

**Senate Committee on Agriculture, Nutrition and Forestry  
Field Hearing  
Clinton Presidential Library  
Little Rock, Arkansas  
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Each year brings challenges for the farmers of Southeast Arkansas – and for their lenders. The variable factors in modern agriculture are numerous – weather, market prices, input costs, equipment prices, federal policies, international treaties. In farming communities, weather is always a topic of conversation, but in 2009 in the mid-South, weather conditions have affected more than coffee shop talk – weather has affected the bottom line of every producer.

The spring of 2009 brought unusually heavy rains which flooded young crops and caused expensive replanting, particularly of soybeans. The summer of the year also brought unusually heavy rains which generally were helpful in reducing irrigation costs. But the torrential rains during harvest, particularly during October, damaged crop yields and crop qualities to disastrous extent. Statewide rainfall measurements are nearly 30 inches above the normal averages, and some localized measurements exceed those numbers. Fields which drain poorly were the first to suffer, even in spring planting. The volume of rain at harvest harmed all fields, even those that drain well, and those near swollen waterways were completely submerged and may be complete loss.

All crops produced locally – cotton, rice, soybeans and corn – have suffered. The rice and early variety soybeans harvested in September brought good yields and qualities, but the rains of October made it virtually impossible to harvest in a timely manner. Not only was the rain in large volume, but it came nearly every day, saturating the ground and drenching the harvest ready crops. Late rice went down and experienced sprouting, corn lost quality and yield in the damp conditions, cotton yields were off by at least one-third, and Group IV soybeans yields ranged from 20 to 90 percent loss. The only noteworthy exception to this devastation was the Group V soybeans which have had average to good yields overall. The harvest of all crops is now virtually complete.

Every farming entity which we finance has experienced damage. For some, it means a break-even year where large yields and higher than average commodity prices were anticipated. For many, it means uncertainty about going forward, and those operations with higher debt, either from equipment financing or past carryovers, will struggle most. Unfortunately, many of our younger farmers are in this category. For a few, it will mean failure.

In discussing the crop and surrounding conditions with farmers and lenders across Southeast Arkansas, I have heard many different issues raised. Some made use of the crop insurance

program, but most believe that southern crops – cotton and rice – are not benefited by existing insurance programs. Nearly all are willing to participate if these fairness issues can be addressed going forward. Talk of a disaster payment tied to insurance enrollment is unpopular, even with those who bought coverage, because it ties emergency assistance to a requirement which was not made known at planting. Low interest loan programs have appeal to younger farmers with higher equipment debts or to those with thin equity in the operation. Of greatest appeal to most farmers and lenders alike would be a second full direct payment – it is perceived as fair to all producers, easily administered, quickly received.

Farm Service Agency is an important partner to the bank which I serve and to most banks in our area of Arkansas. Whether it is for current year crop production, equipment purchase or structured repayment of crop failures, the guarantees offered by FSA are critical to the survival of the producers and the security of the lenders. The payment programs disbursed through FSA are likewise critical to every-year operations in our area. The importance of these functions points to the need for these programs to be administered efficiently. I would appeal to you to insure that FSA offices are staffed adequately to handle the volume of work, and that these offices are staffed by personnel who have been adequately trained and equipped to administer the various programs. I would also appeal to you for accountability in timely performance, whether for disbursement of an emergency payment or for routine review and approval of guaranteed loan applications.

Regardless of political affiliation, most farmers and lenders in our area understand that agriculture is a complex industry which is influenced by far more than local weather conditions. Nonetheless, when nature destroys a crop as it did this fall, a reasonable emergency response is needed from our government. Please do all that you can to craft programs to help our beleaguered farmers and their lenders recover from the losses of 2009.