

Farm Credit In 1954

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Once again credit becomes a major consideration in the farm and ranch economy of Arizona. This is especially true of production credit.

Short term or non real-estate credit is now regarded as an essential tool of production on many farms. Sound financing in time of lower farm incomes requires intelligent understanding by borrowers and lenders.

Farm mortgage debt has more than doubled since 1945. (See chart at right.) On January 1, 1953, the amount outstanding was nearly \$50 million. This total represents real-estate mortgages on both cattle ranches and irrigated farms. A survey taken in 1953 showed only one-third of the cattle ranches encumbered by real-estate mortgage as compared to about one-half of the cotton farms.

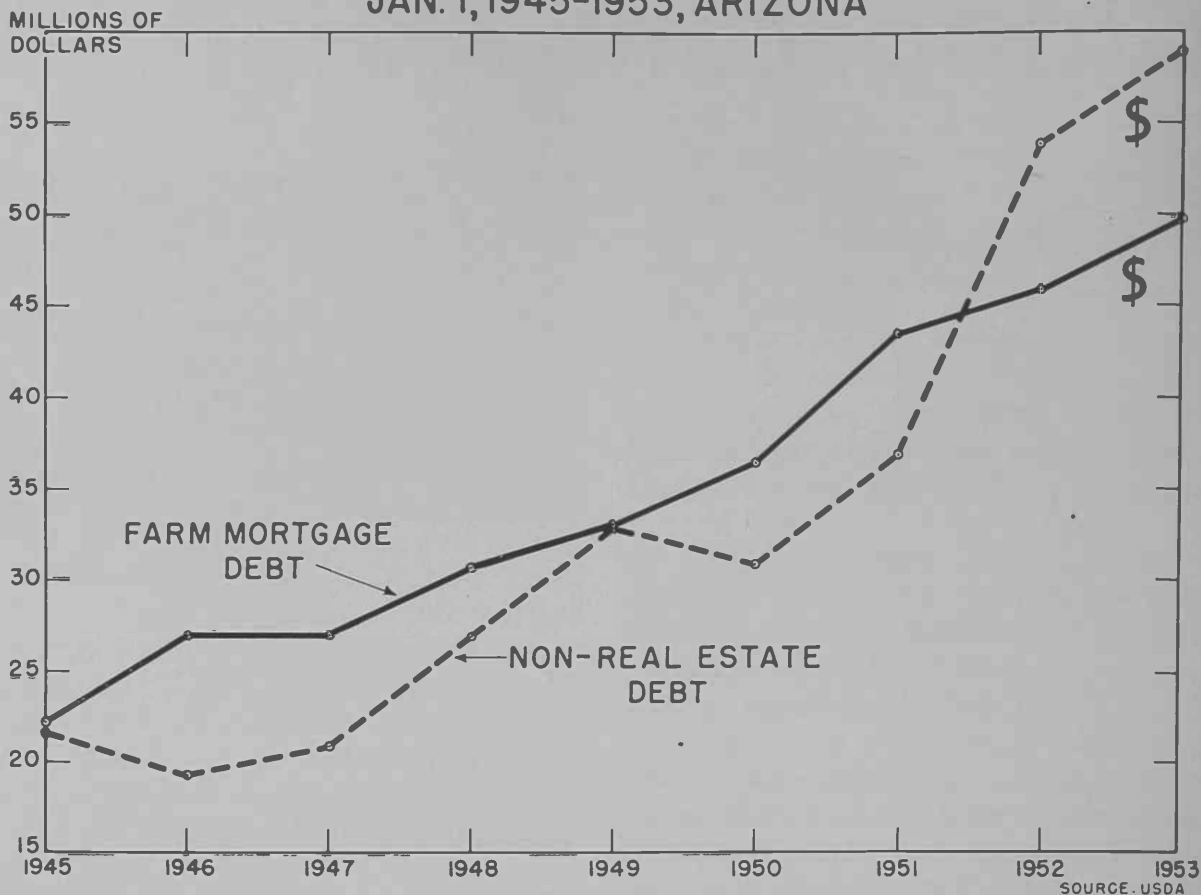
Non real-estate indebtedness has increased at an even faster rate during this period. On January 1, 1953, short term agricultural loans held by the state's 13 banks and by other lending institutions amounted to about \$60 million. This is about three times as great as in 1945 and now exceeds the mortgage debt.

Much Production Financing

The same survey showed about one-third of the ranchers and about two-thirds of the cotton farmers borrowing for production expenses. Many farmers in Arizona borrow upwards of \$100,000 each year to finance their operations.

