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The Farm Real Estate Situation, 1944-45

By M. M. Regan, A. R. Johnson, and Fred A. Clarenbach,
Agricultural Economists, Bureau of Agricultural Economics

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SOURCES OF DATA AND EXPLANATION OF TERMS

The farm real estate year ordinarily covers roughly a 12-month period ending about March 1. Possession of farms by lease or sale is commonly given at that time and occupancy is usually considered as beginning on that date. Unless otherwise stated, the term "1944–45," in this circular, denotes the 12-month period ended on or about March 1, 1945. Most of the real estate data used here refer to this period. The term "1944" here denotes the calendar year ended December 31, 1944.

The term "farm real estate" as used throughout this circular includes farm land, together with buildings and other permanent improvements. "Land values" here means "farm real estate values."

The land-market data presented here are collected chiefly in three types of surveys:

1. Estimates of average values of farm real estate, within relatively small communities, made by crop reporters of the United States Department of Agriculture. Formerly made once each year, in March, this survey is now done in July and November also, beginning with July 1942. Averages for crop-reporting districts are combined into State, regional, and national weighted averages. The weights are fixed on the basis of area of land in farms according to the 1925 Census. Crop reporters likewise report as of March 15 each year on the number of transfers of farm real estate and in April with respect to cash rents.

2. Annual reports in March from farm real estate dealers, concerning values, types of buyers and sellers, and other market data.

3. Since 1941, quarterly field surveys (utilizing county records, interviews, and mail questionnaires) of developments in the farm real estate market in selected counties, by members of the regional staffs of the Bureau of Agricultural Economics, in collaboration with the State agricultural colleges in some States. During 1944, the sample was made up of approximately 130 counties in 41 States.

The data from crop reporters are the primary basis for the indices of values and volume of sales, but these reports are checked against and supplemented by the results of the other surveys and by information from miscellaneous sources. Detailed statements concerning sources of data and methods of compilation may be found in United States Department of Agriculture Circular No. 209, The Farm Real Estate Situation, 1930–31; and No. 15, The Farm Real Estate Situation, 1926–27.

THE SITUATION IN GENERAL

A continued rise in farm land values and a moderate decline in the volume of sales were leading developments in the farm real estate market during the year 1944–45. Average per acre values for the country as a whole on March 1, 1945, were up 11 percent from the previous year, bringing values to a level 52 percent above the 1935–39 average.

Land values continued to rise during the succeeding 4 months and by July 1 had increased an additional 3 percent, reaching a level 57 percent above 1935–39, and more than three-fourths above the 1933 low. For the United States as a whole, land values during World War II (1939–45) increased 50 percent as compared with a 25-percent increase during World War 1 (1914–18). The levels of values at the end of the two wars were approximately equal. Current values, however, are still about one-fourth below the 1920 inflation peak. Average farm-land values on July 1, 1945 were above their 1920 levels in one-sixth of the States and equal to or above 1919 levels in one-half of the States.

After having increased for 6 consecutive years, the volume of voluntary sales during the year ended March 1945 decreased 8 percent from the preceding year's peak, when a sales volume almost 15 percent above that for the boom year 1919 was reached. Despite this decrease, the volume of sales last year continued at a level that was three-fourths above the 1912–14 and 1935–39 averages and higher than for any other year of record except 1943–44.

Contributing to the high volume of farm sales during the last year was a general increase in the volume of reselling of farm land after a limited period of ownership. During the first quarter of 1945 and the last half of 1944, more than one-eighth of all sales were resales of farms acquired within 2 years. The proportion of all farms sold that had been held less than 2 years ranged from 20 percent in the 12 surveyed counties in the Western region to about 6 and 7 percent in the South Central and Northern Great Plains regions, respectively, with no other region reporting a ratio of less than 11 percent.

For the year 1944, approximately two-thirds of the resales had been held less than a year and almost two-fifths less than 6 months. For most regions the price increase for resales within 2 years ranged from 20 to 30 percent, though in the Western region gross profit from such sales averaged about 40 percent.

For the country as a whole active farmers were buyers in 63 percent of all sales during the year ended March 1945. This is a slight decrease from the preceding year, when about two-thirds of the buyers were farmers. The upward trend in the proportion of sales by owner-operators continued, although farmers as a group still bought more land than they sold. A sharp decrease was reported in sales by corporations, whose holdings have now been largely depleted in all but a few areas.

The proportion of farm sales entirely for cash has increased further even though relatively easy credit conditions continued. Fifty-five percent of all recorded sales were entirely for cash during 1944 as compared with 52 percent in 1943 and 45 percent in 1942. Down-payments on the sales financed by mortgages continued to average about two-fifths of the purchase price. Despite the large amount of cash used in buying farms during 1944, heavy debts were placed on a significant number as a result of sale. Between one-fourth and one-

third of all credit-financed sales last year were encumbered to the extent of 75 percent of the sales price, and almost three-fourths had a debt of 50 percent or more.

The principal forces that influenced the farm real estate market during the last year were essentially a continuation of the forces operating during the immediately preceding years. These included higher prices for farm products, a new record high for both farm production and farm income, further large accumulations of liquid funds available for land purchase, easy credit, and a continued high rate of return from land investments.

Prices received by farmers and cash farm incomes during 1944 averaged slightly above the high levels of the preceding year. Prices during the first half of 1945 averaged about 3 percent above the comparable period in 1944 and are expected to continue at high levels during the remainder of the year. Agricultural production in 1945 is expected to be slightly below 1944 but still at a level higher than for any other previous year. Farm income is expected to be slightly above the level for 1944.

In the summer of 1945, demand deposits of country banks in 20 leading agricultural States were up about one-fourth from a year earlier and at a level more than 3 times that of 1941. Total liquid assets held by farmers, including war bonds and bank deposits, now amount to approximately 17 billion dollars, as compared with about 4 billion at the beginning of 1940.

In some respects the next year or two may be the most critical in the general period of the World War II farm real estate market. In addition to the strong forces already operating will be a number of stimulating influences resulting from the end of the war. Among these will be increased buying pressure from returning veterans and war workers and increased demand from various sources arising out of the easing of machinery and labor shortages, inflation and unemployment hedge motives, and reduced incentives for maintaining accumulated savings in noninflationary types of investments.

Except for the possibility of general prices being sustained at higher levels and the possibility of a further substantial reduction in capitalization rates, values in many areas are already beyond levels likely to be maintained in the long-run postwar years. Continuing advances in land values from present levels will further aggravate the problem of later readjustment.

The curbing forces are apparently sufficiently strong to moderate the effect of the stimulating influences so that the possibility of a repetition of the run-away land market that occurred after World War I now seems to be remote. Most such influences stem from cautious attitudes of buyers, borrowers, and lenders and this caution is attributable in part to the recollection of the last land boom and the disastrous consequences that followed. With the war ended, the realization that the remaining years of high incomes may be few is likely to temper the offers of many buyers and increase the supply of farms offered for sale by owners who have been holding properties with the expectation of selling at near-peak prices. The supply may be further augmented by offerings of elderly farmers who expect to retire. Even a moderate decline in farm incomes and prices would add materially to the effectiveness of the moderating forces.

Although it is possible that the curbing tendencies may develop enough strength to counteract the inflationary pressures and prevent

any further substantial general advance in values, the inflationary forces appear to be strong enough so that they will continue to exert a preponderant influence on the market for at least another year.

FARM LAND VALUES, SALES, AND CREDIT

Land values continued to rise about 1 percent a month during 1944–45, or at approximately the average rate of increase since March 1941. The volume of voluntary sales continued at a level above the high of the World War I period, although 8 percent below the record peak of the previous year. Resales of farms after a limited period of ownership increased further, farmers as a group bought substantially more land than they sold, and the proportion of farm sales entirely for cash rose higher, despite relatively easy credit conditions. Heavy mortgages were placed on a significant number of farms, notwithstanding the large amount of cash used for farm purchase and the further decline in total farm-mortgage debt.

Farm Real Estate Values

Farm real estate values for the Nation as a whole rose 11 percent during the 12-month period ended March 1, 1945. The United States index (1912–14 = 100) of average per acre values on March 1 was 126, a rise of 5 percent from November 1, 1944, and a level 52 percent above the 1935–39 average (table 1).[1] Values continued to advance during the succeeding 4 months, and by July 1, were up an additional 3 percent. This increase brought the index of values to a level 57 percent above 1935–39 and 30 percent above 1912–14.

An increase larger than the current 11-percent rise has occurred in only 2 of the last 34 years for which data are available. Values rose 15 percent during the year ended in March 1944 and 21 percent in 1919–20, when the peak of the World War I boom was reached. The increase in average values of 53 percent from March 1941 to July 1945 closely approaches the 57 percent rise that occurred during the 4-year period 1916–20.

Measured from their respective prewar bases, the general course of values so far during the World War II period has been similar to that of World War I (fig. 1). Average values last March were 52 percent above the 1935–39 average, compared with an advance of 70 percent to the 1920 peak from the pre-World War I average. However, the sharpest rise during the 1916–20 period came after the war was over, when values rose 21 percent in 1919–20. Should values continue to advance for another year at the average rate of 1 percent a month, the index with 1935–39 = 100 for March 1946 would be the same as the 1920 index with 1912–14 = 100. Measured from the same base, values would then be about one-sixth below the 1920 peak. Values currently are almost up to the levels that prevailed at the time of the cessation of hostilities in World War I.

The rise in values during the year ended March 1, 1945, was widespread, some advance being reported for each of the 48 States. The most substantial increases occurred in the South Atlantic and Pacific States, where average values were up 14 percent from a year earlier. Value increases in excess of 11 percent were reported in the South

[1] Indexes of farm real estate values on a 1935–39 base are presented in table 14, page 44.

TABLE 1.—*Farm real estate: Index numbers of estimated*

Division and State	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1912–1926
United States	97	100	103	103	108	117	129	140	170	157	139	135	130	127	124
Geographic divisions:															
New England	99	101	100	99	102	112	117	123	140	135	134	130	128	127	128
Middle Atlantic	98	100	102	100	104	112	117	121	136	127	118	116	114	114	113
East North Central	97	100	103	104	110	116	127	135	161	151	132	128	121	116	111
West North Central	97	100	103	105	114	122	134	147	184	174	150	142	132	126	121
South Atlantic	98	100	103	98	108	119	135	161	198	174	146	152	151	148	149
East South Central	97	100	103	99	109	120	140	162	199	163	149	149	142	141	139
West South Central	96	100	104	100	103	116	134	143	177	159	136	132	136	144	144
Mountain	98	102	100	98	98	106	117	130	151	133	122	115	110	105	103
Pacific	94	99	106	107	111	122	129	134	156	155	151	148	147	146	144
New England:															
Maine	100	102	98	96	98	110	115	124	142	132	127	129	127	124	126
New Hampshire	97	101	102	101	98	103	111	116	129	123	126	111	109	111	113
Vermont	101	101	98	104	115	127	133	136	150	150	145	134	130	125	126
Massachusetts	98	100	102	98	100	110	114	119	140	134	134	132	131	132	134
Rhode Island	100	101	100	102	106	112	118	123	130	130	127	124	126	128	130
Connecticut	98	100	102	100	102	110	116	121	137	134	140	137	140	137	137
Middle Atlantic:															
New York	98	100	102	100	103	109	115	118	133	123	116	115	112	111	109
New Jersey	98	100	102	100	102	111	115	119	130	130	121	115	120	124	129
Pennsylvania	98	100	102	100	105	114	119	124	140	131	120	118	116	114	114
East North Central:															
Ohio	98	100	102	107	113	119	131	135	159	134	124	122	118	110	105
Indiana	97	100	103	102	110	116	128	135	161	148	120	116	108	102	95
Illinois	97	100	103	102	105	111	119	130	160	153	126	123	116	115	109
Michigan	98	99	103	105	111	120	134	137	154	152	148	145	138	133	129
Wisconsin	97	100	103	104	117	124	133	143	171	168	154	147	139	130	125
West North Central:															
Minnesota	95	100	105	107	122	138	155	167	213	212	187	177	170	159	155
Iowa	96	99	104	112	128	134	145	160	213	197	162	156	143	136	130
Missouri	97	100	103	102	108	115	125	137	167	156	133	127	117	112	104
North Dakota	97	100	103	103	112	118	124	130	145	141	136	128	114	109	105
South Dakota	96	101	103	101	108	116	126	145	181	173	146	126	117	115	107
Nebraska	98	100	102	101	104	110	127	145	179	166	144	139	128	123	123
Kansas	101	99	99	103	109	115	122	132	151	149	130	127	118	115	113
South Atlantic:															
Delaware	100	101	99	100	105	115	124	129	139	129	119	119	107	112	114
Maryland	97	100	103	104	109	118	129	136	166	146	141	136	133	131	130
Virginia	97	100	103	97	117	125	142	167	189	180	157	170	162	154	148
West Virginia	97	100	103	101	104	112	122	135	154	141	125	127	125	120	116
North Carolina	97	99	104	102	114	130	152	176	223	196	166	195	192	187	185
South Carolina	101	98	101	94	98	107	122	162	230	186	126	128	136	138	128
Georgia	98	101	101	94	105	116	131	172	217	172	136	125	123	116	112
Florida	96	99	105	97	103	109	126	143	178	176	157	155	163	172	223
East South Central:															
Kentucky	97	100	103	100	111	127	146	170	200	172	151	147	141	140	139
Tennessee	96	100	104	100	110	121	145	168	200	169	154	158	148	137	134
Alabama	98	98	103	98	98	103	128	143	177	147	135	143	144	154	154
Mississippi	97	102	102	97	111	121	131	155	218	150	148	143	134	136	134
West South Central:															
Arkansas	98	101	101	95	109	129	149	169	222	186	174	170	160	160	153
Louisiana	99	102	99	95	106	112	143	157	198	163	140	144	137	141	143
Oklahoma	98	101	101	95	104	114	130	140	166	160	139	133	125	131	130
Texas	95	100	105	103	103	115	133	141	174	156	133	128	137	146	146
Mountain:															
Montana	97	100	103	100	94	100	106	114	126	105	96	87	81	75	72
Idaho	100	101	99	96	99	114	130	146	172	162	136	133	129	123	119
Wyoming	97	103	100	103	94	97	121	147	176	146	134	121	112	100	95
Colorado	98	103	98	93	102	107	110	118	141	132	123	113	98	92	89
New Mexico	100	104	96	100	96	111	128	127	144	125	115	110	110	108	106
Arizona	95	100	105	97	95	105	125	140	165	148	135	124	128	121	125
Utah	100	102	98	98	104	117	122	144	167	137	133	133	131	130	129
Nevada	96	100	103	102	99	96	103	117	135	123	119	112	108	102	99
Pacific:															
Washington	98	100	103	100	102	112	118	122	140	132	124	117	115	113	112
Oregon	97	100	103	99	100	104	112	118	130	130	122	115	113	110	107
California	93	99	108	111	116	130	136	142	167	168	166	165	164	164	163

[1] All farm land with improvements as of Mar. 1. Owing to rounding of figures, 1912–14 will not always equal exactly 100 percent.

value per acre, by geographic divisions and States, 1912–45[1]

14=100

1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	Increase 1944 to 1945
119	117	116	115	106	89	73	76	79	82	85	85	84	84	85	91	99	114	126	Pct. 11
127	127	126	127	126	116	105	104	104	105	107	106	105	106	107	109	112	122	130	7
111	110	109	106	101	96	82	83	85	88	89	90	89	90	91	94	103	109	119	9
104	101	100	96	87	73	62	65	68	72	76	78	77	78	80	89	96	110	119	8
115	113	112	109	97	81	64	67	68	71	71	70	67	65	65	69	76	88	96	9
137	134	132	128	116	96	80	87	93	97	104	106	106	107	110	117	127	145	166	14
133	130	129	128	117	97	79	85	93	96	102	107	109	112	115	126	141	159	179	13
139	137	136	136	121	97	82	88	91	94	96	99	97	99	99	105	112	125	139	11
101	101	101	102	100	82	69	69	70	73	75	75	75	76	78	84	92	107	120	12
143	142	142	142	140	118	96	97	101	105	110	109	107	108	109	115	126	150	171	14
124	124	122	124	123	114	94	94	94	95	97	96	94	95	95	97	99	112	119	6
112	112	111	111	110	102	92	91	90	92	94	93	93	94	95	97	100	107	117	9
125	123	123	123	121	112	101	100	101	101	102	100	100	101	101	102	110	119	129	8
131	131	131	131	130	120	112	112	111	111	112	113	113	113	113	114	115	125	133	6
133	134	134	134	133	126	118	118	119	120	119	118	120	121	121	126	127	139	144	4
138	139	139	140	140	133	124	123	123	125	126	124	124	124	128	133	134	144	150	4
108	106	105	103	96	92	82	82	84	85	86	87	86	86	86	87	97	101	109	8
128	127	127	125	123	118	110	111	111	113	115	116	116	116	121	128	136	141	151	7
112	111	110	107	101	96	78	79	82	86	87	89	88	90	90	95	104	111	123	11
99	96	94	90	82	70	59	63	66	71	75	74	76	77	80	89	97	111	121	9
87	84	83	80	72	60	53	56	61	66	70	73	73	74	77	88	98	112	124	11
99	96	95	91	80	66	54	59	61	65	70	73	72	75	76	86	91	105	112	7
127	125	124	121	115	97	80	82	83	84	91	92	92	91	93	105	115	134	145	8
122	120	119	117	104	91	80	80	82	84	89	88	86	84	82	88	92	102	110	8
145	140	138	133	116	98	79	83	83	85	87	88	86	86	86	90	100	110	115	5
121	117	116	113	98	80	58	63	67	73	73	74	74	74	75	80	87	101	107	6
99	96	95	92	79	67	55	57	58	60	60	60	58	59	60	66	74	82	91	11
100	99	98	95	85	73	66	68	67	68	67	64	57	52	52	55	58	70	76	9
97	96	95	93	83	67	55	55	54	55	54	51	44	41	40	42	47	57	62	9
119	117	116	113	106	90	69	72	72	73	72	69	65	58	55	59	64	77	86	12
113	113	113	113	103	89	70	72	73	75	78	78	76	71	71	74	84	96	111	16
111	111	111	111	107	95	80	80	82	84	87	89	89	89	93	96	108	111	123	11
126	124	123	123	120	106	90	90	91	94	98	101	100	100	105	111	124	136	147	8
138	137	136	134	117	99	88	91	97	103	110	111	110	112	115	118	131	146	171	17
110	109	108	105	98	81	74	78	78	82	82	84	85	85	89	90	99	105	106	1
178	172	165	158	135	114	86	101	111	121	132	138	138	138	136	150	161	193	224	16
113	110	110	104	90	73	57	67	76	78	83	87	88	89	95	103	112	136	162	19
104	102	101	100	90	70	57	65	72	73	79	79	80	82	87	93	103	120	132	10
183	176	174	172	166	141	121	126	126	127	134	132	131	133	134	140	150	161	185	15
134	130	129	127	115	97	80	81	87	89	98	103	107	113	114	129	147	165	189	15
130	127	125	123	114	96	79	84	91	97	100	102	104	108	113	123	139	160	177	11
145	145	143	143	129	102	88	99	110	114	116	123	122	122	125	129	139	160	180	12
126	123	122	122	112	92	73	82	90	92	97	106	106	106	111	122	133	145	165	14
150	147	145	141	118	104	80	86	88	92	92	97	95	95	100	111	123	141	167	18
135	132	132	132	121	103	89	96	103	104	108	117	117	121	121	129	145	154	162	5
128	127	127	127	116	94	76	83	86	91	91	94	93	93	96	101	111	120	131	9
141	139	138	138	122	96	83	88	91	94	96	99	97	99	98	105	109	124	137	10
70	71	72	72	70	58	48	48	50	53	54	53	54	55	57	62	69	80	89	11
117	116	116	116	114	96	76	77	80	83	86	85	85	86	87	94	106	124	140	13
94	95	96	98	95	77	62	62	62	65	66	66	66	68	71	78	88	102	115	13
82	82	82	83	81	65	54	54	53	57	60	60	61	61	63	69	78	93	108	16
108	108	109	110	109	89	75	76	76	80	82	83	83	84	87	95	101	117	132	13
123	122	123	123	123	104	90	90	91	94	96	95	94	95	96	102	110	127	145	14
128	127	127	126	122	98	83	84	84	87	90	89	89	89	89	93	100	112	121	8
99	99	99	99	97	78	65	65	65	68	69	69	69	70	71	73	78	87	92	6
111	110	110	110	108	91	74	73	76	80	84	84	83	84	84	91	101	120	133	11
106	106	106	107	106	88	72	72	74	77	82	82	82	84	85	91	99	117	130	11
162	161	160	160	158	133	109	110	115	119	124	123	121	121	122	128	141	168	193	15

