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What we learned in farm country

On January 2, we began a tour of farm country to meet with ag bankers, state association executives, congressional staff, legislators, federal officials and producers to ask a simple question – “What should new federal farm policy be?” Four months, 14 states, 19 sessions, over 900 participants, and 25,000 miles later, we are acutely aware that the problems faced in farm country will not be easily solved.

I and Robert Foubert, senior counsel for ag and rural banking, started out with a simple goal: go to farm country and give bankers and other stakeholders the opportunity to talk about what they think the next farm bill should look like. What was immediately apparent to us is how incredibly complicated it is to design an ag policy for a nation that has some of the most diverse agriculture in the world. Drought, foreign competition, changes in consumer habits, emerging technology, energy shortages, and incomprehensible government policies all conspire to make the business of financing agriculture one of the most challenging.

Of all the many policy options discussed, there was one primary consensus: the need to create a farm policy that is consistent and allows for some level of certainty, for the farmer and the bankers that finance them. For bankers, being able to work with their customers to predict early an outcome for the next operating cycle is at the heart of the matter. It is clear that the supplemental payments congress authorized in 2000 made the difference between their customers being able to make their scheduled payments and not having adequate cash flow. There was also a consensus that if economic conditions remain the same, there will be an urgent need for supplemental payments in 2001.

It is clear that bankers are very concerned about the long-term prospects for agriculture, and like their customers, are struggling with how the problems should be resolved. Many reminded us that while the federal payments have been high the last couple of years, nobody in farm country is getting rich off the money. It was pointed out repeatedly that the money went from farmers to suppliers, equipment dealers, clothing stores, and all of the other businesses that line Main Street.

Agriculture faces many challenges. Finding answers will take time. I am amazed by the ability of bankers to cope with a difficult situation and still be able to provide the credit American agriculture needs to get the job done.

John



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