

Success of the Crop-Moving Fund

When Secretary of the Treasury McAdoo sent out a message to the country on July 31, stating that he proposed to transfer from the treasury to the national banks in the agricultural districts from \$25,000,000 to \$50,000,000 to facilitate the moving and marketing of crops in the west and south, there were storms of criticism and many doubts expressed as to the success of this epoch-making plan. Subsequent events, however, have proven that the movement was of untold benefit to the interests and sections that it planned to relieve. An idea of the successful working of Secretary McAdoo's plan is contained in the following special staff correspondence to the Philadelphia Public Ledger, dated at Washington, November 23:

"It is understood," writes a correspondent in one of the larger eastern cities, "that the \$50,000,000 that went to banks in the seven southern states, instead of reaching the producer or farmer, reached the commission people, and that the farmer got little good out of it.

"Perhaps the comptroller of the currency or somebody connected with the treasury department might know the facts."

"Somebody connected with the treasury department" does know the facts about it, and these are the facts: It has happened for years that just about the time the crop movement was about to begin there has been almost invariably a scarcity of currency, a tight money market, difficulty in obtaining the means for the extraordinary demands of the season.

The president of one of the largest banks in the south, which has to look after the needs of 10,000 customers, in a letter to the secretary of the treasury thus explained one of the difficulties with which he had to deal:

"The general situation throughout the south was critical. After the crops are harvested there will be a tremendous liquidation of loans, and this section of the country will be in excellent condition.

"We have had to call on our New York correspondents for some rediscunts in order to prevent harsh liquidation of loans at home, and while our New York banks have taken care of us they have charged us high rates and have written us disturbing letters and asked us to curtail our demands all of which had the effect of being alarming. We could not help but sympathize with them, for, aside from the government assurances, they were not in as good position as to cash holdings as usual. I felt more like whistling yesterday morning after reading the secretary's announcement than I have for three months."

"Yesterday morning" was August 1, and the announcement made by the secretary of the treasury was that he would place at the service of the banks for the purpose of aiding them in financing the crop movement the sum of \$50,000,000 out of the treasury at Washington.

The announcement was like the shadow of a great rock in a weary land, and, in the opinion of Secretary McAdoo, averted a financial panic which would have affected every commercial and industrial interest in the country.

The announcement was made on August 1, and money was a little easier on August 2. It worked like a charm, and the treasury has been fairly flooded with the most grateful letters from bankers and business men in all parts of the United States thanking it for this anchor to the windward.

Certain banks in the several states were designated as depositories for this crop-moving fund, and special agents were named by the secretary of the treasury to pass upon all applications for loans which were only made upon commercial paper of approved value. On November 15 the crop movement had been so successfully financed that \$15,689,000 of the \$50,000,000 set apart for this specific purpose had not been called for but remained in the treasury at Washington. The payments to depository banks for crop-moving purposes up to that date were as follows by states:

Alabama	\$1,170,000
Arkansas	650,000
District of Columbia	582,000
Florida	795,000
Georgia	1,622,000
Kentucky	1,670,000
Louisiana	3,275,000
Maryland	2,900,000
Mississippi	600,000
North Carolina	1,400,000
South Carolina	1,500,000
Tennessee	2,565,000
Texas	900,000
Virginia	850,000
California	50,000
Colorado	825,000
Illinois	4,000,000
Indiana	595,000
Kansas	100,000
Minnesota	500,000
Missouri	4,775,000
New Mexico	50,000
Ohio	850,000
Oklahoma	187,000
Oregon	800,000
Pennsylvania	75,000
Utah	125,000
Washington	900,000

MISSOURI BIG BORROWER

The aggregate of these payments was \$34,311,000, and the amount remaining in the treasury to the credit of this crop fund was \$15,689,000. Of the amount paid out, counting Maryland, Kentucky and Missouri as southern states, about one-half of the total fund provided for the crop movement, or to be exact, \$24,859,000 was taken in the south.

These three states took up \$9,345,000 of the southern allowance. The largest borrower was Missouri, which took \$4,775,000; the next largest borrower was Illinois, which received \$4,000,000. The largest amount paid to any of the southern states was \$3,275,000 to Louisiana.

It was never the intention of the treasury department to hand out the money to the farmers or producers—they did not ask for it and did not expect it; all that they wanted was enough money borrowed by them at reasonable rates from the banks until they could get their crops on the market, and this they have succeeded in doing without usury.

