

Farmers see smaller role for federal government

CHAMPAIGN, Ill. — The nation's farmers are ready to wean themselves off government price support programs and agricultural subsidies, provided adequate support exists during the critical transition to a purely market-driven farm economy.

That's the conclusion of a wide-ranging survey of farmer attitudes toward agricultural policy sponsored by United AgriSeeds, Inc., of Champaign, Ill., an advanced research-based agricultural seed company with operations throughout the U.S. and Western Europe. The telephone survey of 200 farmers nationwide was conducted earlier this spring by an independent market research firm retained by United AgriSeeds.

Roderick N. Stacey, president of United AgriSeeds, said the survey reveals only 36 percent of farmers favor a key role for government in providing price supports and just 39 percent want government involvement in set-aside programs. The poll's results are accurate within plus or minus seven percentage points.

"In view of the current farm credit crisis," Stacey remarked upon releasing poll results, "farmers are more optimistic than you might expect about the withdrawal of government support. But farmers want the transition to a market-driven program to be done gradually."

Fifty-five percent of farmers surveyed believe American agriculture would best be served by government policies which control production, but they are split on whether government can trim its financial commitment to agriculture in any substantial way before 1990. Only 40 percent of them believe the government can reduce its financial commitment to agriculture within five years.

Surprisingly, the majority of farmers who participated in the United AgriSeeds poll oppose government price support programs, or paying farmers to set aside acreage. Sixty percent of them do not want the government involved at all or in more than a "minor" way in propping up market prices. In addition, 58 percent want the government to either curtail or eliminate set aside programs.

However, 80 percent of farmers surveyed want government to play a "major role" in encouraging agricultural exports, and 53 percent want low-interest farm loans to be continued. Only 20 percent of them want the government to diminish its role in providing low-interest loans.

"I think government supported low-interest loans are perceived by farmers as an essential support device that will be needed during the next few years while deregulation of agriculture takes place," Stacey said.

In contrast with a Harris Survey released in March, 60 percent of farmers surveyed by United AgriSeeds are convinced the American public is against them receiving government subsidies and price supports. In the Harris Survey, 68 percent of the American people rejected the notion that farmers should operate without government assistance.

"This dramatic difference in perceptions is significant," Stacey said, "because it means American agriculture finally is beginning to communicate its problems effectively to the public."

Farmers split fairly evenly when asked how they feel about the Reagan Administration's approach to farm policy, with 43 percent agreeing and 44 percent disagreeing with his planned

reductions in price support and federal loan guarantee programs in favor of market-driven policies. Fourteen percent of them had no opinion on the Administration's farm policy.

"The confusion may be more reflective of their perceptions of the Administration's understanding of the needs of American agriculture," Stacey observed. "Fifty-six percent rated the President's understanding as 'poor' and 21 percent rated it 'not very good'."

Based on survey results, Stacey believes farmers want state government to play an increasingly important role in the creation of farm programs and policies. Seventy-one percent of farmers participating in the poll said federal programs would be more effective if state government had more influence on farm policy.

"Farmers obviously respect state government and believe it can be more responsive to their needs," Stacey said. "I think most of them are convinced government policy would be more effective if state government played a more direct role in both the development and administration of farm policy."

Asked how they view the farm credit crunch, 76 percent of farmers queried called it a "long-term problem," and 16 percent saw it as a "short-term crisis." Almost 100 percent of them labeled the plight of farmers as "very serious" or "somewhat" serious.

By a 67 to 32 percent majority, farmers feel the news media has not exaggerated the demise of America's family farm. And 73 percent of them are convinced their financial difficulties have had a negative "ripple effect" on other businessmen in their local communities.

Economic pressures also are breaking up the average farmer's long-time love affair with heavy farm machinery. New farm equipment was portrayed as a "poor" (70 percent) or "not so good" (19 percent) investment by farmers participating in the survey.

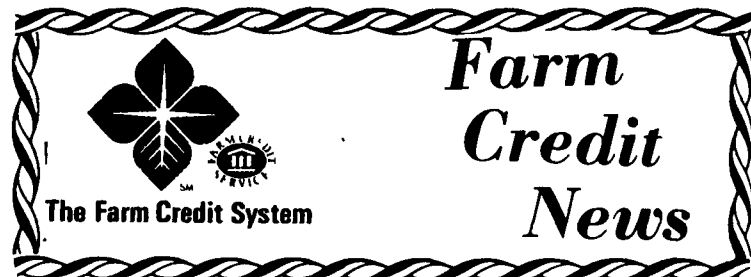
Similarly, farmers' attitudes are shifting on the value of land as an investment. Asked how good a return they get on land, fully 66 percent of farmers called it "poor" with an additional 23 percent terming it "not very good."

However, when asked how good a return farmers can expect from improved seed varieties and hybrids, 63 percent of farmers called them "excellent" to "good" investments. Fertilizer ranked second as a sound investment with 59 percent rating them highly and agricultural chemicals (herbicides and insecticides) came in third at 58 percent.

"Not surprising, high cost capital items are giving farmers the poorest return on investment," Stacey said. "In times of financial stress it is the basic farming inputs—such as good quality seed—that farmers consider the best investment."

Finally, when asked whether farmers are taking more or fewer risks today than in previous years, 51 percent say "more" and 43 percent say "fewer."

"How this is interpreted depends upon how they defined risk," Stacey notes. "Some farmers feel they are taking more risks because the value of their land has eroded and production costs have skyrocketed. Other farmers who depend less on government programs feel they are taking fewer risks because they are stronger financially."



