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FARM BUSINESS NOTES

Prepared by the Divisions of Agricultural Economics and Agricultural Extension
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Farm Real Estate Holdings in Minnesota by Principal Corporate Agencies

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Figures have been obtained which show the total acreage of farm real estate and the proportion of farm land in Minnesota that was owned by a number of corporate lending agencies on December 31, 1938. These agencies include (1) the Federal Land Bank and Federal Farm Mortgage Corporation, (2) insurance companies, and (3) the State of Minnesota Department of Rural Credit.

Data on the total acreage owned in each county in Minnesota by the Federal Land Bank and the Federal Farm Mortgage Corporation were obtained from the St. Paul Federal Land Bank. Similar data for the State of Minnesota Department of Rural Credit were obtained from the 1938 report published in the "Liquidator." The acreages owned by life insurance companies were obtained either directly from the companies or from their reports on file with the Insurance Commissioner.

These corporate agencies owned 6.8 per cent of all the farm land in the state on December 31, 1938. However, as shown in figure 1, the proportions varied greatly in the nine standard type-of-farming areas.¹ The corporate owned land varied from slightly over 1 per cent of the total farm land in Area 9 and slightly over 2 per cent in Area 2, to nearly 12 per cent in Area 4. The heaviest concentration of corporate ownership occurred in the west-central part of the state and the least concentration in the three areas in the southeastern part of the state.

The highest proportion of corporate ownership in individual counties occurred in Traverse County with nearly 19 per cent. Holdings by these agencies amounted to more than 18 per cent of the total farm land in Lac Qui Parle and Lincoln counties; between 17 and 18 per cent in Aitkin and Big Stone counties; and between 13 and 14 per cent in Stevens, Swift, Pope, Lyon, and Hubbard counties. Counties in which these agencies owned between 10 and 13 per cent of the farm land include the following listed in order of the amount of corporate owner-

ship: Pipestone, Murray, Yellow Medicine, Isanti, Kanabec, Marshall, Grant, Clay, Sherburne, Kandiyohi, and Pennington.

Counties in which these agencies owned relatively little land included Nicollet and Le Sueur with less than 0.4 per cent each, Sibley and Carver with 0.5 per cent each, and Rice, Steele, St. Louis, Ramsey, and McLeod with less than 0.9 per

cent each.

Holdings of Other Corporate Agencies—The question arises as to the amount of farm real estate owned by corporate agencies other than those included in this study.

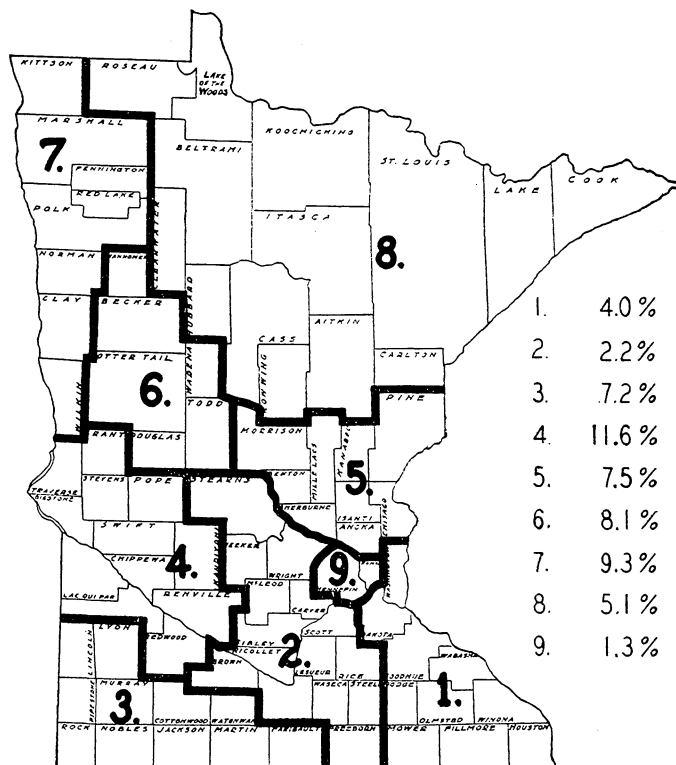


FIG. 1. PERCENTAGE OF THE TOTAL FARM REAL ESTATE IN EACH OF THE NINE TYPE-OF-FARMING AREAS IN MINNESOTA OWNED BY PRINCIPAL LENDING AGENCIES, DECEMBER 31, 1938.

¹ In this study it was necessary to modify slightly the standard type-of-farming areas as used by the Division of Agricultural Economics of the University of Minnesota. The data on corporate ownership were recorded by counties, while, in a few cases, the standard type-of-farming areas cut across county lines.

