

# The Caucasian

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## THERE IS A REASON—THE STATE IS MORTGAGED.

The Greenville Reflector says:

"What North Carolina cannot understand is why it should bankrupt the railroads to give this State as fair a freight rate as prevails in neighboring States."

Of course it will not bankrupt the railroads to give our State the same freight rates which they charge Virginia and other neighboring States, but the Reflector seems to still be ignorant of the fact that Simmons and the Democratic machine have mortgaged our State to the railroads and the trusts. That is the reason we are robbed of from \$10,000,000 to \$15,000,000 a year in excessive and discriminatory freight rates.

The Greensboro News, commenting on this situation, says:

"The carriers, after admitting the inherent justice of the various complaints advanced by North Carolina business men, seemed to lose all interest in helping to find a solution, the roads doubtless presuming upon the great reluctance of the State authorities to resort to retaliatory measures, even as a protest against admitted wrongs. Today we feel that the railroads are unlikely, of their own motion, to undertake to find a remedy. For a period covering many years North Carolina has been used as a convenience, a factor in arranging cheaper rates in other States, and the roads will not readily relinquish this artificial support."

"It is the people of the State who must do something."

Yes, the people must protect themselves, and the only way they can put an end to this mortgage on the State is to put the Democratic machine out of power.

## LOOK AT THE TWO PICTURES AND TAKE YOUR CHOICE.

The Charlotte Observer in an editorial draws a striking contrast between two radically different government policies that affects every industry and laborer in this country. It says:

"In the days of McKinley, the concern of the Government was about export trade and ships to carry our goods to foreign markets, and methods to open up foreign markets for domestic manufacturers. Now the concern of the Government seems to be to open up our domestic markets to foreign goods and to develop an import trade, rather than an export trade."

"Tariff making for the benefit of the people is not a matter of fixing so that they buy things cheapest, but is one of fixing the people so they have the money to buy with, at living prices. It is easier to make and save money when work is abundant and prices high, than it is when it is hard to get a job when prices are low."

One policy is the policy of protection and prosperity in American industry, the other is the Democratic policy which pleases and profits the foreigners and which brings hard times to Americans.

Vote for the one that you want.

## WHY SUFFER SUCH CONDITIONS LONGER?

Here we are with the poorest system of public schools in the United States, with increasing extravagance, increasing taxes and increasing bond issues, all the fruit of the most incompetent state government; here we are with the national administration threatening to close up factories, put laborers out of employment and to reduce the price of all farm products. It is time for all Republican factions and all patriotic citizens to get together and rescue our people from a continuation of such needless calamities.

## RACE PREJUDICE AND MACHINE POLITICIANS.

The Western Carolinian Enterprise, in a recent editorial, says: "If you don't believe that prejudice is stronger in politics than prudence, reason, or patriotism, just cast your eye over towards California."

It was under cover of an appeal to race prejudice that Senator Simmons and his machine, in this State,

were able to mortgage the State to the railroads and to the trusts. If these same Democratic machine politicians were in California, they would, of course, there appeal to race prejudice against the Japs as a cover under which to mortgage that State to monopolies.

The Greensboro Chamber of Commerce held a meeting Monday afternoon and passed a resolution calling on Governor Craig to call a special session of the Legislature in thirty days to deal with the freight rate question. Delegates were also appointed to attend the meeting of shippers from all over the State in Raleigh today. It appears that there are some who really believe that the Democratic administration is in earnest about wanting cheaper freight rates in North Carolina. They may be in earnest but they are giving no evidence of the fact. The indications are that Simmons of the State is still in full force and effect.

Mecklenburg County has already felt the pinch of Democratic hard times. That county has tried to float a \$325,000 bond issue at 4 1-2 per cent interest, and has failed. They would have had no trouble in floating this bond issue under our recent Republican prosperity.

See in another column an article proposing a plan for a system of cheap farm credits, for land owners and tenant farmers. Such a system is needed, not only to make farming more profitable, but also to keep the high class yeomanry on the farms and thus preserve the very foundation of our republic.

## WITH THE EDITORS.

But then let's hope any pray too, that it won't be altogether as bad this time as it was under Mr. Cleveland.—Clinton News Dispatch.

A new House will be elected next year, and if the tariff revisers fail to reduce the cost of living by that time, without impairing the means of living, their excuses will not be worth much.—Union Republican.

The Southern cotton planters are now rising up in rebellion against President Wilson's tariff bill. In time the opposition may become virtually unanimous, as was the case with that other Wilson bill passed in Cleveland's second term.—Union Republican.

Partisan politics with business men is fast becoming a very secondary consideration, compared with business and general friendship. They can't afford to thus sacrifice their own living and happiness that some less worthy may get a job.—Hickory Mercury.

