied with the provisions of this chapter. Before such certificate may be issued such company shall file with the insurance commissioner a certified copy of its charter, together with a sworn statement of three of the incorporators, that bona fide applications have been made by not less than 25 citizens for not less than $25,000 of insurance, of which amount no one or more risks subject to one fire shall exceed $1,000, said risks to be located in the State of West Virginia.

SEC. 13. Every such company may then be authorized to issue policies of insurance, signed by its president and secretary, agreeing in the name of the company to pay all damages caused by fire, lightning, or tornado to the property insured during the life of the policy. There shall be a clause plainly printed on the policy that the holder thereof (the insured) is liable for such assessments as may be necessary to pay in full his pro rata share of all losses and expenses incurred by the company.

SEC. 14. The secretary of any such company shall notify every member of the corporation by written or printed notice signed by him stating the amount due the company from the members and the time and place and to whom it shall be paid. Such payment shall be made by the members within 60 days from the delivery of the notice, which notice may be delivered personally, or by mail, and if by mail, it shall be addressed to each member at the last post-office address given, as shown by the company's book of record. The company shall have a lien upon the property insured to secure the payment of all such assessments and calls as may be legally made under the contract of insurance or by-laws of the company, and it may maintain an action against any member thereof to recover all assessments which he may neglect or refuse to pay when due, made upon him under the provisions of this chapter or the by-laws of the company.

SEC. 15. Such companies are authorized to accumulate a surplus or emergency fund in such amount as may be deemed advisable by its board of directors.

2. *Extent of business.*—The following table taken from the report of the insurance department (auditor's office) for 1913, shows the extent of this business in West Virginia:

Name of company.	Risks written.	In force at end of year.	Cash income during year.	Fire losses paid during year.
Farmers & Mechanics Mutual Fire, Martinsburg, W. Va	$9,855.00	$518,376.00	$2,378.53	$1,032.10
Farmers Mutual Fire Association, Fairmont, W. Va	1,185,612.00	7,850,348.00	26,021.38	14,380.10
Grange Mutual Fire, Philippi, W. Va	47,900.00	684,934.00	1,065.95	835.00
Harrison County Farmers Mutual, Shinnston, W. Va	281,255.00	1,159,298.00	3,789.38	1,047.00
Municipal Mutual, Wellsburg, W. Va	91,250.00	202,600.00	518.98	5.26
Mutual Protective Association, Romney, W. Va	142,928.00	240,928.00	427.92	33.26
Pan Handle Farmers Mutual, Clinton, W. Va	292,250.00	3,313,250.00	19,581.82	9,023.81
Patrons Mutual Fire, Buffalo, W. Va	35,208.00	359,898.00	1,050.80	595.15
Safe, Harrisville, W. Va	2,029,508.00	1,868,733.00	10,045.02	8,775.91
Sure, Huntington, W. Va	435,321.00	425,821.00	2,021.95	.....
Wetzel Farmers Mutual, Vernon, W. Va	196,850.00	525,615.00	1,700.38	682.70
Farmers Home Fire Insurance Co., Lewisburg, W. Va	.....	155,400.00	.....	.....
Total	4,747,967.00	18,703,801.00	68,602.12	36,410.29

3. *Comments by the committee.*—As this kind of insurance is absolutely safe and costs only about one-half as much as the ordinary old-line insurance, its benefits should be given wide publicity through the proper agency. Farmers should be encouraged to expand this form of insurance so as to include live stock and principal crops against lightning, disease, flood, and storms. Such insurance has been practiced with good results for many years in many European countries and in several of our States. Such insurance has many benefits:

First. It gives the farmer certain reliable assets that make his financial standing stable. With such insurance, he can borrow or buy on what is insured. It gives him a feeling of safety that makes for peace and optimism in business.

Second. It brings sharply to his attention the need of preventive measures and the advantages of good, well-kept buildings and hardy stock and crops.

Third. It brings about a feeling of mutual interest, and cooperative action that make for a better neighborhood feeling among farmers. Such organizations have a tendency to cause the stockholders to become interested inspectors of each other's property, for loss by one means loss by all. One farmer who had just lost a large barn by lightning and had received its value from the farmers' mutual cooperative insurance company, well expressed the value and spirit of such an organization when he said to a member of your committee, "The difference between the old way and the new is this: In olden times my neighbors would have assembled to assist me in building a new barn; by this new way my neighbors had paid for a new barn before my old one was destroyed."

HORTICULTURAL SOCIETIES IN WEST VIRGINIA.

At the request of this committee, the secretary of the horticultural societies of the State made the following report:

1. *Horticultural societies of West Virginia and their officers.*—West Virginia State Horticultural Society, officers: H. L. Smith, Martinsburg, president; A. D. Page, French Creek, vice president; L. F. Sutton, Morgantown, secretary; and H. H. Hoffman, Keyser, treasurer. The Upper Potomac Fruit Exchange, officers: E. A. Leatherman, Keyser, president; Senator Q. A. Hood, Keyser, secretary. Harrison County Horticultural Society, officers: Roland Barnes, Shinnston, president; George Mixon, Gypsy, vice president; F. W. Sturm, Shinnston, secretary-treasurer. Jefferson County Horticultural Society, officer: Logan B. Shutt, Charlestown, president. Mineral County Horticultural Society, officers: William Payton, Rinehurst, president; A. V. Parks, Keyser, vice president; T. T. Huffman, Keyser, secretary; and H. H. Hoffman, Keyser, treasurer. Pleasants County Horticultural Society, officers: T. J. Taylor, St. Marys, president; J. E. Cochran, Salama, vice president; W. R. Carson, St. Marys, secretary; and C. F. Ingram, Bellmont, treasurer. Randolph County Horticultural Society, officers: W. H. Kime, Elkins, president; B. F. Whetsell, Elkins, vice president; J. G. Vanscoy, Kerens, secretary; and R. Darden, treasurer. Upshur County Horticultural Society, officers: Judge J. C. McWhorter, Buckhannon, president; Fred Brooks, French Creek, secretary-treasurer. Monongalia County Horticultural Society, officers: H. S. Vandervort, president, and J. R. Hough, secretary. The Greenbrier Valley Horticultrual Society, officer: W. W. Stevens, secretary-treasurer.

2. *The work of horticultural societies.*—The work of these societies has consisted for the most part in meetings for the general discussion of horticulture. These societies have been the means of distributing much valuable information regarding fruit raising in West Virginia. As a result the members have increased their orchards in both size and efficiency and have learned much about the proper methods of marketing fruit.

Several of these societies, especially those in the Eastern Panhandle, hold fruit shows and carnivals. By this means desirable comparison and competition are brought about. The State Fruit Show held each year in connection with the annual meeting of the West Virginia Federation of Agricultural Societies, is one of the most interesting and instructive features of that annual event.

3. *Comment by the committee.*—West Virginia's possibilities in horticulture are well known. We have many advantages as a fruit State:

(1) Fruit land can be purchased at low cost.

(2) Our conditions—soil, elevation, rainfall, and general climate—make it unnecessary to spray as often as is required in many fruit belts in the West.

(3) Our proximity to the great eastern markets gives us a great advantage over the western growers.

This industry is expanding very rapidly. It is estimated that nearly three-quarters of a million young trees are being set out annually, and that our crop often reaches 300,000 barrels in one season. The results of recent experiments and of large private orchards show that most parts of the State are suited to successful fruit culture. As the list above shows, organized interest and effort among fruit growers in this State are confined to a small section of it.

The lack of effective organization for the marketing of our horticultural products causes great loss to our State. During the season of 1912 many thousand bushels of fine fruit rotted in the orchards of this State because the farmers did not know the standards of packing and were not in touch with the needs of the markets. As a matter of comparison, it is interesting to note that Switzerland, a country two-thirds the size of West Virginia, and much more mountainous, has 68 arboriculture and fruit companies, with a membership of 3,648, and 50 vineyard culture societies, with a membership of 2,744.

We recommend that the public organizations for the promotion of agricultural interests use and encourage the present horticultural societies and seek to extend them as rapidly as possible, and that the proper official invite the leaders of these societies to frame needed laws bearing on horticulture in West Virginia.

THE VIRGINIAS FRUIT EXCHANGE.

1. *Report of secretary and manager.*—Mr. Campbell's report, which follows, and two sample letters from members of the exchange show how the farmers may benefit from careful organization:

GENTLEMEN: I beg to own receipt of your favor and to comply with your request for information, as follows:

The officers of the Virginias Fruit Exchange are Prescott Huidekoper, president, Romney, W. Va.; William Campbell, secretary and manager, Charles Town, W. Va.; Gerard D. Moore, treasurer, Charles Town, W. Va. Its purposes are as outlined in the inclosed copy of charter and by-laws.

I regret that our supply of statements for last season's business has been exhausted, but inclose another for your information.

In the volume issued by the United States Department of Agriculture early this year on cooperative marketing, a full account of the system and operation of our exchange is given.

Under the head of your interrogatory No. 2, I would say that, in my judgment and experience, unless West Virginia fruit growers cooperate more thoroughly, and in their own interest subject themselves to proper discipline in the matter of grading and packing, as do the fruit growers of the Northwest, when the young orchards now planted come into bearing their product will be unmarketable at remunerative figures.

We can produce fruit of as good size and color and of better flavor than the growers of the Pacific slope. We have an enormous advantage in freight rates and quick transportation to the great consuming centers of the East and Middle West. But unless and until we grade our fruit as honestly and attractively as do our competitors, these advantages are lost.

If assistance is to be extended by Federal or State agencies, it, to be worth while, must be practicable rather than theoretical.

I could offer many suggestions as to how efficient aid could be given from these sources, such as the publication of bulletins showing the movement of fruit during the shipping seasons, the quantities held in cold storage at each point, etc., but I take it that a general dissertation on the broad subject of marketing is not called for at this time.

Faithfully, yours,

WM. CAMPBELL,
Charles Town, W. Va.

2. *Letters.*—The following letters from members show how well the exchange works:

KABLETOWN, W. Va., *January 1, 1911.*

WILLIAM CAMPBELL,
Manager The Virginias Fruit Exchange, Charles Town, W. Va.

DEAR SIR: My experience with the Virginias Fruit Exchange has been entirely satisfactory, and both made and saved me money by getting better prices for my crop than I was offered by outsiders, and enabling me to buy spraying material and a spraying outfit on better terms than I could have had I not been an exchange member.

You have my hearty wishes for the continued success of the exchange and an enlargement of its business this year.

Yours, respectfully,

LOGAN B. SHUTT.

LINDEN, VA., *November 23, 1910.*

WILLIAM CAMPBELL,
Manager, The Virginias Fruit Exchange, Charles Town, W. Va.

GENTLEMEN: I shipped over 15 carloads of apples through the exchange this season, and the results were better than I had hoped for. I know that I got more than my neighbors who were selling to spot buyers. The wide distribution and exact knowledge of market conditions doubteless brought about these results.

You can count on my business next season, and I think a good many others in this section have seen the light and will be only too glad to entrust their crops to the exchange for sale next year.

Yours, truly,

C. W. WALTER.

3. *Officers.*—Prescott Huidekoper, president, Romney, W. Va.; Archibald R. Arnette, vice president, Berryville, Va.; Gerard D. Moore, treasurer, Charles Town, W. Va.; Wm. Campbell, secretary and manager, Charles Town, W. Va.

LIVE-STOCK ASSOCIATIONS IN WEST VIRGINIA.

1. *Report of secretary.*—

GENTLEMEN: Your letter of September 26 received. In reply to your question I beg to say:

1. Farm organizations in this State are as follows: West Virginia Live Stock Association. Officers: President, C. C. Hardman, Spencer, W. Va.; secretary, C. A. Lueder, Morgantown, W. Va.; vice president of dairy divisions of the association, Wm. Hill, Bethany, W. Va.; vice president of beef association, R. E. Thasher, Dewey, W. Va.; vice president wool growers, H. B. Huyitte, Charleston, W. Va.

Understand, up to last year these three associations were entered separately, but now they have been brought under one association, and if the executive committee does their work a bill will be drafted and the live-stock association will be incorporated.

(*a*) The Tri-State Sheep Breeders: Officers—President, S. E. Gist, Ellsburg, W. Va.; secretary, Earl Sheets, Urbana, Ill.

There are two associations in the State. The State Live Stock Association holds their meetings in Charleston every other year. When the meetings are not held in Charleston they are held in some city chosen by an executive committee.

The meetings of the Tri-State Sheep Breeders' Association held their last meetings in Wheeling, W. Va.

(*c*) The purpose of the State Live Stock Association is to protect and promote all lines of live-stock interests in West Virginia and to collect and disseminate information relative thereto.

The results obtained are not very gratifying because the members of the association do not take the interest they should. This year is the first that the association has been on a sound footing.

