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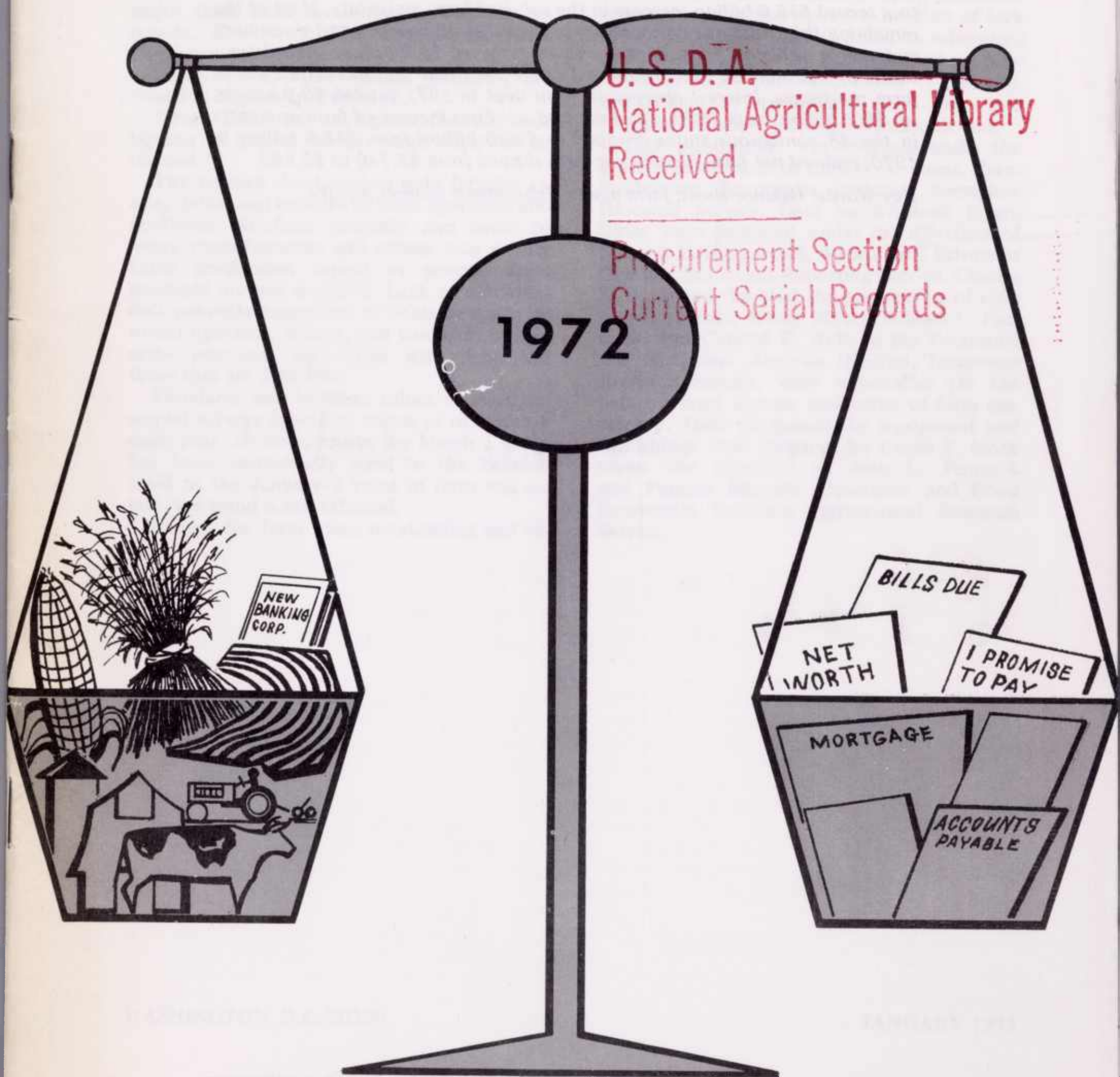
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THE BALANCE SHEET of the FARMING SECTOR



ECONOMIC RESEARCH SERVICE U.S. DEPARTMENT OF AGRICULTURE
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Abstract

The value of farm assets (excluding Alaska and Hawaii) amounted to \$339.2 billion on January 1, 1972. Debts totaled \$66.9 billion, leaving equity of \$272.3 billion. The debt-to-asset ratio increased slightly to 19.7 percent. Two-thirds of the \$24.3-billion increase in asset value during 1971 was due to a record \$15.6-billion increase in the value of farm real estate. Most of the remaining third was due to increases in the value of livestock and machinery and motor vehicles. Farm debt increased a record \$5.8 billion. About two-thirds of the increase was in non-real estate debt and the other third was in farm mortgages. Interest charges on farm debt in 1971 totaled \$3.9 billion, up \$0.2 billion from 1970. Total realized net farm income of farm operators in the 48 contiguous States dropped to \$16.0 billion from \$16.8 billion in 1970; realized net farm income per farm slipped from \$5,740 to \$5,560.

Key Words: Balance sheet, farm assets, debt, credit sources, equity.

Foreword

The Balance Sheet of the Farming Sector assembles into one financial statement the major farm asset inventory and liability accounts. This is the 28th issue in the series (formerly called *The Balance Sheet of Agriculture*). Comparable annual estimates are available beginning with 1940.

Note: Data are aggregates for the contiguous 48 States, except where otherwise indicated.

The balance sheet depicts only farming assets, debts, and equities of farm operators and landlords. Nonfarm property and debts of many manufacturers and others who supply farm production inputs or process farm products are not included. Lack of sufficient data prevents separation of debts or assets by owner-operator, tenant, and landlord, or separate estimates for farms with debt and those that are debt-free.

Farmland and building values result from annual surveys reporting values as of March 1 each year. However, since the March 1 value has been consistently used in the balance sheet as the January 1 value of farm real estate, the trend is not affected.

Except for farm loans outstanding and re-

ported by institutional lenders, items in the balance sheet are estimates. Some relatively minor items are not included because of lack of adequate data. Further detail on estimating procedures used in the balance sheet are published in *Major Statistical Series of the U.S. Department of Agriculture, How They Are Constructed and Used*, Agr. Handbook 365.

This publication was prepared under the general supervision of Carson D. Evans, Farm Production Economics Division, Economic Research Service. Data on livestock inventories were prepared under the direction of Emmett B. Hannawald, Agricultural Estimates Division, Statistical Reporting Service. Charles E. Burkhead directed the preparation of crop inventory data. Mardy Myers, William C. Paddock, and Clinton F. Wells of the Economic and Statistical Analysis Division, Economic Research Service, were responsible for the data on farm income and value of farm machinery. Data on household equipment and furnishings were prepared by Lucile F. Mork under the direction of Jean L. Pennock and Frances Magrabi, Consumer and Food Economics Institute, Agricultural Research Service.

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THE BALANCE SHEET OF THE FARMING SECTOR, 1972

By Carson D. Evans, Forest G. Warren, and Robert D. Reinsel

The 1972 Balance Sheet in General

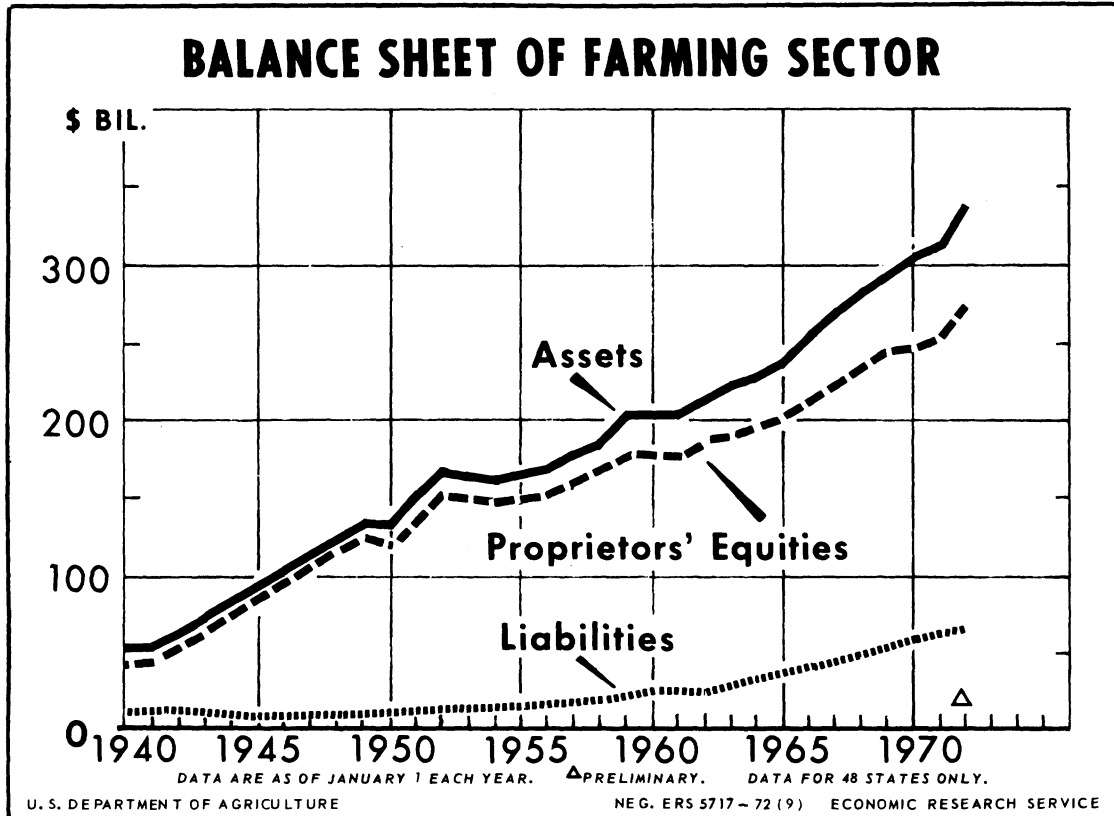


Figure 1

Farm assets were valued at \$339.2 billion at the beginning of 1972, compared with \$314.9 billion a year earlier (table 1 and fig. 1). The 7.7-percent rise was much steeper than the 3.0-percent rise during 1970.

Farm debt including Commodity Credit Corporation (CCC) loans rose \$5.8 billion during 1971 and totaled a record \$66.9 billion on January 1, 1972. Debt increased 9.4 percent, nearly twice as fast as in 1970.

Farm proprietors owned equity in their assets totaling \$272.3 billion at the start of 1972. Equity had gained \$18.5 billion in 1971, in sharp contrast to a relatively small increase of \$6.1 billion in 1970.

The structure of farm asset values has changed relatively little since 1940. Except for a few years,

real estate has accounted for about two-thirds of total value of farm assets (table 2). The value of machinery and motor vehicles has gradually risen as a proportion of total asset value while the share of household equipment and furnishings has declined. Livestock and poultry value and total financial assets have each tended to occupy 8-10 percent of total assets.

Except during and immediately following World War II, farm real estate and non-real estate debt have shared total debt excluding CCC loans about equally.