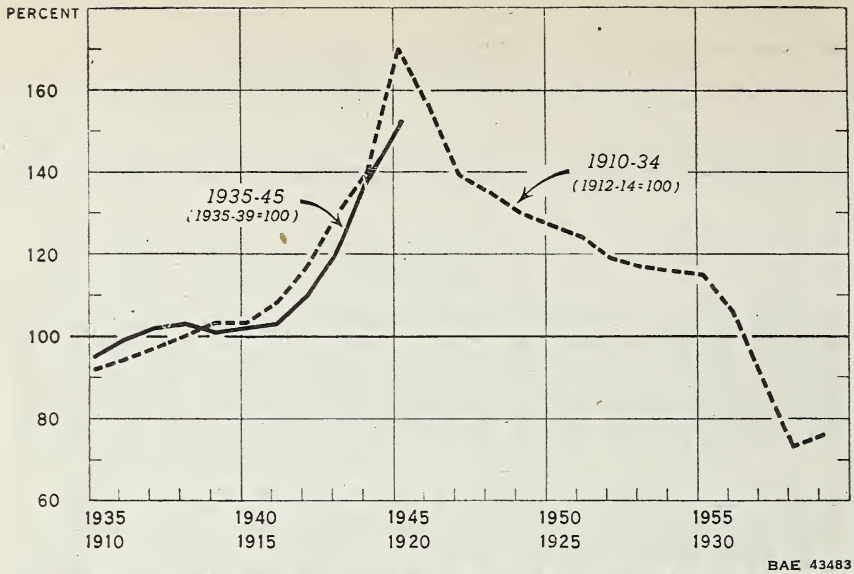


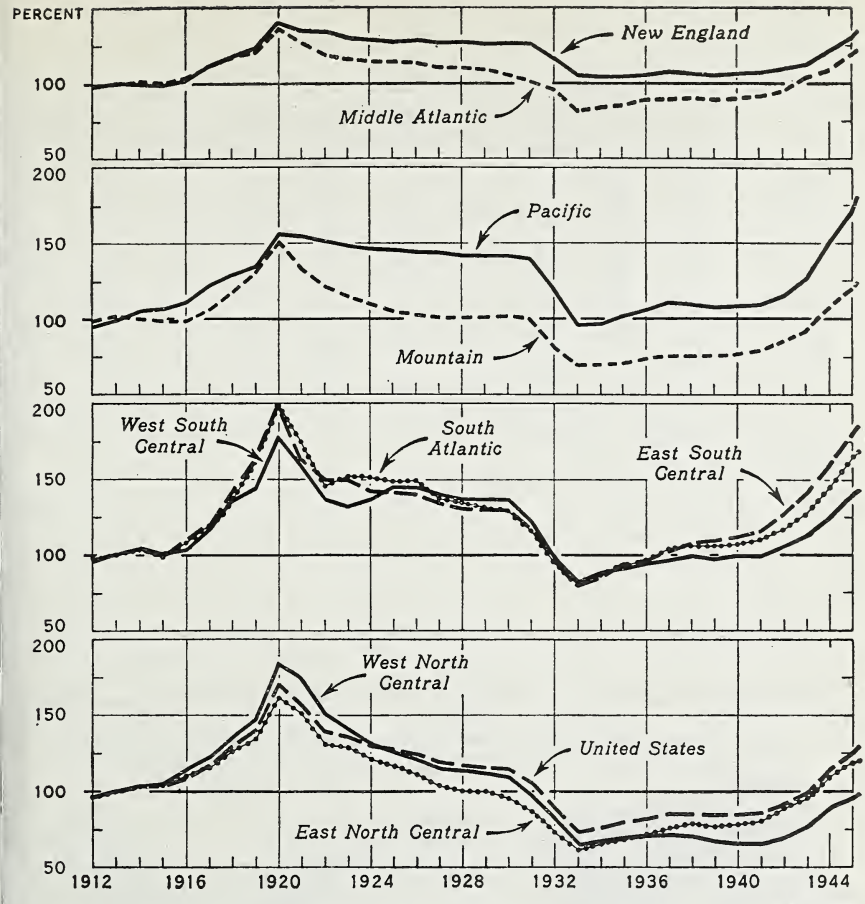
FIGURE 1.—FARM REAL ESTATE: COMPARISON OF INDICES OF AVERAGE VALUE PER ACRE, 1910–34 (1912–14 = 100) AND 1935–45 (1935–39 = 100).

Measured from their respective prewar bases, the farm land value increases during the World War I and World War II periods have been much the same. On March 1, 1945, the average value per acre of farm real estate for the United States as a whole was 52 percent above the pre-World War II base (1935–39 = 100) compared with a rise of 70 percent from the pre-World War I base (1912–14 = 100) to 1920. However, the sharpest rise during the 1916–20 period came after the war was over.

Central and Mountain States; and in the other geographic divisions the advances ranged from 9 percent in the Middle Atlantic and West North Central States down to 7 percent in New England. During the 4 months from March 1 to July 1, average values increased 6 percent in the Pacific States, 3 percent in the South Central and Mountain States, 2 percent in the West North Central, South Atlantic, and New England States, and 1 percent in each of the 2 other geographic divisions (table 2). Changes in values during the period from March 1, 1912 to July 1, 1945, are shown in figure 2.

Measured from 1935–39 averages, farm-land values on July 1, 1945, had increased more than four-fifths in the East South Central States and more than two-thirds in the Pacific, Mountain, and South Atlantic geographic divisions. Comparable increases in value in the other geographic divisions ranged from about three-fifths in the East North Central States down to just over one-fourth in the New England States. In the Pacific, Mountain, and East North Central groups of States, the value increases from the 1935–39 period to date equal or exceed the increases to 1920 from the pre-World War I base.

The largest State increases in average values during 1944–45 occurred among the Southern States, where in a number of instances the advances were greater than those reported in 1943–44. The sharpest rise (19 percent) occurred in South Carolina. Other Southern States that had high percentage increases were: Virginia, 17 per-



BAE 25176

FIGURE 2.—FARM REAL ESTATE: ESTIMATED VALUE PER ACRE, BY GEOGRAPHIC DIVISIONS MARCH 1, 1912–45 AND JULY 1, 1945, (INDEX NUMBERS 1912–14 = 100).

Farm real estate values have increased markedly in all geographic divisions during the last 4 years. The greatest value increases during the 12 months ended July 1, 1945, occurred in the South Atlantic, East South Central, and Pacific divisions; the smallest was in the East North Central and New England groups of States.

cent; North Carolina, 16; Florida, 15; Kentucky, 15; Mississippi, 14; and Arkansas, 18. Marked rises also were reported from Kansas, Colorado, and California. For most Midwestern States, the 1944–45 rates of increase in land prices were considerably less than the rates for the year 1943–44.

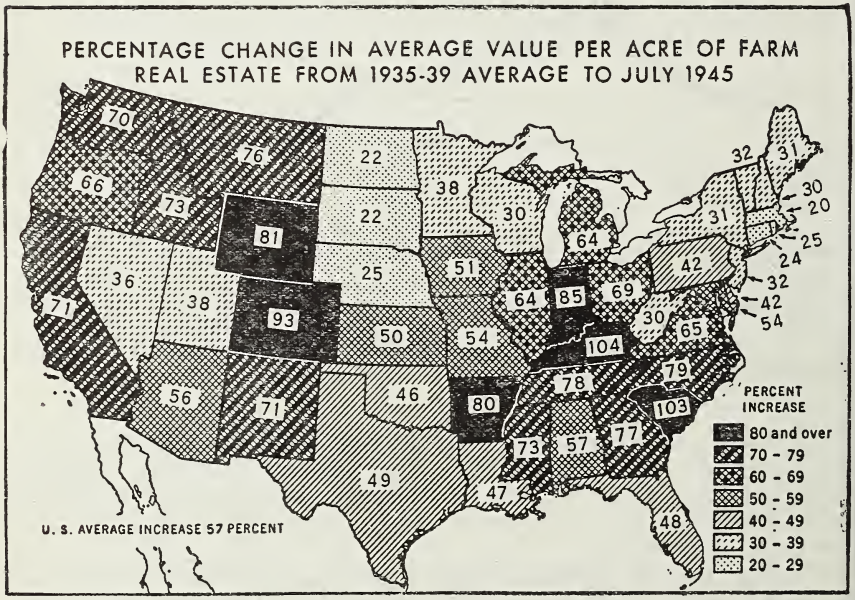
During 1944–45, average values increased 15 percent or more in 9 States and 10 percent or more in 26 States. The increases during the year equaled or exceeded the record increases of 1919–20 in 5 States.

Value increases from the 1935–39 base in a number of individual States have been much larger than for the United States or any geographic division. In South Carolina and Kentucky average values on July 1 were more than double their 1935–39 averages. Values were up from their prewar base by more than 90 percent in Colorado, 80

TABLE 2.—*Farm real estate: Index numbers of estimated value per acre, by geographic divisions, 1942–45, and percentage increases to July 1, 1945*

[1912–14 = 100]

Year	New England	Middle Atlantic	East North Central	West North Central	South Atlantic	East South Central	West South Central	Mountain	Pacific	United States
1942										
Mar. 1	109	94	89	69	117	126	105	84	115	91
July 1	109	94	87	68	117	126	104	86	119	91
Nov. 1	109	95	90	70	121	128	105	89	120	93
1943										
Mar. 1	112	103	96	76	127	141	112	92	126	99
July 1	114	105	97	77	128	142	114	94	134	102
Nov. 1	116	106	100	79	133	147	116	99	141	105
1944										
Mar. 1	122	109	110	88	145	159	125	107	150	114
July 1	124	110	113	90	148	162	130	111	158	117
Nov. 1	125	111	113	91	150	163	131	115	165	120
1945										
Mar. 1	130	119	119	96	166	179	139	120	171	126
July 1	133	120	120	98	170	185	143	124	181	130
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Percentage increase to July, 1945 from:										
July, 1944	7	9	6	9	15	14	10	12	15	11
1935–39 av	26	36	62	41	67	83	50	68	70	57



BAE 45149

FIGURE 3.—Average values for the United States as a whole on July 1, 1945, were 57 percent above the 1935–39 average, although larger increases have occurred in a number of States. In South Carolina and Kentucky values were more than double their 1935–39 average. Values were up more than 90 percent in Colorado, 80 percent or more in Indiana, Arkansas, and Wyoming; and 70 percent or more in 9 other States. Values during the 12 months ended July 1, 1945, increased 20 percent in 2 States, 15 percent or more in 9 States, and 10 percent or more in 28 States.

percent or more in Indiana, Arkansas, and Wyoming; and 70 percent or more in 9 other States (fig. 3). Average farm-land values are now above their 1920 levels in one-sixth of the States and equal to or above 1919 levels in one-half of the States.

Farm Ownership Transfers

VOLUNTARY SALES

After increasing for 6 consecutive years, the frequency of voluntary sales during the 12 months ended last March decreased about 8 percent from the record high level reached a year earlier. Despite this decline, the volume of sales continued at a high level and was about 6 percent above 1919, the peak year in the World War I period and three-fourths above the 1912–14 and 1935–39 averages (fig. 4). The estimated number of voluntary sales and trades for the United States as a whole (including contracts to purchase but not options) was 51.5 per thousand of all farms for the year ended March 15, 1945; compared with the revised estimate of 55.9 for 1944, 34.1 in 1941, and average of 29.3 for the 5-year period beginning in March 1935 and 48.8 for the calendar year 1919[2] (table 3). The decline in volume of sales during the last year varied by regions from less than 2 percent in the Middle and South Atlantic States to more than 10 percent in the New England, North Central, and West South Central States. Despite the substantial declines in some areas, voluntary sales during the last year in most geographic divisions continued at a rate that was higher than for any other year since 1920, except 1943–44. The highest frequency of farm sales during the last year was reported for the Pacific States, where just over 6 percent of all farms were transferred. The North and South Central and Mountain States also reported sales levels equivalent to over 5 percent of all farms.

Data from quarterly surveys in more than 130 selected counties throughout the United States have indicated a trend in the volume of transfers similar to that indicated by crop reporters, which are used as the principal source of information for the estimates set forth in table 3. For the group of counties as a whole the acreage transferred at voluntary sale during the year ended April 1, 1945 was 5.0 percent of the 1940 census acreage in farms as compared with 5.7 percent for the preceding 12-month period. The number of recorded voluntary sales decreased about 15 percent during the same period.

The peak in the volume of sales in the selected counties was reached during the last quarter of 1943 and the first quarter of 1944. More sales were reported in each of these two quarters for the group of counties in question than for any other 3-month period since the county surveys were started in 1941. In both the North Central and Northern Great Plains regions the number of recorded voluntary sales in the first quarter of 1945 was about 30 percent below the same quar-

[2] The data as to volume of transfers for the years 1912-25 are based on information obtained from county records in about 250 selected counties and are available only on a calendar-year basis. These facts need to be borne in mind in making comparisons of the level of sales in recent years with those in the World War I period because in a number of areas the volume of sales during the first 2½ months of 1920 was considerably higher than in 1919. Thus, it would appear that the frequency of voluntary sales for the year ended March 1920 for the country as a whole was somewhat higher than for the preceding calendar year, and would approach more nearly the high reported for 1943–44.

TABLE 3.—*Estimated number of farms changing ownership by various methods per 1,000 of all farms, by States and geographic divisions, years ended Mar 15, 1941–45*

Division and State	Voluntary sales and trades [1]					Forced sales and related defaults															
						Delinquent taxes					Foreclosure of mortgages, bankruptcy, etc. [3]					Total				
	1941	1942	1943	[2]1944	1945	1941	1942	1943	1944	1945	1941	1942	1943	1944	1945	1941	1942	1943	1944	1945
	No.	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*
United States	34.1	41.7	[2] 45.8	55.9	51.5	3.4	3.1	2.2	1.8	1.1	10.5	6.2	4.4	3.1	1.9	13.9	9.3	6.6	4.9	3.0
New England	24.5	25.4	[2] 29.5	38.6	33.7	3.7	3.7	3.8	3.2	2.2	8.3	6.9	6.0	3.3	2.0	12.0	10.6	9.8	6.5	4.2
Middle Atlantic	30.8	36.8	38.0	46.5	45.6	3.6	3.0	2.4	1.4	1.2	10.3	5.5	4.3	2.0	1.6	13.9	8.5	6.7	3.4	2.8
East North Central	35.5	42.7	[2] 46.7	56.0	50.4	1.8	1.8	.9	.9	.7	9.5	5.6	4.1	3.5	1.9	11.3	7.4	5.0	4.4	2.6
West North Central	37.5	50.8	[2] 54.8	63.4	55.8	5.0	3.9	3.0	2.4	1.2	16.8	10.1	7.4	5.0	2.9	21.8	14.0	10.4	7.4	4.1
South Atlantic	28.8	33.1	[2] 34.1	43.8	43.4	2.8	2.2	1.6	1.7	1.2	8.7	5.1	2.9	2.2	1.5	11.5	7.3	4.5	3.9	2.7
East South Central	33.5	42.0	[2] 51.4	59.9	57.7	1.9	2.9	1.5	1.1	.6	8.6	4.4	3.1	2.4	1.7	10.5	7.3	4.6	3.5	2.3
West South Central	36.7	43.7	45.2	59.3	52.9	3.9	4.3	2.9	2.5	1.1	7.1	4.0	2.9	1.8	1.5	11.0	8.3	5.8	4.3	2.6
Mountain	33.7	32.7	[2] 44.0	57.7	52.6	7.6	6.4	5.9	4.1	1.7	12.4	8.1	4.8	3.0	1.7	20.0	14.5	10.7	7.1	3.4
Pacific	38.3	48.4	53.5	66.9	60.7	2.8	2.7	2.1	1.3	1.0	11.1	6.5	4.9	3.5	1.8	13.9	9.2	7.0	4.8	2.8
New England:																				
Maine	28.6	28.0	[2] 41.5	53.9	43.3	5.8	6.0	7.1	6.1	3.1	9.1	6.4	6.9	3.4	1.8	14.9	12.4	14.0	9.5	4.9
New Hampshire	23.2	24.5	25.1	32.0	33.3	3.4	3.0	2.8	2.5	1.7	7.8	5.0	4.6	3.0	2.0	11.2	8.0	7.4	5.5	3.7
Vermont	28.2	33.0	32.2	36.0	34.0	3.8	3.2	3.0	2.6	2.5	12.9	12.0	7.9	4.1	3.0	16.7	15.2	10.9	6.7	5.5
Massachusetts	20.4	20.0	19.5	30.7	27.5	3.0	3.5	2.7	2.0	2.2	7.4	7.5	6.5	3.6	2.1	10.4	11.0	9.2	5.6	4.3
Rhode Island	20.5	21.4	20.8	28.0	26.2	.7	.7	.6	.6	.5	3.6	3.0	3.0	2.5	1.3	4.3	3.7	3.6	3.1	1.8
Connecticut	18.7	19.4	19.8	30.0	23.0	.9	.8	.6	.5	.4	3.8	3.2	2.8	2.0	1.0	4.7	4.0	3.4	2.5	1.4
Middle Atlantic:																				
New York	34.2	40.8	40.9	43.4	44.6	4.2	3.6	1.9	1.6	.8	10.7	6.4	4.8	2.1	1.4	14.9	10.0	6.7	3.7	2.2
New Jersey	28.1	27.6	22.1	40.5	39.0	4.5	4.0	3.1	2.5	1.1	17.6	6.2	5.8	4.3	3.0	22.1	10.2	8.9	6.8	4.1
Pennsylvania	27.9	34.4	37.6	50.4	47.5	2.8	2.2	2.8	1.1	1.5	8.9	4.5	3.6	1.6	1.6	11.7	6.7	6.4	2.7	3.1
East North Central:																				
Ohio	35.8	39.1	45.6	58.2	51.8	1.2	1.7	.8	.6	.4	5.6	4.5	3.0	1.9	1.8	6.8	6.2	3.8	2.5	2.2
Indiana	45.6	52.6	51.5	68.8	56.0	2.0	1.8	1.0	1.2	.5	9.0	5.9	1.9	2.0	1.0	11.0	7.7	2.9	3.2	1.5
Illinois	35.5	41.1	40.4	41.3	40.0	.8	.6	.3	.5	.4	7.2	4.9	2.9	2.2	.5	8.0	5.5	3.2	2.7	.9
Michigan	32.3	40.4	[2] 49.8	54.7	52.0	2.7	3.4	1.2	1.0	.8	9.7	5.0	3.2	3.2	1.2	12.4	8.4	4.4	4.2	2.0
Wisconsin	27.9	41.3	[2] 47.5	58.5	53.4	2.9	1.9	1.5	1.5	1.4	17.3	7.9	10.0	9.1	5.4	20.2	9.8	11.5	10.6	6.8
West North Central:																				
Minnesota	37.0	43.4	43.9	53.2	46.0	4.5	4.4	3.1	2.5	2.0	12.4	9.2	5.8	5.3	3.7	16.9	13.6	8.9	7.8	5.7
Iowa	43.1	49.9	51.8	58.6	49.5	1.0	.5	.2	.1	.2	6.1	3.5	1.9	1.0	.9	7.1	4.0	2.1	1.1	1.1
Missouri	40.4	56.2	[2] 62.0	69.6	63.7	4.5	2.0	1.2	1.1	.5	10.6	4.5	3.0	2.7	1.2	15.1	6.5	4.2	3.8	1.7
North Dakota	39.0	58.9	57.2	73.5	68.3	22.5	18.9	12.6	12.7	3.8	27.0	23.5	16.7	8.0	6.3	49.5	42.4	29.3	20.7	10.1
South Dakota	48.9	64.5	[2] 70.0	71.7	61.0	12.2	9.9	9.6	7.6	4.6	24.9	13.1	11.1	5.8	4.9	37.1	23.0	20.7	13.4	9.5
Nebraska	28.3	47.1	52.8	62.8	57.2	1.8	2.9	1.6	1.0	.9	31.1	21.4	13.6	6.6	4.2	32.9	24.3	15.2	7.6	5.1
Kansas	27.0	44.2	[2] 53.0	63.0	53.6	2.6	1.5	2.6	1.1	.3	25.3	11.9	12.6	10.1	3.6	27.9	13.4	15.2	11.2	3.9