A partial directory of all the breeders of pure breed live stock in the State has been compiled and is in press at present. This directory will be distributed among the breeders as soon as it is out of press.

2. Agricultural needs in West Virginia. We need more cooperative organizations, especially pure animal breeding associations.

Very truly, yours,

CHAS. A. LUEDER.

2. *Comment by the committee.*—The prevalence of steep land and of a high quality of blue grass, and our nearness to good live-stock markets are some of the reasons why West Virginia should become famous as a

State where special attention is given to standard breeds of fine stock. Yet our showing is very poor. During the period from 1899 to 1909 our population increased 27 per cent; the live stock produced in the State decreased—horses, 3 per cent; sheep, 3 per cent; cattle, 6 per cent; and hogs, 26 per cent.

As is indicated by Dr. Lueder's report, this important branch of farming has not been given very much attention by the organizations which represent it. The membership of the societies is small, and the attendance at the State meetings is not at all encouraging. In spite of this, the society is doing the State a good service in compiling a directory of breeders. West Virginia is cursed with "scrub" animals. The farmers should have some way of knowing who's who and what's what in breeding.

The committee is pleased to note the plan to unite all of the live-stock societies under one head. This reorganized body should present to the next legislature model "pure bred" and "pure feed" laws and, at the same time, be prepared to bring to bear enough argument and public sentiment to cause the legislators to act.

CREAMERY ASSOCIATIONS IN WEST VIRGINIA.

1. *Report.*—In response to the request of this committee, Mr. Bennetch made the following report:

GENTLEMEN: Replying to your recent letter, asking for information on creamery associations in this State, I will say that there are at present the following creameries in operation in this State: Elkins Provision & Storage Co., Elkins, W. Va., Mr. S. B. Haffan, manager; Ravenswood Creamery Co., Ravenswood, W. Va.; Monroe-Wetzel Dairy Co., New Martinsville, W. Va., Mr G. P. Umstead, president; Sinksgrove Creamery Co., Sinksgrove, W. Va.; and a creamery located at Buffalo, W. Va. I am unable to give you the officials for each of these.

With one or two exceptions all of these creameries were originally or have been on a cooperative basis. I understand that the creamery located at Buffalo is the only survivor of promoted creameries. Several of these promotive creameries were started several years ago and most of them were short lived.

There is considerable territory where sufficient number of cows are available for more cooperative creameries to be organized upon a sound basis.

Hoping this answers your questions, I am, yours, very truly, PAUL B. BENNETCH.

2. *Comments by the committee.*—A glance at the report above would give the impression that West Virginia is not, in any sense, a milk and butter State. The scant organization of creameries does not give a fair measure of this branch of our farming, for the State does a big aggregate of business in dairy products through individual farmers. Yet we are far behind our possibilities in this matter. In spite of our fine grazing and unusual markets, the official figures show that we have, comparatively speaking, a very small number of cows, and the average of these will not pay her keep.

A few comparisons will be interesting: Switzerland, a country much smaller than West Virginia, has 1,054,000 cows against our 310,000, or more than three times as many. Contrasted with our half dozen dairy associations are Switzerland's 2,785 milk and cheese societies, with a membership of 77,227. In "Little Old Ireland" we find more than 45,000 farmers active members of the 400 cooperative creameries. A report from one of our cooperative creameries in a blue-grass region shows that its products bring more than the standard price in the Philadelphia market. We express the hope that West Virginia will soon have an expert in the field who can give his entire time to instructing the farmers regarding the cow and her product and to the organization of cooperative creamery societies wherever the conditions will guarantee the success of such an organization properly managed.

The consumers need more pure milk, cream, cheese, and butter, and our farmers should profit by meeting this ever-increasing need.

WEST VIRGINIA BRANCH OF THE AMERICAN POULTRY ASSOCIATION.

Prof. Horace Atwood, president of the West Virginia branch and a national authority on poultry, makes a brief but comprehensive report, as follows:

GENTLEMEN: In reply to your letter of September 26 with reference to farm organizations, I would say:

1. The West Virginia branch of the American Poultry Association includes those members of the American Poultry Association who reside in West Virginia.

The parent organization contains over 5,000 members throughout the various States of the Union and Canada.

We have in West Virginia about 60 life members and there are 11 local associations affiliated with the branch, thus making the actual membership of our branch several hundred.

With respect to the purpose of the organization, would say that it is the object of our branch to aid in the upbuilding of the poultry industry of West Virginia.

We are doing this in various ways—by promoting the holding of poultry exhibitions, by lectures and educational exhibits in connection with poultry shows, and by the publication of annual reports. We have prepared four or five annual reports which had been published by the West Virginia State Board of Agriculture in fairly large editions for distribution among the farmers of the State.

2. *Officers of West Virginia.*—The names of the officers of the branch are as follows: President, Horace Atwood, Morgantown, W. Va.; vice president, J. L. Jamison, Morgantown, W. Va.; secretary and treasurer, Thomas S. Meek, Wheeling, W. Va.; executive committee, C. L. Reynolds, Flemington, W. Va., W. R. Carson, St. Marys, W. Va., George B. Bowes, Parkersburg, W. Va., W. D. Corder, Philippi, W. Va.

3. Regarding the agricultural needs of West Virginia, would say we have great need for more economical and efficient methods of marketing poultry products in the State.

For example, in the interior counties eggs frequently sell for not more than one-half what high-grade eggs are selling for wholesale in New York City, and yet the express rate in most instances is less than 3 cents a dozen. However, the average producer does not have enough eggs to make case shipments, so he is barred from shipping to the big markets even though he could get twice as much for his eggs as he can secure at home.

It seems to me that methods of marketing is one of the fundamental matters that attention must be given to in the near future.

Very truly, yours,

HORACE ATWOOD.

4. *Comments by the committee.*—Many of the States of the Union and many European countries are showing the possibilities of greatly increasing the poultry product in quantity and quality through proper organization.

Special attention is called to the "Report of the Proceedings of the Fifth Annual Meeting of the West Virginia Branch of the American Poultry Association." This valuable report was published by the State Board of Agriculture and can be secured from H. E. Williams, State commissioner of agriculture, Charleston, W. Va. It gives a full account of the opportunities in poultry culture in this State, outlines the methods and possibilities of cooperative poultry associations, and discusses many subjects of vital interest to the farmers of West Virginia.

It contains a map showing by dots the relative egg production in the different States. Below is the way we look with our neighbors:

	Dots.
Ohio	18
Pennsylvania	11
Kentucky	9
Virginia	5
West Virginia	4

We need more dots—that is, more eggs—in West Virginia, and we believe proper organization will bring them.

COUNTY FAIRS AS AGRICULTURAL ORGANIZATIONS.

1. *General discussion.*—We beg to call attention to the possibilities of county fairs as agents for agricultural advancement. Through their variety of unusual attractions they bring very large numbers of the rural population together. Getting together generally has good results, for it affords measures and standards and suggestions which seldom come to isolated people in the country.

For many years there was a tendency in the West Virginia fairs to degenerate into gatherings with horse racing and cheap and sometimes questionable amusements as the chief attractions. Happily there seems to be a perceptible effort to reemphasize the agricultural features. Now those who attend these great annual occasions may see great halls filled with the best results of the labors of the farmer and the farmer's wife, and the school boys and girls, and long lines of stalls filled with the finest specimens of stock. During the season just closed, the College of Agriculture added a very valuable attraction to several fairs by furnishing a tented agricultural exhibit and furnishing lecturers to talk to the visitors and to distribute farm literature.

These fairs should be held in all of our agricultural counties, and more and more attention should be given to agricultural and educational displays. Besides offering opportunity for social intercourse they sharpen the thought of farmers by competition, and set standards much above those of isolated small communities.

2. *List of fairs.*—The fairs held during 1913—place, date, and secretary follow: Wheeling, September 8–12; Geo. Hook, secretary, Wheeling, W. Va. Fairmont, September 16–19, John S. Scott, secretary, Fairmont, W. Va. Clarksburg, September 1–4; Jas. N. Hess, secretary, Clarksburg, W. Va. Pennsboro, August 26–29; Will A. Strickler, secretary, Pennsboro, W. Va. Parkersburg, September 23–26, William Dudley, secretary, Parkersburg, W. Va. Buckhannon, September 8–11; G. F. Stockert, secretary, Buckhannon, W. Va. Elkins, W. Va., September 30–October 2; G. H. Coleman, secretary, Elkins, W. Va. Oak Hill, October 7–10; S. M. Archer, secretary, Oak Hill.

MISCELLANEOUS FARM ORGANIZATIONS.

1. *Farmers' reading circles.*—Director C. R. Titlow, of the extension division, reports under this heading as follows:

The following are the number of farmers' reading circle clubs that we could report as live and active: Lewis County, Horner, R. T. Taylor, leader; Marion County, Hoult, J. D. Bowman, leader; Pleasants County, St. Marys, W. B. Carsons, leader; Marion County, Watson, W M. Lanham, leader; Harrison County, Viropa, Felix L. Sturm, leader.

2. *Agricultural clubs and associations.*—Mr. Titlow continues his report by saying—

In addition to these it may be reported that there is an organized association for the promotion of the boys' and girls' club work in 40 counties. Monroe County has a county agricultural association, Baxter L. Neel, Gap Mills, president. Preston County has a similar association, J. W. Dorsey, Kingwood, president. These associations are used to promote agricultural interests by arranging for extension schools, securing the place of same, etc. Mr. B. B. Ezell, of Kanawha County, Hugh Vandervort, of Wood County, and H. D. Groves, of Tyler County, have organized a farmers' bureau to help advance the demonstration work. A list of these may be secured from each agent if so desired.

It seems as though through the institutes, granges, and other organized meetings much has been done to advance the productions of the farm, but little has been attempted toward better marketing of farm products, purchasing of farm supplies, or the art of home keeping.

We are planning for an organization of farm women' clubs to arrange for meetings to be given to the study of the advancement of home interests. West Virginia is greatly in need of organizations for agricultural purposes and also to promote the social interest of the community.

3. *County demonstrators.*—At the present time West Virginia by cooperating with the National Government has expert farm demonstrators in six counties as indicated below: Kanawha County, B. B. Ezell, Charleston, W. Va.; Wood County, H. S. Vandervort, Parkersburg, W. Va.; Ohio, Brooke, and a part of Marshall, W. D. Zinn, Bethany, W. Va., and W. H. Sill, Bethany, W. Va.; and Tyler County, E. R. Groves, Middlebourne, W. Va.[1]

Inasmuch as the work of these demonstrators is fully explained in other State publications no comment is needed here. This committee believes that county courts, under proper restrictions, should be allowed to pay a part of the salary and expenses of these county farm demonstrators. These men could become effective agents for advancing the work of farmers' organizations.

4. *District leaders.*—Through the help (franking privilege and salary for a month or two) of the United States Department of Agriculture this State has one district leader of agricultural club work, A. L. Thomas, district school superintendent of Mannington District, Marion County. The Government proposes to extend this experiment to include four more district school superintendents. When such a system spreads over the State the education of the rural children will go on the year round.

WISCONSIN.

APRIL 21, 1914.

HONORABLE DEAR SIR: In compliance with the request of the Permanent American Commission on Agricultural Finance, Production, Distribution, and Country Life, the inclosed report concerning agriculture in Wisconsin is respectfully submitted by the commission appointed by Gov. Francis E. McGovern, whose names are thereto appended.

Very truly, yours,

PORTER L. A. FERGUSON,
Chairman of Commission.

GILMAN, WIS., *April 21, 1914.*

GOV. FRANCIS E. MCGOVERN,
Madison, Wis.

YOUR EXCELLENCY: The following statements concerning agricultural conditions in Wisconsin are respectfully submitted by the commissioners whose names are signed to this report:

In the early history of Wisconsin, mining, lumbering, and agriculture occupied the attention of its pioneer settlers. Here the cross currents of widely separated nations met and mingled. To-day, 40 per cent of its population is foreign born, of which considerably more than one-half are of German and Scandinavian birth. The rich prairie lands of the southern part of the State lured the virile youth from New England and the Middle States, while throughout many portions the influx of the best blood from the north of Europe gave it a yeomanry that has done much to lay the foundation for its future progressive development.

Its early agricultural history was marked, like all other farming sections, by an era of exploitation, and with the single-crop system of wheat raising, the originally fertile soil was robbed to the point where crop returns were pitiably small. It was then that the attention of the farmers was turned into more scientific channels. The lessons of diversified farming came to be better understood and the importance of dairying and live stock raising recognized. For these types of farming the physical conditions of the State are especially favorable. Flanked as it is on two sides by the Great Lakes, which act as huge refrigerators, tempering the summer heat and

[1] Mr. Groves teaches agriculture in the Tyler County High School and gives about two days each week and vacation time to farm demonstration work.

the winter cold, as well as materially increasing the humidity of the air, Wisconsin is preeminently a State in which dairying naturally flourishes. The abundant supplies of cold, clear water, the luxuriant growth of forage grains are the indispensable adjuncts to successful dairying. Such physical conditions as soil and climate profoundly influence the history and development of any commonwealth, and the present and future status of the State owes much to its location and physiographic features.