BALANCE SHEET COMPONENTS

Farm real estate value rose a record \$15.6 billion during 1971 to total \$228.6 billion at the beginning of 1972. This gain of 7.3 percent was the sharpest

Table 1—Balance sheet of farming sector, January 1, selected years, 1940-72¹
(48 States)

Item	1940	1950	1960 ²	1965 ²	1971 ²	1972 ³	Change	
							1971 to 1972	1971 to 1972 ⁴
ASSETS	-----Billion dollars-----						Percent	
Physical assets:								
Real estate	33.6	75.3	130.2	160.9	213.0	228.6	15.6	7.3
Non-real estate:								
Livestock and poultry	5.1	12.9	15.2	14.4	23.7	27.3	3.6	15.5
Machinery and motor vehicles	3.1	12.2	22.7	24.7	33.8	36.4	2.6	7.5
Crops stored on and off farms ⁵	2.7	7.6	7.7	9.2	10.7	11.8	1.1	10.7
Household equipment and furnishings	4.2	8.6	9.6	8.6	10.1	10.3	.2	1.1
Financial assets:								
Deposits and currency	3.2	9.1	9.2	9.6	12.4	13.1	.7	5.6
U.S. savings bonds .....	.2	4.7	4.7	4.2	3.6	3.7	.1	2.3
Investments in cooperatives .....	.8	2.1	4.2	5.6	7.6	8.0	.4	5.6
Total	52.9	132.5	203.5	237.2	314.9	339.2	24.3	7.7
CLAIMS								
Liabilities:								
Real estate debt	6.6	5.6	12.1	18.9	29.5	31.3	1.8	6.3
Non-real estate debt:								
Excluding CCC loans	3.0	5.1	11.6	17.2	29.7	33.3	3.6	11.9
CCC loans ⁶ .....	.4	1.7	1.1	1.5	1.9	2.3	.4	20.6
Total liabilities	10.0	12.4	24.8	37.6	61.1	66.9	5.8	9.4
Proprietors' equities	42.9	120.1	178.7	199.6	253.8	272.3	18.5	7.3
Total	52.9	132.5	203.5	237.2	314.9	339.2	24.3	7.7
	Percent							
Debt to asset ratio ⁴	18.9	9.4	12.2	15.8	19.4	19.7	--	--

¹ For other years after 1940, see table 27.

² Revised.

³ Preliminary.

⁴ Computed from unrounded data.

⁵ All crops held on farms including crops under loan to CCC, and crops held off farms as security for CCC loans. On Jan. 1, 1972, the latter totaled \$881 million.

⁶ Nonrecourse CCC loans secured by crops owned by farmers. These crops are included as assets in this balance sheet.

since 1958. The average value per acre of all farmland rose \$16, reaching \$217. The 1970 rise was \$6 per acre.

Livestock and poultry on farms rose 15 percent from a year earlier to a record value of \$27.3 billion on January 1, 1972, mostly due to higher value per head for cattle, calves and hogs, rather than from larger numbers. Cattle and calves, the only livestock class to show an increase in numbers, were up 3

percent. The higher average value per hog of \$28.47 failed to match the unusually high \$39.00 of 2 years earlier.

Farm machinery and motor vehicles on farms value at \$36.4 billion gained 7.5 percent over January 1971. Value gained 9 percent in the prior year. All classes gained in value, but most of the rise during 1971 was accounted for by machinery items other than automobiles, trucks, or tractors.

Table 2—Balance sheet components as shares of total assets and liabilities, selected years, 1940-72
(48 States)

Item	1940	1950	1960	1965	1971	1972 ¹
ASSETS	Percent					
Physical assets:						
Real estate	63.5	56.9	64.0	67.9	67.6	67.4
Non-real estate:						
Livestock and poultry	9.7	9.7	7.5	6.1	7.5	8.1
Machinery and motor vehicles	5.9	9.2	11.1	10.4	10.8	10.7
Crops stored on and off farms ²	5.1	5.7	3.8	3.9	3.4	3.5
Household equipment and furnishings	7.9	6.5	4.7	3.6	3.2	3.0
Financial assets:						
Deposits and currency	6.0	6.9	4.5	4.0	3.9	3.8
U.S. savings bonds .....	.3	3.6	2.3	1.8	1.1	1.1
Investments in cooperatives	1.5	1.5	2.1	2.3	2.5	2.4
Total	100.0	100.0	100.0	100.0	100.0	100.0
LIABILITIES						
Real estate debt	66.0	45.2	48.8	50.3	48.3	46.8
Non-real estate debt:						
Excluding CCC loans	30.0	41.1	46.8	45.7	48.6	49.8
CCC loans ³	4.0	13.7	4.4	4.0	3.1	3.4
Total	100.0	100.0	100.0	100.0	100.0	100.0

¹ Preliminary.

² All crops held on farms including crops under loan to CCC, and crops held off farms as security for CCC loans.

³ Nonrecourse CCC loans secured by crops owned by farmers. These crops are included as assets in balance sheet.

The value of farmer-owned crop inventories in January surpassed the \$10.7 billion a year earlier by 11 percent. Corn and wheat, the most important stored crops, increased in value as larger quantities more than offset lower prices. Farmers also held more soybeans at higher prices. About 50 percent more cotton was in farmers' hands January 1 than a year earlier and the price was up from 21 cents to 29 cents per pound.

Financial assets of farmers totaled \$24.8 billion at the beginning of 1972 compared with \$23.6 billion a year earlier. Two-thirds of the increase was in liquid assets and the remainder in net worth of farmer cooperatives. Farmers' time deposits in banks rose \$0.6 billion during 1971 while currency and U.S. savings bonds owned by farmers each rose \$0.1 billion.

Household equipment and furnishings value on farms January 1, 1972, rose to \$10.3 billion, and the average per farm to \$3,630.

Farm debt outstanding January 1, 1972, of \$66.9 billion was \$5.8 billion above a year earlier, a record

dollar increase for one year. The rise in outstanding non-real estate loans excluding CCC loans was double the rise of farm mortgage loans.

Farm real estate debt outstanding at the beginning of 1972 was \$31.3 billion. The 6.2-percent increase over a year earlier was the sharpest since 1968. Lower interest rates and the larger supply of long-term loan funds were probably the most important reasons for the more rapid rise. Relaxation of the general credit situation in the second half of 1970 began to be felt in the farm mortgage market late in the year and affected it throughout 1971. Interest rates on new farm mortgage loans fell by as much as 0.5 to 1.0 percentage point during 1971.

Non-real estate farm debt excluding CCC loans outstanding January 1, 1972, posted a record \$3.6 billion rise from a year earlier and increased twice as much as real estate debt. Adding \$2.3 billion in CCC loans brought total non-real estate debt to \$35.6 billion, another record. Institutional lenders held about 60 percent of total non-real estate farm loans excluding CCC loans. CCC loans increased by one-fifth over a year earlier.

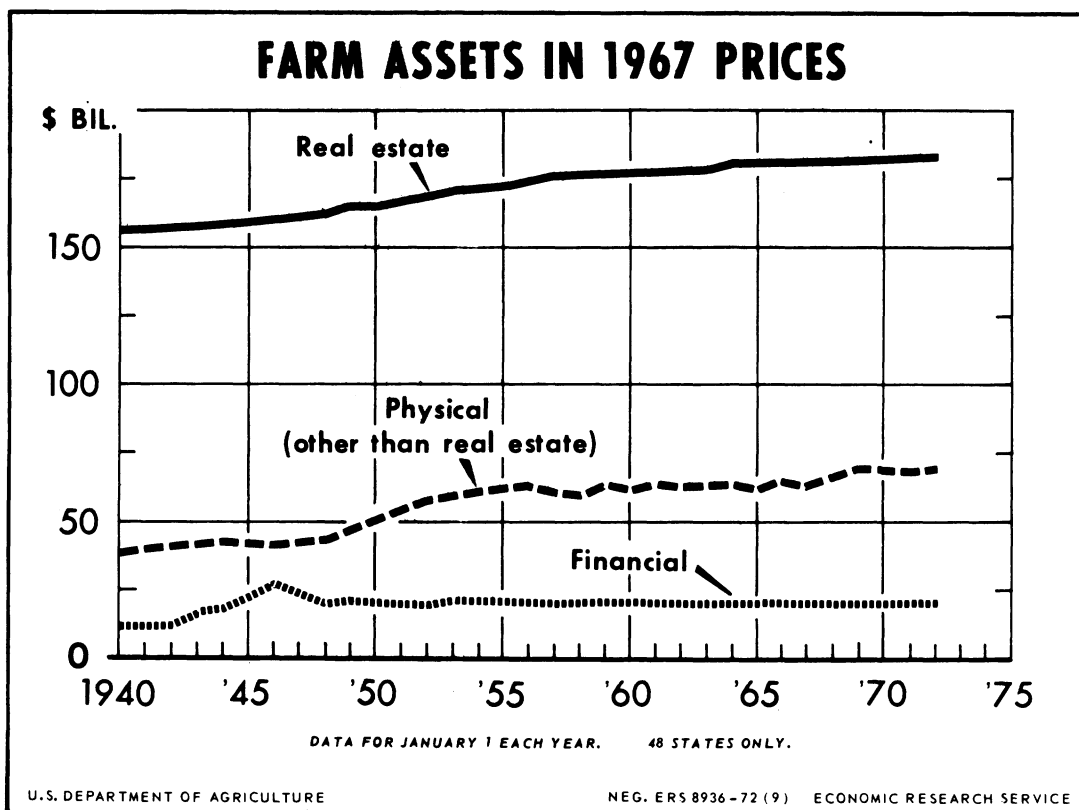


Figure 2

Equity that farm proprietors owned in their farm assets made record gains, reaching \$272.3 billion at the end of 1971. The \$18.5-billion gain was due mostly to the rising farm real estate values.

The ratio of equity to assets on January 1, 1972, was 80.3 percent, slightly lower than a year earlier. Despite the rapid increase in asset value, farm debt increased at a faster rate.

Farm assets valued in constant 1967 prices rose an estimated \$2.5 billion during 1971 to \$274.5 billion (table 3 and fig. 2). Thus a tenth of the \$24.3 billion

increase in current dollar asset value in 1971 represented real gain measured in 1967 prices, and the remaining nine-tenths resulted from higher prices (table 4). The distribution between current and constant dollar gain has changed little over the 5 years since 1967.

The bulk of the real gain since 1967 has been in physical assets other than real estate. Because of the declining purchasing power of the dollar, financial assets dropped a little in 1967-72.

Table 3—Value of farm assets in 1967 prices, January 1, 1940-72
(48 States)

Item	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953
ASSETS	Billion dollars													
Physical assets:														
Real estate	156.7	157.4	158.2	158.9	159.6	160.3	159.9	161.5	163.1	165.1	166.8	168.4	169.7	171.3
Non-real estate:														
Livestock ¹	14.9	15.2	16.1	17.4	18.2	17.2	16.6	16.0	15.3	15.1	15.3	16.0	16.8	17.3
Machinery and motor vehicles	9.1	9.4	10.7	10.2	9.4	9.5	10.1	11.0	13.4	16.6	19.7	22.2	24.2	24.8
Crops stored on and off farms ²	6.4	7.2	7.0	8.1	7.7	8.2	7.5	7.5	6.4	8.5	8.3	7.8	7.5	7.9
Household equipment and furnishings	8.4	8.5	8.6	8.0	7.6	7.5	7.6	8.2	8.5	9.0	9.1	9.4	9.6	9.3
Financial assets:														
Deposits and currency	9.0	9.4	10.0	11.5	12.6	14.4	16.5	15.4	12.9	12.8	12.4	11.4	11.2	11.5
U.S. savings bonds .....	.7	.9	1.2	2.4	4.2	6.1	7.3	6.4	5.7	6.1	6.5	5.9	5.6	5.7
Investments in cooperatives	2.3	2.4	2.2	2.2	2.1	2.7	2.4	2.3	2.2	2.5	2.8	2.8	2.9	3.3
Total	207.5	210.4	214.0	218.7	221.4	225.9	227.9	228.3	227.5	235.7	240.9	243.9	247.5	251.1

