

# AGRICULTURAL NEWS LETTER

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## RECOMMENDATIONS FOR THE IMPROVEMENT OF FARM CREDIT

Looking ahead to the time when credit agencies may be called on to furnish a greatly expanded volume of farm credit and when farmers may be in a less favorable financial position than at present, leading bankers and other credit authorities are giving thought to improving and strengthening farm credit facilities. In meeting the problems that will arise, it is believed that bankers and farmers can work together as partners in reaching a mutually helpful solution. In a recently released statement, Dr. D. Gale Johnson of the University of Chicago's Department of Economics stressed the need for a liberalization of credit terms to farmers. He suggested that credit institutions consider lengthening repayment periods, so that loans for purposes of establishing livestock enterprises or permanent pastures, constructing fences or buildings, or purchasing equipment might be amortized over periods of two, three, or five years. Such revision in lending policies would bring farm credit more in line with the type of financial aid extended to manufacturers or other businessmen and would encourage farmers to invest greater amounts of capital in their farms. The larger capital investment in new machinery and buildings and in soil improvement would result in increased farm efficiency and per capita income.

Dr. Johnson also suggested that credit institutions give serious consideration to the establishment of flexible arrangements regarding principal and interest payments which could be varied according to the degree of prosperity attending annual farm operations. He emphasized that returns from farming

fluctuate widely from year to year, depending on both yields and prices. Thus many farmers with varying yearly incomes, if held to rigid annual mortgage instalments and interest payments, may be driven into financial difficulties and possible foreclosure by forces beyond their control. A sound flexible repayment plan would keep such operators in business and aid in preventing foreclosures, which often result in losses to the lending institutions as well as to the farmer.

In order to improve farm credit facilities, however, and thus forestall revival of the criticism that banks do not provide an adequate and dependable supply of credit to farmers at a reasonable cost and on terms tailored to the needs of agriculture, banks need to fortify themselves with a practical understanding of agricultural conditions and with adequate files of information on their present and prospective borrowers. An understanding of agricultural conditions implies not only knowledge of recent and prospective developments in agriculture generally but also comprehension of the impact of these developments on the individual farmer and his farm; for it is the effect of these developments which will often determine the profitability of a farm enterprise and the soundness of any loan advanced to a farm operator. Moreover, this thorough understanding of agricultural conditions will aid lending agencies in formulating credit policies adapted to the needs of farmer customers and at the same time consistent with their own interest.

As indicated above, adequate credit files for each borrower are a necessary supplement to the general knowledge of the lender about agriculture, for the information assembled in such files is a primary requisite to the success-

ful operation of a farm-loan program. The importance of credit files was recently emphasized by Mr. C. T. O'Neil of the National Bank and Trust Company, Charlottesville, Virginia, and Mr. Gordon C. Hunter of the Peoples Bank of Roxboro, North Carolina—both members of the Agricultural Commission of the American Bankers Association. Mr. Hunter listed the following requirements for an adequate credit file:

1. A statement as to farmer's character, for he "must have a good character and willingness to pay his obligations."

2. A statement regarding the productivity of the land, for if his land will not produce without heavy fertilization, his production costs will be high and his loan may become a liability.

3. Production records which reflect the operator's farming ability.

4. A complete farm plan showing the number of acres in cultivation with the crops planted annually on each acre as well as the number and type of livestock.

5. A clear description of the legal title of the farm.

6. A financial statement which will reveal the existence of debts, if any, and the net worth of the borrower.

Such information as this in the credit file would be helpful to the bank in determining whether the borrower is a good and dependable operator with a good farm and equipment and a sound long-range operating program. Mr. O'Neil stressed, however, that information for the credit file cannot be satisfactorily obtained without visiting the farm and seeing for oneself the condition of the equipment, livestock, and land.

"This means," Mr. O'Neil points out to his fellow bankers, "that there must be someone in your bank who knows farming and has time to go out and see the farmer on his farm. Many bankers today are gradually

building credit files on all farmers in their trade area, with the idea that they will be in a position to act promptly on any application for credit within their territory. . . . If you are planning to carry on an agricultural credit business from your desk in the bank, my advice to you is to let the other fellow do it."

