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AGRICULTURAL EXTENSION DIVISION
UNIVERSITY OF MINNESOTA

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MINNESOTA FARM BUSINESS NOTES

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Prepared by the Division of Agricultural Economics
University Farm, St. Paul, Minnesota

LAND USE PROBLEMS
Prepared by O. B. Jesness

The land use problems in Minnesota are most acute in parts of the northeastern counties. In the rest of the state, most of the land is clearly of an agricultural nature and is already definitely used for that purpose. The primary question with respect to such land is not whether it should be used for farming but how it may be used most efficiently for that purpose. In northeastern Minnesota, farms occupy a minor rather than a major part of the land as a whole. Thus, in 1930, only about 16 per cent of the total area of the fourteen northeastern counties was in farms and only 30 per cent of the land in farms was in improved farm land. In many of the southern counties, over 90 per cent of the land is in farms and much of it is improved.

Northeastern Minnesota consequently has much land of uncertain use classification at present. Originally, this section of the state was in forest but the virgin timber has now been cut or destroyed by fire. As in other parts of the country, logging operations proceeded without consideration of the desirability of maintaining some areas in permanent timber production. The common assumption was that the land would pass into the hands of settlers who would proceed to clear it and bring it into agricultural use. While successful development of this kind has taken place in many areas, it has become apparent that farming is not destined to spread generally to the remaining land. Several factors are involved in this. For one thing, present farm lands are amply able to satisfy market requirements. Difficulties and costs of clearing land restrict advantageous development, particularly as long as improved land is obtainable at moderate prices. Some of the land is not well adapted for farming because of the poor soil, peat deposits, swamps, stone or other unfavorable features.

Most of the land in this area passed out of public ownership into private hands under land policies in vogue in this country. The present ownership of much land, however, is of uncertain status. Extensive tax delinquency is one of the characteristics of the land use situation in the area. Tax delinquency, of course, has mounted generally during the period of acute depression because of the lack of current incomes. Such delinquency is a temporary condition. However, much of that involving undeveloped land in northern Minnesota is of longer standing and is an indication of a land use problem rather than a consequence of a period of depression. Taxes were paid on the land until the timber had been harvested. Payments on some of the cutover land continued for a time in expectation that settlement would take place so that a market would be found for the holdings. As this did not materialize generally, more and more of the land became delinquent because the owners either could not pay taxes or did not regard it worth while to continue to do so.

Extensive tax delinquency of long standing raises problems that require attention. One question calling for decision is whether land reverting to public ownership thru tax delinquency should remain in public ownership or should be returned to private ownership. Considerable support has been given to the plan of returning such land to private hands as quickly as possible in order that it may again participate in the support of local services. It has often been regarded as desirable procedure to allow settlement of delinquent taxes at considerably less than the amount due in order to get the land back on the tax rolls. As time has gone by, certain limitations to such a policy have become more apparent. One of these is that no purpose is served by returning tax delinquent land to private hands if the result is that the land again becomes tax delinquent. Such a procedure represents temporizing with a problem rather than solving it. Another is that "bargain" settlement of taxes places a premium on failure to pay taxes when due and therefore invites tax delinquency and defeats its own purpose.

The appropriate program with respect to tax delinquent land is one of careful classification of the land before its disposal is decided upon. Classification should consider economic as well as physical factors. In addition to soil, drainage, stone, cover and climate, such points as location with respect to settlement, roads, schools and markets; cost of bringing it into use, and need for additional land in various uses should be considered. Only land well adapted for farming both from physical and economic viewpoints should be sold for agricultural use. Any other procedure will mean loss and disappointment to both the settler and governmental units affected. Some land may be retained in public hands because of its suitability for timber, game preservation or other public purposes. Some may be retained in public ownership because it is not suited or required for any definite economic use. The law governing tax delinquent land should be clarified so that land unsuited to private ownership will revert definitely to public ownership.

Classification should not be limited to tax delinquent lands. It should cover all lands in counties where land use problems are important. Such a classification can be very useful in determining upon both public and private programs of land use. It is not contemplated that the classification should be by small units according to legal descriptions but rather by larger districts having substantially similar characteristics and problems.