Table 1. Percentage of All Farm Land Owned by the Principal Lending Agencies* and by Other Corporations,† and the Proportion of Total Corporate Holdings Owned by the Principal Lending Agencies in Five Sample Counties, December 31, 1938

Agency	County				
	Olmsted	Redwood	Stevens	Chisago	Polk
Principal lending agencies	5.2	4.7	13.7	6.8	6.8
Other corporate agencies	1.8	2.1	6.9	3.8	5.8
Total corporate holdings	7.0	6.8	20.6	10.6	12.6
Percentage of total corporate holdings owned by the principal lending agencies	74.0	69.0	67.0	64.0	54.0

* Federal Land Bank and Federal Farm Mortgage Corporation, insurance companies, and State of Minnesota Department of Rural Credit.

† Open and closed banks, Southern Minnesota Joint Stock Land Bank, mortgage, investment and trust companies, and miscellaneous corporations.

To obtain information on this point, the tax lists in the County Treasurers' offices in five selected counties were examined and the holdings of other corporate agencies recorded. The results are shown in table 1. It will be observed that the combined holdings of the Federal Land Bank and Federal Farm Mortgage Corporation, insurance companies, and the State of Minnesota Department of Rural Credit varied from 74 per cent of the combined holdings of all corporate agencies in Olmstead County to 54 per cent in Polk County. The rest of the corporate owned land in these counties was held by open and closed banks, Southern Minnesota Joint Stock Land Bank, mortgage, investment and trust companies, and miscellaneous corporations. From these figures it is apparent that the agencies included in this study are the most important corporate land owners in each of the sample counties studied, but that the proportion of all corporate land owned by them varied greatly from county to county and from area to area.

Factors Responsible for Corporate Ownership—A number of factors have been responsible for the acquisition of farm real estate in Minnesota by lending agencies. These include (1) changes in the sale price of farm real estate, (2) variations in rainfall, (3) variations in soil types, (4) lack of managerial ability on the part of some farm operators, (5) low percentage of tillable land, and (6) inadequate size of farms for economical operation. The first of these factors is the most important single cause of the large amount of corporate ownership at the present time. The index of sale prices of farm real estate for the state as a whole declined from 212 (1912-13 = 100) for the 2-year period 1920-21 to 79 in 1936-37.² The decline in land values was due primarily to reduced farm income which made it impossible to meet debt charges. The amount of land acquired through foreclosure was greatest in counties that experienced the most severe declines.

The second most important factor was that of variations in rainfall. The west-central part of the state suffered a succession of severe drouths, and it was in these areas that the greatest amount of corporate ownership was found.

² Dowell, A. A., "The Trend in Sale Prices of Farm Real Estate in Minnesota," Minnesota Agricultural Experiment Station Bulletin 338, September, 1938, page 6.

In some cases too little attention was given by the lending agency to variations in soil types and to the amount of tillable land in making appraisals. Not enough distinction was made in the size of loans on highly productive farms and on farms that were naturally less productive. Excessive loans were frequently made on farms with too little tillable land to permit the operator to meet living and current operating expenses and also to meet his fixed costs such as taxes, interest, and principal payments.

In general, the foreclosed properties are in the hands of unwilling owners who are anxious to dispose of them. Consequently, much of the corporate ownership is of a temporary nature and may be expected to decrease as conditions improve.

Effect of Cropland Topography On Labor Use Under A Soil Conservation Program

C. HERMAN WELCH, JR.

Farmers contemplating the adoption of a soil conservation system of farming frequently ask, "Will it take more or less labor to do the field work?" In an attempt to answer this question, a survey was undertaken in southeastern Minnesota. One hundred and fifty-seven farmers who follow soil-conservation practices in cooperation with the Soil Conservation Service were interviewed. Fifty-seven per cent of the farm operators expressed the opinion that the total time spent on field work was not affected as a result of strip cropping, contour cultivation, or terracing. Eight per cent said that less labor was used, while 35 per cent of the group reported some increase.

