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Farm Credit asks Congress for \$6 billion line of credit

BY JAMES H. EVERHART
WASHINGTON — The management of the Farm Credit System formally asked the U.S. Congress this week to extend a line of credit to the nation's beleaguered ag lending system.

Officials in the Farm Credit Administration, the independent federal agency that oversees the system, asked for a \$5 billion loan from the U.S. Treasury, while the Farm Credit System itself asked for \$6 billion.

"Absent government financial assistance, the system cannot survive the radical transition underway in agriculture," said Ray Moss Tucker, chairman of the Farm Credit Council, the system's legislative affairs body.

Added Donald Wilkinson, governor of the Farm Credit Administration, "Any prospects for near-term improvement or even cessation in the unrelenting economic decline in agriculture have disappeared. The most recent reports confirm further decreases in export markets and massive surplus production in 1985, practically ensuring low commodity prices for several years.

Both groups pointed out that the system was asking for credit, not for an outright cash bailout to help the system out of its current financial crunch.

They pointed out that if the Farm Credit system does not get help, it might have to take action on more of its problem loans than it ordinarily would, said House Agriculture Committee spokesman Bernard Brenner.

Increased pressure on those loans, added Brenner, would probably increase the number of foreclosures and land sales, and cause land prices to deteriorate even further.

Decreasing land prices were blamed for part of the problem, with Wilkinson pointing out that farm real estate values had dropped \$151 billion from 1981 to 1985. And the problem is accelerating — \$100 billion of the loss occurred in the last year.

The decrease in land value has compounded the problems for many farm operators, whittling away their equity and removing the possibility of additional credit, officials noted.

The Farm Credit System

currently holds about \$70 billion in farm mortgages and operating loans, about \$13 billion of which are listed as "problem loans."

As the nation's largest ag lender, the Farm Credit System holds about one third of the total U.S. farm debt. The 37-bank system suffered losses of \$522 million in the third quarter of this year, and more losses are expected.

The system is cooperatively owned by its farmer-borrowers, and currently operates without federal assistance. However, officials are concerned that the increasing problems in the farm sector will cause investors — who provide the loan capital — to lose confidence in the system.

The risk premium, or interest paid on farm credit system bonds, already has risen by one percentage point since the system's problems have been reported.

Representatives of the commercial banking industry also urged Congressional attention, urging the legislators to consider private lending institutions when they draft an aid package for the farm credit area.



Gov. Dick Thornburgh announced plans to tap new overseas markets for the state's agricultural commodities during an address delivered at the State Grange Convention on Wednesday.

Thornburgh launches new trade effort

BY NANCY KUNICK
Staff Correspondent

WARREN — A new effort to increase overseas markets for all Pennsylvania products — including agricultural ones — was unveiled here this week by

Governor Dick Thornburgh. "When it comes to jobs and economic development, we mean business in Pennsylvania, and when it comes to business, we mean the farm as well as the

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State's premiere livestock show opens Friday

BY JACK HUBLEY

HARRISBURG — Dauphin County residents can expect to hear the thunder of hooves next week as nearly 3,500 head of beef, sheep, swine and horses pour into the Farm Show Complex for the

29th annual Keystone International Livestock Exposition.

Along with Massachusetts' "Big E" and Maryland's Eastern National Livestock Show, KILE ranks as one of the Northeast's "Big Three" livestock shows,

drawing exhibitors from as far away as the midwest and Canada.

According to show manager Charles Ite, three changes are on tap for this year's event, scheduled Nov. 8 to 13. A new carcass steer show has replaced last year's open

steer event. Whereas last year's event was judged both on-hoof and on-rail, this year's carcass event will not include live judging.

In the "Paint-O-Rama" Paint horse show, two judges will place each class simultaneously, giving

entrants the opportunity to accumulate twice as many points. "It's just as if we're holding two different Paint shows," Ite points out.

Because of an increase in the

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Scenes from KILE 1984.