

RURAL CREDITS BILL FINANCES TILLERS OF SOIL

Details of Farm Loan Bill Explained—Places Farmers in Position to Borrow Money on Easier Terms When Secured by Mortgages—Result of Thorough Study.

By Sam T. Hughes.

WASHINGTON, Aug. 15.—For the first time in our history the federal government has enacted a law for the purpose of promoting the financing of the farmers. That law is now in effect. It is called the federal farm loan act, and is the result of long negotiation and for the reform, called by writers and speakers "rural credits."

The federal farm loan act deals with the matter of putting farmers all over the United States in position to borrow money on easier terms when secured by mortgages on their farms. It does not deal with the business of loaning farmers money on their unsecured promissory notes or on notes secured by chattel mortgages. Congress felt that this should be a later development.

Better Farming, More Food.

The federal farm loan act is simple in principles and in purposes. The government and the law's framers hope to put the business of farming on a more business-like basis, to the end that this nation shall have more farming, and better farming and, therefore, more food, better food, cheaper food, while the farmer himself shall, at the same time, find his business more profitable. There are no opposites in this statement. Both propositions are entirely feasible.

The problem before the framers of the bill was to draw a law which would work in America. The obstacles to a law exactly like that of Germany, France or Italy are partly legal and partly in the fact that farmers in this country are not situated economically or socially like those of Europe. The bill was drawn with an eye to the benefit of the farmers, and with no other purpose. Once in a while congress does a good thing and this is one. No bill of which I have any knowledge, not even the federal reserve act, was ever labored over more unrelentingly, more painstakingly.

Two commissions went to Europe to study the question before any bill was drawn. The people of the United States may have a good or a bad rural credit act; but it is certain that it was honestly drawn, after long study on the part of hundreds of able men, and when finally passed was as good a bill as honest purpose, great study and ability could make it. It is probably imperfect, however, and will need amendment.

There Will Be 12 Federal Land Banks

Under the federal farm loan act, mortgages will not be held by individuals at all. There will be 12 federal banks, situated in different parts of the country, a good deal as the federal reserve banks are situated, and each of these federal land banks will hold all the mortgages issued in its one-twelfth of the United States. The mortgages will not be sold. They will be held by the system. Each federal land bank will issue land bonds secured by the mortgages it holds. These land bonds will be in different denominations, some as low as \$25, so that any person with savings amounting to that sum or more can invest in land bonds without having to wait until he can have a whole to wait until he can buy a whole mortgage.

These land bonds will be safe. They will not be taxable. They will be secured in three ways. First, by the endorsement of the federal land bank which issues them, handling one-twelfth of the United States. Second, by all the other 11 federal land banks. Third, by the national farm loan association, which issues them in the first place, and which is a co-operative organization of borrowing farmers in the vicinity of the land mortgaged. Fourth, by the land mortgaged, which must be worth at least twice as much as the face of the mortgage, according to the appraisalment of the loan committee of the association and a government appraiser.

Good as Government Bonds.

The guarantee of the local loan association is backed by a 5 per cent guaranty fund. One loan out of 20 might be a loss before this guaranty fund would be used up. Altogether, it looks as if the land bonds would be considered as good as government bonds—but of course, the government does not guarantee them. The government, however, does subscribe to the stock of the federal land banks—the 12 mentioned—provided that private capital does not

take the stock. They have \$750,000 capital each.

Ten or more farms may establish a national loan association and begin issuing mortgages. It is a simple and easy thing, but under strict government supervision. All they need to do is to meet, declare that they want to borrow on mortgage and proceed. They will each have to buy \$5 of stock in the federal land bank of their region for every \$100 borrowed, but they will get this money back when they pay off their mortgages, and in the meantime will get their dividends if the federal land bank earns any, which it is expected to do.

Pay Interest and Also Earn Dividends

In other words, instead of paying a 5 per cent commission for a loan, as some now do, the borrower will pay the same sum for stock which will probably earn dividends for him, and which he will get back when he pays off his debt.

The mortgage is not allowed to draw a higher rate of interest than the legal rate of the locality. It will draw as low a rate as will be proven possible by the sale of the land bonds. If investors and savers think so well of the land bonds that they are willing to buy them on a basis of 4 per cent, the mortgages will not draw over five. They may not draw as much as one per cent above the land bond rate. That depends on experience. Anyhow the farmer will get his money at actual cost to the great system of banks handling the business.

He cannot borrow over \$10,000. If he wants more than that he will have to borrow in some other way. This federal farm loan act provides for federal joint-stock banks, which can also issue land bonds under government auspices.

It is thought by some that these banks will be organized promptly and so rapidly that they will cover the field and prevent the organization of very many of the co-operative organizations of borrowers which I have described. If so, perhaps it will be because the American farmer likes to deal with private banks rather than to organize co-operatively. If this proves true, the farmers will have themselves to blame.

