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1993 Conference Wrap-Up

by Patrick Dalton

The following articles summarize the addresses given by Rep. Charles Stenholm (D-Texas), and Undersecretary of Agriculture for Small Commodities and Rural Development, Bob Nash, at the 1993 ABA Agricultural Bankers Conference in Dallas.

Charles Stenholm

Help Congress make the right decisions on the upcoming Department of Agriculture reorganization and other policy issues, Rep. Charles Stenholm (D-Texas) urged ABA ag bankers at their convention in Dallas.

Stenholm, chairman of House Agriculture's USDA Operations and Nutrition Subcommittee, encouraged bankers to participate in his field hearings on how to consolidate the USDA's local offices.

"We're taking a 1930s-style agency and converting it into a next-century agency," he said. "We must do it with less money and better service, and we must do it in a positive, progressive and opportunistic way."

Stenholm also stressed that bankers must formulate a game plan on ag lending and rural development issues, and form coalitions to achieve their goals.

Unless they get serious and take those steps, he said, "we're going to lose and we're going to lose big time."

It requires "218 votes of common sense" to pass a good bill in the House, and edu-

cation is the key, Stenholm said.

Of the 46 House Agriculture Committee members, 21 are freshman, he explained, but only two of those freshmen have a basic agricultural background.

Ag bankers must educate House members on ag issues, if they expect them to cast intelligent votes.

"If you don't educate us, who will?" the seven-term Congressman asked.

ABA is doing a "pretty darn good job [on education]," he said. "You've just got to do it better."

Bob Nash

Because of its upcoming reorganization, the U.S. Department of Agriculture will depend more on the private sector to help provide local financial services.

"We will be turning to you [banks] as partners in the delivery of agriculture and rural-development services," said Bob Nash, undersecretary of Agriculture for small commodities and rural development, at the ABA Agricultural Bankers Conference in Dallas.

Nash stressed the Clinton Administration's concern with rural development: average earnings in rural America dropped from \$18,732 in 1979 to \$17,791 in 1990; 16.8 percent of the rural population is classified as poor; and more than half of the country's 2,300 rural counties lost population in the 1980s.

Access to capital and credit is essential to the development of rural America, he said. "What we have to do ... at USDA – as it relates to you as financiers – is to look to opportunities in the secondary market, to pursue programs like the Certified Lenders Program [and] to look at reforms in the major programs like the Crop Insurance Program," Nash said.

USDA has no interest in being a general-purpose agricultural lender, he added. The USDA's role should be "to provide help for those smaller family farmers [and] operators who might be socially disadvantaged – our beginning farmers, our minority farmers – who lack access ... at the commercial credit window" because of rules and regulations.

Patrick Dalton is a reporter for the ABA Bankers Weekly newspaper.

1993 National Agricultural Bankers Conference

Banker Opinion Results

Please indicate the area of the nation where your bank is located:

6%	Southeast	22%	Southwest	2%	Mid-Atlantic	5%	West
48%	Midwest	3%	Northwest	12%	North Central	2%	Other

What is the biggest issue facing agricultural banking in 1994? Percentages indicate which issue the bankers listed as the most important issue by marking it #1.

16%	Rural Development	2%	Ag. Secondary Market
12%	Competition	5%	Government Payments
2%	FmHA Regulations	13%	Loan Volume
2%	Real Estate Appraisals	.5%	FDIC Premiums
43%	Bank Regulatory Environment	5%	Other: _____

What is your outlook for the farm economy in 1994?

30% Better	44% Worse	4% Same	22% Not Sure
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Is there enough credit available in your area?

97% Yes	1% No	2% Not Sure
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Have you seen a change in the number of creditworthy borrowers in your area in the past year?

27% Increase	50% Decrease	21% Not Sure
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With new federal regulations on appraisals, do you have enough appraisers in your lending area?

47% Yes	50% No	3% Not Sure
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How will the new real estate appraisal requirements affect the costs of loans?

88% Higher	5% Lower	6% Not Sure
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If higher, how much will the appraisal cost add to a loan? (check one)

2%	under \$200	39%	\$200-\$500	23%	\$500-\$700
10%	\$700-\$900	13%	\$900-\$1,200	13%	more than \$1,200

Do you feel that there are adequate numbers of beginning farmers in your area?

24% Yes

74% No

2% Not Sure

Have environmental liability laws affected whether you will make a loan?

77% Yes

21% No

2% Not Sure

Has your bank had to pay clean-up costs on environmentally contaminated collateral/property?

17% Yes

80% No

3% Not Sure

Do you expect to have more customers during 1994 than you had in 1993?

56% More

27% Fewer

17% Not Sure

Now that the Farm Financial Standards are completed, do you expect your bank to adopt them and ask your customers to follow them?

47% Yes

33% No

20% Not Sure

Will the Farmers Home Administration's Certified Lender Program enable you to make more FmHA guaranteed farm loans?

27% Yes

57% No

16% Not Sure

What is the outlook for FmHA guaranteed loans at your bank in 1994?

47% More

30% Fewer

23% Not Sure

Have you seen an increase in delinquencies and past-due payments because of flooding or excessive moisture this year?

45% Increase

27% Decrease

28% Not Sure

How important is it for you to understand futures and options and other marketing strategies?

90% Important

6% Not Important

4% Not Sure