South Atlantic:																				
Delaware	19.9	20.0	[2] 36.3	46.5	44.2	.6	.6	.5	.3	.1	8.3	9.0	5.4	2.0	1.2	8.9	9.6	5.9	2.3	1.3
Maryland	37.7	48.2	46.7	51.0	48.4	2.3	1.1	.9	.9	.2	7.8	2.4	3.6	1.4	1.0	10.1	3.5	4.5	2.3	1.2
Virginia	29.8	29.9	32.0	41.2	39.5	2.4	1.4	1.3	1.5	1.1	11.5	5.3	2.4	2.2	1.5	13.9	6.7	3.7	3.7	2.6
West Virginia	15.9	28.0	29.1	40.0	36.4	2.3	3.0	3.0	1.9	1.5	6.6	3.2	2.0	1.3	1.3	8.9	6.2	5.0	3.2	2.8
North Carolina	23.6	26.0	32.6	39.0	41.6	2.4	1.3	.9	1.6	.7	7.9	5.0	2.5	1.8	1.0	10.3	6.3	3.4	3.4	1.7
South Carolina	33.1	36.1	33.5	38.8	37.8	5.1	4.3	1.6	2.2	1.0	8.1	4.2	3.7	2.4	1.1	13.2	8.5	5.3	4.6	2.1
Georgia	35.6	44.6	38.2	56.8	55.0	2.4	2.2	2.0	1.7	2.0	9.5	6.6	2.6	1.9	1.9	11.9	8.8	4.6	3.6	3.9
Florida	32.5	30.5	33.2	45.0	49.3	2.9	3.3	3.1	3.0	2.2	6.6	6.5	6.2	6.0	4.1	9.5	9.8	9.3	9.0	6.3
East South Central:																				
Kentucky	34.7	49.7	[2] 56.1	66.8	68.0	1.2	1.7	1.0	1.0	.2	8.9	3.7	2.3	1.6	1.1	10.1	5.4	3.3	2.6	1.3
Tennessee	36.8	49.5	[2] 61.0	66.2	62.6	2.0	3.5	1.8	1.2	.9	7.8	2.3	2.6	1.5	1.5	9.8	5.8	4.4	2.7	2.4
Alabama	30.1	32.4	[2] 44.0	57.7	52.9	2.2	1.6	1.2	1.0	.8	10.1	5.1	4.8	2.6	2.4	12.3	6.7	6.0	3.6	3.2
Mississippi	31.3	31.6	[2] 40.0	43.7	41.4	2.5	5.2	2.4	1.0	.7	7.3	7.6	3.1	4.7	1.8	9.8	12.8	5.5	5.7	2.5
West South Central:																				
Arkansas	48.8	50.6	54.6	70.0	67.3	6.5	3.1	2.7	1.8	.4	6.8	3.9	3.2	1.7	1.2	13.3	7.0	5.9	3.5	1.6
Louisiana	18.0	21.0	22.9	32.7	30.0	2.4	3.1	2.3	2.0	1.0	8.9	4.8	2.8	1.0	2.2	11.3	7.9	5.1	3.0	3.2
Oklahoma	43.0	53.5	57.1	66.6	56.2	7.8	9.4	5.8	5.8	2.0	8.0	6.0	4.1	2.6	1.9	15.8	15.4	9.9	8.4	3.9
Texas	33.1	41.7	41.0	58.0	50.9	1.2	2.6	1.8	1.3	1.1	6.3	2.9	2.3	1.7	1.2	7.5	5.5	4.1	3.0	2.3
Mountain:																				
Montana	39.6	36.6	[2] 48.3	61.4	58.7	12.7	9.8	10.9	6.8	1.6	12.2	8.1	5.6	4.3	1.5	24.9	17.9	16.5	11.1	3.1
Idaho	34.4	33.2	[2] 49.5	63.6	56.8	1.9	1.2	1.4	1.0	.4	9.6	6.0	4.1	1.5	1.3	11.5	7.2	5.5	2.5	1.7
Wyoming	34.7	36.5	42.7	56.1	49.5	5.3	2.6	2.2	3.4	1.2	12.5	7.5	3.8	3.7	2.8	17.8	10.1	6.0	7.1	4.0
Colorado	36.8	35.0	[2] 53.8	65.2	57.9	8.5	9.6	8.3	4.8	2.1	12.9	8.9	4.6	2.9	1.2	21.4	18.5	12.9	7.7	3.3
New Mexico	33.5	32.0	35.9	54.0	51.2	9.2	6.4	4.4	4.5	2.0	14.8	8.7	4.9	3.0	2.0	24.0	15.1	9.3	7.5	4.0
Arizona	32.9	36.0	39.5	54.3	52.2	8.8	5.8	4.1	2.7	2.6	8.6	5.0	2.8	2.5	1.9	17.4	10.8	6.9	5.2	4.5
Utah	16.6	17.8	21.5	34.9	29.0	5.0	4.6	3.5	3.4	2.9	14.5	10.6	6.0	3.4	2.6	19.5	15.2	9.5	6.8	5.5
Nevada	20.4	25.0	23.4	38.8	36.2	4.0	4.0	3.0	2.6	2.0	13.8	8.2	4.4	3.0	2.1	17.8	12.2	7.4	5.6	4.1
Pacific:																				
Washington	41.3	34.6	41.7	63.5	60.3	3.2	2.6	2.5	2.0	.9	7.8	3.4	1.8	2.8	1.3	11.0	6.0	4.3	4.8	2.2
Oregon	46.5	50.4	59.1	68.5	63.6	4.6	5.8	3.8	1.2	.7	11.9	10.0	5.2	4.1	2.1	16.5	15.8	9.0	5.3	2.8
California	33.3	55.0	57.6	68.1	59.7	1.8	1.4	1.1	1.0	1.1	12.6	6.8	6.4	3.6	2.0	14.4	8.2	7.5	4.6	3.1

see footnotes at end of table

TABLE 3.—*Estimated number of farms changing ownership by various methods per 1,000 of all farms, by States and geographic divisions, years ended Mar. 15, 1941–45*—Continued

Division and State	Inheritance and gift					Administrators' and executors' sales [1]					Miscellaneous and unclassified					Total all classes				
	1941	1942	1943	1944	1945	1941	1942	1943	1944	1945	1941	1942	1943	1944	1945	1941	1942	1943	[2] 1944	1945
	No.	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.* [2]	*No.*	*No.*
United States	6.1	5.7	5.3	5.2	4.9	8.1	8.0	8.1	9.2	9.0	1.5	1.4	1.2	.9	1.3	63.7	66.1	67.0	76.1	69.7
New England	8.1	7.5	7.3	7.4	6.7	5.7	5.9	5.1	5.7	6.4	1.2	1.5	1.5	1.6	1.1	51.5	50.9	[2] 53.2	59.8	52.1
Middle Atlantic	7.0	6.4	5.9	5.7	5.2	7.6	9.0	7.9	9.8	9.7	1.3	1.3	1.2	.9	1.4	60.6	62.0	59.7	66.3	64.7
East North Central	5.7	5.2	4.9	5.2	4.5	11.5	10.2	11.0	12.2	10.7	1.4	1.2	.9	.7	1.6	65.4	66.7	[2] 68.5	78.5	69.8
West North Central	5.6	4.4	4.7	4.1	4.7	8.6	8.7	9.5	10.9	10.7	1.5	1.4	1.7	.7	1.1	75.0	79.3	[2] 81.1	86.5	76.4
South Atlantic	8.6	7.9	7.1	7.1	6.0	8.6	8.7	7.8	9.0	9.7	1.5	1.0	.9	.9	1.0	59.0	58.0	[2] 54.4	64.7	62.8
East South Central	5.4	5.5	4.8	4.6	4.8	8.4	7.7	8.0	8.0	6.9	1.3	1.4	1.3	.8	1.1	59.1	63.9	[2] 70.1	76.8	72.8
West South Central	5.4	5.9	4.7	5.4	4.8	5.0	5.2	5.3	6.3	6.8	1.8	2.1	.7	1.2	1.8	59.9	65.2	61.7	76.5	68.9
Mountain	4.6	4.0	3.7	3.9	3.3	5.4	5.7	5.5	6.4	6.9	1.4	1.8	1.6	1.4	1.5	65.1	58.7	[2] 65.5	76.5	67.7
Pacific	4.5	4.2	4.7	3.9	4.5	4.8	5.7	5.3	5.9	7.7	1.9	2.2	1.8	1.3	1.7	63.4	69.7	72.3	82.8	77.4
New England:																				
Maine	9.5	8.8	8.5	8.6	7.4	5.7	6.5	5.5	7.0	9.0	1.1	1.5	1.3	1.6	1.1	59.8	57.2	[2] 70.8	80.6	65.7
New Hampshire	7.9	7.4	7.5	7.0	5.7	5.2	5.8	4.8	6.1	5.8	1.5	1.2	1.8	2.5	1.0	49.0	46.9	46.6	53.1	49.5
Vermont	5.7	5.4	5.6	6.0	6.1	9.8	9.8	7.6	7.5	6.6	1.2	1.3	2.1	1.6	1.4	61.6	64.7	58.4	57.8	53.6
Massachusetts	7.1	6.9	6.8	6.8	7.0	3.3	3.0	3.2	3.4	4.0	.9	2.1	1.5	1.4	1.0	42.1	43.0	40.2	47.9	43.8
Rhode Island	6.1	5.8	5.8	6.0	5.5	4.3	4.2	4.0	4.0	4.4	.9	1.0	1.0	.8	.8	36.1	36.1	35.2	41.9	38.7
Connecticut	9.8	8.6	7.6	7.8	6.0	5.0	4.6	4.6	4.2	5.1	1.5	1.4	1.2	1.0	.8	39.7	38.0	36.6	45.5	36.3
Middle Atlantic:																				
New York	7.5	6.7	6.1	6.6	4.9	5.4	6.5	5.1	6.0	6.6	.8	.9	1.5	.7	.9	62.8	64.9	60.3	60.4	59.2
New Jersey	7.1	6.6	6.0	6.2	5.1	8.9	8.7	10.9	12.2	11.0	1.8	.9	.9	.8	.6	68.0	54.0	48.8	66.5	59.8
Pennsylvania	6.6	6.0	5.7	4.8	5.5	9.4	11.4	10.1	13.1	12.1	1.6	1.7	1.0	1.2	2.0	57.2	60.2	60.8	72.2	70.2
East North Central:																				
Ohio	7.2	6.7	6.8	6.0	4.3	12.8	11.5	12.7	14.0	11.1	1.2	1.4	.6	.5	1.7	63.8	64.9	69.5	81.2	71.1
Indiana	6.4	5.9	5.1	5.6	6.4	13.7	12.9	11.7	13.7	12.7	1.7	.6	1.0	.7	2.1	78.4	79.7	72.2	92.0	78.7
Illinois	5.6	4.7	4.4	5.1	5.0	14.0	10.5	14.5	14.6	11.0	.9	1.2	.9	1.0	1.7	64.0	63.0	63.4	64.7	58.6
Michigan	4.5	4.0	4.2	4.8	3.1	9.1	8.5	9.0	8.0	9.1	1.1	.7	.8	.6	1.3	59.4	62.0	[2] 68.2	72.3	67.5
Wisconsin	4.6	4.6	3.4	4.1	3.6	7.3	7.1	6.2	10.0	9.5	2.3	1.8	1.2	.8	1.0	62.3	64.6	[2] 69.8	84.0	74.3
West North Central:																				
Minnesota	6.1	4.4	4.9	3.5	4.3	7.5	8.7	9.5	11.6	9.8	1.2	1.1	2.1	.7	1.9	68.7	71.2	69.3	76.8	67.7
Iowa	4.8	4.5	3.7	4.0	5.9	11.1	11.0	10.9	11.9	11.2	.9	1.8	.9	.5	1.4	67.0	71.2	69.4	76.1	69.1
Missouri	5.6	4.7	4.9	3.8	3.2	9.0	8.6	8.7	9.1	9.4	2.3	1.4	2.4	.7	.1	72.4	77.4	[2] 82.2	87.0	78.1
North Dakota	3.9	3.1	2.7	4.0	3.0	4.2	5.4	6.2	8.8	8.5	.8	1.5	1.6	1.1	1.3	97.4	111.3	97.0	108.1	91.2
South Dakota	3.8	2.9	3.2	4.4	4.6	6.1	5.2	6.4	8.0	10.3	1.3	1.0	2.1	1.1	1.2	97.2	96.6	[2] 102.4	98.6	86.6
Nebraska	5.1	3.4	4.9	4.6	5.7	9.4	9.1	11.2	13.5	13.1	2.4	2.0	1.6	.7	.8	78.1	85.9	85.7	89.2	81.9
Kansas	8.4	6.0	7.1	5.2	6.3	8.9	8.5	10.6	12.0	12.6	1.0	.8	.9	.6	1.4	73.2	72.9	[2] 86.8	92.0	77.8

South Atlantic:																				
Delaware	9.6	9.1	8.2	7.8	4.6	10.2	10.4	10.8	9.8	10.5	.9	.8	.6	1.5	2.4	49.5	49.9	[2] 61.8	67.9	63.0
Maryland	9.5	8.0	8.5	7.2	4.8	10.2	11.2	12.1	12.5	12.0	2.0	.7	2.1	2.4	.8	69.5	71.6	73.9	75.4	67.2
Virginia	9.6	7.4	6.6	6.9	6.0	11.7	11.1	9.1	9.8	12.6	1.4	1.5	.6	.5	.6	66.4	56.6	52.0	62.1	61.3
West Virginia	8.2	8.3	6.9	7.0	4.6	5.5	5.6	6.6	7.5	7.2	1.0	1.8	1.5	1.4	.9	39.5	49.9	49.1	59.1	51.9
North Carolina	8.5	8.8	8.1	7.5	7.0	8.0	8.2	7.4	6.8	7.1	1.2	.6	.8	.7	.5	51.6	49.9	52.3	57.4	57.9
South Carolina	8.2	8.4	8.2	7.1	5.5	10.4	9.0	9.2	11.5	11.8	1.4	1.0	.9	.8	1.8	66.3	63.0	57.1	62.8	59.0
Georgia	8.0	7.4	6.2	7.2	7.0	6.8	8.5	6.5	10.5	10.3	2.3	.9	1.0	.6	1.6	64.6	70.2	56.5	78.7	77.8
Florida	7.4	5.8	4.3	5.0	3.1	5.1	4.7	4.3	5.3	7.1	2.2	1.0	.7	2.5	1.6	56.7	51.8	51.8	66.8	67.4
East South Central:																				
Kentucky	4.3	4.5	3.6	4.1	6.2	10.2	8.6	10.6	11.4	9.2	1.3	1.1	1.0	.5	2.5	60.6	69.3	[2] 74.6	85.4	87.2
Tennessee	6.6	6.9	5.4	4.9	4.9	9.5	8.0	7.1	7.3	7.3	1.6	2.0	1.4	.7	.3	64.3	72.2	[2] 79.3	81.8	77.5
Alabama	6.2	5.8	5.8	5.2	4.1	7.4	7.5	7.7	5.4	5.3	1.0	1.5	1.1	1.2	.7	57.0	53.9	[2] 64.6	73.1	66.2
Mississippi	4.4	4.6	4.8	4.0	3.2	5.3	6.0	5.9	7.0	4.8	1.2	.8	1.7	1.0	.4	52.0	55.8	[2] 57.9	61.4	52.3
West South Central:																				
Arkansas	4.8	4.8	4.5	4.9	3.0	4.1	6.1	5.8	5.6	3.8	1.9	1.0	.9	1.4	2.2	72.9	69.5	71.7	85.4	77.9
Louisiana	5.1	5.3	4.2	5.0	5.3	5.6	5.2	4.6	4.6	5.0	1.3	1.2	.5	1.0	1.5	41.3	40.6	37.3	46.3	45.0
Oklahoma	4.0	4.5	3.6	4.7	5.5	4.8	4.8	6.1	8.0	7.6	1.1	2.2	1.0	1.8	2.6	68.7	80.4	77.7	89.5	75.8
Texas	6.5	7.2	5.5	6.0	5.2	5.4	5.1	4.9	6.2	8.1	2.2	2.8	.5	.8	1.2	54.7	62.3	56.0	74.0	67.7
Mountain:																				
Montana	4.3	3.5	3.0	3.9	3.5	5.2	7.2	6.0	7.5	6.9	1.7	2.5	1.6	1.1	.4	75.7	67.7	[2] 75.4	85.0	72.6
Idaho	3.7	3.1	3.4	3.5	3.3	7.5	6.5	6.1	6.4	7.0	1.0	.8	2.1	.7	1.2	58.1	50.8	[2] 66.6	76.7	70.0
Wyoming	4.1	3.2	4.0	3.1	2.8	5.8	5.6	4.8	6.1	7.5	1.3	1.1	1.0	1.0	2.0	63.7	56.5	58.5	73.4	65.8
Colorado	4.4	3.8	3.1	3.4	3.0	4.9	6.4	7.2	7.5	7.6	2.1	3.0	2.1	2.6	2.6	69.6	66.7	[2] 79.1	86.4	74.4
New Mexico	6.0	5.0	4.4	4.8	3.0	4.6	4.2	4.0	5.0	7.2	1.1	1.0	.8	1.4	1.1	69.2	57.3	54.4	72.7	66.5
Arizona	4.1	4.1	3.9	4.0	3.9	5.1	3.8	3.6	6.0	5.3	1.3	2.4	1.8	.7	.8	60.8	57.1	55.7	70.2	66.7
Utah	5.8	5.4	5.4	5.1	4.3	4.6	3.7	3.5	4.8	5.6	.9	1.0	.7	.6	1.9	47.4	43.1	40.6	52.2	46.3
Nevada	5.6	5.1	4.6	4.5	3.6	2.0	2.0	1.8	3.5	2.0	.8	.8	.6	.6	.5	46.6	45.1	37.8	53.0	46.4
Pacific:																				
Washington	3.8	3.6	4.4	3.6	4.0	7.6	8.6	4.6	9.3	8.9	1.4	2.2	1.4	1.6	.8	65.1	55.0	56.4	82.8	76.2
Oregon	6.8	5.0	4.7	3.8	5.1	5.0	5.2	6.0	4.9	6.6	1.9	1.1	1.8	2.0	1.0	76.7	77.5	80.6	84.5	79.1
California	4.0	4.2	4.9	4.1	4.6	3.3	4.3	5.3	4.5	7.6	2.1	2.7	2.1	.8	2.5	57.1	74.4	77.4	82.1	77.5

[1] Including contracts to purchase (but not options).
[2] Revised.
[3] Including loss of title by default of contract, sales to avoid foreclosure, and surrender of title or other transfers to avoid foreclosure.
[4] Including all other sales in settlement of estates.

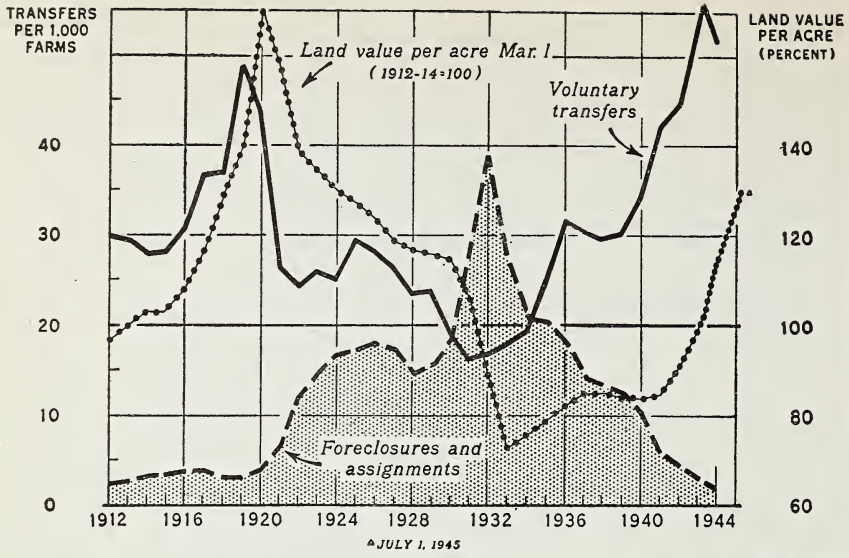


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FIGURE 4.—VOLUME OF FORECLOSURES AND ASSIGNMENTS, VOLUNTARY TRANSFERS, AND INDEX NUMBERS OF VALUE PER ACRE OF FARM REAL ESTATE, UNITED STATES, 1912–45.