Zoning of rural lands is coming to occupy a definite place in land use. The use to which a given parcel of land is put is not a matter of private concern alone. If settlement takes place on land unsuited to farming, public interest suffers along with that of the individual. Isolated and scattered settlement adds unnecessarily to the cost of providing roads, schools and other services. In forest areas it may increase fire losses and add to the costs of fire protection. Public interest is best served by avoiding needless scattering of settlers. Zoning follows classification. It supplies the means of restricting new settlement on land unsuited to farming or so located that its use imposes undue burdens upon the taxpayers in providing essential services. Wisconsin was the first state to enact legislation giving counties a right to zone lands. Similar legislation is under consideration in Minnesota and several other states.

It is evident that private forestry is not providing adequately for the timber needs of the future. Realization of this has led to the establishment of state and national forests. Private forestry is limited by the length of time it takes to produce a crop of timber on land from which the virgin stand has been removed. Market requirements of fifty, seventy-five or a hundred years from now can not be predicted with any great assurance of accuracy. Public agencies, however, can afford to engage in forestry even when private operators are unwilling

to do so. Governments have a concern in providing for the needs of future generations. Moreover, the public benefit of forests is not limited to the production of timber. Forests provide recreational opportunities, aid in game preservation, have an effect on water conservation and are a factor in erosion control. This does not mean that governments can be unmindful of economic considerations. Public forests must be developed with an eye to probable future requirements. Intensive management will be practiced mainly on lands offering the best opportunities. Extensive management or protection only may be given to large forest areas.

The 14 northeastern counties in Minnesota include over 12 million acres which are not suited to agricultural use under present conditions. Most of this land is in private ownership altho the extensive tax delinquency gives the actual ownership an uncertain status. A number of state forests and three national forests have been established. However, much of the land within the boundaries of these forests is still nominally in private ownership. Further purchases by the government and the reversion of land to state ownership because of unpaid taxes may increase considerably the amount of forest land in public control. Estimates of representatives of state and federal agencies concerned with forestry development suggest that of the forest lands in northeastern Minnesota, 35 per cent should be managed intensively, 38 per cent extensively and the remaining 27 per cent be given simple protection. The attainment of this goal calls for more attention to forestry than given up to the present time because intensive management has been provided for only a limited area as a permanent program up to the present.

While a major share of the task of producing future timber requirements likely will have to be taken care of by state and federal agencies, it is expected that some private development will continue. Farmers in many cases have land which may advantageously be left in woodlots for the production of fuel and of products for sale to wood using industries. Some larger areas may be retained in private hands for the production of wood. Private forestry, other than that carried on as a sideline on the farm, needs to include a sufficient area in each unit to make adequate management possible.

One proposal that is attracting much attention at the present time is that of settlement relocation. The federal government is carrying on some demonstrational projects in this field at present. The purpose of these is to assist settlers now on poor land or in unfavorable locations to move to land better suited for farming or so located that the farmer may enjoy community services without creating an undue tax burden upon the community to provide them.

Some may contend that such a move is contrary to the present agricultural policy of production adjustment. It is important that the two not be confused. The program here referred to is not intended to reduce output. It is designed to improve upon the opportunities of farmers now unfavorably located and to lighten the financial drain upon units of government for necessary services. While the long run consequence may tend to increase output, the amount of production involved is such a negligible fraction of the total that it need cause no concern. Public participation in programs of settler relocation is justified to the extent that the savings and increased revenue resulting outweigh the public costs involved. Any program of settler relocation should be combined with zoning or other plans to assure that new settlement does not take place in the areas from which population has been removed.

