



NEGRO CREDIT UNIONS OF NORTH CAROLINA

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PERHAPS the greatest drawback to the average poor farmer, struggling for a foothold on the soil and trying to make a home for himself and family in the community, is the lack of capital. If he buys fertilizer on time, borrows money, or contracts to be carried over the cropping season, it is usually at such a ruinous rate of interest that few ever get out from under its baneful influence.

The man who owns a small farm, as well as he who rents one, has long been victimized by the credit system as it now obtains. So firmly has it held the farmer, be he owner or renter, that only the exceptional one is ever able to work himself free from it. Many plans have been devised to relieve the farmer of this heavy burden, but the best so far put forward, according to my mind, is the system of rural credits known as credit unions and operated under the laws of the State of North Carolina.

WHAT A CREDIT UNION IS

A credit union is, first of all, a bank, or a society of borrowers composed of people living in the same community, who belong to the same farm organization, school district, or church. It may be also an organization for buying supplies in carload lots at reduced rates for cash and also for lending money to its members with which to buy supplies for productive purposes. All members must hold one or more shares before they can become borrowers. The number of shares that one may hold is limited.

Like any other bank the credit union may receive deposits from its members and others, who are paid interest at the rate of four per cent, provided they leave such deposits with the union for three, six, or twelve months. On the other hand, they may withdraw their deposits at any time.

HOW IT IS CONDUCTED

Once each year the stockholders elect a board of directors who in turn elect the principal officers—a secretary-treasurer,

credit committee, and an auditing committee. The secretary-treasurer, a bonded officer, receives all moneys and pays out the same. All loans are made on recommendation of the credit committee, which thoroughly investigates the ability of the borrower to meet his obligations. The expense of conducting a credit union is reduced to a minimum, since there is no office to furnish or large salaries to be paid. This work is done in the home of the secretary-treasurer and requires only a few hours' attention each week.

SAVINGS

One of the outstanding features of a credit union is that it encourages savings in the community. Men, women, and children are advised to deposit their surplus savings in the credit union until they need them. In this way, many are taught for the first time how to begin a savings account. The credit union is especially beneficial to children, since it encourages them to begin saving at an early age. A child may also become a junior member. The union is able to pay its members for savings by charging borrowers six cents on every dollar borrowed for one year, or three cents for a half-year. It may also invest its surplus funds in other credit unions, banks, or trust companies, as provided for by law. All funds are deposited in some reliable bank.

SUPPLY HOUSES

Many farmers of the South are still being carried by the supply stores. This is a wasteful system that has outgrown its time. According to that plan the farmer simply buys what he wants, regardless of his needs, paying little or no attention to the cost until he comes to settling time, when he discovers that he has "taken up" more stuff than he thought. He grumbles a little, scratches his head, and starts off to begin all over the next year. Now the credit unions step in here, takes the place of the supply store, and lends the farmer member sufficient cash, at a reasonable rate, to buy his supplies in the open market, saving to himself the time prices, which no doubt are always higher. In other words, the credit union recognizes the fact that no farmer tied to the supply store can reasonably be expected to render good service, become a good citizen, or do efficient work so long as he is thus handicapped.

ORGANIZATION OF THE PIEDMONT CREDIT UNION


The Piedmont Credit Union of Landis was organized April 19, 1918, with twenty-three members and a paid-in capital of \$126. It was the first effort ever made to organize a credit union

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among Negro farmers, so it was intended merely as an experiment to study the advisability of continuing such an organization. The experiment was so successful that three other unions were organized in different parts of the county. During the year just passed nine credit unions were organized in another county of the State, making thirteen Negro organizations up to date.

PROGRESS OF THE PIEDMONT UNION

While all four unions in the county did well during the year 1919, it may be of interest to note the progress of the Piedmont, the strongest of the four, as is shown by its monthly statement ending December 31, 1919:—



Number of members	82
“ “ depositors	6
Payment on shares	\$934.78
Deposits	\$205.15
Loans outstanding	\$663.25
Number of borrowers	10
Borrowed from banks	\$100.00
Cash in banks	\$675.98
Total resources	\$1347.83

Twenty-seven farmers took advantage of the credit department during the year. The money borrowed was used in one of three ways: (1) to buy supplies to carry the farmer over the cropping season; (2) to buy fertilizers; (3) to help tide farmers over who were making improvements on their homes. Only two or three farmers have been aided in buying food supplies, however, as that class of loans is discouraged. Rather, home production of food is encouraged, as it is felt that no farmer can make any material progress who has to buy all the food that his family and stock consume. If he must buy he is aided to buy for cash, but \$50 is the limit allowed on any such loan.

The Piedmont bought during the year upward of \$1400 worth of fertilizer at a great saving to its members, as the following examples will show. A certain grade of goods bought coöperatively cost the union \$33.49 per ton. The same grade of goods cost the individual buyer \$55 per ton. What was true of this particular grade was proportionately true of the other grades. The individual pays the difference to the middleman.

When sugar was selling at eleven cents per pound the union, by taking a large quantity, was able to secure it at nine and six-tenths cents, or at a saving of \$1.40 on the hundred pounds. What the Piedmont has done along this line is also true on a smaller scale of the Cleveland, the Franklin, and the Gold Hill Unions.

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WHY A CREDIT UNION?

The question is often asked why deal with a credit union rather than a bank, since one must make a note and pay interest just as do borrowers from the town bank. There are a number of reasons in favor of the union, among which are the following:

Few banks care to lend money in sums less than one hundred dollars. Then the prospective borrower must produce at least two real-estate owners known to the banker to go on his note, or the records of the parties must be looked up before the loan can be made. This causes delay. In most cases a bonus of four per cent is charged, which, added to the legal rate, makes the interest, to begin with, at least fourteen per cent. Standing out against this is the credit-union plan. A member can borrow from a few dollars up to a hundred, or more for any length of time within the current year. He is charged at the rate of six per cent interest for the actual time he has the loan. His word in the community and his ability to repay the loan are his chief assets. The name of some other man of standing in the community, coupled with his on his note, usually procures his loan with very little, if any, delay.

Another reason why a credit union is preferable is that it can be taken to the people no matter how far back they live. It teaches thrift and gives its members a certain kind of importance that they never possessed before. The chief reason, perhaps, for a credit union in a community is that it enables its members to buy for cash prices. Rowan County is noted for its organizations and community of interest spirit. What is one's interest is the interest of all, the communities working harmoniously together. Nothing has contributed more to this spirit of good will than have the credit unions. The credit unions of Rowan County have proved their worth after two years' trial and can be said to be safely past the experimental stage. It is my opinion that it would be a good thing if they could be established wherever there is any appreciable number of Negro farmers. A thrifty, hard-working, intelligent farmer is an asset to any community. The credit union aids in making him all of these.

After all, it is not what a man makes that gives him standing in the community; it is what he saves that counts. The union helps him to save.

