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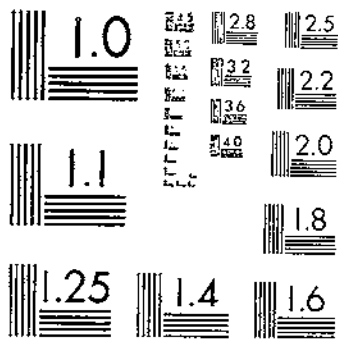
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FEDERAL SEED LOAN FINANCING AND ITS RELATION TO AGRICULTURAL

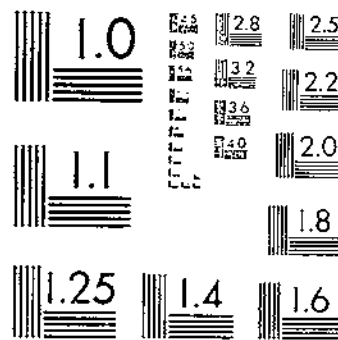
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NATIONAL BUREAU OF STANDARDS-1963-A



UNITED STATES DEPARTMENT OF AGRICULTURE  
WASHINGTON, D. C.

FEDERAL SEED-LOAN FINANCING AND ITS  
RELATION TO AGRICULTURAL REHA-  
BILITATION AND LAND USE

By NORMAN J. WALL, *senior agricultural economist, Division of Agricultural Finance, Bureau of Agricultural Economics*<sup>1</sup>

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INTRODUCTION

Federal funds for making seed loans, those emergency advances made directly to farmers by the Federal Government for the purpose of producing crops or for purchasing feed for livestock, have been made available in 12 different years since 1918.<sup>2</sup> So frequently have these funds been made available that the Federal seed-loan system has come to assume some of the aspects of a permanent source of credit for borrowers who have utilized this method of financing. Federal funds for these purposes have been made available continuously for the last 7 years.

<sup>1</sup> The author wishes to acknowledge the assistance of Gerhard J. Isaac in the preparation of many of the statistical tables and charts and the digest of seed-loan statutes in the appendix. Mrs. Lucy R. Hudson had responsibility for the preparation of many tables and other statistical work. F. L. Garlock, C. D. Jackson, W. H. Rowe, and Gerhard J. Isaac gave helpful criticism in the preparation of the manuscript. The cooperation of the Farm Credit Administration in supplying needed data and of Frieda Baird, of that organization, for helpful criticism of the manuscript is gratefully acknowledged.

<sup>2</sup> As of May 31, 1935.

Justification for providing this type of Federal assistance has been based upon three factors: (1) The inadequacy of local credit resources in meeting the emergency requirements; (2) climatic disturbances or abnormally low prices, because of which farmers were not in a position to supply the usual security required by lending agencies; and (3) the desirability from the standpoint of the social organization of agricultural communities that farmers whose resources were curtailed because of these abnormal developments should be able to continue farming operation.

Excluding the loan of 1918, which was administered by the Treasury Department, there was, beginning with 1921, a total of 2,820,552<sup>2</sup> loans, aggregating \$351,030,485. The largest number of loans in any single year, excluding the abnormal drought year of 1934, occurred in 1933; the total of 633,586 in that year represented approximately 1 loan for every 10 farms in the country.

Although the dollar amount of funds thus advanced by the Federal Government does not seem impressively large in comparison with amounts advanced to farmers by other Federally sponsored agencies, it is important from the standpoint of the number of farmers involved. Although the Federal land banks had outstanding loans of \$1,116,692,000 at the beginning of 1933, the aggregate number of loans involved was only 401,000. In 1933, seed loans were made in the amount of \$57,376,000 representing 634,000 loans, a number 50 percent greater than the number of loans held by the Federal land banks in that year.

It is apparent, therefore, that Federal seed loans have been, and are, influencing the operations of a substantial segment of the agricultural population. From the standpoint of land utilization these loans may be influential in continuing marginal and submarginal land in cultivation. Furthermore, policies followed in making these loans are important factors influencing the crop acreage and the general type of farming of individual borrowers.

The large number of seed-loan borrowers in recent years, particularly in 1932 and 1933, represents, in large part, an abnormal demand for credit arising from the curtailment of the usual credit sources and the drastic decline in farm income. Nevertheless, the developments of the last 2 years, when a production-credit system has been available to all farmers who could supply satisfactory security, indicate that despite the improvement in farm income a large number of farmers, in some areas, particularly in the cotton States, are unable to obtain credit except from the emergency crop funds of the Federal Government. In the 10 leading cotton States the number of such farmers was probably close to 200,000 in 1935.

This segment of the farming population represents a group whose problems are of considerable significance in the development of future agricultural policies. It is likely that this group includes a very large proportion of those farmers who have been receiving financial aid from the Federal Emergency Relief Administration and of those to be affected by the resettlement and rehabilitation programs of the Resettlement Administration.

The granting of congressional appropriations for seed loans from year to year, has been a temporary expedient to meet a current emergency, not an endeavor to affect a permanent improvement in

<sup>2</sup> As of May 31, 1935.

the economic status of those farmers who have been chronic seed-loan borrowers. With the granting of agricultural rehabilitation loans by the Federal Emergency Relief Administration, a type of credit has been provided that is directed toward the economic improvement of those farmers whose resources do not permit them to utilize other sources of credit. As seed loans and rehabilitation loans involve, to a large extent, the same segment of our agricultural population, there is a need for an effective coordination of loan policies to effect, as far as possible, a permanent improvement in the economic status of borrowers using such loans.

In view of the direction that has been given to our national policies dealing with agricultural rehabilitation and land use, the experience arising out of seed-loan financing, together with the problems it has revealed, seems worthy of analysis as a basis for determining future agricultural policies. The purpose of this bulletin, therefore, is to present (1) a general history and description of Federal seed-loan financing; (2) an analysis of the financial and economic status of seed-loan borrowers in four Southeastern States in 1932, based upon data submitted with seed-loan applications; and (3) a summary of the problems involved in seed-loan financing, with particular reference to the cotton States, together with a suggested approach for effecting a solution of such problems.

## METHOD OF FEDERAL SEED-LOAN FINANCING

### BEGINNING OF FEDERAL SEED LOANS

The first venture of the Federal Government in direct seed-loan financing was made in 1918. No special appropriation was made at that time, but a fund of \$5,000,000 was put at the joint disposal of the United States Treasury Department and the United States Department of Agriculture by the President. The actual administration of the loans was handled by the Federal land banks. The funds were made available in wheat-growing areas of the Northwest and Southwest where two successive crop failures had resulted from drought and winter killing. The joint statement of the two departments said that the object of the fund was—

to assist in tiding the farmers over the period of distress to enable them to remain on their farms to plant such an acreage as may be determined to be wise under all the conditions with a view to increasing the food supply of the Nation and to add to the national security and defense.

An interesting feature of the 1918 loan was a guarantee-fund provision, which provided that each borrower was to pay a bonus of 15 cents a bushel for each bushel of average yield of wheat or rye in excess of 6 per acre, with provision that the maximum payment was to be 75 cents per acre. This was 25 percent of the total loan (\$3 per acre) made in the fall of 1918 but was only 15 percent of the loan (\$5 per acre) made in the spring of 1919. There was no refunding of the guarantee fund to those who made payments to it, but the difficulty was that many more borrowers had crop failures than paid into the guarantee fund. Payments of the guarantee fund came only from the southern end of the loan area where good crops were produced; practically no payments were made from the Montana and North Dakota area where the 1919 crop was a failure. The borrowers, having agreed to pay a bonus if they had a good crop, felt that

they should not be expected to pay at all if their crop were a failure, and consequently demanded cancelation of their loans. Action was taken by the Congress the following year, provision being made that those whose average yields were less than 5 bushels to the acre were released from payment.

## EXPANSION OF SEED-LOAN FINANCING

Beginning in 1921 by special appropriation or authorization the Congress made funds available for seed loans in 11 different years. Table 1 lists the various acts that provided funds and shows the number of loans and amount loaned under each act.

TABLE 1.—Number of loans and amount loaned under each seed-loan appropriation from 1921-35<sup>1</sup>

(Data as of May 31, 1935)

Year of appropriation and date of act	Loans	Amount loaned	Year of appropriation and date of act	Loans	Amount loaned
	Number	Dollars		Number	Dollars
1921, Mar. 3, 1921.....	13, 635	1, 957, 407	1931, Feb. 23, 1931.....	14, 375	1, 872, 433
1922, Mar. 20, 1922.....	11, 908	1, 480, 107	1932, Jan. 29, 1932.....	507, 631	64, 204, 503
1924, Apr. 20, 1924.....	3, 152	413, 983	1933, Feb. 4, 1933.....	633, 586	57, 375, 940
1926, Feb. 23, 1927 <sup>2</sup> .....	668	244, 205	1934, Feb. 23, 1934.....	445, 189	37, 891, 586
1929, Feb. 25, 1929.....	46, 067	5, 758, 550	1934, June 19, 1934.....	300, 077	71, 296, 309
1930, Mar. 3, 1930.....	45, 311	5, 340, 727	1935, Feb. 20, 1935.....	373, 936	49, 273, 528
1931, Dec. 20, 1930.....	270, 297	30, 633, 729	Total.....	2, 820, 487	351, 007, 666
1931, Feb. 14, 1931.....	145, 055	14, 261, 550			

<sup>1</sup> The total number and amount of loans prior to 1932 are based upon Department of Agriculture data and differ slightly from annual totals published in the second annual report of the Farm Credit Administration.

<sup>2</sup> The act of Feb. 23, 1927, validated the disbursements for loans made in 1926 to owners of crops and livestock damaged or destroyed by hurricanes in Florida during September 1926.

The earlier appropriations were available only to limited areas within a very few States, and the granting of Federal financial assistance through seed loans, prior to 1932, was predicated upon some climatic disturbance such as drought, storm, or hail. With the exception of three loan appropriations—those of 1924, 1926, and 1929—need for Federal funds was based on drought conditions. In the 3 years mentioned the basis was hail, flood, or storm. Loans were granted originally only for the purpose of purchasing seed and, in the Southern States, fertilizer. The purpose was gradually expanded to include feed for work stock and fuel and oil for tractors used for crop production.

In 1931 funds were authorized in three separate acts and a further expansion was made in the purposes for which loans were made to include miscellaneous needs under the heading of "general rehabilitation" and to purchase feed for livestock. The year 1931 was the first year that loan funds were made available over an extensive area, a development due to the widespread drought of 1930.

In 1932 the amounts of loan appropriations were greatly enlarged in comparison with previous appropriations. In that year a departure from the previous policy of limiting Federal loans to farmers in those areas that had been affected by an unusual climatic disturbance, was effected. Authority was given to the Secretary of Agriculture to make loans "where he finds that an emergency exists as the result of which farmers are unable to obtain loans for crop production." This policy of making loans available in all areas where farmers are

unable to obtain credit from the usual sources has been continued in other recent years.

The gradual expansion in the area included in the Federal program of seed-loan financing is clearly indicated in figure 1. This illustration shows the areas receiving seed loans in 8 different years, together with data showing the number of seed loans per 100 farms in each State or part of State included in the loan area. In 1933 and 1934, loans were available in all States. The number of seed loans per 100 farms in all counties in which loans were made in each year beginning with 1921, was as follows:

Year:	Percent	Year:	Percent
1921-----	11. 8	1930-----	3. 9
1922-----	9. 5	1931-----	8. 0
1924-----	11. 5	1932-----	8. 5
1926-----	20. 0	1933-----	10. 4
1929-----	10. 1	1934-----	6. 2

A more detailed analysis showing the number of seed loans per 100 farms, by counties, is shown graphically in figures 2 to 7. The county maps serve to localize the areas where Federal financing demands have been greatest and thus afford an opportunity of correlating such areas with types of soil, types of farming, bank failures, and other significant data.

The most striking feature in these maps is the concentration of loans that appears in certain groups of counties in each State under all appropriations applicable to such areas. In the Northwest, parts of Montana and North Dakota have had consistently a high ratio of loans to number of farms. Areas of high loan ratios are also indicated for northern Texas and in the Southeast, particularly in North Carolina, South Carolina, Georgia, Arkansas, Louisiana, and Mississippi. The following summary shows the number of years during which Federal loans, excluding the 1918 fund, have been available in various States:

- 8 years in North Dakota, Montana, and Florida.
- 7 years in South Carolina, North Carolina, Georgia, Alabama, Virginia, New Mexico, Idaho,<sup>2</sup> and Washington.
- 6 years in Indiana, Illinois, Missouri, Minnesota, South Dakota, and Oklahoma.
- 5 years in Pennsylvania, Ohio, Michigan, Iowa,<sup>3</sup> Nebraska,<sup>3</sup> Kansas, Delaware, Maryland, West Virginia, Kentucky, Tennessee, Mississippi, Arkansas, Louisiana, Texas, Wyoming, Utah,<sup>3</sup> Nevada,<sup>3</sup> and Oregon.

The States that have obtained this aid most frequently are North Dakota, Montana, and Florida. Several Southeastern States, together with New Mexico, Idaho, and Washington, have received this assistance nearly as many times. In 1932, 1934, and 1935 every State, except Rhode Island and the District of Columbia, received loans. In 1933 one loan was made in Rhode Island.

A clearer picture of the dependence of various areas upon Federal seed-loan financing can be obtained from figure 8. This shows on a county basis the frequency of seed-loan appropriations. Certain counties in Montana and North Dakota and in some of the Southeastern States are shown to have been consistently included in the area eligible to receive loans. In general, there seems to be a close correlation between counties having a high ratio of loans and the frequency with which such counties have received Federal aid.

<sup>2</sup> In 1931 loans were made only from the \$20,000,000 appropriation of Feb. 14, 1931.



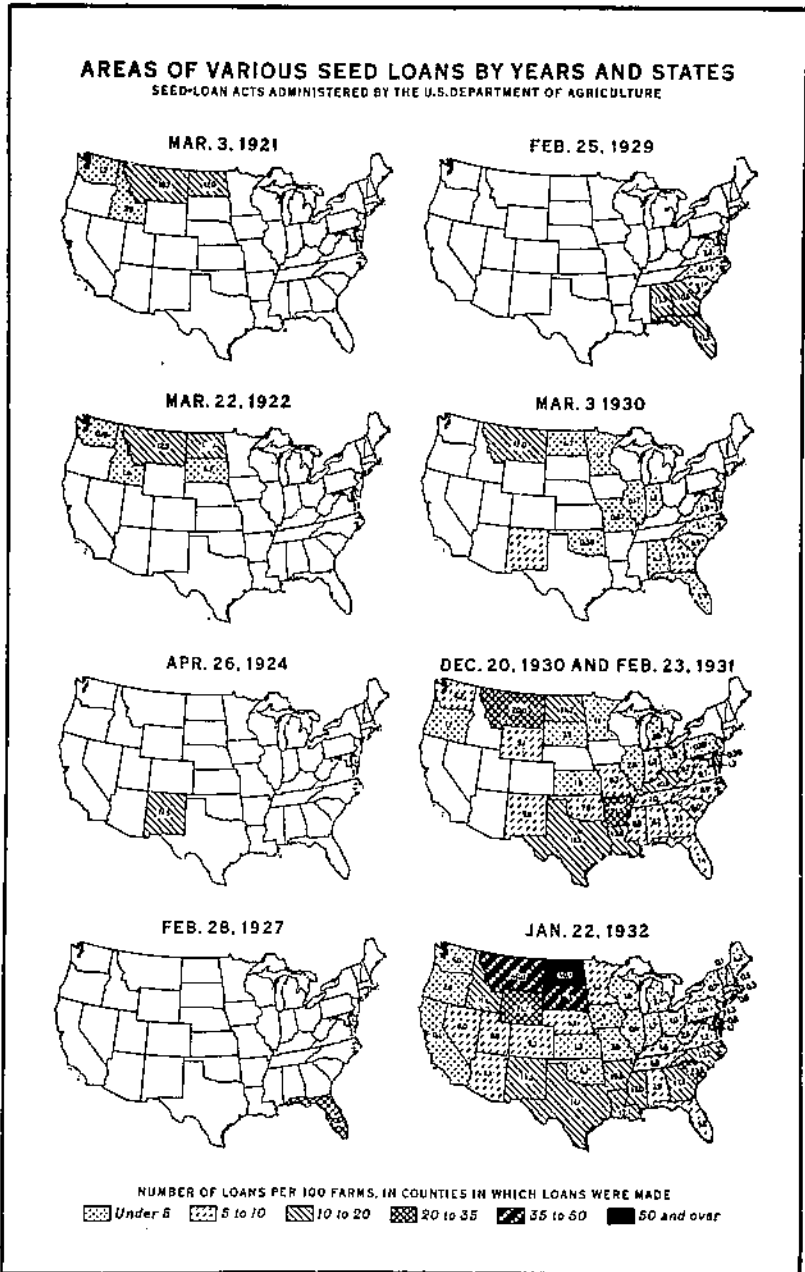


FIGURE 1.—The earlier seed-loan acts were limited to a relatively small number of States. Beginning in 1931, the area in which seed loans were made available was expanded to include more than one-half of the States. In 1932, loans were made available in all States.

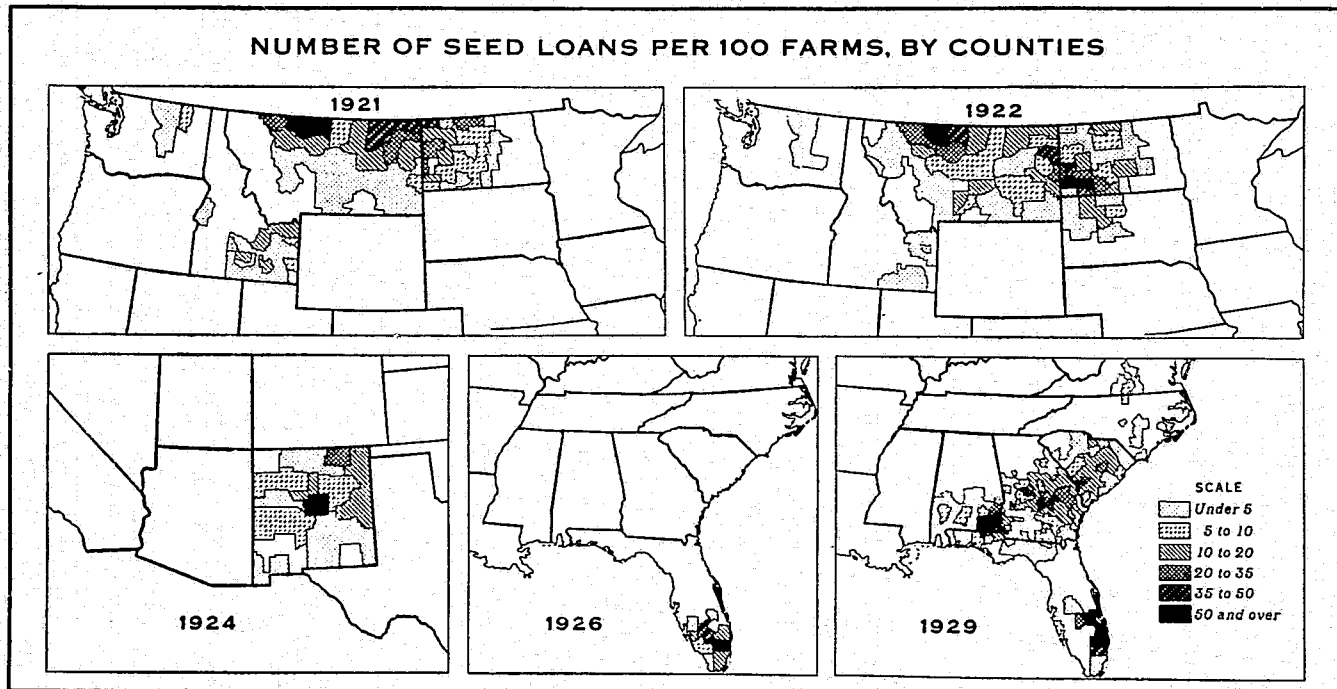


FIGURE 2.—The counties in which seed loans were made were selected, until the year 1932, on the basis of percentage damage to crops as reported by the Division of Crop and Livestock Estimates of the Bureau of Agricultural Economics. A county was designated as eligible for financial assistance if its crop in a given year was below a certain percentage of the average yield for that county in previous years.

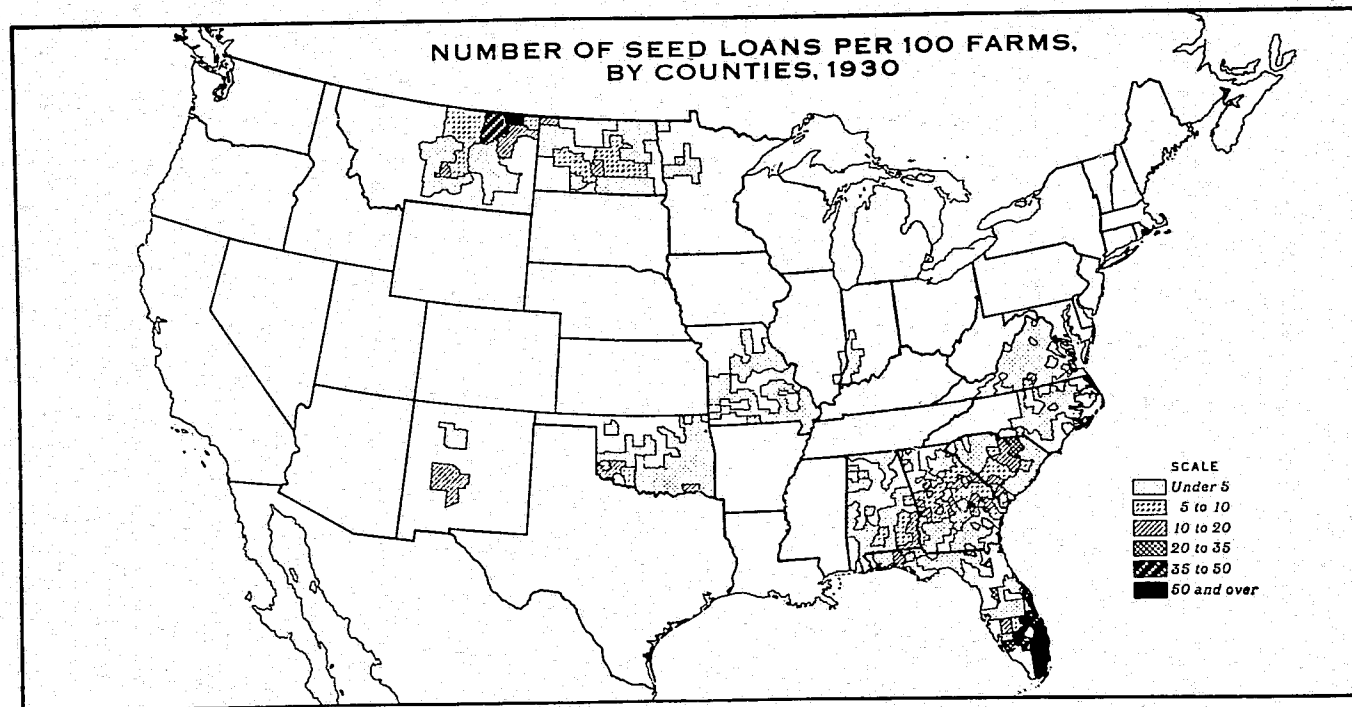


FIGURE 3.—As compared with previous years the seed-loan area in 1930 was more widely scattered and included both spring wheat-growing States and cotton-growing States.

