

Links to Help Finance Cotton Farmers' Groups

Atlanta and Little Rock Institutions to Complement Assistance of War Finance Corporation

Special Financial Correspondence
CHATTANOOGA, Tenn., July 21.
The new cotton co-operatives have taken the second big step in their organization—arrangements for financing. The first crisis in these organizations has been found to be getting the farmer to sign up; second, getting funds, and the third, holding the cotton so that it would not glut the market when it came on in the fall. Both the Georgia and the Arkansas co-operatives have got their prospective production of cotton on a stable financial basis.

The Atlanta Clearing House Association recently cleared \$5,000,000 to finance the Georgia Cotton Growers' Co-operative Association.

The Georgia case was a little different from that of Arkansas. Arkansas has a trial to her credit, and the Georgia case was decided by unanimous vote to extend a credit of \$3,000,000 to the Arkansas Cotton Growers' Association. The War Finance Corporation has already approved a loan of \$2,000,000 to the Georgia case, and a substantial loan to other associations.

Shared Hostility

Originally, it was feared by the co-operative promoters that local bankers in the states would be hostile to the co-operatives. The Georgia case and the Arkansas case have shown that the connections with brokers and bankers. This, however, has not proved to be the case, as the local clearing houses and individual banks have been in the lead in urging co-operatives to get on their feet. The Georgia case has been in providing temporary loans to the affiliated farmers. The Arkansas and North Carolina associations expect no trouble in obtaining loans. The Georgia association has already secured contracts for 275,000 bales for this fall. This will be pooled, and gradually sold. J. E. Connelley, president of the Georgia association, said: "The Georgia case is a landmark in the history of co-operatives. It means much to our association. It should convince all who previously have been skeptical of co-operative marketing. It has done the ability of the association to finance the cotton of its members. Our association is now organized, backed by the farmers, the banks and the government. We are going to do business; our success is assured."

Savannah Port

Georgia is considering quite an ambitious program of dock and warehouse building at Savannah in an endeavor to make it a great shipping port for cotton, grain and other products to Europe. The Georgia association has been analyzing what Canada has done to build up Montreal as the second port on the continent and are desirous of similar development for Savannah.

The Georgia association has made a survey and recommended an extensive series of docks, warehouses and port facilities at Savannah, modeled after the Montreal developments. On the other hand, the Georgia association has been engaged as consulting engineer of the Georgia project, F. W. Cowie, the man who designed, built and operated the Montreal terminal until last year. His recommendations for Savannah include a grain elevator, cold storage warehouse, more efficient cotton storage and better facilities for handling lumber and naval stores.

Want Ford at Shoals

The intensity of feeling in the Muscle Shoals region favoring the acceptance of the Ford plant has been noted elsewhere than in the South. One instance of it is seen in a recent attempt by the citizens of Florence and the city of Florence to get the Ford plant to be located in their city. The citizens of Florence are seeking merchandise to be sold to the women of their respective communities during the early fall months. The price limit just referred to is well illustrated in the apparel field. The buyers who come in here, said the manufacturer of a so-called popular priced line of cloaks and suits.

Large Membership

The American Cotton Growers' Exchange is an organization which has together the various state associations. Its board of trustees held a meeting in Birmingham, Ala., a few days ago to report on the state of the union. These interesting statistics were forthcoming:

State	Members	Bales
Alabama	13,000	52,000
Arkansas	10,000	25,000
Georgia	15,000	215,000
Mississippi	1,000	100,000
North Carolina	9,747	425,000
South Carolina	1,000	268,000
Texas	1,000	100,000
Virginia	1,000	100,000
Total	127,187	2,452,000

The figures on bales are estimated at a yield per acre planted under the co-operative contract. The membership figures are the most accurate available. The 2,452,000 bales may be exceeded. It may be considerably more, if the boll weevil ravages prove to be as serious as is now expected. The co-operative plan is a good idea of the rise of co-operative cotton marketing. When it is recalled that Oklahoma in the 1920 growing season marketed the plan, with a yield of 50,000 bales per acre, one can better realize the growth.