The volume of voluntary sales, during the year ended March 1945, decreased 8 percent from the record level of the previous year, when a peak almost 15 percent above that for the boom year 1919 was reached. Foreclosures and assignments reached their peak in 1932 but have now declined to levels comparable to those of the years before 1920.

ter of 1944. Little or no change from a year ago was reported for the Western, Northeast, and Southeast regions, whereas the volume in the South Central and Appalachian regions increased by 15 and 6 percent respectively. Reports for the second quarter continue to indicate a high volume of sales, with the number of transfers about the same as for the comparable quarter in 1944.

For the country as a whole, dealer correspondents indicated fewer farms listed for sale during the fall and winter last year than a year earlier. A decreased number of listings in the Pacific, Mountain, and Central States more than offset the increased or continued high number of listings reported for the Southeastern States. Approximately half of the farm listings were by active farmers, although this proportion varied by regions from about one-third in the West North Central States to more than three-fifths in the North Atlantic, East South Central, and Mountain States. Farm listings by corporations were significant only in the West North Central States. Listings by speculators were most frequently referred to in reports from the South Atlantic and South Central States.

Voluntary sales and trades for the year ended March 15, 1945, accounted for 74 percent of all transfers, compared with 73 percent in 1944, 68 percent in 1943, and 18 percent in 1933. A comparison of the levels and trends of voluntary and forced transfers for the United States as a whole and for the various geographic divisions is presented in figure 5. For the country as a whole, the frequency of forced sales for the year ended March 15, 1945, was only about 6 percent of the frequency of voluntary sales, compared with 9 percent in 1944 and a little over 50 percent in 1940. The rather high inverse

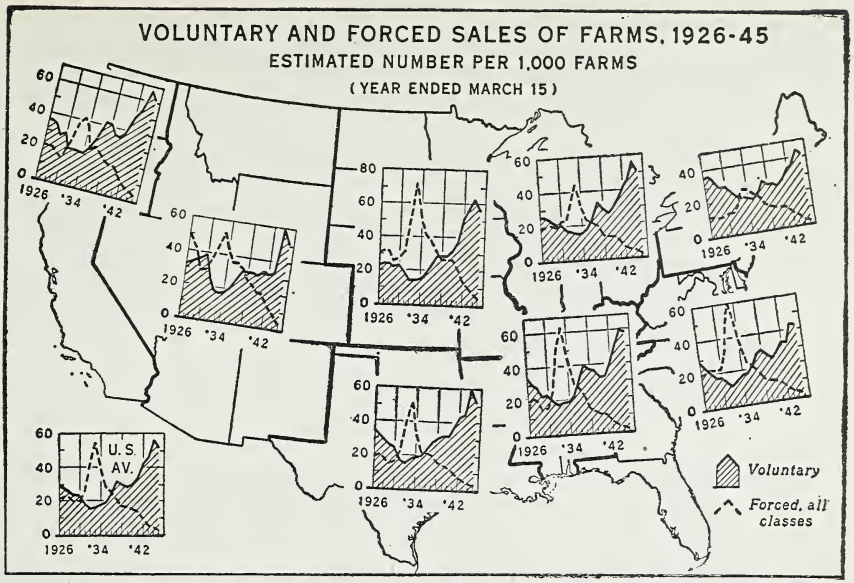

FIGURE 5.—Frequency of voluntary sales of farm real estate decreased in all geographic divisions during the year 1944–45. The extent of decline varied from less than 2 percent in the Middle and South Atlantic States to more than 10 percent in the New England, North Central, and West South Central States. The frequency of forced sales continued to decrease in all regions.

relationship of forced and voluntary transfer frequencies is apparent for all the areas represented in the diagrams in figure 5.

VOLUME OF RESALES.—The volume of reselling of farm land after a limited period of ownership generally increased during the last year. Data from the county surveys indicate that during the last half of 1944, and the first quarter of 1945, more than one-eighth of all sales were resales of tracts held less than 2 years, compared with an average of about one-tenth for the year 1943 and for the first half of 1944. About one-fifth of the tracts sold during the first 3 months of 1945 had been acquired since December 31, 1940. The ratio of 2-year resales to all sales during the first quarter of 1945 ranged from 20 percent in the 12 surveyed counties in the Western region to about 6 and 7 percent in the South Central and Northern Great Plains region. No other region reported a ratio of less than 11 percent. For the counties in the Northern Great Plains region the proportion of all sales that were resales during the first quarter of 1945 was approximately double the proportion for the comparable quarter a year earlier.

For the year 1944, approximately two-thirds of the tracts resold within 2 years of purchase were held less than a year and almost two-fifths were held less than 6 months. For most regions the price increase for resales within 2 years ranged from 20 to 30 percent, although gross profit from such sales in the Western region during 1944 averaged about 40 percent. The speculative resale-profit motive is undoubtedly connected with a larger proportion of current farm land purchases than is indicated by the current volume of resales, with expected profit-taking scheduled for later periods.

TYPES OF BUYERS AND SELLERS.—Reports from farm real estate dealer correspondents indicate that for the country as a whole active

farmers were buyers in 63 percent of all sales during the year ended March 1945 (table 4). This is a slight decrease from the preceding year, when about two-thirds of the buyers were active farmers. The proportion of purchases by farmers decreased for all geographic divisions except New England.

The highest proportion of purchases by active farmers continues to be reported for the West North Central and Mountain groups of States, where farmers during the year just past were buyers in about three-fourths of all sales. In contrast, farmers bought less than half of all tracts sold in the New England and the Middle Atlantic States. In the other geographic divisions farmer purchases varied from a little more than half in the Pacific States to about two-thirds in the East South Central group of States.

During 1944–45, the proportion of active farmer buyers who were tenants decreased somewhat from 1943–44, when the proportion for the country as a whole was about one-half. Purchases by tenants made up more than half of all purchases by farmers in both the East and West North Central States in the last year, whereas in the East South Central, Mountain, and Pacific geographic divisions less than one-third were tenants. About three-fourths of all buyers intend to operate the properties purchased.

Active farmers again increased substantially in relative importance as sellers of farm real estate. For the country as a whole, they sold almost as many properties during the last year as all other groups combined. Dealer correspondents reported active farmers as sellers in almost half of the voluntary sales in 1944–45, compared with a little more than two-fifths during the previous year and about one-third for the year ended March 1942. Sales by retired farmers during last year were about one-seventh of all sales as compared with almost one-fifth the previous year, whereas sales by estates increased from about one-eighth to one-sixth of all sales. A sharp decrease was reported in the number of sales by corporations, whose holdings have now been well depleted in all but a few areas.

Sales by active farmers during last year varied from slightly more than three-fifths of all sales in the East South Central, Mountain, and Pacific geographic divisions down to a little more than one-third of all sales in the West North Central division, the only group of States where sales by former lenders still were a significant proportion. For these States as a group, former lenders were sellers in approximately one-fourth of all sales made during the past year.

Owner-operators sold about two-fifths more land than they bought during the past year. However, as a result of purchases by tenants and other farmers, active farmers as a group bought about one-fourth more land than they sold.

As in 1943, about two-thirds of the farmer sellers in 1944 expected to continue farming, although in many areas the proportion tended to increase slightly. Approximately one-fourth of the farmer sellers expected to retire, and one-tenth entered other civilian occupations. A large proportion of the farmer sellers who continue farming will operate with reduced holdings; others will be tenants, but many apparently are buying other farms.

Types of Properties Transferred.—For the country as a whole about one-fourth of the dealer correspondents indicated that during the last year the most frequent farm sales were those of less than average size. Two-thirds reported that farms of average size sold

TABLE 4.—*Voluntary sales and trades of farm real estate: Percentage of purchases reported in specified classes of residence, purpose of purchase, and occupation, for the United States and for geographic divisions, years ended Mar. 15, 1930–45*

LOCAL RESIDENTS

Division	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945
	Pct.	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*
New England	59	48	51	50	56	58	56	55	60	63	52	48	48	69	65	66
Middle Atlantic	70	70	69	68	69	72	77	71	72	71	74	73	66	71	74	72
East North Central	83	84	78	78	78	85	83	83	83	84	86	82	80	82	82	82
West North Central	89	88	85	81	82	83	84	84	86	88	88	87	86	89	87	86
South Atlantic	82	82	79	76	81	82	86	84	82	83	86	84	80	83	87	86
East South Central	90	85	87	86	88	86	85	91	88	90	88	87	86	88	90	89
West South Central	82	77	73	76	78	78	81	78	80	82	83	82	83	82	80	82
Mountain	81	77	76	77	84	80	78	82	84	86	86	85	85	84	82	79
Pacific	71	72	66	70	71	72	72	74	74	75	75	73	69	69	74	66
United States	82	81	77	76	78	81	82	81	81	83	83	82	80	82	83	82

PURCHASE FOR OPERATION

New England	80	79	85	85	74	68	73	71	74	73	72	71	62	78	79	77
Middle Atlantic	82	85	82	83	79	78	79	76	77	75	73	75	69	81	79	79
East North Central	80	82	77	75	73	72	72	71	74	78	77	73	71	74	72	73
West North Central	82	81	76	74	72	73	74	69	75	74	77	81	76	77	78	72
South Atlantic	78	80	78	75	75	71	78	74	77	81	80	78	73	72	79	73
East South Central	79	79	81	80	78	78	79	83	80	82	80	78	79	82	81	75
West South Central	73	70	68	68	67	66	71	74	73	77	79	79	74	76	78	71
Mountain	87	88	87	88	84	84	84	87	88	86	87	87	86	83	85	82
Pacific	84	90	88	88	89	86	84	89	84	84	86	82	83	85	85	83
United States	81	81	79	77	75	74	76	75	77	78	78	78	75	77	78	74

OCCUPATION OF PURCHASER

Active farmer

New England	59	42	37	40	42	40	46	35	39	40	46	36	30	38	38	45
Middle Atlantic	56	50	45	42	47	51	51	47	45	45	48	50	44	45	49	46
East North Central	67	60	55	48	55	60	58	60	63	66	64	61	58	60	61	60
West North Central	81	75	67	58	65	69	69	68	67	71	78	79	72	73	76	72
South Atlantic	66	62	55	54	59	60	65	66	60	65	67	62	58	60	65	58
East South Central	74	69	65	66	69	71	71	72	74	74	72	70	70	73	72	66
West South Central	70	64	53	49	54	61	62	63	63	69	69	72	68	66	68	64
Mountain	83	76	67	68	70	77	77	76	79	77	80	78	77	75	79	74
Pacific	71	65	51	52	54	62	62	62	48	63	64	56	55	56	62	54
United States	72	65	57	53	58	63	64	63	62	66	68	67	63	64	66	63

Retired farmer

New England	3	6	7	7	4	5	6	4	3	5	4	2	2	3	2	4
Middle Atlantic	4	7	5	5	5	4	7	3	6	5	5	3	2	2	3	3
East North Central	5	7	7	7	6	5	6	5	5	4	4	5	4	4	4	4
West North Central	5	8	8	9	6	6	7	6	6	5	4	5	5	5	3	4
South Atlantic	3	5	4	4	4	3	3	4	3	2	2	2	1	2	2	2
East South Central	2	3	4	3	3	3	3	6	2	3	2	3	3	3	2	2
West South Central	4	6	5	6	7	5	4	4	4	3	5	3	3	2	3	1
Mountain	2	4	5	2	4	1	4	2	3	4	2	3	3	2	2	2
Pacific	4	4	6	6	7	4	4	7	3	4	3	4	5	2	3	3
United States	4	6	6	6	6	5	5	5	4	4	4	4	3	3	3	3

Other occupation

New England	38	52	56	53	54	55	48	61	58	55	50	62	68	57	60	51
Middle Atlantic	41	43	50	53	48	45	42	53	50	50	47	47	54	53	48	51
East North Central	27	33	38	45	39	35	36	35	32	30	32	34	38	36	35	36
West North Central	14	17	25	33	29	25	24	27	28	24	18	16	23	22	21	24
South Atlantic	30	33	41	42	37	37	32	30	37	33	31	36	41	39	32	40
East South Central	23	28	31	31	28	26	26	23	24	23	26	27	27	24	27	32
West South Central	26	30	42	45	39	34	34	33	33	28	26	25	29	32	29	35
Mountain	15	20	28	30	26	22	19	23	18	19	18	19	20	23	19	24
Pacific	26	31	43	42	39	34	34	30	49	33	33	40	40	41	36	43
United States	24	29	37	41	36	32	31	32	34	30	28	29	34	33	31	34

most frequently, while just over one-tenth indicated that the most frequent sales were farms above average size. The volume of sales of smaller farms was heaviest in the South Atlantic, New England, and Pacific groups. About one-sixth of the dealers throughout the country indicated that farms sold most frequently were above average in quality; three-fourths said "average," and one-tenth indicated "below average." In the Middle and South Atlantic States, about one-fourth of the dealers reported the below-average quality farms selling most frequently.

Dealers indicated that few of the farm sales were properties for other than full-time farming. However, in the New England States, part-time farming was mentioned in about two-fifths of the reports. For the Mountain States, more than one-third of the reports from dealers mentioned sales of tracts to be added to present operating units as being most frequent, and in the West North Central States one-fourth of the reports mentioned such sales as most frequent.

FORCED SALES

The number of forced sales of farms arising out of difficulties in meeting payments on debts was lower during the past year than at any time since before 1912—the first year in the current series (fig. 4). The number of such transfers declined from a 1943–44 level of 3.1 per thousand of all farms for the United States as a whole to 1.9 for 1944–45 (table 3). The record high for the number of forced sales of this type was 38.8 per thousand for the year 1932–33; in each year since that time a decrease has been reported.

Decreases in number of foreclosure sales and related defaults were reported from each geographic division during the last year. The largest number of such transfers continued to be reported for the West North Central group of States, but the rate of decrease for these States was again somewhat greater than for the country as a whole.

Even though relatively heavy debts are being incurred in connection with numerous farm purchases, the volume of distress sales of farms is likely to continue at a relatively low level as long as the currently favorable economic conditions continue. However, when the demands of the war period fall off, farm incomes may decrease sufficiently to cause more of the recent buyers who have excessive debts to prefer, or be forced, to surrender their equities rather than attempt to continue meeting the heavy debt service payments on their debts.

Forced sales resulting from nonpayment of taxes decreased further during the past year and are at a level lower than at any time since data became available in 1926. For the year ended March 15, 1945, the frequency of such sales for the United States as a whole was 1.1 per thousand of all farms, as compared with 1.8 the previous year, 2.2 in 1943, and a peak of 15.3 in 1933.

Financing Farm Purchases

Continued high income levels with growing accumulation of funds available for land purchase, along with relatively easy farm-mortgage credit conditions, appear to have largely offset the financing difficulties that might be expected from sharp increases in prices of land.

During the last year, more than half of all transfers were entirely for cash. Mortgage debts were increased on many farms as a result of sale, but the total mortgage debt for the country as a whole continued to decrease.

TYPES AND TERMS OF FARM SALE FINANCE

CASH SALES.—The proportion of farm sales that were entirely for cash increased further during the last year, despite the relatively easy credit conditions. This reflects the record income levels of farmers and others during recent years, along with the rapid growth of liquid assets available for investment in farm land.

Data as to transfers recorded in about 130 selected counties throughout the country indicate that, during 1944, 55 percent of all sales were entirely for cash as compared with 52 percent in 1943 and 45 percent in 1942. During the first half of 1945, 56 percent of all sales were for cash, compared with 53 percent during the first half of 1944 and 50 percent in 1943.

The proportion of acreage purchased for cash has rather consistently been somewhat under the percentages based on number of transfers. To a certain extent this reflects the purchase of small tracts, part farms, or fields. The entire consideration is paid in cash more often in such cases than in purchase of full farm units. In some instances new mortgages are placed on other property in order to pay all cash for the additional property acquired. Available data do not include information on unrecorded sales contracts, hence they tend to overstate somewhat the proportion of all sales that were for cash.

In case unrecorded sales contracts were included and the purchases of small parts of farms were eliminated, it is probable that the proportion of complete farm units bought for cash would be reduced to considerably less than one-half. The proportion of cash sales, nevertheless, is probably much higher than appears to have prevailed during the land boom of World War I. The limited data available on cash sales in this earlier land boom indicate that approximately 10 percent of all sales in Iowa were cash sales, and in Kentucky the proportion was just over 20 percent.

CREDIT-FINANCED SALES.—For all credit financed transfers for which information was available, the average down-payment during 1944 was 40 percent of the purchase price as compared with 38 percent during 1943. Most of these transfers were financed by use of mortgages and for these the average down-payment during 1944 was 41 percent of the purchase price as compared with 39 percent in 1943, 33 percent in 1942, and 32 percent in 1941. For the first half of 1945 the ratio was 44 percent as compared with 40 percent during the first half of 1944. For those properties that were purchased on contract for which information was available, the buyer's equity has continued to average about one-fifth of the purchase price.

Despite the amount of cash used in buying farms during the last year, heavy mortgages were placed on a significant number of farms as the result of sale. The average debt per acre for all sales financed by credit in 1944 was from 5 to 10 percent higher than for 1943. Between one-fourth and one-third of all credit-financed sales last year were encumbered to the extent of at least 75 percent of the sales price and almost three-fourths had a debt of 50 percent or more. On many of these farms the debt is larger than was the full market value of the property a few years ago. Current mortgages at 65 percent or more of present average values would equal or exceed the average values that prevailed in 1941.

Sellers extended credit in about two-fifths of the credit-financed sales reported during 1944, about the same proportion as during recent

years. Because of the lack of adequate information on contract sales, however, it is probable that the available data understate the proportion of sellers that were initial creditors. Other new mortgages were used in 45 percent of all credit-financed sales in 1944 as compared with about two-fifths in the immediately preceding years. Assumed mortgages decreased in relative importance. They were used in only one-sixth of the credit sales in 1944 as compared with one-fifth in 1943.

Individuals made 45 percent of the loans to finance the sale of farms in 1944, as compared with 44 percent in 1943, 38 percent in 1942, and 36 percent in 1941. About one-fifth of such loans in 1944 were made by commercial banks, one-eighth each by the Farm Credit Administration agencies and insurance companies, and one-tenth by miscellaneous lenders. These proportions are much the same as in the previous year except that commercial banks increased their proportion from one-sixth to one-fifth while each of the other lender groups declined slightly in relative importance. Loans by the various lenders during the first half of 1945 were in approximately the same proportion as in 1944.

From 1941 to 1944, the proportion of loans made by individuals on transferred properties increased from 36 to 45 percent and by commercial banks from 12 to 21 percent. During this period, the proportion of purchase-financing loans by insurance companies dropped about one-third, Farm Credit agencies about one-sixth, and miscellaneous lenders about one-half.

Interest rates on farm mortgages have continued at relatively low levels, tending to induce more buyers to enter the farm-land market and to offer higher bids in view of lower costs of ownership. In 20 selected counties in the North Central region, a mortgage-interest rate of 4 percent or less was reported for about one-third of all new mortgages in credit-financed sales during 1944. A rate of 5 percent or less was reported for four-fifths of the new mortgages in these transfers. The 4-percent rate was reported in more than half the mortgages to finance transfers by insurance companies and the Federally sponsored lending agencies. For individuals and commercial banks the most common rate was 5 percent. A few mortgages made by individuals and a group of "others" during 1944 had an interest rate of less than 4 percent. During the first quarter of 1945, more than four-fifths of the purchase-financing mortgages made by insurance companies carried a rate of 4 percent.