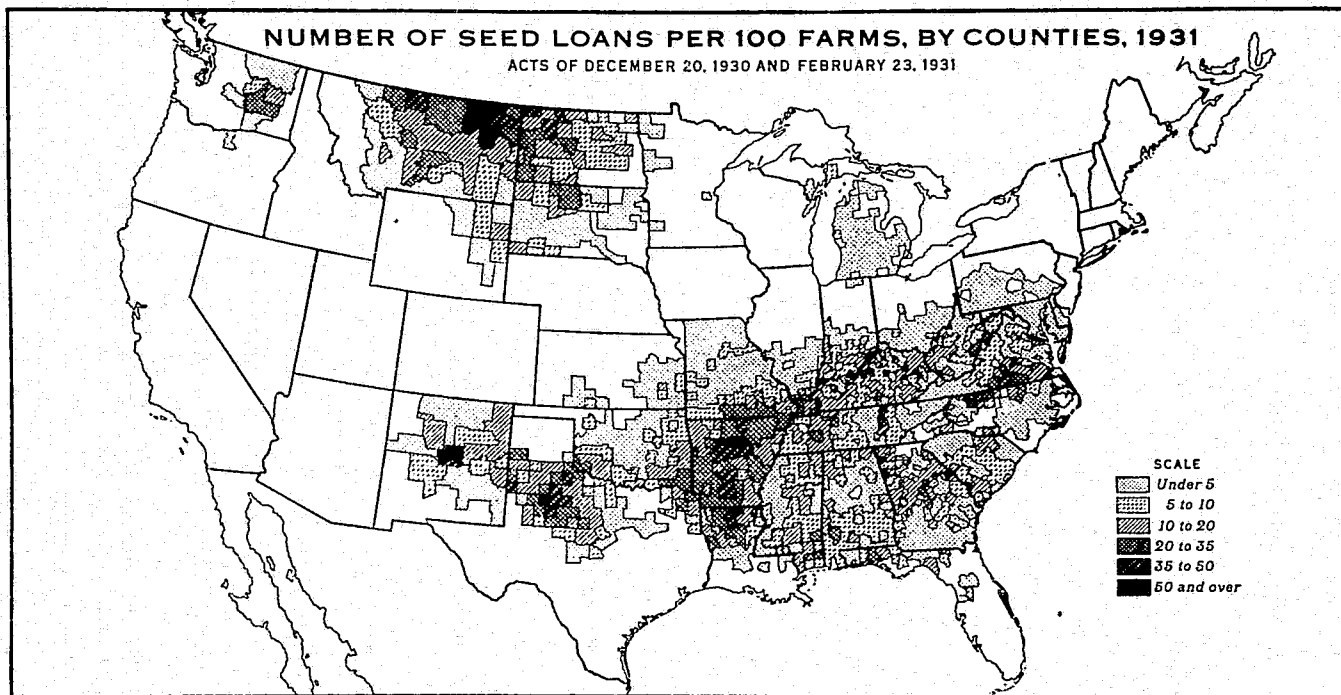


FIGURE 4.—The widespread and severe drought of 1930 caused a marked expansion of seed-loan activities in the following year. The number of loans made in 1931 under two appropriations was 293,672, which was more than six times as large as the number of loans made in any previous year.

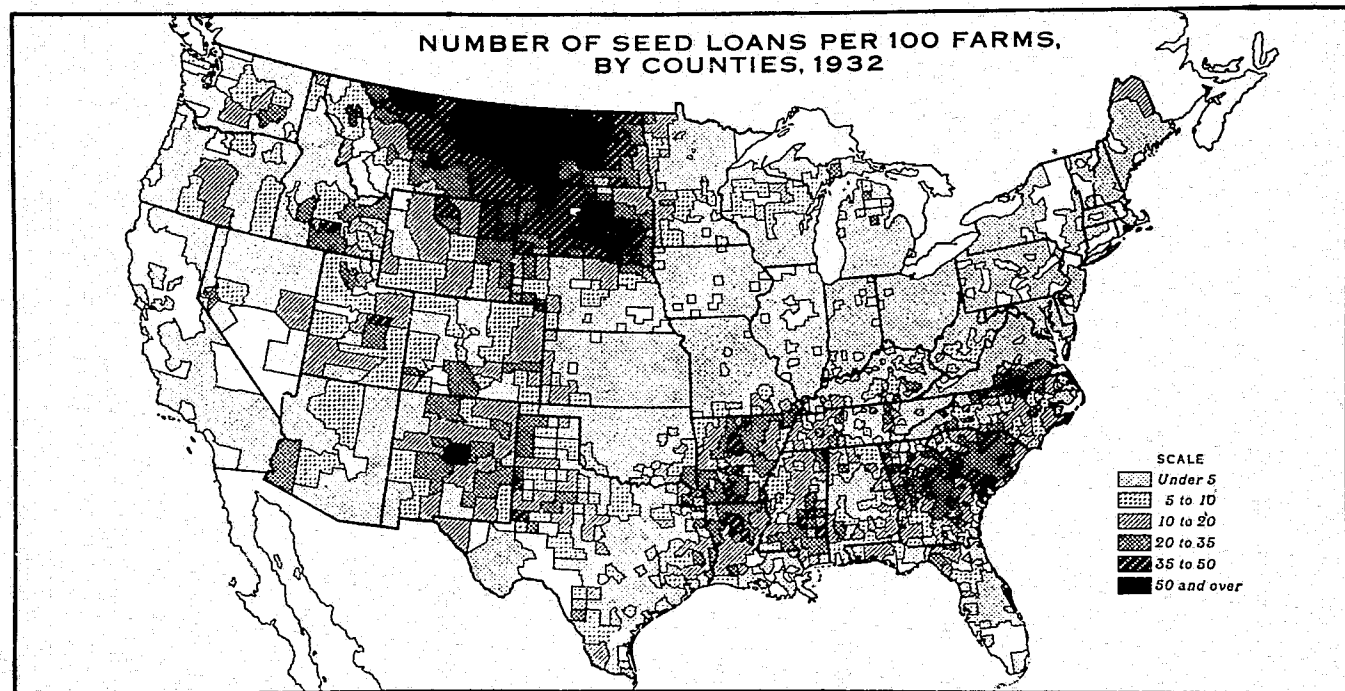


FIGURE 5.—In 1932 instead of limiting Federal seed loans to farmers in areas affected by unusual climatic disturbance, loans were made available in all areas where farmers were unable to obtain credit from the usual sources.

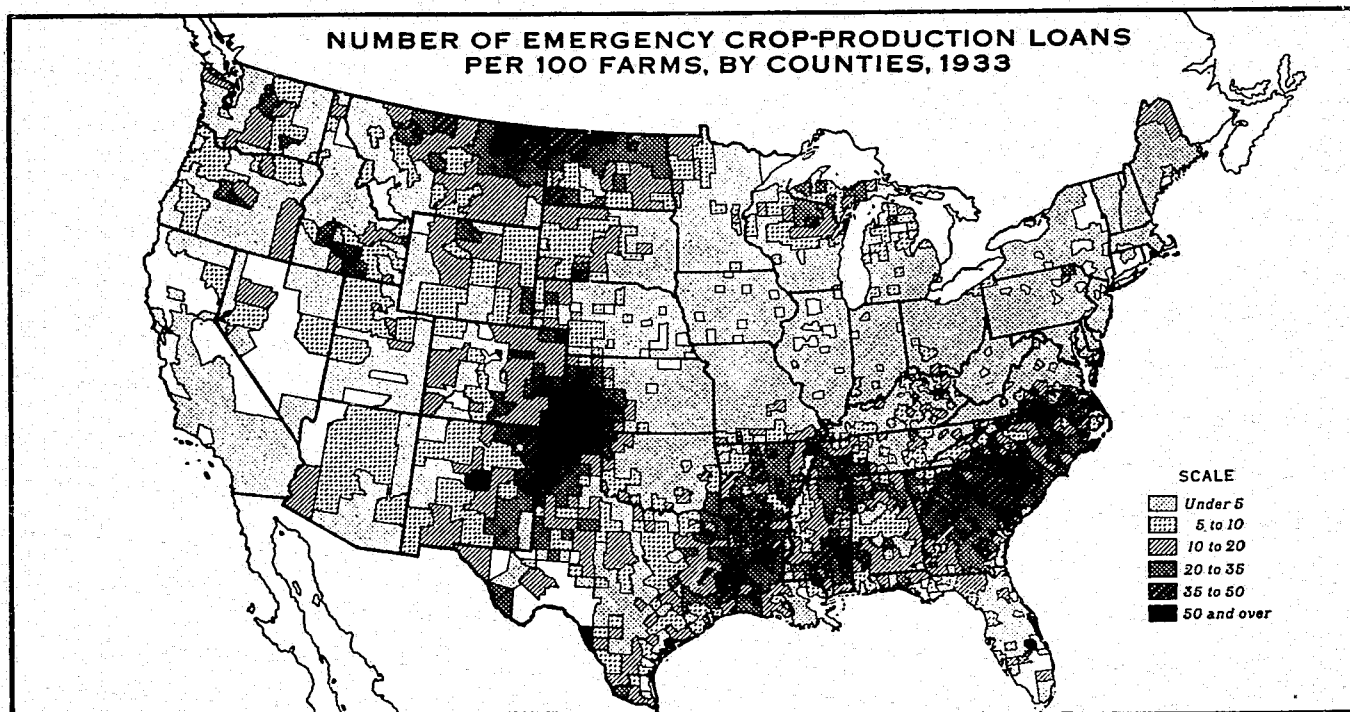


FIGURE 6.—The number of loans made in 1933 was equal to about one loan for every 10 farms in the United States. The low prices received by farmers and the curtailment of usual sources of credit brought a substantial increase in the number of farmers who found it necessary to rely upon Federal emergency loans. (Administration of seed loans was transferred to the Farm Credit Administration in 1933.)

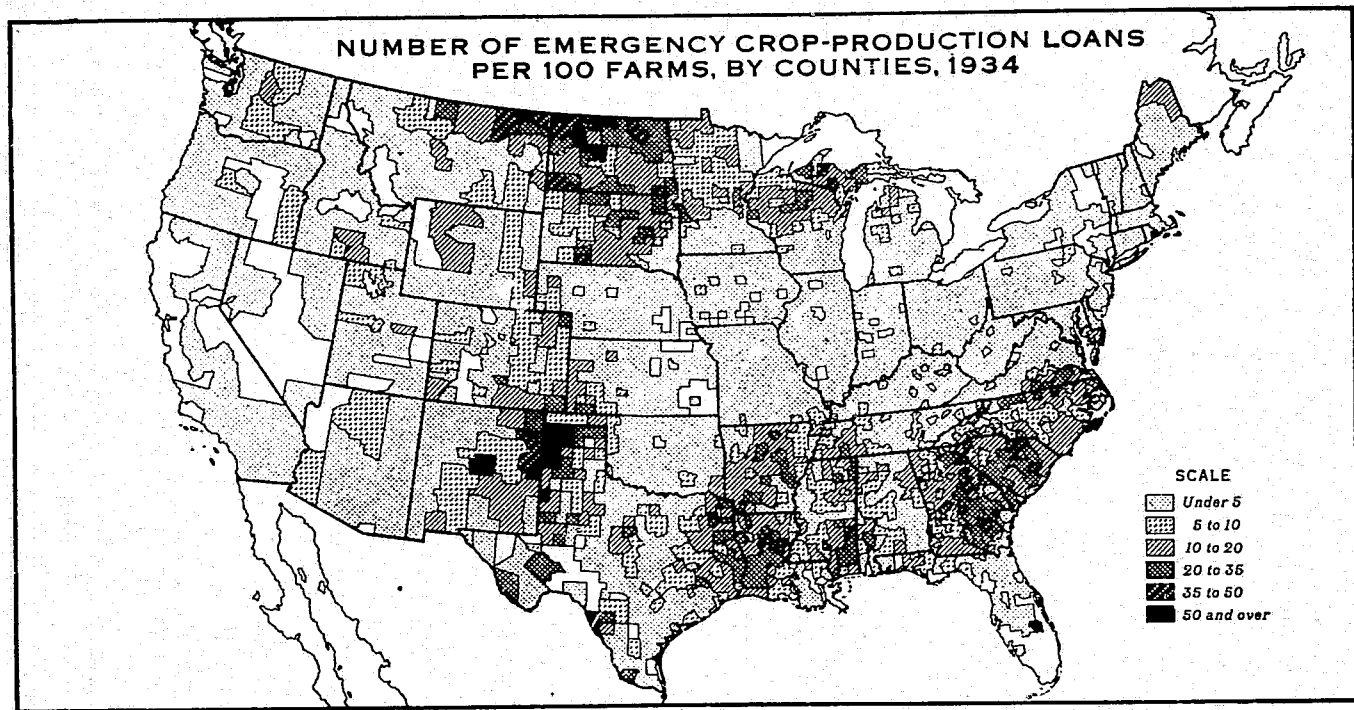


FIGURE 7.—With the improvement in farm income and the availability of loans through production-credit associations, the number of emergency loans for crop-production purposes was reduced by approximately 30 percent from the number made in 1933. The distribution of counties having a high ratio of loans per 100 farms, however, was quite similar to that of the preceding year.

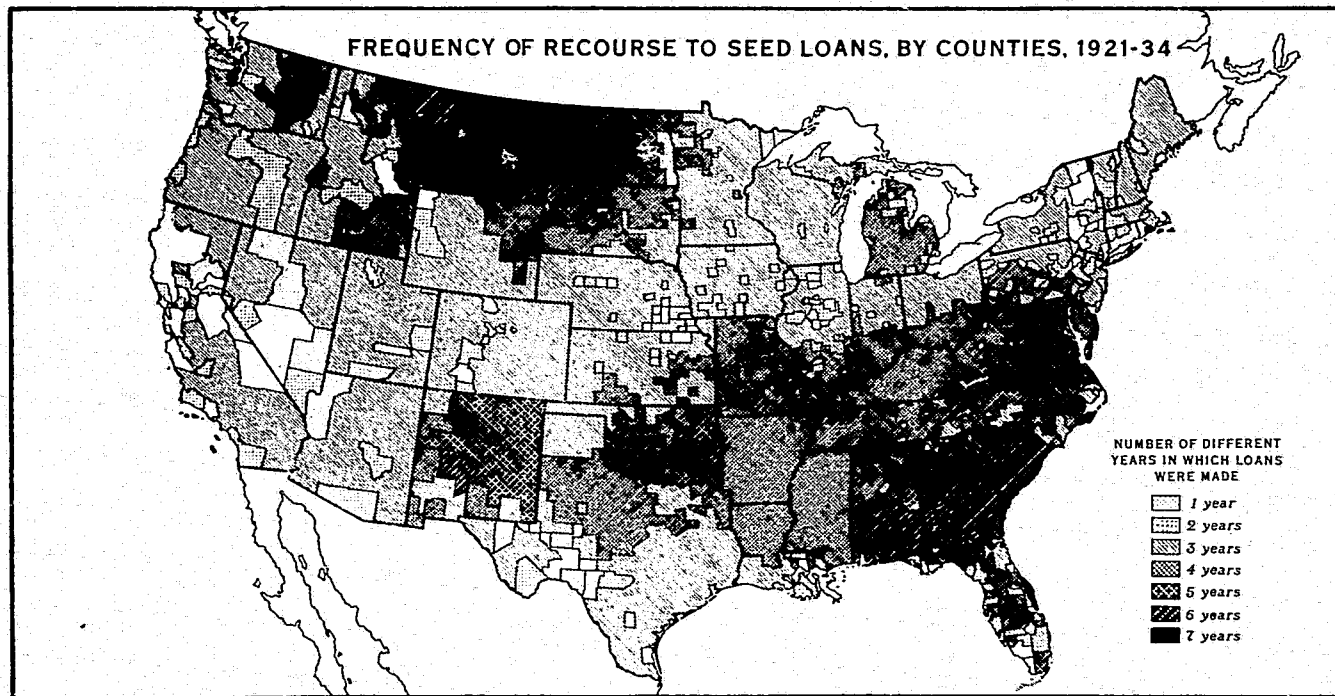


FIGURE 8.—Use of Federal seed loans as a means of financing crop production has been most frequent in the spring wheat-growing States and in the southeast cotton-growing States. In general, there seems to be a close correlation between counties having a high ratio of loans per 100 farms and the frequency with which such counties have received Federal aid. (No loans made during the years of 1923, 1925, 1927, and 1928.)



## FEED LOANS

Emergency loans for the sole purpose of purchasing feed were first made in 1931. Severe drought conditions in succeeding years resulted in a large volume of such loans being made, particularly in 1934. The number of initial feed loans made in the 1934-35 period was 300,077. Together with 799,555 supplemental advances, the aggregate amount loaned, as of May 31, 1935, was \$71,296,309. Figure 9 shows the number of such loans per 100 farms, on a county basis, as of August 31, 1934.

## DESIGNATION OF SEED-LOAN AREAS

In designating the area eligible for loans, the loan territory, until the year 1932, was selected on the basis of the percentage damage to crops as reported by the Division of Crop and Livestock Estimates of the Bureau of Agricultural Economics. In other words, a county was designated eligible for financial assistance if its crop in a given year was below a certain percentage of the average yield for that county in previous years. Beginning with 1932, loans have been made generally available in all agricultural areas where farmers were not able to obtain loans for crop-production purposes.

## LOAN PROCEDURE

The loan procedure under all appropriations handled directly by the Department of Agriculture has been formulated by the Extension Service. The Director of Extension has been primarily in charge of these operations. Cooperating with him were the State extension directors and county agents. Actual detailed operations were handled by the Farmers Seed Loan Office, later changed to the Emergency Crop Production Loan Office, of the Department of Agriculture which established branch offices in the areas where loans were made. With the transfer of seed-loan activities to the Farm Credit Administration in 1933, these branch offices have been continued with some changes and the loan procedure has remained practically the same as previously under the direction of the Department of Agriculture.<sup>4</sup>

Loans were originally submitted to a county committee, serving without compensation, selected by the extension service. This committee usually consisted of three leading businessmen or farmers assisted by the county agent. In making his application the borrower was required to offer a lien or mortgage on the crop to be grown with the aid of the Federal loan. Upon receipt of the loan papers from the county committee, the regional office checked the application to ascertain whether it was acceptable and properly prepared. If the crop was already mortgaged, waivers were required from all prior mortgage holders. Likewise, a tenant or farmer operating under a crop contract was required to obtain a waiver from the owner of the land. If the loan was approved by the regional office the proceeds were forwarded to the borrower.

Beginning with 1930, loan proceeds have been disbursed on the installment basis, advances being gaged to the seasonal requirements for the various crop expenditures. In approving loans at the regional office, the cooperation of extension agents was utilized in checking the

<sup>4</sup> There are now 11 regional offices located at Springfield, Mass., Baltimore, Md., Columbia, S. O., Memphis, Tenn., St. Louis, Mo., St. Paul, Minn., Omaha, Nebr., Wichita, Kans., Dallas, Tex., Salt Lake City, Utah, and Spokane, Wash.

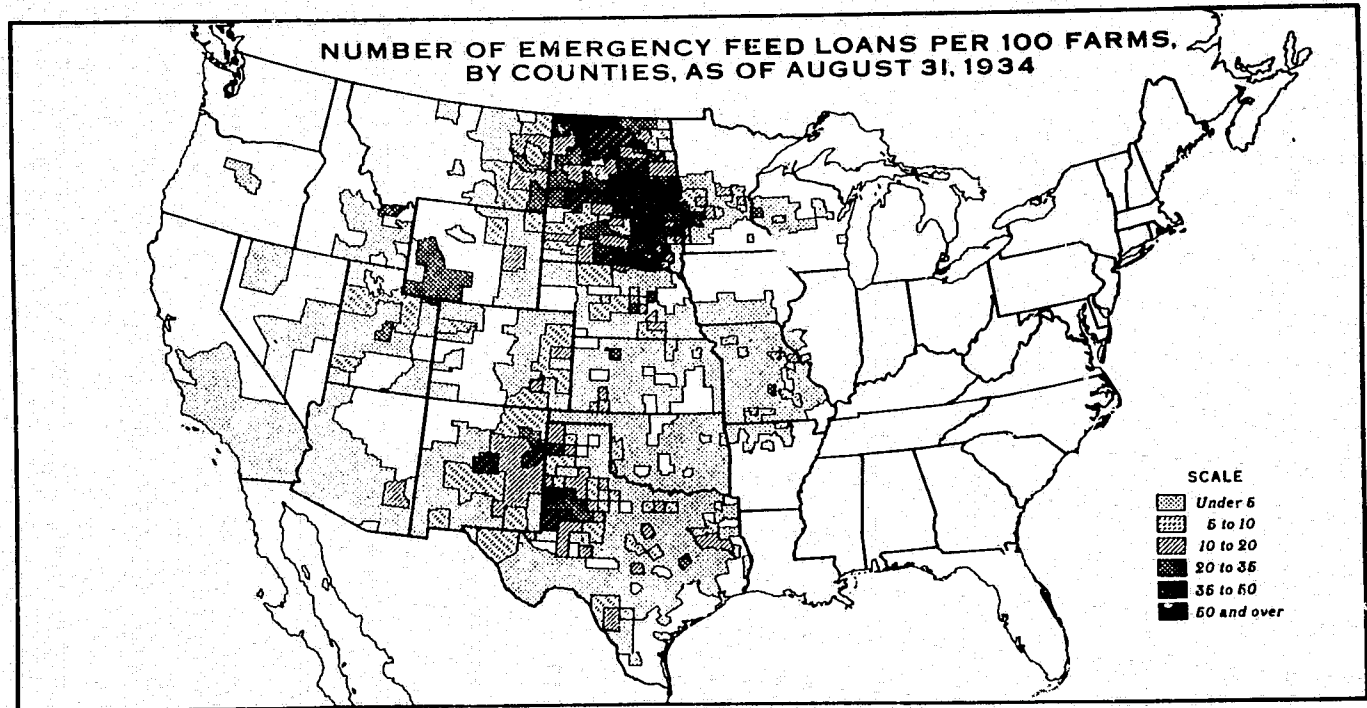


FIGURE 9.—The severe drought that affected most of the western half of the United States in 1934 led to the widespread need for emergency financing for purchasing feed for livestock. From the standpoint of the proportion of farms that required this emergency aid, the situation was most acute in North Dakota and South Dakota.

cropping program submitted by the applicant. Whenever it seemed desirable, changes in these cropping programs were suggested as a condition for obtaining the loan. The policy in approving seed-loan applications has been to limit loans to conservative amounts. Loans made at planting time have been dated to mature at approximately the time the crops were to be marketed. Table 2 shows the average size of loans approved by years, together with the maximum loan limit.

