

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
<a href="http://ageconsearch.umn.edu">http://ageconsearch.umn.edu</a>
<a href="mailto:aesearch@umn.edu">aesearch@umn.edu</a>

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** 

St. Louis, Missouri October 2-3, 1989

Department of Agricultural Economics
Texas A&M University
College Station, Texas 77843-2124

May 1990

#### PREFACE

Papers contained in this publication were presented at the annual meeting of the Regional Research Project NC-161, "Financing Agriculture in a Changing Environment: Macro, Market, Policy and Management Issues," in St. Louis Missouri, October 1989. The program for the seminar was arranged by a subcommittee composed of Greg Hanson (Chair), Warren Lee, and Alan Barkema. The papers represent topics which contribute to and which are part of on-going research activities of participating universities and agencies. The meeting addressed topics such as competitiveness and growth of agricultural lenders, commercial bank financing in the 1990s, the legislative agenda, trends and innovations in agribusiness finance, GATT and trade issues, and management issues in agricultural finance.

The committee acknowledges and extends its appreciation to the Farm Credit Bank of St. Louis for hosting the meeting at its St. Louis facility, the Farm Foundation for funding the travel of several outside speakers, the committee's administrative advisor, Donald Anderson, North Dakota State University, the program planning committee, and Karen Earhart for preparing this manuscript for publication.

David J. Leatham 1989 Chair NC-161 Research Committee

### **TABLE OF CONTENTS**

AGRICULTURAL LENDERS: COMPETITIVENESS AND GROWTH	
"The Farm Credit System's Structural Change and Competitiveness"	. 1
C.T. Fredrickson	
"Strategic Marketing Issues Within the Farm Credit System and Sixth Farm Credit District"	. 4
Chris Gaia	
"Farmer Mac-Status and Emerging Issues"	12
Henry D. Edelman	
"Revitalization in the 1990's: Money and the Farm Credit System"	27
Eric P. Thor	
THE LEGISLATIVE AGENDA	
"Rurban Development-Radical Perspectives on a Perennial Problem"	37
Graham S. Toft	
AGRIBUSINESS FINANCE: SOME TRENDS AND INNOVATIONS	
"A John Deere Perspective on Financing"	44
Fred Midkiff	
"Case Credit"	46
Phil W. Cote	
GATT AND TRADE ISSUES: COMMODITY BASED ANALYSIS	
"Agriculture in the GATT Trade Negotiations: Implications for U.S. Agriculture"	50
Fred H. Sanderson	
COMMERCIAL BANK FINANCING IN THE 1990'S	
"Challenges Ahead for Agriculture Bankers"	59
Murry D. Luil	

Effects of Management Decisions on Agricultural Bank Failures 6	32
Michael T. Belongia and R. Alton Gilbert	
TOWARDS FARM ACCRUAL ACCOUNTING (AND OTHER ISSUES)	
"The Extent of Recordkeeping by U.S. Farmers and Ranchers"	'5
James Johnson and David Banker, and Mitchell Morehart	
"The Farm Financial Standards Task Force"	4
Eddy L. LaDue	
"Report of the National Commission on Agricultural Finance" 88	8
John R. Brake	
OTHER FINANCE ISSUES	
"Farm Real Estate Lending by Commercial Banks"	3
Paul N. Ellinger and Peter J. Barry	
"Geographical Lending Diversification: An Analysis of Regional Agricultural Asset Returns and Risk"	2
Dale Jeschke, Gary D. Schnitkey, Warren F. Lee	
"Depreciation of Durable Assets: A Reconciliation Between Hypotheses"	1
Gregory M. Perry and J. David Glyer	
"Interactions Among Federal Crop Insurance, Disaster Payment, and FmHA Disaster Loan Programs"	3
Paul Hughes and Dave Lins	
LIST OF PARTICIPANTS 165	5

# NC-161 Meeting Participants Financing Agriculture in a Changing Environment Farm Credit Bank of St. Louis October 2-3, 1989

Don Anderson

North Dakota State University

Tim Baker

**Purdue University** 

David Banker

**ERS-USDA** 

Alan Barkema

Federal Reserve Bank of Kansas City

Peter Barry

University of Illinois

Michael Belongia

Federal Reserve Bank of St. Louis

**Dave Bieber** 

Farm Credit Bank of St. Louis

Curt Billhymer

Farm Credit Bank of St. Louis

John Brake

**Cornell University** 

Raj Chhikara

iowa State University

Nancy Corjilia

Farmer Mac

**Phil Cote** 

J.I. Case Credit Corp.

Henry Edelman

Farmer Mac

Paul Ellinger

University of Illinois

Dale Ellsworth

Equitable Agri-Business, Inc.

Kenneth Erickson

**USDA Economic Research Service** 

Allen Featherstone

Kansas State University

Martin Fischer

FCB of St. Paul

Terry Fredrickson

Farm Credit Bank of St. Louis

Chris Gaia

Farm Credit Bank of St. Louis

Mary Goeke

Farm Credit Bank of St. Louis

R. Alton Gilbert

Federal Reserve Bank of St. Louis

Steve Guebert

Farm Credit Administration

Cole Gustafson

North Dakota State University

Greg Hanson USDA Economic Research Service

Steve Hanson Michigan State University

Ed Harshbarger Farm Credit Administration

Bill Herr Southern Illinois University

Morris Huelskoetter Farm Credit Bank of St. Louis

Robert Jolly Iowa State University

Bruce Jones University of Wisconsin

Jeff Karrenbrock Federal Reserve Bank of St. Louis

Jeanne Kling Farm Credit System Assistance Board

Ed Ladue Cornell University

David Leatham Texas A&M University

Warren Lee Ohio State University

Chuck Lilgendahl Monsanto Agriculture

David Lins University of Illinois

Murray Luli ABA Ag Bankers

Becky March Farm Credit Bank of St. Louis

Ross McDowell Deere Credit, Inc.

Mike Mazzocco Texas A&M University

Emil Melichar Federal Reserve Board Retiree

William Meyers lowa State University

Fred Midkiff Deere Credit, Inc.

Charles Moss University of Florida

James Nielson Battelle Research

Ken Obrecht Farm Credit Bank of St. Louis

John O'Day Farm Credit Bank of St. Louis

Don Osburn University of Missouri

Greg Perry Oregon State University

Glenn Pederson University of Minnesota