

News from Senator

# BOB DOLE



(R - Kansas)

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## DOLE SUPPORTS BACK-UP AID FOR FARM CREDIT SYSTEM

WATERLOO, IOWA -- Citing uncertainty whether the Farm Credit System will be able to meet lending demands next year, Senate Majority Leader Bob Dole (R-KS) today announced that he will support an advance appropriation for the troubled system if an infusion of federal funds is needed before spring.

"With the System's \$2.7 billion loss last year, and an anticipated \$2-3 billion of red ink this year, it's only common sense that we better have a cash reserve on hand if the Farm Credit System's coffers come up empty," Dole said. "Although current reserve levels appear to be adequate in the short term, the System faces a steady cash drain due to non-earning and high risk assets. I plan to meet with Treasury officials to determine just how much federal money might be needed to head off any possible credit shortfall."

In the waning days of last year's Congressional session, Majority Leader Dole brought to the floor and ensured passage of the Farm Credit Amendment Acts of 1985. The emergency legislation guaranteed the System would remain viable after reserves were drawn down and used for losses due to continued weakness in land prices and farmers ability to repay existing loans.

However, before such federal assistance is available, the Farm Credit Administration and the Secretary of the Treasury must both agree that the conditions specified in the Act are met and that financial assistance is truly needed. Congress must then appropriate the money before it could become available.

"Spring planting is the time when farmers really need a reliable and competitive credit source. It would be a shame if Congress failed to provide a cushion for the farm belt if the Farm Credit System can't pay out," Dole added.

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