TABLE 2.—Average amount borrowed and maximum loan limit under each seed-loan appropriation in stated years

Year	Average size of loan	Maximum loan	Year	Average size of loan	Maximum loan	Year	Average size of loan	Maximum loan
1921.....	\$140	\$200	1929.....	\$125	\$2,000	1933.....	\$91	\$300
1922.....	124	300	1930.....	118	2,000	1934.....	84	250
1924.....	131	500	1931.....	141	500	1935.....	132	500
1926.....	260	500	1932.....	127	400			

<sup>1</sup> Exclusive of agricultural rehabilitation and feed loans.

In 1933 the granting of seed loans was utilized as a measure to reduce crop acreage to 70 percent of that planted in 1932. Exceptions to this reduction provision were made, however, for farmers with specified minimum acreage. The regulations of the Secretary of Agriculture covering the acreage reduction policy were as follows:

No loan will be made to any individual or to the tenants or share croppers of any landlord to finance or assist in financing the planting of an acreage of any cash crop on the lands of such individual or such landlord in excess of 70 percent of the acreage of such crops planted by such individual or by all the tenants or share croppers of any such landlord on all the lands of such individual or landlord during 1932, and provided further, such individual or landlord agrees that he will not have any other interest whatsoever in any other such crops or permit any crops to be grown on his land by others in excess of 70 percent of the total acreage of such crops on such land in which he had an interest in 1932: Provided, That the foregoing shall not apply to the farmer tenant, or share cropper who, in 1933, will not plant more than 8 acres of cotton; 2½ acres of tobacco; 40 acres of wheat; 20 acres of corn; 2½ acres of truck crops; 12 acres of sugar beets; 8 acres of potatoes; 30 acres of rice; 8 acres of peanuts. Applications will not be approved for loans to persons who did not farm in 1932 for production of acreages in excess of 70 percent of that grown on the same lands in 1932. Provided, further, that the 30 percent withheld from such cash crops may be planted in soil-building crops.

With the establishment of the Farm Credit Administration and the inauguration of the agricultural adjustment program, the act providing seed-loan funds in 1934---

stipulated that applicants must offer satisfactory evidence that they are cooperating with the crop production control program of the Agricultural Adjustment Administration or not increasing their production of basic agricultural commodities during 1934 in a manner detrimental to the success of this program. Under the regulations prescribed, each applicant for a loan of \$150 or more was required to submit written evidence from a production-credit association that his application for a like amount had been rejected by the association. This action made certain that farmers with adequate security should not avail themselves of the emergency fund established to finance only producers who could not obtain credit through existing credit agencies. To avoid making loans which might jeopardize the production control program each applicant also was required to file a certificate from the county production council stating that he was cooperating with the Agricultural Adjustment Administration program. If no county council was

functioning in his community, a statement indicating that he was not planning to expand his production during the year was submitted.<sup>5</sup>

SECURITY

Security has been obtained for seed-loan advances in all cases, and prior to and including 1931 the statutes limited such security to crop liens or chattel mortgages on the crop planted with the aid of Federal funds. Beginning with 1932 and including 1934, the statutes did not limit the extent of the security and first liens were required on all crops notwithstanding the fact that only a portion of such crops might be financed with Federal funds. In 1932 when loans were made to farmers growing little or no cash crops, additional security was sometimes taken on the borrowers' personal property. In all cases, the borrower had to sign a statement on his application form to the effect that he could not obtain credit elsewhere and that he did not have the resources with which to finance the operation without Federal aid.

In connection with feed loans, the various legislative authorizations, with the exception of the act of June 19, 1934, have specified that the security was to be a first lien on livestock. In 1931 a modified security plan was worked out, whereby, in the case of mortgaged livestock, the security was shared jointly by the Federal Government and the mortgagee. This plan represented a limited waiver which specified the amounts beyond which the prior mortgage holder would not waive. As this form of agreement represents something of an innovation in usual lending practices in connection with livestock security, the wording of the agreement is presented in full, as follows:

Waiver of lien Date .....

I, \_\_\_\_\_, of \_\_\_\_\_, the present owner and holder of a prior mortgage lien or claim upon the property described in the foregoing mortgage, or any part thereof, in consideration of the loan to be made to the mortgagor therein named by the United States of America, through the Secretary of Agriculture, do hereby mutually agree with the United States as follows: (1) That the owner and holder of the first prior mortgage lien of record does hereby waive in favor of the United States all that portion of such prior mortgage lien or claim upon the property described in the said mortgage in excess of twenty-five dollars (\$25) per head on work horses, \$30 per head on milk cows and purebred cows, \$17.50 per head on stock cows, \$20 per head on 2-year-old milk heifers and purebred heifers, \$15 per head on 2-year-old stock heifers, \$10 per head on yearling stock cattle, \$2.75 per head on sheep, and \$6 per head on brood sows; (2) that the owners and holders of mortgage liens or claims of record subsequent in priority to the first lien do hereby waive priority of their said liens or claims in favor of the United States; (3) that in consideration of the Government extending this loan the prior mortgage holder or holders do also agree not to foreclose their mortgages prior to September 30, 1932, without the consent of the Secretary of Agriculture or his duly authorized representative; (4) that the holder of the prior mortgage where his mortgage covers property that is not covered in the lien of the United States, agrees first to exhaust such security as he may have which is not pledged to the United States in the case of foreclosure or sale; (5) that it is agreed with the United States of America, in and for the consideration mentioned aforesaid, that the undersigned will not transfer, pledge, hypothecate, sell, or assign such mortgage or note without the written consent of the Secretary of Agriculture or his duly authorized representative.

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<sup>5</sup> [UNITED STATES] FARM CREDIT ADMINISTRATION. THE SECOND ANNUAL REPORT . . . 1934. 202 pp., illus. 1935. See pp. 63-64.

A considerable departure in policies, relative to security, was inaugurated with the drought-relief loans of 1934. The act of June 19, 1934, provided \$525,000,000 for drought-relief purposes. Of this sum, \$96,785,000 was allocated to the Governor of the Farm Credit Administration for, among other purposes, making loans to farmers for seed, feed, freight, summer fallowing, and similar purposes. The policies followed in making these loans were stated in the second annual report of the Farm Credit Administration, as follows:

In accordance with the intent of the legislation, advances from this appropriation are on a relief rather than on a strictly business basis. Loans have been made on extremely liberal terms, a borrower's unsecured note being acceptable security. Borrowers also are required to secure non-disturbance agreements, signed by all creditors holding chattel liens. These non-disturbance agreements are effective until January 1, 1936. All notes bear interest at 5½ percent, payable at maturity, and are drawn to mature November 1, 1935.<sup>6</sup> Although no collateral is required, every effort is made, through field inspection, to prevent the misapplication of funds, and to determine that only producers actually in need and unable to obtain funds elsewhere are accommodated. Loans are disbursed on a monthly budget basis, in accordance with the producers' actual requirements for feed. Each month the borrower is required to submit a supplemental application, showing his livestock on hand, and the feed required for the following month's operations.

#### INTEREST RATES

Prior to 1932 the interest rate charged on Federal seed and feed loans was 5 percent, with the exception of loans made in 1918, which bore a rate of 6 percent. Beginning in 1932 and in succeeding years, a rate of 5½ percent was charged. The provisions of loans made up to 1930 and of loans made under the act of June 19, 1934, specified that interest was to be paid at maturity. From 1930 to 1934 it was the prevailing practice to deduct interest in advance.

#### COST OF MAKING SEED LOANS

One of the major problems involved in extending direct loans to farmers for crop-production purposes revolves around the element of cost involved in making these credit facilities available. In times of severe distress, the need for extending immediate assistance tends to make the consideration of cost a secondary element. But if the seed-loan system is to be continued, the element of cost in making these credit facilities available raises the question as to the desirability of providing a subsidized interest rate to seed-loan borrowers. The extent to which these loans in the past have represented a subsidy to seed-loan borrowers can be roughly appraised by considering the various costs incurred by the Federal Government in connection with these emergency-loan policies.

In analyzing the various factors that have entered into the cost of providing this special type of credit for farmers, consideration may be given to the cost of funds, the cost of distribution, and the losses involved in uncollectible balances.

In the first place, there is the cost to the Federal Government of obtaining the funds which it in turn will lend to farmers. This cost, which may be termed the wholesale cost of obtaining funds, can be roughly measured by the rate of interest that the Federal Govern-

<sup>6</sup> Loans for purposes other than feed, made from this fund, carried maturity dates varying in accordance with the crops financed. Florida truck loans matured Apr. 1, 1935; New York dairy loans matured June 30, 1935; orchard loans for the purchase of trees matured in series from Nov. 1, 1935, through 1939; other orchard loans matured with 1935 crops; citrus loans matured June 1, 1936, unless real-estate mortgages were taken; in such cases maturity dates are June 1, 1936, 1937, 1938, and 1939.

ment must pay on its obligations to obtain such funds. The following tabulation shows the average annual rate of interest on United States Treasury notes and certificates of 3 to 6 months' maturity:

Year:	Percent	Year:	Percent
1921.....	4.83	1928.....	3.98
1922.....	3.45	1929.....	4.42
1923.....	3.93	1930.....	2.23
1924.....	2.77	1931.....	1.15
1925.....	3.04	1932.....	.78
1926.....	3.25	1933.....	.25
1927.....	3.11	1934.....	7.22

Since 1929 open market interest rates have been abnormally low, and the margin between the actual cost of funds obtained by the Federal Treasury and the rate charged seed-loan borrowers, namely 5½ percent, has been unusually wide. In years of more nearly normal business conditions, the rate of interest on short-term Treasury obligations has been from about 3 to 3½ percent. During the entire period 1921-34, in which emergency loans were made in 10 different years, administrative costs amounted to approximately \$16,793,000, which exceeded interest collected, including interest withheld at time loans were made by \$6,247,000.<sup>8</sup> These figures do not take into account future costs that may be incurred in collecting unpaid balances outstanding at the end of 1934.

The second factor that influences the cost of providing Federal seed-loan funds involves the cost of distribution which includes (1) expenditures required in providing for facilities whereby individual farmers can avail themselves of these funds, such as setting up the overhead loan organization for receiving and passing upon applications for loans as well as disbursing the proceeds of such advances and (2) maintenance of an organization of field men to check the progress of borrowers and to effect the collection of loans. These distribution costs involved in providing credit to individual farmers are similar to the retail costs involved in distributing a commodity that is sold on credit to individuals in small quantities. The cost of distributing credit under the seed-loan plan can be roughly estimated from the record of expenditures and collections in previous years. Table 3 gives the administrative expenditures of the Department of Agriculture by fiscal years for making and collecting relief loans for the period 1921 to 1932, excluding loans made in the last half of the fiscal year 1932 by the Crop Production Loan Office from funds obtained from the Reconstruction Finance Corporation.

TABLE 3.—Amount of seed loans and administrative expenditures involved, by fiscal years, 1921-32

Fiscal year	Amount loaned	Administrative expenditure	Fiscal year	Amount loaned	Administrative expenditure
1921.....	\$1,957,407	\$15,000	1928.....		\$17,427
1922.....	1,460,107	44,300	1929.....	\$5,758,650	59,494
1923.....		74,542	1930.....	4,612,130	114,777
1924.....	413,053	30,346	1931.....	45,409,922	835,098
1925.....		33,751	1932.....	9,542,414	1,375,333
1926.....		22,288			
1927.....	214,205	20,170	Total.....	72,418,824	2,642,586

<sup>8</sup> 182-day bills.

<sup>9</sup> [UNITED STATES] FARM CREDIT ADMINISTRATION. See footnote 5.

The administrative costs in handling the 1932 and 1933 loans are reported by the Farm Credit Administration, as follows:<sup>9</sup>

If total administrative costs of the various regional offices are expressed in terms of the volume of credit extended, the 1932 crop-production loans as of December 31, 1933, have entailed costs aggregating \$8.06 per \$100 of loans made. Of this amount \$2.88 represent lending costs and \$5.17 collection costs. The latter include all expenses incurred subsequent to June 30, 1932, except recording fees in connection with loans made after that date. The division between the lending and collection season is arbitrarily taken as June 30.

The administrative costs of 1933 crop production loans of the various regional offices equal \$4.83 per \$100 of loans made as of December 31, 1933. The lowered cost here indicated in comparison with 1932 is attributable in part to the fact that a substantial percentage (approximately 33½ percent) of administrative expenses actually incurred and paid in 1933, was allocated to 1932 for continuing expense on the 1932 loans. Lending costs comprise \$3.09 of this amount and collection costs are \$1.74. Inasmuch as the majority of the 1933 loans did not mature until October 31, 1933, and a portion do not mature until August 31, 1934, collection costs make up a comparatively small portion of the total costs to date and are far below similar costs for the 1932 loans. Lending costs for 1933 loans were greater than for 1932 in part because the average size of loan was approximately \$90 in contrast with an average size of \$126 for 1932.

The administrative costs in connection with the 1934 loans are reported by the Farm Credit Administration, as follows:<sup>10</sup>

Estimated expenses of emergency crop and feed loan activities, exclusive of the drought loans, amounted to \$5,188,385 during 1934, representing the cost of making 445,198 loans aggregating \$37,891,586 and collecting outstanding balances amounting to approximately \$49,885,000. Interest collected during the year amounted to \$3,691,297. Of this amount \$2,696,516 represents interest collected on loans made prior to 1934 which are all matured, while \$1,194,781 relates to 1934 loans and is largely interest withheld at the time loans were advanced. Thus, administrative costs exceeded interest collected during 1934 by \$1,297,000.

As there is an overlapping of appropriations and as seed loans have not been made in every year since 1921, it is not possible to ascertain the costs for each year. Expenditures for a given year, of course, include the expense of collecting loans from prior years affected by the same organization. The total expenditures pertaining to seed-loan operations for the fiscal years 1921 to 1934, inclusive, represent approximately 7.3 percent of the principal amount loaned during that period. With a substantial increase in the amount loaned during recent years, the ratio of expenditures to total amount loaned has continued high, chiefly because of the high collection costs. The ratio of administrative expenditure to total loans made does not give an entirely accurate picture of the cost, inasmuch as subsequent expenditures will be devoted to the collection of unpaid balances outstanding at the end of 1934. It is probable, however, that over the entire period expenditures ranging from 7 to 8 percent of the principal amount have been necessary to cover administrative costs.

#### LOSS OF PRINCIPAL AS A COST FACTOR

The third factor involved in the cost of providing Federal seed loans is the loss of principal represented by the unpaid balances of loans where collections cannot be effected. Collections from seed loans made by the Department of Agriculture and the Farm Credit Administration have varied considerably from appropriation to appropriation and from area to area. Considering all loans made from 1921 through 1933, the collections as of May 31, 1935, totaled \$136,429,157 out of

<sup>9</sup> [UNITED STATES] FARM CREDIT ADMINISTRATION. FIRST ANNUAL REPORT \* \* \* 1933. 177 pp. illus. 1934. See p. 53.

<sup>10</sup> [UNITED STATES] FARM CREDIT ADMINISTRATION. See p. 65 of reference cited in footnote 5.

a total of \$192,568,962 loaned during that period. This represents a collection of 70.8 percent of the principal. As of May 31, 1935, collections of 1934 crop and seed loans, exclusive of drought loans, totaled \$19,723,900, or 52.1 percent of the loans made and 69.4 percent of the amount matured as of that date. The following tabulation shows as of December 31, 1934, the percentage of principal collected on loans made in each of the following years:

Year:	Percent	Year:	Percent
1921-----	69.9	1930-----	68.1
1922-----	78.2	1931-----	67.9
1924-----	68.5	1932-----	62.3
1926-----	44.4	1933-----	80.1
1929-----	82.3	1934-----	46.5

<sup>11</sup> Of the balance of \$20,282,289 outstanding on Dec. 31, 1934, only \$10,304,752 had matured. Actual collections amounted to 63.1 percent of the matured loans.

The percentage collected on loans during recent years does not give a true picture of ultimate collections, as further improvement in farm conditions in the next year or two may make it possible to collect

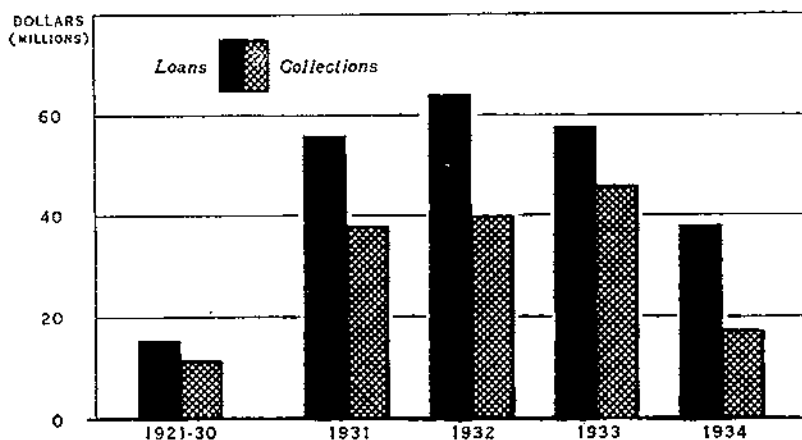


FIGURE 10.—AMOUNT OF SEED LOANS ADVANCED AND COLLECTED, 1921-30, AND BY YEARS, 1931-34

Of the loans made in the period 1921-30, cash collections as of November 30, 1933 amounted to 72.8 percent of the amount of loans made. As of December 31, 1934, the percentage of cash collections to amount of loans made was 67.9 for loans made in 1931, 62.3 for loans made in 1932, 80.1 for loans made in 1933, and 46.5 for loans made in 1934. Of the loans made in 1934 approximately \$10,000,000 of loans had not matured on December 31, 1934. (No seed loans were made during the years of 1923, 1925, 1927, and 1928.)

considerable additional amounts. In only 2 years, 1929 and 1933, has as much as 80 percent of the principal been collected. The average collections for the period 1921 to 1934 were 66.3 percent. The percentage uncollected, 33.7 percent, therefore represents an additional cost which must be added to the administrative expense in handling these loans and the cost to the Federal Government in obtaining the original funds. In calculating the net cost to the Government, it would be necessary to take account of the interest collected, which was substantially less than the administrative costs.

Figure 10 shows the total amount of loans closed and collections for the period 1921-30, and for each of the years 1931, 1932, 1933, and 1934. Collections on loans, through December 31, 1934, by States, for the 1921-32 period and for 1933 and 1934 loans are shown graphically in figure 11.



### AMOUNT OF SEED LOANS COLLECTED BY STATES, 1921-32, 1933, AND 1934

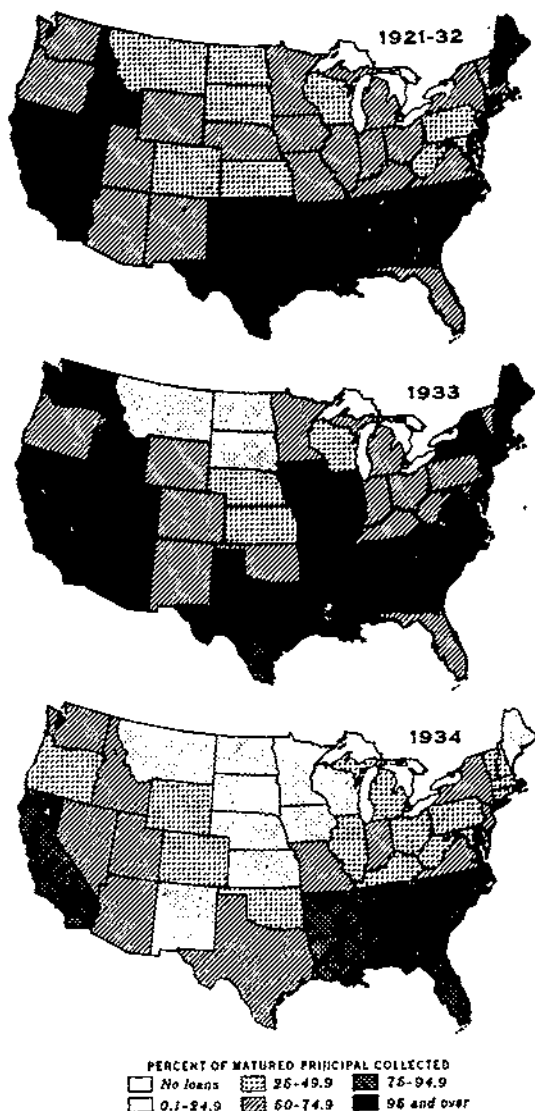


FIGURE 11.—The percentage of collection of matured principal amount of seed loans, on a State basis has shown marked variation. In spring wheat-growing States where droughts have substantially reduced farm income in several years since 1920, the percentage of collections has been low. In the southeastern cotton-growing States, the percentage collected has usually been relatively high. The prevalence of drought conditions over most of the western half of the United States during 1934 tended to lower the percentage of collections for loans made that year.

FINANCIAL AND ECONOMIC STATUS OF SEED-LOAN BORROWERS IN COTTON-GROWING STATES AS REVEALED BY LOAN APPLICATIONS

CONTINUING DEMAND FOR SEED LOANS

Although the establishment of production-credit associations operating under the supervision of the Farm Credit Administration, and the substantial improvement of the credit resources of country banks, have made credit available in every county, to farmers who can supply satisfactory security, there has continued to be a substantial demand for seed loans, particularly in the cotton-growing States.

The number of loans, amount loaned, and average size of loan for four Southeastern States in each year during the period from 1929 to 1935 are shown in table 4. The establishment of production-credit associations made credit available for crop production in these four States in both 1934 and 1935. The number of loans and amount loaned during these 2 years are shown in table 5.

TABLE 4.—Seed loans in 4 Southeastern States, 1929-35

Year	Virginia			North Carolina			South Carolina			Georgia		
	Loans	Amount of loans	Average loan	Loans	Amount of loans	Average loan	Loans	Amount of loans	Average loan	Loans	Amount of loans	Average loan
1929.....	No. (1)	Dols. \$1,980	Dols. ....	No. (1)	Dols. 27,651	Dols. ....	No. (1)	Dols. 1,322,794	Dols. ....	No. (1)	Dols. 2,122,136	Dols. ....
1930.....	(1)	173,933	.....	(1)	186,892	.....	(1)	1,248,193	.....	(1)	1,462,570	.....
1931.....	19,874	2,310,238	116.25	17,705	2,181,746	124.23	7,864	962,514	122.49	17,775	2,520,714	141.81
1932.....	12,372	1,406,479	89.43	36,742	4,181,001	113.79	37,257	4,327,031	116.14	41,156	4,887,325	116.98
1933.....	18,127	1,428,936	78.83	64,054	6,014,001	93.89	60,607	6,282,880	103.67	63,147	5,517,160	87.37
1934.....	18,908	760,060	69.68	35,066	2,701,070	76.98	31,805	2,737,185	86.69	39,207	3,034,270	77.39
1935 <sup>1</sup> .....	9,571	720,113	75.21	26,036	2,080,860	83.13	27,037	2,640,241	97.80	28,559	2,631,977	92.16

<sup>1</sup> Data unavailable.