This physical basis, coupled with a population which has learned the lessons of good farming in Europe and America, made possible an early start in dairying which has now reached such proportions that Wisconsin ranks supreme in this branch of agriculture. Now one-eighth of the dairy cattle of the United States are to be found within its border, more than in any other State in the Union. Wisconsin makes one-half of the entire cheese supply of the Nation in her 2,000 factories, and one-sixth of all the butter of the United States—more than any other single State—in her 1,000 creameries. The milk supply now annually used for the manufacture of a single dairy product—condensed milk—would float four of the largest battleships yet built by any nation. These dairy products now aggregate over $85,000,000 annually. This exceeds the entire output of gold mined in the entire United States, including Alaska, which supply when once taken from the ground can never be replaced, while the stream of dairy gold is constantly increasing in volume year by year.

The development of live-stock husbandry and dairying has increased the fertility of our soils so that, practically speaking, the use of commercial fertilizers, except for special purposes, is almost unknown. The entire reported sales of licensed commercial fertilizers for 1912 aggregated only 4,000 tons, worth $100,000, while over $81,000,000 was spent for chemical fertilizers in five of the seaboard States.

The soil is our greatest natural resource, and one that under this mode of husbandry is worth more to-day than ever before. At one time vast forests covered the entire north half of the State, but with the rush for the more easily tilled prairie lands, these forested areas attracted only the attention of the lumberman and the manufacturer. The State has been gridironed with railroads which have carried away much of our forests, but the numerous cities that have developed in proximity to water-power sites and other locations of strategic commercial importance have made a home market that is first to supply.

Within 12 hours' ride from its borders live 25,000,000 people, the hub of the great Mississippi Valley, that must be fed, clothed, and housed.

These northern lands, protected by the mantle of forest that has for centuries covered this total area, are now coming into use in a virgin condition. About 60 per cent of the land area is now in farms, but there is an empire of undeveloped agricultural wealth (over 10,000,000 acres) lying in the very center of the American continent, in the heart of civilization, that is fraught with much promise for the future of the Commonwealth. It is potentially the greatest dairy region of the State. By reason of the abundant and well-distributed rainfall forage crops grow in greatest profusion. It is the natural clover-land country and all along the "tote roads" of the lumberman, where the sunlight filters in through the second-growth forest, the seed from the hay hauled in by the logger has seeded itself naturally. The potato grows exceptionally well on the light loams of the central and northern part of the State. To such an extent has the cultivation of this tuber increased in later years, that Wisconsin now exceeds in yield even Maine. Hundreds of thousands of acres of these virgin lands are preeminently adapted to the cultivation of this crop. The soils of the State are mostly of glaciated origin and by virtue of the grinding action of the huge ice sheets that ploughed and furrowed the underlying rocks, the soils are more diverse and richer in mineral elements than soils formed by simple disintegration of underlying rock.

The rapid increase of the wealth of the developed portions of the State is attested by the character of the improvements of the open country. Here and there will yet be found on the farm the small house (sometimes constructed of logs) that marked the early home of the pioneer settler (perhaps now serving as a farm outbuilding), but well-constructed homes and large red barns, with the inevitable silo, that guarantee of dairy prosperity, betoken a state of development that is an index of the rapidly enhancing value of improved lands. The result is that money for development purposes is cheaper in the older rural districts of Wisconsin than it is in the cities. The farmer on his mortgage loans for land purchase is often able to secure long-term paper at 5 per cent and in some cases for 4 or 4½ per cent, while 6 per cent is the prevailing city rate for security of equal character.

The needs of the State naturally range from the problems of the pioneer in the newer sections of the north to those of a long-established agriculture in older settled portions of the State. Tenancy is very low compared with most States. Eighty-six per cent of Wisconsin farmers, a higher per cent than that of any other State in the Mississippi Valley, own the farms they operate, and many of those who are classified in the census as tenants are young farmers working a farm on shares, the owner being a retired farmer who has moved to the village to pass his declining days.

The new north awaits both labor and capital. In practically all portions of this section development has begun and gone on sufficiently so that the intending settler can see for himself what the agricultural possibilities

of any region are. The State maintains several agricultural experiment and demonstration stations operated by the university on the representative soil types of the State, and from these locations the new settler can secure information that will enable him quickly to adjust himself to his new environment. A soil survey is in progress and the larger portion of the State has now been mapped so that accurate data as to soil conditions are available for incoming settlers (address State Soil Survey, A. R. Whitson, Madison). Numerous agricultural organizations of the State are available to help the farmer to adapt his work to the special requirements of his land. Information can be secured as follows:

Field crops: Wisconsin Experiment Association, R. A. Moore, secretary, Madison.

Fruits: Wisconsin Horticultural Society, F. Cranefield, secretary, Madison.

Potatoes: Wisconsin Potato Growers' Association, J. G. Milward, secretary, Madison.

Dairying: J. Q. Emery, Dairy and Food Commission, Madison College of Agriculture, Madison.

Live stock: Wisconsin Live Stock Breeders' Association, A. W. Hopkins, secretary, Madison.

General information: B. G. Packer, Commissioner of Immigration, Madison, regarding land and agricultural opportunities.

Naturally the northern portion of the State is most in need of additional capital, yet for a new country money rates are much lower than in many of the newly opened sections of the West. The main reason for this is that the lumber industry (which is now on the wane) has made possible the accumulation of much wealth that is locally available. Another factor is that stability of crop returns (due to absence of prolonged droughts) make the risk of loaning money less hazardous than in many newly opening sections.

The very progressive character of its people has made possible the development of a keen body politic. Legislation in the State is in an advanced condition and the beneficent results have attracted the attention of many other Commonwealths. The last legislature provided for the establishment of land-mortgage associations to meet the demands for long-time agricultural loans payable on the installment or amortization plan.

The purpose of this act is to help those desiring to purchase farms or to improve those already owned. The long-term loan feature is provided for by a bond issue which enables the borrower to pay off a small percentage of the principal each year. Under the plan outlined in this act fifteen or more persons, adult residents freeholders of Wisconsin, may incorporate with a capital stock of not less than $10,000, for the purpose of making loans secured by first mortgages on Wisconsin real estate. The mortgages thus obtained may be deposited with the State treasurer and the association may then issue bonds up to the amount of the mortgage so deposited. The bonds issued are the direct obligation of the association and shall at no time exceed the amount of securities on deposit with the State treasurer. The granting of loans is safeguarded, first, by a provision imposing a double liability upon the stockholders and the obligation of the association which issued the bonds; second, by a requirement that the assessor of incomes shall certify that the value placed upon any property for the purpose of a loan shall not exceed its market value; third, by a provision that no loan shall be made unless the committee on loans shall first be satisfied that a loan for the purpose specified by the applicant promises to benefit him, and by other provisions for soil conservation, the payment of taxes, insurance, special assessments, etc.

In numerous instances the local bankers and business organizations have instituted cooperative arrangements to enable farm loans to be secured for the purchase of live stock and other direct agricultural improvements at very reasonable rates of interest. To enable settlers to begin work along dairy lines, these local business associations guarantee the notes of farmers who repay their obligation by turning over one-half of their cream or milk check as partial liquidation of such obligations. In this way the town and the country are brought together in the closest possible cooperation with a view of improving the agricultural status of the community. Wisconsin is preeminently noted for the large number of successful cooperative institutions that have been inaugurated. It is rapidly becoming one of the important fruit regions of the middle section and a large proportion of its creameries are organized under the cooperative law. The result of this has been to develop a quality of citizenship among the farmers of the State which renders them most progressive in matters of rural betterment and augurs well for the agricultural future of the State.

Respectfully submitted.

H. L. Russell.
F. J. Matchette.
B. F. Faast.
Porter L. A. Ferguson.

42998°—S. Doc. 214, 63-1, pt 3——6

NEW BRUNSWICK.

FREDERICTON, NEW BRUNSWICK, *October 4, 1913.*

DEAR SIR: Inclosed please find order in council appointing committee, as requested in your correspondence to Premier Flemming, under date of August 12.

I regret that this matter has been delayed so long, but on account of the absence from the Province of some of our officials for the summer months it has not been attended to as promptly as it otherwise would have been.

We would be pleased to receive any instructions you may desire to send us.

Yours, very truly,

J. B. DAGGETT, *Secretary for Agriculture.*

[Inclosure.]

The honorable the minister of agriculture reports for the information of the committee of the executive council—

That he has received a communication from the Permanent American Commission in which it is set forth that the said commission has completed its investigation of agricultural finance, production, distribution, and rural life in European countries and that the said commission has collected a large quantity of material bearing upon the said subject.

That in order that the benefits accruing from the work of the said commission may be distributed as widely as possible among the farmers of this continent, the said commission has invited this Province to appoint a committee of three to prepare a brief statement as to the agricultural needs of the Province.

The minister of agriculture, upon the consideration of the said communication and an outline of the nature of the work done by the said commission, is of the opinion that it would be in the interests of the farmers of this Province to appoint such committee and he therefore recommends that the Hon. D. V. Landry, M. D., minister of agriculture for the Province; Mr. J. B. Daggett, secretary for agriculture; and Mr. W. W. Hubbard, manager of the Dominion Experimental Farm near Fredericton, the address of each being Fredericton, New Brunswick, be such committee and that the names and addresses be furnished to the said commission.

And the committee of council concurring in the said recommendation, it is accordingly so ordered.

Certified: Passed September 8, 1913.

JOS. HOWE DICKSON,
Clerk of the Executive Council of New Brunswick.

REPORT OF COMMITTEE.

FREDERICTON, NEW BRUNSWICK, *November 3, 1913.*

Messrs. THE PERMANENT AMERICAN COMMISSION AGRICULTURAL
FINANCE, PRODUCTION, DISTRIBUTION, RURAL LIFE,
Southern Building, Washington, D. C.

GENTLEMEN: The committee appointed by order in council of the government of New Brunswick, in response to a request from your director general, to prepare a brief statement as to the agricultural needs of the Province of New Brunswick, beg to report that, after giving the matter such consideration as was possible in the limited time at their disposal, they would briefly sum up the most urgent needs of this Province from an agricultural standpoint under the following heads:

1. A system of education which will enable our farmers to best utilize their opportunities and which will give their children that knowledge which will be most useful to them for the development of the districts in which they live.

2. Improved means of communication, which will include good highways, sufficient railway accommodation, an adequate rural postal service, parcel postal facilities, cheaper express service, and rural telephones in every district.

3. Effective cooperation among farmers for economical production and to enable them to meet fairly the organized interests with which they are forced to deal.

4. A better system of credit for agricultural development and the carrying out of farming operations.

5. More farmers to occupy the large amount of excellent land now undeveloped in this Province, more agricultural labor, and more domestic help.

While these five heads do not completely cover the ground, they touch the most important points, each of which can be expanded as to details to an almost unlimited extent.

The limited amount of money available for the work of the provincial department of agriculture has prevented that progress in the efforts to provide such assistance to meet the needs above outlined which is desirable.

A brief summary of the work that the department of agriculture is carrying on, might be of interest to you.

The farmers of the Province are at present organized into agricultural societies, or farmers' institutes, numbering 135. Sixteen thousand dollars was divided among these societies last year for the purpose of assisting in the importation of pure-bred stock, better seed, and any other use which would tend to the development of the agricultural interests.

There has recently been established a horticultural branch, under the direction of an expert horticulturist. This branch is doing excellent work, especially in the encouragement of fruit growing, apples being the main fruit raised, and these are of excellent quality.

The Province has two dairy superintendents, who give their entire time to the encouragement of our dairymen. They visit the creameries and cheese factories, giving instruction and help wherever possible. An excellent dairy school is also maintained at Sussex, in connection with a creamery, where practical instruction is given in dairy work.

In agricultural education, a director of elementary agricultural education was appointed this year, whose duties are to encourage elementary education in agriculture in our rural schools. A school for agricultural education has been built at Woodstock during the past summer and will be opened early in 1914. This school has not the standing of a college, but short courses in agriculture will be given in the several branches of agriculture for about six months in the year. If this school proves a success, a number of such schools will be established throughout the Province. Students taking the regular courses at any of the agricultural colleges outside of the Province are given transportation to and from the college by the department of agriculture.

A staff of traveling instructors is maintained. These instructors hold public meetings in the agricultural districts and visit the farmers at their work.

Exhibitions—provincial, county, and parish—are encouraged by substantial grants from the government.

The poultry interests are having special attention. A poultry superintendent has recently been appointed and is doing excellent work in the encouraging of poultry raisers and development of the market.