Item	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967
Physical assets:	Billion dollars													
Real estate	172.8	173.9	174.9	175.8	176.5	177.1	177.7	178.4	179.0	179.7	180.4	181.0	181.5	181.8
Non-real estate:														
Livestock ¹	17.3	17.5	17.5	16.9	16.6	17.2	17.7	17.4	17.8	18.5	18.9	18.7	18.8	18.9
Machinery and motor vehicles	26.2	26.5	26.7	26.1	25.6	25.7	26.3	27.6	25.4	25.3	25.5	25.8	26.4	27.3
Crops stored on and off farms ²	8.8	9.1	9.0	8.7	9.6	11.1	9.7	10.3	10.7	10.9	11.1	9.5	10.9	10.0
Household equipment and furnishings	9.3	9.7	10.1	9.7	9.6	9.5	9.2	8.8	9.1	9.0	9.0	8.7	9.3	8.4
Financial assets:														
Deposits and currency	11.6	11.6	11.9	11.3	11.2	11.5	10.4	9.9	9.9	10.0	10.0	10.3	10.4	10.3
U.S. savings bonds	5.8	6.1	6.5	6.1	6.0	6.0	5.3	5.3	5.0	4.9	4.6	4.5	4.2	3.9
Investments in cooperatives	3.5	3.7	4.0	4.2	4.3	4.5	4.8	5.1	5.4	5.5	5.8	6.0	6.1	6.2
Total	255.3	258.1	260.6	258.8	259.4	262.6	261.1	262.8	262.3	263.8	265.3	264.5	267.6	266.8

Item	1968	1969	1970	1971	1972									
Physical assets:	Billion dollars													
Real estate	182.4	182.6	182.8	183.1	183.5									
Non-real estate:														
Livestock ¹	19.0	19.2	19.6	20.2	20.5									
Machinery and motor vehicles	28.2	28.3	28.2	28.4	28.4									
Crops stored on and off farms ²	11.4	12.7	12.8	11.1	13.0									
Household equipment and furnishings	8.8	8.9	8.7	8.9	8.8									
Financial assets:														
Deposits and currency	10.8	10.8	10.6	10.6	10.7									
U.S. savings bonds	3.7	3.5	3.3	3.2	3.0									
Investments in cooperatives	6.4	6.5	6.4	6.5	6.6									
Total	270.7	272.5	272.4	272.0	274.5									

¹ Beginning with 1961, horses and mules are excluded.

² Includes all crops held on farms and crops held off farms by farmers as security for CCC loans.

Table 4—Value of farm assets in current and constant 1967 prices and changes due to higher prices, January 1, 1967, 1971, and 1972
(48 States)

Item	1967	1971	1972	Change		Percentage distribution of change ¹	
				1967 to 1972	1971 to 1972	1967 to 1972	1971 to 1972
	----- Billion dollars -----			----- Percent -----			
Real estate:							
Value in current prices	181.8	213.0	228.6	46.8	15.6	100.0	100.0
Value in 1967 prices	181.8	183.1	183.5	1.7	.4	3.6	2.6
Increase due to higher prices	0	29.9	45.1	45.1	15.2	96.4	97.4
Physical assets other than real estate:							
Value in current prices	64.6	78.3	85.8	21.2	7.5	100.0	100.0
Value in 1967 prices	64.6	68.6	70.7	6.1	2.1	29.5	29.0
Increase due to higher prices	0	9.7	15.1	15.1	5.4	70.5	71.0
Financial assets:							
Value in current prices	20.4	23.6	24.8	4.4	1.2	100.0	100.0
Value in 1967 prices	20.4	20.3	20.3	-.1	0	0	0
Increase due to higher prices	0	3.3	4.5	4.5	1.2	100.0	100.0
Total:							
Value in current prices	266.8	314.9	339.2	72.4	24.3	100.0	100.0
Value in 1967 prices	266.8	272.0	274.5	7.7	2.5	10.8	10.5
Increase due to higher prices	0	42.9	64.7	64.7	21.8	89.2	89.5

¹ Computed from unrounded data.

The Balance Sheet in Detail

ASSETS

Farm Real Estate

The total value of farm real estate increased \$15.6 billion, reaching \$228.6 billion as of March 1, 1972. The sharp increase resulted from an 8-percent increase in the average value of farm real estate per acre (fig. 3) and only a slight decline in acres of land in farms. Value per acre jumped \$16 and reached \$217 as of March 1. Nationally, the value of real estate in a farm operating unit including dwellings and rented land averaged \$86,500.

Activity in farm real estate markets surged as increased credit availability and lower interest rates stimulated demand for land while the supply of land on the market remained fairly constant. Consequently, prices rose.

For the year ended March 1, the number of farm transfers reached 127,000—up 15,000 from a year earlier. About 27.2 million acres of land valued at \$6.8 billion changed ownership. Around half of all

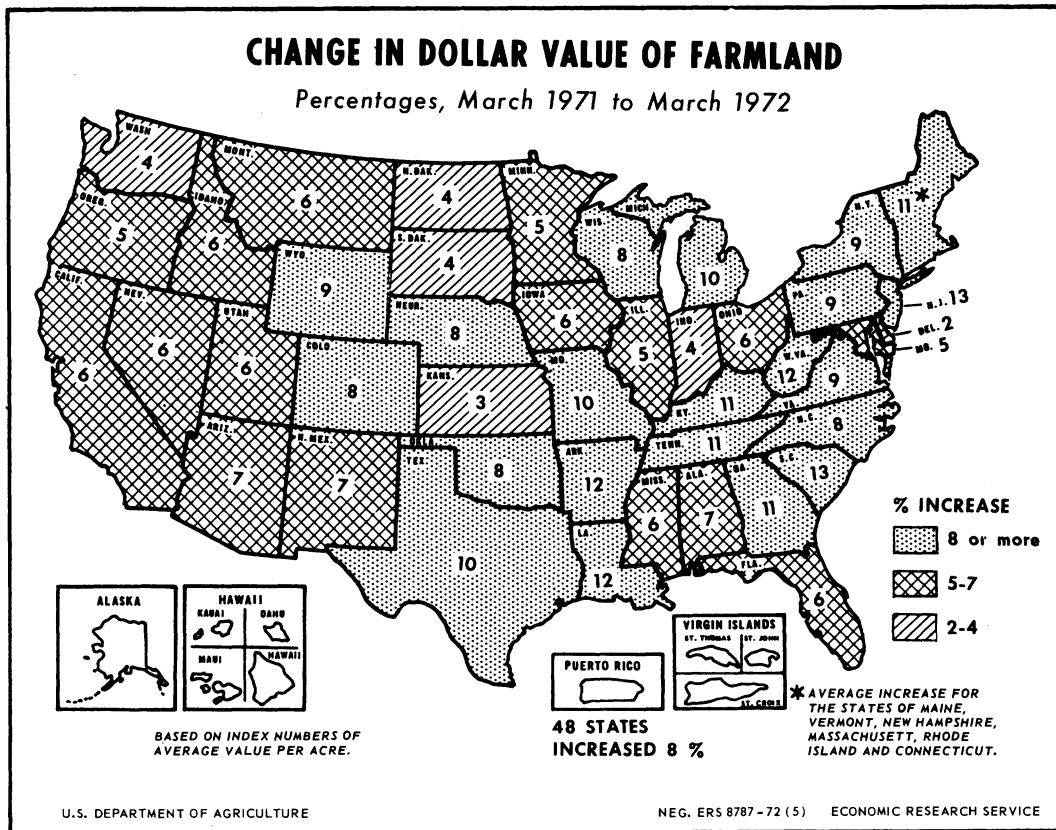


Figure 3

purchases were for farm enlargement. Another 30 percent were for use as complete farms, and the remaining 14 percent were for use as part-time farms. There has been no discernible trend over the last 5 years in the proportion of transfers of farmland as to intended method of operation (table 5).

Table 5—Percentage of farm real estate transfers by intended method of operation of transferred farm land tracts, 1968-72

<i>Year ended March 1</i>	<i>Complete unit</i>	<i>Add-on unit</i>	<i>Part-time farm</i>	<i>Total</i>
<i>Percent</i>				
1968	28	57	15	100
1969	27	60	13	100
1970	25	61	14	100
1971	26	59	15	100
1972	30	56	14	100
1973				
1974				
1975				

In recent years, increasing attention has been given to the role of large corporations in farm real estate markets. However, sole proprietors (individuals) continue to dominate both the purchases and sales of farm property. For the year ended March 1, 1972, individuals purchased and sold 86 percent of the tracts, 72 percent of the acres, and 74 percent of the value of property transferred. Partnerships acquired 8 percent of the tracts, 17 percent of the acres, and 15 percent of the value. Corporations of all types bought or sold only 6 percent of the tracts and about 10 percent of the acres and value. Corporations whose stocks are publicly held and traded bought and sold about 1 percent of the tracts, acres, and value transferred. Miscellaneous buyers and sellers accounted for the remaining transfers. The distribution of real estate transfers and holdings among different types of holders during 1971 was practically the same as in other recent years.

Increasingly, nonfarm factors affect the value of farm real estate assets. Data from the March 1972 survey showed that approximately one-fifth of all tracts (one-tenth of the acres) purchased for farming during the preceding year were expected to shift out of farm use within 5 years. Tracts that were expected to remain in agriculture longer than 5 years averaged \$235 per acre; those that were expected to move to nonfarm use averaged \$342 per acre. Although this is a rough approximation of the market impact of nonfarm factors, it is fairly clear that the market value of some farm real estate contains a substantial nonfarm influence.

Livestock and Poultry

The value of livestock and poultry on farms at the beginning of 1972 reached a record \$27.3 billion, increasing 15 percent over a year earlier (table 6). Practically all the gain was in value of cattle and calves. The number of cattle and calves, the only livestock class which expanded over 1971, increased 3 percent. However, sharply higher prices pushed value per head up 13 percent and total value exceeded \$24 billion, a gain of over 16 percent.

The value of hogs and pigs was up 14 percent to \$1.8 billion, but was still well below the \$2.2 billion reached in 1970. U.S. hog prices averaged \$19.70 per 100 pounds at the end of 1971, 30 percent above a year earlier, more than offsetting a 7-percent drop in numbers.

Sheep numbers and value continued their gradual declines. A 6-percent drop in numbers and lower prices eased the value of all sheep on farms 9 percent below 1971 to \$0.4 billion.

The values of chickens excluding broilers and of turkey breeder hens on farms remained about stable as small price rises offset slight drops in numbers.

Motor Vehicles and Machinery on Farms

The value of motor vehicles and machinery on farms increased 8 percent to \$36.4 billion during 1971 (table 7), following a 6-percent gain the year before. Over 1967-72, value rose 34 percent.

All classes of machinery and motor vehicles increased in value in 1971. Trucks and machinery other than tractors showed the largest percentage gains. However, numbers of trucks and various types of machinery declined (table 8). Fewer pieces of machinery and higher values over the past decade accompanied the shift to fewer farms and larger machines. For example, total horsepower of tractors on farms rose from 153 million in 1960 to 176 million in 1965 and to 208 million in 1972, although tractor numbers decreased by 5 percent over the same period. Value per tractor also increased. In 1960, tractors on farms averaged \$1,155 each; in 1972, the average value was \$1,933.

Farmers boosted purchases of motor vehicles and machinery in 1971 by nearly 7 percent, down from 1970's increase of 9 percent. The expenditure of \$5.4 billion in 1971 was split fairly evenly between motor vehicles including tractors and other machinery and equipment. Tractors absorbed \$1.1 billion of motor vehicle outlays, trucks \$0.8 billion, and automobiles \$0.7 billion.

Table 6—Livestock and poultry on farms: Number, value per head, and total value, January 1, 1970-72
(48 States)

	1970 ¹			1971 ¹			1972		
	Number	Value per head	Total value	Number	Value per head	Total value	Number	Value per head	Total value
	1,000 head	Dollars	Million dollars	1,000 head	Dollars	Million dollars	1,000 head	Dollars	Million dollars
Cattle and calves	112,048	180.00	20,127	114,212	185.00	21,083	117,662	209.00	24,569
Hogs ²	56,597	39.00	2,206	67,390	23.34	1,573	62,908	28.47	1,791
All sheep	20,261	24.70	506	19,574	23.50	463	18,463	22.90	423
Chickens ³	432,320	1.35	581	440,041	1.21	532	434,019	1.23	532
Turkeys ⁴	3,331	5.97	20	3,405	5.94	20	3,375	6.21	21
Total .....	...	...	23,440	...	...	23,671	...	...	27,336

¹ Revised.