Baltimore banks still solid

BALTIMORE — The Farm Credit Banks of Baltimore reported net earnings of \$20.2 million for the first seven months of 1985, an increase of 88% over a comparable period for 1984 according to a statement by Gene L. Swackhamer, President of the Baltimore Banks.

Swackhamer also reported delinquency rates for Federal Land Bank farm loans at 4.4% by number over the first seven months of 1985, the same as a year earlier. Delinquency rates for Production Credit Association farm loans at mid-year 1985 stood at 3.2% by number. This contrasts with a delinquency rate of 3.7% at mid-year 1984.

The favorable operating report of the Baltimore Banks came in sharp contrast to statements issued last week by the Farm Credit Administration (FCA) who called for Federal financial assistance for the Farm Credit System. The FCA is the regulatory agency responsible for monitoring the Farm Credit System's national lending activities.

FCA's remarks of last week concerning their perceived need for Federal assistance for the Farm Credit System are not justified at this time according to Swackhamer.

"The financial problems of even our most troubled Farm Credit Districts are being addressed and managed. FCA's recent call for Federal financial assistance represents a worse case contingency scenario," Swackhamer said.

However, Swackhamer asserted, the leadership of the Farm Credit System believes, at this time, that existing financial assistance plans and other management measures will address the System's current problems and the financial condition of the System today is not critical.

But, Swackhamer noted that various alternatives are being reviewed, including some form of Federal aid, if the stress in agriculture and within the Farm Credit System increases significantly over the next 12 to 24 months.

James Cisney, Chairman of the Baltimore Banks Board of Directors, said the \$340 million financial assistance plan for the Omaha Banks approved last

month demonstrates the ability and willingness of financially strong Farm Credit Banks to help the System manage its problems without calling for immediate Federal aid.

"I think it is premature for us to consider Federal assistance at this time. However, we are pleased to know that Congressional leaders have indicated they would consider some form of financial assistance if and when needed," Cisney said.

He added, "The statements made last week reflect the opinions of the FCA and not the opinions of the leadership of the Farm Credit System who are in operating positions which involve the making and collecting of loans."

When asked what impact the Omaha District Financial Assistance Plan and the earlier approved Spokane District aid would have on the Baltimore Banks, Cisney said projections indicated an impact of 18 to 20 basis points or about one-fifth of 1% increased interest rate spread for the Baltimore Banks.

In the case of the Federal Land Bank, our earnings have been strong enough to absorb this spread without increasing interest rates. In fact, we lowered our Federal Land Bank farm loan interest rate 50 basis points or one-half of 1% on August 1," he said.

Cisney expressed concern that the recent statements by FCA might cause unjustified sensitivity among investors, causing bond rates to rise which could ultimately increase rates to the Banks' borrowers.

The Farm Credit Banks of Baltimore are part of the nationwide Farm Credit System, the country's largest private cooperative lending institution. With more than \$3 billion in outstanding loan volume, the Baltimore Banks extend long term credit through the Federal Land Bank of Baltimore and affiliated FBLAs; short term credit through the Federal Intermediate Credit Bank of Baltimore and affiliated PCAs; and credit to agricultural cooperatives through the Baltimore Bank for Cooperatives. The Baltimore Banks serve farmers and agricultural cooperatives in the states of Delaware, Maryland, Pennsylvania, Virginia, West Virginia and in the Commonwealth of Puerto Rico.



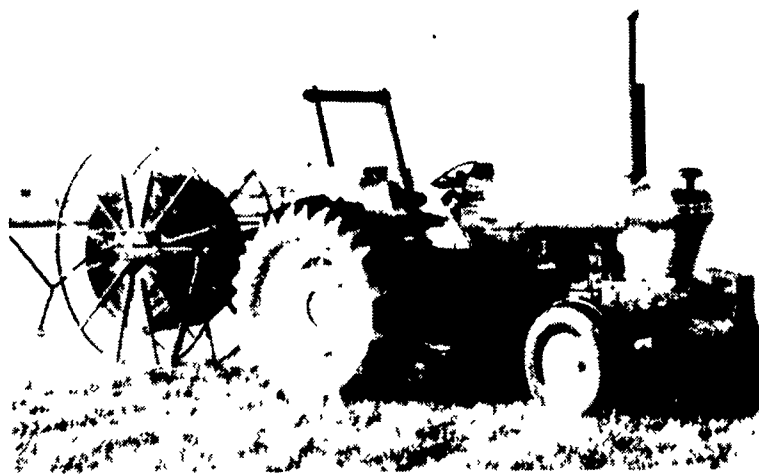
BUSINESS NEWS..

Prof receives ABS award



Dr. B.T. "Ben" McDaniel of North Carolina State University, Raleigh, North Carolina, was named recipient of the J.L. Lush Award at the recent American Dairy Science Association's (ADSA) annual meeting in Urbana, Ill. The award, in the form of a plaque and \$1,500, is sponsored by American Breeders Service (ABS) and was presented by Dr. Paul Miller, Vice President of Sire Development for that firm. It is awarded annually in recognition of the exceptional contributions made by Dr. Lush to the Science of Animal Breeding.

Firm unveils tube installer



Lake Company of Bakersfield, CA announces the availability of its one row lay out machine to aid in the installation of drip tubing in existing narrow rows. The three-point-hitch-mounted unit is only 70-inch wide and available with or without brakes. One operator can install tubing from large 80-inch reels holding up to 22,000 feet of 16 mm tubing. A drip line retrieval machine is also available.