The women's institutes have obtained a large place in the work of the department during the past year. A supervisor has been appointed who gives all of her time to the encouragement of this branch.

Yours, very truly,

D. V. LANDRY,
J. B. DAGGETT,
W. W. HUBBARD,
Committee.

NOVA SCOTIA.

HALIFAX, NOVA SCOTIA, *November 15, 1913.*

DEAR SIR: I have received your letter of October 23, and note therein that other States and Provinces have appointed their commissions of cooperation.

I regret to state that your letter to the premier, dated August 12, in which you request that the appointment of a commission for this Province be made, was in some manner overlooked. I am now directed by the honorable premier to request you to add the following as a commission representing this Province: Arthur S. Barnstead, Halifax; Melville Cumming, Truro; A. Hector Cutten, Lower Truro. These with the Hon. Premier G. H. Murray will form the commission for Nova Scotia.

Yours, truly,

ARTHUR S. BARNSTEAD, *Secretary.*

NOTE.—Report has not been submitted.

ONTARIO.

TORONTO, *August 15, 1913.*

DEAR SIR: Sir James Whitney has instructed me to acknowledge receipt of your letter of recent date, addressed to him, and to inform you that it has been handed to the department of agriculture, to be dealt with by that department.

Yours, very truly,

HORACE WALLIS, *Secretary.*

NOTE.—Report has not been submitted.

SASKATCHEWAN.

EXECUTIVE COUNCIL, SASKATCHEWAN,
Regina, August 19, 1913.

MY DEAR SIR: In further reply to your letter of August 12 I beg to state that the Saskatchewan government is appointing Hon. George Langley, Mr. Charles A. Dunning, and Mr. A. F. Mantle as the committee of three, as proposed in your letter, to work in conjunction with Mr. Haslam and Dr. Oliver. These three gentlemen are the colleagues of Mr. Haslam and Dr. Oliver on the Saskatchewan commission.

Believe me, very sincerely, yours,

WALTER SCOTT.

NOTE.—Report has not been submitted.

RURAL CREDIT UNIONS.

PROVISIONS FOR THE FORMATION AND INCORPORATION OF SAME.

CHAPTER 87—GENERAL LAWS OF TEXAS.

[S. B. No. 458.]

AN ACT Providing for the formation and incorporation of rural credit unions or cooperative associations for the purpose of promoting thrift among their members, and to enable the members thereof, when in need, to obtain for productive purposes moderate loans of money for short periods and at reasonable rates of interest, and declaring an emergency.

Be it enacted by the legislature of the State of Texas:

SECTION 1. In this act the words "rural credit union" shall mean a cooperative association formed for the purpose of promoting thrift among its members and to enable them, when, in need, to obtain for productive purposes moderate loans of money for short periods and at reasonable rates of interest. The capital stock of rural credit unions organized under the provisions of this act shall be divided into shares of $25. Entrance fees of rural credit unions may be fixed by the board of directors at such an amount as may be prescribed by the by-laws.

SEC. 2. A rural credit union may receive the savings of its members in payment for shares; may lend to its members at reasonable rates of interest not to exceed six per cent per annum, or invest, as hereinafter provided, the funds so accumulated, and may undertake such other activities relating to the purposes of the association as its by-laws may authorize.

SEC. 3. Ten or more citizens of this State may associate themselves together, by articles of agreement, and form a rural credit union, and, upon the approval of the State banking board, may become a corporation upon complying with such provisions of the act regulating State banks as may be applicable to the transaction of the business herein authorized to be done. The State banking board may permit the formation of such corporation when it is satisfied that the proposed field of operation is favorable to the success of a rural credit union, and that the standing of the proposed members is such as to give assurance that its affairs will be administered in accordance with the spirit of this act, and it shall be the duty of the commissioner of banking to issue a charter to said rural credit union to do business in conformity with the provisions of this act. The State bank commissioner, or his deputy, shall have authority to examine the accounts, books, and papers of rural credit unions herein authorized to be organized. Any rural credit union violating the provisions of this act shall be subject to the forfeiture of its charter, and any officer or member misapplying or embezzling funds belonging to such rural credit union shall be subject to prosecution and punishment as already provided for violating the provisions of the State banking laws.

SEC. 4. No person, partnership, association, or corporation, except corporation formed under the provisions of this act, shall hereafter transact business under any name or title which contains the three words "rural credit union," except those expressly authorized herein to be formed.

SEC. 5. The State bank commission shall require such rural credit unions to keep such books as he may deem necessary for the proper conduct of their business; may make examination and report of the transaction of such rural credit unions' business and institute necessary proceedings for the prosecution of any officer or director misapplying the rural credit unions' funds. The rural credit unions shall be subject to the general supervision of the State bank commissioner.

SEC. 6. The by-laws of the rural credit unions shall prescribe—

(a) The name of the corporation.
(b) The purpose for which it is formed.
(c) The conditions of residence or occupation which qualify persons for membership.
(d) The par value of the shares of capital stock.
(e) The conditions on which shares may be paid in, transferred, and withdrawn.
(f) The conditions on which deposits may be received and withdrawn.
(g) The method of receipting for money paid on account of shares or deposited.
(h) The number of directors and number of members of the credit committee.
(i) The duties of the several officers.
(j) The fines, if any, which may be charged for failure to meet obligations of the association punctually.
(k) The date of the annual meeting of members.
(l) The manner in which members shall be notified of meetings.
(m) The number of members which will constitute a quorum at meetings.
(n) Such other regulations as may seem necessary.

SEC. 7. No such credit union shall receive deposits or payments on account of shares, or make any loans until its by-laws have been approved in writing by the State bank commissioner, nor shall any amendments to its by-laws become operative until they have been so approved.

SEC. 8. The fiscal year of every such association shall end at the close of business on the 31st day of December. The annual meeting of the association shall be held at such time and place as the by-laws prescribe. Special meetings may be held by order of the directors or of the supervisory committee, and the clerk shall give notice of such special meetings upon request, in writing, of ten members. Notice of all meetings of the association shall be given in the manner prescribed by the by-laws. No person shall be entitled to vote who has not been a member for more than three months, but this restriction shall not apply during the first twelve months of the existence of the association, nor shall any member vote by proxy or have more than one vote. At the annual meeting the members shall upon recom-

mendation of the board of directors declare dividends and fix the amount of the entrance fee. At any meeting the members may decide upon any question of interest to the association, and upon appeal of two members may reverse decisions of the credit committee or board of directors, and by a three-fourths vote of those present, provided the notice of the meeting shall have specified the question to be considered, may amend the by-laws.

SEC. 9. At the annual meeting the members shall elect a board of directors of not less than five members from which a credit committee of not less than three members may be selected. A supervisory committee of three members shall also be elected.

No member of the board of directors shall be a member of the supervisory committee, nor shall one person be a member of more than one of said committees, and all members thereof, as well as all officers whom they may elect, shall be sworn, and shall hold their several offices until others are elected and qualified in their stead; and a record of every such qualification shall be filed and preserved with the records of the association.

SEC. 10. At their first meeting the board of directors shall elect from their number a president, a vice president, a clerk, and a treasurer who shall be the executive officers of the association. The board of directors shall have the general management of the affairs, funds, and records of the association, and shall meet as often as may be necessary.

It shall be their special duty—

(a) To act upon all applications for membership.

(b) To act upon the expulsion of members.

(c) To fix the amount of surety bond which shall be required of each officer having cutsody of the funds.

(d) To determine the rate of interest on loans.

(e) To fill vacancies in the board of directors or in the credit committee of the association until the election and qualification of officers to fill said vacancies.

(f) To make recommendations to meetings of the members relative to the amount of entrance fee; the maximum number of shares which may be held by and the maximum amount which may be lent to any one member; the dividend to be declared; amendments to the by-laws and; any other matters which, in their opinion, the members should decide.

SEC. 11. The credit committee shall approve every loan or advance made by the association. Every application for a loan shall be made in writing and shall state the purpose for which the loan is desired, and the security offered. No loan shall be made unless the credit committee is satisfied that it promises to benefit the borrower, nor unless it has received the unanimous approval of those members of said committee who were present when it was considered, nor if any member of said committee shall disapprove thereof, but applicant for a loan may appeal from the decisions of the credit committee to the board of directors.

SEC. 12. The supervisory committee shall inspect the securities, cash, and accounts of the association and supervise the acts of its board of directors, credit committee, and officers. At any time the supervisory committee, by a unanimous vote, may suspend the credit committee or any officer elected by the board of directors, and by a majority vote may call a meeting of the shareholders to consider any violation of this act or of the by-laws, or any practice of the association which, in the opinion of said committee, is unsafe or unauthorized. Within seven days after the suspension of the credit committee the supervisory committee shall cause notice to be given of a special meeting of the members to take such action relative to such suspension as may seem necessary. The supervisory committee shall fill vacancies in their own number until the next annual meeting.

SEC. 13. The capital of the association shall be unlimited in amount. Shares of capital stock may be subscribed for and paid in in such manner as the by-laws shall prescribe.

SEC. 14. Shares may be issued and deposits received in the name of a minor[,] and such shares and deposits may, in the discretion of the directors, be withdrawn by such minor or by his parent or guardian, and in either case payments made on such withdrawals shall be valid. If shares are held or deposits made in trust, the name and residence of the beneficiary shall be disclosed and the account shall be kept in the name of such holder as trustee for such person. If no other notice of the existence and terms of such trust has been given in writing to the association, such shares or deposits may, upon the death of the trustee, be withdrawn by the person for whom the amount of such shares was paid in or for whom such deposit was made, or by his legal representative.

SEC. 15. The capital, deposits, and surplus funds of the association shall be either lent to the members for such purposes and upon such security and terms as the credit committee shall approve, or deposited to the credit of the association in savings banks or trust companies incorporated under the laws of this State, as in national or State banks located therein, such depositories to be approved by the commissioner of banking.

SEC. 16. A borrower may repay the whole or any part of his loan on any day on which the office of the association is open for the transaction of business[;] for failure to pay the interest or any installment required by the terms of the loan, the borrower may be fined if the by-laws so prescribe.

SEC. 17. No member of the board of directors or of the credit or supervisory committee shall receive any compensation for his services as a member of said board or committees, nor shall any member of the credit or supervisory committee, either directly or indirectly, borrow from or become surety for any loan or advance made by the association, except upon the approval of two-thirds of the members of the association. No loan shall be granted except for productive purposes or urgent needs, nor for a longer period than eight months; nor shall any loan be renewed for a sum as large as the original amount. Loans to any one member shall not exceed $200.

SEC. 18. The board of directors may expel from the association any member who has not carried out his engagements with the association, or has been convicted of a criminal offense, or neglects or refuses to comply with the provisions of this act or of the by-laws of the association, or who habitually neglects to pay his debts, or shall become insolvent or bankrupt, or shall have deceived the association with regard to the use of borrowed money; but no member shall be expelled until he has been informed in writing of the charges against him, and an opportunity has been given to him, after reasonable notice, to be heard thereon.

SEC. 19. The amounts paid in on shares or deposited by members who have withdrawn or have been expelled shall be paid to them, but in the order of withdrawal or expulsion, and only as funds therefor become available and after deducting any amounts dew [due] by said members to the association; but such expulsion shall not operate to relieve a member from any remaining liability to the association.

SEC. 20. Immediately before a meeting of the directors called to recommend the declaration of a dividend, the supervisory committee shall make a thorough audit of the receipts, disbursements, income, assets, and liabilities of the association for the fiscal year, and shall make a full report thereon to the directors; said report shall be read at the annual meeting, and shall be filed and preserved with the records of the association.

SEC. 21. At the annual meeting a dividend may be declared from income which has been actually collected during the fiscal year next preceding, or during the months which have elapsed since the association began business, and which remains after the deduction of all expenses, losses, and the amount required to be set apart as a guaranty fund. Such dividend shall be paid on all fully paid shares outstanding at the close of the fiscal year, but shares which become fully paid during the year shall be entitled only to a proportional part of said dividend, calculated from the first day of the month following such payment in full Dividends due to a member shall be paid to him in cash or credited to the account of partly-paid shares for which he has subscribed.

SEC. 22. Immediately before the payment of each dividend there shall be set apart as a guaranty fund twenty per centum of the net income which has accumulated during the fiscal year. Said fund and the investments thereof belong to the association and shall be held to meet contingencies or losses in its business. All entrance fees shall be added at once to the guaranty fund. But upon recommendation of the board of directors the members at an annual meeting may increase, and, whenever said fund equals or exceeds the amount of capital stock actually paid in, may decrease the proportion of profits which is required by this section to be set apart as a guaranty fund.

SEC. 23. At any meeting specially called to consider the subject the members upon the unanimous recommendation of the board of directors may vote to dissolve the association, provided at least two-thirds of the members are present at such meeting, and provided not more than ten members, either in person or by written notice, object thereto.