<sup>2</sup> Through May 31, 1935.

TABLE 5.—Loans of production-credit associations in 4 Southeastern States, 1934-35

State	1934		1935 <sup>1</sup>	
	Loans	Amount loaned	Loans	Amount loaned
Virginia.....	Number 2,512	Dollars 1,576,914	Number 2,341	Dollars 1,042,908
North Carolina.....	11,833	3,069,544	15,944	4,174,457
South Carolina.....	19,552	2,814,588	13,120	3,562,275
Georgia.....	6,328	1,913,500	10,643	3,135,395

<sup>1</sup> Through May 31, 1935.

The continued large number of seed-loan borrowers in these four States (a situation which prevails in practically all of the cotton-growing States) despite the operations of the production-credit associations and the recovery in the capacity of country banks to provide credit, indicates that these seed-loan borrowers are confronted with special credit problems. The solution of these special credit problems is of vital interest to the group of farmers involved and is of significant importance in the formulation of land-use and agricultural-rehabilitation policies affecting these areas.

In order to get a clearer picture of the economic status of the type of farmer who is a borrower from the seed-loan system, a sample of 480 loan applications, represented by 40 loans in each of 12 counties in 4 Southeastern States, was drawn at random from the 1932 files of the Washington regional crop production loan office. The counties included in the sample were as follows: Virginia—Halifax, Pittsylvania, and Southampton; South Carolina—Darlington and Orangeburg; North Carolina—Bladen, Northampton, Pitt, and Stokes; Georgia—Carroll, Cobb, and Tift.

These applications, representing the applicant's sworn statement enumerating his personal and real property, his outstanding indebtedness, and cropping program, constitute a most reliable source of information which would be difficult to obtain elsewhere on such a comprehensive and yet accurate scale. Their value, from the standpoint of further research, is particularly enhanced by the fact that these records are not only available for a single year but they cover, in many of the counties in the four Southeastern States, 7 consecutive years beginning with 1929. This loan record, if carefully analyzed, would provide a loan record both for individual borrowers and for classes of borrowers based on type of assets, size of farm, cropping program, etc. Moreover this record covers one of the most difficult economic periods encountered by agricultural areas. From the standpoint of calculating the costs and risks involved in extending credit to a type of farm borrower who, except for Federal emergency financing, would have to pay exorbitant rates of interest on credit obtained from supply merchants, the data provide a close approach to an actuarial loan-experience record.

The following analysis covering significant items entered on the 1932 loan applications, taken in the random sample, does not purport to be an accurate picture of the borrowers' situation as it exists today. The data are presented primarily to present a picture of conditions as they existed in 1932 and to indicate how further analysis of seed-loan records for succeeding years may be expected to yield a trend of information of value in determining future policies of agricultural rehabilitation and of land use.

Data for either 1934 or 1935 would be especially valuable as the records would exclude those farmers with sufficient security to obtain advances from the recently organized production-credit associations. As the average crop-production loan obtained through the credit associations is two to three times larger than the average seed loan in these States, the data revealed in seed-loan records for either 1934 or 1935 would be more indicative of the economic situation of farmers whose problems are and will continue to be of importance in formulating agricultural-rehabilitation and land-use policies.

Although there has been considerable improvement in the economic status of the seed-loan borrower since 1932, it is believed that the data from the 1932 records probably present a relatively more favorable economic picture of the current seed-loan borrower because of the inclusion of those borrowers with relatively good financial status who have since qualified for loans from the production-credit associations and from commercial banks.

A brief summary of the pertinent facts reported on the 1932 loan applications follows.

## PURPOSE OF LOANS

The major use of the proceeds of seed loans was the purchase of fertilizer. Previous to the availability of Federal emergency loans, fertilizer was extensively purchased on credit from supply merchants. With cash funds available from the loan proceeds, seed-loan borrowers were able to buy their fertilizer at the cash price. As the usual practice in these areas is to charge a higher price for fertilizer bought on time, the difference between the two prices which is frequently equivalent to paying interest at the rate of about 35 percent a year, is saved by the seed-loan borrower when he uses cash funds to buy fertilizer.

Table 6 presents a summary of the purposes for which seed-loan funds were borrowed, as specified in the borrower's application. Taking the four States together, the average percentage of the loan proceeds devoted to the purchase of fertilizer was 71.6; to seed purchase, 5.3; and to other purposes, 23.1. In connection with the smaller sized loans, the proportion of the loan proceeds to be devoted to the purchase of fertilizer, was significantly larger than for the large loans. Many applications specified the purchase of fertilizer as the sole purpose.

TABLE 6.—*Purpose for which seed-loan funds were borrowed in 1932*

State	Loans	Amount borrowed	Purpose		
			Fertilizer	Seed	Other
			Percent	Percent	Percent
	<i>Number</i>	<i>Dollars</i>			
Virginia.....	120	12,514	75.4	5.6	19.0
North Carolina.....	160	24,788	71.7	5.2	23.1
South Carolina.....	80	10,027	75.4	2.6	22.0
Georgia.....	120	15,835	66.2	6.9	26.9

## SIZE OF LOANS

The average amount borrowed in 1932 by farmers included in the sample was \$104 in Virginia, \$155 in North Carolina, \$125 in South Carolina, and \$132 in Georgia. These average amounts are slightly higher than the average based on all loans for the respective States, particularly in North Carolina where the average size of loan in the sample is influenced by the inclusion in the sample of important tobacco-growing counties. In tobacco-growing sections, the average amount borrowed by each borrower has been relatively higher than in other type-of-farming areas.

Table 7 shows a classification of seed loans by States, by tenure, and by size of loan. The difference in average size of loan as between owners and croppers is not significantly large, the respective averages for the 4 States being \$154 and \$144. The average of \$111 for tenant borrowers is appreciably lower. The relatively larger loan for croppers as compared with tenants is due primarily to the large number of cropper loans in the tobacco area of North Carolina. Twenty-eight percent of all the owners and cropper loans, and nearly one-half of the tenant loans were for less than \$100.

TABLE 7.—Seed-loan borrowers, classified by tenure and by amounts borrowed, in 1932

State and tenure	Loans of—							Total Number
	Less than \$50	\$50 to 100	\$100 to 149	\$150 to 199	\$200 to 299	\$300 to 399	\$400 and over	
Virginia:	Number	Number	Number	Number	Number	Number	Number	Number
Owners.....	4	14	10	3	1	0		38
Tenants.....	5	35	14	6	3	1		64
Croppers.....		6	7	1	4			18
Total.....	9	55	31	10	8	7		120
North Carolina:								
Owners.....	1	19	20	12	11	0	3	74
Tenants.....	2	15	12	5	7	1	4	40
Croppers.....	2	7	10	8	10	3		40
Total.....	5	41	42	25	30	10	7	160
South Carolina: <sup>1</sup>								
Owners.....	1	3	4	5	5	3	2	23
Tenants.....								
Croppers.....	3	27	15	6	3	1		57
Total.....	4	32	19	11	8	4	2	80
Georgia:								
Owners.....	3	7	12	14	8	3	2	49
Tenants.....	8	18	17	19	4	3		69
Croppers.....		2						2
Total.....	11	27	29	33	12	6	2	120
Total 4 States: <sup>1</sup>								
Owners.....	9	44	46	34	27	13	7	184
Tenants.....	13	97	58	36	17	4	4	239
Croppers.....	2	15	17	9	14	3		60
Grand total.....	24	156	121	79	58	20	11	480

<sup>1</sup> In South Carolina croppers are grouped with tenants.

## OTHER INDEBTEDNESS

Of the 184 owner farmers included in the sample, 63, or 34 percent reported that their farms were free of mortgage debt. The amount of the average first mortgage on the indebted farms was \$1,411. Two-thirds of the mortgaged farms had a first-mortgage debt of less than \$1,600. Table 8 shows the number of farms free of mortgage debt, number of farms carrying a first mortgage, and a classification of borrowers by size of mortgage.

TABLE 8.—Number of seed-loan borrowers with mortgaged farms, classified by size of first mortgage, in 1932

State and county	Farms free of mortgage debt	Farms mortgaged	Average mortgage debt <sup>1</sup>	Farms mortgaged for—					
				Less than \$200	\$200-399	\$400-799	\$800-1,500	\$1,500-3,100	\$3,200 and over
Virginia:	Number	Number	Dollars	Number	Number	Number	Number	Number	Number
Southampton.....	2	0	2,252			3		4	2
Pittsylvania.....	4	0	975		2		2	1	
Halifax.....	5	12	813	2		3		1	
North Carolina:									
Pitt.....	3	6	1,977		2		3		1
Northampton.....	3	18	1,056	3	2	5		6	1
Bladen.....	13	11	631	1	2	2	4	2	
Stokes.....	11	9	1,017		1	3	3	2	
South Carolina:									
Orangeburg.....	6	5	1,014		2	2			1
Darlington.....	6	0	3,033		1			4	1
Georgia:									
Tift.....	4	11	2,023			3	1	5	2
Carroll.....	3	15	1,202	1	3	1	8	1	1
Cobb.....	3	13	1,473	1	1	3	2	6	1
Total.....	63	121	1,411	8	10	20	30	31	10

<sup>1</sup> Indebted farms only.

Data dealing with other indebtedness, exclusive of seed loans, show the average amount of such indebtedness to be \$536.60 for owners, \$178.03 for tenants, and \$188.27 for croppers. Table 9 summarizes the data on "other" indebtedness.

TABLE 9.—*Indebtedness, other than first-mortgage debt, of seed-loan borrowers, excluding seed loans, in 1932*

State and tenure	Farms having no other indebtedness exclusive of seed loans	Farms having other indebtedness exclusive of seed loans	Average indebtedness †	Borrowers indebted for					
				Less than \$50	\$50-99	\$100-199	\$200-299	\$300-799	\$800 and over
Virginia:	<i>Number</i>	<i>Number</i>	<i>Dollars</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>
Owners.....	3	35	718	4	4	7	5	3	9
Tenants.....	0	58	214	6	9	10	20	6	1
Croppers.....	2	16	174	4	4	2	4	2	—
North Carolina:									
Owners.....	5	89	549	9	11	11	14	12	12
Tenants.....	9	37	282	8	5	11	6	3	2
Croppers.....	16	24	210	4	4	6	9	—	1
South Carolina: <sup>2</sup>									
Owners.....	6	17	280	1	3	6	—	1	1
Tenants.....	20	37	60	22	7	5	3	—	—
Croppers.....									
Georgia:									
Owners.....	14	35	451	5	5	3	9	5	8
Tenants.....	20	43	337	14	12	9	4	3	1
Croppers.....	—	2	40	1	1	—	—	—	—
Total: <sup>2</sup>									
Owners.....	28	156	637	19	28	27	31	21	30
Tenants.....	01	175	178	53	36	41	32	2	4
Croppers.....	18	42	188	9	9	8	13	2	1

† Indebted farms only.

<sup>2</sup> See footnote 1, table 7.

Of the indebted borrowers, nearly one-half of the owners, 73 percent of the tenants, and 62 percent of the croppers had "other" indebtedness in amounts of less than \$200.

SIZE OF FARM AND ACREAGE PLANTED TO MAJOR CROPS

Considerable variation in the size of farm was shown both as to the counties included in the sample and in the various tenures, as indicated by table 10. Table 11 shows the average acreage of major crops for those borrowers planting cotton, tobacco, potatoes, peanuts, and other crops, classified by States and tenure.

TABLE 10.—*Average size of farm of seed-loan borrowers in 1932*

State and county	Owners		Tenants		Croppers †	
	Number	Acres	Number	Acres	Number	Acres
Virginia:						
Southampton.....	8	134	17	142	13	32
Pittsylvania.....	10	143	27	138	3	13
Halifax.....	10	118	21	120	2	71
North Carolina:						
Pitt.....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	20	32
Northampton.....	10	47	11	48	8	33
Bladen.....	1	180	1	20	10	32
Stokes.....	6	101	14	95	2	19
South Carolina:						
Orangeburg.....	9	65	20	35	—	—
Darlington.....	1	110	18	32	—	—
Georgia:						
Tift.....	14	104	23	88	—	—
Carroll.....	17	95	20	82	2	43
Cobb.....	15	90	25	144	—	—

† See footnote 1, table 7.

<sup>2</sup> In many cases the number of acres is not shown.

TABLE 11.—Average acreage of major crops to be planted by seed-loan borrowers in 1932

State and tenure	All crops		Cotton		Tobacco		Potatoes		Peanuts		Other crops	
	Bor- row- ers	Acres	Bor- row- ers	Acres	Bor- row- ers	Acres	Bor- row- ers	Acres	Bor- row- ers	Acres	Bor- row- ers	Acres
	Num- ber	Num- ber	Num- ber	Num- ber	Num- ber	Num- ber	Num- ber	Num- ber	Num- ber	Num- ber	Num- ber	Num- ber
Virginia:												
Owners.....	38	32	11	9	26	5	1	4	11	10	38	20
Tenants.....	64	26	10	7	46	4	1	4	16	18	64	16
Croppers.....	18	28	13	6	5	6			13	15	18	11
Total.....	120	28	40	7	77	5	1	4	40	17	120	17
North Carolina:												
Owners.....	74	36	39	11	44	6	33	1	34	11	75	20
Tenants.....	40	33	23	8	30	7	10	2	17	14	46	18
Croppers.....	40	32	18	11	64	3	20	1	24	9	40	17
Total.....	160	84	80	10	128	5	72	2	75	11	161	19
South Carolina: <sup>1</sup>												
Owners.....	23	60	23	22	7	6	15	2	3	0	23	40
Tenants.....	57	31	56	11	18	4	28	1	3	12	50	17
Croppers.....												
Total.....	80	41	79	14	25	5	43	1	0	0	73	24
Georgia:												
Owners.....	49	54	47	17	7	3	19	2	14	12	49	34
Tenants.....	69	46	64	13	7	3	31	2	20	13	69	28
Croppers.....	2	42	2	10			1	1			2	31
Total.....	120	49	113	15	14	3	51	2	34	13	120	30
Total, 4 States: <sup>1</sup>												
Owners.....	184	44	120	15	84	6	67	2	62	13	185	26
Tenants.....	236	34	150	11	101	5	79	2	56	14	235	20
Croppers.....	60	31	33	0	59	3	21	1	37	11	60	16
Grand total.....	480	53	312	12	244	5	167	2	155	13	480	22

<sup>1</sup> See footnote, table 7.

LIVESTOCK AND POULTRY OWNED

A classification of seed-loan borrowers on the basis of the number of cows, hogs, and poultry owned is shown in table 12. The striking fact brought out by the table is the lack of livestock on a substantial number of farms: 37 percent of the seed-loan borrowers reported no cows owned and 39 percent reported only 1 cow; 23 percent of the borrowers reported no hogs and 54 percent of the borrowers owned from 1 to 5; 14 percent of the borrowers had no poultry and 25 percent had poultry in numbers less than 20.

TABLE 12.—Livestock and poultry owned by seed-loan borrowers in 1932

State and tenure	Cows			Hogs			Poultry			
	0	1	2 and over	0	1-5	5 and over	0	1-19	20-49	50 and over
	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number
Virginia:										
Owners.....	8	18	12	5	25	7	7	9	19	3
Tenants.....	31	27	6	24	35	5	16	23	3	5
Croppers.....	16	1	1	11	7		13	2	20	
Total.....	55	46	19	40	68	12	36	34	42	8
North Carolina:										
Owners.....	20	31	23	9	32	33	5	7	42	20
Tenants.....	23	13	10	12	26	8	6	15	16	9
Croppers.....	23	13	4	8	16	10	4	5	24	7
Total.....	66	57	37	29	74	57	15	27	82	36

TABLE 12.—*Livestock and poultry owned by seed-loan borrowers in 1932—Contd.*

State and tenure	Cows			Hogs			Poultry			
	0	1	2 and over	0	1-5	6 and over	0	1-10	20-40	50 and over
South Carolina: <sup>1</sup>	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>
Owners.....	7	8	8	-----	13	19	2	5	10	0
Tenants.....	32	21	4	4	41	12	0	28	22	1
Croppers.....										
Total.....	39	29	12	4	54	22	8	33	32	7
Georgia:										
Owners.....	5	17	27	19	24	6	2	9	20	9
Tenants.....	10	34	25	17	40	12	4	18	36	11
Croppers.....		2	-----	1	1	-----	-----	-----	1	1
Total.....	15	53	52	37	65	18	6	27	66	21
Total 4 States: <sup>1</sup>										
Owners.....	40	74	70	33	65	56	16	30	100	38
Tenants.....	86	95	45	57	142	37	32	81	94	26
Croppers.....	39	16	5	20	24	16	17	7	28	8
Grand total..	175	185	120	110	201	109	65	121	222	72

<sup>1</sup> See footnote 1, table 7.

AVERAGE SIZE OF FAMILY

The Federal seed loan has been instrumental in influencing the livelihood of a far larger number of the agricultural population than the actual number of loans would indicate. The average size family of owner borrower was 5.4; of tenants, 5.6; and of croppers, 5.7. Table 13 shows the average size of family of seed-loan borrowers, by States and by tenure.

TABLE 13.—*Average size of family of seed-loan borrowers in 1932*

State and county	Owners	Tenants	Croppers	State and county	Owners	Tenants	Croppers
Virginia:	<i>Number</i>	<i>Number</i>	<i>Number</i>	South Carolina: <sup>1</sup>	<i>Number</i>	<i>Number</i>	<i>Number</i>
Southampton.....	4.8	5.8	4.9	Orangeburg.....	5.7	6.2	-----
Pittsylvania.....	5.0	6.7	6.7	Darlington.....	3.8	5.0	-----
Halifax.....	6.3	5.6	8.0	Georgia:			
North Carolina:				Tift.....	6.1	5.7	-----
Pitt.....	4.4	4.9	6.7	Carroll.....	4.2	5.5	3.0
Northampton.....	6.2	4.3	5.2	Cobb.....	5.4	5.4	-----
Bladen.....	4.7	2.7	5.5	Total.....	5.4	5.6	5.7
Stokes.....	8.6	5.9	3.5				

<sup>1</sup> See footnote 1, table 7.

FACTS BEARING UPON THE DEVELOPMENT OF FUTURE AGRICULTURAL POLICIES

In summarizing the data revealed by these seed-loan applications, the following facts seem to stand out as of major importance in the development of future agricultural policies in the areas included in the survey:

(1) The chief use made of loan proceeds has been for the purchase of fertilizer and other farm supplies, a purpose for which merchant credit with abnormally high interest charges was formerly used.

(2) The large proportion of loans involving only nominal amounts indicates that the problem of financing the purchase of fertilizer and supplies present obvious difficulties to lending agencies that are solely dependent upon the interest return on their advances to cover the



cost of examining the loan application, and in effecting the collection of the loan.

(3) The amount of other indebtedness, excluding seed loans, for most of the borrowers, does not appear excessive upon an individual basis. Although this indebtedness in relation to the individual borrower's farm income may be large, data on crop acreage and on livestock and poultry owned suggest that debt-paying capacity may be handicapped by the existing organization of farm operations.

(4) The size of farm and the acreage devoted to major crops indicate that the seed-loan problem involves primarily the small farmer, whose operations are chiefly of the subsistence type.

(5) The data that show a surprisingly large proportion of borrowers with little or no livestock and poultry owned indicate that increased livestock holdings would improve the standard of living of this group of farmers and reduce their dependence upon credit for the purchase of family food.

(6) The average of over five persons in each borrower's family indicates that the financing problems herein discussed are influencing a very large segment of the agricultural population in these four States.

### SUMMARY OF PROBLEMS INVOLVED IN SEED-LOAN FINANCING

#### TYPES OF SEED-LOAN BORROWERS

Federal emergency financing for crop-production purposes since 1921 has involved three general types of borrowers. The first group is represented by those farmers whose credit requirements arose chiefly from the elimination or curtailment of the usual sources of credit. Farmers in this group were able to offer reasonable and adequate security, but were not in a position to obtain the necessary financing because of the drastic curtailment in the lending capacity of the usual local sources. The second group of borrowers is represented by those who were not able to supply adequate security, because climatic disturbances such as drought, hail, and flood, had temporarily impaired their resources. The third group of borrowers is represented by the type of farmer whose land or type of farming did not provide returns adequate to build up the operator's resources as a basis for obtaining loans from the usual commercial sources.

It is realized that these three groups of borrowers are not mutually exclusive. With a given level of commodity prices, some farmers in any one of these groups will not require credit, or if credit is needed their ability to obtain accommodation from the usual sources is relatively improved. A decline of farm-commodity prices, however, may shift a borrower to a lower group by curtailing debt-paying capacity and by impairing the borrower's security.

In analyzing the development of the various appropriations for seed loans, it is obvious that such funds have been provided chiefly to assist the second group, that is, those farmers who could not provide adequate security because of climatic disturbances. The underlying principle has been that such loans were socially desirable in avoiding destitution and preventing an increase in the unemployed. Beginning with 1932, however, the drastic curtailment in local loan facilities caused borrowers of the first group to make substantial use of the Federal crop-production funds. During each appropriation it appears that farmers in the third group have been consistent borrowers from the seed-loan fund.

Since 1933, extensive legislation to provide improved credit facilities to farmers has been provided. It is therefore desirable to appraise the extent to which the credit problems of farmers, particularly for crop-production loan purposes, have been solved as a result of the new developments.

#### BORROWERS WITH ADEQUATE SECURITY

It seems clear that adequate facilities are now available to take care of the legitimate credit requirements of the first group of borrowers, which includes farmers who usually are able to provide adequate security. About 560 production-credit associations have been established, operating under the supervision of the Farm Credit Administration, which are in a position to supply credit for all sound produc-

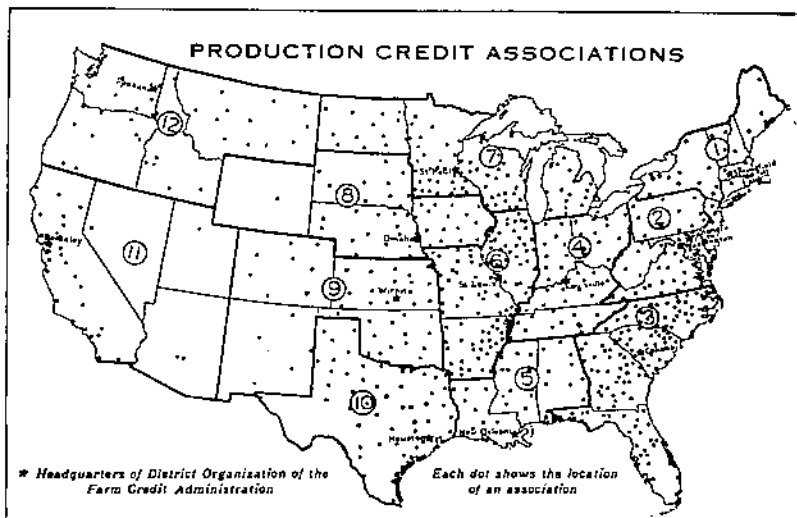


FIGURE 12.—Distribution of production-credit associations as of March 31, 1934, indicates that their facilities are generally available to all agricultural areas. Subsequent consolidations have slightly reduced the number of associations; the number at the end of 1935 was approximately 560.

tion purposes in every county in the United States. The distribution of these production credit associations is shown in figure 12.