These organizations, even in the period of their existence, have demonstrated a number of vital things. Co-operative cotton marketing, as the Williams, president of the American Cotton Growers' Exchange, declared: "First, they have proved that average farmers will sign and abide by long-term, ironclad contracts. More than 100,000 farmers have already signed such contracts. Second, they have proved that such organizations can be financed on a basis of commodity collateral for the purpose of orderly sale. Third, they have demonstrated that expert service can be performed by the employees of farmers' organizations just as well as by those of private corporations. The four state associations—the Georgia, the Arkansas, the Mississippi and the Arizona—were handling more than \$50,000,000 worth of cotton this season, and are doing it efficiently, safely and on the basis of the approved principles of city business. They have eliminated waste, inefficiency and speculation in country cotton. They have reduced the so-called city cotton to a minimum. They have practically eliminated country commission, through a system of prompt shipping, and other damage through insurance. They have substituted the farmer's own marketing and the dealings of the farmers with the buyers of cotton."

Open Phosphate Beds

Phosphate beds near Columbia, Tenn., are being opened by the American Agricultural Chemical Company, on a large scale. The report of 743 acres of good brown phosphates has been acquired, and a spur track run five miles to the bed. The erection of a plant of 15 tons in electric furnace by an entirely new method, thus eliminating much of the technical difficulty of gas or coke enameling.

Textile mills continue to report expansion. The Dalton, Ga., mill will erect a large addition, increasing capacity 60 per cent. The mill at present has 11,000 spindles. Two hundred additional spindles will be installed in the new cottages erected for them in the mill village.

The new spinning plant of the Dixie Manufacturing Co. interests will be in the center of a large 80-acre tract, for which \$100,000 cash was paid. The mill itself will cost about \$500,000.

Chinese Pigeon Output

Commercial Attaché Arnold, Peking, reports that, according to the estimates of K. Y. Kwong, Chinese engineer and mining authority, China's total production of pig iron annually is about 450,000 tons from Chinese furnaces, and 250,000 tons from Japanese furnaces in China. The total output of iron ore in China is about 10,000,000 tons annually.

Wholesale Merchandising Activity Gains As Out-of-Town Buyers Flood the Market

Resistancy Shown, However, on the Part of Many Purchasers Because of Lack of Confidence in Values

Some Merely Looking Others Limited in Commitments By Definite Instructions From Their Firms

MORE than seventeen hundred buyers from out-of-town mercantile concerns visited the wholesale markets in New York last week. For the uninitiated it is explained that this is a larger number than usually descends upon the city at this time of the year. In fact, it is about one hundred more than came in during the same week last year.

With this fact in mind it is not at all illogical to presume that business is picking up. The conclusion is correct. Reports from almost every wholesale line indicate that there is more activity now than there has been for some months. In fact, in several lines business now is much better than it has been at any time this year and is beginning to show many of the symptoms that were associated with the normal tenor of merchandising as it existed before the war there of general business machine widely out of gear.

However, there are some points in which wide differences are noticeable in comparing conditions now with what they were in the pre-war days. An influx of buyers as large as that seen this week ordinarily would indicate a much more feverish activity than is apparent at present. The buyers are here, it is true, but not all of them are buying. Many of them are merely "looking," sizing up general conditions and preparing policies which will result in actual business later on.

Still Lack Confidence

Complete confidence in the markets as they exist at present has not been restored to the buyer's mind. Also he is more than likely to be restricted in his operations in the market here by definite instructions not to buy over a certain amount in money value of any particular article. Most frequently he is limited in the price he may pay for any particular bit of merchandise, this limit having been arrived at by the financial head of his firm back home from experience along the line of what consumers will pay for certain merchandise.

By far the majority of buyers is operating in the women's apparel field. They are seeking merchandise to be sold to the women of their respective communities during the early fall months. The price limit just referred to is well illustrated in the apparel field. The buyers who come in here, said the manufacturer of a so-called popular priced line of cloaks and suits.

Fair a Factor

The National Merchandise Fair to be held here August 7 to 25 under the auspices of the National Retail Dry Goods Association will be a factor in the calculations of buyers to a considerable extent. Several of the buyers in town last week asserted that they came here to get a feel of the market before placing their orders, and are showing no signs of breaking away from their "hand-to-mouth" policy of merchandising brought into vogue when prices began their sharp descent about a year ago.

