



NEWS from U.S. Senator Bob Dole

(R.—Kans.)

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DOLE QUESTIONS FmHA FARM LOAN POLICY AND QUALIFICATIONS FOR STATE DIRECTORS

WASHINGTON, D.C. -- Senator Bob Dole today asked Secretary of Agriculture Bob Bergland to provide information on what USDA is doing to alleviate the "extreme shortage of loan funds for farm ownership loans" in Kansas. In a letter to Bergland, Dole said the FmHA has ceased processing farm ownership loan applications in Kansas and suggested USDA "take immediate action to correct the situation."

In a second letter to Bergland, Dole cited recent concern over qualifications of new FmHA State Directors and requested information on all State Directors appointed after June 1, 1977.

The texts of both letters follow:

The Farmers Home Administration in Kansas is experiencing an extreme shortage of loan funds for farm ownership loans. The shortage is so severe that in May of this year the Farmers Home Administration shutoff the processing of farm ownership loan applications in Kansas.

Reports indicated the Kansas Farmers Home Administration does not expect to start processing farm ownership loan applications again until October or November. I understand there are enough applications already processed to use all of the funds until the summer of 1978.

A potential home owner can receive a home loan for 100 percent of the cost in 30 days at 1 percent interest while a farmer has to wait one year to get a farm ownership loan for 40-60 percent of the total price at 5 percent interest. To me this situation is not acceptable and it particularly intolerable during a time of financial crunch for farmers.

Under the present procedures of not approving loans, farmers cannot even get their first mortgage loan from a private lender and obtain an interim loan from a bank to tide them over until Farmers Home Administration comes through with their funds. When land comes up for sale farmers cannot wait one year to commit themselves to buy it.

I believe this situation warrants your immediate attention and serious concern. The Department needs to take immediate action to correct the situation.

Please send me information about what the Department is doing to alleviate this situation and when the Kansas Farmers Home Administration will start processing farm ownership applications again. A prompt reply would be appreciated.

There are many new Farmers Home Administration State Directors being appointed. Rural America, Inc., in their newsletter of July 1977 entitled The RHA Reporter, expressed concern over the qualifications of new FmHA State Directors.

They stated, "We deplore what appears to be the current Administration trend of using State Directorships of FmHA to repay political debts.

Please send me the following information concerning all State Directors appointed after June 1, 1977:

- 1) Name, duty station and date of entry.
- 2) Qualifications.
- 3) GS grade level and step.
- 4) Justification for USDA employment as State Director.
- 5) Past political activity, positions held, and involvement.

I would appreciate receiving, in the future, the same information on all State Directors appointed until January 1, 1978. A prompt reply would be appreciated.

Therefore, I suggest when you seek a supplemental appropriation, which would be necessitated for P.L. 480 by the new farm bill, that you seriously consider financing commodity exports under the P.L. 480 and CCC credit programs in the following amounts for FY 78:

- (1) CCC credit -- \$1.5 billion worth of commodities, up from \$1 billion in FY 77.
- (2) P.L. 480, Title I and new Title III -- \$1 billion worth of commodities, up from \$800 million in FY 77.
- (3) P.L. 480, Title II -- \$565 million worth of commodities and ocean freight. This level, if used in conformance with the pricing provisions of the new farm bill, would provide 1.7 million tons thus assuring that the legislative minimum of 1.6 million tons would be shipped.

The two most effective tools at your disposal for stimulation of exports are these programs. These amounts for export assistance are certainly needed and will serve not only important U.S. export goals but other worthwhile program objectives such as increased assistance to developing countries in helping them meet their food import requirements.

DOLE LETTER TO SECRETARY OF THE TREASURY BLUMENTHAL-

In reviewing data on Export-Import Bank financing of U.S. exports, I find that between 1970 and 1976 resources to facilitate U.S. exports ranged from \$6 billion to almost \$10 billion annually. During this same period, credits for agricultural commodities, while a small proportion of the total, ranged from \$69 million to \$94.5 million. Farm commodities for which export credits were provided included cotton, tobacco, soybeans, tallow, and livestock.

In the past, the Eximbank has emphasized farm exports when warranted by the supply situation and competition in world markets.

Currently, and for the foreseeable future, farm exports need all the credit assistance possible in order to meet extremely keen competition in world markets and to alleviate near crisis conditions on many U.S. farms. What has been an extremely difficult marketing situation for wheat this year is now broadening into a similar situation for feed grains, cotton, and other commodities.

In view of the urgent need to stimulate farm exports in FY 78, I suggest that you review the Eximbank policy as it relates to agricultural exports. I understand that Eximbank has responded in a negative way to the request for cotton credits for Japan and that generally Eximbank credits to stimulate farm exports are being deemphasized. I believe that this is a mistake and is discriminatory concerning farm commodities.

The percentage of Eximbank resources devoted to agricultural exports has never been large. Reduction or elimination of meager assistance that has been made available is unwarranted in view of the current farm situation.

I suggest that instead of discontinuance of assistance to farm exports that Eximbank consider allocation of at least \$500 million in resources to stimulate farm exports in FY 78.