The substantial recovery that has taken place in the deposits of country banks has likewise materially improved the position of these local agencies in financing the credit requirements of farmers who can provide adequate security. Figure 13, which shows an index of net demand deposits of member banks in places of less than 15,000 population in 20 of the leading agricultural States, indicates how the sharp reduction in deposits from 1929 to early 1933 curtailed the lending resources of these banks during that period, and indicates that the substantial recovery in deposits since 1933 has materially improved their position to provide credit to local agricultural producers.

#### BORROWERS WHOSE RESOURCES ARE TEMPORARILY IMPAIRED

No permanent program has been developed to meet the emergency requirements of the second group of borrowers—those who may have inadequate security because climatic disturbances in a given year

may curtail their resources temporarily. If in some future year farmers in any given area suffer abnormal crop damage as a result of a climatic disturbance such as flood, drought, or hail, it would require a special Congressional appropriation, as in the past, to provide emergency financing facilities. This practice of making appropriation for emergency financing from year to year as such climatic disturbances occur has several apparent defects. In the first place, such appropriations are usually so delayed that there is no opportunity to plan an effective method of receiving and passing upon loan applications. As a consequence, a number of loans are made which, if time had been available to check them more carefully, probably would have been refused or reduced in amount. If each individual loan could be checked by a competent committee and doubtful loans

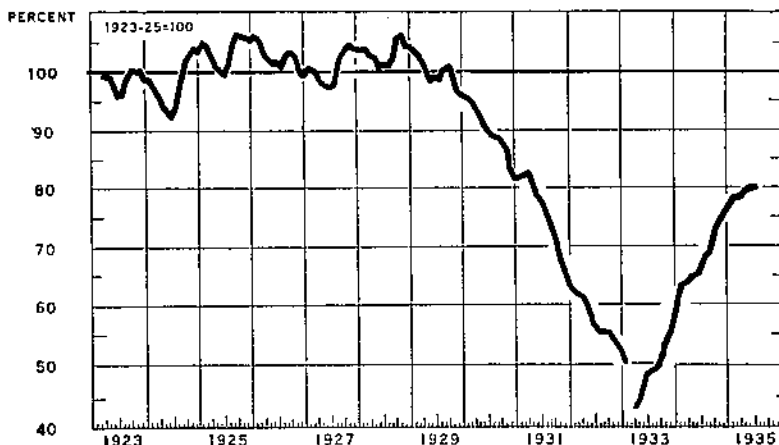


FIGURE 13.—INDEX OF NET DEMAND DEPOSITS OF COUNTRY BANKS IN 20 LEADING AGRICULTURAL STATES.

The above series, based upon the reported net demand deposits of member banks of the Federal Reserve System located in places of less than 15,000 population, shows the sharp decline in deposits following 1929 which curtailed the lending resources of country banks. The appreciable rise in deposits since early in 1933 has materially improved the position of country banks in providing credit to farmers. (The deposits for each State are weighted in the combined index on the basis of the percentage that its 1924-28 average cash income from farm production is to the total for the 20 States.)

referred to field men for inspection before approval, a reduction in the loss ratio could be effected. Furthermore, if some degree of local responsibility could be obtained, the quality of loans made probably would be improved.

As long as the emergency crop-production loan offices of the Farm Credit Administration continue to operate, the problem of providing efficient machinery for handling these emergency loans does not present a serious problem, providing funds are made available without undue delay. But these offices have been established as emergency agencies and presumably, with the passing of the emergency, their operations will be discontinued. If the frequency with which climatic disturbances have led to emergency financing in the post-war period continues in the future, there would seem to be a continued need for their operation. Data on rainfall covering a considerable span of years present some evidence to indicate the existence of a rainfall cycle and, on the basis of this evidence, the States that have had most frequent recourse to seed-loan funds have been in the phase of the

cycle characterized by deficient precipitation. If the pattern of previous cycles should be repeated, these States could look forward to a period of years of increased precipitation, hence the continuing need for seed loans would be less urgent.

If the emergency crop-production loan offices should be discontinued, it would seem desirable to make these emergency loan funds available without special legislation, whenever a real need for such financing develops. This might be accomplished by providing continued authority for some Federal agency to advance funds on 1- or 2- or 3-year maturities to a State for the purpose of providing emergency crop-loan funds to those farmers whose resources are temporarily impaired by abnormal climatic disturbances. The State in turn would advance such funds to individual counties requiring this emergency assistance. It would be desirable to have the county guarantee the advances it obtains from the State and the latter in turn would be responsible to the Federal Government. Only in highly exceptional cases, when crop failures affect all or a very substantial part of a given State, or in the case of disastrous price collapse, such as was experienced from 1930 to 1933, would it seem necessary for the Federal Government to provide direct financial aid.

Under the plan outlined above, the administrative offices of the various local governmental units would be responsible for the approval, servicing, and collection of individual loans. The failure to collect, therefore, would place the burden of loans upon local taxpayers, who in turn would tend to be conservative in approving the original loans, in order to avoid additional tax burdens.

With the Federal Government making loans direct from the United States Treasury to farmers in areas that suffer crop failure, there is great danger that reliance upon such loans may become a habit in various submarginal areas, and that these loans will more and more come to be looked upon as donations rather than as loans. By localizing the responsibility for seed loans to the individual States and, as far as possible, to the individual counties, these units may be expected to resist repeated demands for loans that tend to be subsidies to operators of submarginal farms, and thereby compel types of farms to be changed in such a way as to make the resulting or remaining farms generally self-supporting.

#### CHRONIC SEED-LOAN BORROWERS

It is obvious that no well-developed program has been worked out for the solution of the credit difficulties of the third group—the chronic borrowers. The continuation of the drought in many areas, particularly in the West North Central States, does not permit a clear appraisal of the longer term problems confronted by the so-called subsistence-type of farmer in these areas. Although the major out-of-pocket costs for crop-production purposes in the wheat-growing sections do not involve expenditures for fertilizer as in the cotton- and tobacco-growing areas, there is the necessity of making expenditures for gas and oil for tractors. The problems of the wheat growers are likewise different in that greater variations in rainfall involve the problem of equalizing income from year to year so that crop-production expenditures can be repaid each year.

In the cotton- and tobacco-growing States, where a substantial improvement in farm income was shown in both 1933 and 1934, the continuation of a large number of seed-loan borrowers, despite the extensive credit facilities available to those who could supply adequate security, indicates a fairly clear problem.

The problem faced by the chronic seed-loan borrower in the cotton and tobacco areas can be stated briefly. Prior to the availability of the Federal emergency advances, this group tended to rely mainly on merchant credit for the purchase of fertilizer, seed, and other supplies. This type of credit, based upon the system of charging time prices, represented the equivalent of a high annual interest rate. The following tabulation, summarizing the cost of merchant credit in five Southern States in 1925 and 1926 based on special area surveys, indicates that the rate of interest involved in merchant credit has ranged from 18 percent a year in Arkansas to 35 percent in Oklahoma. In connection with the purchase of fertilizer, the time price frequently has been equivalent to an even higher interest rate.

State:	Percent equivalent interest rate
Arkansas <sup>12</sup> .....	17.7
North Carolina <sup>13</sup> .....	25.6
Georgia <sup>14</sup> .....	26.3
South Carolina <sup>15</sup> .....	31.6
Oklahoma <sup>16</sup> .....	34.8

<sup>12</sup> MOORE, A. N., and BRANNEN, C. O. FACTS AND PROBLEMS OF FARM CREDIT IN CRAIGHEAD COUNTY, ARKANSAS. Ark. Agr. Expt. Sta. Bull. 233, 46 pp., illus., 1926.

<sup>13</sup> WICKENS, D. L., and FORSTER, G. W. FARM CREDIT IN NORTH CAROLINA—IT'S COST, RISK, AND MANAGEMENT. N. C. Agr. Expt. Sta. Bull. 270, 128 pp., illus., 1930.

<sup>14</sup> MOORE, A. N., GILES, J. K., and CAMPBELL, R. C. CREDIT PROBLEMS OF GEORGIA COTTON FARMERS. Ga. Expt. Sta. Bull. 153, 50 pp., illus., 1929.

<sup>15</sup> WICKENS, D. L., and JENSEN, W. C. AGRICULTURAL FINANCE IN SOUTH CAROLINA. S. C. Agr. Expt. Sta. Bull. 282, 67 pp., illus., 1931.

<sup>16</sup> MOORE, A. N., and SANDERS, J. T. CREDIT PROBLEMS OF OKLAHOMA COTTON FARMERS WITH SPECIAL REFERENCE TO GARVIN, JACKSON, AND PITTSBURGH COUNTIES. Okla. Agr. Expt. Sta. Bull. 168, 61 pp., illus., 1930.

As the loss ratio and the overhead costs in administering seed loans have been high, it is not to be expected that the permanent lending agencies will be in a position to handle this type of credit on the basis of their present loan policies. If Federal seed loans are discontinued, the major proportion of those farmers who have been chronic seed-loan borrowers will have to turn again to the expensive merchant credit with its emphasis upon one-crop farming or do entirely without the supplies they have hitherto bought for the production of their crops.

#### SUGGESTED PROGRAM FOR IMPROVING CREDIT STATUS OF CHRONIC SEED-LOAN BORROWERS

If a long-term program is to be formulated, designed to better the economic status of the so-called subsistence type of farmer, the credit aspects of that program would seem likely to involve the combination of the merchandising of supplies with the financing of their purchase. Such a program involves essentially the principles of merchant credit, but it gives the opportunity to effect substantial savings in the cost of credit to the farmer and to improve his economic status. Three main types of improvements could be effected in the development of such a credit system to meet the needs of this group of borrowers.

(1) As a result of the seed-loan experience during the last few years, it has been demonstrated that the individual credit requirements of farmers can be reduced by the imposition of certain crop programs, particularly the requirement that feed for work stock and food for the farm family be raised at home. To the extent that the farmer's purchases for food and feed are reduced by growing them at home, the amount that he borrows during the crop-production season will be reduced relative to the income that he receives from his cash crops. The probability of effecting a full collection of the advance is correspondingly improved. Just as in fire insurance, where the imposition of requirements for the elimination of certain fire hazards reduces the cost of insurance, the imposition of specific requirements that result in curtailing the out-of-pocket expenditures for food and feed, reduces the cost of providing credit.

(2) The seed-loan records of the last 7 years supply an excellent record of individual borrowers, indicating which borrowers would be good credit risks. By refusing credit to those borrowers who have not shown a satisfactory attitude toward their loan obligations, it is probable that the loss ratio on advances to this group of seed-loan borrowers could be reduced. The seed-loan records would also supply valuable data to indicate the influence of soil, crop acreage, amount of livestock, indebtedness, etc., upon borrowers' debt-paying capacity.

(3) Data already presented have indicated that the loss ratio on advances to borrowers of this group is probably larger than can be absorbed by lending agencies with their usual interest rates. By making these advances in the form of merchandise and supplies, for which seed-loan funds are usually expended, a sufficient margin could be added to the selling price to include the nominal loss ratio that might be anticipated. This margin to provide a reserve against anticipated losses could probably be kept at a reasonably low level through the supervision of the borrower's cropping program and through the elimination of borrowers who have demonstrated records of bad moral risk. A comprehensive purchasing organization covering a large area would be in a position to buy supplies on a large scale with corresponding saving in cost. To the extent that such supplies could be distributed with a minimum of overhead cost, possibly by effecting distribution from regional warehouses, further economies in the cost to the purchaser could be effected.

Arrangements could probably be made whereby agricultural credit corporations or production credit associations would discount the borrowers' notes when the latter are endorsed by the cooperative purchasing association. As the Federal intermediate credit banks are authorized to make loans to cooperative purchasing associations, additional financial assistance would be available from that source.

Under the administration of the Federal Emergency Relief Administration and the Resettlement Administration a large number of loans have been made to farmers for agricultural-rehabilitation purposes. Data revealed by seed-loan applications indicate the lack of livestock, which suggests that further rehabilitation policies may involve some additional loans for livestock purchases. It seems desirable that the making and servicing of these loans should be coordinated with the development of cooperative purchasing associations. The association would provide a local agency for servicing this type of loan and would give a greater degree of local responsibility in the loan procedure.

Loans for rehabilitation purposes might be made either directly by the local purchasing association, or they might merely act as an agency for receiving loan applications, much as in the case of the French agricultural credit system, in which loan applications for special purposes, authorized by special appropriations, are not made directly by the local associations but by the regional offices.

In approaching a solution of the economic problems confronting chronic seed-loan borrowers and those involved in rehabilitation loans, it is probably inevitable that this segment of our agricultural population will be subject to a certain degree of institutional direction and control. This approach seems essential to effect an improved degree of economic security and a higher standard of living—a dual object which the individual subsistence-type of farmer, if left to his own initiative, probably would fail to achieve.

## APPENDIX

### MAIN PROVISIONS OF STATUTES PROVIDING FOR THE VARIOUS SEED LOANS

1921—ACT OF MARCH 3, 1921 (66TH CONG., 3D SESS., STAT. L., V. 41, PT. 1, P. 1347):

(In the Department of Agriculture Appropriation Bill)

<p><b>PURCHASE OF SEED GRAIN FOR DROUGHT-STRIKEN AREAS:</b> That the Secretary of Agriculture is hereby authorized, for the crop of 1921, to make advances or loans to farmers in the drought-stricken areas of the United States, where he shall find that special need for such assistance exists, for the purchase of wheat, oats, barley, and flax seed for seed purposes and when necessary, to procure such seed and sell same to such farmers. Such advances, loans or sales shall be made upon such terms and conditions and subject to such regulations as the Secretary of Agriculture shall prescribe, including an agreement by each farmer to use the seed thus obtained by him for the production of grain or flaxseed. A first lien on the crop to be produced from seed obtained through a loan, advance, or sale made under this section shall, in the discretion of the Secretary of Agriculture, be deemed sufficient security therefor. The total amount of such advances, loans, or sales to any one farmer shall not exceed the sum of \$200. All such advances or loans shall be made through such agencies as the Secretary of Agriculture shall designate. For carrying out the purposes of this section there is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, the sum of \$2,000,000, to be immediately available.</p>	<p>Eligibility.</p> <p>Purpose.</p> <p>Terms and conditions.</p> <p>Maximum loan.</p> <p>Appropriation.</p>
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1922—ACT OF MARCH 20, 1922 (67TH CONG., 2D SESS., STAT. L., V. 42, PT. 1, P. 467, PUB. NO. 177):

(An Act to appropriate \$1,500,000 for the purchase of seed grain to be supplied to farmers in the crop-failure areas of the United States \* \* \*)

<p>That the Secretary of Agriculture is hereby authorized, for the crop of 1922, to make advances or loans to farmers, where he shall find that special need for such assistance exists, for the purchase of wheat, oats, barley, and flaxseed for seed purposes, and, when necessary, to procure such seed and sell same to such farmers. Such advances, loans, or sales shall be made upon such terms and conditions and subject to such regulations as the Secretary of Agriculture shall prescribe, including an agreement by each farmer to use the seed thus obtained by him for the production of grain or flaxseed. A first lien on the crop to be produced from seed obtained through a loan, advance, or sale made under this section shall, in the discretion of the Secretary of Agriculture, be deemed sufficient security therefor. The total amount of such advances, loans, or sales to any one farmer shall not exceed the sum of \$300. All such advances or loans shall be made through such agencies as the Secretary of Agriculture shall designate. For carrying out the purposes of this section there is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, the sum of \$1,500,000, to be immediately available, and not more than \$20,000 may be used in the District of Columbia and elsewhere, by the Secretary of Agriculture in the administration of this Act.</p>	<p>Eligibility.</p> <p>Purpose.</p> <p>Terms and conditions.</p> <p>Maximum loan.</p> <p>Appropriation.</p>
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1924—ACT OF APRIL 26, 1924:

(In a joint resolution)

Eligibility.	That the Secretary of Agriculture is hereby authorized for the spring and fall planting of 1924, to make advances or loans to farmers in the drought-stricken areas of New Mexico, where he shall find that special need exists for such assistance, for the purchase of seed and feed for actual farming purposes, not including the purchase of equipment, as he may find need for the cultivation of farm lands within the said State, not to exceed in any instance the sum of \$6 per acre. Such advances or loans shall be made upon such terms and conditions and subject to such regulations as the Secretary of Agriculture shall prescribe, including an agreement by each farmer to use the money obtained by him for the production of such crops as the Secretary of Agriculture may designate and to give a valid lien on the growing crops to be produced from money obtained through such loan or advance in manner and form as required by the laws of New Mexico, which said lien, when recorded, shall have priority in payment over all other liens or encumbrances of whatsoever kind on such crops. A first lien on the crop to be produced from money obtained through this loan or advance made under this Act shall, in the discretion of the Secretary of Agriculture, be deemed sufficient security therefor. All such loans or advances shall be made through such agencies as the Secretary of Agriculture shall designate, and in no instance shall any portion of funds obtained through the administration of this Act be used for the payment of obligations other than those incurred under the regulations as provided by the Secretary of Agriculture in the administration and in accordance with the provisions herein contained.
Purpose.	
Maximum.	
Terms and conditions.	
Appropriation.	Sec. 2. That for the purposes of this Act there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$1,000,000, to be immediately available, and not more than \$10,000 may be used in the District of Columbia by the Secretary of Agriculture in the administration of this Act.

1926—ACT OF FEBRUARY 28, 1927:

(Approval of 1926 loans in the First Deficiency Act of 1927)

Eligibility.	The action taken by the Secretary of Agriculture in using not exceeding \$253,000 of the unexpended balance of the appropriation of \$3,500,000 contained in the Second Deficiency Appropriation Act, fiscal year 1924, approved December 5, 1924, for the eradication of foot-and-mouth and other contagious diseases of animals, for the purpose of making loans, under rules and regulations of the Secretary, to owners of crops and livestock damaged or destroyed by hurricanes in the State of Florida during September, 1926, and for traveling and other expenses incurred incidental thereto, is hereby approved and credit for funds so disbursed shall be allowed in the settlement of the accounts of the disbursing officers of the Department of Agriculture.
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1929—ACT OF FEBRUARY 25, 1929:

(In a joint resolution)

Eligibility.	That the Secretary of Agriculture is hereby authorized, for the crop of 1929, to make advances or loans to farmers and fruit growers in the storm and flood-stricken areas of Virginia, North Carolina, South Carolina, Georgia, Florida, and Alabama, where he shall find that an emergency for such assistance exists for the purchase of seed of cotton, tobacco, corn, legumes, nursery stock, and vegetable crops, feed for work stock, and fertilizer, and, when necessary, to procure such seed, feed, and fertilizers and sell the same to such farmers. Such advances, loans, or sales shall be made upon such terms and conditions and
Purpose.	

subject to such regulations as the Secretary of Agriculture shall prescribe, including an agreement by each farmer to use the seed and fertilizer thus obtained by him for crop production. A first lien on the crop to be produced from seed and fertilizer obtained through a loan, advance, or sale made under this section shall, in the discretion of the Secretary of Agriculture, be deemed sufficient security therefor. In the case of land planted or to be planted in cotton or tobacco, no loan or advance for or sale of seed and fertilizer shall exceed \$8 per acre, and in the case of land planted or to be planted in other crops, no loan or advance for or sale of seed and fertilizer shall exceed \$3 per acre. No loan, advance, or sale under this resolution shall, in any event, exceed \$2,000 to any one person. All such advances, loans, and sales shall be made through such agencies as the Secretary of Agriculture may designate. For carrying out the purposes of this resolution, including all expenses and charges incurred in so doing, there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$6,000,000, to be immediately available.

Terms and conditions.

Maximum amounts.

Appropriation.

1930—ACT OF MARCH 3, 1930:

(In a joint resolution)

That the Secretary of Agriculture is hereby authorized, for the crop of 1930, to make advances or loans to farmers in the storm, flood, and/or drought-stricken areas of Alabama, Florida, Georgia, North Carolina, South Carolina, Virginia, Ohio, Oklahoma, Indiana, Illinois, Minnesota, North Dakota, Montana, New Mexico, and Missouri, where he shall find that an emergency for such assistance exists, for the purchase of seed of suitable crops, feed for work stock, and fertilizer, and, when necessary, to procure such seed, feed, and fertilizer and sell the same to such farmers: Provided, That in New Mexico advances or loans may be made to individuals or groups of farmers for the purchase of materials and the employment of labor for the replacement of damaged or destroyed irrigation ditches, where such replacement is deemed necessary, for crop production. Such advances, loans, or sales shall be made upon such terms and conditions and subject to such regulations as the Secretary of Agriculture shall prescribe, including an agreement by each farmer to use the seed and fertilizer thus obtained by him for crop production. A first lien on all crops growing or to be planted and grown during the year 1930 shall, in the discretion of the Secretary of Agriculture, be deemed sufficient security for such loan, advance, or sale. All such advances, loans, and sales shall be made through such agencies as the Secretary of Agriculture may designate, and in such amounts as such agencies, with the approval of the Secretary of Agriculture, may determine. For carrying out the purposes of this resolution, including all expenses and charges incurred in so doing, there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$7,000,000.

Eligibility.

Purpose.

Terms and conditions.

Appropriation.

NOTE.—First deficiency bill of 1930, approved on March 26, 1930, provided an appropriation of \$6,000,000 to put this resolution into effect.

1931—ACT OF DECEMBER 29, 1931:

(In a joint resolution)

That the Secretary of Agriculture is hereby authorized, for the crop of 1931, to make advances or loans to farmers in the drought and/or storm stricken or hail stricken areas of the United States, where he shall find that an emergency for such assistance exists, for the purchase of seed of suitable crops, fertilizer, feed for work stock and/or fuel and oil for tractors, used for crop production, and when necessary to procure such seed, fertilizer, feed, and fuel and oil, and for such other purposes incident to crop production as may be prescribed by the Secretary of Agriculture, and sell the same to such farmers. Such

Eligibility.

Purpose.

**Terms and conditions.** advances, loans or sales shall be made upon such terms and conditions and subject to such regulations as the Secretary of Agriculture shall prescribe, including an agreement by each farmer to use the seed, fertilizer, feed for work stock, fuel and oil thus obtained by him for crop production. A first lien on all crops growing or to be planted and grown during the year 1931 shall, in the discretion of the Secretary of Agriculture, be deemed sufficient security for such loan, advance, or sale. All such loans, advances, and sales shall be made through such agencies as the Secretary of Agriculture may designate, and in such amounts as such agencies, with the approval of the Secretary of Agriculture, may determine. For carrying out the purposes of this resolution, including all expenses and charges incurred in so doing, there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$45,000,000: Provided, That loans shall be available for summer following in 1931.

**Appropriation.**

## 1931—ACT OF FEBRUARY 14, 1931:

(In the Interior Department Appropriation Bill)

**(amending.)** Public Resolution Numbered 112 of the Seventy-first Congress for the relief of farmers in the drought-stricken areas approved December 20, 1930, is hereby amended by adding at the end thereof the following: "Any money appropriated pursuant to the authorization contained in this section may be used in the purchase of feed for other livestock upon the same terms and conditions as such money may be used for the purchase of feed for work stock".