A committee of three shall thereupon be elected to liquidate the assets of the association, and each share of the capital stock, according to the amount paid in thereon, shall be entitled to its proportion of the proceeds after all debts of the association have been paid.

SEC. 24. Within twenty days after the last business day of December in each year, ever [every] such association shall make to the bank commissioner a report in such form as he may prescribe, signed by the president, treasurer, and a majority of the supervisory committee, who shall certify and make oath that the report is correct according to their best knowledge and belief.

Any such association which neglects to make the said report within the time herein prescribed shall forfeit to the State $5 for each day during which such neglect continues.

SEC. 25. The near approach of the close of the present session of the legislature, and the further fact that Texas is an agricultural State and among our farmers are a large per cent of tenants for whose benefit this law is intended, to the end that they may be able to reduce the cost of living, creates an emergency and an imperative public necessity, demanding that the constitutional rule requiring bills to be read on three several days be suspended, and said rule is hereby suspended, and that this act take effect and be in force from and after its passage, and it is so enacted.

(NOTE.—S. B. No. 458 passed the senate by a two-thirds vote—yeas 27, nays 0; and passed the house of representatives March 31, 1913, but no vote given.)

Approved March 31, 1913.

(Takes effect 90 days after adjournment.)

CHAPTER 733.—WISCONSIN LAWS OF 1913.

[Approved August 1, 1913.]

AN ACT To create section 1786e–20 of the statutes, relating to cooperative credit associations, providing for their incorporation and prescribing regulations.

The people of the State of Wisconsin, represented in Senate and Assembly, do enact as follows:

SECTION 1. There is added to the statutes a new section to read: Section 1786e–20. 1. The words "cooperative credit association" shall mean a cooperative association formed for the purpose of promoting thrift among its members.

2. A cooperative credit association may receive the savings of its members in payment for shares, or a deposit; may lend to its members at reasonable rates or invest as hereinafter provided, the funds so accumulated; and may conduct also such other activities relating to the purpose of the association as its by-laws may authorize.

3. Seven or more citizens of this State who have associated themselves by an agreement in writing for the purpose of forming a cooperative credit association may become a corporation under the provisions of section 1786e–1 to 1786e–17, inclusive, of the statutes, *Provided*, That section 1786e–8 shall not apply to such associations: *Provided further*, That no such association shall transact any business under this section until it has been regularly authorized by the commissioner of banking to commence such business. Such authorization shall be subject to and shall be given in the manner prescribed by section 2024–12 of the statutes.

4. No person, partnership, association, or corporation, except corporations formed under the provisions of this section, shall hereafter transact business under any name or title which contains the two words "credit" and "association." Any person, partnership, association, or corporation violating the provisions of this subsection may be enjoined from doing business under such name at the instance of any stockholder of any association legally organized under this section.

5. The provisions of section 2018 to 2024–1, inclusive, of the statutes, shall apply to such association and its directors, committees, and officers, and they shall be subject to the supervision of the commissioner of banking in the manner and to the extent set forth in said sections.

6 The by-laws shall prescribe—

(a) The name of the corporation;
(b) The purposes for which it is formed;
(c) The conditions of residence or occupation which qualify persons for membership;
(d) The par value of the shares of capital stock;
(e) The conditions on which shares may be paid in, transferred, and withdrawn;
(f) The conditions on which deposits may be received and withdrawn;
(g) The method of receipting for money paid on account of shares or deposits.
(h) The number of directors and number of members of the credit committee.
(i) The duties of the several officers.
(j) The fines, if any, which shall be charged for failure to meet obligations to the corporation punctually.
(k) The date of the annual meeting of members.
(l) The manner in which members shall be notified of meetings.
(m) The number of members which shall constitute a quorum at meetings.
(n) Such other regulations as may seem necessary.

7. No such corporation shall receive deposits or payments on account of shares, or make any loans, until its by-laws have been approved in writing by the commissioner of banking, nor shall any amendments to its by-laws become operative until they have been so approved.

8. The fiscal year of every such corporation shall end at the close of business on the thirty-first day of October. The annual meeting of the corporation shall be held at such time and place as the by-laws prescribe. Special meetings may be held by order of the directors or the supervisory committee, and the clerk shall give notice of special meetings upon request in writing by ten members. Notice of all meetings of the corporation shall be given in the manner prescribed by the by-laws. No person shall be entitled to vote who has not been a member for more than three months, but this restriction shall not apply during the first twelve months of the existence of the corporation, nor shall any member vote by proxy or have more than one vote. At the annual meeting the members shall, upon recommendation of the board of directors, declare dividends and fix the amount of the entrance fee. At any meeting the members may decide upon any question of interest to the corporation; and upon appeal of two members, may reverse decisions of the credit committee or board of directors; and, by a three-fourths vote of those present, provided the notice of the meeting shall have specified the questions to be considered, may amend the by-laws.

9. At the annual meeting the members shall elect a board of directors of not less than five members, a credit committee of not less than three members, and a supervisory committee of three members. No member of said board shall be a member of either one of said committees, nor shall one person be a member of more than one of said committees, and all members thereof, as well as all officers whom they may elect, shall be sworn and shall hold their several offices until others are elected and qualified in their stead, and a record of every such qualification shall be filed and preserved with the records of the corporation.

10. At their first meeting the board of directors shall elect from their number a president, a vice president, a clerk, and a treasurer, who shall be the executive officers of the corporation. The board of directors shall have the general management of the affairs, funds, and records of the corporation, and shall meet as often as may be necessary. It shall be their special duty—

(a) To act upon all applications for membership.

(b) To act upon the expulsion of members.

(c) To fix the amount of surety bond which shall be required of each officer having custody of funds.

(d) To determine the rate of interest which shall be allowed on deposits.

(e) To fill vacancies in the board of directors or in the credit committee of the corporation until the election and qualification of officers to fill said vacancies.

(f) To make recommendations to meetings of the members relative to the amount of entrance fee; the maximum number of shares which may be held by, and the maximum amount which shall be lent to, any one member; the dividend to be declared; amendments to the by-laws; and any other matters which, in their opinion, the members should decide.

11. The credit committee shall approve every loan or advance made by the corporation. Every application for a loan shall be made in writing and shall state the purpose for which the loan is desired and the security offered. No loan shall be made unless the credit committee is satisfied that it promises to benefit the borrower, nor unless it has received the unanimous approval of those members of said committee who were present when it was considered, nor if any member of said committee shall disapprove thereof; but the applicant for a loan may appeal from the decision of the credit committee to the board of directors.

12. The supervisory committee shall inspect the securities, cash, and accounts of the corporation and supervise the acts of its board of directors, credit committee, and officers. At any time the supervisory committee by a unanimous vote may suspend the credit committee, or any officer elected by the board of directors, and by a majority vote may call a meeting of the shareholders to consider any violation of this section or of the by-laws or any practice of the corporation which, in the opinion of the said committee, is unsafe or unauthorized. Within seven days after the suspension of the credit committee the supervisory committee shall cause notice to be given of a special meeting of the members to take such action relative to such suspension as may seem necessary. The supervisory committee shall fill vacancies in their own number until the next annual meeting.

13. The capital of the corporation shall be unlimited in amount. Shares of capital stock may be subscribed for and paid in such manner as the by-laws shall prescribe.

14. Shares may be issued and deposits received in the name of a minor, and such shares and deposits may, in the discretion of the directors, be withdrawn by such minor or by his parent or guardian, and in either case payments made on such withdrawals shall be valid. If shares are held or deposits made in trust the name and residence of the beneficiary shall be disclosed and the account shall be kept in the name of such holder as trustee for such person. If no other notice of the existence and terms of such trust has been given in writing to the corporation, such shares or deposits may, upon the death of the trustee, be withdrawn by the person for whom the amount of such shares was paid in or for whom such deposit was made, or by his legal representative.

15. The capital, deposits, and surplus funds of the corporation shall be either lent to the members for such purposes and upon such security and terms as the credit committee shall approve, or deposited to the credit of the corporation in savings banks or trust companies incorporated under the laws of this State, or in national banks located therein.

16. A borrower may repay the whole or any part of his loan on any day on which the office of the corporation is open for the transaction of business. For failure to pay the interest or any instalment required by the terms of the loan, the borrower may be fined if the by-laws so prescribe.

17. No member of the board of directors or of the credit or supervisory committee shall receive any compensation for his services as a member of said board or committees, nor shall any member of the credit or supervisory committee, either directly or indirectly, borrow from, or become surety for, any loan or advance made by the corporation. But the officers elected by the board of directors may receive such compensation as said board shall authorize.

18. The board of directors may expel from the corporation any member who has not carried out his engagements with the corporation, or has been convicted of a criminal offense, or neglects or refuses to comply with the provisions of this section or of the by-laws, or whose private life is a source of scandal, or who habitually neglects to pay his debts, or shall become insolvent or bankrupt, or shall have deceived the corporation with regard to the use of the borrowed money; but no member shall be so expelled until he has been informed in writing of the charges against him, and an opportunity has been given to him, after reasonable notice, to be heard thereon.

19. The amounts paid in on shares or deposited by members who have withdrawn or have been expelled shall be paid to them, but in the order of withdrawal or expulsion and only as funds therefor become available and after deducting any amounts due by said member to the corporation; but such expulsion shall not operate to relieve the member from any remaining liability to the corporation.

20. Immediately before a meeting of the directors called to recommend the declaration of a dividend the supervisory committee shall make a thorough audit of the receipts, disbursements, income, assets, and liabilities of the corporation for the fiscal year, and shall make a full report thereon to the directors. Said report shall be read at the annual meeting and shall be filed and preserved with the records of the corporation.

21. At the annual meeting a dividend may be declared from income which has been actually collected during the fiscal year next preceding, or during the months which have elapsed since the corporation began business, and which remains after the deduction of all expenses, losses, interest on deposits, and the amount required to be set apart as a guaranty fund. Such dividend shall be paid on all fully paid shares outstanding at the close of the fiscal year, but shares which become fully paid during the year shall be entitled only to a proportional part of said dividend, calculated from the first day of the month following such payment in full. Dividends due to a member shall be paid to him in cash or credited to the account of the partly paid shares for which he has subscribed.

22. Immediately before the payment of each dividend there shall be set apart as a guaranty fund twenty per cent of the net income which has accumulated during the fiscal year. Said fund and the investments thereof shall belong to the corporation and shall be held to meet contingencies or losses in its business. All entrance fees shall be added at once to the guaranty fund. But upon recommendation of the board of directors the members at an annual meeting may increase, and whenever said fund equals or exceeds the amount of capital stock actually paid in, may decrease, the proportion of profits which is required by this subsection to be set apart as a guaranty fund.

23. At any meeting specially called to consider the subject, the members, upon the unanimous recommendation of the board of directors, may vote to dissolve the corporation, provided at least two-thirds of the members are present at such meeting, and provided not more than ten members, either in person or by written notice, object thereto. A committee of three shall thereupon be elected to liquidate the assets of the corporation, and each share of the capital stock, according to the amount paid in thereon, shall be entitled to its proportion of the proceeds after all deposits and debts of the corporation have been paid.

24. Section 2024–78m of the statutes shall not apply to cooperative credit associations.

25. The capital stock of cooperative credit associations shall be exempt from taxation.

Section 2. This act shall take effect and be in force from and after its passage and publication.

PROPOSED REVISION.—CHAPTER 582, LAWS OF NEW YORK.

Article II. Credit Unions.

Sec.
330. Incorporation and by-laws.
331. Amendment to by-laws.
332. Restriction of term "credit union."
333. Powers.
334. Membership; prohibition against payments for members.
335. Reports; examination; supervision.
336. Fiscal year and meetings; regulations as to voting.
337. Elections.
338. Directors and officers; compensation.
339. Credit committee.
340. Supervisory committee; audit and report.
341. Capital; entrance fee; transfer fee.
342. Shares and deposits of minors and in trust.
343. Fines and penalties.
344. Deposits.
345. Power to borrow.
346. Investment of funds.
347. Loans.
348. Interest rate.
349. Reserve fund.
350. Dividends.
351. Expulsion and withdrawal; payments to expelled and withdrawing members.
352. Voluntary dissolution.
353. Change of place of business.
354. Exemption from execution; from taxation; from usury.

330. Incorporation and by-laws. Seven or more persons, employed or residing in the State of New York, three of whom must be citizens of the United States of America, and at least one of whom must be a citizen of the State of New York, may become a credit union by making, signing, and acknowledging a certificate which shall contain:

First. The name of the proposed credit union, which shall include the words "credit union."

Second. A statement that incorporation is desired under this article.

Third. The conditions, whether of residence, of occupation, or otherwise, which shall qualify persons for membership.

Fourth. The par value of the shares, which shall not exceed $25.

Fifth. The city, village, or town in which its principal business office is to be located. If it is to be located in an incorporated city, the street address of the city shall be given. If the condition of its membership is employment by a certain individual, copartnership, or corporation, a statement that its office shall be with the said named individual, copartnership, or corporation may be substituted for said street address.