While the trend of farm indebtedness in Arizona has steadily increased, it has not reached alarming proportions since real-estate values of farms and ranches and cash farm income both increased substantially during this period.

FARM-MORTGAGE DEBT AND NON-REAL-ESTATE DEBT
JAN. 1, 1945-1953, ARIZONA



However, since 1952 there has been a decline of about 10 percent in land prices and also a decline of about 10 percent in cash farm income. It seems likely that some further decline in values of both irrigated crop land and range land will take place in 1954. In addition, the imposition of rather severe cotton acreage restrictions coupled with pressures toward lower commodity prices due to mounting surpluses of some of our major crops gives rise to the possibility of some further reductions in net income to agriculture. It has been estimated that nearly one-half of the present agricultural operators have experienced not only a fairly higher level, but also almost a continuous uptrend of prices.

The possibility of lower farm incomes and lower real-estate values means that greater emphasis will need to be placed on proper credit and debt management. The following points are offered as a guide to help agricultural operators achieve and maintain a stronger financial position.

1. **Go slow on expansion.** Buying farm and ranch land at high prices is risky when large debts are contracted. Operators should avoid purchase of more land unless they now have less than an economic sized unit.

For those whose present farms are too small, cash or share renting offers a means of increasing the size of business with minimum capital and with a minimum of risk.

2. **Select your lender carefully.** Select a lender who understands your type of agriculture and who can arrange a "line of credit" tailored to your individual needs.

Borrowers should insist on "budgeted loans" for their production needs. This simply means the lender advances the money as it is needed to pay necessary expenses and the repayments are scheduled to coincide with the time the income is received. Under this plan savings of nearly half of the interest costs are possible since interest is paid only on the length of time the money is actually needed.

Where possible, shift short term loans to longer term loans since they bear lower interest rates.

3. **Borrow only the amount that is needed.** Use carefully prepared budgets of estimated receipts and expenses as a guide in planning credit needs. Make sure credit is used for directly productive items. This does not mean that expenditures such as fertilizers, seeds, and weed and insect control measures — which contribute to higher production — should be curtailed.

4. **Maintain a good credit rating.** This means repaying all obligations promptly. Arrangements for extensions or renewals, when needed, should be made prior to due date.

Farm records and annual financial statements are of considerable value in obtaining needed credit.

(To next column →)

Bees, Bouquets, & Better Tangerines

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Yields Increased in Experiment At Yuma Mesa University Farm

In a Clementine (Algerian) tangerine pollination experiment at the Yuma Mesa Citrus Experiment Farm, plastic screen cages were maintained over 6 trees during flowering time. All bees were prevented from visiting 2 of these trees while honey-bee colonies were provided the other 4 caged trees.

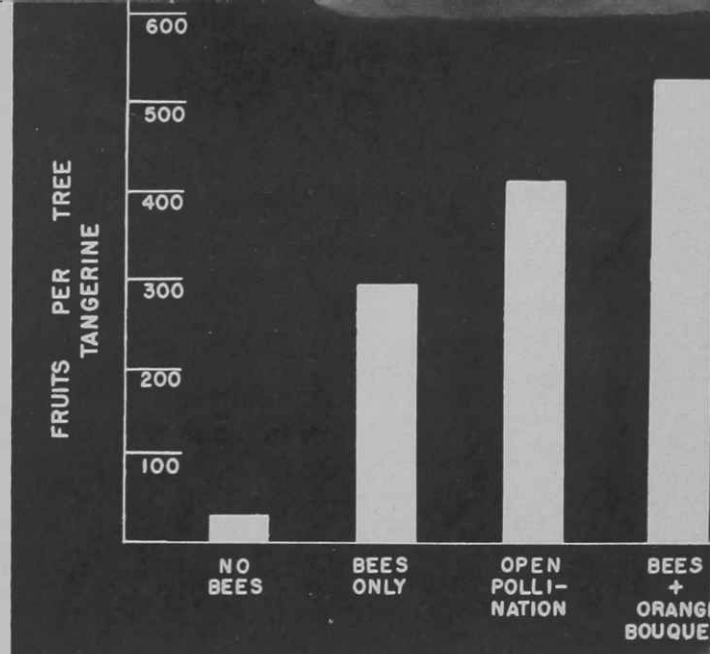
Bouquets Provided

Each morning in 2 of these bee cages fresh bouquets of Hamlin orange blossoms were placed in water buckets. Later in the season Meyer lemon bouquets were used. These bouquets were to provide a source of foreign pollen which the bees could distribute among the tangerine flowers.

