



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

Proceedings of
Regional Research Committee NC-161

FINANCING AGRICULTURE IN A CHANGING
ENVIRONMENT: MACRO, MARKET,
POLICY AND MANAGEMENT ISSUES

St. Paul, Minnesota
October 7-8, 1986



**DEPARTMENT OF
AGRIBUSINESS ECONOMICS**

**Southern Illinois University at Carbondale
Carbondale, Illinois 62901**

Proceedings of
Regional Research Committee NC-161

FINANCING AGRICULTURE IN A CHANGING
ENVIRONMENT: MACRO, MARKET,
POLICY AND MANAGEMENT ISSUES

St. Paul, Minnesota
October 7-8, 1986

Department of Agribusiness Economics
Southern Illinois University at Carbondale
Carbondale, IL 62901

January 1987

TABLE OF CONTENTS

	Page
Preface: Financial Decisions of Farm Firms	i
William Herr	
FINANCIAL DECISIONS OF FARM FIRMS	
"Liquidity Management Under Uncertainty: Theoretical Foundations and Empirical Tests"	1
Raj Chhikara	
"Farm Portfolio Adjustments to the Elimination of U.S. Target and Support Price Provisions"	23
Allen Feathersone and Timothy G. Baker	
"The Interaction of Investment and Financing Decisions and the Demand for Farmland"	54
John R. Fiske	
"Machinery Investment Decisions by Cash Grain Farmers in Illinois" . .	74
Cole R. Gustafson, Peter J. Barry, and Steven T. Sonka	
STRUCTURE OF AGRICULTURAL BANKING	
"Commercial Bank Lending to Agriculture: A Comparison of Rural Independent Banks and Holding Company Subsidiaries"	104
Michael T. Belongia and R. Alton Gilbert	
"Agricultural Lending and Bank Closures in the First Half of 1986: A Logit Regression Model"	116
Gregory Gajewski	
"Commercial Banks' Incentives for Disinvestment in Agriculture" . . .	142
Dean W. Hughes and Nancy K. Osborn	
RISK MANAGEMENT BY AGRICULTURAL LENDERS	
"Optimal Risk Sharing Among Farm Credit Districts: A Preliminary Analysis"	157
Robert A. Collins and Peter J. Barry	
"Interest Margin and Agricultural Bank Performance: A Preliminary Analysis"	163
Glenn D. Pederson, Champak P. Pokharel and Ranal C. Coon	
"Optimal Equity Recovery for a Cooperative Financial Institution" . .	183
Loren Tauer and Alfons Weersink	

OTHER MANAGEMENT ISSUES OF AGRICULTURAL LENDERS

"An Improved Scoring Function for the St. Paul Bank for Cooperatives" 196
Martin L. Fischer and Karen Moore

"Financial Health of U.S. Farm Businesses: A Region, Type and Size Analysis" 217
Allan E. Lines and Mitchell Morehart

"Analysis of the Production Efficiency of Farmers Home Administration Borrowers in Southern Illinois" 242
Seyed Mehdian, William McD. Herr, Phil Eberle and Richard Grabowski

"Loan Servicing Model for the Farm Credit Banks of St. Louis" 254
Alan W. Pieper

List of Participants, 1986 MC-161 Annual Meeting 261