

News from Senator

BOB DOLE



(R - Kansas)

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DOLE INITIATES REVIEW OF FARM CREDIT SITUATION

WASHINGTON -- SENATE MAJORITY LEADER BOB DOLE, R-KAN., TODAY MET WITH A TOP OFFICIAL OF THE FARM CREDIT ADMINISTRATION (FCA) TO REVIEW THE DETERIORATING CONDITION OF THE NATION'S COOPERATIVE FARM CREDIT SYSTEM (FCS) AND RURAL FINANCING STRUCTURE.

After an hour-long meeting with FCA Deputy Governor Marvin Duncan, Dole said, "There is no doubt in my mind that the farm credit system is in need of a major overhaul and possible restructuring."

Dole said that "poor quality land loans in the FCS portfolio may total \$25 billion. Combined with similar lending by private commercial banks and the Farmers Home Administration, we could be looking at up to \$50 billion in non-performing loans over the next year or two."

Dole said he would prefer to address the farm credit problem in its own right, rather than under the provisions of the 1985 farm bill, which will be pending when Congress returns from the August recess. "We should not try to solve credit and lending problems through the farm program, and vice versa," the Kansas Republican said. "We need to finish considering the farm bill and get it behind us in order to be able to properly address the credit issue."

But Dole added, "I see no reason to wait for things to get worse. I will be writing Senator Helms, Chairman of the Senate Agriculture Committee, to request that the full committee hold oversight hearings on the farm credit system as soon as the necessary assessment is completed by the FCA. It is my hope that we can get into the heart of the problem by the end of September, and come up with a legislative response before Congress adjourns this year."

Duncan, the FCA's second in command, told Dole that, while the farm credit system does not face immediate insolvency, enough of its member districts are experiencing difficulties that some remedial action will be needed within the next 6 to 12 months.