Paying Off the Loans.

It is also among the possibilities that the private joint-stock banks, organized under this new law, will be able to furnish money as cheaply as co-operative associations can do, and thus save the trouble, slight as it is, and the small investment in stock.

After five years any mortgage under this system may pay his loan off whole or in part. But loans under this system either through a co-operative association or a joint-stock bank, are made on the basis of paying a little of the principle whenever the interest is paid. Thus these loans will be extinguished, principal and interest in from 20 to 26 years by paying little, if any more, than what mere interest amounts to on ordinary loans. This is called amortization, and offers the easiest known way for the gradual payment of loans.

CANADIAN TROOPS SENT TO SOMME

OTTAWA, Ont., Aug. 15.—The militia department announced today that the Canadian troops at the front have been transferred from the Ypres salient to the Somme. The troops comprise four divisions. The announcement is taken to mean that the Canadians have been called upon to join the British, Australian and New Zealand troops in the great offensive on the Somme front.

In the time they held the Ypres salient, the Canadians' work was essentially defensive. They fought at St. Julien, St. Eloi, Zillebeke, Hooge and Festubert with total casualties of 20,000.

TURN FOR WORSE IN PARALYSIS EPIDEMIC

NEW YORK, Aug. 15.—The epidemic of infantile paralysis has taken a turn for the worse, despite the continuation of unusual cool weather. During the 24 hours ending at 10 a. m. today, 163 new cases of the disease and 29 deaths were reported, an increase in new cases of nearly 100 per cent over yesterday's figures. Failure of physicians to report cases over the Sunday holiday was suggested as a reason for the increase.

Since the epidemic began there have been 6,522 cases and 1,464 deaths.

New Jersey's statewide quarantine against the plague was put into effect today. Special guards were placed at all terminal points to prevent children under 16 years of age from entering the state and local restrictions of the most stringent character were ordered at the various coast resorts.

SCARCITY EXISTS IN SUPPLY OF LABOR FIGHTERS

Employers Finding It Difficult to Secure Gunmen to Shoot Strikers—Most of Class Now Employed in Guarding Munition Plants—Steel Trust Maintains Army in Ore Fields

By GILSON GARDNER.

WASHINGTON, Aug. 15.—A scarcity of gunmen is becoming an important factor in the national strike situation. With more strikes in progress than ever before in the history of the country, employers are finding it increasingly difficult to get recruits for their "special police" and deputy sheriff private armies.

Of late years such forces are used supposedly "to protect property," but in reality to guard strikebreakers and to arrest, shoot up and generally terrorize the striking workmen. It was this gunman army hired by the Rockefeller interests and enlisted as militiamen that committed the Ludlow massacre in Colorado, and it was such a force, hired by the Standard Oil company at Bayonne, N. J., that killed twenty-seven unarmed workers at Roosevelt, N. J. Likewise it was the gunman of the coal operators who, in West Virginia, committed the outrages which were exposed in the hearing conducted by the senate committee. In that state miners and their wives were shot in their beds, the civil courts were suppressed and scores of innocent workmen were railroaded to the penitentiary by military tribunals calling themselves "courts martial."

Steel Trust Army.

The largest army of this sort now under arms is that recently enlisted by the United States steel trust to fight its men in the Hibbing iron mining district, seventy miles north of Duluth, Minn. Sheriff John R. Meining of Duluth, on orders from Governor Burnquist of Minnesota, has sworn in over a thousand men—an irresponsible semi-criminal lot, picked up among the preferably unemployed of the big cities—and has turned them loose to carry out the purposes for which they are hired. They are armed with carbines, revolvers and riot-sticks.

The government's department of labor, whose agents have just completed an investigation of the Hibbing situation, find that the character of the gunmen is degrading as the increasing demand presses on the decreasing supply. The more reliable gunmen—the experienced and referred men—have found permanent occupation guarding the munitions plants. The demand for this purpose has been immense, resulting in an increase of gunmen's wages from \$3 to \$5 a day. Formerly the so-called "detective agencies," which make a business of supplying gunmen, paid the men \$3 and charged the corporation \$5. Now the man has to get \$5. Supply Diminished.

The supply has been diminished also by the fact that the foot-loose and adventurous, who were willing to take this kind of work, have, in many cases, enlisted in the regular or volunteer army, or joined the foreign legions in Europe. Some have even enlisted in the revolutionary forces of Villa and Carranza in Mexico.

This difficulty in getting gunmen has resulted in the prompt settlement of several strikes recently begun, such as the street car strikes in New York and Philadelphia. It is playing an important, though medicinal, part in the deliberations of the railroad managers in making their plans to deal with the threatened strike of 400,000 railroad employees.

If times were harder and labor and gunmen easier to get, the operators feel they would be better able to resist the demands of their men.

