

## Introduction

(Written Statement)

*Glen R. Smith*

Chairman Roberts, Ranking Member Stabenow, and Members of the committee, my name is Glen R. Smith of Atlantic, Iowa. This past September, President Trump nominated me to serve on the board of the Farm Credit Administration. I am humbled by the honor of this nomination, but also sobered by the huge responsibility, if confirmed, of having a role in ensuring that American agriculture continues to have a source for reliable, secure credit. I felt it was important for most of my immediate family to be here to witness and experience the magnitude of that responsibility.

### ( Introduction of Family )

As an active farmer, ag-businessman and even dating back to my Ag-Finance class days at Iowa State University, I have understood the important role of the Farm Credit Administration in setting policy, examining and regulating our nation's largest agricultural lender, the Farm Credit System. I also understand that the health of American agriculture is critically dependent upon a healthy, viable Farm Credit System.

What I would hope to bring to the board is a keen sense of agricultural cycles throughout modern history (economic booms and busts) and the challenges those cycles place on dependable, safe sources of credit. In my lifetime, I have lived through the boom 70's and struggled to survive in the mid to late 80's, only to prosper exponentially in the last 20 plus years. With the alarmingly advanced average age of the American farmer, we cannot afford to lose a generation of agriculturalists like we did in the 80's. Farm Credit can play a key role in supporting young farmers like my son who is 27 or my daughter and son-in-law who are in their early 30's, both of whom are just entering the growth, risk-prone stage of their production agriculture careers.

As a life-long agriculturalist, I have always considered myself to be an optimist. However, I do have to confess that I am very concerned about the current agricultural outlook, particularly with younger, risk-prone producers. Land is typically the dominate asset on a farmer's balance sheet. In the Midwest, we've already seen a 15-20% erosion in land values over the last several years. A further 15-20% erosion in land values is not out of the realm of possibility, which would

throw financial ratios into a danger category. The economic prosperity enjoyed 2006-2013 has contributed to spending habits in the farming community that may no longer be supportable. Low interest rates have camouflaged the difficulty in paying back principle with after tax dollars on high price machinery and land. Given the highly capitalized nature of agriculture, an uptick of only a few percentage points in interest rates would significantly and negatively impact farm net operating income. We're a long ways from crisis management as experienced in the 80's; however, out of love for this wonderful industry, I would be a strong advocate for caution within the Farm Credit System.

Being selected as a board member to the Farm Credit Administration would represent one of the greatest challenges of my life, but also potentially, one of the most rewarding. I feel I would be a reliable, honest representation of American agriculture and have a vision for its future that has defined my own life. My wife and I feel the time is right in our lives for a transition from the private sector to public service. We are financially secure and our four grown children have all graduated from state universities. Our youngest son has been actively involved in our farm operation and businesses for several years and is well prepared to assume leadership responsibilities as I plan to resign from those entities.

It won't be an easy transition, moving away from the land and community that has defined our life's work and love. Hopefully, our positive contribution to public service can offset that severance. Again, I thank you for considering me for this tremendous opportunity, and look forward to answering your questions.