

ADEQUATE SYSTEM OF FARMERS' CREDIT

The matter of establishing an adequate system by which farmers may be furnished with short time credit has been receiving very wide attention. Not only has publicity been given to the subject by economists and essayists, but steps have been taken to put into practical execution a system of loan credit. Recently President Wilson, in his annual message, gave proportionately large space to the question and seriously urged upon Congress the need for the establishment of a loan credit system on a comprehensive scale.

It is not too much to say that the original impetus was given to this movement by the Jewish Agricultural and Industrial Aid Society. We have before us now the third annual report of the Jewish Farmers' Co-operative Credit Unions, created by the former society. These unions are the result of a sustained propaganda on the part of the Jewish Agricultural and Industrial Aid Society and the lucid and thorough analysis given to the subject by Mr. Leonard G. Robinson, in the annual reports of the Society, as well as in special articles written in various publications ranging from monthly magazines to the annals of the American Academy of Political Social Science. As far back as 1909 Mr. Robinson earnestly called attention to the difficulties confronting the American farmer through want of agricultural credit. He pointed out that, while long time credit or mortgage loans had an extensive development in this country, short time credit was then practically non-existent. The result of this anomaly was that the farmer was at the mercy of the usurer. Not only did this situation involve the farmer in serious financial difficulties, but it retarded the development of his farm. Mr. Robinson also pointed out that America was strangely indifferent to this problem. He instanced countries of continental Europe in which short time credit systems had received unrestricted development. Even in Egypt provision for this form of credit had been made.

The reports of the Jewish Agricultural and Industrial Aid Society persisted in giving attention to this important question. Co-ordinate with these reports, the special articles written by Mr. Robinson aided in

focusing attention on the question. Gradually competent authorities gave the subject thought. They recognized the pioneer work of the Jewish Agricultural and Industrial Aid Society in the attempt to establish an adequate system of short time credit.

The Jewish Farmers' Co-operative Credit Unions solve the question of establishing a credit system through co-operation. The first credit union commenced business in May, 1911, and the form of organization was similar to that of the Raiffeisen banks—after which most co-operative credit institutions the world over are patterned. In the same year two other unions were established and their objects were set forth in "Articles of Association," which declared faith in the benefits of the co-operation and mutual self-help. Each of the three credit unions raised \$500 through the sale of shares to members, and the Jewish Agricultural and Industrial Aid Society loaned them \$1,000—\$2 for every dollar raised among themselves. These unions are controlled entirely by the members. Shares in them are \$5 each, and the holder of one share has the same voice and the same rights as the holder of, say, 100 shares. The direct management of the unions is in the hands of a Board of Directors of seven members. These members are not eligible to borrow, except by a two-thirds vote of the general assembly. Loans are granted to members only for productive purposes or urgent needs and not extending over a period of more than six months, nor for an amount exceeding \$100. Interest is charged at the rate of 6 per cent. and is payable in advance. The form of security is determined by the Credit Committee and is generally the promissory note of the borrower, with one or more responsible endorsements. Initiation fees and other charges, as well as that portion of the net profits, not distributed as dividends, constitute the reserve fund of the credit unions.

The success of these unions was instantaneous. Five more were organized in 1912 and nine in 1913, making a total of seventeen in operation at the present time. Eight of these unions are located in New York, five in New Jersey and four in Connecticut. At the present time they have an aggregate

membership of 517 and a capital of \$9,165. In the short period that they are in existence they have loaned out \$73,624.66, about eight times their capital. Their net profits amount to \$1,317.93, that is, at the rate of 13¾ per cent. per annum on their capital.

The benefits of this short time credit system are great. By it the farmer is enabled to remain on the farm despite the many hardships and handicaps attendant on agricultural pursuits, because during the depressive period he receives sufficient help to tide him over, so that he may maintain his foothold. Without this help, there is the contingency that he may not survive the discouragement consequent on his inability to raise necessary funds. It may well be that the abandonment of farms previous to the establishment of the credit system could be traced to such discouragement.

It will not be an overstatement to remark that the establishment of the credit unions herein outlined is epochal. It is the first practical step in this country for the solution of a problem which had become more aggravated the longer it was ignored. Not only have these credit unions shown the way to a solution of the problem, but their form or organization is highly commendable. Co-operation creates solidarity and permits the farmers to meet in feelings of mutuality. The farmer, indeed, does not feel himself isolated; he has not only the material assistance afforded him by the unions, but that sympathy and encouragement which increases his ambition and incentive.

Not only has the Jewish farmer justified his existence in the face of obstacles and discouragement, but it remained for a Jewish institution to formulate and put into practice what may be considered the most constructive step in agricultural life today.

Dr. Wolfenstein Retires

The following appreciation by Rabbi Aaron Simon of Washington of the service of Dr. S. Wolfenstein, who has retired from the superintendency of the Hebrew Orphan Asylum after thirty-five years of able and conspicuously successful service, voices the feeling of all who know him and his work. Dr. Simon writes, in part:

"The retirement of Dr. S. Wolfenstein from the superintendency of the Cleveland Orphan Asylum, after a continuous and a beneficent service of thirty-five years, calls most naturally for an appraisal of his labors and of his position as an educator. Proximity to him in point of time and affection prevents a satisfactory evaluation. Such a true perspective will be granted the historian and the student of twentieth century philanthropy when a few more decades shall have rolled by. Such a deferment of scientific and analytic estimates cannot rob us of the right of personal privilege to record an appreciation of his unexampled activity nor of the hold he has on the imagination and love of thousands.

"His thirty-five years of superintendency mark fairly the stretch of time and the high level of efficiency of the institutional Orphans' Home. Within this period, a shifting population, an unnatural flow of immigration, new forms of juvenile problems, advancing methods of education, enhancing ideals of philanthropy, and very recent enactments in legislation are calling for a change of attitude and of treatment of the dependent child and dependent parent. Enthusiasts, fanatics and sane leaders are driven to the firm stand of certain viewpoints. These I cannot now examine. Suffice it to say that an unbiased judgment will pronounce that the institutional orphan home, having been compelled to develop its own fund of experience and to create its methods of education out of it, has made good. Whether it could have done better is but problematic. The application of newer methods to do better deserves a fair trial in an age that is tyrannically progressive.

"One thing is clear. The presumed passing away of the institutional orphan home in American Israel will not be a reflection on the efficiency of Dr. Wolfenstein's activity or progressiveness. On the contrary, it will throw all the clearer in the limelight the rare constructive genius of that prince of educators. The one has been tried. The new philanthropy is still on trial. Whatever be the verdict of the future, American Israel is the debtor to Dr. Wolfenstein."