FARM BUSINESS NOTES

Prepared by the Divisions of Agricultural Economics and Agricultural Extension
Paul E. Miller, Director Agricultural Extension

NO. 225 UNIVERSITY FARM, ST. PAUL SEPTEMBER 1941

Corporate Owned Farm Land in Minnesota, 1936-1940[1]

A. A. DOWELL

Corporate agencies owned 3,002,035 acres of farm land in Minnesota, or 9.1 per cent of all land in farms, on January 1, 1936. The trend of corporate holdings was upward during the next two years, a peak of 3,400,852 acres, or 10.4 per cent of all land in farms, having been reached on January 1, 1938. Thereafter the combined holdings of all corporate agencies declined slightly to 3,259,810 acres, or 9.9 per cent of all land in farms, on January 1, 1940.

Data on corporate holdings of farm real estate in Minnesota, other than that owned by the Minnesota Department of Rural Credit, were obtained from the files of the Minnesota Agricultural Conservation Committee. Similar data on holdings of the Minnesota Department of Rural Credit were obtained from the annual reports published in the "Liquidator."

The proportion of the land in farms in the different type-of-farming areas (Fig. 1) owned by corporate agencies varied greatly from area to area. As shown in figure 2, these agencies owned a higher proportion of all land in farms in area 7, in the extreme northwestern part of the state, than in any other area, the proportion in this area varying from 19.3 per cent on January 1, 1936 to 16.7 per cent on January 1, 1940. Area 4, in west central Minnesota, ranked second, and area 6, lying to the east of areas 7 and 4, advanced from fourth during 1936 and 1937 to third place during the next three years. Area 3, in the southwestern part of the state, ranked third during 1936 and 1937, fourth in 1938, and fifth in 1939 and 1940, while area 5, in east central Minnesota, advanced from fifth to fourth place during the last two years of the period. The rank in the proportion of corporate owned land in the other type-of-farming areas was as follows: Area 8, sixth; area 1, seventh; area 2, eighth; and area 9, ninth. Corporate agencies owned only 2.2 per cent of all land in farms in area 9 on February 1, 1936.

There was also considerable variation in the proportion of corporate owned land from county to county within a given type-of-farming area. For example, in area 7, the proportion on January 1, 1936 varied from 25.9 per cent in Kittson County to 13.2 per cent in Red Lake County. In area 2, the proportion varied from 6.7 per cent in Meeker County to 0.6 per cent in Carver County. Similar variations among counties occurred in the other areas.

The five counties with the highest proportion of corporate owned land in the state on January 1, 1940 included: Traverse, 30.9 per cent; Wilkin, 27.0 per cent; Mahnomen, 27.0 per cent; Big Stone, 26.5 per cent; and Kittson, 22.8 per cent. All of these counties are in the western and northwestern part of the state. The lowest ranking counties, exclusive of Cook County where relatively little land is in farms, were LeSueur, 0.5 per cent; Carver, 0.8 per cent; Sibley, 0.8 per cent; McLeod, 1.2 per cent; and Dakota and St. Louis with 1.3

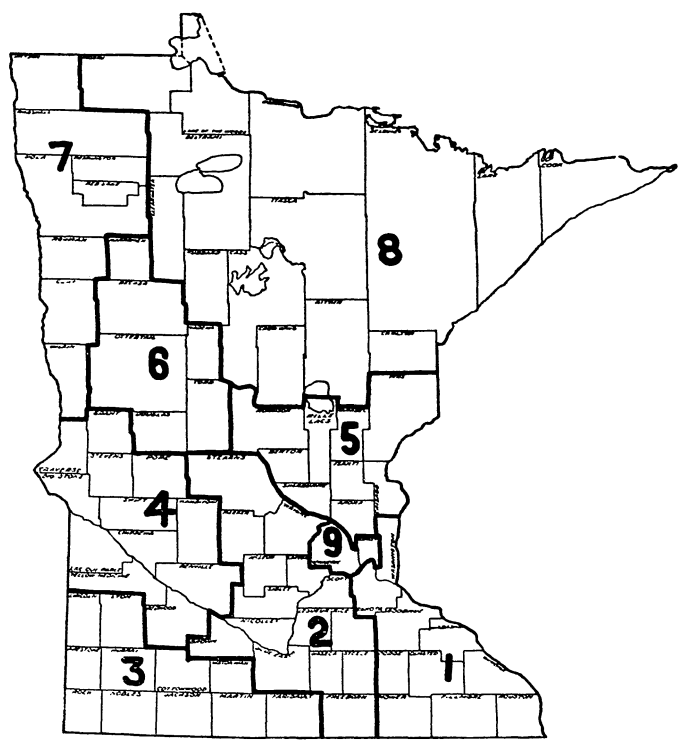

FIG. 1. TYPE-OF-FARMING AREAS IN MINNESOTA

In this study it was necessary to modify slightly the standard type of farming areas as presented in Minnesota Agricultural Experiment Station Bulletin 347.

