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## Long-Term Credit Situation Has Halted Farm Expansion American Bank Economists Says

A leading agricultural authority this week said the prevailing tight money situation has "virtually halted the extension of long term credit for investment in farm expansion."

John A. Knechel, Bank of America economist pointed out that "this runs counter to the long-term adjustments taking place in agriculture, namely, the trend toward larger farms."

Addressing a breakfast meeting of the National Association of Farm Broadcasters recently Knechel said

"Even if current fiscal and monetary policies are successful in slowing the rate of economic growth, interest rates on long-term loans are not likely to de-

cline much, nor will there be a significant increase in the amount of money available for long-range expansion.

"Since expansion to an efficient scale of operation is vital to long term profitability, any curtailment of debt financing of new investments in capital intensive technological innovations stands in the way of efficient change in agriculture.

"At the same time, with the accelerated decline in less efficient farms, there have been added pressures to consolidate resources."

The net result will be threefold, according to the Bank of America expert

1 It will increase the importance of leasing, both of equipment and of land.

2 It will accelerate the trend toward incorporation vertical integration, and other forms of joint ventures.

3 It will give a significant competitive edge to the farmer who can build his financing plans around strategic capital and credit requirements rather than having all his energies absorbed by the tactical battle against "payables."

Knechel added that he expected both private and public lenders to become more selective in the quality of their agricultural credits, but that they "will go to fullest extent possible to help meet the current credit needs of their farm customers"

### Regional (Continued from Page 1)

will be teams and individuals as follows. **B Individuals**, Debbie Mauy and Janet Gill, **C2 Team**, Susan Gill, Ralph Hill, Patty Hossler, Judy Higginbotham and Candy Groff, **C2 Individuals**, Wendal Lane, **C1 Team**, David Copeland, also Mary Beth Little, Nancy Henkel, Patsie Waters, Jerry Jackson, **D Team**, Maureen Little, Wendy Mauy, Kathy Meyer, Scott Grace and Hazel Lowe.

The program is undertaken to teach youth in all phases of horsemanship and spectators are invited to the show. Judges for the regional affair are coming from the states of New York, New Jersey, Virginia and Maryland.

### Potato (Continued from Page 1)

said the Grange favors the self-assessment plan

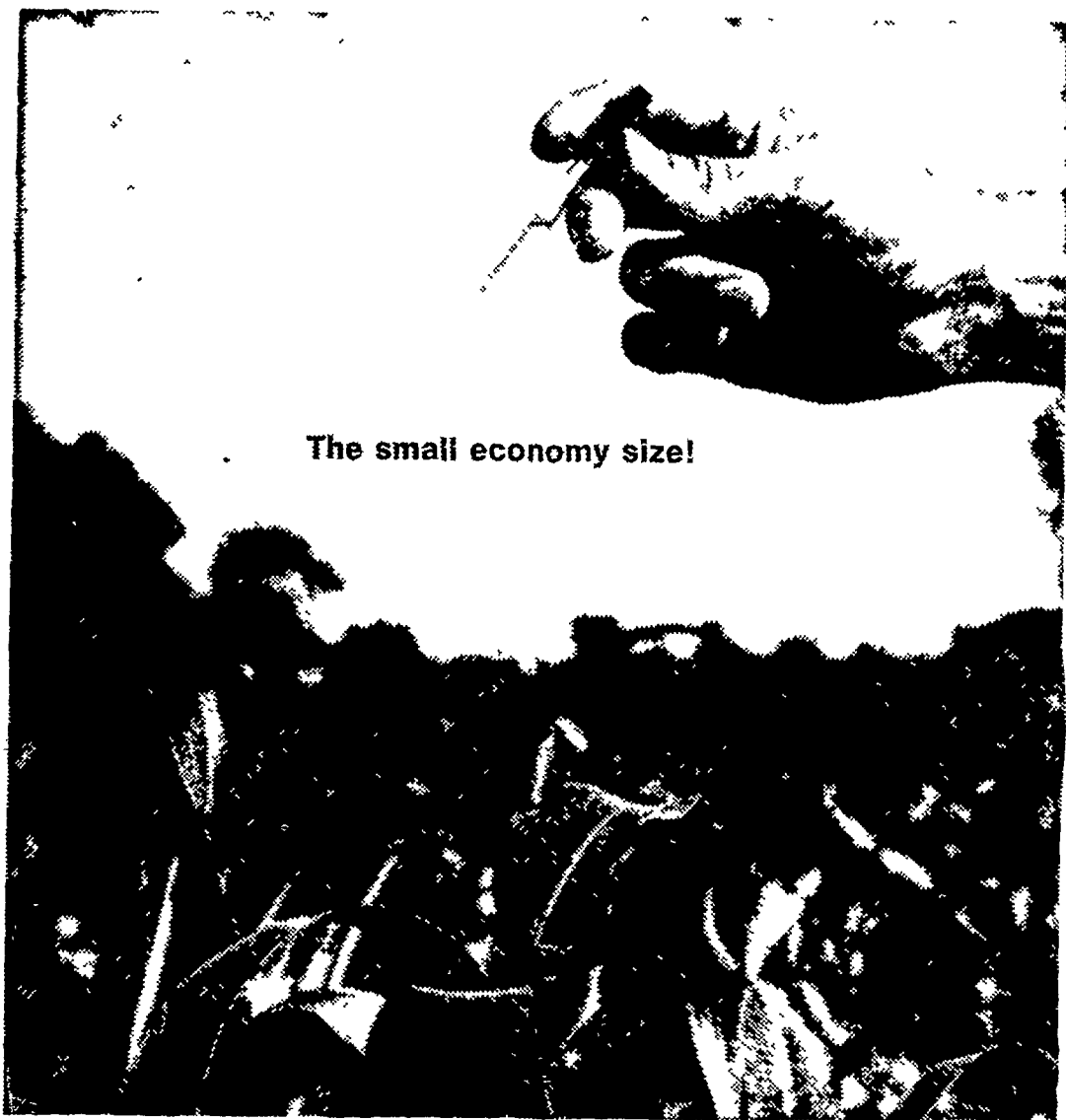
"Five pounds of Idaho potatoes sell for the same price as 10 pounds of Pennsylvania spuds, not because they are better but because Idaho potatoes are promoted," Readinger said

"Millions of dollars are spent annually by people who have something to sell and I cannot see how we potato producers can be an exception," Don M. Freeman, potato grower from Ulysses, Potter County, said

Robert Jones, Bath, Northampton County, president of the Pennsylvania Cooperative Potato Growers, Inc, said state potato growers need to spend more time and effort promoting their products.

"Let us tell our prospective customers that our quality is as good as Idaho's or Main's," Jones said

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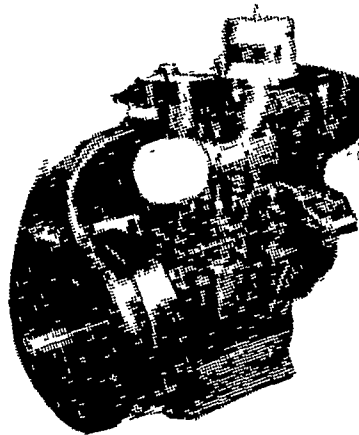
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