

News from Senator

BOB DOLE



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DOLE: FCS LEGISLATION DESIGNED TO AID FARMERS

Washington, DC -- Kansas Sen. Bob Dole said emergency legislation passed by the Senate last night to restructure the Farm Credit System (FCS) was designed to aid farmers and shore up the ailing multi-billion dollar lending institution.

Sen. Dole said while the primary objective of the FCS legislation is to tighten regulation of the system, it was developed with an eye on the plight of farmers. The measure, passed by a 57 to 34 margin, "gives the FCS the tools it needs to fix itself without an immediate and massive infusion of taxpayer funds, while offering substantial benefits to farmers," according to Dole.

"In my view," said Dole, "the farmers are the real beneficiaries of this action. Most importantly, we have taken steps to ensure that farmers will continue to have access to a dependable source of credit at an affordable cost for years to come.

"In addition, viable farm loans will be restructured so that foreclosures and liquidations are minimized. The pooling of FCS resources will provide associations and banks the necessary funds to work with troubled borrowers in avoiding foreclosures.

"Land values can be stabilized as restructured loans based on current economic value will, in effect, place a realistic floor on the price of agricultural real estate.

"And finally, pressure to raise interest rates will be reduced as troubled associations and banks are able to remove certain loans from their portfolios, decreasing the cost of funds to the system in the bond market as investor confidence is restored. This alone could save farmers hundreds of millions of dollars in interest payments next year," said Dole.

The legislation would tighten regulation of the system to bring it into line with commercial lending institutions; allow the FCS to move assets around the system more quickly in order to prop up its weaker areas; and, if necessary, give the Treasury Secretary authority to provide capital at levels he deems desirable to prevent a collapse of the FCS.

The House is expected to produce a similar package of legislation for the FCS. A conference will be required to reconcile the two legislative versions before final passage can occur.