Along the Highways of Finance

By Merylle Stanley Ruker

IN LESS than a complete working day

the New York Telephone Company multiplied its masters and owners from 1 to 107,000 persons. Until the new 6 1/2 per cent preferred shares are ready for distribution the American Telephone and Telegraph Company (legally a person) will remain the sole proprietor. The offering of \$25,000,000 of preferred stock, which was thrice oversubscribed, gave a whole community an opportunity to share in the profits of dispensing units of communication in the metropolis.

Employees Benefit

Besides making friends, the telephone company expects to get the \$25,000,000 needed for extensions and new equipment at a reasonable cost. Instead of giving the underwriters a profit the company paid 1 per cent to employees who obtained applications and will itself assume the overhead cost of collecting on the allotted subscriptions. The money is not needed in a lump sum, and therefore the spreading of payments over twenty months by those who elect the partial payment plan will, it is expected, synchronize with the requirements of the company for new funds.

The Banker's Position

Does consumer ownership imply that the investment banker, as a middleman, is to be eliminated?

Hardly. In the first place, consumer ownership is feasible only in particular types of industry, such as public utilities, by which up to the present it has been exclusively employed, and possibly steam railroads. Obviously manufacturing plants, particularly those which make intermediary products which never reach the consuming public directly, could not successfully apply the same technique. The public utility corporations have the advantage of a large, efficiently massed organization, which perpetually is in touch with users of the service. This organization, particularly the accounting department, can be taken over for a stock selling program without much additional expense.

What Retailers Are Buying

(This is the first of a series of weekly surveys of the New York wholesale markets, by Mr. Fantl, who is a well known resident buyer.—Financial and Business Editor.)

By Alfred Fantl

Many features of the general market are taking definite shape. In coats and suits, buyers now on their initial trips are making conservative selections. The retailing, rather than anticipating, full development of consumer demand. On the other hand, orders received for coats for the annual August sales are quite liberal. The large volume of neckpieces, made up for spring and summer use, failed to sell in proportion to expectations. These stocks can be had now at reduced prices.

Demand in furs for dyed white fox in shades of platinum, gray, brown and imitation blue fox, and for natural muskrat and raccoon, Hudson seal, squirrel, natural and tipped Japanese, kolliar, mink, and weasel.

Although there has been little buying of dresses as yet the showrooms are crowded with buyers, who are making style and price comparisons and probably will soon begin placing orders. Buyers expect a big season in dresses, because of the radical style changes which will make last year's dresses and panels are the big feature. New materials are being shown in dresses.

For the fall there is marked promise of popularity for suits, for all crepes and for chiffon velvets. In millinery, velvet, both in crepe and in plain, has developed a very general demand, and a shell-brush have numerous admirers. During the last week felt hats in large shapes and in dark shades of velvet have had much action.

Laces are in growing demand, among the best items being Spanish all-overs in colors as well as black. New fall waists are from three to four inches longer than heretofore, and the materials include crepe de chine, satins and novelty goods, in some instances combined with georgette. In sweaters sweaters hold their own, and silk fiber and pure silk sweaters can be had at desirable prices. New fall lines will be ready August 1. The season looks good for scarf and cap sets and for separate scarves both in silk and worsted. A fall novelty in neckwear is the large, round, wide bertha, some imported. Colored undergarments for next spring have met with rather light commitments from buyers, although prices are low in view of general trade conditions.

In umbrellas considerable advances, of price appear on frames and on cotton and silk goods. Handbags remain prominent among accessories, and reports from France evidencing extension of their adaptation to various costumes.

"With raw material markets firm I don't see much change for lower prices later on, and the psychological effect of a large number of buyers in the market next month will strengthen the attitude of manufacturers on prices, in my opinion.

Somewhat the reverse attitude was expressed by another buyer from the West. He is now making what he calls a "looking trip." He says he is merely coming here to get a feel of the market in September, when he will do most of his buying. He believes that prices will be lower following the fair.

Resident buying offices, where most out-of-town buyers make their headquarters, report more buyers in the market than usual, more requests from their clients for quick shipment of goods, and more buying on the part of retail representatives now here than has been the case heretofore this year.

