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Farm Credit Luncheon

Max S. Baucus

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(1) Subject*: **The Farm Credit Luncheon**

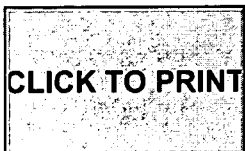
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(2) Subject* **none**

DOCUMENT DATE*: **04/16/1982**

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BAUCUS

REMARKS OF SENATOR MAX BAUCUS
BEFORE THE FARM CREDIT LUNCHEON
APRIL 16, 1982

THANK YOU FOR JOINING ME. I CALLED THIS MEETING ABOUT THE FARM CREDIT SITUATION FOR TWO REASONS, FIRST, TO LET YOU KNOW WHAT I AM DOING TO RELIEVE THIS PROBLEM AND, SECOND, TO SEEK YOUR VIEWS AS TO ADDITIONAL CORRECTIVE MEASURES.

IN THE PAST FEW WEEKS, MY OFFICE HAS BEEN RECEIVING A GROWING NUMBER OF CALLS FROM MONTANA FARMERS AND RANCHERS WHO ARE ON THE BRINK OF CALLING IT QUILTS.

FOR 18 MONTHS THE FED'S TIGHT MONEY POLICIES HAVE KEPT INTEREST RATES AT DOUBLE DIGIT LEVELS. LAST YEAR'S BUMPER CROP--AS WE ALL KNOW--SENT FARM PRICES DOWN. AND NOW, A LOT OF MONTANANS ARE FACING THE END OF THE LINE.

THEY CAN'T AFFORD TO GO DEEPER IN DEBT. THEY CAN'T AFFORD TO BORROW MORE MONEY.

I'M SURE WE'RE ALL HEARING THE SAME STORIES. ONE FARMER TOLD ME HE WAS GOING TO SELL HIS OPERATION--ONE THAT HAD BEEN IN THE FAMILY FOR 50 YEARS.

ANOTHER SAID HE IS BEING FORCED TO SELL OFF A LARGE PART OF HIS OPERATIONS TO MEET HIS LOAN PAYMENTS. IF HE CAN GET A GOOD PRICE FOR HIS LAND, HE MAY NOT BE ABLE TO GENERATE ENOUGH INCOME WITH WHAT HE HAS LEFT TO COVER HIS PAYMENTS.

ONE BEGINNING FARMER CALLED WITH SOME GOOD NEWS AND SOME BAD NEWS. THE GOOD NEWS WAS THAT HE GROSSED \$40,000 LAST YEAR. THE BAD NEWS WAS THAT HE HAD TO BORROW \$140,000 TO GET STARTED.

WHEN I RETURN TO WASHINGTON NEXT WEEK WE WILL BE ADDRESSING THE PROBLEMS OF THESE FARMERS AND RANCHERS. THE SENATE WILL BE VOTING ON THE HUDDLESTON FARM ECONOMY RESOLUTION. I CO-SPONSORED THE ORIGINAL VERSION OF SENATOR HUDDLESTON'S RESOLUTION--WHICH INCLUDED A PROVISION DIRECTING THE SECRETARY OF AGRICULTURE TO IMPOSE A MORATORIUM ON FmHA FORECLOSURES.

IN IT'S CURRENT FORM, THE RESOLUTION URGES THE SECRETARY TO IMPLEMENT LOAN REPAYMENT DEFERRALS AND FORECLOSURE MORATORIUMS WHEREVER PRACTICABLE.

TODAY I HOPE WE CAN ACCOMPLISH TWO THINGS. FIRST, I WANT YOUR ASSESSMENT OF JUST HOW BAD THE SITUATION IS, AND WHETHER THERE ARE SOME PARTICULAR TROUBLE SPOTS WE SHOULD WORRY ABOUT. LET ME SAY RIGHT UP FRONT--THE MORE SPECIFIC AND PRECISE YOU ARE IN ANALYSING THE SITUATION, THE MORE HELPFUL YOU'LL BE.

OBVIOUSLY, THE ROOT OF THE PROBLEM IS LOW FARM PRICES. WHAT SHOULD BE DONE TO HELP GET PRICES UP? I ALREADY SUPPORT SENATOR MELCHER'S BILL TO RAISE PRICE SUPPORT LEVELS. WHAT ELSE WOULD HELP?

WE'VE ALL HEARD THE STATISTICS ABOUT FARM INCOME, AND HOW IT'S GOING DOWN. IN THE LAST TWO YEARS FARM INCOME HAS DECLINED 39 PERCENT. THE FORECAST FOR 1982 IS ANOTHER 25 PERCENT DECLINE. THE LAST TIME WE EXPERIENCED THREE SUCH CONSECUTIVE YEARS OF DECLINE WAS DURING THE DEPRESSION OF THE 1930's.

THIRTY YEARS AGO FARM DEBT WAS ONLY \$12 BILLION. TODAY IT IS NEARLY \$200 BILLION--TRIPLE THE 1972 LEVEL.

I'M ON THE SENATE INTERNATIONAL TRADE SUBCOMMITTEE AND HAVE BEEN TRYING TO GET EXPORTS UP. I THINK WE'VE MADE SOME PROGRESS--BUT WE NEED TO KEEP THE PRESSURE ON THE JAPANESE AND THE EUROPEAN COMMUNITY. WHERE ELSE SHOULD WE DIRECT OUR EFFORTS?

THIS IS WHAT'S ON MY AGENDA.

I WOULD HOPE WE COULD BEGIN WITH YOUR ASSESSMENTS OF JUST HOW BAD THE CREDIT SITUATION IS.