² Beginning with 1970, estimates of hogs and pigs on farms January 1 were discontinued. Hogs and pigs data relate to December 1 of the preceding year.

³ Excludes commercial broilers.

⁴ All turkey breeder hens on farms December 1 of the preceding year. Estimates of total turkeys were discontinued in 1971.

Source: Statistical Reporting Service.

Table 7—Value of motor vehicles and specified machines on farms, January 1, specified years,
1940-1972¹
(48 States)

Year	Automobiles	Motortrucks	Tractors	Other farm machinery	Total
<i>Million dollars</i>					
1940	958	262	503	1,337	3,060
1945	1,144	590	1,557	3,183	6,474
1950	2,313	1,446	2,905	5,502	12,166
1955	4,310	1,898	4,270	8,197	18,675
1960	4,763	2,487	5,414	10,045	22,709
1961	4,199	2,600	5,225	10,125	22,176
1962	4,292	2,725	5,203	10,262	22,482
1963	4,680	2,927	5,406	10,391	23,404
1964	4,667	2,902	5,612	10,671	23,852
1965	4,605	3,069	5,864	11,160	24,698
1966	4,576	3,043	6,323	11,870	25,812
1967	4,244	3,063	7,054	12,875	27,236
1968	4,292	3,266	7,586	14,340	29,484
1969	4,225	3,504	8,006	15,203	30,938
1970	4,310	3,570	8,046	15,903	31,829
1971	4,663	4,065	8,126	17,005	33,859
1972 ²	4,925	4,437	8,638	18,400	36,400
1973					
1974					
1975					
<i>Percent</i>					
Percentage change:					
1967-72	16	45	22	43	34
1971-72	6	9	6	8	8

¹ Data for 1967-71 revised.

² Preliminary.

Table 8—Motor vehicles and specified machines on U.S. farms, January 1, selected years, 1940-72
(48 States)

<i>Year</i>	<i>Motor-trucks</i>	<i>Tractors¹</i>	<i>Grain combines</i>	<i>Cornpickers and picker shellers</i>	<i>Pickup balers</i>	<i>Field forage harvesters</i>
<i>Thousands</i>						
1940	² 1,047	² 1,567	190	110	—	—
1945	² 1,490	² 2,354	² 375	168	42	20
1950	² 2,207	² 3,394	² 714	² 456	² 196	81
1955 ²	2,675	4,345	980	688	448	202
1960 ³	² 2,834	² 4,688	1,042	792	680	290
1965 ³	² 3,030	² 4,787	910	690	751	316
1966 ³	3,017	4,783	888	686	752	316
1967 ³	3,009	4,786	867	680	748	319
1968 ³	3,016	4,766	847	673	739	321
1969 ³	3,004	4,712	820	657	726	314
1970 ³	² 2,984	² 4,619	790	² 635	² 711	304
1971 ³	2,968	4,562	760	613	692	300
1972 ⁴	2,943	4,469	725	593	670	298
1973						
1974						
1975						
<i>Percent</i>						
Change						
1967-72	-2	-7	-16	-13	-10	-7
1971-72	-1	-2	-5	-3	-3	-1

¹ Excludes garden tractors.

² Census of Agriculture. Census dates: January 1, 1945; April 1, 1940 and 1950; November 1954, 1959, 1964, and 1969.

³ Revised.

⁴ Preliminary.

Purchases increased most rapidly in the last quarter of 1971. Lower interest rates, stabilized machinery prices, expectations of reinstatement of the 7-percent Federal income tax investment credit, large harvests in many areas, and optimism over future farm income all played a part in the increased purchases.

Crop Inventories Owned by Farmers

Inventories of farmer-owned crops were valued at \$11.8 billion on January 1, 1972 (table 9), exceeding the previous 1970 record by 8 percent and the January 1971 figure by 11 percent.

Crops stored both on and off farms figured in the 1972 increase. Off-farm storage under CCC loans showed the largest percentage increase. In 1971 and 1972, farmer-owned crops stored off-farm under CCC loan equaled about 8 percent of value of crops stored on farms. All the major storable crops shared in the increase in inventory value over 1971. With the exception of wheat, all major crops also exceeded the record 1970 inventory value.

Historically, corn has the largest inventory value and hay and forage pushes a close second. Wheat and feed grains other than corn usually are about equal in value.

Larger quantities and higher prices both figured in the increase in total crop value. Larger stocks of corn and wheat in 1972 more than offset the lower prices. Farmers held slightly more soybeans than the year before even though prices were higher. Farmers may have been holding soybeans expecting an even higher price before the next harvest. Soybean value for January 1, 1972, increased over the previous two years but did not match the record \$1.4 billion in storage at the beginning of 1969. Cotton value for 1972 was nearly double that of 1971 and the highest value since the \$0.7 billion held in 1966. Stocks of cotton still in hands of farmers were over 50 percent greater than on January 1, 1971, and the price averaged 29 cents per pound in December 1971, compared with 21 cents per pound in December 1970. Stocks and prices of potatoes, the main storable vegetable, were lower than in 1971. Year-end prices received by farmers for some of the major storable crops are shown below.

Crop	U.S. average price on December 15		
	1969	1970	1971
	Dollars		
Wheat, bu.	1.30	1.41	1.34
Oats, bu. ....	.58	.65	.62
Soybeans, bu.	2.30	2.77	2.93
Hay, ton	24.00	25.00	26.10
Cotton (American upland), lb.	.20	.21	.29
Corn, bu.	1.09	1.36	1.08
Potatoes, cwt.	2.01	1.94	1.80

Other Assets

The balance sheet also includes estimates of financial assets and the value of household equipment and furnishings.

Estimates of financial assets included in the balance sheet may be divided into liquid financial assets and net worth of farmer cooperatives. Farmers' liquid financial assets represented by bank demand and time deposits, currency, and U.S. savings bonds reached a record \$16.8 billion on January 1, 1972 (table 10). The gain of \$0.8 billion from a year earlier was the largest since 1946, and was nearly all due to a 9.5-percent gain in bank time deposits. Ownership of currency and U.S. savings bonds edged up slightly.

Data are not available for estimating of other forms of farmers' savings, such as shares in savings and loan associations, cash value of life insurance policies, and corporate stocks owned.

It is difficult to explain the relatively large increase in farmers' time deposits. Perhaps farmers followed the trends of the total population to an increased rate of savings and a shift of savings from other

Table 9—Value of U.S. crop inventories, January 1, selected years, 1945-72¹
(48 States)

Crop	1945	1950	1955	1960	1965	1969	1970	1971	1972 ²
	Million dollars								
Corn	2,191	2,736	2,889	2,884	3,168	3,564	3,612	3,696	3,927
Other feed grains ³	711	740	1,082	838	776	896	885	916	1,077
Total feed grains .	2,902	3,476	3,971	3,722	3,944	4,460	4,497	4,612	5,004
Wheat	729	1,063	1,218	911	635	1,089	1,352	1,088	1,136
Other food grains ⁴	25	23	71	55	67	145	134	129	176
Total food grains .	754	1,086	1,289	966	702	1,234	1,486	1,217	1,312
Soybeans	87	137	419	419	535	1,439	1,158	1,220	1,365
Other oil crops ⁵ ..	84	134	100	51	110	65	70	59	60
Total oil crops ...	171	271	519	470	645	1,504	1,228	1,279	1,425
Hay and forage ⁶ .	1,805	1,758	2,101	2,062	2,455	2,721	2,862	2,845	3,151
Cotton	565	537	1,379	167	906	215	368	251	459
Vegetables ⁷	157	191	133	194	358	266	283	296	275
Tobacco	270	186	180	103	145	150	146	139	176
Miscellaneous ⁸ ...	58	85	74	52	49	60	50	57	43
Total all crops ...	6,682	7,590	9,646	7,736	9,204	10,610	10,920	10,696	11,845

¹ All crops stored on farms including crops under loan to the CCC, and farmer-owned crops in off-farm storage under CCC loan.

² Preliminary.

³ Barley, grain sorghum, and oats.

⁴ 1945-60, buckwheat, rye, and rice; 1965-72, rye and rice.

⁵ Cottonseed, flaxseed, and peanuts.

⁶ All hay, corn silage, corn forage, sorghum silage, and sorghum forage.

⁷ Cabbage, onions, and potatoes.

⁸ Broomcorn, dry edible beans, dry field peas, tung oil (prior to 1971), and seeds for hay and pasture crops.

Table 10—Selected financial assets owned by U.S. farmers, January 1, selected years, 1940-72.
(48 States)

Year	Liquid financial assets					Net worth of selected farmer cooperatives	Total financial assets
	Currency	Demand deposits ¹	Time deposits	U.S. savings bonds	Total		
	Billion dollars						
1940	0.7	1.3	1.2	0.2	3.4	0.8	4.2
1945	2.6	3.6	1.7	3.4	11.3	1.2	12.5
1950	2.5	4.5	2.1	4.7	13.8	2.1	15.9
1955	2.2	4.7	2.5	5.0	14.4	3.1	17.5
1960	1.9	4.3	2.9	4.7	13.8	4.2	18.0
1965	1.9	4.0	3.7	4.2	13.8	5.6	19.4
1966	1.9	4.1	4.0	4.0	14.0	5.9	19.9
1967	1.9	4.1	4.3	3.9	14.2	6.2	20.4
1968	1.9	4.2	4.8	3.8	14.7	6.5	21.2
1969	2.0	4.3	5.2	3.7	15.2	6.8	22.0
1970	2.0	4.4	5.5	3.7	15.6	7.2	22.8
1971	2.0	4.5	5.9	3.6	16.0	7.6	23.6
1972 ²	2.1	4.5	6.5	3.7	16.8	8.0	24.8
1973							
1974							
1975							

¹ Figures for 1940 and 1965-72, estimated by USDA. Demand deposits for other years are estimates of the Board of Governors of the Federal Reserve System.

² Preliminary.

investments into bank time deposits as interest rates paid by banks became more attractive.

The net worth of farmer cooperatives increased by \$0.4 billion at the beginning of 1972. The 5.6-percent gain was slightly less than in 1970 but more than in other years since 1963.

The value of household equipment and furnishings on farms totaled \$10.3 billion at the beginning of 1972, a gain of \$0.2 billion over a year earlier (table 11). The value per farm continued the rising trend of the last decade and reached \$3,630.

CLAIMS

To balance the value of agricultural assets there are two general kinds of claims: liabilities, made up of non-real estate debt and real estate debt, and equities, which represent the value of the residual rights in farm assets belonging to proprietors—owner-operators, tenants and landlords. Proprietors are mainly individuals, but also include corporations and agencies of Federal, State, and local governments.

Total Farm Debt

The generally easing credit situation during 1971 increased the flow of loan funds to the farm sector. Farm debt increased 9.4 percent in 1971 to \$66.9 billion on January 1, 1972 (fig. 4). The tight money

Table 11—Household equipment and furnishings on farms: Total value and value per farm, January 1, selected years, 1940-72
(48 States)

Year	Total value	Value per farm
	Million dollars	Dollars
1940	4,213	660
1945	5,584	940
1950	8,610	1,520
1955	9,992	2,150
1960	9,576	2,420
1965	8,623	2,590
1966	8,574	2,650
1967	8,413	2,660
1968	9,046	2,970
1969	9,573	3,230
1970 ¹	9,916	3,330
1971 ¹	10,095	3,520
1972 ²	10,266	3,630
1973		
1974		
1975		

¹ Revised.

² Preliminary.