## And This in Raleigh Under Democratic Good Government.

It is said there is one member of the board of aldermen who has not paid any city taxes in ten or twelve years. He is comparatively a well-to-do man, too. No wonder that man fought the commission form of government, and since it was adopted over his opposition it is not to be wondered at that he is fighting to have his tax collector friend given one of the commissions.—Raleigh Times.

## LATE NEWS ITEMS.

A delegation appointed by the Porto Rican Legislature to defend the interests of Porto Rico in connection with the pending Underwood tariff bill arrived in Washington Monday. Porto Ricans say the free sugar provision in the tariff would paralyze their sugar industry.

Stricken on his way from a train to the capital to vote on the tariff bill schedules, Representative Lewis J. Martin, of Newton, N. J., died of apoplexy in the union station in Washington. He fell to the floor in the station and died a few minutes later in a waiting room.

Mr. John S. Wise, former Virginia Congressman, died Monday at Princess Anne, Md. He was the Republican candidate for Governor of Virginia in 1885 against General Fitzhugh Lee, and was defeated by a small margin. Mr. Wise was a prominent lawyer and gained some notoriety a few years ago by his efforts to have the Southern disfranchising amendments declared unconstitutional.

## Congressman H. C. Young Resigns.

H. C. Young, Republican Congressman, representing the Twelfth Michigan District, resigned Saturday as the outcome of a bitter contest between the Republicans and Progressives of that district. Young, however, still is a member of the House because that body must accept his resignation before he can leave. The Progressive was contesting the seat and Young decided also that he was not fairly elected.

# A Plan for Cheap Farm Credits.

Washington, D. C., May 10, 1913. Editor Charlotte Observer, Charlotte, N. C.

Dear Sir:—In a recent editorial you commented upon my article advocating a system of cheap loan credits to farmers and farm tenants, and said that I offered no plan. The plan for a system of cheap farm credits can be copied from any of the successful plans now in operation in a dozen countries. The problem here and everywhere is how to secure sufficient cheap capital to make any of these plans a complete success.

The essence of my suggestion was the use of Postal Savings Bank funds by the government, to supplement the funds that would be raised by the farmers, to furnish the capital necessary for such Farm Credit Banks. You objected to this ready efficient means for supplying sufficient capital, declaring that the farmers need no help from the government, and that all they had to do was to rely on themselves and use the building and loan association plan to secure all of the money that was needed.

All experience has shown that the one essential thing for the success of the Farm Loan Credit Banks is to be able to secure as much capital, at a low rate of interest, as the land owner and tenant needs, and for which he can offer ample security. The various countries of Europe where the governments have aided farmers, in supplying this capital, are countries wherein the most beneficial results have been accomplished. The system of cheap farm credits in France has been more successful and beneficial than in any other country in the world and this has been due entirely to the fact that the government has furnished sufficient capital to these banks, to supplement the capital furnished by the farmers themselves, so that every farmer may secure all needed capital at a very low rate of interest.

This government is in a position to assist its farmers by furnishing such capital, even to a larger extent than France is doing, and can do so without loss or risk, by using for this purpose, the large and increasing funds deposited in Postal Savings Banks. This is the plan that I proposed, and if put into operation would solve the whole question and would result in the immediate establishment of Farm Loan Banks in every agricultural community of the whole country.

The European systems have, everywhere, been a success to a greater or less degree, the degree measured, however, by the amount of available capital for such loans.

The building and loan plan suggested in your editorial was, no doubt, intended to follow the plan in operation in parts of Germany and Austria, known as the Schulze-Delitzsch Banks. This system of co-operative banks is not composed of farmers alone, but includes artisans, merchants, industrial workmen, professional men and persons of independent means. The last report, which I have before me, on these banks shows that only 26 per cent of the membership are farmers, and that only 2.41 per cent are farm laborers or tenants. These banks are operated on the building and loan plan of this country, and are not run chiefly in the interests of the farmer, but especially in the interests of dwellers in towns and cities, and the rate of interest is higher than in the pure farm loan banks, known in Germany and Austria as the Reiffeisen System.

These building and loan (Schulze-Delitzsch) banks, which are operated for profit, were established in Germany and Austria before the Reiffeisen Banks, but their failure to meet the needs of cheap farm credits caused the establishment of the latter system which makes loans only to farmers and farm tenants, at a low rate of interest and without any profit to the members or stockholders.

