

Germany's Rural Credits System

[Mr. David Lubin, American delegate to the International Institute of Agriculture at Rome, is a world authority on rural credits. The following condensation of an address delivered by him at the Cincinnati Grain and Hay Exchange, August 6, was furnished the Farm Life by the Chamber of Commerce of that city.]

Some two years ago when the American commission was at Nie-weid, a town several hours from Coblenz on the Rhein, there was a celebration commemorating the life of one of the founders of rural credit in Germany, Father Reiffeisen, and the committee of arrangements asked me to speak in the name of the American commission. I did so by stating that in my opinion there was no one nation among the great powers that possessed greater resisting force; that would when put to the test transcend the strength and endurance of all the other powers that might be brought to bear against it—that this power was Germany.

A close study will show that the real strength of the German nation came as a result of her Landwyrtschaftsrat system of scientific distribution of her agricultural products, and her efficient and effective systems of rural credit. Especially so her Landschaft system of rural credit.

It was these two systems that enabled the farmers of Germany to see, hear and walk within the field of commercial experience as radically and normally as those engaged in financial and commercial projects in the cities. This is the cause that made Germany strong.

In recent times a change has come about in agricultural conditions. The end of the 19th and the beginning of the 20th century brought forth some new conditions. The rapid carriage and rapid communication and modern means have wonderfully sharpened the wit of the urban to an extent that he has substantially taken possession of the domain of distribution of the products of the farmer.

We must adapt and adopt a system which shall give the American farmers the necessary commercial knowledge, and this can be done by the adaptation and adoption of the German Landschaft system. There should be a semi-official organization under charters from the United States government for the forming of a township organization in each township in every county in the United States and for the election by the township organizations of their county organizations, and for the election by the county organizations of a state organization, and for the election by the state organization of their national organization.

These organizations should have two-fold function. There should be the legislative function by the unpaid representatives and the working functions by the paid employees. This semi-official organization when completed would embrace four, five or six million units. The working portion of this organization would consist of a secretary with a staff of typewriters, messengers and correspondents. In substance: What the chambers of commerce, boards of trade, clearing houses, stock exchanges, bursars, pits and the mercantile agencies are to commerce and finance.

In place of the farmer, as today, seeing things commercial through his two eyes, he would, under the system here outlined, see through many millions of eyes. His commercial power would be vastly augmented and with one bound the commercial pygmy that was will rise up the commercial giant that he will be.

As our lands were practically given away free, and as the life of our nation is but a century and a quarter old, we should by this time not have had more than a trace of renters. We should be a country of freehold owners of farming land, where the renting system should, in substance, be unknown.

But what does the census tell us? The United States census of 1910 shows that 37 per cent of all the agricultural land in the United States is now in the hands of renters and that 16 per cent of these renters were made during the past ten years. This was in 1910. It is now 1915, very near 1916, and at the same rate of increase we may now have 50 per cent of renters; and shall the 50 per cent increase to 60 per cent, then to 70 per cent and then on to 80 per cent and 90 per cent?

Shall we follow in the footsteps of old Rome that perished, and perished miserably as she deserved to perish, as all nations deserve to perish who think less of their birthright? This is not merely a local question as to time and place, it is a broad economic question that is even a broader question than is a great political question. It is a question of the life of this nation.

The Landschaft system of rural credits in substance is a merger of land by a number of land owners.

These land owners obtain a charter from the central government.

The Landschaft is formed and they elect a board of directors and these directors are sworn in as government officials and are ready to proceed to business.

One of the members presents himself to the board of directors for a mortgage for \$10,000 on property worth say \$20,000.

The mortgage is made out and is exchanged by the board of directors for a bond.

The bond is sold in the open market and the farmer puts his money in his pocket, and that ends the transaction so far as borrowing is concerned.

He pays his interest to the board of directors.

The board of directors pay it out to the bond-holders.

An additional one-half per cent is paid for on account of amortization, which pays off the debt.

The loan is made for from 50 to 75 years, at the end of which time the interest and principal is paid through the amortization.

The rate of interest is 3, 3½ and 4 per cent.

This system has been in operation in Germany for 151 years and there has never been a single failure.

The bond is eagerly bought up by that vast number of people who demand first of all unquestioned security. The Landschaft bonds of Germany have been rendered so safe that the law directs that the widows' and orphans' trust funds shall be invested in these bonds.

There is no necessity for the United States in enacting the necessary laws to coerce any state. It would simply provide a charter containing certain stipulations. These charters would freely be given to any state where the stipulations could and would be complied with, and be held from those where it could not.

This rural credit system together with the scientific distributive system would give this nation that strength, that soundness to the core which would enable it to carry out its mission. Its mission is not merely to support in comfort the store-man, the mechanic, the professional man or the farmer, but its mission is to be the servant of the nation.

BOOKS RECEIVED

India and the War. With an introduction by Lord Sydenham of Combe, formerly governor of Bombay. With 52 illustrations. Hodder and Stoughton, Publishers, London, New York, Toronto. Price 1s. net.

America and the New World-State. A plea for American leadership in international organization. By Norman Angell, author of "The Great Illusion." etc. G. P. Putnam's Sons, New York and London. Price \$1.20, net.

An Art Philosopher's Cabinet. Being salient passages from the works on Comparative Aesthetics of George Lansing Raymond, L.H.D., former professor of aesthetic criticism in Princeton university. Selected and arranged according to subject by Marion Mills Miller, Litt. D. G. P. Putnam's Sons, New York and London. Price \$1.50.

Economic Aspects of the War. Neutral rights, belligerent claims and American commerce in the years 1914-1915. By Edwin J. Clapp, professor of economics, New York university. New Haven: Yale University

Press. London: Humphrey Milford, Oxford University Press. Price \$1.50.

The Two Virginias. Genesis of Old and New. (Pamphlet) "A Romance of American History." By Granville Davisson Hall, 240 Beach Road, Glencoe, Ill. Price 25 cents.

The Co-Citizens. By Cora Harris. Doubleday, Page & Company, Garden City, New York. Price \$1.00, net.

The Japanese Problem in the United States. An investigation for the commission of relations with Japan, appointed by the federal council of the Churches of Christ of America. By H. A. Mills, professor of Economics, University of Kansas. The Macmillan Company, New York.

A Smile, Love and a Tear. A little book of verses, tragedy, sentiment and humorous dialect. By Robert T. Owens. The Gorham Press, Boston.

The Mighty and the Lowly. By Katrina Trask. The Macmillan Company, New York. Price \$1.00.

The Conklings in America. By Ira B. Conkling, Washington, D. C. Published by Chas H. Potter & Co., Washington, D. C. Price \$1.00.


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