Sixth. The number of its directors, not less than five, all of whom must be members of and shareholders in said corporation.

Seventh. The names and post-office addresses of directors for the first year.

Eighth. The names and post-office addresses of the subscribers to the certificate, and a statement of the number of shares of stock which each agrees to take in the corporation.

At the time of the making of said certificate the incorporators shall adopt by-laws which shall provide:

First. The name of the corporation.

Second. The purposes for which it is formed.

Third. Qualifications for membership.

Fourth. The date of the annual meeting; the manner in which members shall be notified of meetings; the manner of conducting said meetings; the number of members which shall constitute a quorum at said meetings, and regulations as to voting.

Fifth. The number of members of the board of directors; powers and duties; the compensation and duties of officers elected by the board of directors.

Sixth. The number of members of the credit committee; powers and duties.

Seventh. The number of members of the supervisory committee; powers and duties.

Eighth. The par value of the shares of capital stock.

Ninth. The conditions upon which shares may be issued, paid in, transferred, and withdrawn.

Tenth. The fines, if any, which shall be charged for failure to meet obligations to the corporation punctually.

Eleventh. The conditions upon which deposits may be received and withdrawn. Whether the proposed corporation shall, in addition, have power to borrow funds.

Twelfth. The manner in which the funds of the corporation shall be invested.

Thirteenth. The conditions upon which loans may be made and repaid.

Fourteenth. The maximum rate of interest that may be charged upon loans.

Fifteenth. The method of receipting for money paid on account of shares, deposits, or loans.

Sixteenth. The manner in which the reserve fund shall be accumulated.

Seventeenth. The manner in which dividends shall be determined and paid to members.

Eighteenth. The manner in which a voluntary dissolution of the corporation shall be effected, and the order of preference of the liabilities of the corporation.

Said by-laws acknowledged to have been adopted by all of the said incorporators, together with the certificate of incorporation, shall be filed in the office of the superintendent of banks, who shall approve said certificate of incorporation if he is satisfied that it is in conformity with this article and shall approve said by-laws if he is satisfied as to the character of the incorporators and that said by-laws are reasonable and will tend to give assurance that the affairs of said prospective credit union will be administered in accordance with this article. Thereupon, the superintendent of banks shall issue to the said corporation a certificate of approval, annexed to a duplicate of said certificate of incorporation and of said by-laws, which certificate of approval, together with said attached duplicate certificate of incorporation and duplicate by-laws, acknowledged by all of the incorporators to have been adopted by them, shall be filed in the office of the county clerk of the county in which the office of such credit union is situated, and upon such filing the said incorporators shall become and be a monied corporation, but not a stock corporation. The county clerk shall charge the same filing fee per folio for filing said certificate of approval, certificate of incorporation and by-laws, as he is now allowed to charge per folio for filing a certificate of incorporation of a corporation organized under the business corporations law of the State of New York.

331. Amendment to by-laws. The by-laws adopted by the incorporators and approved by the superintendent of banks shall be the by-laws of the corporation, and no amendment to said by-laws shall become operative until such amendment shall have been approved by said superintendent of banks, and a copy thereof certified by the superintendent of banks, with a certificate of his approval, shall be be filed in the office of the county clerk, where the office of the said credit union is located. Such approval may be given or withheld by the superintendent of banks at his discretion. The county clerk shall receive the same fee per folio for filing as provided in section three hundred and thirty hereof.

332. Restriction of term "credit union." The use by any person, copartnership, association, or corporation, except corporations formed under the provisions of this article, of any name or title which contains the two words "credit" and "union," shall be a misdemeanor.

333. Powers. A credit union may receive the savings of its members in payment for shares or on deposit; may loan to its members at reasonable rates not exceeding one per centum a month inclusive of all charges whatsoever, or may invest as hereinafter provided the funds so accumulated, and may undertake such other activities relating to the purposes of the corporation as its by-laws may authorize.

334. Membership; prohibition against payments for members. The membership of the corporation shall consist of those persons who have been duly elected to membership and who have subscribed for one or more shares and have paid for the same in whole or in part, together with the entrance fee as provided in the by-laws, and have complied with such other requirements as the by-laws may contain. No credit union shall ever pay any commission or offer compensation for the securing of members or on the sale of shares.

335. Reports; examinations; supervision.—Corporations organized under the provisions of this article shall be subject to the supervision of the superintendent of banks and to sections twenty-five, twenty-six, and twenty-seven of the banking law.

Every corporation organized under this act shall, in January of each year, make a report for the previous calendar year to the superintendent of banks, giving such information as he shall require, which report shall be verified by the oath of the president, treasurer, and secretary, as well as by the oath of a majority of the members of the supervisory committee, and it shall make such other and further reports under the like oath as the said superintendent shall demand at any time.

Any such corporation which neglects to make an annual report within the month of January or any of the other reports required by the superintendent of banks at the time fixed by the superintendent shall forfeit to the State five dollars for each day which such neglect continues.

The superintendent of banks shall cause every such corporation to be examined whenever he deems it necessary; and the examiners appointed by him shall be given free access to all books, papers, securities, and other sources of information in respect to said corporation, and for the purpose of such examination the superintendent of banks shall have power and authority to subpœna and to examine personally, or by one of his deputies or examiners, witnesses on oath and documents, whether such witnesses are members of the corporation or not, and whether said documents are documents of the corporation or not; and for such examination a reasonable charge shall be imposed by the superintendent and paid by the said corporation so examined within sixty days after the notice of the charge shall have been mailed to the corporation at the last address given by it.

Expenses incurred and services performed on account of any of such corporations shall be charged to and paid by the corporation for whom they were incurred or performed. All moneys received by the superintendent in payment of such charges shall be deposited and paid by him into the treasury of the State. All debts of such corporation due to the superintendent of banks or to the State of New York shall be a preferred claim against the assets of any such corporation.

In the event that any such corporation shall neglect to make its annual report as hereinabove provided for more than fifteen days or in the event that any such corporation shall fail to pay such charges as herein required, including the charges for examination and fines for delay in filing reports, the superintendent of banks shall give notice to such corporation of his intention to revoke the certificate of approval of said corporation for said neglect or failure, and if such neglect or failure continues for fifteen days after such notice, then the superintendent of banks shall at his discretion revoke said certificate and he or through one of his deputies shall take possession of the property and business of such corporation and retain such possession until such time as he may permit it to resume business or its affairs be finally liquidated as provided in section nineteen of the banking law.

In the event it shall appear to the superintendent of banks by any examination or report that any such corporation is insolvent or that it has violated any of the provisions of this article or any other law of the State, he may, by an order made over his hand and official seal after a hearing or an opportunity for a hearing given the said accused corporation, direct any such corporation to discontinue the illegal methods or practices mentioned in said order or to make good any deficit. A deficit, in the discretion of the superintendent of banks, may be made good by an assessment on the members in proportion to the shares held by each member. If any such corporation shall not comply with such order within sixty days after the same shall have been mailed to the last address filed by such corporation in the banking department, the superintendent shall thereupon take possession of the property and business of such corporation and retain such possession until such time as he may permit it to resume business or its affairs be finally liquidated, as provided in section nineteen of the banking law.

336. FISCAL YEAR AND MEETINGS; REGULATIONS AS TO VOTING. The fiscal year of every such corporation shall end at the close of business on the thirty-first day of December. The annual meeting of the corporation shall be held at such time and place as the by-laws prescribe. Special meetings may be held by order of the directors or of the supervisory committee, and shall be held upon request in writing of ten members. Notice of all meetings of the corporation shall be given in the manner prescribed in the by-laws. At all meetings of members or shareholders a member shall have one vote, and but one vote, irrespective of the number of shares that may be held by him, and no shareholder may vote by proxy. At any meeting the members may decide upon any question of interest to the corporation, and overrule the board of directors, and by a three-fourths vote of those present, provided the notice of the meeting shall have specified the question to be considered, may vote to amend the by-laws.

337. ELECTIONS. At the annual meeting the members shall elect a board of directors of not less than five members, a credit committee and a supervisory committee of not less than three members each. However, in credit unions whose business office is located in places other than incorporated cities, the board of directors as such may also be the credit committee. Except as hereinafter specified, no member of said board shall be a member of either one of said committees, nor shall one person be a member of more than one of said committees, and all members of committees and all directors, as well as all officers whom they may elect, shall be sworn, and shall hold their several offices for such term as may be determined by the by-laws.

The oath required in this section of each director, officer, and member of committee shall be the oath of the individual taking the same that he will, so far as the duty devolves on him, diligently and honestly administer the affairs of such corporation and will not knowingly violate or willingly permit to be violated any of the provisions of law applicable to such corporation, and that he is the owner in good faith and in his own right on the books of the said corporation of at least one share therein. Such oath shall be subscribed by the individual making it and certified by the officer before whom it is taken and shall immediately be transmitted to the superintendent of banks and filed and preserved in his office.

338. DIRECTORS AND OFFICERS; COMPENSATION. At their first meeting and at each first meeting in the fiscal year, the board of directors shall elect from their number a president, vice president, a secretary, and a treasurer who shall be the executive officers of the corporation. The offices of secretary and treasurer may, if the by-laws so provide, be held by one person. The board of directors shall have the general management of the affairs, funds: and records of the corporation, and shall meet as often as may be necessary. Unless the by-laws shall specifically reserve all or any of these duties to the members it shall be the special duty of the directors:

(a) To act upon all applications for membership and the expulsion of members.

(b) To fix the amount of the surety bond which shall be required of each officer having the custody of funds.

(c) To determine from time to time the rate of interest which shall be allowed on deposits and charged on loans.

(d) To fix the maximum number of shares which may be held by and the maximum amount which may be lent to any one member; to declare dividends; and to recommend amendments to the by-laws.

(e) To fill vacancies in the board of directors or in the credit committees until the election and qualification of successors.

(f) To have charge of the investment of the funds of the corporation, except loans to members, and to perform such other duties as the members may from time to time authorize.

No member of the board of directors or of the credit or supervisory committees shall receive any compensation for his services as a member of said board or committees. But the officers elected by the board of directors may receive such compensation as the members may authorize.

339. CREDIT COMMITTEE. The credit committee shall approve every loan or advance made by the corporation to members. Every application for a loan shall be made in writing and shall state the purpose for which the loan is desired and the security offered. No loan shall be made unless it has received the unanimous approval of those members of said committee who were present when it was considered, who shall constitute at least a majority of said committee, nor if any member of said committee shall disapprove thereof; but the applicant for a loan may appeal from the decision of the credit committee to the board of directors. The credit committee shall meet as often as may be required after due notice has been given to each member.

340. SUPERVISORY COMMITTEE; AUDIT AND REPORT. The supervisory committee shall inspect the securities, cash, and accounts of the corporation and supervise the acts of its board of directors, credit committee, and officers. At any time the supervisory committee, by a unanimous vote, may suspend the credit committee or any member of the board of directors or any officer elected by the board, and by a majority vote may call a meeting of the shareholders to consider any violation of this act or of the by-laws, or any practice of the corporation which, in the opinion of said committee, is unsafe and unauthorized. Within seven days after the suspension of the credit committee the supervisory committee shall cause notice to be given of a special meeting of the members to take such action relative to such suspension as may seem necessary. The supervisory committee shall fill vacancies in their own number until the next regular meeting of the members.

At the close of each fiscal year the supervisory committee shall make a thorough audit of the receipts, disbursements, income, assets, and liabilities of the corporation for the said fiscal year, and shall make a full report thereon to the directors. Said report shall be read at the annual meeting of the members and shall be filed and preserved with the records of the corporation.

341. CAPITAL; ENTRANCE FEE; TRANSFER FEE. The capital of a credit union shall consist of the payments that have been made to it by the several members thereof on the shares. Shares may be subscribed for and paid in such manner as the by-laws shall prescribe. The credit union shall have a lien on the shares of any member and upon any dividends payable thereon for and to the extent of any loan made to him and of any dues or fines payable by him. The credit union may, upon the resignation or expulsion of a member, cancel the shares of such member and apply the withdrawal value of such shares toward the liquidation of the said member's indebtedness.

A credit union may, if the by-laws so provide, charge an entrance fee for each share subscribed, to be paid by the shareholder upon his election to membership.

Fully paid shares of a credit union may be transferred to any person eligible for membership, upon such terms as the by-laws may provide, and the payment of a transfer fee shall not exceed 25 cents per share.

342. Shares and Deposits of Minors and in Trust. Shares may be issued and deposits received in the name of a minor, and such shares and deposits may, in the discretion of the directors, be withdrawn by such minor or his parent or guardian, and in either case payments made on such withdrawals shall be valid. If shares are held or deposits made in trust, the name and residence of the beneficiary shall be disclosed and the account shall be kept in the name of such holder as trustee for such person. Such shares or deposits may, upon the death of the trustee, be withdrawn by the person for whom the shares were held or for whom such deposits were made, or by his legal representatives.

