

OPPOSES NATIONAL FARM CREDIT LAW

**B. F. Harris, Illinois Banker,
Says Conditions Vary Too
Much for Federal Action.**

WOULD DEPEND ON STATES

**Insists That Each Legislature Can
Better Adapt Statute for Farm-
ers in Its Jurisdiction.**

The movement to secure national legislation providing for rural credits was denounced yesterday by B. F. Harris, President of the First National Bank of Champaign, Ill., and Chairman of the Agricultural Commission of the American Bankers' Association. Mr. Harris addressed a meeting of bankers and economists at the Hotel Bellevue-Stratford in Philadelphia, and deprecated the effort to solve the farm loan problem by Federal action.

Mr. Harris said the demand for farm credit legislation had not arisen in the right quarters to deserve serious consideration. He said it had not originated with any large number of farmers, but appeared to come mostly from politicians and misinformed friends of the farmer. He asserted that conditions over the country varied so greatly that the problem should be attacked by Legislatures and local bankers.

"I am in deep sympathy with, and working for, every sane movement that makes for a better agriculture and rural life, or that will make credit—farm or otherwise—more liquid, liberal, and accessible, but the mortgage feature brings up so many possibilities for trouble as to call for most careful consideration and caution," said Mr. Harris.

"There are certain old sections of the United States, along the South Atlantic, for instance, where credit for all lines of industry is scarce, and particularly so is rural credit, because the farming is not on a sound, soil-sustaining and economic basis. It is largely a one-crop, one-horse, negro tenant, 'grub-staked' farming, and some of the demand comes from that section. If their local sentiment or necessities or their State legislatures won't prevent or modify the extravagant and demoralizing system of store or banking credits to farmers, how can they expect the Federal Government to correct the situation?

Some Farming a Gamble.

"There are other newer sections of the country where agriculture and climatic conditions are thoroughly unsettled; where values and crops are a gamble, and some of the demand comes from them. Then, there is the great, sure-crop, and more dependable section between these, that covers a vast territory from here to the Missouri River, and from which we have little complaint.

"I do not believe we are ready for Federal legislation—at least, until the several States many of which have recently legislated on the subject, have demonstrated that they cannot meet their own needs. Like the tariff, it is a local issue—but fortunately, unlike the tariff, it can be provided for locally—in

any event, by State legislation, and in many instances, by local self-help.

"As mortgage banking is inherently even more peculiarly local than commercial banking, and confounded with an infinite and conflicting variety of legal requirements in each State, why does it not follow that farm mortgage banking can be as well or even better provided for by State than by Federal legislation. The needs of the various States are in many instances radically different and not easily reconciled, nor is it always possible or fair to class the farm land values or conditions or mortgages of one State with another.

Cannot Standardize Mortgages.

"The farm mortgages originating under forty-eight different State laws, can't be standardized nationally, but can be more nearly standardized within State lines. There is no State but has sufficient character and credit of its own to give all the force and character needed or that can be expected in its locality to the farm mortgages originating within its borders. Such a State organization could act as a clearing house for mortgages from all incorporated banks within its lines.

"If such a State outlet were provided, the various banks within the State could be continually turning over their capital, providing ample funds for all proper mortgage necessities and at lower rates, and, by the same token, this outlet would also unlock more funds for short time or cash credits."

"Only in a very few localities of the United States is agriculture on anything like a stable basis. Unless we can say that in this nation or in a particular State our farmers as a rule have a sound, established system of agriculture that maintains soil fertility, that brings a profit on investment and labor, then we have no solid foundation on which to attempt to build a Federal or State system, as the case may be, of rural credits. It is a local question.

"European conditions are not comparable to ours, and their systems cannot be utilized here to any considerable extent. Neither are they getting the low rates quoted in the 1912 political campaign, except in rare instances, of Government subvention.

Europe No Utopia.

"The European farmer usually gets a debenture bearing upwards of 4 to 4½ per cent. interest in exchange for his farm mortgage. When he comes to exchange this on the market to secure the needed cash, the discount easily moves the rate that the farmer actually pays up to 5 per cent. All things considered our rates are as low as theirs.

"We have more banks per capita than any other country on the globe. Since 1900, the number has increased two and one-half times faster than the population, and we now average one bank to every 250 farmers, or about 7½ banks to each agricultural county in the United States. The desire to get business from the farmers makes competition so keen that matters are rapidly adjusting themselves.

"The only duty the Federal Government has in the premises at this stage, as I see it, is to carry the doctrine of sound farming to the farmer through the now rapidly growing and successful instrumentality of the county agent or farm demonstrator. Until this has been accomplished, and local or State organizations for farm credits are built up on the basis of a permanent agriculture and need, or would be clearly helped by connecting them up through a Federal system, Congress, in my opinion, may well keep clear of the whole subject."

Other speakers at yesterday's meeting were Myron T. Herrick of Cleveland; David Lubin, permanent delegate from the United States to the International Institute of Agriculture at Rome; J. L. Coulter, Secretary of the United States Commission on Rural Credits, and Dr. T. N. Carver of Harvard University.