Almost half of the new mortgage loans made for financing transfers in the selected counties in the North Central region during the first quarter of 1945 had a maturity date of 5 years or less and almost three-fourths of 10 years or less. The mortgage loans by individuals were generally for the shortest period; almost three-fourths had to be repaid or refinanced within 5 years.

FARM MORTGAGES RECORDED AND OUTSTANDING DEBT

Mortgages Recorded.—The estimated total number of farm mortgages recorded during 1944 was practically unchanged from the number recorded in 1943.[3] In addition to mortgages used to finance farm transfers, the data as to farm-mortgage recordings include renewals

[3] Data from 1934 to date compiled by Economic and Credit Research Division, Farm Credit Administration, U. S. Department of Agriculture.

and the refinancing of existing mortgages. Of the number of newly recorded mortgages in 1944, 44 percent were made by individuals, 30 percent by commercial banks, 13 percent by the Federal land banks and Land Bank Commissioner, 7 percent by insurance companies, and 6 percent by other lenders. These proportions are essentially the same as for 1943, although loans by Farm Credit agencies and commercial banks increased slightly, and the relative importance of each of the other groups decreased slightly.

Recordings of farm mortgages by individuals and also by the Farm Credit agencies made up about the same proportion of all recordings during the last year, as their loans to finance the sale of farms were of all such loans. Commercial banks and the miscellaneous group of lenders each had a larger proportion of all recordings than of all loans to finance farm sales, while the relative importance of insurance companies was greater in connection with loans to finance transfers than all loans.

The total amount of farm mortgages recorded during 1944 was estimated at 971 million dollars, an increase of approximately 6 percent from the 1943 estimate of 916 million dollars and a larger total amount than for any year since 1935. Among the various lender groups, increases in the dollar amount of mortgages recorded from 1943 to 1944 amounted to 10 percent or more for the Federal land banks and Land Bank Commissioner, individuals, and commercial banks. Insurance companies and the miscellaneous group of lenders showed offsetting decreases. During 1944 the volume of mortgages recorded by individuals was approximately 40 percent of the total as compared with approximately 29 percent in 1940. In 1944 each of the other lender groups recorded a smaller proportion of the total amount of mortgage recordings than in 1940.

During the World War I period, the amount of mortgages recorded by individuals made up almost three-fifths of all mortgage recordings, a proportion almost one-half larger than that of the past 2 years. Commercial banks, the second most important lender group in both war periods, have been recording about one-fourth the total amount in recent years whereas in the World War I period they averaged about one-fifth of the total. The relative importance of Federal land banks (including Commissioner loans) and life insurance companies has also been higher in recent years than in the World War I period. Thus, the proportion of recent new loans held by corporate lender groups is currently larger than was the case in the earlier war period.

The average size of farm mortgages recorded last year was 6 percent larger than in 1943, and about two-fifths larger than in 1940. For the various lender groups, the average size of farm mortgages recorded by individuals has shown the sharpest increase in recent years. Recordings by individuals last year averaged about one-eighth larger than in 1943 and three-fourths larger than in 1940. The comparable increase since 1940 for commercial banks was two-fifths, about one-fourth for both the insurance companies and miscellaneous lenders, and about 8 percent for the Federal land banks and Land Bank Commissioner.

FARM-MORTGAGE DEBT REDUCED.—Total farm-mortgage debt continued to decrease during 1944 despite the fact that a large number of farmers and others went heavily into debt for the purchase of farms. Principal repayments from the high wartime incomes and savings have exceeded the amount of new loans closed, as the amount

of debt reduction due to security acquisition during recent years has been relatively unimportant. The estimated farm-mortgage indebtedness for January 1, 1945 was $5,270,655,000, a decrease of $364,117,000, or 6.5 percent from the estimate of $5,634,772,000 for January 1, 1944 (table 5). During the 5 years 1940–44 the total mortgage debt decreased about one-fifth as compared with an increase for the World War I period, 1915–19, of a little more than two-fifths. Total farm-mortgage indebtedness is now lower than for any year since 1916 and is less than half the peak reached in 1923, when the estimated indebtedness was $10,785,621,000.

The total farm-mortgage indebtedness was reduced in all geographic divisions during 1944 except in the New England States where a 2-percent increase occurred. The decreases varied from 8.3 percent in the West North Central States to 4.1 percent in the North Atlantic States. For the 5-year period 1940–44, such debt reductions varied from a 32.7 percent decrease in the Mountain States to 7.1 percent decrease for the New England States. During 1944 the total farm-mortgage debt decreased in all but 8 States. The States in which increases occurred had a relatively small proportion of the total debt. The continued increase in farm real estate values and decrease in the farm-mortgage debt during the last year resulted in a further reduction in the over-all debt-value ratio. The total value of farm real estate at the beginning of 1945 is estimated at $50,295,000,000 and the total mortgage debt at $5,270,655,000, with a debt-to-value ratio of 10.5 percent as compared with 12.4 percent for the previous year and 19.6 in 1940. The over-all debt-value ratio at the beginning of 1945 is lower than for any other year since 1912.

TABLE 5.—*Farm-mortgage debt: Total outstanding and amounts held by selected lending agencies, United States, January 1, 1910, 1915, 1920, 1925, 1930-45*[1]

Beginning of year—	Total farm-mortgage debt	Amounts held by selected lending agencies				
		Federal land banks and Land Bank Commissioner	Joint stock land banks [2]	Life insurance companies	Commercial banks [3]	Farm security Administration [4]
	1,000 dol.	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
1910	3,207,863			386,961	406,248	
1915	4,990,785			669,984	746,111	
1920	8,448,772	296,386	60,038	974,826	1,204,383	
1925	9,912,650	923,077	446,429	1,942,624	1,200,456	
1930	9,630,768	1,201,732	637,789	2,118,439	997,468	
1931	9,398,088	1,197,063	605,858	2,087,047	946,876	
1932	9,093,983	1,180,992	552,180	2,086,614	940,135	
1933	8,466,418	1,147,014	474,954	1,898,318	889,083	
1934	7,685,203	1,328,563	412,346	1,697,787	710,863	
1935	7,584,459	2,564,179	274,988	1,301,562	498,842	
1936	7,422,701	2,907,649	198,187	1,112,289	487,505	
1937	7,153,963	2,989,019	160,013	1,015,615	487,534	
1938	6,954,884	2,950,761	133,554	988,557	501,450	
1939	6,779,318	2,862,855	114,992	982,939	519,276	15,220
1940	6,586,399	2,723,110	91,726	984,290	534,170	38,566
1941	6,534,487	2,642,333	73,455	1,016,479	543,408	73,093
1942	6,483,847	2,515,669	55,919	1,063,166	535,212	122,104
1943	6,117,168	2,262,135	37,015	1,042,939	476,676	163,681
1944	5,634,772	1,882,637	10,097	986,661	448,433	176,595
1945	5,270,655	1,356,956	5,455	933,723	449,582	178,936

[1] Data are for continental United States.
[2] Includes banks in liquidation and receivership.
[3] 1935–43 insured commercial banks; prior to 1935 all open State and national banks.
[4] Includes tenant-purchase and farm enlargement loans, farm-development loans, and construction loans to individuals. Loans made for these purposes from Rural Rehabilitation Trust funds are also included.

FARM INCOME, LAND EARNINGS, AND VALUES

The continued high volume of agricultural production during 1944 with farm-product prices averaging somewhat higher than for 1943 brought another year of record farm incomes. The income increases were largely offset by higher production expenses, so net farm returns increased but slightly. The relatively high returns during the last 3 years, along with favorable prospects for 1945 and the growing accumulation of relatively liquid funds, were among the basic forces stimulating the steady upward trend in farm real estate values.

Prices, Costs, and Income

Farm-Product Prices and Production.—The average level of prices received by farmers for all farm products in 1944 was only slightly above the 1943 level; increased prices for crops more than offset the decreases in prices for livestock. The farm-product price index (August 1909-July 1914 = 100) for 1944 averaged 195, as compared with 192 in 1943, 159 in 1942, 124 in 1941, and 100 in 1940 (table 6 and fig. 6). Price increases during the last few months of the year brought the index for December 1944 to 200, or twice the pre-World War I level, for the first time since September 1920. The index for March 1945 was 198, and by June the price index had advanced to 206, which was 7 percent above June 1944. Farm-product prices for the first 6 months in 1945 averaged about 3 percent above the comparable period a year earlier. Although the price increases during

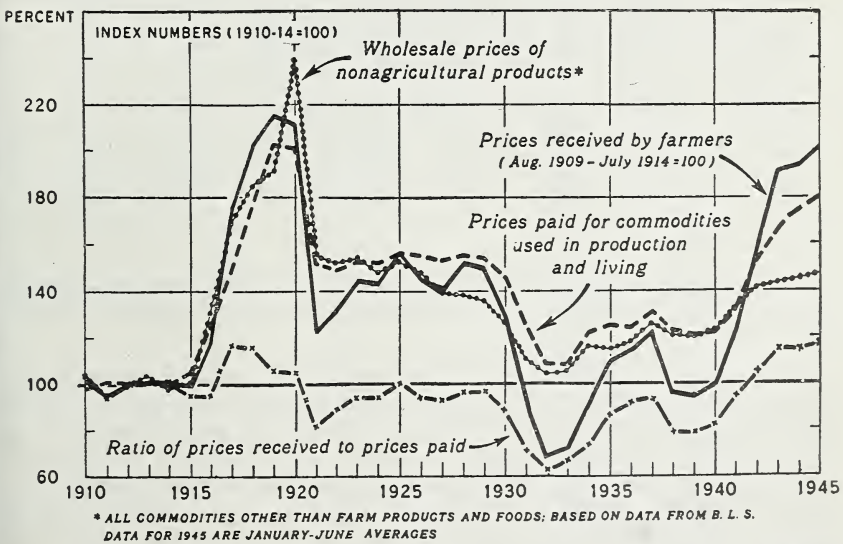

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FIGURE 6.—PRICES RECEIVED AND PAID BY FARMERS AND RATIO, AND WHOLESALE PRICES OF NONAGRICULTURAL PRODUCTS, UNITED STATES, 1910–45.

Prices received by farmers in 1944 averaged only slightly above the 1943 average and with a larger increase in prices paid, the ratio of prices received to prices paid for commodities used in production and living declined to 111 (related to pre-World War I averages), a drop of 4 points from the 1943 average. During the first 6 months of 1945, average of prices received increased faster than prices paid and the ratio advanced to about the level prevailing in 1943.

TABLE 6.—*Index numbers of farm prices and wholesale prices, for specified years, and by months, January 1944–July 1945*

Year and month	Farm prices (August 1909–July 1914=100)									Wholesale prices (1910–14=100)	
	Food grains	Feed grains and hay	Cotton	Fruits	Truck crops	Dairy products	Poultry and eggs	Meat animals	All crops and livestock	All commodities	Other than farm products and foods
1910	109	96	113	100	-------	100	104	101	102	103	104
1915	126	105	73	82	-------	101	101	105	99	102	101
1920	249	204	252	178	-------	202	223	173	211	225	239
1925	171	134	179	158	143	155	162	140	156	151	152
1930	93	107	100	146	129	142	128	135	128	126	126
1931	57	74	61	91	115	111	99	93	90	107	111
1932	45	48	47	73	102	86	81	65	68	95	104
1933	66	57	66	70	91	87	74	61	72	96	105
1934	91	95	97	88	95	101	89	70	90	109	116
1935	97	107	94	82	119	114	116	116	109	117	115
1936	108	102	95	92	104	125	114	118	114	118	118
1937	120	125	90	104	110	130	110	132	122	126	126
1938	75	71	67	70	88	114	108	115	97	115	121
1939	72	69	70	68	91	110	95	112	95	113	120
1940	84	82	77	73	111	119	96	111	100	115	123
1941	97	89	107	85	129	139	121	146	124	127	132
1942	120	111	149	114	163	162	151	188	159	144	141
1943	148	147	160	179	245	193	190	209	192	151	144
1944	165	166	164	215	212	198	174	200	195	122	146
1944:											
January	170	168	162	204	267	201	177	194	196	151	145
February	170	169	161	206	247	201	168	199	195	151	145
March	169	171	161	215	242	199	162	203	196	152	145
April	171	172	163	237	220	196	151	203	196	152	146
May	170	173	160	232	225	194	153	201	194	152	146
June	165	170	163	228	231	192	154	200	193	151	146
July	161	168	164	230	195	194	165	197	192	152	146
August	156	166	162	214	186	196	171	201	193	152	146
September	155	162	170	206	166	198	179	200	192	152	146
October	164	161	171	205	153	201	190	201	194	152	146
November	165	157	168	195	188	203	207	200	196	152	146
December	167	160	168	206	228	203	211	198	200	153	146
1945:											
January	169	163	163	205	262	202	199	203	201	153	147
February	169	164	161	211	223	200	183	209	199	154	147
March	171	166	163	211	203	198	175	211	198	154	147
April	172	162	163	221	259	194	176	215	203	154	147
May	172	161	165	227	193	192	179	217	200	155	147
June	173	162	169	237	269	191	189	216	206	155	--------
July	169	161	171	237	244	192	197	215	206	154	--------

the last year have been relatively small, the continuation of the high level has been sufficient to contribute to the further increases in farmland values.

Among the various classes of farm products, the sharpest rise in average prices from 1943 to 1944 was for fruits. Prices for fruits increased one-fifth and for food grains and feed grains and hay the price advances were between one-eighth and one-tenth. Prices for cotton and for dairy products in 1944 averaged between 2 and 3 percent above those for 1943. Prices for other groups of farm products (truck crops, poultry and eggs, and meat animals) during 1944 averaged somewhat lower than for 1943 but they still continued at a high level. Prices for poultry and eggs and meat animals averaged higher during the first 6 months of 1945 than during the same months in 1944.

Stimulated by steadily advancing wartime prices and relatively favorable weather conditions, agricultural production in the United States in each of the last 6 years has been higher than for the preceding year. The index of total production for 1944 was 6 percent above

the 1943 level, 20 percent above the 1941 level, and 36 percent above the 1935–39 base. The exceptionally large production during 1944 was due mainly to the increased production of crops. Production of tobacco was up 38 percent; food grains, 28 percent; feed grains and hay, 26 percent; whereas the production of oil-bearing crops and vegetables decreased 16 percent and 15 percent respectively.

The production of livestock and livestock products during 1944 was about 2 percent above the record production of 1943 with the index for this group of products advancing from 138 to 141 percent above the 1935–39 base.

Preliminary estimates of the volume of agricultural production for 1945 indicate a level slightly lower than the record high for 1944. Production difficulties and unfavorable weather in some major producing areas have more than offset the stimulating influence of the high price levels, price supports, and direct subsidies. The greatest decreases from last year are expected for feed grains and hay, and cotton and cottonseed, with lesser decreases expected for meat animals. A further increase in the total production of food grains is expected. The preliminary index of total production for 1945 is 131, or 2 percent below that for 1944.

Farm Income and Costs.—As a result of continued high farm-product prices, increased Government payments, and record levels of production, the total cash farm income in 1944 rose to the highest

Table 7.—*Cash farm income and gross farm income, United States, 1910–44*

Year	Cash income from marketings	Government payments	Total cash income	Value of home consumption	Gross income [1]
	Million dollars	*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*
1910	5,793		5,793	1,177	6,970
1911	5,596		5,596	1,092	6,688
1912	6,017		6,017	1,140	7,157
1913	6,248		6,248	1,153	7,401
1914	6,050		6,050	1,161	7,211
1915	6,403		6,403	1,131	7,534
1916	7,750		7,750	1,309	9,059
1917	10,746		10,746	1,861	12,607
1918	13,461		13,461	2,153	15,614
1919	14,602		14,602	2,395	16,997
1920	12,608		12,608	2,406	15,014
1921	8,150		8,150	1,568	9,718
1922	8,594		8,594	1,555	10,149
1923	9,563		9,563	1,623	11,186
1924	10,221		10,221	1,622	11,843
1925	10,995		10,995	1,781	12,776
1926	10,564		10,564	1,837	12,501
1927	10,756		10,756	1,695	12,451
1928	11,072		11,072	1,667	12,739
1929	11,296		11,296	1,699	12,995
1930	9,021		9,021	1,537	10,558
1931	6,371		6,371	1,253	7,624
1932	4,743		4,743	1,008	5,751
1933	5,314	131	5,445	1,023	6,468
1934	6,334	446	6,780	1,090	7,870
1935	7,086	573	7,659	1,320	8,979
1936	8,367	287	8,654	1,374	10,028
1937	8,850	367	9,217	1,410	10,627
1938	7,686	482	8,168	1,283	9,451
1939	7,877	807	8,684	1,244	9,928
1940	8,340	766	9,106	1,232	10,338
1941	11,157	586	11,743	1,399	13,142
1942	15,316	697	16,013	1,684	17,697
1943	19,339	672	20,011	2,011	22,022
1944 [2]	19,790	804	20,594	2,039	22,633

[1] Excluding rental value of farm homes.
[2] Preliminary.

level of record. The upward trend was less pronounced than during the 2 preceding years as total cash farm income (from marketings and Government payments) rose 36 percent from 1941 to 1942, 25 percent from 1942 to 1943, and 3 percent from 1943 to 1944.

Total cash income for 1944 amounted to 20.6 billion dollars, which was almost 2½ times the 1935–39 average and about 6 billions or two-fifths above the World War I high level of 1919 (table 7). Gross farm income in 1944 totaled 22.6 billion dollars and was 3 percent above the 22.0 billion dollar estimate for 1943.

Cash income from crop marketings in 1944 was up 8 percent from 1943, 82 percent above 1941, 151 percent above the 1935–39 average, but only 12 percent above 1919 (table 8). Cash returns from all groups of crops except vegetables were larger in 1944 than in 1943, with the relatively largest gains made by tobacco, fruits and nuts, and cotton and cottonseed. Cash returns from tobacco last year were up from 1943 by almost one-third, whereas for vegetables the returns decreased about 6 percent. Cash returns during 1944 from fruits and nuts and vegetables were more than double the returns from each of these 2 groups of products during the peak year of the World War I period. Returns from cotton and cottonseed and grains and hay were below the earlier peak year by 35 and 14 percent, respectively.

Cash income from livestock marketing during 1944 were about 2 percent below 1943, although 146 percent above the 1935–39 average and about three-fifths above 1919. Returns from dairy products, and poultry and eggs, during last year were almost double the returns

TABLE 8.—*Cash income from farm marketings by groups of commodities, selected years, 1910–44*

Year	Crops						Livestock						Total crops and livestock
	Grains and hay	Cotton and cottonseed	Fruits and nuts	Vegetables	Tobacco	All crops[1]	Hogs	Cattle and calves	Sheep and lambs	Dairy products	Poultry and eggs	All livestock[1]	
	Mil. dol.	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*
1910	1,177	880	232	291	102	2,950	670	851	105	597	480	2,843	5,793
1915	1,485	830	282	306	93	3,280	691	966	111	685	499	3,123	6,403
1916	1,673	1,148	314	436	139	4,043	949	1,132	127	764	554	3,707	7,750
1917	2,312	1,604	383	691	241	5,660	1,299	1,651	159	1,029	740	5,086	10,746
1918	3,235	1,785	488	617	343	6,985	1,866	2,029	196	1,250	872	6,476	13,461
1919	3,015	2,282	642	619	500	7,674	1,911	1,921	214	1,522	1,111	6,928	14,602
1920	2,831	1,476	677	744	295	6,654	1,385	1,528	166	1,529	1,155	5,954	12,608
1925	1,776	1,762	589	684	260	5,526	1,318	1,252	207	1,515	1,038	5,469	10,995
1926	1,637	1,222	607	731	240	4,889	1,407	1,271	205	1,566	1,093	5,675	10,564
1927	1,721	1,500	590	664	246	5,157	1,237	1,336	197	1,685	1,017	5,599	10,756
1928	1,670	1,453	621	629	247	5,044	1,218	1,556	221	1,756	1,121	6,028	11,072
1929	1,581	1,512	620	710	279	5,125	1,297	1,495	224	1,838	1,181	6,171	11,296
1930	1,124	824	561	685	244	3,840	1,136	1,184	161	1,607	998	5,181	9,021
1931	635	497	457	488	157	2,536	774	838	130	1,277	746	3,835	6,371
1932	486	461	327	358	115	1,997	445	621	93	986	558	2,746	4,743
1933	671	577	346	446	157	2,473	524	600	104	1,004	514	2,841	5,314
1934	733	863	394	498	236	3,004	521	815	131	1,146	614	3,330	6,334
1935	769	712	443	502	242	2,978	682	1,062	152	1,310	799	4,108	7,086
1936	1,023	905	462	656	243	3,651	991	1,114	165	1,478	828	4,716	8,367
1937	1,176	883	546	648	321	3,948	925	1,239	186	1,525	862	4,902	8,850
1938	954	647	405	533	294	3,190	870	1,162	157	1,388	802	4,496	7,686
1939	1,064	627	443	589	271	3,366	810	1,290	172	1,346	767	4,511	7,877
1940	1,178	647	442	591	241	3,470	836	1,381	180	1,516	806	4,870	8,340
1941	1,580	1,045	612	730	323	4,718	1,302	1,718	227	1,897	1,107	6,439	11,157
1942	2,175	1,237	826	1,087	474	6,329	2,191	2,293	307	2,336	1,652	8,987	15,316
1943[2]	2,748	1,318	1,203	1,592	540	7,980	2,942	2,581	342	2,809	2,446	11,359	19,339
1944[2]	2,784	1,490	1,476	1,489	717	8,604	2,796	2,607	303	2,969	2,295	11,186	19,790

[1] Totals include income from other sources.
[2] Preliminary.

from these groups of products in the World War I years. Cash income from crops and livestock in 1944 were 148 percent above the 1935–39 average and 36 percent above 1919.

