

Farm economy benefits from low interest rates

By CAROL RYAN DUMAS
Capital Press

Efforts to stimulate the U.S. economy during the COVID-19 pandemic pushed interest rates to record lows in 2020. Annualized rates on non-real estate farm loans were 3.7%, beating out the previous annualized low of 3.8% in 2014.

In the last quarter of 2020 interest rates dipped to 3.1%. In the first quarter of 2021, they turned up a little bit but were still historically low, said David Widmar, co-founder of Agricultural Economic Insights.

The last few years have seen a positive farm economy pushing interest rates lower, he said.

"There's a lot of uncertainty in the macro economy, but it's largely positive," he said.

Low interest rates have benefited the farm economy for nearly a decade, he said.

"The most obvious way people think about low interest rates is it costs less to borrow money," he said.

Low interest rates with longer repayment terms made the cost of servicing debt historically low in 2020, he said.

Low interest rates also impact the farm economy by increasing the value of capital investments such as farmland.

"Lower interest rates prop up those asset values," he said.

When interest rates are low, buyers are willing to pay more for a certain asset. For example, investors will pay more for an asset at a 1% interest rate than they will at a 10% interest rate, he said.

Farm profits and lower

interest rates make purchases of farmland more attractive. As long as lower interest rates continue, farmland values will continue to increase. That creates a lot of enthusiasm, he said.

Two things to keep an eye on are interest rates and farm profits, he said.

Farmers' costs of borrowing money got lower in 2020 due to a combination of low interest rates and higher profitability, which improved the creditworthiness of the farm economy, he said.

"Looking ahead, it's important to watch what's going on at the Federal Reserve," he said.

The agency has been saying it doesn't expect to increase interest rates until 2022 with sort of a gradual increase over the next few years, he said.

But given the current low interest rate, any adjustment could be substantial — for example, a return to 5% would be a big shock, he said.

The economy is leaving the uncharted territory of the pandemic to a new unknown — no one's sure what's ahead for economic growth, unemployment and inflation, he said.

If it's a sluggish economy, interest rates might not rise as fast as the Federal Reserve expects. On the other hand, if the economy recovers quicker and stronger than expected, the Federal Reserve could raise interest rates sooner than 2022, he said.

He likens the economy to a car on a road that's uphill or downhill, straight or curvy. The Federal Reserve either gives it gas or stimulus to keep it accelerating or applies the brakes to slow things down and keep them safe, he said.



Drought top concern for new Idaho Wheat Commission chairman

By MATTHEW WEAVER
Capital Press

The new chairman of the Idaho Wheat Commission looks ahead to lower yields as dry weather continues to grip the region.

"Yields are expected to be down most every where," said Rockland Valley farmer Cory Kress. "That's probably going to put a strain on a lot of farmers financially. It weighs on everybody mentally, probably as bad as the financial aspect of it."

The drought emphasizes the importance of a strong crop insurance program as the industry begins discussions on a new farm bill in Congress, he said. Funding for export programs is also critical.

"This next farm bill might be really interesting, with how we tie (in) conservation and what we do with things like carbon sequestration," he said. "Those things might be a major part, which is going to be kind of new and unique from any of the past farm bills."

Kress joined the commission in the 2020 fiscal year. He will serve as chairman for 2021-2022.

"I wouldn't say I'm looking to radically change anything," he said.

Instead, he hopes to con-



Cory Kress

tinue the commission's mission: making farmers more profitable through funding research,

trade promotion and advocacy to legislators.

Kress welcomes feedback from growers. He farms 9,000 acres and has been farming for himself 17 years.

His wife, Jamie, is president of the Idaho Grain Producers Association.

"The upside is we travel to the same places a lot," Kress said. "It's not taking us away from each other as much as it would be if it was just one or another."

They have two children, Tyson, 16, and Hailey, 13. Kress appreciates how in farming, unlike other jobs, he can see what he's accomplished at the end of each day, whether cutting a field, seeding or a shop project.

"You put your time and effort and blood, sweat and tears into a crop, nurture it the best you can and watch it grow," he said. "That's probably why the drought is so disheartening, because you see daily your blood, sweat and tears just wither away."

Unforeseeable path takes Scharf from farmer to state lawmaker

By MATEUSZ PERKOWSKI
Capital Press



Anna Scharf

The prospect of being appointed to the Oregon Legislature didn't even cross Anna Scharf's mind when she took an off-farm job last year.

Working as a legislative policy analyst for former Rep. Mike Nearman, R-Independence, was simply a chance to deepen her involvement in politics — but not to eventually take his seat in the House.

Yet that's exactly what's happened after Nearman was expelled from the Legislature in June for allegedly allowing protesters into the State Capitol last December, when it was closed to the public due to coronavirus restrictions.

Scharf was sworn in to office July 12 after commissioners from Polk, Yamhill, Benton and Marion counties voted to appoint her as the representative for House District 23 in the western Willamette Valley.

"It's not the traditional way to get into office," Scharf said, but she's nonetheless appreciative of the community support that's made her new role possible.