When George P. West of the committee on industrial relations spoke to Sheriff Meining about the obvious-

ly depraved character of his gunmen, remarking that they looked like thugs, the sheriff replied cheerily that "there might be" thugs among them, and explained that he had been obliged to take what he could get without any nice inquiries into the men's past histories.

Gunmen Break Strike.

These particular gunmen are now the state government in the steel trust's iron mining part of Minnesota—a tract embracing 100 square miles and 75,000 population.

The local officials, County Prosecutor Greene of Duluth, Sheriff Meining and the chief of police of Duluth, and Governor Burnquist, acting for the powerful steel trust, have not hesitated to use the gunman army and the state's machinery of government to break the strike.

"Agitators"—which means anybody friendly to the workers—have been arrested by the wholesale. They are taken seventy miles from the scene of arrest and held in jail at Duluth. Among those in jail at Duluth are Carlo Tresca, Lawrence strike leader; Frank Little, Sam Searlett, Joe Schmidt, Joseph Giddy, Leo Stark and others.

These men are held on a far-fetched charge of murder, on the silly theory that something they may have said may have incited to the killing of a company guard who had invaded a miner's home.

The department of labor sent two representatives, Davies and Fairley, to offer mediation, but the steel trust is unwilling to mediate anything looking to an eight-hour day and a minimum wage of \$3 a day.

FIGHTS FOR LIFE UPON SCAFFOLD

VANCOUVER, B. C., Aug. 15.—Strapped to a heavy arm chair and hysterically calling to be taken back to court, Rocco Ferrante, who was convicted on his own confession of the murder last year of his partner, Dick Forenceo, whose head Ferrante cut off and dropped down a well, was hanged at the New Westminster prison today. Ferrante fought frantically against his execution and before he could be taken from the death cell had to be pinned and strapped to a chair in which the guards carried him to the scaffold. He still sat strapped in the chair when the trap was sprung. He was pronounced dead in four minutes.

RUSSIAN DRIVE CONTINUES

(Continued from page one)

on the enemy trenches south of Armentieres caused much commotion in enemy lines, of which our artillery took full advantage.

French Take Trenches.

PARIS, Aug. 15.—French troops captured German trenches on a front about 300 yards deep north of the chapel of Saint Fine, at the intersection of the Fluery and Vaux roads on the right bank of the Meuse in the Verdun sector yesterday, says the war office statement today.

On the Somme front the French artillery was very active at Belloy, Estrees and Lihons. Elsewhere the night was calm.

The statement says: "On the Somme front our artillery displayed great activity in the sectors north of the river, south of Belloy and Estrees and north of Lihons. South of Belloy a German reconnoitering party was dispersed by our rifle fire."

"North of the Aisne an enemy detachment, after a lively bombardment penetrated a small salient in our lines northwest of Beaulieu. It was driven out by an immediate counter attack."

"On the right bank of the Meuse, Verdun front, a series of minor actions was carried out brilliantly by our grenadiers north of the Chapel of Sainte Fine, enabling us to carry some portions of German trenches on a front of 100 yards and a depth of about 100 yards. The enemy attempted to recapture them by a counter attack which was broken up by our curtains of fire."

"The bombardment continued with considerable violence in the sectors of Fluery and Vaux le Chapitre."

HOUSE DEBATES BUILDING PROGRAM FOR GREATER NAVY

WASHINGTON, Aug. 15.—The house today approved by a vote of 283 to 51 the senate building program, including provision for eight capital ships next year. Seven representatives voted "present."

The house also concurred by a viva voce vote in the senate amendment, increasing the navy's personnel to 74,000.

WASHINGTON, Aug. 15.—After two hours' debate the house today adopted all of the naval bill agreed upon by house and senate conferees and proceeded to a vote on the big building program and the increase in personnel, the only two disputed points. Their passage was predicted by administration leaders.

WASHINGTON, Aug. 15.—A lively fight was in prospect when the house took up today for final action the conference report on the naval appropriation bill carrying approximately \$315,800,000.

The principal contests ahead were over the senate building and personnel increases. These provide for construction of 157 ships in a three-year program, including four battle-ships and four battle cruisers in 1917 and an enlisted strength of 74,400.

The fight was expected to come when Chairman Padgett of the naval committee moved that the house concur in the increases. Advocates of a small navy were on hand to vigorously oppose this step. It is regarded as virtually certain, however, that the increases would be agreed to. Representative Kitchen of North Carolina, the majority leader, was on today's list of speakers in opposition to the adoption of the conference report. He all along has opposed the administration's big army and navy increases.

HASTEN ACTION ON PURCHASE OF ISLANDS

WASHINGTON, Aug. 15.—Conditional ratification yesterday by the Danish lower house of parliament of the treaty providing for the sale of the Danish West Indies to the United States has served to hasten consideration of the treaty in the senate here. Chairman Stone today called a meeting of the foreign relations committee for tomorrow morning, and he hopes to report a recommendation for its ratification to the senate by tomorrow night.

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