If they had not obtained this relief they would have been driven into bankruptcy and the country would now be struggling with a money panic. Nothing like this treatment of the crop question was ever undertaken by any of Mr. McAdoo's predecessors, and though it was a new way of dealing with the matter, it was, after all, a purely business proposition and so it is regarded by sound bankers and successful business men in all parts of the country.

COMMENDATORY MESSAGES

The letter files of the treasury department are fairly bulging with messages of commendation received by the secretary from bankers and merchants, lenders and borrowers in all the states.

An enthusiastic manufacturer in one of the first cities in Ohio did not wait to see how the thing would work, but on the day that the secre-



"SHE'S MAKING GOOD!"

—From the Eagle (Brooklyn, N. Y.)

tary made his announcement of his crop movement plan wrote:

"I still believe that there is a God in Israel and decent men on earth. What a blow in the solar plexus of the money monopoly! More power to your arm, and grace of God in your heart! Isn't it refreshing to find a man in the treasury who is a servant of all the people, and not a trained crook and bootlicker for the criminal rich.

"I am sure proud I gave \$100 to the Wilson campaign fund, and am kicking myself that did not double it. I am going to have my receipt (certificate acknowledging contribution), framed and hang it up in my private office. Shake, old man."

A man in Missouri who has figured large in the public life of this country (a democrat, of course, who has been talked about in Pike count, as a presidential availability, and who has made a great reputation and well deserved as a financier), telegraphed to Mr. McAdoo:

"Your offer of aid crop movement and relieve great financial stringency by depositing \$50,000,000 in banks of south and west, is, in my judgment, wise, opportune and patriotic."

"Houston is the financial center of the state of Texas;" of course it is, and when the McAdoo plan was known, the Houston Clearing House association adopted a resolution highly commending the secretary for his "wise and patriotic step, indicating as it does a desire on your part to perform a valued and legitimate service to the commerce of the country."

It was said in a letter from the president of this association that the banks of Houston would be called upon "to finance at least one-third of the total crop of cotton of the state," and would "be called upon to finance within the next 90 days not less than \$75,000,000 of cotton and its by-products." Yet the figures in the treasury department show that the whole of Texas has called for only \$900,000 of the crop fund provided by McAdoo, which shows that the participation of the government in the crop movement had a decided effect on the outside circulation.

A national banker in Alabama and a man of evidently high place among the bankers of that state wrote:

"It is extremely gratifying to know that we have an official at the head of the treasury department who is big enough to look upon and act upon such matters from the national viewpoint, rather than be controlled by any local influences."

The King County Democratic club, of Seattle, Wash., wrote to say that

this crop movement act of Secretary McAdoo was "the most masterly stroke of executive statesmanship in its application to practical affairs which has ever been made by any secretary of the treasury in a time of peace."

A broker in Denver, Col., who has "been in the money business all my life," wrote:

"It must be evident to the most casual observer, who has anything to do with handling money, that there has been an evident intent, on the part of eastern financiers to harass the west in its efforts to move its crops, and at the same time incidentally harass the government.

"Will you permit me to say that you are without the shadow of a doubt taking the only course to kill this 'vampire?'"

A man of large affairs in New York city telegraphs:

"Your department has made a master stroke preventing the worst panic that ever threatened a nation, and it makes tears of joy come to my eyes in gratitude to our Creator for giving us such as you to preserve the honor of our nation."

A successful merchant in South Carolina wrote:

"By your statesmanship you have discounted Wall street's scheme to cause a panic, embarrass the country and discount democracy."

M'ADOO PLEASES GEORGIA

A manufacturer and banker in one of the leading cities of Georgia wrote:

"It is gratifying to know that crop moving will escape some of its terrors this autumn by your wise action.

"The waste of the world's wars, the natural growth of this country, and hence its increased needs, timidity all have conspired to make it quite essential that the great crops, which affect our balance of trade and relieve the tension each year, should this year, especially, be quickly and economically marketed. Accept our thanks."

This whole newspaper could be filled with the letters Secretary McAdoo has received from men of business importance in all parts of the country. Some of the messages have been somewhat lachrymal, and others still have been distinctly partisan; but all of them have been fully interpretative of public sentiment.

The crop movement plan of the secretary was undoubtedly the most popular act of his administration so far, and he has yet other plans, doubtless, which will make business conditions easier and financial operations less liable to unfortunate manipulation.

J. C. H.