



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

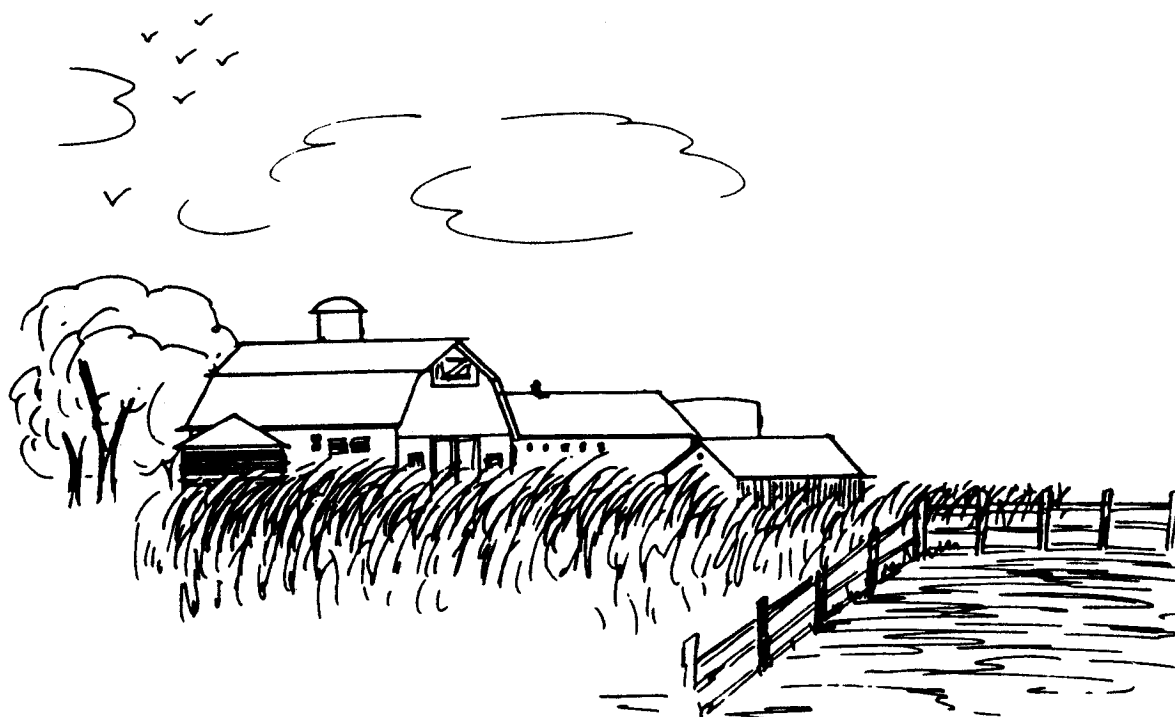
AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

Financing Agriculture in a Changing Environment:

Macro, Market, Policy, and Management Issues

Proceedings of
Regional Research Committee NC-161
McLean, Virginia
October 4-5, 1988



Department of Agricultural Economics • North Dakota State University
Fargo, ND 58105

TABLE OF CONTENTS

	<u>Page</u>
Preface: Policy and Management Issues in Agricultural Finance Cole R. Gustafson	iii
 EMERGING ISSUES FOR FINANCING AGRICULTURE	
"Emerging Issues for the Farm Credit System" Marvin R. Duncan	1
 FINANCING AGRICULTURE: MANAGEMENT ISSUES	
"Methodology in Allowance for Loan Loss Determination" Martin Fischer and Glenn Pederson	11
"Selecting Tax Alternatives Under the Tax Reform Act" Tammy Mickey and David Lins	25
"Factors Influencing Farm Investment Behavior" Eddy L. LaDue, Lynn H. Miller, and Joseph H. Kwiatkowski	37
 FINANCING AGRICULTURE: MARKET AND POLICY ISSUES	
"Farmers' Use of Futures and Options Under Alternative Farm Programs: Farm Level Financial Analysis" Calum G. Turvey and Timothy G. Baker	51
"An Empirical Investigation of Risk Diversification Opportunities Within the Farm Credit System" Charles B. Moss and Allen M. Featherstone	75
"Adapting to Turbulent Credit Markets: Loan Pricing Options for the Farm Credit System" Merritt R. Hughes	95
 List of Participants, 1988 NC-161 Annual Meeting	 109

PREFACE

This publication contains papers presented at the annual meeting of Regional Research Project NC-161, "Financing Agriculture in a Changing Environment: Macro, Market, Policy, and Management Issues," at McLean, Virginia, October 1988. The papers represent topics which are part of the on-going research activities of participating universities and agencies and contribute to the objectives of the research committee. The focus of the meeting was on current management and policy issues in agricultural finance including: emerging issues facing agricultural lenders; policy/management of financial institutions; interest rates and risk factors; and farmer responses to new government programs.

The program was organized by a subcommittee composed of David Leatham (Chairman), Warren Lee, and Charles Moss and consisted of outside speakers, subcommittee reports, and selected papers.

The Committee extends its appreciation to Ed Harshbarger of the Farm Credit Administration for assisting with local arrangements and to Lucy Radke for her assistance in preparing mailings, compiling this proceedings publication, and handling committee correspondence.

Cole Gustafson
1988 Chairman
NC-161 Research Committee

LIST OF PARTICIPANTS
1988 NC-161 ANNUAL MEETING

<u>Name</u>	<u>Institution/Agency</u>
Don Anderson	North Dakota State University
Tim Baker	Purdue University
Alan Barkema	Federal Reserve Bank, Kansas City
Charles Barnard	USDA, Economic Research Service
Peter Barry	University of Illinois
Dave Bieber	Farm Credit Bank of St. Louis
John Brake	Cornell University
Raj Chhikara	Iowa State University
Ralph Chite	Congressional Research Service
Charles L. Cramer	University of Missouri
Ken Erickson	USDA, Economic Research Service
Allen Featherstone	Kansas State University
Martin Fischer	Farm Credit Services, St. Paul
Gregory Gajewski	USDA, Economic Research Service
Cole Gustafson	North Dakota State University
Duane Hacklander	USDA, Economic Research Service
Steve Hanson	Michigan State University
Ed Harshbarger	Farm Credit Administration
Bill Herr	South Illinois University
Stephen Hiemstra	USDA, Economic Research Service
Merritt Hughes	USDA, Economic Research Service
Rob Innes	University of California-Davis
George Irwin	Farm Credit Administration
Steve Koenig	USDA, Economic Research Service
Eddy LaDue	Cornell University
David Leatham	Texas A&M University
Warren Lee	Ohio State University
David Lins	University of Illinois
Charles Moss	University of Florida
Ken Obrecht	Farm Credit Bank of St. Louis
Glenn Pederson	University of Minnesota
Greg Perry	Oregon State University
Bill Pettigrew	Farm Credit Funding Corporation
Roland Robinson	USDA, Cooperative State Research Service
John Rosine	Federal Reserve Board
Jim Ryan	USDA, Economic Research Service
Jerry Stam	USDA, Economic Research Service
Calum Turvey	University of Guelph, Canada
Andrew Vanvig	University of Wyoming
Nick Walraven	Federal Reserve Board