Persons living outside the immediate areas having land use problems may assume that these are of no concern to them because they are not affected directly. This viewpoint is in error because it loses sight of the fact that the consequences of ill advised land policies or the benefits of constructive land programs are by no means limited to the areas immediately affected. For that reason, it is important that citizens generally take an active interest in land

MINNESOTA FARM PRICES FOR FEBRUARY 1935
Prepared by W. C. Waite and W. B. Garver

The index number of Minnesota farm prices for the month of February 1935 was 87.4. When the average of farm prices of the three Februarys 1924-25-26 is represented by 100, the indexes for February of each year from 1924 to date are as follows:

| | |
|----------------------|-----------------------|
| February 1924 - 88.2 | February 1930 - 101.8 |
| " 1925 - 99.5 | " 1931 - 69.3 |
| " 1926 - 115.2 | " 1932 - 45.9 |
| " 1927 - 113.4 | " 1933 - 34.8 |
| " 1928 - 100.7 | " 1934 - 54.3* |
| " 1929 - 106.5 | " 1935 - 87.4* |

*Preliminary

The price index of 87.4 for the past month is the net result of increases and decreases in the prices of farm products in February 1935 over the average of February 1924-25-26 weighted according to their relative importance.

Average Farm Prices Used in Computing the Minnesota Farm Price Index,
February 15, 1935, with Comparisons*

| | Feb. 15, 1935 | Jan. 15, 1935 | Feb. 15, 1934 | Av. Feb. 1924-25- 26 | % Feb. 15, 1935 is of Jan. 15, 1935 | % Feb. 15, 1935 is of Jan. 15, 1934 | % Feb. 15, 1935 is of Feb. 15, 1924-25-26 |
|-------------|------------------|------------------|------------------|----------------------------|--|--|--|
| Wheat | \$.97 | \$1.00 | \$.75 | \$1.41 | 97 | 129 | 69 |
| Corn | .82 | .84 | .36 | .64 | 98 | 228 | 128 |
| Oats | .51 | .52 | .29 | .39 | 98 | 176 | 131 |
| Barley | .90 | .91 | .50 | .61 | 99 | 180 | 147 |
| Rye | .59 | .66 | .50 | .82 | 89 | 118 | 72 |
| Flax | 1.70 | 1.71 | 1.68 | 2.57 | 99 | 101 | 66 |
| Potatoes | .36 | .35 | .65 | .80 | 103 | 55 | 45 |
| Hogs | 7.40 | 7.00 | 3.70 | 8.88 | 106 | 200 | 83 |
| Cattle | 5.70 | 5.00 | 3.65 | 5.54 | 114 | 156 | 103 |
| Calves | 6.60 | 5.80 | 5.00 | 8.50 | 114 | 132 | 78 |
| Lambs-sheep | 7.08 | 7.34 | 7.18 | 11.63 | 96 | 99 | 61 |
| Chickens | .116 | .105 | .075 | .167 | 110 | 155 | 69 |
| Eggs | .24 | .22 | .14 | .30 | 107 | 169 | 79 |
| Butterfat | .37 | .33 | .23 | .45 | 112 | 161 | 82 |
| Hay | 16.96 | 15.44 | 7.60 | 11.41 | 110 | 223 | 149 |
| Milk | 1.68 | 1.68 | 1.27 | 2.19 | 100 | 132 | 77 |

*Except for milk, these are the average prices for Minnesota as reported by the United States Department of Agriculture.

Indexes and Ratios of Minnesota Agriculture*

| | Feb. 1935 | Jan. 1935 | Feb. 1934 | Av. Feb. 1924-26 |
|---|--------------|--------------|--------------|---------------------|
| U.S. farm price index | 78.2 | 75.3 | 54.0 | 100.0 |
| Minnesota farm price index | 87.4 | 82.8 | 54.3 | 100.0 |
| U.S. purchasing power of farm products | 96.1 | 90.3 | 71.1 | 100.0 |
| Minnesota purchasing power of farm products | 107.4 | 99.3 | 71.4 | 100.0 |
| U.S. hog-corn ratio | 8.4 | 7.7 | 8.5 | 11.4 |
| Minnesota hog-corn ratio | 9.0 | 8.3 | 10.3 | 13.7 |
| Minnesota egg-grain ratio | 15.2 | 13.8 | 14.8 | 18.3 |
| Minnesota butterfat-farm-grain ratio | 22.7 | 19.9 | 26.3 | 36.4 |

*Explanations of the computation of these data are given in Farm Business Notes No. 144.