Results were clear-cut. Trees having both bees and other citrus bouquets yielded 16 times as many tangerines as those with no bees, and double the yield of those provided with bees only.

In comparison, 6 uncaged trees exposed to chance encounter with foreign pollen and bee visitation produced 13 percent fewer tangerines than those provided with bees and bouquets. This was, however, half again as many tangerines as were produced where bees but no foreign pollen were provided.

Tangerine blossoms fertilized with foreign pollen produced better quality fruit. Although the tangerines on all trees were of approximately the same size and weight, the cross-



NO BEES=caged tree, no bees.

BEES ONLY=caged tree with honey bee colony.

OPEN POLLINATION = tree without cage resulting in chance pollination.

BEES + ORANGE BOUQUET=cage tree + bees + bouquets of orange blossoms.

pollinated ones had 4 more seeds each, were sweeter and produced 38 percent fewer fruit with dry sections. Improving fruit quality was an unexpected result requiring further study.

1 Colony of Bees Per Acre

One colony of honey bees per acre distributed in the orchard is the standard recommendation for pollination of deciduous fruit orchards. This rate should be adequate for tangerines. Providing foreign pollen in the commercial orchard will necessitate interplantings or grafting of suitable pollen parents.

Farm Credit—

5. **Build reserves for emergencies.** Commercial farmers can no longer meet expenses for very long periods simply by liquidating capital. Now is a good time to set aside cash, government bonds, or other liquid reserves to use as a cushion when needed.

6. **Emphasize efficient production.** During rising prices, major emphasis should be placed on size of business. When prices decline, look for ways of controlling unnecessary costs and strive for more efficient production.

Avoid buying more machinery than is necessary for efficient operation. Machines are an investment but their cost must come out of farm earnings. Study operations in detail to find ways of making more efficient use of labor.



SUNDAYS

KOY, Phoenix, 8:45 a.m. — Garden Program.
DAILY (EXCEPT SUNDAY)
KTAR, Phoenix, 6:15 a.m. — Your County Agent.

MONDAYS

KYMA, Yuma, 7:00 a.m. — On the Farm Front.

MONDAY THROUGH FRIDAY

KYUM, Yuma, 7:20 a.m. — On the Farm Front.

TUESDAYS AND THURSDAYS

KCLS, Flagstaff, 9:40 a.m. — Your County Agent Reports.

MONDAYS WEDNESDAYS AND FRIDAYS
KCKY, Coolidge, Casa Grande, 6:45 a.m. — Pinal County Farm and Home Program.
KYCA, Prescott, 8:45 a.m. — News and Notes from the County Agent's Office.

WEDNESDAYS

KCLF, Clifton, 12:15 p.m. — Farmer's 15.

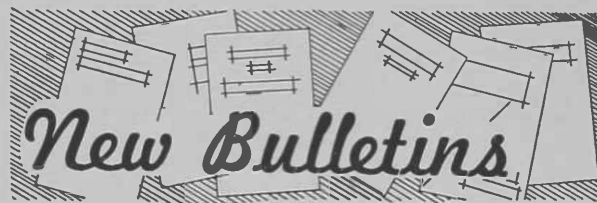
SATURDAYS

KOY, Phoenix }
KTUC, Tucson } 1:00 p.m. — Arizona
KSUN, Bisbee } Farm and Ranch Hour
KYMA, Yuma } (U. of A.)
KCLS, Flagstaff }

KGLU, Safford, 1:15 p.m. — Stepping Along with your Agricultural Extension Service.

TELEVISION THURSDAYS

KIVA, Channel 11, Yuma — 6:10 p.m. — The KIVA Farmer.



Ask your County Agricultural Agent for a copy of any of these new bulletins or circulars. They are free to Arizona farmers and stockmen.

EXTENSION SERVICE

Circular 131 (Revised) Cattle Feeding in Arizona (To be printed about May 1)
Circular 179 (Revised) Cotton Insect Control in Arizona, 1954.
Circular 199 (Revised) Control Insects of Flowers, Shrubs, and Shade Trees.
Circular 210 (Revised) Arizona Insect Control Recommendations, 1954.
Circular 215 — Wash Your Blankets.

EXPERIMENT STATION

Gen. Bull. 252 — Arizona Agriculture, 1954.
Gen. Bull. 253 — Watery Brown Rot of Vegetables in Arizona (with pictures in color).