Although total farm income in 1944 was higher than in 1943 and at record levels for the third consecutive year, expenditures for production also increased to a new record level (fig. 7). All groups of expenditures increased during the last year except mortgage interest and taxes. For this group, a slight increase in taxes was more than offset by a lower amount of mortgage interest. For current operating expenses, the somewhat larger expenditures for fertilizer and lime, operation of motor vehicle, and a miscellaneous group were partially offset by decreased expenditures for purchases of feed and livestock. Current operating expenses in 1944 were more than double the 1935-39 average, 50 percent above 1919, and almost two-fifths above 1920, the peak year for the World War I period. As a result, farmers' net cash return for 1944 was practically unchanged from 1943, with the increase amounting to only 17 million dollars, or less than 1 percent of total net cash returns. The level of net cash return, therefore, continues at more than 3 times the 1935-39 average and almost three-fifths above 1919. Recent movements of cash income, production expenditures, and net cash return reveal a pattern strikingly similar to that of the World War I period. The levels of the series, however, have been higher during the present war period than during corresponding years of World War I.

The continued wide margin between cash farm costs and total cash farm income during the last 2 years is principally the result of prices received by farmers having risen more than prices paid by farmers.

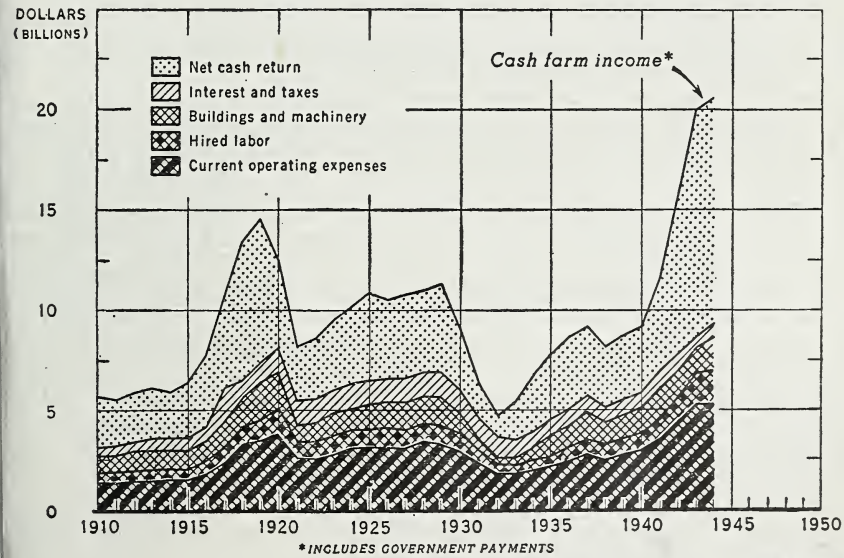

FIGURE 7.—CASH FARM INCOME, PRODUCTION EXPENDITURES, MORTGAGE INTEREST AND TAXES, AND NET CASH RETURN, UNITED STATES 1910–44.

The increased total cash farm income in 1944 was practically offset by increased production expenditures so net cash return in 1944 was less than 1 percent above 1943. The continued high level of net cash return is more than 3 times the 1935–39 average and almost three-fifths above 1919.

(See fig. 6.) Prices received by farmers for farm products rose, from a 1935–39 average, by 87 percent by the end of 1944, whereas prices paid for commodities used in production and living rose by only 42 percent (table 9). Prices received by farmers for farm commodities during June averaged about 7 percent above a year earlier, 66 percent above 1941 and 93 percent above the 1935–39 average. Prices paid by farmers for commodities used in production and living were about 2 percent above a year ago, 37 percent above 1941, and 44 percent above the 1935–39 average. The ratio of prices received to prices paid for commodities used in production and living related to 1910–14 averages, was 114 in June 1945; related to 1935–39 averages, the ratio was 133. This is an increase of about 4 percent from June 1944 and 3 percent from the 1944 average indicating a greater advance in prices received than in prices paid.

Comparisons of Farm Income, Values, and Sales

During periods of rapid price change, prices of land tend to follow rather than to anticipate major income trends. Farm income in the World War I period advanced more rapidly and reached considerably higher levels (relative to immediate prewar) than did land values. Relative to postwar incomes of the 1920's and 1930's, however, prices of land went to excessive levels by 1920. Downward adjustment of land prices to the reduced postwar incomes was a painfully lagging process. The first phases of this general pattern are being repeated in the World War II period but, so far, the response of land prices to increased farm income is relatively less than in the World War I period.

To compare increases in farm income and farm real estate values, the period 1935–39 is used as the recent base, comparable with the 1910–14 and 1912–14 bases prior to World War I.

For the country as a whole, the increase in total cash income per acre from 1935–39 to 1944 was 142 percent (table 10) and in net cash return 239 percent, as compared with an increase in land values of 52 percent to March 1945 and 57 percent to July 1945. From 1912–14 to March 1919, values increased 40 percent (and 70 percent by March 1920), whereas total cash income rose 132 percent and net cash return rose 163 percent (from 1910–14 bases) by 1919. These comparisons indicate that, although both gross and net cash returns have increased considerably more during World War II than during World War I, land-value increases (relative to the respective prewar bases) have been approximately the same—except that up to mid-1945 no sudden jump in land prices similar to that of 1919–20 has occurred. In other words, prices of land did not respond so readily to income increases—dollar for dollar—in the recent war period as in the earlier war. For every 10-percent increase in total cash income per acre, 1910–14 to 1919, land values had increased (1912–14 base) 3.1 percent by March 1919 and 5.3 percent by March 1920. The corresponding figure 1935–39 to 1944 and March 1945 is 3.7 percent.

Such relations seem to indicate that values recently have been somewhat less responsive to increases in income and suggest that buyers may be less inclined to regard high wartime incomes as likely to continue indefinitely.

Further instructive comparisons may be made between movements of gross income and land values, on the one hand, and volume of

TABLE 9.—*Index numbers of prices paid by farmers, farm wage rates, interest, and taxes, and ratio of prices received to prices paid, selected years and months, 1910–45*

[1910–14 = 100]

Year and month	Prices paid for commodities used in—			Farm wage rates	Interest payable per acre	Taxes payable per acre	Prices paid including interest and taxes	Prices received	Ratio of prices received to prices paid	
	Production	Living	Production and living						Including interest and taxes	Excluding interest and taxes
									Percent	*Percent*
1910	98	98	98	97	83	90	96	102	106	104
1915	104	106	105	103	122	118	107	99	93	94
1920	174	222	201	242	217	200	202	211	104	105
1925	147	163	156	176	236	265	169	156	92	100
1930	141	150	146	167	206	281	160	128	80	88
1931	123	128	126	130	197	277	141	90	64	71
1932	109	108	108	96	185	254	124	68	55	63
1933	108	108	108	85	164	220	120	72	60	67
1934	123	122	122	95	148	188	129	90	70	74
1935	127	124	125	103	135	178	130	109	84	87
1936	125	123	124	111	124	180	127	114	90	92
1937	136	128	131	126	116	181	133	122	92	93
1938	125	122	123	125	108	186	126	97	77	79
1939	122	120	121	123	103	183	124	95	77	79
1940	124	121	122	126	100	186	125	100	80	82
1941	131	131	131	154	99	183	132	124	94	95
1942	149	154	152	201	97	183	150	159	106	105
1943	163	170	167	264	89	179	162	192	119	115
1944	173	178	176	315	86	178	170	195	115	111
1944:										
January	172	176	174	275			168	196	117	112
February	173	177	175				169	195	115	111
March	173	177	175				169	196	116	112
April	173	177	175	292			169	196	116	112
May	173	177	175				169	194	115	111
June	173	178	176				170	193	114	110
July	173	179	176	328			170	192	113	109
August	173	178	176				170	193	114	110
September	173	179	176				170	192	113	109
October	173	179	176	325			170	194	114	110
November	173	180	177				171	196	115	111
December	173	182	178				171	200	117	112
1945:										
January	174	183	179	324			172	201	117	112
February	174	183	179				172	199	116	111
March	175	183	180				173	198	114	110
April	175	183	180	335			173	203	117	113
May	174	184	180				173	200	116	111
June	174	185	180				173	206	119	114
July	174	185	180				173	206	119	114

TABLE 10.—*Selected comparisons of increases in land values and cash farm incomes, by geographic divisions, 1912–14 to 1919 and 1920 and 1935–39 to 1944 and 1945*

Geographic division	Increase in value per acre						Increase in total cash income per acre 1935–39 to 1944
	1912–14 to—		1935–39 to—				
	March 1919	March 1920	March 1944	July 1944	March 1945	July 1945	
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
United States	40	70	38	42	52	57	[1] 142
New England	23	40	16	18	23	26	122
Middle Atlantic	21	36	23	25	34	36	116
East North Central	35	61	48	52	60	62	136
West North Central	47	84	27	29	38	41	161
South Atlantic	61	98	43	46	63	67	159
East South Central	62	99	57	60	77	83	133
West South Central	43	77	32	36	46	50	129
Mountain	30	51	44	51	63	68	128
Pacific	34	56	41	48	61	70	174

[1] The corresponding increase from a 1910–14 base to 1919 was 132 percent. Data are not available for estimating changes by geographic divisions during this period.

TABLE 11.—*Index numbers of gross farm income per acre, value per acre of farm real estate, and number of voluntary sales, by regions, 1925–45*[1]

1935–39=100]

Geographic division	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934
North Atlantic:										
Income	116	121	115	117	123	118	90	69	73	81
Value of farm real estate	126	126	124	123	122	120	116	109	95	95
Voluntary sales	135	138	131	111	112	101	83	82	77	74
North Central:										
Income	148	147	139	142	145	119	83	58	64	76
Value of farm real estate	171	164	155	151	150	146	130	109	88	93
Voluntary sales	86	89	85	77	78	66	55	52	57	64
South Atlantic:										
Income	131	122	128	124	127	106	77	60	69	89
Value of farm real estate	146	147	135	132	130	127	114	95	79	86
Voluntary sales	106	91	75	69	69	55	46	58	66	70
South Central:										
Income	163	142	151	153	150	104	74	60	69	86
Value of farm real estate	148	147	142	140	139	138	124	100	84	90
Voluntary sales	106	94	86	76	75	56	51	57	59	64
Mountain:										
Income	174	165	169	175	168	126	85	60	66	82
Value of farm real estate	142	139	137	137	137	138	136	112	93	94
Voluntary sales	105	111	114	117	127	81	58	55	57	66
Pacific:										
Income	125	122	124	129	131	109	81	64	68	78
Value of farm real estate	137	135	134	134	133	133	132	111	90	91
Voluntary sales	95	96	91	75	80	59	59	57	55	66
United States:										
Income	149	143	141	143	144	115	82	61	68	82
Value of farm real estate	153	150	144	142	140	138	128	107	88	92
Voluntary sales	101	96	90	80	81	65	55	57	61	66

Geographic division	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945
North Atlantic:											
Income	89	100	106	100	105	110	128	161	201	200	
Value of farm real estate	97	100	101	101	101	102	102	106	114	121	131
Voluntary sales	87	112	104	101	96	112	130	137	171	163	
North Central:											
Income	90	105	107	96	102	110	143	198	245	238	
Value of farm real estate	95	99	103	103	100	99	99	108	118	136	147
Voluntary sales	82	109	100	98	111	129	166	180	212	189	
South Atlantic:											
Income	92	99	109	98	102	102	122	168	208	149	
Value of farm real estate	92	96	103	105	105	106	108	115	125	143	163
Voluntary sales	86	106	110	102	97	109	125	128	165	164	
South Central:											
Income	92	98	110	99	101	101	131	169	206	215	
Value of farm real estate	94	98	101	104	103	105	106	114	123	138	154
Voluntary sales	85	104	104	106	101	109	133	150	186	172	
Mountain:											
Income	96	102	111	92	99	102	130	174	217	222	
Value of farm real estate	95	99	102	102	102	103	105	113	124	144	163
Voluntary sales	85	105	106	104	100	111	107	144	189	173	
Pacific:											
Income	91	104	113	94	98	102	136	184	245	268	
Value of farm real estate	95	99	103	103	101	101	102	108	119	141	161
Voluntary sales	89	113	110	95	93	102	129	142	178	161	
United States:											
Income	92	103	108	96	101	105	134	180	224	230	
Value of farm real estate	95	99	102	103	101	102	103	110	120	138	152
Voluntary sales	85	107	104	101	103	116	142	156	191	176	

[1] The index of value per acre of farm real estate applies to Mar. 1 of each year. The index of voluntary transfers applies to the data for the year ended Mar. 15 in the following year.

voluntary sales on the other (table 11 and fig. 8). The data indicate that these three series have tended to move together, at least since 1925, in all regions. Relative to 1935–39 averages, voluntary sales during the last few years have more nearly kept pace with increasing incomes than have land values, as would be expected; but land values increased substantially during 1944–45, whereas sales declined moderately. With gross farm income per acre in 1944 up 130 percent (from 1935–39 averages), voluntary sales were up 76 percent as compared with an increase of 57 percent in land values by July 1945.

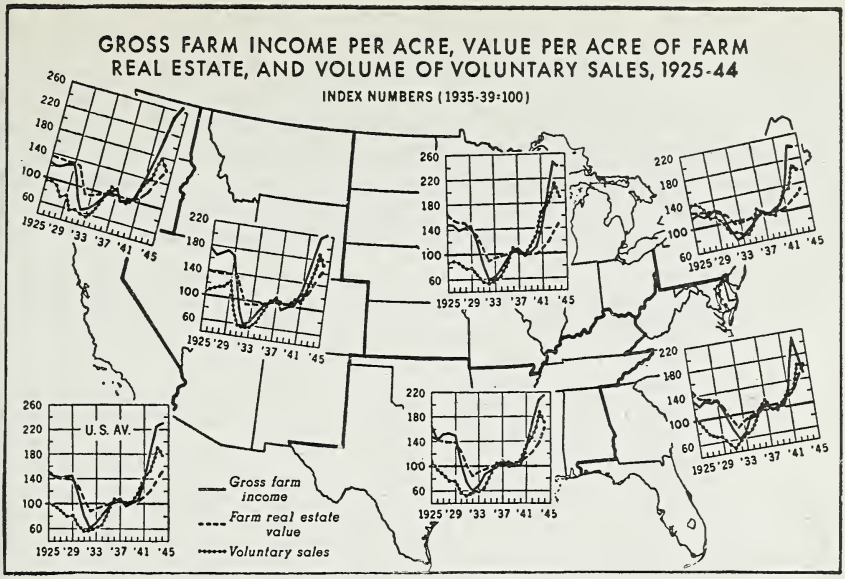

FIGURE 8.—Changes in both farm real estate values and the volume of voluntary sales have been rather closely associated with changes in gross farm income in all major geographic regions. In recent years, voluntary sales have more nearly kept pace with increasing incomes but during 1944–45 voluntary sales decreased moderately while land values continued to increase substantially.

RELATIONSHIP OF LAND EARNINGS AND LAND VALUES

To get a more precise measure of the return-value relationship than that contained in the foregoing discussion, it is necessary to separate land income from total farm income. Estimates of net cash rents on farms that are rented entirely for cash in selected areas, and a survey for the country as a whole of total net rents on all leased land, are available for this purpose.

The limitations and merits of cash rents as a measure of land income has been discussed at some length in earlier issues of the Farm Real Estate Situation. In brief, data relating to gross cash rent are reasonably available and expense deductions can be made fairly accurately. But aside from periods of stable farm income, the lag in the response of cash rents to incomes appears sufficient to invalidate their use as a measure of general land earnings during periods in which farm prices and incomes are changing significantly. In contrast, the value of rents based on shares is much more sensitive to farm-income changes. For any generalized measure of land earnings during such a period as the present, returns from all of the principal types of rental arrangements should apparently be taken into account.

Cash rents may still be regarded as a satisfactory measure of current land income for the considerable areas of land that are rented on a cash basis. Approximately one-fourth of the tenant-operated land in the United States was rented entirely for cash in 1940, about the same proportion as in 1930. In the North Central States 17 percent of the tenant-operated land was rented for cash in 1940.

CASH RENTS AND VALUES.—The data in tables 12 and 13 for the years since 1921 have been prepared on the basis of estimates from crop reporters, who report yearly on average cash rents paid, together with the estimated value of land so rented. Deductions from gross rents have been made for taxes, depreciation, and repairs to obtain an approximation to net rents. Data on real estate taxes per acre, by States, are based on estimates made by the Bureau of Agricultural Economics and an allowance for depreciation and repairs to buildings has been calculated as 3 percent of the building values.

TABLE 12.—*Approximate gross and net cash rent per acre of farm real estate in Iowa and proportion of current value of land, based on current rents, 1900–45*

Year	Average value per acre of cash rented land	Gross cash rent per acre	Taxes plus estimated depreciation and repairs per acre	Approximate net rent per acre	Ratio of rent to value		Net rent capitalized at 5½ percent	Proportion of value represented by capitalized net rent
					Gross rent	Net rent		
	Dollars	*Dollars*	*Dollars*	*Dollars*	*Percent*	*Percent*	*Dollars*	*Percent*
1900	44	3.88	0.42	3.46	8.8	7.9	63	143
1901	50	3.89	.46	3.43	7.8	6.9	62	124
1902	58	3.90	.51	3.39	6.7	5.8	62	107
1903	66	3.99	.60	3.39	6.0	5.1	62	94
1904	72	4.15	.62	3.53	5.8	4.9	64	89
1905	73	4.25	.62	3.63	5.8	5.0	66	90
1906	73	4.33	.60	3.73	5.9	5.1	68	93
1907	80	4.45	.65	3.80	5.6	4.8	69	86
1908	85	4.61	.67	3.94	5.4	4.6	72	85
1909	91	4.84	.71	4.13	5.3	4.5	75	82
1910	99	5.05	.75	4.30	5.1	4.3	78	79
1911	104	5.18	.82	4.36	5.0	4.2	79	76
1912	110	5.39	.86	4.53	4.9	4.1	82	75
1913	120	5.49	1.04	4.45	4.6	3.7	81	68
1914	125	5.90	1.06	4.84	4.7	3.9	88	70
1915	135	6.31	1.13	5.18	4.7	3.8	94	70
1916	153	6.76	1.23	5.53	4.4	3.6	101	66
1917	160	7.13	1.35	5.78	4.5	3.6	105	66
1918	175	7.68	1.42	6.26	4.4	3.6	114	65
1919	191	8.47	1.64	6.83	4.4	3.6	124	65
1920	255	9.65	2.03	7.62	3.8	3.0	139	55
1921	236	8.08	2.14	5.94	3.4	2.5	108	46
1922	188	7.42	2.18	5.24	3.9	2.8	95	51
1923	170	7.39	2.12	5.27	4.3	3.1	96	56
1924	164	7.38	2.15	5.23	4.5	3.2	95	58
1925	154	7.39	2.07	5.32	4.8	3.5	97	63
1926	153	7.55	2.10	5.45	4.9	3.6	99	65
1927	149	7.69	2.15	5.54	5.2	3.7	101	68
1928	142	7.75	2.15	5.60	5.5	3.9	102	72
1929	140	7.79	2.22	5.57	5.6	4.0	101	72
1930	130	7.77	2.20	5.57	6.0	4.3	101	78
1931	114	7.43	1.99	5.44	6.5	4.8	99	87
1932	93	6.08	1.73	4.35	6.5	4.7	79	85
1933	70	4.46	1.45	3.01	6.4	4.3	55	79
1934	78	4.99	1.47	3.52	6.4	4.5	64	82
1935	81	5.21	1.60	3.61	6.4	4.5	66	81
1936	88	5.70	1.70	4.00	6.5	4.5	73	83
1937	87	5.71	1.72	3.99	6.6	4.6	73	84
1938	89	5.88	1.75	4.13	6.6	4.6	75	84
1939	86	5.86	1.79	4.07	6.8	4.7	74	86
1940	86	5.99	1.75	4.24	7.0	4.9	77	90
1941	89	6.24	1.79	4.45	7.0	5.0	81	91
1942	96	6.79	1.81	4.98	7.1	5.2	91	95
1943	107	7.42	1.94	5.48	6.9	5.1	100	93
1944	122	8.20	2.11	6.09	6.7	5.0	111	91
1945	128	8.47	[1] 2.16	6.31	6.6	4.9	115	90

[1] Taxes per acre are estimated for 1945.