Whether the actual volume of buying is greater this year than last year is a moot question. From a variety of sources, however, it is generally clear that the retailers are still buying in small amounts, doing a great deal of "shopping" around the market before placing their orders, and are showing no signs of breaking away from their "hand-to-mouth" policy of merchandising brought into vogue when prices began their sharp descent about a year ago.

When making comparisons with last year it must be borne in mind that an incipient trade boom began to manifest itself about

Retail Men Want Low-Priced Goods, but Are Now Renewing Their Demand for Quality as Well

Shopping Around Noted

Opinions Differ on Effect of the Fair in August Will Have on Quotations

this time a year ago; that retailers had worked their stocks down to a low point; that considerable replenishment was necessary.

Orders Smaller

An executive of a credit concern here daily scans sales reports of hundreds of firms in the wholesale textile and clothing field, says that the buying this year is on a lower scale than last year. "Orders that I see," he says, "are generally for smaller amounts than in recent months, and not dollar value. The only way to gauge trade now is by the volume of merchandise for price changes have affected money."

The reports I get from manufacturers and wholesalers indicate that many buyers are deferring their purchases until the fair time.

There appears to be less replacement buying of summer goods at this time than there was last year. Although the retail trade has been showing good reports in recent months, the movement of seasonal merchandise was retarded by cold, rainy weather in many districts. From the visiting buyers' reports, it is clear that prices throughout the country are common.

"Our spring and summer season was far from good," said a buyer from Syracuse. "We found ourselves overstocked with summer goods at the beginning of July and are now closing these stocks at prices that probably will take away a good part of our profit. However, conditions appear to be brightening, and I am now buying fresh goods for early fall."

Effect of Coal Strike

The coal strike has been a big factor in curtailing the buying plans of a Pittsburgh buyer. "The steel and iron mills are slowing down because of lack of coal," he said. "The steel mills have materially reduced their merchandising appropriations for fall. I am buying a little now, but not as much as I originally intended. The coal strike is broken and the steel trade resumes its activity. I'll come back for more goods. Like all other merchants, we are sailing close to shore and watching our big market movements. Whether merchandise is lower in price or higher makes little difference now with us. Our business depends mostly upon changes in the purchasing power of our customers."

The buyers from the grain and cotton states talk of business in terms of grain and cotton prices, and crop prospects. Southern buyers, in view of the firm cotton prices, are preparing for a fall business larger than last year. The good grain prospects and generally high prices for cotton have made the heartened retailers in the grain business to be a little more liberal in buying than they were at this time a year ago.

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A Plan to Reconcile Factors of Production

Author Sets Forth Scheme to Unify the Purposes of Producer, Consumer and Investor

By Charles Ferguson

Our age has done marvelous things in medicine, chemistry and mechanics. Is it not possible to improve the mechanism of finance? Is not finance the physiology of business? Can it not harmonize the organs that sustain the life of the community? May we not expect, as a more matter of advancing science and human evolution, that the world will discover new and better forms of business action? The investor, the producer and the purchasing public—these are the three terms of the financial problem. It seems to be the special task of our time to reconcile them—positively and progressively.

It is not enough that capital, labor and the public are all in the same boat, adrift in the open sea and exposed alike to drowning. That fact does not establish a positive and progressive community of interest. What is wanted is a method of business action whereby the investor will gain security and income as the worker gains his earnings power and the public his goods and services.

It is desirable to our business intelligence that we have not tackled this problem with a fifth of the brain power that has been applied to chemistry or to the study of electricity or aviation. As a matter of fact, it is not difficult to devise a better investment security than any now extant. The fact that it is strong because the five factors have been brought into a unity of the producer and of the purchasing public.

The best possible security is the current no-voting convertible preferred stock of a high and sure investment income lies in a physiological conception of business. You must not take sides with any one of the organs of the body, but must stand for the life of the body as a whole. The social system will then defend your investment with all its strength.

Try It on the Dog

This is all very fine, you say, but where is the business institution that operates on such a principle? The answer is, of course, that such a situation exists. We have got to make one.

