

Naylor urges farm program update at Corn and Soybean Conference

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SALISBURY, Md. — Under Secretary Frank W. Naylor Jr., featured speaker at the 1985 Delmarva Corn and Soybean Technology Conference held Feb. 7 in Salisbury, Md., provided an encouraging message for U.S. agriculture.

Returning directly from a U.S. congressional hearing on agriculture, Naylor assessed the present state of agriculture.

"Most current established farm programs originated 50 years ago," he said, adding that there are enormous growth opportunities in Third World countries if American farmers are competitive.

National markets throughout the United States, he said, are basically mature and show little room for growth. "As farmers we need not to store our grain while waiting for other countries to sell," Naylor continued.

Instead of keeping the world supply, 50 percent of U.S. grain

must go through international channels. The change must be made from a supply-oriented policy to a market-oriented farm policy. "We must be a driving force rather than holding residuals," he said.

At present, U.S. farmers determine loan rates for world markets. Foreign governments mark subsidies accordingly to establish cheaper markets for themselves. "U.S. markets can no longer 'telegraph' rates for foreign market advantages," Naylor said.

Many of these ideas will be included in farm legislation slated to go before Congress on Feb. 17. The under secretary said this is "the most hotly debated and significant farm bill ever submitted." It will give farmers a basis for future consideration of whether to expand, restrict or maintain within their individual operations.

Naylor listed the following priorities for American agriculture:

- Increase international trade (a strong U.S. dollar has the greatest

impact along with controlling the national deficit.)

- Eliminate trade impediments to break down trade barriers.
- Pass sound legislation for sound business decisions into the year 2000.

"Full time farmers are under the greatest stress for obtaining finances," Naylor said. All farmers are under some stress that will require dollar adjustments and operation decisions in the next two to five years.

"Agriculture is a way of life. It provides a home and superior family life that will make these decisions especially tough," Naylor commented.

Naylor linked farm stress to the drop in land prices, noting that lender strain is severe in the Midwest. In the mid-1970's, he explained, midwestern farmers borrowed large sums of money to expand their operations.

"Farmers were encouraged to acquire loans too great for their operations to support," Naylor noted. The land value was also too

high. In Iowa, for example, the price of farm property is down 50 percent from 1981 assessments and may increase to 55 percent to establish true values.

"Forty percent debt to asset ratios represents severe stress," Naylor emphasized, adding that he believes the debt service for farmers needs to be restructured to manageable levels.

"Eight thousand reamortized loans have been accomplished already this year," Naylor said.

For commercial loans, a means will be provided to lenders to use interest concession options. In farm credit relief measures announced Feb. 6, the USDA will guarantee loans from production credit associations and similar organizations.

"This will be a viable means to improve farmers' short term problems and offer credit in the next three years for operating costs," he said.

When considering long-term financial solutions, Naylor said, "profit can't be made on loans if

you are paying them. Help is needed in debt management with growers owing \$215 billion.

"Even with the loss of land value, American farmland is still worth \$1 trillion," he continued, noting that farmers need to clear existing debt and start fresh. However, he said, this is difficult for farmers who borrowed heavily in the '70's.

"It will take the cooperation of farmers and credit organizations to achieve positive results," he said. Washington must have input in the upcoming three or four months so legislators know what the farmers want. All major farm organizations will continue to work in Washington as they did Feb. 7 at the congressional hearing on agriculture.

In a brief question and answer session following the program, Naylor discussed the current problems confronting dairy farmers.

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