343. Fines and Penalties. For failure by any member of a credit union to meet his payments on shares when due, such fines and other penalties may be imposed upon the delinquent member as the by-laws provide. Such fines shall not exceed two per centum per month or a fraction thereof on amounts due, except that a minimum fine of 5 cents may be imposed.

344. Deposits. A credit union may receive on deposit the savings of its members in such amounts and upon such terms as the board of directors may determine and the by-laws shall provide.

345. Power to Borrow. If the by-laws so provide, a credit union shall have power to borrow money from any source in addition to receiving deposits from its own members, but the aggregate amount of such indebtedness at any one time shall not exceed forty per centum of the capital of a credit union: *Provided, however,* That a credit union having a capital of $5,000 or less may borrow to the extent of $2,000.

346. Investment of funds. The capital, deposits, undivided profits and reserve fund of the corporation may be invested in one of the following ways, and in such ways only:

(a) They may be lent to the members of the corporation in accordance with section three hundred and forty-seven of this act.

(b) They may be deposited to the credit of the corporation in savings banks, State banks, or trust companies, incorporated under the laws of the State of New York, or in national banks located therein. Funds of credit unions deposited in any savings bank, State bank, or trust company which may become insolvent, shall be preferred in the same way that funds of a "savings and loan association" so deposited are preferred under section two hundred and thirty-one of the banking law.

(c) After a credit union shall have been in existence for three full fiscal years, so much of the reserve fund thereof as shall equal twenty per centum of the total liabilities of the credit union shall be deposited in savings banks incorporated under the laws of the State of New York, and shall not be invested in any other way.

347. Loans. A credit union may loan to its members for such purposes and upon such security and terms as the by-laws shall provide and the credit committee shall approve; but security must be taken for any loan in excess of $50. An endorsed note shall be deemed to be security within the meaning of this section.

No member of the board of directors or of the credit committee or the supervisory committee shall either directly or indirectly borrow from or become surety for any loan or advance made by the corporation, unless said loans shall have been approved at a regularly called meeting of the members of the corporation by a majority vote of those present at said meeting and the consideration of said loans was mentioned in the call for the meeting.

All officers and members of any committees in any way knowingly permitting or participating in making a loan of funds of a credit union to a nonmember thereof shall be guilty of a misdemeanor. The credit union shall have the right to recover the amount of such illegal loan from the borrower or from any officers or members of committees who knowingly permitted or participated in the making thereof, or from all of them jointly.

A borrower may repay the whole or any part of his loan on any day on which the office of the corporation is open for the transaction of business.

348. Interest rate. No corporation organized pursuant to this act shall directly or indirectly charge or receive any interest, discount or consideration, other than the entrance fee, greater than one per centum per month upon any loan made by it.

Any corporation, any person, the several officers of any corporation, and the members of committees, who shall violate the foregoing prohibition shall be guilty of a misdemeanor. The corporation shall also be subject to procedure by the superintendent of banks as prescribed in section three hundred and thirty-five hereof.

349. Reserve fund.—All entrance fees, transfer fees, and fines shall, after the payment of organization expenses, be known as reserve income, and shall be added to the reserve fund of the corporation.

At the close of each fiscal year there shall be set apart to the reserve fund twenty-five per centum of the net income of the corporation which has accumulated during the year. But upon the recommendation of the Board of Directors the members at an annual meeting may increase, and whenever said fund equals the amount of the capital may decrease, the proportion of profits which is required by this section to be set apart to the reserve fund. Nor shall the reserve fund in any case exceed the capital of the corporation plus fifty per centum of its other liabilities.

The reserve fund shall belong to the corporation and shall be held to meet contingencies, and shall not be distributed to the members except upon the dissolution of the corporation.

350. Dividends.—At the close of the fiscal year a credit union may declare a dividend from the income during said year and which remains after the deduction of expenses, losses, interest on deposits, and the amount required to be set apart to the reserve fund. Dividends shall be paid on all fully paid shares outstanding at the close of the fiscal year, but shares which become fully paid during the year shall be entitled to a proportional part of said dividend calculated from the first day of the month following such payment in full.

351. Expulsion and withdrawal; payments to expelled and withdrawing members.—The board of directors may expel from the corporation any member who has not carried out his engagement with the corporation, or has been convicted of a criminal offense, or neglects or refuses to comply with the provisions of this act or of the by-laws, or who habitually neglects to pay his debts, or shall become insolvent or bankrupt. The members at a regularly called meeting may expel from the corporation any member whose private life is a source of scandal; no member shall be expelled until he has been informed in writing of the charges against him and an opportunity has been given him, after reasonable notice, to be heard thereon.

A member may withdraw from a credit union by filing a written notice of his intention to withdraw.

The amounts paid in on shares or deposits by an expelled or withdrawing member, with any dividends credited to his shares and any interest accrued on his deposits to the date of expulsion or withdrawal, shall be paid to such member, but in the order of expulsion or withdrawal and only as funds therefor become available, after deducting any amounts due to the corporation by said member. Said mem-

ber shall have no other or further right in said credit union or to any of its benefits, but such expulsion or withdrawal shall not operate to relieve said member from any remaining liability to the corporation.

352. VOLUNTARY DISSOLUTION. At any meeting specially called to consider the subject, four-fifths of the entire membership of the corporation may vote to dissolve the corporation and upon such vote shall signify their consent to such dissolution in writing. Such corporation shall then file in the office of the superintendent of banks such consent, attested by its secretary or treasurer and its president or vice president, with a statement of the names and residences of the existing board of directors of said corporation and the names and residences of its officers duly verified. The superintendent of banks, upon receipt of satisfactory proof of the solvency of the corporation, shall issue to such corporation, in duplicate, a certificate to the effect that such consent and statement have been filed and that it appears therefrom that such corporation has complied with this section. Such duplicate certificate shall be filed by such corporation in the office of the clerk of the county in which said corporation has its place of business, and thereupon such corporation shall be dissolved and shall cease to carry on business except for the purpose of adjusting and winding up its affairs. The said corporation, by its board of directors, shall then proceed to adjust and wind up its business and affairs, with power to carry out its contracts, collect its accounts receivable, and to liquidate its assets and apply the same in discharge of debts and obligations of such corporation, and after paying and adequately providing for the payment of such debts and obligations, each share according to the amount paid in thereon shall be entitled to its proportion of the balance of the assets. Said corporation shall continue in existence for the purpose of paying, satisfying, and discharging any existing debts or obligations, collecting and distributing its assets, and doing all other acts required in order to adjust and wind up its business and affairs, and may sue and be sued for the purpose of enforcing such debts and obligations until its business and affairs are fully adjusted and wound up.

353. CHANGE OF PLACE OF BUSINESS. A credit union may change its place of businss on the written approval of the superintendent of banks, which written approval shall be filed in the office of said superintendent of banks and a duplicate of said approval in the office of the clerk of the county where its office was located and a second duplicate in the office of the county clerk of the county in which the new office is to be located. Such approval of the superintendent of banks may be given or withheld at his discretion.

354. EXEMPTION FROM EXECUTION; FROM TAXATION; FROM USURY. Shares held by members and all the accumulations thereon shall be exempt from sale on execution and proceedings supplementary thereto to the amount of $600; and the shareholders of any such corporation, unless the by-laws so provide, shall not be individually liable for the payment of its debts. The corporation shall be deemed an institution for savings, and together with all accumulations therein shall not be taxable under any law which shall exempt savings banks or institutions for savings from taxation; nor shall any law passed hereafter taxing corporations in any form, or the shares thereof, or the accumulations therein, be deemed to include corporations doing business in pursuance of the provisions of this article, unless they are specifically named in such law. The shares of credit unions being hereby regarded as a system for saving, shall not be subject to the stock-transfer tax either when issued by the corporation or transferred from one member to another. No payments of any charges authorized by the by-laws in accordance with this article shall be deemed usurious.

THE STATUTE RELATING TO CREDIT UNIONS—MASSACHUSETTS.

[Chapter 409 of the Acts of 1909.]

AN ACT To authorize the incorporation of credit unions.

SECTION 1. In this act the words "credit union" shall mean a cooperative association formed for the purpose of promoting thrift among its members.

SEC. 2. A credit union may receive the savings of its members in payment for shares or on deposit; may lend to its members at reasonable rates or invest as hereinafter provided, the funds so accumulated; and may undertake such other activities relating to the purpose of the association, as its by-laws may authorize.

SEC. 3. Seven or more citizens of this Commonwealth who have associated themselves by an agreement in writing for the purpose of forming a credit union may, with the consent of the board of bank incorporation, become a corporation upon complying with all the provisions of section three of chapter one hundred and fourteen of the Revised Laws, except those which relate to the limit of capital to be accumulated. The board of bank incorporation is hereby authorized to grant such consent when it is satisfied that the proposed field of operation is favorable to the success of such credit union, and that the standing of the proposed members is such as to give assurance that its affairs will be administered in accordance with the spirit of this act.

SEC. 4. No person, partnership, association, or corporation, except corporations formed under the provisions of this act, shall hereafter transact business under any name or title which contains the two words "credit" and "union." The provisions of section seventeen of chapter five hundred and ninety of the acts of the year nineteen hundred and eight shall apply to, and as prescribed therein proceedings shall be brought against any person, partnership, association, or corporation which violates the provisions of this section.

SEC. 5. The provisions of sections one to sixteen, both inclusive, of said chapter five hundred and ninety shall apply to such corporation and its directors, committees, and officers, and they shall be subject to the supervision of the bank commissioner in the manner and to the extent set forth in said sections.

SEC. 6. The by-laws shall prescribe—

(a) The name of the corporation.
(b) The purposes for which it is formed.
(c) The conditions of residence or occupation which qualify persons for membership.
(d) The par value of the shares of capital stock.
(e) The conditions on which shares may be paid in, transferred, and withdrawn.
(f) The conditions on which deposits may be received and withdrawn.
(g) The method of receipting for money paid on account of shares or deposited.
(h) The number of directors and number of members of the credit committee.
(i) The duties of the several officers.
(j) The fines, if any, which shall be charged for failure to meet obligations to the corporation punctually.
(k) The date of the annual meeting of members.
(l) The manner in which members shall be notified of meetings.
(m) The number of members which shall constitute a quorum at meetings.
(n) Such other regulations as may seem necessary.

SEC. 7. No such corporation shall receive deposits or payments on account of shares, or make any loans, until its by-laws have been approved in writing by the bank commissioner, nor shall any amendments to its by-laws become operative until they have so been approved.

SEC. 8. The fiscal year of every such corporation shall end at the close of business on the thirty-first day of October. The annual meeting of the corporation shall be held at such time and place as the by-laws prescribe. Special meetings may be held by order of the directors or the supervisory committee, and the clerk shall give notice of special meetings upon request in writing of ten members. Notice of all meetings of the corporation shall be given in the manner prescribed by the by-laws. No person shall be entitled to vote who has not been a member for more than three months, but this restriction shall not apply during the first twelve months of the existence of the corporation, nor shall any member vote by proxy, or have more than one vote. At the annual meeting the members shall, upon recommendation of the board of directors, declare dividends and fix the amount of the entrance fee. At any meeting the members may decide upon any question of interest to the corporation; and upon appeal of two members may reverse decisions of the credit committee or board of directors; and, by a three-fourths vote of those present, provided the notice of the meeting shall have specified the question to be considered, may amend the by-laws.

SEC. 9. At the annual meeting the members shall elect a board of directors of not less than five members, a credit committee of not less than three members, and a supervisory committee of three members. No member of said board shall be a member of either one of said committees nor shall one person be a member of more than one of said committees, and all members thereof, as well as all officers whom they may elect, shall be sworn and shall hold their several offices until others are elected and qualified in their stead; and a record of every such qualification shall be filed and preserved with the records of the corporation.

SEC. 10. At their first meeting the board of directors shall elect from their number a president, a vice president, a clerk, and a treasurer, who shall be the executive officers of the corporation. The board of directors shall have the general management of the affairs, funds, and records of the corporation and shall meet as often as may be necessary. It shall be their special duty—

(a) To act upon all applications for membership.

(b) To act upon the expulsion of members.

(c) To fix the amount of surety bond which shall be required of each officer having custody of the funds.

(d) To determine the rate of interest which shall be allowed on deposits.

(e) To fill vacancies in the board of directors or in the credit committee of the corporation until the election and qualification of officers to fill said vacancies.

(f) To make recommendations to meetings of the members relative to the amount of entrance fee; the maximum number of shares which may be held by and the maximum amount which may be lent to any one member; the dividend to be declared; amendments to the by-laws, and any other matters which in their opinon the members should decide.