**Purpose.**

**Appropriation.** In addition to the sums herein authorized, and appropriations made thereunder, there is hereby appropriated to be immediately available, out of any money in the Treasury not otherwise appropriated, the sum of \$20,000,000 to be used by the Secretary of Agriculture for the following purposes: (1) to make advances or loans to individuals in the drought and/or storm or hail stricken areas of the United States for the purpose of assisting in forming local agricultural credit corporations, livestock loan companies, or like organizations, or of increasing the capital stock of such corporations, companies, or organizations qualified to do business with Federal intermediate credit banks, or to which such privileges may be extended, and/or of making loans to individuals upon the security of the capital stock of such corporations, companies, or organizations, and (2) to make advances or loans to farmers for crop production for the crop of 1931 and for further agricultural rehabilitation in the drought and/or storm stricken or hail stricken areas of the United States.

**Eligibility.** The advances and loans made pursuant to this Act and amendment thereto shall be secured by liens on crops or by other security, under such rules and regulations as the Secretary of Agriculture may prescribe.

**Purpose.**

**Eligibility.**

**Purpose.**

**Terms and conditions.**

## 1931—ACT OF FEBRUARY 23, 1931:

(In the Department of Agriculture Appropriation Bill)

**Eligibility.** To enable the Secretary of Agriculture, for the crop of 1931, to make advances or loans to farmers in the States of Alabama, North Carolina, South Carolina, Georgia, and Florida, who suffered storm and/or drought losses to crops in 1929 and 1930, where he shall find that an emergency need for such assistance exists, for the purchase of seed of suitable crops, fertilizer, feed for work stock, and/or fuel and oil for tractors used for crop production, upon such terms and conditions and subject to such regulations as he shall prescribe: Provided, That a first lien on all crops growing, or to be planted and grown during the year 1931, shall in the discretion of the Secretary of Agriculture be deemed sufficient security for such advance or loan, to be immediately available, \$2,000,000.

**Purpose.**

**Terms and conditions.**

**Appropriation.**

1932—ACT OF JANUARY 22, 1932:

(In the Reconstruction Finance Corporation Act)

Provided, That \$50,000,000 of the amount so subscribed, and the expansion of same through the notes, debentures, bonds, or other obligations as set out in section 9 shall be allocated and made available to the Secretary of Agriculture, which sum, or so much thereof as may be necessary, shall be expended by the Secretary of Agriculture for the purpose of making loans or advances to farmers in the several States of the United States in cases where he finds that an emergency exists as a result of which farmers are unable to obtain loans for crop production during the year 1932: Provided further, That the Secretary of Agriculture shall give preference in making such loans or advances to farmers who suffered from crop failures in 1931. Such advances or loans shall be made upon such terms and conditions and subject to such regulations as the Secretary of Agriculture shall prescribe. A first lien on all crops growing, or to be planted and grown, shall, in the discretion of the Secretary of Agriculture, be deemed sufficient security for such loan or advance. All such loans or advances shall be made through such agencies as the Secretary of Agriculture may designate, and in such amounts as such agencies, with the approval of the Secretary of Agriculture, may determine.

Eligibility.

Purpose.

Terms and conditions.

1933—ACT OF FEBRUARY 4, 1933:

That the Secretary of Agriculture is hereby authorized and directed to request the Reconstruction Finance Corporation to advance to him the balance of the sum authorized to be allocated to the Secretary of Agriculture under section 2 of the Act of January 22, 1932, and the Reconstruction Finance Corporation is directed to make such advances regardless of the amounts of notes, debentures, bonds, or other obligations of such corporation that may be outstanding at the time of making such advances, and the Secretary of Agriculture is further authorized to request the corporation to return all sums heretofore returned and/or released to the corporation by the Secretary of Agriculture, except so much as may have been used by the corporation to establish agricultural credit corporation: under section 201 (c) of the Act of July 21, 1932, which sums, together with the sums collected or to be collected from loans made by the Secretary of Agriculture during the year 1932 under said section 2 of the Act of January 22, 1932, shall be available to the Secretary of Agriculture to make loans to farmers during the year 1933 for crop production, planting, following, and cultivation, and in drought and storm stricken areas not to exceed \$1,000,000 for feed for farm livestock: Provided, however, That the total sums used for the purposes of this Act shall not exceed \$90,000,000. Due consideration shall be given to the requirements of the truck-farming industry in the trucking areas of the various States.

Appropriation.

Purpose.

Sec. 2. (a) A first lien on all crops growing or to be planted, grown, and harvested during the year 1933, or on livestock, shall be required as security for such loan. Such loan shall be made through such agencies upon such terms and conditions and subject to such regulations as the Secretary of Agriculture shall prescribe.

Terms and conditions.

(b) The Secretary of Agriculture may require as a condition to the making of any loan that the borrower agree to reduce his acreage or production program on such basis, not to exceed 30 per centum, as may be determined by the Secretary of Agriculture, and may provide that any such limitation shall not apply to the farmer, tenant, or share cropper who in 1932 planted not more than a minimum acreage of such crops as shall be designated by the Secretary of Agriculture.

SEC. 3. (a) The moneys authorized to be loaned by the Secretary of Agriculture under this resolution are declared to be impressed with a trust to accomplish the purposes provided for by this resolution, namely, the production, planting, fallowing, cultivation of crops, and feed for farm livestock, which trust shall continue until the moneys loaned pursuant to this resolution have been used for the purposes contemplated by this resolution, and it shall be unlawful for any person to make any material false representation for the purpose of obtaining any loan or to assist in obtaining such loan or to dispose of or assist in disposing of any crops given as security for any loan made under authority of this resolution, except for the account of the Secretary of Agriculture, and for the purpose of carrying out the provisions of this resolution.

(b) It shall be unlawful for any person to charge a fee for the purpose of preparing or assisting in the preparation of any papers of an applicant for a loan under the provisions of this resolution.

1934—ACT OF FEBRUARY 23, 1934:

Purpose. That the Governor of the Farm Credit Administration, hereinafter in this Act referred to as the "Governor", is hereby authorized to make loans to farmers during the year 1934 for crop production, planting, fallowing, and cultivation and, to the extent of not exceeding \$1,000,000, for feed for livestock in drought and storm-stricken areas.

Terms and conditions. SEC. 2. (a) A first lien on all crops growing or to be planted or grown or harvested during the year 1934, or on livestock, shall be required as security for any such loan; Provided, however, That in the case of a loan for the purpose of summer fallowing or the production of winter wheat, a first lien, or an agreement to give a first lien, on crops to be harvested in 1935 may, in the discretion of the Governor, be deemed sufficient security. Except as hereinafter provided, such loans shall be made through such agencies, upon such terms and conditions, and subject to such regulations as the Governor shall prescribe. Recording and other fees in connection with such loans shall not exceed \$1 in any case, which shall be paid by the Farm Credit Administration. Loans made pursuant to the provisions of this Act shall bear interest at the rate of not to exceed 5½ per centum per annum. For the purpose of collecting loans made under this Act and under prior Acts of the same general character, the Governor may use the facilities and services of the Farm Credit Administration or of any officer or officers thereof and may pay for such services and the use of such facilities from the funds made available under section 5 hereof for the payment of necessary administrative expenses; and such institutions are hereby expressly empowered to enter into agreements with the Governor for such purposes.

Maximum loan. (b) The amount which may be loaned to any borrower pursuant to this Act shall not exceed \$250 unless, in the opinion of the Governor, the circumstances surrounding the loan are such as to warrant a larger amount, in which event the borrower shall be entitled to a loan not in excess of \$400: Provided, however, That in any area certified by the President of the United States to the Governor as a distressed emergency area, the Governor may make loans without regard to the foregoing limitations, under such regulations and for such time as he may prescribe therefor.

Eligibility. (c) No loan shall be made under this Act to any applicant who shall not have first established to the satisfaction of the proper officer or employee of the Farm Credit Administration, under such regulations as the Governor may prescribe (1) that such applicant is unable to procure from other sources a loan in an amount reasonably adequate to meet his needs for the purposes for which loans may be made under this Act; and (2) that such applicant is cooperating directly in the crop production

control program of the Agricultural Adjustment Administration or is not proposing to increase his 1934 production of basic agricultural commodities in a manner detrimental to the success of such program \* \* \*

SEC. 5. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$40,000,000 or so much thereof as may be necessary, to carry out the provisions of this Act. Any moneys so appropriated, and all collections of both principal and interest on loans made under this Act, may be used by the Governor for all necessary administrative expenses in carrying out the provisions of this Act and in collecting outstanding balances on crop production, seed and feed loans made under the Act entitled "An Act to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes", approved February 4, 1933, or under prior legislation of the same general character.

Appropriation.

1934—ACT OF JUNE 19, 1934:

[In an Act (Public No. 412—73rd Congress) providing for certain deficiency appropriations, and to provide supplemental, general and emergency appropriations]

To meet the emergency and necessity for relief in stricken agricultural areas, to remain available until June 30, 1935, \$525,000,000, to be allocated by the President to supplement the appropriations heretofore made for emergency purposes, and in addition thereto for (1) making loans to farmers for, and/or (2) the purchase, sale, gift, or other disposition of, seed, feed, freight, summer fallowing, and similar purposes; expenditures hereunder and the manner in which they shall be incurred, allowed, and paid, shall be determined by the President, and may include expenditures for personal services and rent in the District of Columbia and elsewhere, and for printing and binding, and may be made without regard to the provisions of Section 3709 of the Revised Statutes.

(Under the above authorization, the President allocated \$96,785,000 to the Governor of the Farm Credit Administration for (1) making loans to farmers for and/or (2) the purchase, sale, gift, or other disposition of seed, feed, freight, summer fallowing, and similar purposes. Later, \$10,000,000 of this amount was transferred to a reserve account to be held pending the enactment of legislation authorizing its transfer and use for other emergency needs.)

1935—ACT OF FEBRUARY 20, 1935:

That the Governor of the Farm Credit Administration, hereinafter in this Act referred to as the "Governor", is hereby authorized to make loans to farmers in the United States (including Alaska, Hawaii, and Puerto Rico), during the year 1935, for fallowing, for the production of crops, for harvesting of crops, and for feed for livestock, or for any of such purposes. Such loans shall be made and collected through such agencies, upon such terms and conditions, and subject to such regulations, as the Governor shall prescribe.

Purpose.

SEC. 2. (a) There shall be required as security for any such loan a first lien, or an agreement to give a first lien, upon all crops of which the production or harvesting, or both, is to be financed, in whole or in part, with the proceeds of such loan; or, in case of any loan for the purchase or production of feed for livestock, a first lien upon the livestock to be fed. Fees for recording, filing, and registering shall not exceed 75 cents per loan and may be deducted from the proceeds of the loan. Each loan shall bear interest at the rate of 5½ per centum per annum. For the purpose of carrying out the provisions of this Act and collecting loans made under other Acts of the same general character, including loans made by the Governor with funds appropriated by the Emergency Appropriation Act, fiscal year 1935, the Governor may use the facilities and services of the Farm Credit Administration and any institution operating

Terms and conditions.

under its supervision, or of any officer or officers thereof, and may pay for such services and the use of such facilities from the funds made available for the payment of necessary administrative expenses; and such institutions are hereby expressly empowered to enter into agreements with the Governor for the accomplishment of such purposes.

Maximum loan.

(b) The amount which may be loaned to any borrower pursuant to this Act shall not exceed \$500: Provided, however, That in any area certified by the President of the United States to the Governor as a distressed emergency area, the Governor may make loans without regard to the foregoing limitations as to amount, under such regulations and with such maturities as he may prescribe therefor.

Eligibility.

(c) No loan shall be made under this Act to any applicant who shall not have first established to the satisfaction of the proper officer or employee of the Farm Credit Administration under such regulations as the Governor may prescribe: (1) that such applicant is unable to procure from other sources a loan in an amount reasonably adequate to meet his needs for the purposes for which loans may be made under this Act; and (2) that such applicant is cooperating directly in the crop production control program of the Agricultural Adjustment Administration or is not proposing to increase his 1935 production of basic agricultural commodities in a manner detrimental to the success of such program.

Sec. 3. (a) The moneys authorized to be loaned by the Governor under this Act are declared to be impressed with a trust to accomplish the purposes provided for by this Act (namely, for fallowing, production, harvesting, or feed), which trust shall continue until the moneys loaned pursuant to this Act have been used by the borrower for such purposes \* \* \*

Appropriation.

Sec. 5. (a) There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated the sum of not to exceed \$60,000,000, or so much thereof as may be necessary, to carry out the provisions of this Act. Any part of such sum may be made up as follows: All unobligated balances of appropriations and funds available thereunder to enable the Secretary of Agriculture or the Governor to make advances or loans under the following Acts and Resolutions, and all repayments of such advances and loans and interest: March 3, 1921 (41 Stat. 1347); March 20, 1922 (42 Stat. 467); April 26, 1924 (43 Stat. 110); February 28, 1927 (44 Stat. 1251); February 25, 1929 (45 Stat. 1306), as amended May 17, 1929 (46 Stat. 3); March 3, 1930 (46 Stat. 78, 79); December 20, 1930 (46 Stat. 1032), as amended February 14, 1931 (46 Stat. 1160); February 23, 1931 (46 Stat. 1276); March 3, 1932 (47 Stat. 60); February 4, 1933 (47 Stat. 795); February 23, 1934 (48 Stat. 354); and June 19, 1934 (48 Stat. 1021).

(b) The moneys made available under subsection (a), and all collections of both principal and interest on loans made under this Act, may be used by the Governor for making loans under this Act and for all necessary administrative expenses in making and collecting such loans. \* \* \*

SEED LOANS, AMOUNT LOANED, AND PERCENTAGE COLLECTED, BY STATES

TABLE 14.—Amounts of seed loans, by States and appropriations <sup>1</sup>

State	1921	1922	1924	1926	1929	1930	1931	1931	1931	1932	1933	1934	1934 <sup>2</sup>	1935 <sup>2</sup>
	Act of Mar. 3, 1921	Act of Mar. 20, 1922	Act of Apr. 26, 1924	Act of Feb. 28, 1927	Act of Feb. 25, 1929	Act of Mar. 3, 1930	Act of Dec. 20, 1930	Act of Feb. 14, 1931	Act of Feb. 23, 1931	Act of Jan. 22, 1932	Act of Feb. 4, 1933	Act of Feb. 23, 1934	Act of June 19, 1934	Act of Feb. 20, 1935
Maine.....														
New Hampshire.....											\$479,787	\$360,700	\$301,973	
Vermont.....										11,310	20,020	11,015		\$338,440
Massachusetts.....										2,949	24,379	18,360		12,100
Rhode Island.....										10,051	21,585	23,930		12,685
Connecticut.....											160			30,140
New York.....										13,140	10,600	23,300		16,115
New Jersey.....										161,700	157,110	90,500	\$48,603	102,925
Pennsylvania.....										59,058	55,840	31,700		41,800
Ohio.....							\$18,175			81,344	405,840	209,175		156,120
Indiana.....							217,634	\$1,046		329,811	575,975	251,230		114,430
Illinois.....						\$51,588	779,497	25,067		362,012	252,545	101,395		67,440
Michigan.....						2,630	280,376	4,850		107,192	118,590	150,345	124,396	310,360
Wisconsin.....							167,583			436,307	636,995	510,761		337,310
Minnesota.....										625,542	657,400	622,919	1,021,786	435,970
Iowa.....						19,394	27,065	46,820		1,138,897	488,945	976,312	6,636,168	2,534,051
Missouri.....								75,263		301,300	76,930	106,602	1,001,808	120,190
North Dakota.....	\$808,070	\$660,588				84,855	2,072,081	269,083		1,004,216	873,865	442,140	2,033,231	259,775
South Dakota.....		37,612				339,516	1,588,611	3,029,880		8,424,943	2,285,525	3,793,239	12,041,443	11,290,570
Nebraska.....							400,822	3,274,654		7,101,062	466,935	1,770,204	16,278,103	7,604,726
Kansas.....								604,822		1,361,436	388,015	506,234	7,254,825	1,802,065
Delaware.....							147,348	935		411,873	2,353,090	2,450,295	3,331,578	859,060
Maryland.....							7,015			16,702	23,030	26,150		27,730
Virginia.....							105,826	230		69,291	105,960	128,410		106,435
West Virginia.....					\$81,980	173,933	2,134,124	176,174		1,106,479	1,428,936	760,060		720,115
North Carolina.....							513,122	17,952		148,136	78,645	40,825		26,075
South Carolina.....					27,031	186,892	1,872,253	154,927	\$154,566	4,181,001	6,014,001	2,701,765		2,080,860
Georgia.....					1,322,794	1,248,103	87,781		875,033	4,327,031	6,282,889	2,757,185		2,646,241
Florida.....					2,122,126	1,462,879	1,967,370	14,443	538,901	4,887,325	5,517,160	3,034,270		2,631,977
Kentucky.....			\$244,205		408,865	598,363	160,804		44,630	274,712	239,105	335,420	36,695	50,317
Tennessee.....							2,189,425	340,376		835,925	727,741	309,880		180,800
Alabama.....							1,874,692	438,618		1,298,618	1,835,441	746,885		627,738
Mississippi.....					1,795,854	733,385	2,211,311	192,757	259,303	1,620,346	2,352,170	799,445		364,509
Arkansas.....							3,700,760	741,419		3,890,262	4,244,355	1,474,215		1,052,809
Louisiana.....							7,608,895	1,596,963		4,007,069	3,676,430	1,935,103	683,390	1,889,394
							2,504,860	692,593		2,416,337	2,624,802	1,221,362	452,621	1,305,852

<sup>1</sup> Data for years 1933-35, inclusive, from Farm Credit Administration.

<sup>2</sup> As of May 31, 1935.



TABLE 14.—Amounts of seed loans, by States and appropriations <sup>1</sup>—Continued

State	1921	1922	1924	1926	1929	1930	1931	1931	1931	1932	1933	1934	1934 <sup>2</sup>	1935 <sup>2</sup>
	Act of Mar. 3, 1921	Act of Mar. 20, 1922	Act of Apr. 26, 1924	Act of Feb. 28, 1927	Act of Feb. 25, 1929	Act of Mar. 3, 1930	Act of Dec. 20, 1930	Act of Feb. 14, 1931	Act of Feb. 23, 1931	Act of Jan. 22, 1932	Act of Feb. 4, 1933	Act of Feb. 23, 1934	Act of June 19, 1934	Act of Feb. 20, 1935
Oklahoma						\$115,380	\$1,384,741	\$223,523		\$629,498	\$1,176,285	\$836,070	\$1,148,678	\$396,225
Texas							2,542,971	519,635		3,221,621	5,281,357	4,873,889	6,909,390	4,104,885
Montana	\$1,044,578	\$755,402				333,943	2,063,348	1,056,020		4,387,471	1,465,140	789,853	1,662,765	2,014,550
Idaho	95,331	24,685						171,086		915,785	559,548	236,750	1,042,526	248,545
Wyoming							70,916	71,137		652,965	262,556	178,527	2,326,089	259,565
Colorado										1,019,271	1,285,885	711,174	2,296,477	959,085
New Mexico			\$413,983			19,866	411,937	12,619		541,550	686,505	774,910	1,795,447	478,535
Arizona										143,519	127,065	66,100	60,202	48,170
Utah								479,703		267,412	139,564	132,709	1,751,839	71,970
Nevada								36,476		36,476	14,335	4,105	119,222	5,936
Washington	9,419	1,730						3,050		567,241	509,925	413,995	359,275	296,850
Oregon								489,569		258,582	366,155	112,265	142,754	130,265
California								2,737		28,900			236,938	101,805
United States	1,957,407	1,480,107	412,983	\$244,205	\$5,758,650	3,340,727	23,633,720	14,261,559	\$1,872,433	64,204,503	57,375,940	37,891,586	71,296,309	49,273,528

<sup>1</sup> Data for years 1933-35, inclusive, from Farm Credit Administration.<sup>2</sup> As of May 31, 1935.

SEED LOANS, AMOUNT LOANED, AND PERCENTAGE COLLECTED, BY STATES—Con.

TABLE 15.—Percentage of seed loans collected, by States and appropriations

State	As of June 30, 1932						As of Nov. 30, 1933			As of Dec. 31, 1934	As of May 31, 1935	
	Act of Mar. 3, 1921	Act of Mar. 20, 1922	Act of Apr. 24, 1924	Act of Feb. 28, 1927	Act of Feb. 25, 1929	Act of Mar. 3, 1930	1921 to 1930, Inclusive	1931 <sup>1</sup>	Act of Jan. 22, 1932	Act of Feb. 4, 1933	Act of Feb. 23, 1934	1921 to 1935 <sup>2</sup>
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Maine.....									71.6	94.0	31.4	55.7
New Hampshire.....									68.5	80.1	40.7	54.0
Vermont.....									73.2	80.8	42.4	44.3
Massachusetts.....									52.7	80.2	55.5	44.1
Rhode Island.....										0	0	0
Connecticut.....									74.4	90.7	68.2	61.6
New York.....									64.6	80.4	71.2	60.7
New Jersey.....									86.5	82.1	73.5	64.0
Pennsylvania.....								35.1	42.8	52.0	42.4	42.4
Ohio.....								51.3	46.1	65.5	63.5	60.2
Indiana.....						41.7	46.9	57.6	65.1	73.9	75.5	65.6
Illinois.....						30.6	44.3	59.7	69.4	78.3	63.9	47.3
Michigan.....								46.1	64.6	66.6	49.8	52.8
Minnesota.....									31.4	42.1	21.0	33.0
Iowa.....						73.0	73.1	56.5	44.4	57.4	24.7	22.9
Missouri.....								52.7	44.8	82.6	37.7	57.4
North Dakota.....						46.5	50.9	60.3	67.7	70.5	48.1	68.0
South Dakota.....	71.4	88.1				57.3	75.8	16.5	16.5	19.0	3.2	15.5
Nebraska.....		91.7					91.7	42.6	22.0	9.6	1.9	19.7
Kansas.....								52.7	29.4	48.8	6.4	28.7
Delaware.....								44.1	30.7	40.1	2.7	21.2
Maryland.....								31.7	41.4	51.5	47.8	34.4
Virginia.....								36.0	47.7	62.5	50.8	41.1
West Virginia.....					88.5	20.9	61.5	44.4	56.5	83.5	84.1	61.5
North Carolina.....								37.5	38.9	72.2	48.0	45.2
South Carolina.....						82.7	81.8	82.3	61.7	69.9	97.0	81.0
Georgia.....						53.9	70.5	79.0	44.6	56.6	96.4	78.7
Florida.....				44.4		91.8	50.0	87.5	36.9	37.0	96.7	79.9
Kentucky.....						65.9	48.5	53.9	37.4	38.4	71.0	54.5
Tennessee.....								60.2	63.4	70.1	81.5	66.5
Alabama.....								48.7	49.1	91.5	93.6	77.1
Mississippi.....						68.5	57.1	66.0	30.7	33.7	96.9	80.7
Arkansas.....								51.6	57.6	94.0	92.3	83.7
Louisiana.....								48.9	50.5	92.5	71.2	79.2
Oklahoma.....								41.3	67.7	93.3	90.8	81.0
Texas.....						62.2	68.4	69.0	62.3	68.3	15.5	59.0
Montana.....	64.3	70.6						73.5	75.7	81.5	43.9	57.0
Idaho.....	83.8	85.9				24.8	60.9	14.2	15.1	18.6	6.4	23.8
Wyoming.....							41.5	71.4	87.4	64.4	73.1	73.1
Colorado.....								32.3	46.5	78.1	30.9	33.7
New Mexico.....			60.7			9.6	55.8	65.5	40.7	52.0	22.8	34.3
Arizona.....								44.4	66.6	54.2	14.8	41.4
Utah.....								58.8	75.1	50.5	59.8	59.8
Nevada.....								45.9	70.1	84.2	81.2	77.0
Washington.....	63.9	41.3					62.9	28.2	61.1	87.5	60.3	60.2
Oregon.....								51.5	51.1	68.9	55.4	56.2
California.....									82.1	92.0	71.3	62.2
United States.....	60.4	70.9	60.7	44.4	61.3	63.2	72.8	46.1	43.4	80.1	52.1	55.8

<sup>1</sup> Act of Dec. 20, 1930; act of Feb. 11, 1931; and act of Feb. 23, 1931.