Mr. Hunter suggests also that country bankers need to work in closer cooperation with county agents, vocational agricultural teachers, and other agricultural workers in their communities in order to increase farm production and efficiency through long-range planning and financing. In concluding his statement, he says: "If we are careful to serve the competent farmer, and to work with the county agents now when all farm loans look good, we will be ready to ride out the squalls which may come later."

Bankers generally have expressed an interest in the development of improved farm credit facilities to provide better and more adequate service to their farm clients, for it is realized that steps taken in this direction now will benefit farmers and businessmen in rural sections whose welfare is closely linked with agriculture and will also strengthen the position of banks in farming areas.

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## FARM MANAGEMENT

### Sheep Improvement

Results of sheep-breeding experiments at the New Mexico A. & M. College show that breeding for wool length alone increased the economic value of the flock much more than did breeding for all economically important characters, such as open face and smooth body as well as length of wool, according to P. E. Neale, associate animal husbandman of the Agricultural Experiment Station. Under this single-character breeding system, the average length of wool for the herd increased 0.74 inch from 1943 to 1946, or four times as much as under the all-character breeding system in the same length of time. The single-character breeding system is reported as an important factor in producing at New Mexico

A. & M. College the fleece that won the reserve championship this year in the National Western Livestock Show at Denver.

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### African Cattle Louse Reported in Texas

The African cattle louse has been discovered in south Texas and has made its appearance as far north as Duval County. The louse, which previously had been found only in West Africa, was discovered for the first time in the United States in 1945, when entomologists of the Bureau of Entomology and Plant Quarantine detected its presence on Florida cattle. Infestations of this parasite are said to sap cattle quickly of their vitality and to cause some to become too feeble to walk.

Because the lice infest the brush of the tail of cattle, they are commonly referred to as "tail lice." Eggs are glued to the long hairs of the tail, and when cattle are heavily infested, the tail has a matted appearance. The United States Department of Agriculture reports that sprays containing 1.5 per cent DDT wettable powder will free cattle of the parasite. It is recommended that the affected animal be sprayed thoroughly with one and one-half to two pints of the solution and that the treatment be repeated as necessary.

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### Payment of Cotton Loss Claims Stopped

Secretary of Agriculture Clinton P. Anderson last month ordered a halt in paying out indemnities for losses on the 1946 cotton crop. Mr. Anderson stated that funds available for that part of the general crop insurance program had been exhausted due to loss claims "far beyond any preliminary estimate."

The Crop Insurance Corporation is continuing to accept, process, and adjust claims on the 1946 cotton crop, but the Agriculture Department has promised "a thorough investigation of the whole question of cotton loss claims, particularly in the areas of heaviest reported losses." If the investigation fails to reveal any evidences of fraud, the remain-

ing claims will be paid from a deficiency appropriation, according to Mr. Clifford R. Hope, Chairman of the House Agriculture Committee.

Texas last year had 37,077 cotton crop contracts in force covering 49,084 farms, or almost three times as many as the next highest state—Alabama. Payments under these cotton crop contracts constituted the major part of the \$24 million in indemnities paid during 1946 under the general crop insurance program in Texas. Against these disbursements of \$24 million, \$9.6 million in premiums had been paid in by the insured farm operators.

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## TECHNOLOGICAL DEVELOPMENTS

### Treatment for Removing Roundworms From Hogs

Sodium fluoride has proved effective in eliminating intestinal roundworms from hogs, according to an announcement of the Agricultural Extension Division of Louisiana State University. If properly administered, only one treatment is necessary for each infestation. For use, the chemical is mixed with feed in the proportion of one part of sodium fluoride to 99 parts of feed, and as an overdose may cause death to hogs, the mixture should be thoroughly blended so that no hog will get too much of the chemical. Details of the use of this preparation may be secured from the Agricultural Extension Division, Louisiana State University, Baton Rouge, Louisiana.