[1] Assistance in the preparation of these materials was furnished by the personnel of Work Projects Administration Official Project No. 65-1-71-140, Sub-project 480.

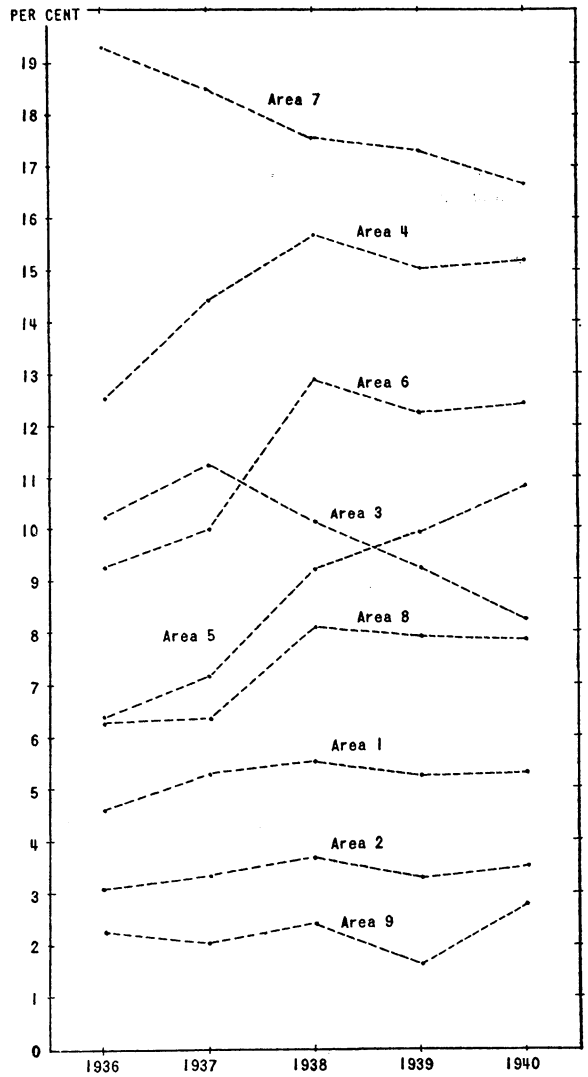

FIG. 2. PROPORTION OF FARM LAND OWNED BY CORPORATE AGENCIES IN THE VARIOUS TYPE-OF-FARMING AREAS OF MINNESOTA ON JANUARY 1, 1936-1940

per cent each. All of the lowest ranking counties are in the south central or extreme northeastern part of the state.

Insurance companies owned more farm real estate in Minnesota throughout the five-year period than any other type of corporation (table 1). They had slightly more than one third of the total corporate holdings from 1936 to 1939 and exactly one third on January 1, 1940. The Minnesota Department of Rural Credit ranked second with over one fifth of the total from 1936 to 1938 but slightly less than one fifth in 1939 and considerably less than one fifth in 1940. Insurance companies and the Minnesota Department of Rural Credit together owned over one half of all corporate owned farm land in Minnesota throughout the five-year period, although the proportion declined after 1937.

The extensive corporate holdings of farm land in Minnesota were due to acquisitions resulting from a decline in farm earnings which had a depressing effect on the sale value of farm real estate. The average sale price of farm real estate in the state as a whole declined from $104 per acre during 1920-21 to $35 per acre during 1938-39. The average price per acre during 1938-39 was only about one

Table 1. Proportion of Farm Land in Minnesota Owned by Specified Corporate Agencies, January 1, 1936-1940