<sup>2</sup> Including loans made under the act of Feb. 20, 1935, but excluding 1934-35 drought-relief loans.

**SPECIMEN OF APPLICATION USED IN MAKING SEED LOANS IN 1932**

Form No. 2

(ALL QUESTIONS ON THIS APPLICATION MUST BE ANSWERED, OMISSIONS WILL CAUSE DELAY)

The Secretary of Agriculture, acting pursuant to the Act of Congress, approved January 22, 1932, creating the Reconstruction Finance Corporation.

**FARMERS' SEED LOAN OFFICE.**

(Do not write in this space)

No. .... Date received .....  
 Mortgage and note examined by .....  
 Application examined by .....  
 Approved for \$..... Date.....

**NOTE.**—Section 2 of the Act of Congress approved January 22, 1932, provides as follows: "Any person who shall knowingly make any material false representation for the purpose of obtaining an advance or loan, or in securing in obtaining such loan or advance, under this section shall upon conviction thereof, be punished by a fine of not exceeding \$1,000 or by imprisonment not exceeding six months, or both."

**APPLICATION FOR LOAN FOR CROP PRODUCTION DURING THE YEAR 1932**

..... 1932.  
 (Post office address where I receive my mail) (D446)

I, ....., hereby make application to the Secretary of Agriculture, acting pursuant to the Act of Congress, approved January 22, 1932, creating the Reconstruction Finance Corporation, for a loan of ..... dollars (\$.....), which will be used for the purchase of supplies necessary for crop production, as follows:

**THE TOTAL AMOUNT OF ALL ITEMS LISTED BELOW MUST NOT EXCEED THE LIMITS PER ACRE FIXED IN THE REGULATIONS**

- \$..... for seed and \$..... for fertilizer for ..... acres of corn.
  - \$..... for seed and \$..... for fertilizer for ..... acres of oats.
  - \$..... for seed and \$..... for fertilizer for ..... acres of cotton.
  - \$..... for seed and \$..... for fertilizer for ..... acres of wheat.
  - \$..... for seed and \$..... for fertilizer for ..... acres of .....
  - \$..... for seed and \$..... for fertilizer for ..... acres of .....
  - \$..... for seed and \$..... for fertilizer for ..... acres of .....
  - \$..... for feed for work stock for actual farming operations.
  - \$..... for repairs and miscellaneous supplies used in crop production (not to exceed \$1 per acreage of crops included in mortgage).
  - \$..... for fuel and oil for tractors for use in crop production.
  - \$..... for dusting and spraying materials, and \$..... for fertilizer for .....
- acres of ..... acres of ..... acres of .....

Such loan is to be made from the appropriation for the purchase of supplies necessary for crop production in 1932, authorized under the Act of Congress approved January 22, 1932 (Public No. 2, 73d Congress).

This application is accompanied by (a) preliminary note in the form prescribed and furnished by the Secretary of Agriculture, acting pursuant to the Act of Congress, approved January 22, 1932, creating the Reconstruction Finance Corporation; by (b) chattel mortgage, crop lien, or pledge, only executed by the undersigned in some manner as to enable it to bind, upon the crops to be grown in 1932 on the land described below, to secure the payment of the advance; (c) undeposited notes, such as chattel mortgage, crop lien, or pledge to be on the farm supplied by the Secretary of Agriculture, acting pursuant to the Act of Congress, approved January 22, 1932, creating and deliver a satisfactory mortgage at the time listed; and by (d) a voucher form supplied by the Secretary of Agriculture, acting pursuant to the Act of Congress, approved January 22, 1932, creating the Reconstruction Finance Corporation, and signed by the applicant.

My age is ..... years; single or married? .....; number of children at home? .....  
 of these ..... are sons 12 years of age or over, and ..... are sons and daughters under 12 years of age.

I operate a ..... plow farm, upon which ..... families live.

Did you apply for a Government seed loan in { 1929 .....  
 { 1930? ..... If approved, for what amount? { 1929, \$.....  
 { 1931? ..... { 1930, \$.....  
 (Yes or No) { 1931, \$.....  
 (Give amount)

What amount in cash or collateral has been paid on each loan? { 1929, \$.....  
 { 1930, \$.....  
 { 1931, \$.....  
 (Give amount)

**DESCRIPTION OF LAND ON WHICH I WILL GIVE A CROP LIEN AS SECURITY FOR THIS LOAN  
LAND OWNED BY ME**

Upon that certain piece or parcel of land lying in the County of \_\_\_\_\_, State of \_\_\_\_\_, and known as the farm of \_\_\_\_\_, and more particularly described as follows:

I certify that my 1932 crops on land owned by me are free from encumbrances, except the following mortgages, which I have already given:

Name.....	Address.....	Amount, \$.....
Name.....	Address.....	Amount, \$.....
Name.....	Address.....	Amount, \$.....

I certify that I have \_\_\_\_\_ tenants or share croppers on the farm above described, whose names and addresses are as follows:

Name.....	Address.....
Name.....	Address.....
Name.....	Address.....

Waiver from the above-named mortgages, tenants, or share croppers to the extent of the lien of the Secretary of Agriculture, acting pursuant to the Act of Congress approved January 22, 1932, creating the Reconstruction Finance Corporation, of all right to any growing crops for the year 1932 accompany this application.

**LAND RENTED BY ME**

Upon that certain piece or parcel of land lying in the County of \_\_\_\_\_, State of \_\_\_\_\_, and known as the farm of \_\_\_\_\_, and more particularly described as follows:

The land described above is owned by \_\_\_\_\_ of \_\_\_\_\_ and is rented by me from \_\_\_\_\_ of \_\_\_\_\_ whose waiver to the extent of the lien of the Secretary of Agriculture, acting pursuant to the Act of Congress approved January 22, 1932, creating the Reconstruction Finance Corporation, of all right to any crops grown on this land for the year 1932 accompany this application. This land is rented for a cash rental of \$\_\_\_\_\_ per acre (or a share rental of \_\_\_\_\_ of the crop).

I certify that my 1932 crops on land rented by me are free from encumbrances or liens, except the following mortgages which I have already given:

Name.....	Address.....	Amount, \$.....
Name.....	Address.....	Amount, \$.....
Name.....	Address.....	Amount, \$.....

I certify that I have \_\_\_\_\_ tenants or share croppers on the farm above described, whose names and addresses are as follows:

Name.....	Address.....
Name.....	Address.....
Name.....	Address.....

Waiver from the above-named mortgages, tenants, or share croppers to the extent of the lien of the Secretary of Agriculture, acting pursuant to the Act of Congress approved January 22, 1932, creating the Reconstruction Finance Corporation, of all right to any growing crops for the year 1932 accompany this application.

**LAND OCCUPIED UNDER CONTRACT FOR DEED**

Upon that certain piece or parcel of land lying in the County of \_\_\_\_\_, State of \_\_\_\_\_, and known as the farm of \_\_\_\_\_, and more particularly described as follows:

The land described above is occupied by me under contract for deed with \_\_\_\_\_ whose post-office address is \_\_\_\_\_ whose waiver to the extent of the lien of the Secretary of Agriculture, acting pursuant to the Act of Congress approved January 22, 1932, creating the Reconstruction Finance Corporation, of all right to any crops grown on this land for the year 1932 accompany this application. My annual payments are \$\_\_\_\_\_ per acre in cash (or a share of \_\_\_\_\_ of the crop).

I certify that my 1932 crops on land occupied by me under contract for deed are free from encumbrances, except the following mortgages which I have already given:

Name.....	Address.....	Amount, \$.....
Name.....	Address.....	Amount, \$.....
Name.....	Address.....	Amount, \$.....

If share cropped, the following landlords receive \_\_\_\_\_ share of crop:

Name.....	Address.....
Name.....	Address.....
Name.....	Address.....

Waiver from the above-named mortgages or share croppers to the extent of the lien of the Secretary of Agriculture, acting pursuant to the Act of Congress approved January 22, 1932, creating the Reconstruction Finance Corporation, of all right to any growing crops for the year 1932 accompany this application.

Is the above all of the land you will have under cultivation during the crop season of 1932? ..... If not, furnish description of land not covered in this application .....  
(Answer Yes or No)

Have you any business other than farming? ..... If so, what? .....

How much income do you derive from such business? ..... If loan is not granted, what farming can you do this year? .....

Do you agree that you will not sign any other mortgage on or any waiver of your rights in the crops to be grown on the above-described land pending action on this application and in the event of its approval, until the Secretary of Agriculture, acting pursuant to the Act of Congress approved January 22, 1932, creating the Reconstruction Finance Corporation, has recorded the mortgage accompanying it? .....

(Answer Yes or No)

**STATEMENT OF MY PRESENT INDEBTEDNESS**

(If none so indicate)

	Amount	Interest rate	Name and address of creditor
First mortgage farm loans.....	\$.....		
Second mortgage farm loans.....			
Chattel mortgage loans which do not include crops.....			
Crop mortgage loans.....			
Store accounts.....			
Unpaid interest.....			For how many years? .....
Unpaid taxes.....			For how many years? .....
Other debts.....			
<b>Total indebtedness.....</b>	<b>\$.....</b>		

**STATEMENT OF LIVESTOCK AND EQUIPMENT OWNED**

	Number	Value		Number	Value
Horses and mules.....		\$.....	Plows and drills.....		\$.....
Milk cows.....			Tractor.....		
Other cattle.....			Trucks or wagons.....		
Hogs.....			Binders and headers.....		
Sheep.....			Automobiles.....		
Poultry.....			Combines.....		

**STATEMENT OF MY CROP ACREAGES AND TOTAL PRODUCTION FOR 1930 AND 1931, INCLUDING BOTH TENANT'S AND LANDLORD'S SHARES**

I planted the number of acres and harvested the yields stated below in 1930 and 1931. (State here the total number of acres sown and total yield of each crop produced by you in 1930 and 1931, including the landlord's share, if you are a tenant.)

Crop	Acres planted 1930	Crop harvested 1930	Acres planted 1931	Crop harvested 1931	Other crops (Name crops)	Acres planted 1930	Crop harvested 1930	Acres planted 1931	Crop harvested 1931
Corn.....		bu.		bu.					
Wheat.....		bu.		bu.					
Oats.....		bu.		bu.					
Cotton.....		bales		bales					
Tobacco.....		lbs.		lbs.					

**STATEMENT OF SEED, GRAIN, AND FEED NOW ON HAND**

Seed	Quantity	Feed	Quantity
Cotton.....		Hay.....	
Corn.....		Corn.....	
Wheat.....		Oats.....	
Oats.....			

**NOTE**—The following paragraphs must be read by or to the applicant before signing.

If this application is granted, I agree to use such seed, fertilizer, and methods of farming as are approved by the Department of Agriculture, through its local representative. I further agree to plant a certain acre for better use and a seasonal amount of seed to supply seed for my livestock. I also agree to report to the Secretary of Agriculture how I have spent the money loaned to me for crop production, and, if requested, will furnish for distribution all sales slips, invoices, and receipts, as evidence of my expenditures, and further, will report on plant's harvest for the purpose of or about harvest time, the average yield per acre of each crop covered by mortgage to the Secretary of Agriculture, being pursuant to the Act of Congress, approved January 22, 1932, creating the Reconstruction Finance Corporation, to ensure the repayment of this loan.

In the event that I am unable for any reason to plant the full acreage of crops specified in the mortgage associated with this application to the Secretary of Agriculture, acting pursuant to the Act of Congress, approved January 22, 1932, creating the Reconstruction Finance Corporation, I further promise and agree that I will report full facts promptly to the regional seed loan office from which I obtained my loan, with a statement of the circumstances.

In consideration of the Secretary of Agriculture, acting pursuant to the Act of Congress, approved January 22, 1932, creating the Reconstruction Finance Corporation, I hereby certify that I do not have the supplies necessary for crop production during 1932 for the purchase of which this loan is recorded as limited on page 1 hereof, that I am unable to obtain a loan for crop production during the year 1932 from any other source, and that failure to receive this loan will prevent me from farming in 1932. I also certify that I have the necessary power and equipment to prepare the land and sow the appropriate crops described. I further certify that I am familiar with all the conditions of this application and that the entries are true to the best of my knowledge and belief.

I hereby certify that I am unable for any reason to plant the full acreage of crops specified in the mortgage associated with this application to the Secretary of Agriculture, acting pursuant to the Act of Congress, approved January 22, 1932, creating the Reconstruction Finance Corporation, I further promise and agree that I will report full facts promptly to the regional seed loan office from which I obtained my loan, with a statement of the circumstances.

State of \_\_\_\_\_  
County of \_\_\_\_\_  
The above-named applicant, being duly sworn, deposes and says that the matters and things set forth in the foregoing application are true and loan fits as therein set forth.

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 1932.  
(Official character)

**COMMUNITY COMMITTEE CERTIFICATE**

The answers to the following questions are true to the best of our knowledge and belief:  
Has the applicant the acreage for which he is asking assistance in suitable condition for planting? \_\_\_\_\_  
If not, can and will he put it in condition for planting at the proper time? \_\_\_\_\_ Has the applicant sufficient man-power, horse or engine power, and the necessary machinery properly to prepare and seed the acreage he is asking aid in seeding? \_\_\_\_\_ Do you believe the applicant will make every effort to produce a crop and return the money loaned and that the Secretary of Agriculture, acting pursuant to the Act of Congress, approved January 22, 1932, creating the Reconstruction Finance Corporation, is justified in making the loan to him? \_\_\_\_\_ How long have you known the applicant? \_\_\_\_\_ Have you any direct interest in the loan to be made to this applicant? \_\_\_\_\_  
If disapproved, state reasons briefly: \_\_\_\_\_

(Signed) \_\_\_\_\_  
Community Committee.

**COUNTY COMMITTEE CERTIFICATE**

We hereby certify that we have investigated the foregoing application, and that the answers to the foregoing questions are true to the best of our knowledge and belief.  
Has the applicant the stated acreage fit for planting? \_\_\_\_\_ Has he the necessary equipment? \_\_\_\_\_  
What is his reputation as a farmer? \_\_\_\_\_ What is his reputation for payment of debts? \_\_\_\_\_  
Has the applicant any basis for commercial credit? \_\_\_\_\_ Is commercial credit available in the county? \_\_\_\_\_  
Is farming his only source of income? \_\_\_\_\_ Do you recommend that the application be granted? \_\_\_\_\_  
If so, in what amount? \_\_\_\_\_  
Is the amount recommended necessary to finance the production of a reasonable crop acreage on the applicant's farm? \_\_\_\_\_  
With normal yields, will this acreage enable him to repay his loan and leave a reasonable balance for other necessary expenses? \_\_\_\_\_  
Have you any direct interest in the loan to be made to this applicant? \_\_\_\_\_  
Dated this \_\_\_\_\_ day of \_\_\_\_\_, 1932.  
If disapproved, state reasons briefly: \_\_\_\_\_

County Committee.

(DO NOT WRITE BELOW THIS LINE)

This application is hereby approved in the amount of \$ \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 1932.

Agent of the Secretary of Agriculture.

## REGIONAL AGRICULTURAL CREDIT CORPORATIONS

The consideration of the Federal Government's efforts in the post-war period to provide direct emergency financing for the farmer would not be complete without a review of the operations of the regional agricultural credit corporations established in 1932. In contrast with seed loans, the lending operations of the regional corporations were confined to a relatively short period, from October 1932 to April 1934. At the same time the lack of adequate credit facilities of a permanent character which necessitated the temporary establishment of these corporations has been remedied by the organization of a comprehensive system of production credit associations operating under the supervision of the Farm Credit Administration.

## NEED FOR EMERGENCY CREDIT

The drastic curtailment in the number of banking institutions from the end of 1929 to the middle of 1932 in which period there were approximately 4,000 bank suspensions, had greatly curtailed the sources of credit available to farmers. The lending capacity of the open country banks also had been reduced by the drastic decline in deposits. In 20 of the leading agricultural States, net demand deposits of member banks of the Federal Reserve System located in places of less than 15,000 population had declined to a level, in August 1932, equal to only 55 percent of the 1923-25 monthly average. The decrease of deposits had been most marked in the cotton-growing sections. In a group of eight Southern States, net demand deposits for member banks in these smaller centers had decreased to 38 percent of the 1923-25 average.

In order to fill in the gaps in the then-existing loan facilities available to farmers, the Congress authorized the establishment of 12 regional agricultural corporations. These corporations were authorized to make loans direct to farmers and stockmen when the proceeds of such loans were to be used for an agricultural purpose.

## ADMINISTRATION

The legislative provision for setting up these corporations was contained in the Emergency Relief and Construction Act, approved July 21, 1932, which authorized the Reconstruction Finance Corporation "to create in any of the 12 Federal land bank districts when it may deem the same to be desirable a regional agricultural credit corporation with a paid-up capital of not less than \$3,000,000 \* \* \*"

Under this authority 12 corporations were set up. The location of each, together with its respective loan territory, was as follows: Albany, N. Y.: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and Vermont. Raleigh, N. C.: Florida, Georgia, North Carolina, and South Carolina. Columbus, Ohio: Indiana, Kentucky, Ohio, and Tennessee. Jackson, Miss.: Alabama, Louisiana, and Mississippi. St. Louis, Mo.: Arkansas, Illinois, and Missouri. Minneapolis, Minn.: Michigan, Minnesota, North Dakota, and Wisconsin. Sioux City, Iowa: Iowa, Nebraska, South Dakota, and Wyoming. Wichita, Kans.: Colorado, Kansas, New Mexico, and Oklahoma. Fort Worth, Tex.: Texas. Salt Lake City, Utah: Arizona, California, Nevada, and Utah. Spokane, Wash.: Idaho, Montana, Oregon, and Washington.

In addition to the main office in each Federal land bank district, 21 branch offices were established, each district except that served by the Minneapolis office having one to four branches. These branch offices were located at Bangor, Maine; Macon, Ga.; Louisville, Ky.; Montgomery, Ala.; Chicago, Ill.; Kansas City, Mo.; Pine Bluff, Ark.; Omaha, Nebr.; Cheyenne, Wyo.; Oklahoma City, Okla.; Denver, Colo.; Santa Fe, N. Mex.; Houston and San Angelo, Tex.; San Francisco and Los Angeles, Calif.; Phoenix, Ariz.; Reno, Nev.; Portland, Oreg.; Boise, Idaho; and Helena, Mont. A temporary field office of the Baltimore corporation was also set up in San Juan, Puerto Rico.

As the sole stockholder the bylaws and operating regulations of the regional corporations were determined by the Reconstruction Finance Corporation. To effectively supervise and coordinate the activities of the various regional corporations, a special unit, the Agricultural Credit Division was set up within the Reconstruction Finance Corporation. Loan policies of the individual corporations were formulated by this division, subject to the approval of the board of directors of the Reconstruction Finance Corporation.

Each regional corporation was placed under the immediate supervision of a manager appointed by the Reconstruction Finance Corporation. An advisory committee was similarly appointed. The members of these committees were bankers, farmers, and businessmen who were well informed concerning agricultural and credit conditions in the areas served by their respective corporations.

With the establishment of the Farm Credit Administration, all of the administrative functions, except those relating to expenses, previously exercised by the Reconstruction Finance Corporation were transferred to the Governor of the Farm Credit Administration. This transfer, effected by an Executive Order of the President dated March 27, 1933, became effective as of May 27, 1933.

## SOURCE OF FUNDS

The initial funds for making advances to farmers were obtained through capital-stock subscriptions by the Reconstruction Finance Corporation. The minimum capital of \$3,000,000 specified by the act for each of the 12 corporations was obtained out of funds originally allocated to the Secretary of Agriculture for making crop-production loans (sec. 2 of the Reconstruction Finance Corporation Act). The capital of each corporation was not paid in in full but only as the volume of loans increased and additional amounts in excess of the minimum of \$3,000,000 were paid in for some corporations. The maximum paid-in capital of all corporations was \$44,500,000.

As a result of legislation in 1933, the paid-in capital was constituted as a revolving fund which could be shifted from one corporation to another by the Reconstruction Finance Corporation with the approval of the Governor of the Farm Credit Administration in accordance with the credit requirements of the various regions. In 1934 increases were made in the capital of the corporations located at Minneapolis, Sioux City, and Wichita; these corporations were serving important livestock areas that were seriously affected by the drought. The capital of all the other corporations, except that of Fort Worth, Tex., which remained unchanged, was substantially reduced.

Table 16 shows the paid-in capital of each corporation, together with the reallocation of capital funds.

TABLE 16.—Capitalization of regional agricultural credit corporations<sup>1</sup>

Regional agricultural credit corporation of--	Paid-in capital Dec. 31, 1933	Relocating of capital		Paid-in capital Dec. 31, 1934
		Net increase	Net decrease	
Albany, N. Y.	\$1, 150, 000		\$500, 000	\$650, 000
Baltimore, Md.	400, 000		250, 000	150, 000
Raleigh, N. C.	925, 000		650, 000	275, 000
Columbus, Ohio	300, 000		175, 000	325, 000
Jackson, Miss.	925, 000		675, 000	250, 000
St. Louis, Mo.	800, 000		775, 000	25, 000
Minneapolis, Minn.	8, 000, 000	\$2, 300, 000		10, 300, 000
Sioux City, Iowa	9, 000, 000	1, 025, 000		10, 025, 000
Wichita, Kans.	6, 000, 000	1, 000, 000		7, 000, 000
Fort Worth, Tex.	3, 500, 000			3, 500, 000
Salt Lake City, Utah	3, 000, 000		500, 000	3, 500, 000
Spokane, Wash.	7, 800, 000		800, 000	7, 000, 000
Total	44, 500, 000	4, 325, 000	4, 325, 000	44, 500, 000

<sup>1</sup> Second Annual Report of the Farm Credit Administration.