One of the factors that may effect a change in the quantity of labor used for field work under a soil conservation system of farming as compared to the previous farming methods is the topography of the cropland. One half of the farms surveyed had cropland classified as rolling, one fourth as undulating, one eighth as level, and one eighth as rough. Less change in quantities of labor used was reported on the level and rough cropland than on the undulating and rolling. (See table 1)

Conservation Practices Vary with Slope of Land

Relatively few soil conservation practices were needed to control erosion on the level land, resulting in but little change in labor used for crop production. On the rough

Table 1. Percentage Distribution of Change in Field Labor Between Soil Conserving and Previous Farming Methods, Farms Grouped by Topography of Cropland

Relative Change in Labor	All Farms	Cropland Topography			
		Level	Undulating	Rolling	Rough
	Per cent	Per cent	Per cent	Per cent	Per cent
Same amount of labor	57	83	68	42	80
More labor	35	11	27	48	15
Less labor	8	6	5	10	5
Total	100	100	100	100	100

land erosion control practices, such as growing crops in narrower fields or seeding the roughest cropland to hay or pasture, were used. Yet in the opinion of the farm operators, these practices apparently did not cause a great change in the total quantity of labor needed for field work as compared to that used under their previous farming method. On the undulating and rolling cropland, where greater changes in field layout and practices were inaugurated to conserve the soil, a larger proportion of the operators reported an increase in labor. Frequently such fields had been rectangular in shape and were farmed accordingly. Under the soil conservation program they were contour strip cropped or terraced. This was a comparatively drastic shift from previous farming methods and in the opinion of the operators tended to increase the quantity of labor used. However on the rolling cropland, where the greatest shift in labor occurred, 10 per cent of the operators reported less labor indicating a better fit of fields to topography than previously existed.

Most of the operators reporting an increase in labor stated that the increase was small and could be handled by the present labor supply. Similarly, those reporting decreases in labor did not feel that the change was of great significance. Apparently for the farmers in southeastern Minnesota, the adoption of the soil conservation method of farming on level and rough cropland may have little effect on the amount of labor used for field work, while on the undulating and rolling land increases in labor may be expected, but the amount of extra labor is likely to be small.

County Cooperative Councils

D. C. DVORACEK

Minnesota can well be proud of her record in cooperation. She has 1,365 marketing and purchasing cooperatives,¹ which is over one eighth of the total of such cooperatives in the United States. Cooperative creameries manufacture 72 per cent of all butter made in the state. Farmers' elevators handle 49 per cent of the grain marketed. Local livestock shipping associations handle 12 per cent of the livestock marketed from Minnesota farms. Cooperative oil associations handled over 10 per cent of the gasoline sales in the state in 1938. Cooperative marketing associations have played an important part in the development of various farm enterprises of Minnesota by marketing their products more effectively. Cooperatives have done a good job. Will they serve agriculture as effectively in the future as they have done in the past? Will they continue to set the pace in their respective fields? Is the interest as keen and the understanding of cooperation as clear in the minds of members as it was in those of the early pioneers? Is the need for cooperation felt as keenly today?

Only 52 per cent of patrons of cooperatives in Minnesota are members. That is, 48 out of 100 patrons think

of the cooperative only as a better place to deal, with no sense of responsibility to it as a permanent competitive agency working on their side. Too many patrons of cooperatives know too little about cooperatives, and too few cooperatives make definite plans to inform their patrons about their business. Patrons take their cooperative for granted, expecting the board of directors and manager to run the cooperative for their benefit, but without their moral support. Too few patrons have any sense of ownership in their cooperative.

County Councils Spur Group Activities

Not only is it necessary for individuals to work together in local cooperatives, but much can be accomplished in the solution of these marketing problems if cooperatives can work together more effectively. Before cooperative associations can begin to work together, their boards of directors must learn to think together. County councils of cooperatives are being organized to provide the means of bringing cooperatives of a county together for a planned attack on the common problems of marketing in that county.

A county council of cooperatives is made up of one representative from each cooperative in the county and acts as a governing body for a federation of cooperatives. Entire boards of directors are invited to the regular monthly meetings.

Commodity committees within the council are composed of representatives of cooperatives handling a given commodity, such as dairy products, livestock, grain, oil, etc. Each committee is responsible for the interests of a given commodity.

A special program committee is made up of the chairmen of the commodity committees and the executive committee composed of the officers and directors and is responsible for the program of work for the council and programs for regular meetings.

Councils Develop Plans

County councils of cooperatives develop plans for getting things done. County-wide cooperative picnics are held. Cooperative exhibits at county fairs have been prepared. Cooperative creameries have developed more uniform butter-pricing practices thereby eliminating unfair competition. Patron maps of cooperatives have been prepared and assembled into county maps defining areas covered by each cooperative. Cooperation among creameries in operating a cooperative processing plant for several local cold-storage locker units has been put into practice. Plans for local study groups on cooperative marketing are being encouraged. A general spirit of cooperation is being developed among cooperatives of a county.

Work has started on county councils of cooperatives in 24 counties. What will be accomplished by these councils depends largely on the interest and activity of local members of boards of directors. Assistance is given by the county agricultural agent and marketing specialists from University Farm. If you are interested in such a council in your county, contact your county agent.

