

TEN YEARS OF FEDERAL
INTERMEDIATE
CREDITS

BY
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AND
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DIRECTOR'S PREFACE

In 1926 the Institute of Economics published a book entitled *The Federal Intermediate Credit System* prepared by Claude L. Benner, one of the authors of the present volume. This study dealt with the Agricultural Credits Act of 1923, which was just then getting into operation. Obviously it was necessary at that time to set a limited objective upon our analysis of this new credit development. The author confined himself to discussion of the historical background of the Act, its general philosophy, the structure of the credit agencies which it proposed to set up, and the issues which apparently would arise in the administration of the system.

Some five years after the passage of the Agricultural Credits Act of 1923 the Institute began a systematic study of actual results attained in operation. Through careful study of available statistics, supplemented by a considerable amount of field work, the senior author of the present volume has gained an intimate acquaintance with trends of development and the emergence of issues and problems as the several parts of the system have evolved. This permits a much more definite appraisal of the Federal Intermediate Credit system than was possible in the days of its infancy. In particular it makes it possible to show the relation of so-called "intermediate credits" to the general field of agricultural finance. The initial chapters of the book contain in condensed form most of the background material from Dr. Benner's earlier book.

We feel that the present is an opportune moment for the presentation of the results of such a study. The Intermediate Credit system had its birth in the period of

agricultural distress which followed the depression of 1920. Other outgrowths of this period of distress have been the Federal Farm Board and recently the Reconstruction Finance Corporation. Both have undertaken important credit functions with reference to agriculture. While they are to be regarded as agencies of an emergency character, we shall in the near future face the problem of bringing agricultural credit from this stage of emergency treatment to some more permanent basis and of co-ordinating our several rural credit agencies for the future service of the agricultural industry. Such is the task assigned to the Farm Credit Administration which will begin operations on May 27, 1933.

Inasmuch as we stand, apparently, at a parting of the ways with reference to the future of farm finance, it is important that we bring together and interpret the facts developed in the experience of the Intermediate Credit system during the ten years from its inception down to the present time. Only in this way can a sound foundation be provided for important decisions which must be made during the next few years.

Harold G. Moulton and Charles O. Hardy served with the director as a committee co-operating with the authors in the preparation of this volume.

EDWIN G. NOURSE
Director

Institute of Economics
April 1933

AUTHORS' ACKNOWLEDGMENTS

If the authors have succeeded in presenting a reasonably complete picture of the varied phases of the Intermediate Credit system it is due to the generous assistance of the officers and employees of the Columbia, Omaha, and St. Louis Intermediate Credit Banks, which were visited in the course of this study, and the willingness of executives of the other banks to furnish comparable data and to answer numerous inquiries by correspondence. Likewise the managers and officers of local credit corporations and co-operative marketing associations gave freely of their time and in many cases opened their records for examination.

The Statistical Division and the Intermediate Credit Banks Division of the Federal Farm Loan Bureau have supplied information in a form most useful for the purposes of this study. In addition to furnishing necessary data, officers in charge of these divisions made helpful suggestions which enabled the writers to avoid errors that otherwise might have occurred.

Several chapters were read by specialists in the field who offered pertinent and constructive criticism. Commercial bankers, officers of the Federal Farm Board, members of the Department of Agriculture, and many other persons have furnished material and clarified certain aspects of the problem. Because of their business affiliations or official positions it is not always appropriate to make personal mention of those who have been extremely generous with their time and suggestions. The authors are deeply grateful to all who have rendered assistance.

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