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NEARLY 300 ILLINOIS BANKERS participated in a "meaty" two-day conference held at the University of Illinois this week.

Farm finance was the central theme of the first day's sessions; bank management moved into the spotlight the second day. The agricultural sessions were highlighted by visits to two farms on which young families have recently become established, a searching talk on the farm outlook by Professor L. J. Norton and an address at the evening banquet by George D. Aiken, U. S. Senator from Vermont and Chairman of the Senate Committee on Agriculture.

Financing beginning farmers is possibly the most challenging area of service confronting country bankers. No doubt this accounts for the keen interest displayed in the financing arrangements developed by the youthful operators of the farms that were visited.

"Only one-half to two-thirds of the boys growing up on farms can expect to become established as farmers," according to Professor Franklin J. Reiss of the University staff. The remainder must move into non-farm employment. The selection is influenced very largely by land owners and financing institutions.

Since many young men must start farming as tenants, the landlord's selection of a tenant may determine who becomes a farmer and who does not. Similarly, country bankers' selection of "worthy credit risks" may be the deciding factor as to who obtains the necessary operating capital and, hence, who will be operating the farms in a community in the future.

Professor Reiss, who is making a study of how young men get started in farming, stated that "many boys are too conservative" in their financial planning; that is, they do not borrow enough.

This ties in with Farm Management Specialist Claar's observation that "businesses must have adequate size" if they are to have debt-paying capacity. Young farmers must have the use of a large stock of capital.

A recent study of men 32 years old who had become established in farming revealed that they had an average investment of $10,000 in operating capital. Classmates of these young men who are not farming had an average investment in facilities and equipment used in their jobs of only $800. This is indicative of the tremendous pressure on young farmers to accumulate capital since the capital used in agriculture typically is provided largely by the farm operator.

HIGHLIGHTS OF THE OUTLOOK, as presented by Professor Norton, were generally on the mildly optimistic side. He looks "for a rather steady level of cattle prices," and suggested that "we are approaching the low in hog prices" and that "we can assume a fairly stable level of hog prices for the next 12 months," unless there is a further substantial increase in number of hogs raised.

A harvest-time price for corn in the northern three-fifths of the state was forecast at "around the $1.40 level with a seasonal rise to the $1.50-$1.60 level." While it may be necessary to pull corn out of Government storage and this would seem to push prices up to about the $1.80 level, this development may "be a long time off" and may well be modified by CCC selling policies.

The larger soybean crop will sell at prices "which average lower" than for the 1953 crop. The current market would seem to be about at the harvest low, and a moderate rise in prices of oil and meal probably will "make it pay to store soybeans." But there is nothing in sight to "make soybeans sell as high as they did from March to September" of this year.

SENATOR Aiken reviewed briefly the many types of agricultural legislation which have commanded the attention of Congress in recent years and stated that the controlling objective has been to formulate "long range programs" which will work in a period of peacetime demands. Soil conservation, watershed development, research and education, improvement of credit facilities, extension of social security to farmers and programs to increase exports were all mentioned as areas in which progress has been made and where there was substantial agreement.

In the price support area, however, there have been sharp differences of opinion, not as to whether supports should be provided but as to the role which Government should play in determining prices for individual commodities. The Senator stated that he "cannot conceive of any general farm program of the future not carrying provisions for price supports for farm commodities" but that "the difference between a flexible support program and a rigid support program represents philosophies of Government which are far apart."

Wheat and dairy products were described as presenting the most serious problems for the near future with wheat possibly being the most difficult one to handle.

The role of improved technology and of new capital investment in agriculture was highlighted by his statement that "investment has taken the place of the hired hand and, in many instances, the banker has displaced the employment office."

Research Department