Source: Agricultural Research Service.

period of 1969-70 had reduced the rate of increase in debt to 5.2 percent in 1970 compared with an average yearly increase of 9.1 percent in the

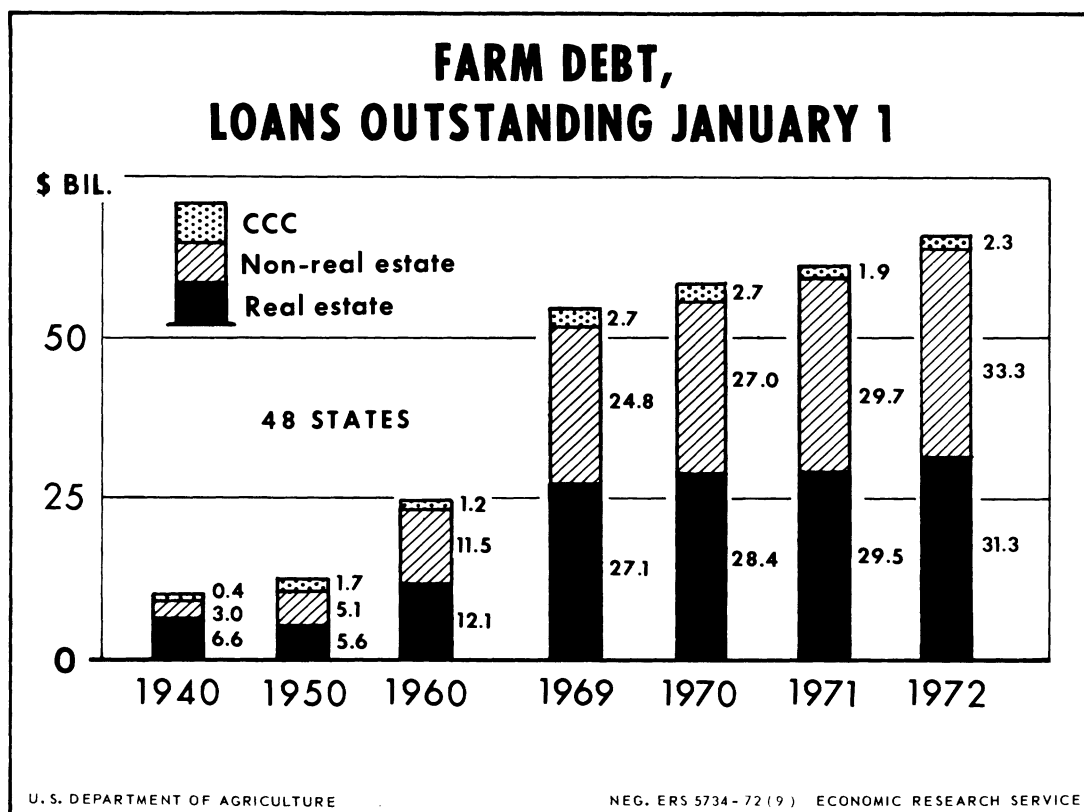


Figure 4

preceding 5 years. The 1971 increase of \$5.8 billion was the largest dollar increase on record (fig. 5) and the largest percentage increase since 1967.

The non-real estate portion of the farm debt increased 12 percent during 1971, slightly higher than the rate of increase during 1970. However, the real estate portion of the debt increased 6.2 percent, compared with a 3.9-percent increase in the preceding year.

The ratio of the total farm debt to farm assets was 19.7 percent on January 1, 1972, compared with 19.4 percent a year earlier and 17.1 percent in 1967.

Financial developments in the general economy since 1969 strongly influenced agriculture's credit trends for the next several years. The generally tight credit situation of 1969-70 was in large measure responsible for reduced sales of farmland and farmers' purchases of durable manufactured goods, especially machinery, equipment, and motor vehicles. Restrictive monetary policy moves in 1969 by the Federal Reserve to slow inflation reduced the flow of funds into the banking system. Funds tended to move out of the commercial banking sector as individuals and others withdrew savings due to relatively low interest rates paid on bank time deposits. Borrowers bidding

for available funds pushed bank loan interest rates upward. Pressures on other financial institutions to make loans for higher yielding industrial projects and for consumer purchases reduced the amount of money available for farm loans and at the same time caused loan rates generally to move higher.

Interest rates on Farm Credit Administration bonds and debentures sold in the central money market rose, resulting in higher interest rates on Federal land bank and production credit association loans. More life insurance company loans were channeled to nonfarm borrowers. As the monetary policy was relaxed early in 1970, the money supply increased, demand for loans remained relatively strong, and interest rates rose to near-record levels before midyear. The second half of 1970 was marked by a lessening in demand for loans and a sharp drop in interest rates.

Although demand for funds increased during 1971 as business recovered in part from the 1970 recession, interest rates for both short- and long-term loans continued the sharp decline. However, in spring 1971 there was an increased outflow of funds from the United States and monetary authorities were fearful that this would have unfavorable long-term effects.

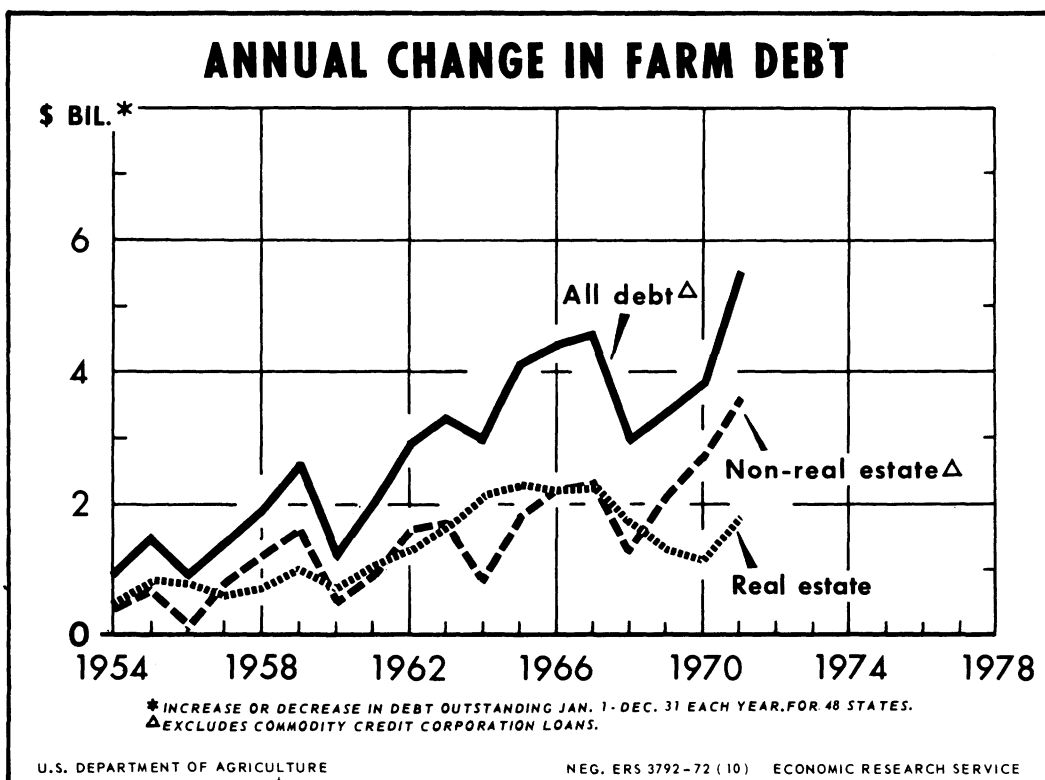


Figure 5

Steps were thus taken to raise interest rates to stem the outflow of funds. Borrowers in general felt that rates might even go higher and tended to seek funds earlier than they probably otherwise would have. Under this pressure, interest rates in central money markets rose steadily until the President announced his "New Economic Program" in August 1971. Thereafter, interest rates fell. By the end of the year, long- and short-term rates had dropped back close to the levels at the beginning of 1971.

Farm Real Estate Debt

Farm mortgage debt of \$31.3 billion at the start of 1972 was 6.2 percent higher than a year earlier; the increase of the preceding year was 3.9 percent (fig. 4 and table 12). The 1971 increase was the largest since 1968 when farm real estate debt rose 6.5 percent. The average annual increase for the 5 years prior to 1968 was 10.9 percent. With the exception of the Northeast¹, farm mortgage debt increased in all regions in 1971. Gains ranged from 4.5 percent in the

Corn Belt to 10 percent in the Appalachian region (table 13).

The 1971 increase in total farm mortgage debt was due largely to the increase in loans held by Federal land banks and miscellaneous lenders (table 12).

The volume of loans held by life insurance companies dropped less than 1 percent during 1971 and that held by banks dropped 5 percent. The decline in bank holdings was due largely to a 1971 change in bank reporting procedures whereby Farmers Home Administration (FHA)—insured loans held by banks, formerly classified as farm real estate loans, are now classified as Government securities.

The \$310 million volume of direct farm loans held by the FHA was only a small portion of the total farm mortgage debt. However, these direct loans plus \$2.2 billion worth of FHA-insured farm real estate loans accounted for 8 percent of the total farm mortgage debt outstanding.

The volume of new loans made or recorded during 1971 was one-third higher than for 1970 (fig. 6), when volume decreased 3.4 percent. The 1971

¹ The Northeast and other farm production regions referred to in this report consist of the following States:

Northeast: Maine, N.H., Vt., Mass., R.I., Conn., N.Y., N.J., Pa., Del., and Md., *Lake States:* Mich., Wis., and Minn., *Corn Belt:* Ohio, Ill., Ind., Iowa, and Mo., *Northern Plains:*

N.D., S.D., Nebr., and Kans., *Appalachian:* Va., W.Va., N.C., Ky., and Tenn., *Southeast:* S.C., Ga., Fla., and Ala., *Delta States:* Miss., Ark., and La., *Southern Plains:* Okla. and Tex., *Mountain:* Mont., Wyo., Idaho, Colo., N. Mex., Ariz., Utah, and Nev., *Pacific:* Wash., Oreg., and Calif.

Table 12—Farm mortgage debt outstanding January 1, by lender,
selected years, 1940-1972
(48 States)

Year	Federal land banks ¹	Farmers Home Adminis- tration ²	Life insurance companies ³	All operating banks ⁴	Other farm mortgage lenders ⁵	Total farm mortgage debt
<i>Million dollars</i>						
1940	2,010	32	984	534	3,026	6,586
1945	1,219	196	938	450	2,147	4,941
1950	906	193	1,172	937	2,371	5,579
1955	1,267	287	2,052	1,211	3,428	8,245
1960	2,335	437	2,820	1,625	4,857	12,074
1965	3,686	615	4,285	2,662	7,632	18,880
1966	4,234	627	4,799	2,934	8,575	21,169
1967	4,908	582	5,211	3,164	9,418	23,283
1968	5,553	533	5,537	3,537	10,305	25,465
1969	6,071	490	5,761	3,851	10,945	27,118
1970	6,660	452	5,732	4,109	11,434	28,387
1971	7,128	344	5,608	4,441	11,986	29,507
1972	7,862	310	5,562	4,214	13,386	31,334
1973						
1974						
1975						
<i>Percent</i>						
Change ⁶						
1967-72 .	60.2	-46.6	6.7	33.2	42.1	34.6
1971-72 .	10.3	-9.8	-.8	-5.1	11.7	6.2

¹ Includes regular mortgages, purchase-money mortgages, and sales contracts.

² Direct loans only. Data for 1940 include only tenant-purchase loans and soil and water loans to individuals. Thereafter, data include also farm-development, farm-enlargement, project-liquidation, rural-housing (excludes nonfarm), and building-improvement loans. Farmers Home Administration also insures farm mortgage loans. These notes are held largely by banks and miscellaneous lenders.

³ Includes regular mortgages, purchase-money mortgages, and sales contracts; beginning 1965, excludes sales contracts.