The major source of loan funds, however, was not from capital subscriptions but from rediscounting. The corporations were authorized to rediscount loans, which were eligible for that purpose, with the Reconstruction Finance Corporation and the various Federal reserve banks and the Federal intermediate credit banks. During the period that the corporations were supervised by the Reconstruction Finance Corporation, practically all of the rediscounts were carried with that institution. After the corporations came under the jurisdiction of the Farm Credit Administration, a change in policy was effected and rediscounts were shifted to the Federal intermediate credit banks. At the end of 1934 the entire amount of outstanding rediscounts of \$38,677,000 was carried at the Federal intermediate credit banks.

## LOAN OPERATIONS

The authority for making loans was sufficiently broad to include almost all types of short- and intermediate-term requirements for credit for farmers. The act specified that the regional corporations were "authorized and empowered to



make loans or advances to farmers and stockmen, the proceeds of which are to be used for an agricultural purpose (including crop production), or for the raising, breeding, fattening, or marketing of livestock."

The first loans were made in October 1932. In the earlier months the demand for loans was largely from the livestock areas and in particular from the range sections. In the first part of 1933, the volume of crop-production loans assumed considerable proportions. Table 17 shows the volume of loan operations for the period November 1932 to December 1934, by months.

TABLE 17.—Loans disbursed, repaid, and balances outstanding, from the date of organization of the regional agricultural credit corporations, through December 1934, by months

Year and month	Disbursed	Repaid	Balance outstanding
1932:			
November 1.....	\$8,596,324	\$37,722	\$8,558,602
December.....	16,000,912	186,793	24,372,720
1933:			
January.....	18,654,401	601,198	42,420,013
February.....	20,504,081	895,091	62,035,002
March.....	22,651,647	1,277,710	83,408,033
April.....	25,212,817	2,087,655	106,539,987
May.....	24,154,803	2,963,934	127,730,855
June.....	22,946,201	5,261,269	146,413,997
July.....	16,981,463	8,072,243	154,320,739
August.....	12,461,520	8,387,863	168,394,375
September.....	10,110,671	13,305,189	155,199,856
October.....	12,509,073	20,813,842	136,895,037
November.....	15,132,194	19,469,380	142,557,921
December.....	21,797,208	19,719,147	144,635,982
1934:			
January.....	21,678,548	21,116,357	145,198,173
February.....	18,745,264	18,183,206	145,700,231
March.....	17,324,231	18,179,497	144,904,965
April.....	13,120,396	17,354,197	144,071,174
May.....	11,212,843	12,756,564	143,127,433
June.....	8,097,750	12,740,491	138,484,002
July.....	6,752,339	16,400,625	128,830,406
August.....	7,085,197	18,851,080	117,664,473
September.....	5,675,834	16,616,643	106,723,664
October.....	7,803,028	17,673,102	96,914,490
November.....	8,219,370	14,575,148	90,558,712
December.....	14,213,541	17,676,494	87,101,759
Total organization through Dec. 31, 1934 <sup>1</sup> .....	388,302,017	301,200,288	
Renewals:			
1933.....	21,421,440	21,421,584	
1934.....	82,084,141	82,402,981	
Total net disbursements, and repayments, organization through Dec. 31, 1934.....	284,796,430	197,375,693	

<sup>1</sup> Includes the relatively small amounts of disbursements and repayments made from date of organization in October to November 1 as well as those for November.

<sup>2</sup> The balance outstanding on this date does not reflect exactly the change for the month indicated by the monthly data on disbursements and repayments as shown, because adjustments were made by 1 corporation in the cumulative totals of disbursements and repayments and in the balance outstanding as of this date without indication of the months in which corresponding adjustments should be made in monthly data.

<sup>3</sup> The sum of the monthly data as shown does not agree with this cumulative total from organization through Dec. 31, 1934, because adjustments were made in the reported cumulative from time to time without indication of the specific months in which corresponding adjustments should be made in the monthly data.

<sup>4</sup> Including charge-offs of \$138 in 1933 and \$104,010 in 1934 and transfers to personal and real property account of \$214,830.

Annual Reports of Farm Credit Administration.

Livestock loans as well as all other loans reached a peak in August 1933 when the combined total of all outstanding loans was \$158,394,375. Livestock loans at that time represented slightly less than one-half of the total. During the period from date of organization to December 31, 1934, total loans disbursed, excluding renewals, amounted to \$284,796,430. Renewals during this period amounted to \$103,505,587.

Data indicating the types of loans made are available for the period from organization through November 30, 1933, a period covering over 75 percent of the original loans made. Table 18 shows the type and class of loans disbursed during that period.

TABLE 18.—Loans disbursed by regional agricultural credit corporations from date of organization through Nov. 30, 1933, by types and classes of loans

Type and class of loan	Amount disbursed	Percentage of total	Type and class of loan	Amount disbursed	Percentage of total
Livestock:	<i>Dollars</i>	<i>Percent</i>	Agricultural—Contd.	<i>Dollars</i>	<i>Percent</i>
Range.....	91,764,260	40.61	Warehousing and marketing.....	835,291	0.37
Purebred.....	16,486,037	7.30	Dairy.....	2,627,449	1.30
Pasture.....	2,253,064	1.00	Poultry.....	605,797	.27
Feed lot.....	12,123,056	5.37	Barnyard.....	65,423,964	28.95
Total.....	122,626,407	64.28	Total.....	103,280,211	45.72
Agricultural:			Grand total.....	225,915,618	100.00
Crop production.....	33,400,967	14.79			
Harvesting.....	95,744	.04			

First Annual Report of the Farm Credit Administration.

It will be seen that the chief security for the corporation loans was livestock. As the barnyard loans represented loans secured by both livestock and other personal property, the proportion of loans secured by livestock to total loans was probably in the neighborhood of 75 percent. The loans were heavily concentrated in the livestock States and represented advances of relatively large amounts. Of the total livestock loans, about 70 percent of the amount of loans authorized consisted of individual loans in excess of \$5,000, most of which were loans on range cattle. Table 19 shows the distribution of loans classified by types and sizes of loans.

TABLE 19.—Distribution of number and amount of loans authorized by regional agricultural credit corporations, from the date of organization through Nov. 30, 1933, by types and sizes of loans

ALL LOANS

Size of loan	Loan		Amount	
	Number	Percentage of total	Dollars	Percentage of total
Less than \$250.....	42,924	18.50	5,919,076.85	1.81
\$250 to \$500.....	48,592	21.28	17,541,823.21	5.31
\$500 to \$1,000.....	68,051	20.81	46,776,780.92	14.33
\$1,000 to \$2,500.....	45,230	21.12	69,599,746.71	21.32
\$2,500 to \$5,000.....	11,128	4.87	37,900,036.66	11.61
\$5,000 to \$10,000.....	5,137	2.25	35,510,704.39	10.87
\$10,000 to \$25,000.....	2,900	1.31	45,570,600.56	13.06
\$25,000 to \$100,000.....	1,215	.63	53,482,102.03	16.37
\$100,000 and over.....	74	.03	14,428,015.01	4.42
Total.....	228,329	100.00	320,408,683.74	100.00

LIVESTOCK LOANS

Less than \$250.....	2,725	5.79	469,190.24	0.20
\$250 to \$500.....	5,357	11.38	2,020,582.21	1.11
\$500 to \$1,000.....	10,483	22.27	7,454,307.09	4.07
\$1,000 to \$2,500.....	14,404	30.60	22,327,781.22	12.20
\$2,500 to \$5,000.....	6,431	13.66	23,146,487.07	12.65
\$5,000 to \$10,000.....	3,907	8.30	26,979,455.06	14.75
\$10,000 to \$25,000.....	2,586	5.49	40,084,891.58	21.91
\$25,000 to \$100,000.....	1,120	2.38	49,499,465.45	27.06
\$100,000 and over.....	62	.13	10,959,348.01	5.99
Total.....	47,075	100.00	182,950,528.83	100.00

AGRICULTURAL LOANS

Less than \$250.....	40,199	22.18	5,448,890.61	3.80
\$250 to \$500.....	43,235	23.85	15,312,241.00	10.07
\$500 to \$1,000.....	57,568	31.76	39,322,473.83	27.39
\$1,000 to \$2,500.....	33,816	18.60	47,271,968.49	32.93
\$2,500 to \$5,000.....	4,695	2.59	14,754,162.69	10.28
\$5,000 to \$10,000.....	1,230	.68	8,531,339.33	5.94
\$10,000 to \$25,000.....	404	.22	5,485,709.38	3.82
\$25,000 to \$100,000.....	95	.05	3,952,706.56	2.75
\$100,000 and over.....	12	.01	3,468,667.00	2.42
Total.....	181,254	100.00	143,548,154.91	100.00

First Annual Report of Farm Credit Administration.

Although the act authorized loans to be made for a period of 3 years, with renewals from time to time which might extend the time of repayment up to a maximum period of 5 years from the date upon which the loan was originally granted, the policy of the corporations usually was to limit loans to a maturity not exceeding 1 year. With loans secured by personal property it usually is not practicable to make loans for a maturity longer than 1 year because of the necessity of checking-up, at least annually, the progress of the borrower and the condition of the security.

Unlike seed loans, the act specified that the loans of these corporations were to be "fully and adequately secured." The policy of the corporations relative to security is briefly summarized by the Farm Credit Administration<sup>17</sup> as follows:

"All loans must be secured primarily by a first lien on livestock and other personal property including mortgages on growing crops. Inasmuch as growing crops are not considered as full and adequate security where the loan is required to finance substantially the entire cost of production, farm livestock and equipment are included in the mortgage as additional collateral on loans for crop-production purposes. Mortgages on real estate or other fixed assets are not regarded as primary security although they may be accepted as additional collateral to strengthen the loan."

As in the case of making seed loans in 1933, advances from the regional corporations for crop-production purposes were limited to the financing, for 10 leading crops, of acreage not in excess of 70 percent of the acreage of such crops planted by the borrowers during 1932, with allowances for certain minimum acreages per family. Loans to finance wheat production during the 1933-34 crop season were also limited to borrowers who had reduced their acreage planted to wheat to at least 85 percent of the average acreage during the preceding 4-year period. Plantings of 80 acres or less, however, were not restricted.

#### INTEREST RATES

Originally the rate of interest charged on loans obtained from the regional corporations was 7 percent a year, except in those States where a lower legal rate was required by statute. On January 1, 1933, the rate was reduced to 6½ percent a year, a rate which prevailed during the remainder of the period during which the corporations were making loans. In those States where the legal rate of interest was less than 6½ percent, certain charges were made for inspection and the rate reduced to 5½ percent a year. Where the 6½-percent rate was charged, borrowers were not required to pay the costs of inspection.

#### COST OF MAKING AND SERVICING LOANS

The cost of making and servicing regional agricultural credit corporation loans was considerably lower than in the case of seed loans. The administrative expenses from date of organization to December 31, 1934, were \$9,746,602,<sup>18</sup> equivalent to about 2½ percent of total loans disbursed. As the average amount of outstanding loans during this period was \$115,000,000, the ratio of administrative expenses to outstanding loans, on a per annum basis, would be roughly about 4 percent.

The lower ratio of administrative expenses, as compared with seed loans was due, in large part, to the larger size of loans. The average size of loan made by the regional agricultural credit corporations, based on loans made from organization through November 30, 1933, was \$1,430. This was more than 10 times the average size of seed loans. As a large part of the cost of handling each loan application and making inspection and servicing the loan, does not vary appreciably, irrespective of the size of the loan, the larger average sized loan results in lowering the ratio of administrative expenses per dollar of loans.

In relating administrative costs to outstanding loans, the ratio for regional credit corporations also makes a better showing because of the longer loan maturities. Whereas seed loans usually are outstanding for only a few months, loans based on livestock security, except feeder loans, usually run for a year or even longer. The average amount of loans outstanding during the year is thus higher in proportion to total loans than in the case of crop-production loans.

Although data to indicate the amount of interest collected on regional corporations' loans are lacking, it appears that such collections have been in excess of administrative costs. Although charge-offs for losses and transfers to personal

<sup>17</sup> [U. S.] FARM CREDIT ADMINISTRATION. First Annual Report. See p. 46 of reference cited in footnote. <sup>18</sup> Sec. 201 (c) of the act of July 21, 1932, requires the Reconstruction Finance Corporation to pay the operating expenses of the regional agricultural credit corporations. Such payments are carried on the consolidated statement of condition as "surplus paid in by the Reconstruction Finance Corporation."

and real property account, up to December 31, 1934, amounted to only \$104,148 and \$214,830, respectively, further losses on uncollected loans may possibly alter this favorable record. Should such losses be appreciably large, the excess of interest payments over administrative costs would be offset, leaving a net loss for the Federal Government on these loaning operations.

#### LIQUIDATION

With the establishment of the production credit associations in late 1933 and early 1934, the need for continuing the loaning operations of the regional agricultural credit corporations was eliminated. These associations, functioning as permanent agencies, are in a position to supply financing facilities of the type that was available through the regional corporations.

The corporations were placed in liquidation early in 1934, no new loans being made since April 30, 1934, except in those cases where loans were essential in the liquidation of the corporation's affairs. The amount of loans outstanding on April 30, 1934, was \$144,671,174, or only about \$14,000,000 less than the peak month of August 1933. By the end of 1934, outstanding loans had been reduced to \$87,101,759. The reduction in loans during this liquidation period is shown in table 20.

The above data indicate that about \$25,000,000 of loans were transferred to production credit associations. As these loans, in large part secured by livestock, represented advances that had been shifted from banks and other financial institutions to the regional corporations, the production credit associations have taken over an increasing proportion of the livestock financing formerly carried on by commercial banks.

TABLE 20.—*Reduction in volume of regional agricultural credit corporation loans, Apr. 30, 1934 to Dec. 31, 1934*

Item	Amount	Percentage of total
	Dollars	Percent
Refinanced by borrowers directly with production credit associations	10,526,687	13
Loans sold without recourse to production credit associations	14,209,200	18
Refinanced by borrowers through commercial banks	4,414,917	5
Sale of collateral by borrowers and other repayments	51,996,295	64
Total	81,207,108	100

Second Annual Report of the Farm Credit Administration.

The regional corporations are in liquidation but this program has been carried on in an orderly manner with the least possible hardship to borrowers. This has involved both the granting of renewals and the advancing of additional funds to borrowers. The policy followed in liquidation was stated in the second annual report of the Farm Credit Administration as follows:

"Although the regional agricultural credit corporations are in liquidation, it has been their policy to furnish additional credit to borrowers, whose accounts are already on the books, whenever such advances were justified and were not available from other sources at reasonable cost. Borrowers who are unable to refinance their indebtedness elsewhere on reasonable terms are being carried through renewal of their indebtedness whenever there is a reasonable chance of final liquidation. Such renewals amounted to \$45,024,557 during the period from May 1 through December 31, 1934."

The amount of additional advances made from May 1 to December 31, 1934, totaled \$23,796,195. The prevalence of extreme drought conditions over most of the western livestock area during this period was a substantial factor in expanding the amount of such additional advances.

#### LEGISLATIVE PROVISIONS

The legislation authorizing the establishment of the regional agricultural credit corporations was contained in section 201 of the act of July 21, 1932 (Public, No. 302, 72d Cong.). The pertinent provisions are as follows:

"(c) The Reconstruction Finance Corporation is further authorized to create in any of the twelve Federal land-bank districts where it may deem the same to be desirable a regional agricultural credit corporation with a paid-up capital of

not less than \$3,000,000, to be subscribed for by the Reconstruction Finance Corporation and paid for out of the unexpended balance of the amounts allocated and made available to the Secretary of Agriculture under section 2 of the Reconstruction Finance Corporation Act. Such corporations shall be managed by officers and agents to be appointed by the Reconstruction Finance Corporation under such rules and regulations as its board of directors may prescribe. Such corporations are hereby authorized and empowered to make loans or advances to farmers and stockmen, the proceeds of which are to be used for an agricultural purpose (including crop production), or for the raising, breeding, fattening, or marketing of livestock, to charge such rates of interest or discount thereon as in their judgment are fair and equitable, subject to the approval of the Reconstruction Finance Corporation, and to rediscount with the Reconstruction Finance Corporation and the various Federal reserve banks and Federal intermediate credit banks any paper that they acquire which is eligible for such purpose. *All expenses incurred in connection with the operation of such corporations shall be supervised and paid by the Reconstruction Finance Corporation under such rules and regulations as its board of directors may prescribe.*

"(f) All loans made under this section, and all contracts of the character described in paragraph (1) of subsection (a), shall be fully and adequately secured. The corporation, under such conditions as it shall prescribe, may take over or provide for the administration and liquidation of any collateral accepted by it as security for such loans. Such loans shall be made on such terms and conditions, not inconsistent with this Act, as the corporation may prescribe, and may be made directly upon promissory notes or by way of discount or rediscount of obligations tendered for the purpose, or otherwise in such form and in such amount and at such interest or discount rates as the corporation may approve: Provided, That no loans or advances (except loans under subsection c) shall be made upon foreign securities or foreign acceptances as collateral.

"(g) Each such loan may be made for a period not exceeding three years, and the corporation may, from time to time extend the time of payment of any such loan, through renewal, substitution of new obligations, or otherwise, but the time for such payment shall not be extended beyond five years from the date upon which such loan was made originally.

"(h) The corporation may make loans under this section at any time prior to January 23, 1934.

"(i) No fee or commission shall be paid by any applicant for a loan under the provisions of this section in connection with any such application or any loan made or to be made under this section, and the agreement to pay or payment of any such fee or commission shall be unlawful."

## OUTSTANDING LOANS

Table 21, showing the amount of loans, outstanding, by States, at four different dates, serves to indicate the relative importance of the regional corporation loan operations in various areas.

TABLE 21.—*Outstanding loans of regional agricultural credit corporations, in each State, on Nov. 30, 1933, Apr. 30, 1934, Dec. 31, 1934, and May 31, 1935*

District and State	Loans outstanding			
	Nov. 30, 1933	Apr. 30, 1934	Dec. 31, 1934	May 31, 1935
<b>No. 1:</b>				
Maine.....	\$1,547,697	\$43,071	\$9,350	\$7,704
New Hampshire.....	32,773	25,177	9,611	7,672
Vermont.....	157,455	153,729	62,942	46,484
Massachusetts.....	218,587	173,706	87,141	59,250
Rhode Island.....	12,450	10,314	3,733	2,935
Connecticut.....	93,125	52,043	10,849	9,392
New York.....	579,361	639,073	230,557	155,719
New Jersey.....	554,152	574,713	406,324	318,675
Total.....	3,195,509	1,652,726	821,537	607,831
<b>No. 2:</b>				
Pennsylvania.....	78,867	51,150	17,599	13,407
Delaware.....	10,595	9,735	1,973	706
Maryland.....	117,147	89,331	35,764	21,793
Virginia.....	285,862	184,551	43,382	28,333
West Virginia.....	263,640	141,826	54,992	32,539
Puerto Rico.....	21,607	21,146	14,256	6,497
Total.....	777,717	467,739	167,996	102,894

SEED-LOAN FINANCING, REHABILITATION, AND LAND USE 59

TABLE 21.—Outstanding loans of regional agricultural credit corporations, in each State, on Nov. 30, 1933, Apr. 30, 1934, Dec. 31, 1934, and May 31, 1935—Con.

District and State	Loans outstanding			
	Nov. 30, 1933	Apr. 30, 1934	Dec. 31, 1934	May 31, 1935
<b>No. 3:</b>				
North Carolina.....	\$163,550	\$47,949	\$25,071	\$20,180
South Carolina.....	75,766	40,060	10,273	14,852
Georgia.....	180,063	483,816	68,987	50,400
Florida.....	745,349	269,839	229,056	145,737
Total.....	1,164,728	1,141,665	337,987	231,174
<b>No. 4:</b>				
Ohio.....	502,214	370,425	85,990	31,841
Indiana.....	402,122	311,414	66,571	24,023
Kentucky.....	288,701	367,990	99,420	41,684
Tennessee.....	305,290	490,141	132,665	44,520
Total.....	1,648,326	1,500,970	384,646	142,068
<b>No. 5:</b>				
Alabama.....	315,955	367,758	50,249	30,694
Mississippi.....	229,719	253,910	32,408	15,453
Louisiana.....	756,508	512,731	239,967	47,840
Total.....	1,290,242	1,133,808	322,624	93,793
<b>No. 6:</b>				
Illinois.....	253,598	48,557	18,858	15,294
Missouri.....	354,780	149,274	18,560	9,094
Arkansas.....	426,937	101,991	52,080	39,747
Total.....	1,035,274	359,826	89,504	64,135
<b>No. 7:</b>				
Michigan.....	595,267	567,145	367,955	280,819
Wisconsin.....	4,240,337	4,139,641	2,630,852	1,940,510
Minnesota.....	13,438,244	11,454,275	7,973,072	5,974,878
North Dakota.....	16,012,594	15,893,636	11,913,231	11,423,427
Total.....	34,336,433	32,054,697	22,884,110	19,619,634
<b>No. 8:</b>				
Iowa.....	3,810,776	2,572,547	1,383,067	696,104
South Dakota.....	8,310,369	9,425,661	5,237,625	4,459,550
Nebraska.....	12,581,968	11,281,844	6,980,773	5,615,104
Wyoming.....	7,174,887	8,614,593	5,801,404	5,735,435
Total.....	31,878,030	31,894,645	19,402,874	16,506,193
<b>No. 9:</b>				
Kansas.....	4,910,460	4,030,107	2,342,315	1,638,253
Oklahoma.....	2,307,301	2,907,462	1,808,089	1,141,192
Colorado.....	7,591,629	8,414,153	4,967,042	4,593,864
New Mexico.....	3,853,150	5,255,921	3,968,693	3,738,363
Total.....	18,782,600	21,507,643	13,086,139	11,082,672
<b>No. 10: Texas.....</b>	<b>4,495,157</b>	<b>12,789,052</b>	<b>7,140,296</b>	<b>6,000,365</b>
<b>No. 11:</b>				
Arizona.....	\$60,216	\$11,006	225,047	177,504
Utah.....	3,453,466	3,729,585	2,091,131	1,910,530
Nevada.....	2,418,402	2,867,257	2,350,057	2,241,101
California.....	4,562,027	3,537,508	871,155	573,804
Total.....	11,324,112	10,937,346	5,543,390	4,902,939
<b>No. 12:</b>				
Montana.....	10,740,283	13,614,676	8,609,603	8,068,003
Idaho.....	7,539,479	8,682,120	5,472,278	6,007,545
Washington.....	4,200,036	2,483,724	618,790	540,706
Oregon.....	4,044,800	4,411,642	2,361,487	2,478,188
Total.....	26,624,607	29,192,002	17,222,156	17,144,441
<b>Grand total.....</b>	<b>142,557,921</b>	<b>144,671,174</b>	<b>87,101,759</b>	<b>70,507,735</b>

<sup>1</sup>Totals for States in this district do not agree exactly with figures for the corresponding corporations because some business crossed district lines in accordance with customary marketing areas.

The Farm Credit Administration.

**ORGANIZATION OF THE UNITED STATES DEPARTMENT OF AGRICULTURE  
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**END**