¹ Bulletin No. 21, A Statistical Handbook of Farmers' Cooperatives, Farm Credit Administration.

Minnesota Farm Prices for April, 1940

Prepared by W. C. WAITE and W. B. GARVER

The index number of Minnesota farm prices for the month of April, 1940 was 69. When the average of farm prices for the three Aprils, 1924-25-26, is represented by 100, the indexes for April of each year from 1924 to date are as follows:

1924— 82	1929—112	1934— 53	1939— 67*
1925—106	1930—101	1935— 92	1940— 69*
1926—112	1931— 71	1936— 84	
1927—110	1932— 46	1937— 99	
1928—106	1933— 40	1938— 77	

* Preliminary.

The price index of 69 for the past month is the net result of increases and decreases in the prices of farm products in April, 1940, over the average of April, 1924-25-26, weighted according to their relative importance.

Average Farm Prices Used in Computing the Minnesota Farm Price Index, April 15, 1940, with Comparisons*

	April 15, 1940	March 15, 1940	April 15, 1939		April 15, 1940	March 15, 1940	April 15, 1939
Wheat	\$0.91	\$0.87	\$0.60	Cattle	\$6.90	\$6.70	\$6.90
Corn .....	.47	.44	.35	Calves	8.50	8.80	8.40
Oats .....	.34	.33	.22	Lambs-sheep	8.16	7.80	7.73
Barley .....	.43	.42	.35	Chickens .....	.10	.10	.12
Rye .....	.55	.53	.30	Eggs .....	.14	.14	.14
Flax	1.93	1.93	1.66	Butterfat .....	.29	.30	.23
Potatoes .....	.55	.55	.50	Hay	4.61	4.78	4.26
Hogs	4.75	4.75	6.80	Milk	1.45	1.50	1.30

* These are the average prices for Minnesota as reported by the United States Department of Agriculture.

The index number rose three points over the level indicated for March. The individual price rises were fairly well distributed over the list of 16 commodities. Greatest relative rises were shown for the field crops. General moisture shortage throughout much of the growing region had a bullish effect on cash crops, as well as upon feed crops, because delayed pasture development has meant greater demand for the feed grains.

Hogs remained unchanged from the previous month at \$4.75. Cattle advanced to \$6.90, while veal showed a decline of 30 cents, both changes being only the usual seasonal movement. The rise in lambs and sheep price was more than seasonal. Butterfat declined seasonally.

Indexes and Ratios of Minnesota Agriculture*

	April 1940	March 1940	April 1939	Average April 1924-26
U. S. farm price index	70.5	68.8	64.0	100
Minnesota farm price index	69.2	66.8	67.3	100
U. S. purchasing power of farm products	90.0	88.0	83.8	100
Minn. purchasing power of farm products	88.4	85.4	88.1	100
Minn. farmer's share of consumer's food dollar		41.6	41.6	52.9
U. S. hog-corn ratio	8.4	8.7	14.5	12.4
Minnesota hog-corn ratio	10.1	10.8	19.4	15.5
Minnesota egg-grain ratio	11.8	12.2	17.2	12.7
Minnesota butterfat-grain ratio	30.1	32.2	33.7	36.8

* Explanation of the computation of these data may be had upon request.

Cattle and Hog Prices

During the past two years hog prices have shown considerable weakness when compared to cattle prices. In January of this year the average price paid by U. S. packers was \$5.36, which was nearly one third below the average of \$7.98 for January 1921-34. For the same month packers paid an average price of \$7.67 for cattle. This was about 7 per cent above the 1921-34 average of \$7.16. Supply conditions fall far short of accounting for this wide disparity. January 1940 hog slaughter under federal inspection was only 6 per cent above the 1921-34 period, while cattle slaughter was 13 per cent larger.

One important factor appears to have been the much weaker export demand for pork products and lard in recent years as compared with the 1921-34 demand. Another important consideration is the extent to which domestic vegetable oils have been making heavy inroads into the domestic demand for lard.

There is some evidence from consumption data and prices that consumer preferences for meats have shifted from pork products to beef and poultry, especially turkeys. The price indexes, however, indicate that retail prices for pork have not shown a decline commensurate with the decline in packer prices for hogs. One explanation offered for this relatively wide spread in hog and pork prices has been that the past few years have shown considerable increases in the costs of processing and distributing meats, and that since a relatively greater amount of processing is required for hogs than for beef, these increased costs fall with relatively more weight upon hogs. Another factor tending to depress hog prices is the fact that southern states have reached record peaks of production and are supplying local requirements without clearing through customary market channels.



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