Corporate Agency	1936	1937	1938	1939	1940
	Percentage				
Federal Land Bank and Federal Farm Mortgage Corporation	0.38	0.50	0.75	0.81	1.00
Minnesota Department of Rural Credit	2.07	2.13	2.15	1.95	1.79
Joint Stock Land Banks	0.36	0.37	0.36	0.35	0.32
Insurance Companies	3.22	3.63	3.58	3.41	3.31
Banks, open and closed	0.71	0.81	0.84	0.78	0.74
Trust and mortgage investment companies	1.30	1.19	1.10	1.03	0.97
Educational, religious, and fraternal organizations	0.14	0.17	0.21	0.21	0.22
Other corporate agencies	0.97	0.92	1.37	1.44	1.59
All corporate agencies	9.15	9.73	10.36	9.99	9.93

third the average during 1920-21, and was considerably below the average during 1910-11. This severe decline wiped out the equities of many borrowers and resulted in acquisition of a large number of farms by lending agencies.

There was a tendency for corporate holdings to be relatively high in areas where land prices had declined most severely prior to acquisition, and to be relatively low in areas where the least relative declines had occurred. There also was a tendency for corporate holdings to be relatively low in the high land value areas and relatively high in the low land value areas. However, these relationships were not entirely consistent, primarily because the loans of all corporate agencies were not distributed uniformly over the state.

The Minnesota Department of Rural Credit, joint stock land banks, and closed banks are in process of liquidation. Consequently, it is to be expected that the remaining farm real estate holdings of these institutions will be disposed of rather promptly.

Continuing corporations may be expected to dispose of acquired properties somewhat more slowly than corporations which are in process of liquidation. This will permit more orderly sale of the relatively large number of farms now in corporate ownership. Such a procedure will be advantageous to the lending agencies, to those who supplied the original investment funds, and to private owners who wish to dispose of their farms. It also should result in a higher proportion of farms being purchased by tenants and other prospective farm operators than if the properties were forced onto the land market over a relatively short period of time.

In general, the corporate owned farms are in the hands of involuntary owners who are anxious to dispose of them as promptly as conditions justify. The downward trend of total acquisitions and the upward trend of sales, which have taken place since 1938, together with the desire on the part of most of the corporate agencies to dispose of the farms that have been acquired, suggest that much of the corporate ownership is of a temporary nature and may be expected to decrease if net farm income does not decline below the level of the last few years.

Land Planning Problems

O. R. SHELLEY

County and local land use planning committees are giving consideration to a wide range of problems. For example, in southeastern Minnesota soil erosion is

major problem to which attention is being given. Data in the "Preliminary Report of Winona County Land Use Planning Committees" indicate that large areas of land are already seriously affected. In this county alone 1.5 per cent of the area or 6,000 acres have severe erosion while 12 per cent or 49,000 acres have moderate erosion. Land Use Planning activities in this area are concerned with programs dealing with this problem.

Another problem undertaken in land use planning is that of working out systems of crop rotation best suited to specific areas from the standpoint of maintaining fertility, conserving the soil, and assuring good crop yields. Questions arise as to whether it is desirable to increase or decrease the acreage of cultivated crops, whether adjustments are necessary in the acreage of grain crops, and what proportion of the land it is advisable to devote to hay and pasture in the area.

Land Use Planning Committees in counties having extensive drainage projects may be concerned with problems of delinquency and land forfeiture. For instance, in one township delinquent ditch assessments lead to forfeiture of approximately 39 per cent of the area involved.

Another problem of interest in land use planning is that of taxation. A study made in Goodhue County on valuations of farms indicates that (1) sale values dropped more than assessed true and full values during the depression, (2) poor land tended to be more overassessed than good land, and (3) adjustments by equalization did not materially correct inequalities in assessments. Such information is useful to planning committees in studying the problems involved and arriving at recommendations with respect to them.

Farm mortgage problems are considered particularly in areas where they are most acute. Information brought together for use by land planning committees indicates considerable variation in foreclosures in different areas and for different sizes of farms. For instance, an examination of foreclosure in Swift County during 1911-1940 indicated that smaller farms tended to have a higher rate of foreclosure than the larger farms. This is shown by the following data: Farms ranging in size between 20-49 acres had a foreclosure rate of 68 per cent; 80 acre units, 95 per cent; farms between 100-174 acres, 75 per cent; while those averaging 221 acres had dropped to a rate of 35 per cent; and farms larger than 500 acres had relatively few foreclosures.

In parts of the cutover area, with small farm units, scattered settlement and large amounts of unimproved land, particular attention has been given by Land Use Planning Committees to the classification of land on the basis of its suitability for different uses. Now that an enabling act has been passed by the State, one logical result of the activities of land use planning is that of adopting zoning ordinances.