Suppose we create it in Vienna, first of all. If a new way of doing business is for the moment incredibly new to New York or Boston it is at least conceivable in the city of desperation; nobody will object to "trying it on the dog."

Let us suppose, therefore, that you are offered in Vienna the contract to form an investment. First comes Mr. Morgenthau, generous and an indispensable sponsor of business on the side. He asks you to put your \$100,000 in a \$500,000 corporation that intends to perhaps to pursue fifty kinds of business and to give employment to 100,000 men.

In each of these fifty undertakings it is to be expected that Mr. Morgenthau—cherishing his reputation for financial orthodoxy—will hire managers and workers at fixed salaries. Your investment in the corporation will turn upon his ability to sell the products at remunerative prices.

You take the risk, your investment is the shock absorber of the system. You wage the price of a rise or a fall; it shrinks with falling prices or rises with rising prices. Such a system may be "semi-benevolent," but it is not physiological. Your investment establishes a new financial interest with the workers and the public of Vienna.

Centralized Credit

On the other hand, you are invited to invest in a Viennese institution which is conceived in the spirit of modern science. Let us call it the Institute of Production. Say it is capitalized at \$50,000.

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Money System Handicaps Chile

Business Showing Many Encouraging Aspects, However, Despite Serious Difficulties of Unconvertible Paper Currency

Special Foreign Financial Correspondence

SANTIAGO, Chile, June 21.—Chilean business, in spite of the confusion and complications which beset it, is making a tremendous effort to right itself. Since the tremendous devaluation which it experienced in the latter part of 1920, which was not, as so often imputed, entirely due to overvaluation, it has been endeavoring to get on its feet in not taking advantage of the favorable conditions then prevailing, to place finance and commerce on a stable basis, but was in large part a direct reflection of the general economic breakdown abroad—its gone through various stages of discouragement and intermittent hope.

It has, and will continue to have, to cope with a uniform monetary system, of unconvertible paper currency, which has had much to do with its difficulties. This system, even now, after the many reasons which the country has experienced, is being maintained, in justice, it may be said, various proposals for the establishment of a central bank of issue and control have been produced and discussed in Congress from time to time. Instability of the currency encourages speculation in exchange on the part of producers and owners of some of the country's largest industries to small importers and traders.

The direct result of a recent wave of speculation has been the depreciation of the Chilean paper peso from a value of 11.50 to the dollar several months ago to 7.50 to the dollar. This seeming increase in the value of the currency apparently has little relationship to any actual improvement in trade, and is therefore considered by many students of economic conditions in Chile to be premature. A policy of quick publicity and of publishing reports monthly, instead of annually or semi-annually, will tend to place all shareholders on a more equal footing.

Those who trade on "inside" information are playing with loaded dice, but more than occasionally they make mistakes in the market place. Getting data surreptitiously ahead of the general run of stockholders, they are inclined to capitalize information before digesting it and fully assessing its significance. A policy of quick publicity and of publishing reports monthly, instead of annually or semi-annually, will tend to place all shareholders on a more equal footing.

Before the war and Volstead and before folk thought of seeking a return to normalcy, Max Eastman and Arthur Brisbane once got into a debate as to the part that intelligence plays in business success. Philosopher and bitter social critic, Mr. Eastman was inclined to belittle the intellectual capacities of business men. Mr. Brisbane leaned to the view that there was a guiding and superior intelligence associated with every conspicuous business.

"Yes," Mr. Eastman replied, "but not always in the head of the owner. Experience has shown that the technique of general intelligence is more important than the intelligence of the individual."

It does not appear that the present government shows sufficient energy in checking expenses; in fact, expenses are increasing and the state deficit, previously estimated at 3,000,000,000 lire, with a revenue of about 11,500,000,000 lire, is estimated now at 6,000,000,000, notwithstanding the fact that the revenues have surpassed the ex-

penditures. It is not possible to improve the mechanism of finance? Is not finance the physiology of business? Can it not harmonize the organs that sustain the life of the community? May we not expect, as a more matter of advancing science and human evolution, that the world will discover new and better forms of business action? The investor, the producer and the purchasing public—these are the three terms of the financial problem. It seems to be the special task of our time to reconcile them—positively and progressively.