SUPPORTING LOCAL FARMERS

What is a Public Bank?

A public bank is “a bank owned by the people through their representative government and operated in public interest.”[1] The government deposits a portion of its revenues into the bank, rather than into out-of-state commercial banks. The bank then provides more flexible credit to individuals, entities, and projects that help the local economy and who otherwise might not get assistance from traditional lenders.

Public Banks in the United States and Farms [2]

The nation’s premier public bank, the Bank of North Dakota, was founded in 1919 by small farmers to ensure they had access to credit when out-of-state lenders failed to support them. The Bank of North Dakota still thrives today. Though it has expanded its operations, the Bank still abides by its initial founding mission — to support and sustain a thriving agricultural industry.

Farming in Massachusetts.

There are 7,241 farms across the Commonwealth on 491,653 acres of land. 95% of Massachusetts’ farms are small and nearly 80% are family or individually owned.[3] However, the number of farms in the Commonwealth has recently declined by 6.6%.[4] This is partly due to inadequate access to credit.[5] Currently, loans that farmers receive have short repayment windows and high interest rates.

FARM FINANCING IN MASSACHUSETTS

Farmers rely on loans and credit to buy or refinance land and to pay for operational expenses such as equipment, seeds and pesticides. At this moment, there are limited financing options in the Commonwealth, which can threaten farmers' survival.

Commercial banks’ loan servicing practices prevent them from issuing loans. Consequently, farmers primarily rely on Farm Credit East (“FCE”) to obtain credit and, as a result, farmers are subject to FCE’s terms— often resulting in short loan repayment periods and higher interest rates.

A PUBLIC BANK COULD SUPPORT OUR FARMERS

Like the Bank of North Dakota, a public bank in the Commonwealth would **expand farmer’s access to credit** by providing **long-term, low-interest credit options**, either directly or through participatory loans with private banks. Credit can be used to **buy land** or cover **operational expenses**.

The public bank would establish a multitude of lending programs to support farmers in the Commonwealth[6] and would grant the Commonwealth the ability to respond to **new challenges** posed by changing circumstances.[7]