The farmers of those countries are rapidly withdrawing from the building and loan plan, and therefore, the Reiffeisen System of Rural Banks has been rapidly growing. These two co-operative systems of credits, at low rates of interest to their members, have been adopted with more or less changes in every country in Europe. The capital for these banks has been chiefly secured, either by membership dues, or stock taken by the members, or by the issue of bonds behind which all of the property of the community stood as security and also the deposits, similar to deposits in our Postal Savings Banks, by the members and citizens generally. Many of these banks started, at first, as purely co-operative concerns with no government supervision, but by degrees in nearly every country they have been supervised and regulated by the respective governments, not only for the safety of the members, but to enable them to float bonds to raise capital on more favorable terms. The bonds of such banks sell at almost as high a rate as government bonds.

These banks have, everywhere been a success, but the extent of their usefulness has depended upon securing sufficient cheap capital to be loaned to their members. Therefore, wherever the government has

assisted these banks, not only by supervision but also by loaning government funds at a low rate of interest, the most beneficial results have been secured. Italy is one of the countries where the government does not assist the farmers, either with cheap capital or with proper supervision, and there the interest rate is twice as high as in France.

Our Postal Savings Bank System of this country provides for a low rate of 2 1-4 per cent on current deposits, and also that each depositor can, at any time, turn his open account into a permanent investment and receive the government Postal Savings Bank bonds. Several million dollars worth of these bonds have already been issued to depositors in Postal Savings Banks. Besides, there are today, over \$35,000,000 on deposit in these Postal Savings Banks, in open accounts. This enormous sum would be at once, invested upon the discretion of each depositor to the government, in bonds issued by Farm Loan Banks, which could afford to offer a rate of interest from 3 to 3 1-2 per cent, and the fact that such deposits could be invested in such safe, high-class bonds, would result in soon doubling the deposits in Postal Savings Banks.

A few days since, Senator Hoke Smith, of Georgia, introduced a bill (S. 1557) to amend the Postal Savings Bank law, by increasing the rate of interest to be paid depositors from 2 1-2 to 3 per cent per annum. The purpose of this proposed increased rate of interest is to induce a large number of people to deposit their savings in Postal Savings Banks. If the suggestion which I have just made should be adopted, then such a bill will not be necessary to increase the deposits in Postal Savings Banks, for the bonds of Farm Loan Credit Banks will be as secure as government bonds, and at the higher rate of interest would stimulate such deposits and absorb them as fast as made.

At present, the accumulations in Postal Savings Banks are deposited by the government in neighboring National Banks, to be loaned by them at 6 per cent, or even a higher rate of interest; but no farmer is able to borrow a cent of this money, on his land, even at such a high rate. Now, why should not this money, on which the government pays only 2 1-2 per cent interest, be loaned to the farmers at a slightly increased rate, just enough to cover the cost of supervision of the transaction?

In short, the Postal Savings Bank system can be used to make the proposed Farm Credit Banks a certain, nation-wide success, by furnishing the amount of cheap capital necessary to meet all demands. This would result in making country life more comfortable and attractive. The stability of our republic demands that the flow of high-class yeomanry from the farms to the towns and cities should be checked.

I suggest that we should adopt the Reiffeisen System of Germany and Austria, or the Credit Foncier System of France, or the Sub-Treasury plan of the Farmers Alliance.

The Farmers Alliance put forward the Sub-Treasury plan more than twenty years ago, as one proposed method at a low rate of interest to the farmer. That was nothing more or less than a modification of the most successful European systems, where farm products, implements, etc., are used as the basis of loans. The Sub-Treasury plan has been adopted successfully in several places in our country, but it will spread slowly and never be put into general practice, nor reach its greatest usefulness until the system is established under government supervision, and that is what the Farmers Alliance urged Congress to do.

The Farmers Alliance also urged the establishment of Postal Savings Banks. These banks now being an established success, furnish abundant and cheap capital, the one thing necessary to establish a great national system of cheap long time farm credits which will result in an infinite benefit to the farmers and an infinite aid to stability of the republic. No subject calls so loudly for the highest statesmanship and deepest patriotism.

## EDITOR SENTENCED TO THE ROADS.

Mr. Aydlett Sued Editor Saunders on Account of Article Published in the Independent.

Elizabeth City, May 10.—W. O. Saunders, editor of the Independent, a newspaper published here, was convicted of criminal libel this morning in a trial justice's court and was sentenced to six months on the county chain gang. The defendant's attorneys served notice of appeal. The trial this morning was the result of an article that was published in the Independent several weeks ago, making statements concerning Mr. Aydlett which Mr. Aydlett alleges are libelous and defamatory.

## Veterans Given Annual Dinner.

All the comrades at the Soldiers' Home in Raleigh were given a dinner in the capitol square in Raleigh the 10th of May, which was Memorial Day. The dinner was furnished by the Daughters of the Confederacy.



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