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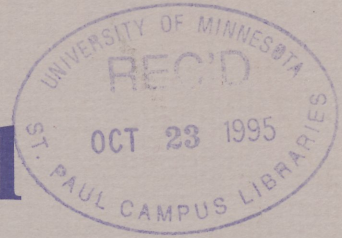
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American Bankers Association

Journal of Agricultural Lending



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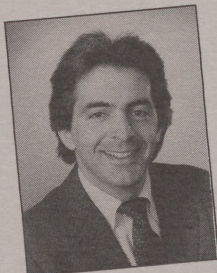
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Dear Subscriber,
"If you want a friend in Washington, buy a dog" has been attributed to FDR. Today, I believe this notion applies to agriculture as the 1995 Farm Bill is being created. All of the "experts" agree agriculture programs are going to take a hit. How much of a hit is still, at this point, up in the air. I've heard all kinds of numbers, but the one I have heard most frequently is \$13 billion over seven years. With the Farm Bill legislation lasting for five years, the cuts during this period will be in the neighborhood of \$8 billion. What's going to get cut? Just about everything. How will it be done? All of this remains to be seen.

"Back-loading" is a term I recently heard and it refers to phasing in farm program cuts unequally over time, with the smaller cuts in the first two or three years followed by larger cuts during the remaining years.

Other questions continue to nag policy and budget makers as the debate continues. What effect will farm program cuts have on farm real estate values? I've seen reports that minimize the effect and I have seen reports that are really scary. No one has the answer to this one, and won't until the fat lady is singing. How big will the CRP be after the current contracts expire? I've seen estimates that upwards to 20 million acres will be released from the program. How much of that land will be put back into production? How will farmers make up the lost income caused by program cuts?

The challenges facing agricultural lenders over the next five years will be many. There is going to be a greater burden placed on your shoulders to be an even greater source of information for your farm and ranch customers. Here at the *Journal* we're going to do everything we can to get you the detailed information you need as soon as we can get it.



John Sincerely,
John Blanchfield
Publisher



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