SEC. 11. The credit committee shall approve every loan or advance made by the corporation. Every application for a loan shall be made in writing and shall state the purpose for which the loan is desired and the security offered. No loan shall be made unless the credit committee is satisfied that it promises to benefit the borrower, nor unless it has received the unanimous approval of those members of said committee who were present when it was considered, nor if any member of said committee shall disapprove thereof; but the applicant for a loan may appeal from the decision of the credit committee to the board of directors.

SEC. 12. The supervisory committee shall inspect the securities, cash, and accounts of the corporation and supervise the acts of its board of directors, credit committee, and officers. At any time the supervisory committee, by a unanimous vote, may suspend the credit committee or any officer elected by the board of directors, and by a majority vote may call a meeting of the shareholders to consider any violation of this act or of the by-laws, or any practice of the corporation which, in the opinion of said committee, is unsafe or unauthorized. Within seven days after the suspension of the credit committee the supervisory committee shall cause notice to be given of a special meeting of the members to take such action relative to such suspension as may seem necessary. The supervisory committee shall fill vacancies in their own number until the next annual meeting.

SEC. 13. The capital of the corporation shall be unlimited in amount. Shares of capital stock may be subscribed for and paid in in such manner as the by-laws shall prescribe.

SEC. 14. Shares may be issued and deposits received in the name of a minor, and such shares and deposits may, in the discretion of the directors be withdrawn by such minor or by his parent or guardian, and in either case payments made on such withdrawals shall be valid. If shares are held or deposits made in trust the name and residence of the beneficiary shall be disclosed and the account shall be kept in the name of such holder as trustee for such person. If no other notice of the existence and terms of such trust has been given in writing to the corporation, such shares or deposits may, upon the death of the trustee, be withdrawn by the person for whom the amount of such shares was paid in or for whom such deposit was made, or by his legal representative.

SEC. 15. The capital, deposits, and surplus funds of the corporation shall be either lent to the members for such purposes and upon such security and terms as the credit committee shall approve, or deposited to the credit of the corporation in savings banks or trust companies incorporated under the laws of this Commonwealth or in national banks located therein.

SEC. 16. A borrower may repay the whole or any part of his loan on any day on which the office of the corporation is open for the transaction of business. For failure to pay the interest or any installment required by the terms of the loan, the borrower may be fined if the by-laws so prescribe.

SEC. 17. No member of the board of directors or of the credit or supervisory committee shall receive any compensation for his services as a member of said board or committees, nor shall any member of the credit or supervisory committee, either directly or indirectly borrow from, or become surety for any loan or advance made by the corporation. But the officers elected by the board of directors may receive such compensation as said board shall authorize.

SEC. 18. The board of directors may expel from the corporation any member who has not carried out his engagements with the corporation, or has been convicted of a criminal offense, or neglects or refuses to comply with the provisions of this act or of the by-laws, or whose private life is a source of scandal, or who habitually neglects to pays his debts, or shall become insolvent or bankrupt, or shall have deceived the corporation with regard to the use of borrowed money; but no member shall so be expelled until he has been informed in writing of the charges against him, and an opportunity has been given to him, after reasonable notice, to be heard thereon.

SEC. 19. The amounts paid in on shares or deposited by members who have withdrawn or have been expelled shall be paid to them, but in the order of withdrawal or expulsion and only as funds therefor become available after deducting any amounts due by said members to the corporation; but such expulsion shall not operate to relieve a member from any remaining liability to the corporation.

SEC. 20. Immediately before a meeting of the directors called to recommend the declaration of a dividend, the supervisory committee shall make a thorough audit of the receipts, disbursements, income, assets, and liabilities of the corporation for the fiscal year, and shall make a full report thereon to the directors. Said report shall be read at the annual meeting and shall be filed and preserved with the records of the corporation.

SEC. 21. At the annual meeting a dividend may be declared from income which has been actually collected during the fiscal year next preceding, or during the months which have elapsed since the corporation began business, and which remains after the deduction of all expenses, losses, interest on deposits, and the amount required to be set apart as a guaranty fund. Such dividend shall be paid on all fully paid shares outstanding at the close of the fiscal year, but shares which become fully paid during the year shall be entitled only to a proportional part of said dividend, calculated from the first day of the month following such payment in full. Dividends due to a member shall be paid to him in cash or credited to the account of partly paid shares for which he has subscribed.

SEC. 22. Immediately before the payment of each dividend there shall be set apart as a guaranty fund twenty per cent of the net income which has accumulated during the fiscal year. Said fund and the investments thereof shall belong to the corporation and shall be held to meet contingencies or losses in its business. All entrance fees shall be added at once to the guaranty fund. But upon recommendation of the board of directors the members at an annual meeting may increase, and whenever said fund equals or exceeds the amount of capital stock actually paid in, may decrease, the proportion of profits which is required by this section to be set apart as a guaranty fund.

SEC. 23. At any meeting specially called to consider the subject, the members, upon the unanimous recommendation of the board of directors, may vote to dissolve the corporation, provided at least two-thirds of the members are present at such meeting, and provided not more than ten members, either in person or by written notice, object thereto. A committee of three shall thereupon be elected to liquidate the assets of the corporation; and each share of the capital stock, according to the amount paid in thereon, shall be entitled to its proportion of the proceeds after all deposits and debts of the corporation have been paid.

SEC. 24. Within twenty days after the last business day of October in each year, every such corporation shall make to the bank commissioner a report in such form as he may prescribe, signed by the president, treasurer, and a majority of the supervisory committee, who shall certify and make oath that the report is correct according to their best knowledge and belief. Any such corporation which neglects to make the said report within the time herein prescribed shall forfeit to the Commonwealth $5 for each day during which such neglect continues.

SEC. 25. The provisions of section twenty-three of chapter fourteen of the Revised Laws and the provisions of chapter six hundred and five of the acts of the year nineteen hundred and eight shall apply, and the provisions of section one of chapter one hundred and fourteen of the Revised Laws shall not apply to credit unions incorporated under the provisions of this act.

THIRD ANNUAL REPORT OF THE JEWISH FARMERS' COOPERATIVE CREDIT UNIONS.

(Organized by the Jewish Agricultural and Industrial Aid Society, 174 Second Avenue, New York City.)

The Jewish farmers' cooperative credit unions—the first and so far the only cooperative agricultural credit banks on American soil—were created by the Jewish Agricultural and Industrial Aid Society.

LAND CREDIT.

This society is an offshoot of the Baron de Hirsch Foundation, which came into existence in 1890. From its very inception the Baron de Hirsch fund, among its other activities, made loans to Jewish farmers. Ten years later the Jewish Agricultural and Industrial Aid Society was incorporated, specially to look after the agricultural end of the Baron de Hirsch fund work. All agricultural matters were then turned over to the newly organized society. It can therefore be said that the Jewish Agricultural and Industrial Aid Society, together with the loans made by its parent organization, has been engaged in the land credit business close to 24 years. The land credit system of that society is, accordingly, the oldest extant in the United States.

With the exception of the manner of raising its funds the land credit system of the Jewish Agricultural Society is not unlike that of the Crédit Foncier and other corporate land credit institutions of the type prevailing on the European Continent. Loans are secured by real estate mortgage and are repayable by amortization in moderate annual installments. The interest rate is 4 per cent. Although the funds of the Agricultural Aid Society are limited to a stated annual income and its operations are confined to a special class, its work shows the possibilities of land credit and its adaptability to American conditions. In the 14 years the society has been in existence it has granted 2,800 loans, aggregating about $1,800,000. These loans were made to 2,500 Jewish farmres in 31 States and in Canada. The operations of that society thus embrace a much larger territory than those of all the land credit banks in Continental Europe taken together.

COOPERATIVE CREDIT.

The cooperative credit system of that society is a direct outgrowth of its land credit system. The need of short-time personal credit by the American farmer was long recognized by those at the head of the society. But with a clientele scattered over practically the entire country direct extension of personal credit was not deemed practicable. Accordingly, as early as 1907 serious consideration was given to the question of relieving the situation by the adoption of one of the European cooperative systems. But progress was not very rapid. The wealth of literature, which is now at everybody's command, was wanting then and it was necessary to go to original sources for information. Legislation on the subject, too, was nonexistent, and it was a question whether such associations could be legally organized. In 1909 the society was prepared to attack the problem definitely and it was then and there decided to organize these credit unions as unincorporated or voluntary associations. Meanwhile the spirit of cooperation was growing among the Jewish farmers and the groundwork was being laid for these credit unions through the organization of many local Jewish farmers' associations and their federation into the Federation of Jewish Farmers of America.

PIONEER CREDIT UNIONS.

The first credit union commenced business in May, 1911, 3 were organized that year, 5 in 1912, and 9 in 1913, making a total of 17 in operation. Eight of these are located in New York, 5 in New Jersey, and 4 in Connecticut. Each of them raised $500 or more from the sale of shares to members and the aid society loaned them each $1,000 with which to begin operations. The form of organization of these

credit unions is similar to that of the Raiffeisen banks—after which most cooperative credit institutions the world over are patterned—in so far as that system could be adapted to American conditions and to the peculiar needs of the situation.

The following table contains a report of the operations and financial statement of these credit unions for September 30, 1913. As will be observed, they have an aggregate membership of 517 and a capital of $9,165. They have been in operation for periods averaging a little over 13 months, during which time they loaned out $73,624.66, about eight times their capital. Their net profits amount to $1,317.93, that is, at the rate of 13¼ per cent per annum on their capital.

Table showing the operations of the Jewish Farmers' Cooperative Credit Unions since their organization.

[Compiled by the Jewish Agricultural and Industrial Aid Society.]

Name.	Commenced business.	Number of members.	Number of shares outstanding.	Number of loans granted.	Amount of loans granted.	Number of loans repaid.	Amount of principal collected.	Amount of loans outstanding.	Interest collected.	Expenses.	Total assets.	Total liabilities.	Assets over liabilities.
Fairfield, Conn	May, 1911	29	108	108	$6,930.00	87	$5,630.00	$1,300.00	$189.64	$138.37	$1,601.77	$1,540.00	$61.77
Ellington, Conn	May, 1911	23	112	92	7,555.00	72	5,905.00	1,650.00	231.54	91.20	1,709.98	1,560.00	149.98
Rensselaer, N. Y	May, 1911	29	84	109	6,513.00	86	5,017.00	1,496.00	208.32	105.12	1,544.35	1,420.00	124.35
Briggs St., N. Y	Mar., 1912	46	117	86	6,035.00	67	4,553.50	1,481.50	160.63	41.30	1,704.33	1,585.00	119.33
Lebanon, Conn	Mar., 1912	24	117	86	5,524.90	64	4,021.85	1,503.05	191.13	57.93	1,756.78	1,585.67	171.11
Colchester, Conn	Apr., 1912	26	101	63	4,070.00	38	2,535.00	1,535.00	140.48	35.88	1,613.40	1,506.00	107.40
Fallsburg, N. Y	Apr., 1912	44	113	78	5,384.00	61	4,204.00	1,180.00	140.10	59.99	1,687.57	1,565.96	121.61
Hurleyville, N. Y	May, 1912	32	119	129	8,034.82	102	6,326.79	1,708.03	152.45	33.93	1,723.42	1,597.00	126.42
Hightstown, N. J	Jan., 1913	32	100	34	2,130.00	9	830.00	1,300.00	53.45	15.41	1,538.04	1,500.00	38.04
Parksville, N. Y	Jan., 1913	24	120	31	2,750.00	17	1,600.00	1,150.00	70.00	34.59	1,634.91	1,600.00	34.91
Woodbine, N. J	Feb., 1913	28	100	42	2,930.00	23	1,690.00	1,240.00	53.12	10.92	1,542.20	1,500.00	42.20
Carmel, N. J	Feb., 1913	36	144	60	3,530.00	33	2,080.00	1,450.00	65.35	16.38	1,773.22	1,720.00	53.22
Flemington, N. J	Mar., 1913	22	100	67	4,097.94	43	2,782.97	1,314.97	62.43	23.03	1,544.51	1,500.00	44.51
Perrineville, N. J	Apr., 1913	29	97	27	1,835.00	13	1,040.00	795.00	37.70	24.47	1,498.23	1,485.00	13.23
Ellenville, N. Y	Apr., 1913	26	100	42	2,475.00	20	1,210.00	1,265.00	49.83	24.47	1,525.86	1,500.00	25.86
Maplewood, N. Y	Apr., 1913	34	102	21	1,925.00	8	675.00	1,250.00	49.75	6.97	1,552.78	1,510.00	42.78
Stevensville and Ferndale, N. Y	Apr., 1913	33	99	28	1,905.00	11	715.00	1,190.00	44.43	6.97	1,536.21	1,495.00	41.21
Total		517	1,833	1,103	73,624.66	754	50,816.11	22,808.55	1,900.35	726.93	27,487.56	26,169.63	1,317.93