⁴ Data for 1940, insured commercial banks only. Prior to 1972, insured Farmers Home Administrations' farm mortgage notes held by banks were reported by some banks as farm mortgages held, while other banks reported these notes as Government securities. In 1971, a change in bank reporting procedures required all banks to report Farmers Home Administration-insured notes held as Government securities rather than farm loans. In 1972, these loans are included in the "other farm mortgage lenders" column. This accounts for the 1972 drop in farm mortgage loans held by banks.

⁵ The amounts shown may be taken as a rough measure of the farm mortgage debt held by individuals and other nonreporting lenders. Also includes amounts outstanding for Federal Farm Mortgage Corporation as follows: 1940, \$713,290,000; 1950, \$58,650,000; and 1955, \$12,834,000.

⁶ Computed from unrounded data.

increase varied by region from a low of 15.4 percent for the Delta States to a high of 50.1 percent for the Lake States.

The increased volume of new farm mortgage loans during 1971 was shared by all lender groups (table 14). Recordings of farm mortgages show that banks, Federal land banks, and life insurance companies had the largest increases. Commercial banks and Federal land banks showed increases of over 40 percent. The volume of new farm mortgages recorded by life

insurance companies more than doubled during 1971, after decreasing during 1970 to the lowest level of the last decade. However, their new loans of \$400 million were still less than half of the peak volume of \$964 million in 1964.

The basic reason for the large 1971 increase in new farm real estate loans was the lower interest rates prevailing during 1971. Interest rates charged on new farm real estate loans in 1971 by the major institutional lenders were 0.5 to 1.0 percentage point

Table 13—Farm mortgage debt outstanding January 1, selected years, 1940-1972, by region
(48 States)

Year	North-east	Lake States	Corn Belt	Northern Plains	Appalachian	South-east	Delta States	Southern Plains	Mountain	Pacific	United States
<i>Million dollars</i>											
1940	577	907	1,829	863	386	248	228	586	357	605	6,586
1945	456	712	1,337	574	301	201	196	440	262	462	4,941
1950	578	715	1,296	460	379	271	239	518	425	698	5,579
1955	742	986	1,798	673	598	459	382	802	733	1,072	8,245
1960	876	1,354	2,673	1,014	855	715	570	1,132	1,093	1,792	12,074
1965	1,172	1,972	3,829	1,630	1,330	1,271	964	1,848	1,815	3,049	18,880
1966	1,241	2,175	4,276	1,827	1,489	1,392	1,110	2,071	2,048	3,540	21,169
1967	1,359	2,375	4,702	2,018	1,623	1,555	1,270	2,232	2,282	3,867	23,283
1968	1,586	2,558	5,129	2,203	1,774	1,741	1,413	2,401	2,455	4,205	25,465
1969	1,656	2,696	5,482	2,355	1,881	1,904	1,566	2,549	2,580	4,449	27,118
1970	1,819	2,785	5,656	2,476	1,987	2,027	1,691	2,669	2,661	4,616	28,387
1971	2,140	2,847	5,735	2,545	2,034	2,150	1,767	2,679	2,744	4,866	29,507
1972 ¹ ...	2,038	3,093	5,994	2,723	2,238	2,355	1,881	2,861	2,989	5,162	31,334
1973											
1974											
1975											
Change ²	<i>Percent</i>										
1967-72 .	49.9	30.2	27.5	35.0	37.9	51.5	48.1	28.2	30.9	33.5	34.6
1971-72 .	-4.8	8.7	4.5	7.0	10.0	9.5	6.4	6.8	8.9	6.1	6.2

¹ In 1971, a change in bank reporting procedures required banks to report Farmers Home Administration insured loans they held as Government securities rather than as farm loans as had been the case previously. Regionally the reporting change had an appreciable effect only in the Northeast. It caused the amount of farm mortgage loans held by New York City banks to drop sharply.

² Computed from unrounded data.

Table 14—Amount of farm mortgages recorded, 1970-71¹
(48 States)

Lender group	1970	1971	Change ²
	<i>Million dollars</i>	<i>Million dollars</i>	<i>Percent</i>
Farmers Home Administration ³ .	⁴ 294	375	27.5
Commercial and savings banks .	1,064	1,517	42.6
Federal land banks	1,088	1,576	44.8
Individuals	1,094	1,242	13.5
Life insurance companies	200	403	101.4
Miscellaneous ⁵	⁴ 1,345	1,666	23.9
Total	5,085	6,779	33.3

¹ Includes both new and renewed loans.

² Computed from unrounded data.

³ Direct and insured farm loans to individuals. Includes farm-ownership, soil and water, and rural-housing loans to individuals. Also includes farm-ownership loans made from State corporation trust funds.

⁴ Revised.

⁵ Includes mortgage and investment companies; savings and loan associations; State and local government agencies; production credit associations, when the mortgage is secured by farm real estate; and lender groups not specifically identified.

lower than during 1970. Although interest rates in the central money markets started to decline about mid-1970, farm real estate loan rates did not drop until the first quarter of 1971 (fig. 7). The average interest rate charged by life insurance companies on new loans in 1971 was 8.6 percent, compared with 9.3 percent in 1970. Rates charged by the individual Federal land banks ranged from 7.5 to 8.0 percent in 1971 and from 8.0 to 9.0 percent in 1970.

Reflecting the lower interest rates, there was 56 percent more new farm mortgage money loaned during 1971 by life insurance companies than a year earlier (fig. 8). New money loaned in the last half of 1971 was somewhat greater than the volume loaned in the first half. The \$1.2 billion extended by the Federal land banks in 1971 set a record for new loans. New money loaned by Federal land banks in the last half of 1971 was more than 50 percent over a year earlier.

Farmers generally appear to be satisfactorily handling the repayment of the record farm mortgage debt. During 1971 the principal repayments on loans held by life insurance companies were 17 percent higher than in 1970. Payments in 1971 represented 8.1 percent of the outstanding loans on January 1, 1972, compared with a 6.9-percent repayment ratio for the preceding year. Repayments on loans held by the Federal land banks were equally favorable.

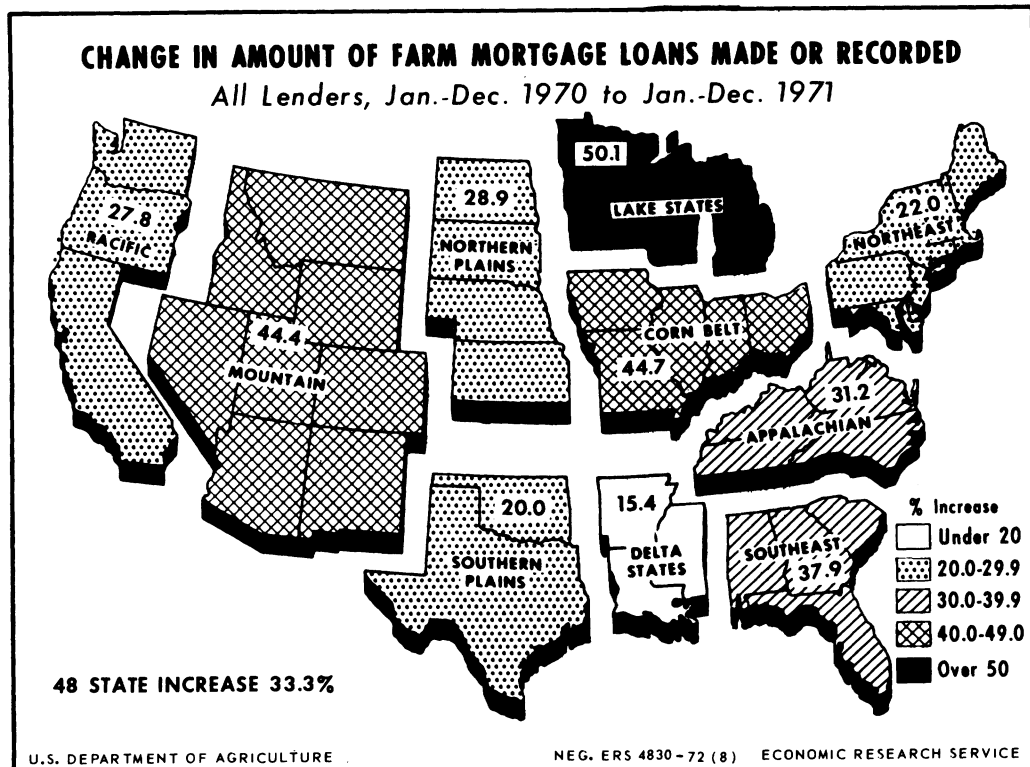


Figure 6

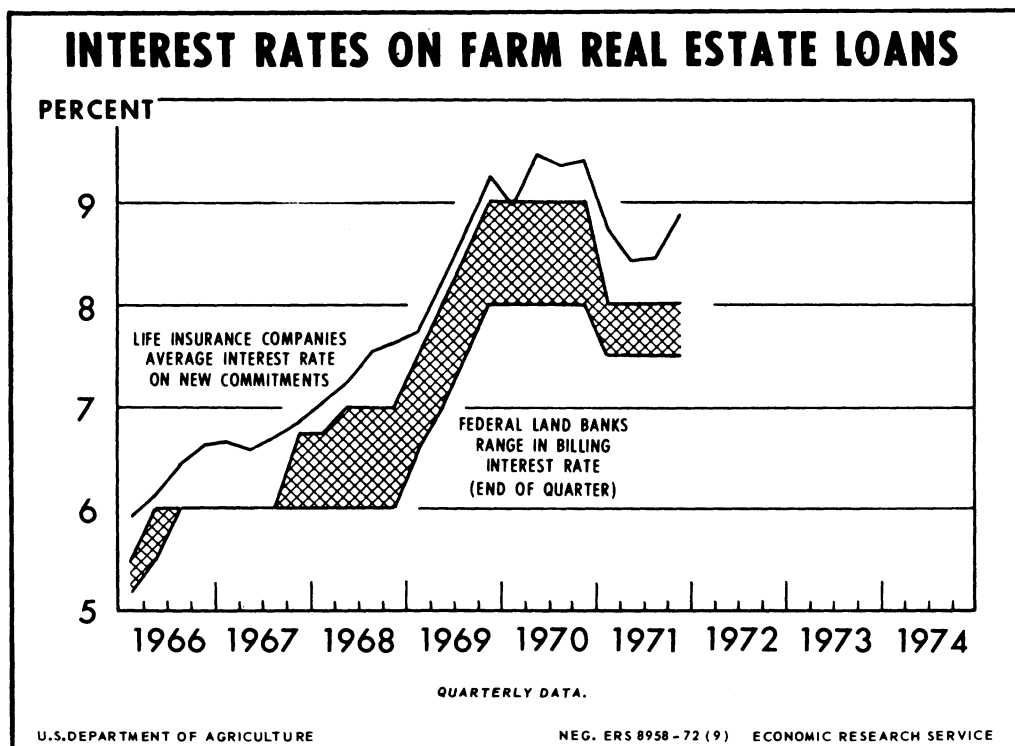
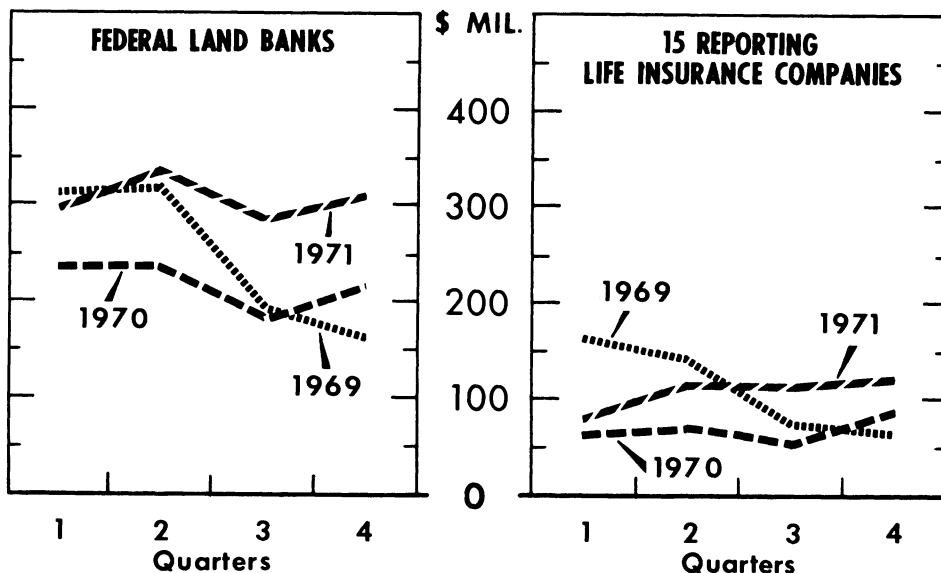


Figure 7

NEW MONEY LOANED ON FARM MORTGAGES BY TWO PRINCIPAL LENDERS



U.S. DEPARTMENT OF AGRICULTURE

NEG. ERS 5268-72 (8) ECONOMIC RESEARCH SERVICE

Figure 8

The number of loans with delinquent payments is another measure of the condition of the farm mortgage debt. At the close of 1971 there was a slight decrease in the number of delinquent Federal land bank loans and a 22-percent decrease in the number of delinquent loans held by life insurance companies. The dollar volume of life insurance company loans with delinquent payments increased slightly (fig. 9). In 1970 and 1971, delinquent loans represented 0.8 percent of the total volume outstanding, up from 0.1 percent in 1960. Although strictly comparable data for Federal land banks are not available, the delinquent matured principal of these loans at the end of 1971 was just over 0.1 percent of the total principal outstanding, slightly less than at the close of 1970.