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### Eradication of Ear-ticks from Livestock

The spinose ear-tick, which has been a serious pest of livestock in the Southwest, can now be eradicated by use of a newly developed chemical preparation, according to Joe V. Whiteman, assistant animal husbandman of the New Mexico Extension Service. This new preparation, known as Stock 1029, is said to be effective on cattle, horses, and sheep. It kills not only ticks already in the ears at the time of the application but also those which move in during the next few months.

Many chemical companies are now selling Stock 1029, and directions for its use are found on containers.

In discussing this treatment, Mr. White-man says that the ground areas around salt and feed troughs where the ticks mate and lay eggs should be sprayed with a preparation containing one-half kerosene and one-half crankcase oil. To be fully effective, the treatments should be repeated periodically, as needed.

#### Treatment of Rice Seed

Results of four-year tests of the effectiveness of a new fungicide, Arasan, in treating rice seed show that, when applied at the rate of 1½ ounces per bushel, this preparation may increase the rice stand as much as 25 per cent for March and April plantings and 10 per cent for May plantings. These findings are reported by Drs. S. J. P. Chilton and T. C. Ryker of the Louisiana Experiment Station in a new experiment station bulletin, No. 412, entitled *Seed Treatment of Rice*.

Besides improving stands, the treatment appears also to increase yields. In the experiments reported in the bulletin, increases in yields averaged about three-tenths of a barrel per acre. While numerically small, these yield increases were large in relation to the cost of treatment, which, according to the authors of the bulletin, probably did not exceed 25 or 30 cents per acre.

#### Control of Soil Rot of Sweet Potatoes

It has been found that soil rot occurs in sweet potatoes only in soils having an acidity rating (pH) above 5.2, according to studies conducted by the Louisiana Experiment Station. The organism causing the rot does not grow in soils with a lower degree of acidity. In order to reduce the acidity of soil so that this organism cannot survive, one may apply sulphur at the rate of 500 to 800 pounds per acre. Such treatment not only eliminates soil rot but also increases yields on treated soils, in some cases from 120 to 160 crates per acre, over untreated soil.

## ANNOUNCEMENTS

### Recent Publications

Louisiana Agricultural Experiment Station,  
Louisiana State University, Baton Rouge:

*Seed Treatment of Rice*, Bulletin No. 412,  
by S. J. P. Chilton and T. C. Ryker.

Oklahoma Agricultural Experiment Station,  
Oklahoma Agricultural and Mechanical  
College, Stillwater:

*Strawberry Culture and Varieties*, Bulletin  
B-304, by G. F. Gray.

*Fertilizer Recommendations for Oklahoma  
Crops*, Bulletin B-305, by H. J. Harper and  
others.

Texas Agricultural Experiment Station, Texas  
Agricultural and Mechanical College, Col-  
lege Station:

*Cotton Variety Test, Main Station Farm,  
1942-1946*, Progress Report 1058, by J. E.  
Roberts and D. T. Killough.

*Potato Varieties for the West Cross Tim-  
bers*, Progress Report 1059, by Tom E. Den-  
man.

*Cotton Variety Test at Brazos River Field  
Laboratory, 1943-46*, Progress Report 1060,  
by J. E. Roberts and D. T. Killough.

*Protein and Mineral Content of Forages at  
the Amarillo Conservation Experiment Sta-  
tion*, Progress Report 1061, by C. J. Whitfield  
and others.

*Mechanical Harvesting of Corn*, Progress  
Report 1063, by H. P. Smith and J. W. Sor-  
enson.

*New Varieties of Sorghum*, Progress Re-  
port 1064, by R. E. Karper and J. R. Quinby.

*No Run-Off and No Erosion for 20 Years*,  
Progress Report 1065, by R. E. Dickson and  
others.

*Comparison of Different Methods of Har-  
vesting Cotton*, Bulletin No. 683, by H. P.  
Smith and others.

*Peanut Meal and Cottonseed Meal as Pro-  
tein Supplements in Rations for Fattening  
Yearling Steers*, Bulletin No. 685, by J. H.  
Jones and others.

Copies of these bulletins may be secured  
by request to their respective publishers.