Land Use Committees naturally are very much interested in studying costs of public services including schools, roads, relief, old age assistance, and other aids, as well as activities of federal agencies in the county, such as Farm Security, AAA program, and Rural Electrification.

Information obtained in land use research and a better understanding developed on the part of local people as a result of giving consideration to vital problems in their localities will aid materially in effecting improvements.

Feed Costs and Returns From Sheep Production

TRUMAN R. NODLAND

The farm account records of the cooperators in the Southeastern Minnesota Farm Management Service are a good source of information concerning the costs and returns from a farm flock of sheep. This information can be used as a guide in budgeting feed supplies for the year, and when supplemented with outlook material is valuable in making plans for the future. The data presented in this article were secured from the sheep records of approximately 45 farmers each year for a 13-year period.

The number of sheep kept per farm, the per cent lamb crop, and the feed consumption per head of sheep are presented in table 1. The average flock of 25 ewes raised approximately one lamb per ewe. Nearly all of the feeds were farm raised. Sheep are an excellent means of utilizing pasture and low grade roughages.

Table 1. Number of Sheep Per Flock and Feeds Per Head of Sheep

	1928-29	1930-32	1933-35	1936-40	13-year average
Head of sheep per farm*	29	36	37	38	36
Number of ewes kept for lambing	23	26	25	26	25
Lamb crop, per cent	85	99	100	99	97
Feed per head, lbs.					
Concentrates	52	58	75	65	64
Tame hay	96	107	160	218	160
Wild hay, fodder, and stover	68	103	101	54	78
Silage	136	96	151	127	127

* Two lambs under 6 months of age considered as one head.

The cost of feed and the returns per head are shown in table 2. The cost of feed is based on average farm prices in the area. The net increase in value of sheep is determined by adding the sales, the value of animals butchered, and the ending inventory and deducting from this total the value of the beginning inventory and the purchases. The receipts from the sale of wool amounted to 32 per cent of the total returns. The returns above feed cost represent the amount available to pay the farmer for labor, management, shelter, equipment, interest, shearings, and miscellaneous cash costs.

Table 2. Feed Costs and Returns from Sheep Production

	1928-29	1930-32	1933-35	1936-40	13-year average
Value of feeds per head:					
Concentrates	$ .69	$ .47	$ .57	$ .54	$ .55
Roughages	1.09	.98	1.19	.98	1.04
Pasture	1.09	.89	.72	.85	.87
Total feed cost	$2.87	$2.34	$2.48	$2.37	$2.46
Value of produce per head:					
Wool	2.45	.85	1.47	1.98	1.67
Net increase in value of sheep	5.80	1.79	3.47	3.65	3.51
Total returns	$8.25	$2.64	$4.94	$5.63	$5.18
Returns above feed cost per head	5.38	.30	2.46	3.26	2.72
Amount received per lamb sold	$9.64	$4.61	$5.51	$6.66	$6.38
Price received per lb. wool sold	.36	.13	.21	.27	.24
Average feed prices:					
Corn, per bushel	.67	.44	.44	.52	.51
Oats, per bushel	.44	.25	.29	.27	.30
Alfalfa, per ton	14.75	12.00	10.85	8.20	10.70
Corn silage, per ton	4.00	3.70	3.15	2.35	3.10
Pasture, per head per month	.18	.14	.12	.14	.14

Minnesota Farm Prices for August, 1941

Prepared by W. C. WAITE and H. W. HALVORSON

The index number of Minnesota farm prices for the month of August, 1941, was 84. When the average of farm prices of the three Augusts, 1924-25-26, is represented by 100, the indexes for August of each year from 1924 to date are as follows:

1924— 95	1929—104	1934— 72	1939— 55*
1925—104	1930— 81	1935— 70	1940— 61*
1926—100	1931— 55	1936— 96	1941— 84*
1927—100	1932— 41	1937— 86	
1928—100	1933— 54	1938— 60	

* Preliminary.

The price index of 84 for the past month is the net result of increases and decreases in the prices of farm products in August, 1941, over the average of August, 1924-25-26, weighted according to their relative importance.