Non-Real Estate Debt

Non-real estate farm debt excluding CCC loans outstanding January 1, 1972, reached \$33.3 billion (table 15), rising a record \$3.5 billion from a year earlier. This was a gain of 12 percent, the highest rate since 1966. CCC loans of \$2.3 billion outstanding January 1, 1972, boosted the total non-real estate farm debt to nearly \$35.6 billion, exceeding the previous record of 1971 by \$4.0 billion.

Increases in farm non-real estate debt outstanding on January 1, 1971 and 1972, varied widely by region. Increases in loans held by institutional lenders ranged from 6 percent in the Mountain States to 18 percent in the Southern Plains (table 16 and fig. 10).

Commercial banks continued to hold over three-fifths of farm loans held by institutional lenders. Production credit associations (PCA's) held about half as much as banks. The FHA continued to account for less than 5 percent of farm non-real estate loans held by institutional lenders.

Banks increased their holdings of farm non-real estate loans by 12.8 percent, the highest rate since the late 1950's. The increase in dollar volume for banks was a record \$1.4 billion. For several prior years, increases had ranged from 5 to 9 percent.

PCA's increased their farm non-real estate loans by 14.8 percent over a year earlier, less than the 17.8-percent and 17.5-percent rises of the prior 2 years. However, the gain in dollar volume of loans held by PCA's equaled the record \$0.8-billion increase during 1970.

FHA farm non-real estate loans outstanding at the beginning of 1972 were 3 percent less than a year earlier and the smallest volume since 1967. Although FHA loans account for only a small part of total, the

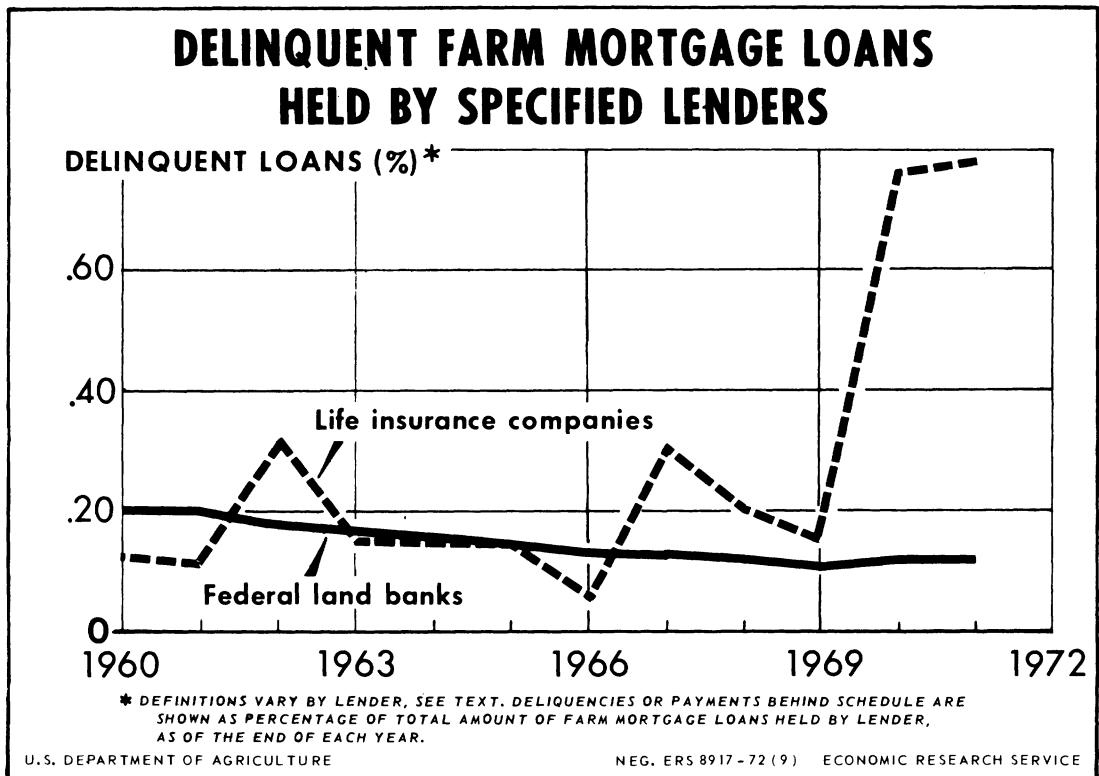


Figure 9

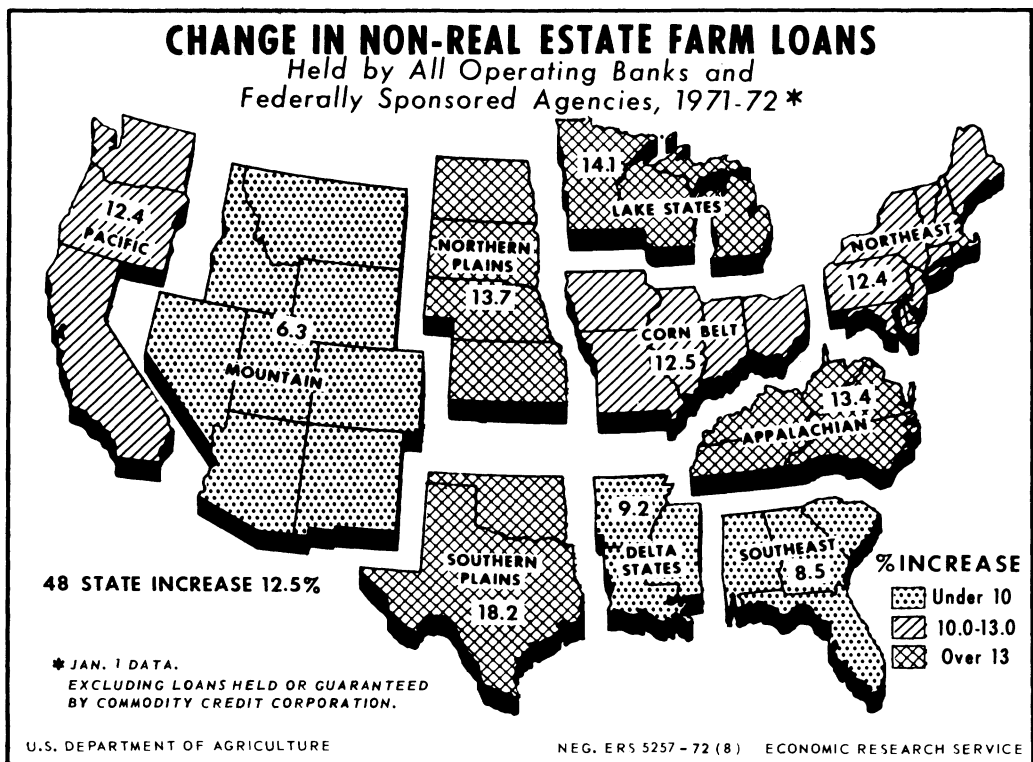


Figure 10

Table 15—Non-real estate farm debt outstanding, January 1, selected years, 1940-72
(48 States)

Year	Debt owed to reporting institutions (excluding CCC)					Debts owed to non-reporting creditors ²	Total excluding CCC loans	Price-support loans made or guaranteed by CCC ³	Total including CCC loans
	All operating banks	Production credit associations	Federal inter-mediate credit banks ¹	Farmers Home Administration	Total				
	Million dollars								
1940 ...	900	153	32	418	1,503	1,500	3,003	445	3,448
1945 ...	949	188	30	453	1,620	1,100	2,720	683	3,403
1950 ...	2,049	387	51	347	2,834	2,320	5,154	1,721	6,875
1955 ...	2,934	577	58	417	3,986	3,210	7,196	2,219	9,415
1960 ...	4,814	1,361	90	397	6,662	4,860	11,522	1,165	12,687
1965 ...	6,975	2,277	125	642	10,019	7,110	17,129	1,543	18,672
1966 ...	7,664	2,579	140	715	11,098	7,880	18,978	1,408	20,386
1967 ...	8,521	3,016	157	735	12,429	8,820	21,249	1,157	22,406
1968 ...	9,259	3,518	176	796	13,749	9,760	23,509	1,420	24,929
1969 ...	9,709	3,826	180	819	14,534	10,320	24,854	2,671	27,525
1970 ...	10,318	4,495	218	783	15,814	11,230	27,044	2,676	29,720
1971 ...	11,090	5,295	220	793	17,398	12,340	29,738	1,876	31,614
1972 ...	12,487	6,078	237	769	19,571	13,700	33,271	2,262	35,533
1973 ...									
1974 ...									
1975 ...									
Change ⁴	Percent								
1967-72 .	46.5	101.5	51.0	4.6	57.4	55.3	56.5	95.5	58.6
1971-72 .	12.6	14.8	7.7	-3.0	12.5	11.0	11.9	20.6	12.4

¹ Loans to and discounts for livestock loan companies and agricultural credit corporations.

² Estimate of short- and intermediate-term farm loans outstanding from merchants, dealers, individuals, and other miscellaneous lenders. Such loans are not estimated by USDA on regional or State basis.

³ Although price-support loans are nonrecourse loans, they are treated as debt. Borrowers must either pay them in cash or deliver the commodities on which they were based.

⁴ Computed from unrounded data.

agency fills an important spot in farm lending. FHA makes loans to eligible farmers unable to obtain adequate loans from other lenders on reasonable terms.

Merchants, dealers, individuals, and other miscellaneous lenders also held large amounts of farm non-real estate loans. At the beginning of 1972, their loans were estimated to exceed \$13 billion. This was 70 percent of the amount held by institutional lenders and about 40 percent of the total excluding CCC loans. The increase of 11 percent over a year earlier was the highest since 1967. Many farmers use this type of credit solely or in addition to loans from banks and PCA's.

CCC loans on farmer-owned crops and storage facilities on January 1, 1972, were one-fifth more than a year earlier. Several crops materially affected the total CCC loan level. Corn loan volume increased \$325 million (70 percent) over 1971 and was the prime mover in raising total CCC loans (table 17).

Grain sorghum loans grew to nearly 3 times the 1971 level and accounted for an increase of \$68 million. Rice loans rose 60 percent, while wheat loans increased only slightly. Loans on soybeans and oats declined slightly from a year earlier.