Constant capitalization rates have been used in making the calculations reported in the last two columns in table 12 and the whole of table 13. Rates selected are approximately those paid by farmers on mortgage indebtedness during the 1920–29 decade in the respective States.

The use of constant capitalization rates emphasizes year-to-year changes and trends that arise wholly out of changes in the rents and

TABLE 13.—*Approximate capitalized net cash rents and proportion of current value of land represented by capitalized net rents, North Central States, 1921–45*

Item, State, and region	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944[1]	1945[2]
NET RENT CAPITALIZED AT APPROXIMATE MORTGAGE INTEREST RATE[3]	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*
Ohio	89	63	56	53	51	46	44	43	39	37	36	31	22	30	34	37	43	43	40	40	42	45	50	57	58
Indiana	98	72	66	65	60	58	56	52	52	50	45	39	34	45	46	52	56	57	54	56	53	67	78	85	87
Illinois	141	103	100	94	92	91	88	87	88	85	83	67	57	63	64	70	73	76	74	76	80	87	99	107	112
Michigan	53	44	44	44	40	39	37	35	32	28	27	24	22	27	29	36	35	34	32	34	37	42	50	51	59
Wisconsin	90	67	64	62	61	58	56	58	56	55	53	43	31	33	31	39	41	39	39	41	41	53	58	64	70
East North Central	106	78	74	70	68	66	64	63	61	59	57	47	38	44	45	51	54	55	52	54	56	64	72	79	84
Minnesota	80	59	51	52	50	50	52	52	52	51	48	45	33	37	38	41	43	42	41	43	45	49	54	57	60
Iowa	108	95	96	95	97	99	101	102	101	101	99	79	55	64	66	73	73	75	74	77	81	91	100	111	115
Missouri	92	64	62	60	58	57	55	54	54	52	46	39	28	32	31	36	35	37	34	35	36	42	49	53	57
North Dakota	23	18	18	17	15	16	15	16	16	15	13	11	10	11	10	11	10	8	8	8	8	12	14	17	18
South Dakota	58	36	31	29	29	28	27	30	30	30	30	23	19	18	17	18	16	17	16	16	18	20	25	26	28
Nebraska	76	54	51	49	49	50	49	52	53	54	54	44	31	33	31	36	31	32	32	30	29	33	38	44	45
Kansas	54	42	39	37	38	37	37	37	39	38	34	28	22	25	24	26	26	27	26	23	26	28	38	40	46
West North Central	97	64	62	61	61	62	62	63	63	63	61	50	36	40	41	45	44	45	44	45	47	52	59	66	68
PROPORTION OF VALUE REPRESENTED BY CAPITALIZED NET RENT	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*
Ohio	79	64	58	59	59	53	53	55	53	52	59	57	48	60	65	65	69	70	64	64	66	62	62	64	61
Indiana	73	65	64	68	67	67	69	68	69	70	70	80	76	92	86	89	88	90	87	87	82	88	88	83	76
Illinois	65	59	60	59	60	60	60	62	64	67	72	72	72	77	73	75	75	78	76	76	78	78	81	77	76
Michigan	60	54	55	56	53	51	49	47	44	41	44	48	51	59	64	73	70	66	62	66	70	74	76	69	73
Wisconsin	74	59	60	61	64	62	62	64	63	65	73	67	56	59	52	60	61	62	66	71	75	80	82	81	85
East North Central	68	60	60	59	60	59	59	61	60	62	67	67	63	70	67	71	71	73	70	72	74	75	77	75	74
Minnesota	61	53	49	51	52	52	55	59	61	64	69	76	67	74	73	74	77	75	77	82	84	84	87	81	81
Iowa	46	51	56	58	63	65	68	72	72	78	87	85	79	82	81	83	84	84	86	90	91	95	93	91	90
Missouri	85	74	78	78	82	81	81	83	86	88	87	89	88	91	86	95	90	95	95	98	95	99	104	94	94
North Dakota	58	58	62	63	63	67	63	67	70	68	68	69	67	65	62	69	66	55	62	68	80	102	108	105	93
South Dakota	64	52	55	54	57	57	59	68	70	71	81	79	79	75	74	77	74	81	83	91	103	103	111	105	99
Nebraska	71	60	60	60	63	64	64	68	71	73	76	77	72	73	70	76	70	76	84	88	91	98	96	94	92
Kansas	71	67	65	64	67	65	65	65	68	70	71	76	67	74	71	73	70	74	76	71	80	85	102	89	95
West North Central	66	54	57	58	62	63	65	68	69	74	80	81	75	77	77	79	78	80	82	86	88	91	92	89	87

[1] Revised.
[2] In obtaining approximate net rents, taxes per acre are estimated for 1945.
[3] Approximate mortgage-interest rates used: Illinois, Wisconsin, and Iowa, 5½ percent; Minnesota and Nebraska, 5¾ percent; Ohio, Indiana, Michigan, Missouri, South Dakota, and Kansas, 6 percent; North Dakota, 6½ percent.

values reported. Such trends would not be altered through the use of a higher or a lower rate. Since the variation in levels between States may be due in part to differences between the actual and the assumed rates of capitalization, the trends for individual States and the variation in trends for the different States are probably the more significant features of table 12.

The data for Iowa, in table 12 indicate that, after 1900, the proportion of value represented by capitalized net rents declined, more or less continuously. It reached a low point in 1921. Until 1920, this trend was due to the more rapid increase in land values, whereas in 1921 real estate values declined less than did rents. Values continued to decline during the decade following 1921, whereas rents remained relatively stable. The result was a gradual rise in the ratio of both gross and net rent to value, with the proportion of value represented by capitalized net rents increasing from a low of 46 percent in 1921 to 87 percent in 1931. Following 1933 both net rents and values increased in Iowa. Somewhat larger increases occurred in net rents, bringing the proportion of value represented by capitalized net rents to 95 for 1942. Since 1942, values have increased a little faster than net rents, so the ratio has decreased to 90 for 1945.

Recent changes in rents and values for Iowa as compared with those for the World War I period indicate that although the levels are somewhat different the trends have been similar. The average value per acre of cash-rented land during this war period has been only about three-fifths of the average value reported for comparable years in the World War I period, and the estimated net cash rents have been roughly 5 percent below the levels of the earlier period. From 1915 to 1920, average values per acre for cash-rented land rose 89 percent as compared with a rise of 49 percent from 1940 to 1945. The net cash rent increase for the World War I period was 47 percent and for the World War II period 49 percent.

As a result of these changes in rents and values, the proportion of value represented by capitalized net rent for Iowa changed relatively little during both war periods; but during recent years it has been at a level over two-fifths above that of the comparable years of World War I. The proportion of value represented by capitalized net rent was about 65 percent during the 1916-19 period, dropping to 55 percent in 1920. This ratio has been 90 percent or over, so far in the present war period.

Changes in the proportion of value represented by capitalized net rents have been more marked in the West North Central States as a whole than in the East North Central States. In each region the general trend in the ratio from 1922 to 1943 was upward but the percentage increase in the ratio over the period for the West North Central States was approximately double that for the East North Central group. Since 1943 the ratio has declined 5 percent in the West North Central States and 4 percent in the East North Central group. The marked decrease in the ratio from the peak reached in 1943 for both regions is a result of increases in values being relatively greater than increases in rents.

Since 1940 net cash rents have increased in all the North Central States with the sharpest increases reported for those States that have low rent levels. In North Dakota, net rents more than doubled during this period and they have almost doubled in several other States. In most States the increases in net rents for each year from 1940 through

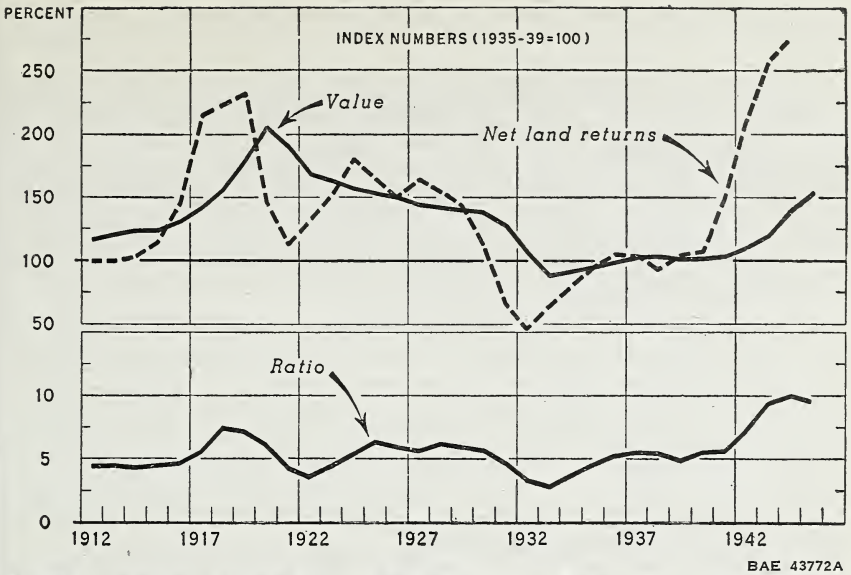

FIGURE 9.—FARM REAL ESTATE: NET LAND RETURNS AND VALUE PER ACRE, AND RATIO OF RENT TO VALUE, UNITED STATES, 1912–45 (1935–39 = 100).

Net land returns per acre during the last 2 years have been significantly higher than the World War I peak reached in 1919 although the levels of return before both World Wars were approximately the same. Starting from lower levels, average values during the current war period have risen at about the same rate as before the "boom" year 1919–20. The ratio of rent to value decreased slightly during the last year as a result of values rising faster than rents although the level continues higher than for any year since before this war period.

1943 was greater than the rise in values and consequently the proportion of value represented by capitalized net rents increased. The sharper rise in values during each of the last 2 years caused the ratio to decline in 1944 in all States in the North Central group, except Ohio, and in 1945 in all but 5 States. The ratio in 1945 was unchanged from 1944 in Minnesota and Missouri and it increased in Wisconsin, Michigan, and Kansas.

NET LAND RETURNS AND VALUE.—The limitations of cash rent-value comparisons indicated earlier, render desirable the use of a series that relates land values to the value of all net rents—cash and share.[4]

Despite some possible theoretical shortcomings, as well as imperfections of basic data (such net rents include some returns for management and working capital furnished by landlords), the series pre-

[4] For this purpose a "net land returns" series was derived by the following method: (1) A set of rent-value ratios was calculated on the basis of two series, (a) net rent per acre of leased land in farms, and (b) value per acre of leased land in farms (value as of March 1 being related to rent of the preceding year); (2) this ratio was applied to the average value per acre of all land in farms (as of March 1) and the resulting amount was designated as the "net land returns" per acre in the preceding year. This series, converted to index form (1935–39 = 100), is presented in figure 9, with the index of values and the ratio. The latter, it should be noted again, relates net rent or "net land returns" and the value of *leased land*. The basic assumption is that the ratio of net land returns to value for all farm land is the same as the ratio of net rent to value for leased land in farms; or, less strictly that the per acre net rent attributable to all land in farms may be approximated by applying the latter ratio to the value per acre of all land in farms.

sented in figure 9 are believed to indicate reasonably well the general movement of net land returns in relation to farm real estate values.

During the 5 years preceding our entry into World War I, land values appear to have been high relative to current land returns. The ratios of net land returns to land values for the years 1912–16 averaged slightly less than 4.5 percent. The general expectation that the upward secular trend of returns and values would continue indefinitely explains in a large part the low ratios prevailing during this period. Later developments suggest that the 1925–29 average ratio of 6 percent or the 1937–41 average ratio of 5.4 percent more nearly approximate a normal or equilibrium ratio.

If the levels of net land returns for the years before World War I had been accepted as a measure of future land income, and assuming a 6-percent returns-value ratio, land values during the 1912–14 period were about one-third above the levels warranted by expected earnings. Even with the lower ratio of 5.4 percent, average values in this prewar period were more than one-fifth above values warranted by the prevailing land returns. It follows that although land values actually rose by 70 percent by 1920, they were then about 125 percent above the indicated 1912–14 hypothetical level.

These considerations help to explain why the downward trend of values that began in 1920 and continued to 1933 was not halted by the relatively high net rents of 1923–29. The large volume of distress lands pressing on the market during the period also contributed to the decline.

The high rent-value ratios during the last 4 years probably should be interpreted as a sign that the experience of the last 30 years has not been entirely disregarded. The earlier belief in a continuing upward trend of land values appears to have been replaced by attention focused on probable levels of return over a longer future period, with current high returns heavily discounted.

If the general belief continues that farm prices and incomes in the early postwar years will fall materially below current levels, and that no general inflation of large proportions will develop in the meantime, spectacular increases in land values are not likely to occur. But if fear of serious inflation becomes at all widespread, land values may again be driven up to extreme levels.

Longer Term Land Income and Value Relationships.—The current land-value levels, rents, and rent-value ratios discussed in the previous section are subject to rather wide fluctuations. The major fluctuations appear to stem principally from the close association of war, price inflation, and land booms. Other conditions or considerations that contribute to intermediate and short-period fluctuations include variations in the availability of credit, interest rates, the pressure on the market of distressed lands offered for sale, changes in taxes and other costs, alternative employment and investment opportunities, and numerous other factors that affect the supply of farms in relation to the demand.

A great number of complex and interrelated influences thus have a bearing on land values. Most influences affecting *longer term* value levels, however, appear to operate through either or both of two primary land value determining factors: (1) expected net land returns; and (2) capitalization rates. The principal influences that affect expected land returns are levels of farm income and the share of such income which may be attributed to land. So-called "capitali-

zation rates" are influenced primarily by expected rates of return on alternative investments, adjusted for risk and considerations of liquidity.

Many buyers, of course, rely principally upon prevailing market prices, instead of basing their judgments and actions upon an analysi of values in terms of earnings and discount. Essentially this means the acceptance of the judgments of others. But the tendency for market prices to seek levels in normal periods that appear warranted by income and discount considerations indicates that at such times the elements in question affect the calculated actions of a significant number of participants in the land market. The influences taken into account frequently do not fall into two mutually exclusive categories, as a given influence may modify the income expectations of some buyers, the discount rates of others, and attitudes with respect to both of these of still others.

The interest rate on farm mortgages is often considered as influencing values primarily through the capitalization rate although interest frequently is treated as an ownership cost by both buyers and lenders—with effects considered similar to those of taxes, maintenance, and other costs. From the viewpoint of cost, a reduction in the interest rate would result in higher values either because a given annual income would carry a larger loan, or because the remainder, after interest charges and other costs were met, would result in increased returns on equities and hence higher values. Treating changes in the interest rate as a cost adjustment usually has less effect on values than if such a change were directly reflected in the capitalization rate.

Regardless of the method or technique used for taking account of the effect of a change in interest rates on land values, questions concerning the basic relationship between the two rates in question remain. For purposes of comparison with the mortgage-interest rate, the capitalization rate might be defined as the relationship existing between an expected series of future net incomes and the present value of such incomes. Somewhat less precisely, a capitalization rate for land would be the ratio of expected average net rents to prevailing land prices.

The composition of a capitalization rate that is defined essentially as a normal rental-return rate varies from that of the mortgage-interest rate sufficiently to justify a significant spread between the two. Differences in risk, liquidity, and supervisory requirements indicate that the capitalization rate should be higher than the mortgage rate. Also operating to influence capitalization rates relative to interest rates would be such factors as alternative employment opportunities, fear of inflation and unemployment, and the amenity or prestige values attached to farm landownership.

So far as risk is concerned, it should be obvious that the holder of a first mortgage amounting to around one-half of the current market value of a farm is taking less risk with respect to income and principal than is the owner who holds the residual equity. The latter must stand the full impact of fluctuations of price and income, but only under rather extreme conditions does the mortgage holder lose. The initial impact of other hazards and uncertainties, such as erosion and soil depletion and technological developments that affect land values, all bear more or less directly upon the owner of the equity, whereas the mortgage lender is more protected. On the other hand, equity owners are likely to be much better protected against the risk of

general price level inflation than are mortgage holders. Whether this consideration is adequately reflected in the mortgage rates that ordinarily prevail is open to question, perhaps in part because the bulk of farm-mortgage credit is extended by corporate agencies whose obligations in turn are principally in terms of contracts of given dollar amounts.

Under such circumstances the risks of inflation for agencies operating in an intermediary capacity are minimized and are probably overshadowed by the risk of loss in case of serious deflation. Although deflationary risks for mortgage holders are similar in nature to those of equity owners, they are considerably less in degree. Furthermore, larger lenders are in a position to spread certain types of risks through making loans in many diverse areas, a possibility not available to the usual farm owner. On the whole, the assumption of the generally greater risks involved in ownership suggests that the rate at which the stream of expected net land returns is capitalized into present land values should be higher than the mortgage loan rate.

In addition, mortgages as a rule are more readily converted into cash than are farm real estate equities. The farm-mortgage market is much more highly organized and the difficulty of liquidating a mortgage through assignment or refinancing is usually much less than finding a buyer for a particular farm. Mortgages that meet prevailing security standards have a wide market, as most lenders are not particularly concerned with special characteristics of the farm. Purchase, on the other hand, is a highly selective transaction, with individual preferences playing an important part and the number of potential buyers of a given farm likely to be limited in ordinary times. This difference in liquidity should also operate to increase the spread between the rates demanded on land investments as against mortgages.

The degree of management required to supervise an ownership equity is also usually considerably greater than in the case of a mortgage. A part of the contract rental return should be considered compensation for such supervision. Only in cases where supervision is largely performed by a management agency would the net rental returns be more nearly comparable to mortgage interest in this respect. Rates of return as customarily calculated should thus be sufficiently higher than the mortgage rate to allow for the increased supervision required from owners.

That the rental income from farm real estate may include an element of capital return rather than a net annual return likely to continue indefinitely is an additional consideration to be taken into account in comparing rental returns and mortgage interest rates. In the case of a mortgage, the interest payment and the return of principal are more clearly distinguishable. Either sufficient allowance should be made for costs to provide for productivity maintenance in calculating true net returns or perhaps comparisons with amortized mortgage rates would be more appropriate under some circumstances.

When a rental basis is used for measuring returns attributable to land, the need for further adjustments in earnings ratios or land income levels in recognition of amenity and home values is largely obviated. To a considerable extent such values are already included

in the market rental rates used in measuring the amount of income that land may claim.[5]

Among the other factors which affect the relationship of rate of return on land investments and mortgage-interest rates, probably those stemming from alternative employment opportunities are more important. When alternatives are limited many buyers want to buy a farm primarily as a means of obtaining a job. They are willing to accept rates of return on their investment that are often well below the prevailing mortgage rate of interest. Conversely, when other chances to earn are plentiful, farm buyers are in a position to draw a higher rate on funds invested in land.