She also remains grateful to her former boss, Nearman, who provided her with the original opportunity as a legislative aide.

"Every good person makes a mistake, and we'll just leave it at that," she said.

Scharf ordinarily works as the office manager for Scharf Farms, a diversified operation near Amity, Ore., that's run by her husband, Jason. She's primarily in charge of personnel management as well as tracking the 10 million pounds of seed cleaned at the farm each year.

"I farm paper," Scharf said. "I do all the non-fun stuff."

She's no stranger to the statehouse, which she's frequently visited over the years to advocate for legislation affecting the agriculture industry.

After graduating from Southern Oregon University, Scharf worked for a lobbyist who pushed to prohibit ciga-

rette vending machines in the early 1990s as a way to reduce underage smoking.

Though she was drawn to politics, Scharf realized there was more steady employment available in the supply management field. She worked for Hewlett Packard and other companies in this capacity while earning a master's degree in business administration.

About a decade ago, she stopped working off-farm to dedicate herself to raising her son and daughter, though she soon became re-engaged with her passion for politics by regularly testifying before lawmakers.

Increasing the ability of Willamette Valley farmers to grow canola has been an ongoing campaign for Scharf, who began supporting the crop as a "right to farm" issue before her family's company even grew it.

Canola has proven controversial in the region because farmers want a new rotation crop and source of income, but specialty seed companies fear cross-pollination with related crops, among other issues. Currently, canola production is restricted to 500 acres per year in the valley.

Scharf also pushed for the expansion of "slow pay-no pay" protections for crops other than grass seed. Growers who farmed grass seed had to be paid within a certain amount of time, but that requirement didn't apply to clover, turnip, radish and other commonly contracted seeds.

"Why don't you get payment protection for those?" Scharf wondered. A bill that expanded payment protections to those crops was unanimously passed by the full Legislature in 2018.

Scharf and other farmers were heavily involved in discussions over raising the state's minimum wage in 2015, which resulted in a three-tiered system

with different rates for rural counties, standard counties and the Portland metropolitan area.

Finding this "common ground" has helped shield farmers and rural employers from potentially even higher spikes in labor costs, she said.

Looking to the future, Scharf anticipates that her immediate concern as a lawmaker will be negotiations during a September special session about redistricting, or the re-drawing of boundaries for legislative districts.

Recent controversies over ending the agricultural exemption from higher overtime wages and stricter air quality rules for workers may be revived during future legislative sessions, she said, adding that water management and wildfire mitigation are bound to be perennial natural resource concerns.

Aside from those issues, Scharf will have to focus on campaigning to win a full two-year term during the 2022 primary and general elections.

"I'm really waiting to hear what's important to constituents," she said.

With her appointment to the Legislature, Scharf is the seventh lawmaker who's also an Oregon Farm Bureau member.

The organization is excited about her appointment, since there are "conversations that only legislators get to be in," which provides farmer-lawmakers with "an incredibly powerful voice," said Mary Anne Cooper, OFB's vice president of public policy.

"It will yield only positive results," she said. "They can speak up in ways that lobbyists and members of the public just can't."

Farm-related legislation is often reviewed by committees that aren't strictly devoted to natural resources, so Scharf will be valuable regardless of her assignments, Cooper said. "No matter where Rep. Scharf lands, there will be agricultural issues we care about that will wind up in front of her."

WSDA hurries to hold down Japanese beetles in Yakima County

By DON JENKINS
Capital Press

Japanese beetles are being caught by "bagfuls" in and around Grandview, Wash., heightening concern about a new pest infestation in Central Washington.

The Washington Department of Agriculture will hang 3,000 more traps as fast as it can to catch as many beetles as possible this summer, department spokeswoman Karla Salp said.

An eradication effort with chemicals will have to wait for an environmental assessment. The department also may establish a quarantine to regulate soil, plants and other material that can harbor beetles.

"This is going to be a multiyear, long-term project," Salp said. "As far as



WSDA

A Japanese beetle clings to a plant in Yakima County, Wash. The Washington State Department of Agriculture reports trapping the pest by the "bagfuls."

damage to agriculture and potential impact, the Japanese beetle is much more of a threat than the Asian giant hornet right now."

Japanese beetles, established in the eastern U.S. but rare in Washington,

have a wide-ranging diet that includes fruit, hops, grass and asparagus.

The department trapped two Japanese beetles last year in Grandview and one in Sunnyside, both in Yakima County. Plus,

a Grandview woman reported finding dozens of beetles on her roses.

This year, the department, alerted by the woman's report, put up about 500 traps in and around Grandview and are catching too many beetles to keep a running count.

"We're catching them by bagfuls at a time," Salp said. "This is a much bigger problem than we anticipated at the end of last season."

"We need to get these traps up and get as many beetles out of the environment as possible," she said.

The Oregon Department of Agriculture has been battling Japanese beetles for several years in Portland and its suburbs. The department treats lawns and flower beds with a granular larvicide.

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