

SUPPORT OF THE FAMILY-SIZE FARM

(Resolution adopted at the 26th annual convention, Independent Bankers Association of America, Denver, Colo., May 25, 1960)

Whereas, the independent family-size farm together with the independent community banks and small business organizations form the economic backbone of our country and cannot survive in an economic atmosphere dominated and controlled by monopolistic merger-minded giant corporations and other monopolistic management-serving organizations; and

Whereas, much of the present financial problems of the independent family-size farms are due to inflation and restrictive marketing and processing practices and not to the alleged inefficiency of small unit farming operations: Now, therefore be it

Resolved, That the Independent Bankers Association in convention, duly assembled, do hereby support all sound local, state or Federal anti-trust legislation, economic plans or regulatory actions that will strengthen our independent American system of family-size farming without regard to partisan politics.

OUR WILL-O'-THE-WISP PROSPERITY

(Position paper adopted at the 31st annual convention, Independent Bankers Association of America, Hollywood, Fla., April 10, 1965)

Should the disaster of the Thirties seem remote in these Soaring Sixties, remember that the lengthening shadow of the Great Depression went unnoticed as America danced its way through the Roaring Twenties.

Depressions have always had their beginning at a peak of prosperity, and they always are farm-led and farm-fed.

It is now apparent that the mistakes of the Twenties are being repeated. Commercial banks are loaned up to historically high levels in ratio to available deposits. The easy money of the Sixties has made us a seemingly Affluent Society and we are now reaching for the Great Society.

NEW SHADOW

But those who see a bright future for America apparently are not aware of a new shadow that has crept over the horizon. The most significant feature of the American economy today is this: rural banks cannot much longer continue to supply the credit needs of rural America. Since 1951, farmers have been using credit as a substitute for earned income because of depressed agricultural raw material prices.

With the inception of its agricultural research program 3½ years ago, The Independent Bankers Association has warned repeatedly that such credit could not continue indefinitely. The Association has urged that action be taken to revive the economy of rural America before the point of no return was reached, but the downward drift has been allowed to continue.

The Association now finds it necessary to caution its member banks to be concerned with the quality of their loanable assets. Country bank loans to farmers are dangerously close to deterioration.

The IBA is not alone in its concern.

At the recent convention of the American Bankers Association, the ABA urged a retreat from easy credit. In a convention resolution the ABA said "it is difficult to find justification for the degree of ease which now prevails in credit markets."

Insurance companies and large as well as small lenders are voicing the same caution. Similar experiences are being reported by the Production Credit Associations and by the Farmers Home Administration. It has been said that unless corrective action is taken soon, the FHA will one day be known as the graveyard for bankrupt farm loans.

UNCERTAIN VALUE

First-hand experience of bankers throughout rural America shows farmers holding assets of uncertain value which appear to support bank loans as collateral. The farm borrower continues to demonstrate excellent integrity. But