Average Farm Prices Used in Computing the Minnesota Farm Price Index, August 15, 1941, with Comparisons*

	Aug. 15, 1941	July 15, 1941	Aug. 15, 1940		Aug. 15, 1941	July 15, 1941	Aug. 15, 1940
Wheat	$0.90	$0.86	$0.58	Cattle	$8.90	$8.70	$7.50
Corn	.58	.56	.51	Calves	10.60	10.20	8.60
Oats	.27	.27	.20	Lambs-Sheep	9.20	9.11	7.77
Barley	.40	.41	.33	Chickens	.14	.15	.11
Rye	.48	.43	.30	Eggs	.23	.23	.13
Flax	1.68	1.72	1.36	Butterfat	.38	.38	.28
Potatoes	.60	.60	.55	Hay	4.54	4.89	4.75
Hogs	10.30	10.10	5.70	Milk	1.85	1.75	1.55
				Wool†	.37	.38	.28

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

† Not included in the price index number.

The upward movement in livestock prices continued in August but at a slower rate. Hogs are now higher priced than they have been since October, 1937, cattle since October, 1929, calves since April, 1930, and lambs-sheep since June, 1937. Some weakness was shown in prices of potatoes, eggs, butterfat, and milk which showed less than normal seasonal increases; in hay which declined more than seasonally, and chickens which declined contrary to their normal seasonal rise. Grain prices are firm with some strength being shown in wheat, rye, and corn.

Indexes and Ratios of Minnesota Agriculture*

	Aug. 1941	July 1941	Aug. 1940	Average Aug. 1924-26
U. S. farm price index	92.9	89.9	68.1	100.0
Minnesota farm price index	84.4	93.9	60.7	100.0
U. S. purchasing power of farm products	107.8	106.7	84.8	100.0
Minn. purchasing power of farm products	97.8	111.3	75.6	100.0
Minn. farmers share of consumers food dollar	.....	51.4	43.9	56.1
U. S. hog-corn ratio	14.8	14.7	9.2	11.4
Minnesota hog-corn ratio	17.8	18.0	11.2	12.3
Minnesota beef-corn ratio	15.3	15.5	14.7	7.0
Minnesota egg-grain ratio	19.6	20.3	15.4	14.2
Minnesota butterfat-farm-grain ratio	42.7	42.9	39.3	32.4

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

Minnesota Farm Prices After Two Years of War

Minnesota farm prices have, in general, increased more both in absolute amounts and in percentages during the first two years of World War II than during a corresponding period of World War I. The index of Minnesota farm prices rose by 17.5 per cent during the earlier period as compared with an increase of 52.9 per cent during the 1939-1941 period.

A comparison of price changes from August 15, 1914 to August 15, 1916 with changes from August 15, 1939 to August 15, 1941 was made for the principal Minnesota farm products (except wool) as shown in the first column on this page. In 13 cases out of 16 the relative gains, and in 11 out of 16 the absolute gains have been greater in the World War II period. In 8 out of the 16 cases the price rises in the present war have been three or more times as great as those of the last war. In 9 out of the 16 cases the percentage rises have been three or more times as great as those of the last war. No price declines were shown at the end of either period.

Relatively smaller percentage increases in the 1939-1941 period were shown only for barley, flax, and potatoes, while smaller absolute increases in this period were shown for wheat, barley, rye, flax, and potatoes. The other Minnesota farm products showed price rises (relatively or absolutely) greater during the period 1939-1941 than during the 1914-1916 period. Relatively the greatest increase has been that of hogs, followed by eggs, corn, rye, butterfat, and wheat. During World War I the greatest percentage increase during the two-year period was in potatoes, followed by rye, barley, wheat, and flax.

A comparison of price rises during the first year of the war in the two periods indicates that in 12 out of 16 cases both absolute and relative gains were greater during the 1939-1940 period. Minnesota farm prices thus have not only risen further than in the last war, but also rose more rapidly during the early part of the period.

UNIVERSITY OF MINNESOTA
Department of Agriculture
Agricultural Extension
University Farm, St. Paul, Minn.

PAUL E. MILLER, Director

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, $300

FREE—Co-operative Agricultural Extension Work, Acts of May 8 and June 30, 1914.

UNIVERSITY FARM, ST. PAUL, MINNESOTA

Cooperative Extension Work in Agriculture and Home Economics, University of Minnesota, Agricultural Extension Division and United States Department of Agriculture Cooperating, Paul E. Miller, Director. Published in furtherance of Agricultural Extension Acts of May 8 and June 30, 1914.