Considerations of alternative employment opportunity could be regarded as bearing upon the stream of net land returns rather than upon the rate at which this stream is discounted. A backing-up of farm population when jobs are scarce tends to sustain farm rentals at the expense of labor and management returns; and the fact that land values may be somewhat higher than if fewer people were on the land could, in turn, be attributable primarily to the lands receiving a larger share (than otherwise), rather than to a change in the capitalization rate. Under conditions of high employment, lower land values could similarly be explained in terms of lower shares to land.

When an adequate rental market is absent a separation of the influence of employment alternatives on land values between income expectations and discount attitudes appears arbitrary. With restricted employment, explanations either in terms of lower land returns or lower discount rates (or both) being acceptable would appear to be equally logical. With jobs readily available, returns attributable to labor and management would rise, higher living standards would be demanded, and either the share going to land could be considered as falling or the rates of return on land could be considered as being higher. Either or both of these could adequately explain a lower level of land values.

The indicated considerations partly explain the divergent trends over the last 30 years in mortgage-interest rates and rates of return on land. Immediately before World War I, mortgage-interest rates averaged around 6 percent, or about one-third above the prevailing rate of return on land as measured by net rents. By the pre-World War II period, interest rates had dropped and rental rates had increased by about 1 percent each. Thus rental rates rose above mortgage rates.

During the inter-war period, realization of the financial significance of the many hazards and uncertainties in the ownership of agricultural land appears to have been keener and actions by both lenders and buyers were increasingly based on calculated judgments.

To the extent that the risks and other costs of farm ownership become even better appreciated in the future, the capitalization rate will be raised to its proper level above the mortgage rate of interest. In case high employment levels prevail and rural people become more mobile, the excessive pressure of population on the land is likely to be reduced and fewer people would bid up land values at the expense of living standards.

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[5] Even where considerations of home and amenity value influence the decisions of many persons buying for operation, their reflection in land prices is still likely to be somewhat limited because investor buyers ordinarly form a considerable part of the land market.

Developments of this kind might well offset or more than offset the value-stimulating influence of a lower interest rate. As a result, people buying land would earn a rate of return on capital approximating that available in comparable nonfarm investment opportunities; the capitalization rate would be higher than the mortgage rate; and land values would be sufficiently low to allow levels of living of farm families comparable to those of nonfarm families.

POSTWAR LAND VALUES

The high prices of farm products during the war period and the recent record levels of farm income can hardly be expected to continue indefinitely. But there is no certain basis for judging just how long such prices and incomes will continue, or at what rate and how far they are likely to fall. These and other basic uncertainties render impossible any confident forecasting of either market or "warranted" levels of land prices in the coming years.

It is possible, however, to indicate some of the more important influences that will operate in the postwar land market, and to indicate the general postwar levels of land values likely to be warranted under assumed alternative levels of farm income.

Immediate Postwar Years

As a result of the termination of the war, certain of the land-value stimulating forces may be moderated during the coming year, but others may be strengthened. Several curbing forces may also increase in strength, particularly if farm incomes and prices weaken. But on the whole the inflationary forces appear to be sufficiently strong to continue preponderant for at least another year, and possibly longer. If farm prices hold at approximately present levels, land values for the country as a whole may be as much as 10 percent higher in the spring of 1946 than last spring. Such a rise would bring the index of land values (1935–39 = 100) to about 165, a level approximating that prevailing in the spring of 1919.

The demand for land during the immediate postwar years will come from various sources. Many farm owners are likely to want larger farms or additions to their units; many part-owners will want to add to their holdings; and tenants will be looking for whole or part farms to buy. These sources of demand are likely to continue strong, as during the war years, and they may become even more important.

A special source of increased demand, probably of considerable significance, will be war veterans. In addition, many former war workers and other nonfarm civilians, including some who may be involuntarily unemployed, are likely to come into the land market seeking farms, small and large, for operation. Finally, both farmer and nonfarmer investors and speculators may be active for a time.

Funds to implement and make effective the demands from these sources are likely to be plentiful. Accumulated savings in the form of war bonds, bank deposits, and other liquid assets are at record levels. These funds may be further augmented from incomes during the next year or two. In addition, credit for farm purchase is readily available, with little indication of early tightening. There is active competition for mortgage loans on farm real estate, and a variety of attractive loan plans at low rates of interest probably will continue to

be offered to prospective borrowers. Although most of the institutional lenders are reasonably conservative with respect to size of loans, many individual lenders no doubt will continue to make loans at a high ratio to current sales prices. This sort of lending has been increasing, and it could easily develop into a strong inflationary influence. Such a development would also build up an unhealthy debt structure upon many thousands of farms and thus set the stage for serious financial difficulties in a later deflationary period.

All the foregoing short-run influences point toward a continued strong market in farm real estate, for the first postwar year or two in most parts of the country.

Moderating the effect of the stimulating influence will be: Attitudes of caution traceable to a recollection of the last land boom; probability that the limited number of remaining high-income years will temper the offers of many buyers; and increased supplies of farms offered by owners who expect to sell at near-peak prices and elderly farmers who wish to retire. Educational and informational publicity programs of public and private agencies have been seeking to emphasize the dangers of an intensified land boom and to encourage caution toward the land market. These efforts appear to have had some success in several midwestern States and possibly elsewhere. Increased reliance will need to be placed upon such programs during the critical year or two that now seem to lie just ahead, as possibilities for more direct controls appear to be increasingly remote.

Longer Run Influences

The level of land values that is likely to be maintained in the longer run will depend primarily upon the size of farm income over a considerable period of years, the share of that income that goes to land, and the earnings ratios that land purchasers are willing to accept.

These elements in turn will be dependent largely upon farm-commodity prices, the amount of agricultural production, production costs, and alternative employment and investment opportunities. These forces will be affected by the weather, changing farm technology, Governmental policies relating to agriculture, and various influences that bring about shifts and cyclical fluctuations in supply and demand. Perhaps overshadowing all other considerations, however, will be the general price and employment levels that will come to prevail.

In the absence of perfect foresight with respect to the net effect on land values of all coming events of the kind indicated, one alternative is to resort to the use of assumptions with respect to the more important factors in the problem and consider the levels of land value that would probably be supported under such assumptions. Available as a starting point are recently compiled estimates, based upon a series of assumptions, of the farm-income levels that would prevail in 1950 under various employment-level alternatives.[6] Under the assumption of full employment and the 1943 general price level, it is estimated that agricultural production would be more than one-third above the 1935–39 average, prices received by farmers would be about two-thirds above the pre-World War I average, and cash income from

[6] United States Department of Agriculture. What peace can mean to American farmers: post-war agriculture and employment. U. S. Dept. Agr. Misc. Pub. 562, 28 pp. 1945.

TABLE 14.—*Farm real estate: Index numbers of estimated*

[1935–

Geographic division and State	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925
United States	117	121	124	124	131	142	156	169	205	190	168	163	157	153
Geographic divisions:														
New England	94	96	95	94	97	106	111	117	133	128	127	123	122	121
Middle Atlantic	111	113	115	113	117	126	132	137	154	144	134	132	129	129
East North Central	131	135	139	140	148	157	171	182	217	204	177	172	163	157
West North Central	140	144	148	151	165	176	193	212	265	251	216	205	190	181
South Atlantic	96	98	101	97	107	117	133	158	196	172	144	150	149	146
East South Central	96	99	102	98	108	119	138	161	197	161	147	148	141	139
West South Central	100	105	109	105	108	122	141	150	186	166	143	139	142	151
Mountain	133	138	136	133	132	144	158	175	204	180	166	155	149	142
Pacific	89	93	100	101	104	115	121	126	146	146	142	139	138	137
New England:														
Maine	105	108	103	101	103	116	121	131	149	139	133	136	133	131
New Hampshire	105	109	111	109	107	112	120	126	139	134	136	121	118	120
Vermont	101	101	98	103	115	126	132	135	149	150	144	133	129	125
Massachusetts	88	89	91	88	89	99	102	107	125	120	119	118	117	118
Rhode Island	84	85	84	86	90	95	99	104	110	110	107	105	106	108
Connecticut	79	80	82	80	82	88	93	97	110	108	112	110	112	110
Middle Atlantic:														
New York	115	117	119	117	121	128	135	138	156	144	136	134	131	130
New Jersey	86	87	90	87	90	97	101	104	114	114	106	101	105	109
Pennsylvania	113	115	117	115	121	132	137	143	161	151	138	136	133	132
East North Central:														
Ohio	135	139	140	147	156	164	182	187	219	186	171	168	163	151
Indiana	141	146	150	148	161	169	188	197	235	216	175	168	158	149
Illinois	142	146	151	150	153	163	174	190	235	224	185	180	169	168
Michigan	111	113	116	118	126	136	151	155	175	172	168	164	156	150
Wisconsin	113	116	119	121	136	144	155	166	198	196	179	171	162	151
West North Central:														
Minnesota	111	117	123	125	142	162	181	195	250	248	219	207	199	186
Iowa	133	138	145	155	178	186	202	223	296	273	225	216	198	189
Missouri	164	169	175	172	184	195	212	232	282	265	226	216	198	189
North Dakota	150	155	159	159	173	183	192	202	225	219	211	198	176	169
South Dakota	185	195	199	195	209	223	244	279	349	334	283	244	226	221
Nebraska	139	142	145	143	147	157	181	206	255	237	205	198	183	176
Kansas	133	130	130	135	143	150	161	173	198	195	171	167	155	151
South Atlantic:														
Maryland	100	103	106	107	112	122	133	140	170	150	145	140	137	135
Delaware	116	117	115	117	122	133	144	150	161	149	138	138	124	130
Virginia	91	94	97	91	110	117	133	157	177	169	147	160	152	145
West Virginia	118	121	125	122	126	135	148	164	187	171	151	155	151	145
North Carolina	76	77	81	80	89	101	118	138	174	153	130	152	149	146
South Carolina	122	119	122	114	119	130	148	196	278	226	153	156	164	167
Georgia	128	132	132	122	137	152	171	225	284	225	178	163	160	151
Florida	74	76	81	75	79	84	97	110	137	135	120	119	125	132
East South Central:														
Kentucky	100	103	106	103	114	131	150	175	206	178	156	152	146	145
Tennessee	97	101	105	101	112	122	146	170	202	171	155	160	149	138
Alabama	84	84	88	84	84	88	109	122	151	125	115	122	123	131
Mississippi	99	103	103	99	113	123	133	158	222	152	151	146	137	139
West South Central:														
Arkansas	106	108	108	102	117	139	161	182	239	200	188	183	172	172
Louisiana	90	93	90	87	96	102	130	142	180	148	127	131	124	128
Oklahoma	107	111	111	104	114	125	143	154	182	176	152	146	137	144
Texas	99	105	110	107	107	121	140	148	183	163	139	134	144	153
Mountain:														
Montana	183	188	194	188	177	188	199	215	236	198	180	164	153	141
Idaho	119	120	118	114	118	136	155	173	205	192	162	158	154	147
Wyoming	149	158	154	158	145	149	185	226	271	224	205	185	171	153
Colorado	169	177	169	161	175	183	189	203	242	226	211	194	168	159
New Mexico	124	129	118	124	118	137	145	156	178	154	142	136	136	134
Arizona	101	106	111	103	101	111	132	148	175	156	143	132	136	129
Utah	114	117	111	111	119	133	139	165	190	156	152	152	149	148
Nevada	141	147	151	149	145	141	151	172	198	180	174	164	158	150
Pacific:														
Washington	120	122	126	122	125	137	144	149	171	162	152	144	141	138
Oregon	122	125	129	125	126	130	141	148	162	163	154	144	142	138
California	77	82	90	92	96	108	113	118	139	139	138	137	136	136

[1] All farm land with improvements as of Mar. 1. Owing to rounding of figures, 1935–39 will not always equal exactly 100 percent.

value per acre, by geographic divisions and States, 1912–45[1]

39=100]

1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945
150	144	142	140	138	128	107	88	92	95	99	102	103	101	102	103	110	120	138	152
122	121	121	120	121	119	111	100	99	99	100	101	100	100	101	101	103	106	116	123
128	126	124	123	120	114	108	93	94	96	100	101	102	101	102	103	107	117	123	134
150	140	136	134	130	117	98	83	88	91	97	103	105	104	106	107	120	129	148	160
175	166	162	161	157	140	117	92	96	98	102	103	101	97	94	93	99	110	127	138
147	135	132	130	127	114	95	79	86	92	96	103	105	105	106	108	115	125	143	163
137	132	129	127	126	115	96	78	84	92	95	100	106	107	110	114	125	139	157	177
151	146	144	143	143	127	102	86	92	95	99	101	104	102	104	104	111	118	132	146
139	137	137	137	138	136	112	93	94	95	99	102	102	102	103	105	113	124	144	163
135	134	134	133	133	132	111	90	91	95	99	103	103	101	101	102	108	119	141	161
133	131	131	129	131	129	117	99	99	99	100	102	101	99	100	100	102	104	118	125
123	122	122	120	120	119	110	100	98	98	99	101	100	101	102	103	105	108	116	127
125	124	123	123	123	121	112	101	99	100	100	101	99	99	101	101	101	110	118	129
119	117	117	117	117	116	108	101	100	99	99	100	101	101	101	101	101	103	112	119
109	112	113	113	113	112	107	100	99	99	100	101	100	99	101	102	106	107	117	122
111	111	112	112	112	112	107	100	99	99	100	101	100	100	100	103	107	108	116	121
128	126	123	122	120	113	107	95	96	98	100	101	101	100	100	100	102	114	118	128
113	113	111	111	110	108	104	97	97	97	99	100	101	102	102	106	112	119	124	132
132	129	127	126	123	117	111	90	90	95	100	101	103	102	104	104	110	119	128	142
145	137	132	130	124	113	97	81	87	91	99	104	102	105	106	111	123	134	154	167
140	127	122	121	117	105	87	77	82	89	97	102	106	106	108	112	128	143	164	181
160	145	140	138	133	118	96	79	80	90	95	103	107	106	110	111	126	133	153	163
146	144	142	140	137	130	109	91	93	94	95	104	104	104	103	106	119	130	152	164
146	142	139	138	136	121	106	93	93	96	98	104	103	100	97	95	102	107	119	128
182	170	164	161	156	136	115	92	97	97	99	101	103	100	100	101	106	117	129	134
180	167	163	161	156	137	111	81	88	92	101	102	103	102	103	103	110	121	141	149
176	167	163	161	156	135	113	93	97	98	101	102	101	98	100	102	112	125	139	154
162	154	153	151	148	132	113	102	105	103	106	104	99	88	80	80	85	89	108	117
207	188	185	183	179	159	129	106	106	105	106	105	98	85	79	78	81	91	110	119
175	169	167	165	161	150	127	99	102	102	104	102	98	93	83	78	83	91	110	122
148	149	148	148	148	135	117	92	95	96	99	103	102	100	93	94	98	111	126	146
134	129	127	126	126	124	109	92	92	94	97	101	104	103	103	108	114	128	140	152
132	129	129	129	129	125	110	93	93	95	98	100	104	103	103	108	112	126	129	142
139	130	128	128	126	110	93	83	86	91	97	104	105	104	106	108	111	123	137	161
140	134	132	131	127	119	99	89	95	95	99	100	102	104	104	108	110	120	127	129
144	139	134	129	123	105	89	67	79	87	95	103	108	107	108	106	117	125	151	175
154	137	134	133	125	110	88	69	81	92	95	101	106	106	108	115	124	136	165	196
146	135	134	132	130	117	92	74	85	93	95	104	104	105	107	114	121	134	157	173
171	140	135	134	132	128	108	93	97	97	98	103	102	101	102	103	108	115	123	142
143	138	134	133	131	119	100	82	84	90	92	101	107	111	117	107	133	152	170	195
135	131	129	126	125	116	97	79	85	92	98	101	103	105	109	114	125	140	161	175
131	124	124	122	122	111	87	75	85	94	97	99	105	105	104	107	111	119	136	153
136	129	126	124	124	114	94	74	84	92	93	99	108	108	108	113	124	136	148	168
165	162	159	157	152	127	112	86	92	95	99	100	104	102	103	108	120	133	152	179
130	122	120	120	120	110	93	81	87	94	95	99	107	106	110	110	117	132	140	147
142	141	140	139	139	128	103	83	91	94	100	100	103	103	102	105	111	122	132	143
153	147	145	144	144	128	101	87	93	96	99	101	103	101	103	103	110	114	129	144
136	133	133	135	135	132	109	89	91	95	101	102	101	102	104	107	116	130	151	168
141	140	139	138	138	136	114	91	92	96	99	103	102	101	102	103	112	127	148	166
146	144	146	148	150	146	118	95	95	96	99	102	102	102	104	110	120	135	157	177
153	141	141	141	142	139	111	92	92	92	97	103	104	104	105	108	119	133	160	186
131	134	134	135	136	135	110	93	94	94	99	101	102	103	104	108	117	125	144	163
133	131	131	130	130	130	110	95	95	97	100	102	101	100	101	102	108	116	135	154
147	146	145	144	144	139	112	95	96	95	99	102	102	102	102	102	106	114	128	138
146	146	146	146	146	142	115	96	96	96	100	102	101	101	102	104	108	114	127	134
137	136	135	135	135	133	112	90	90	94	98	103	103	102	103	103	111	124	147	164
135	133	133	133	135	133	111	90	90	93	97	103	103	103	105	106	115	124	146	163
135	134	134	133	133	131	110	90	91	96	99	103	102	100	100	101	106	117	139	160

farm marketings would be in the neighborhood of 17 billion dollars.

With an intermediate employment level, it is estimated that production would be one-fourth above 1935–39, prices received by farmers would be two-fifths above August 1909–July 1914, with cash farm income from marketings calculated at 12.5 billion dollars. In case of a serious depression, farm income would be expected to fall to 6.5 billions and farm prices to three-fourths of pre-World War I, although production would still be about 15 percent above 1935–39. In order to relate these estimates to longer term land-value levels, two further assumptions are necessary. The first is that the year 1950 represents a "normal postwar year", and the second that land value, land earnings, and farm income relationships in the future will approach those of the 1935–39 period.

Under the assumptions indicated, it would appear that a continuing cash farm-income level of 17 billion dollars would probably support a land-value average for the country as a whole in the neighborhood of four-fifths above the 1935–39 period, or about 15 percent above the levels prevailing in the summer of 1945. With cash incomes approximating 12.5 billions yearly, land values might be expected to stabilize around a level about two-fifths above the pre-World War II average. Such a level would be about 10 percent below the average for the country on July 1, 1945. In case of a serious depression, extensive Government programs to aid agriculture would be required to prevent values from falling below the 1935–39 average.

It should be emphasized that these calculations present estimates based upon assumptions and are not forecasts. In terms of actual expectations, such assumptions are open to a variety of questions, including the probability of their occurrence and the reasonableness of various combinations used. From a realistic viewpoint, uncertainties concerning the probability of full-employment levels being maintained are rather obvious. In addition, the compatibility of high parity ratios associated with high levels of agricultural production and the assumption that the land earnings, land value, and farm income relationships would remain constant under the various income and employment levels are among the assumptions and computations that are open to question.

That agricultural production levels in the post-war years will be definitely higher than during 1935–39 appears fairly clear, even though high employment levels fail to materialize. Further mechanization, better control of pests and disease, improved plant varieties, more fertilizers and lime, better feeding and care of livestock and similar technological changes are elements that indicate substantially increased production in the early postwar years. But whether the production likely to be forthcoming would be taken from the market at prices approaching parity even under prosperity conditions is more doubtful.

Even though rental arrangements change slowly, it would hardly seem reasonable to expect that they would escape being influenced by employment levels over an extended period. With improved employment alternatives, the relative share of farm income going to labor and management might be increased and the share to land decreased. As a result, land earnings would probably not increase in direct proportion to farm income, but would stabilize at lower relative levels because of a somewhat reduced proportional share. Similarly, with investment alternatives improved, the discount rate applied to land incomes would tend to rise.

The effect of the combination would be to modify to some extent the response of land values to the high income levels under a condition of full employment. Under conditions of very limited employment and investment alternatives, the same forces would operate to increase the relative share to land, lower the discount rate, and thus keep land values from falling as much as farm income.

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