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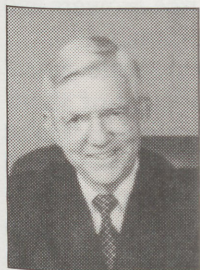
by Charles M. Lewis

This installment of the *Trail* starts above the ground in the air approaching the Sacramento, Calif., airport. Looking down from the plane, it appears that the airport is located in the middle of a giant field of rice. At this time of year, the rice fields are dormant and some paddies are flooded and some show rice stubble. Some of the stubble has been burned.

Leaving the airport, I traveled north on highway 99 toward Yuba City. Generally, along this part of the trail, it's rice to the left, or west, and prunes to the right. Of course, I was curious about the 1998 prune crop. Consequently, I determined that the best place to get the answer on prune production results would be the Feather River State Bank.

I located Leo Speth, vice president and manager of the bank's Farmer Mac department. This department is located in a building separated from the principle bank building. Leo's efforts are supported by a local staff including Daljit Bains and Robin Burrow. In addition, Leo has a loan production office 100 miles to the south in the San Joaquin Valley at Madera, and this office is manned by Abbey Barakzai. This remote office provides access to a type of farming area that is somewhat different from that in the Yuba City area. Specifically, the Madera area includes some vineyards. Grapes were profitable this year, which was a contrast to the fruit and nut crops in the area.

Daljit Bains deserves special mention because he was on loan to Farmer Mac for a month just after the "cash



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window" was opened and a huge increase in workload took place.

"By working at the Farmer Mac office in Washington, D.C., we have created an excellent working relationship with the staff," Daljit explained. "I have learned the many aspects of the approval and secondary market processes. Furthermore, by experiencing a hands-on approach to the Farmer Mac office, I have gained additional skills which will improve my ability to package agricultural loans. This, in turn, will allow us to offer competitive fixed rates and efficient loan processing to farmers."

During his stay in Washington, Daljit had the opportunity to visit most of the historic sights. "Personally, this visit to Washington has increased my awareness of our country's history and our future. By seeing the commitments that our forefathers made, one begins to appreciate how our country developed into one of the best nations in the world today," he commented.

As I visited with Leo and Daljit, I learned that 1998 had not been a good year for producers in the Sacramento Valley. Prunes are the leading crop in the Yuba City area, and to put it simply, they were a disaster because of a shortfall in both yield and quality. The poor quality, some of which was caused by a scale infestation, prevented any price spike in response to the short crop. Some growers who were seriously impacted have received FSA guaranteed loans. The bank has sold the guaranteed portion of these loans to Farmer Mac.

Peaches were also adversely impacted as the crop was light, but the problem was compounded by selling to marketing co-ops that were financially stressed. As a result, the deliv-

ery advances were significantly below normal.

Now, understand that Leo and Daljit are "upbeat" kinds of people, so it was quite a shock to see them depressed about 1998 permanent planting production results. They do believe that, for the most part, their borrowers have sufficient financial strength to withstand the shock. Both of these lenders say that they can now understand the problems of midwestern corn and soybean lenders. These two no longer consider themselves isolated from the problems of surplus production and fluctuating prices experienced in the Cornbelt.

But there is good news. Rice, their only "program" crop, did well. Yields were somewhat mixed, but some growers got 90 sacks (100 lbs. each) to the acre and most yields clustered around 80 sacks per acre. In addition to rice's inclusion in the Freedom to Farm legislation, it has also been the beneficiary of some remarkable research. Much of this was accomplished at the Rice Research Station located in Biggs, Calif., and is supported by rice growers and the University of California.

The most significant achievement has been the development of short-strawed varieties. This eliminates most of the straw lodging that caused yield losses and difficult harvesting conditions. Shortening rice stature was a matter of shortening the internodes but retaining the number of nodes so that the number of leaves extending from each node equaled the number of leaves produced by the old long-straw varieties. As a result, the new short-statured rice varieties retained the amount of leaf surface on each plant.

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