As in 1971, about two-thirds of farmer-owned crops under CCC loan were stored on farms. There was some shifting among crops vying for storage space. More of the corn and wheat were stored on farms in 1972, while soybeans shifted slightly to off-farm storage.

Interest rates on farm non-real estate loans in 1971 averaged lower than the year before. The drop in interest rates from the highs of mid-1970 began in the last quarter of 1970 and continued until about mid-1971. During the last half of 1971 they were fairly stable. Interest rates on farm loans from rural banks averaged about 8-1/2 percent at the beginning of 1971. By midsummer their rates averaged about 7-1/2 percent. PCA interest rates were averaging near

Table 16—Non-real estate farm debt outstanding to institutional lenders,
by region, January 1, selected years, 1945-72¹
(48 States)

Year	North- east	Lake States	Corn Belt	Northern Plains	Appala- chian	South- east	Delta States	Southern Plains	Moun- tain	Pacific	United States
<i>Million dollars</i>											
1945 ...	101	139	309	288	88	96	91	209	176	123	1,620
1950 ...	222	264	631	394	172	135	118	349	293	256	2,834
1955 ...	315	377	927	523	243	179	156	480	428	358	3,986
1960 ...	454	624	1,686	909	395	261	224	696	699	714	6,662
1965 ...	605	914	2,184	1,472	648	459	411	1,101	1,147	1,078	10,019
1966 ...	653	1,006	2,415	1,690	720	508	451	1,171	1,281	1,203	11,098
1967 ...	707	1,150	2,844	1,927	815	588	499	1,250	1,366	1,283	12,429
1968 ...	790	1,322	3,210	2,117	896	639	548	1,385	1,481	1,361	13,749
1969 ...	822	1,410	3,288	2,236	972	705	597	1,511	1,558	1,435	14,534
1970 ...	848	1,533	3,474	2,471	1,042	799	638	1,727	1,736	1,546	15,814
1971 ...	918	1,740	3,840	2,767	1,164	897	685	1,846	1,939	1,602	17,398
1972 ...	1,033	1,984	4,319	3,147	1,321	974	748	2,182	2,061	1,802	19,571
1973 ...											
1974 ...											
1975 ...											
<i>Percent</i>											
Change ²											
1967-72 .	46.0	72.5	51.9	63.3	62.1	65.6	49.9	74.6	50.9	40.4	57.4
1971-72 .	12.4	14.1	12.5	13.7	13.4	8.5	9.2	18.2	6.3	12.4	12.5

¹ Includes loans held by commercial banks, production credit associations, Federal intermediate credit banks (discounts for livestock loan companies and agricultural credit corporations), and FHA. Data for prior years not available by regions.

² Computed from unrounded data.

Table 17—CCC crop loans outstanding on selected crops
stored on and off farms, January 1, 1971-72
(50 States)

Crop	January 1, 1971			January 1, 1972		
	Total	Stored off farm	Stored on farm	Total	Stored off farm	Stored on farm
<i>Thousand dollars</i>						
Barley	82,167	8,307	73,860	85,297	7,940	77,357
Corn	463,944	33,095	430,849	788,485	157,721	630,764
Grain sorghum .	37,478	20,850	16,628	105,278	76,522	28,756
Oats	132,622	11,427	121,195	120,060	4,119	115,941
Rice	79,121	60,218	18,903	125,646	99,781	25,865
Soybeans	328,421	118,511	209,910	312,571	154,375	158,196
Wheat	587,594	288,598	298,996	591,362	190,924	400,438
Cotton ¹	157,824	157,824	-0-	57,117	57,117	-0-
Peanuts ¹	105,284	105,284	-0-	130,194	129,394	800
Tobacco ¹	952,049	952,049	-0-	835,883	835,883	-0-

¹ Owned by farmers' marketing cooperatives and associations and not counted in balance sheet of farming sector as farmer owned, except \$800,000 for peanuts January 1, 1972.

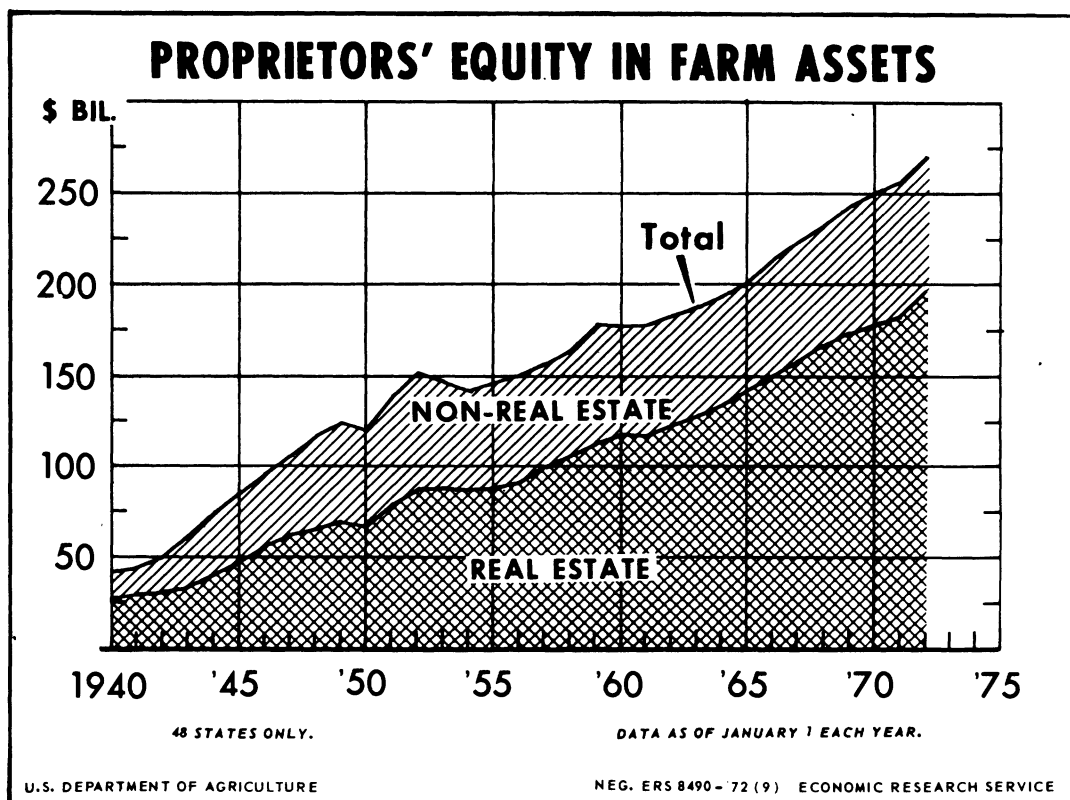


Figure 11

Table 18—Annual interest charges on the farm debt, selected years, 1960-71
(48 States)

Year	Total	Charges on farm mortgage debt	Charges ¹ on short-term debt owed to - - -				
			All lenders	Commercial banks	Production credit associa- tions ²	Farmers Home Adminis- tration	Merchants, dealers, and miscellaneous creditors
			Million dollars				
1960 ...	1,335	627	708	300	120	20	268
1965 ...	2,132	1,075	1,057	434	179	36	408
1966 ...	2,394	1,204	1,190	484	214	38	454
1967 ...	2,699	1,341	1,358	548	265	40	505
1968 ...	2,978	1,476	1,502	614	300	42	546
1969 ³ ...	3,279	1,597	1,682	695	354	47	586
1970 ³ ...	3,668	1,715	1,953	784	479	49	641
1971 ⁴ ...	3,887	1,847	2,040	829	459	51	701
1972 ...							
1973 ...							
1974 ...							

¹ Includes service fees. Excludes interest charges on Commodity Credit Corporation price support loans and interest charges on debt for family living purposes.

² In addition to production credit associations, includes Federal intermediate credit bank loans to, and discounts for, livestock loan companies and agricultural credit corporations.

³ Revised.

⁴ Preliminary.

9 percent in January 1971 but dropped to about 7.2 percent in July, where they remained the rest of the year. The interest rate on FHA farm operating loans was 7-7/8 percent in January 1971 and was reduced to 6-3/8 percent in July. The interest rate on such FHA loans is established each year in July according to the cost of loan funds to the U.S. Treasury. The rate usually holds for an entire fiscal year.

Farm loans were easier to get in 1971 than in several preceding years. Loan funds were more plentiful and more farmers were able to obtain borrowed operating capital.

In a survey of agricultural banks made by the American Bankers Association at year-end 1971, 94 percent of the bankers felt that farmers were adequately supplied with credit. The survey indicated 98 percent of the banks had increased deposits over a year earlier. The banks' loan-to-deposit ratios had changed little from a year earlier.

PCA's had no difficulty in obtaining adequate loan funds through discounting with the Federal intermediate credit banks.

Coming on the heels of a severely restricted corn crop in 1970 as a result of the southern corn leaf blight damage, lower interest rates were welcomed by many farmers who had to renew some or all the 1970 loans, plus obtain additional money for 1971 operations. Livestock purchases in 1971 held at a high level even with increased prices, increasing demand for loans. Sales of machinery and equipment were above 1970 levels, with much of the activity occurring in the fourth quarter. The New Economic Program put into effect in August 1971 temporarily froze or restricted price rises of many farm input items and reinstatement of investment credit for income tax purposes was expected, prompting a large number of farm equipment purchases.

Interest Charges

Interest charges on farm debt amounted to \$3.9 billion in 1971, with about half going for real estate debt and half for non-real estate debt (table 18). Charges gained 6 percent over 1970, only a little over half the average annual rate of gain since 1960.

The slowing rate of increase in farm debt interest charges in 1971 was due primarily to the drop in interest rates on new loans occurring from late 1970 through 1971. The amount of debt outstanding increased faster in 1971 than in the prior 2 years. However, the drop in interest rates of from 0.5 to as much as 2.0 percentage points in some instances offset much of the increase in the amount of credit used.

Interest charges on debt have increased in significance as a farming expense in recent years. In 1960, interest charges made up 5.1 percent of total farm expenses. By 1965, the proportion had increased to 6.9 percent, and in 1971 it equaled 8.9 percent of total farm expenses. The growth in the use of purchased inputs in farm production, including laborsaving machinery and equipment, much of which is financed with borrowed money, greatly accelerated the growing importance of interest charges. Interest charges have risen faster than hired labor expenses, even though there have been large gains in hired farm labor wage rates.

Total yearly interest charges on farm real estate loans outstanding are not affected by changes in the amount of new loans made or interest rates on those new loans to the same extent as non-real estate loans. Real estate loans generally have terms of 10 to 35 years or longer. Except for some new loans made in the last few years with variable interest rates, the rate of interest is fixed by the contract terms on the date of loan. Annual principal payments on individual long-term loans are relatively small and annual interest costs decrease rather slowly from year to year. Even drastic changes from one year to the next in interest rates on new loans made do not have much effect on the total interest charges on farm mortgage loans outstanding, since new loans represent only a small portion of the total.

The situation is different for farm non-real estate loans. Most have maturities of a year or less, although some loans for machinery or livestock purchase, for example, have terms of 3 to 7 years. Since most non-real estate loans are repaid in full or refinanced into new loans annually, the total non-real estate interest charges vary from year to year in almost direct proportion to changes in interest rates and volume of loans outstanding.

Proprietors' Equity in Farm Assets

Farm proprietors owned equity of \$272.3 billion in their farm assets January 1, 1972 (fig. 11). The gain in equity during 1971 was a record \$18.5 billion and the 7.3-percent rate of increase was the sharpest since 1958. Proprietors' equity has gained 3-4 percent a year over the last decade. Although farm debt increased at a somewhat faster rate than farm assets during 1971, the sheer size of asset gain, \$24.3 billion, compared with the debt rise of \$5.8 billion, caused a large net dollar increase in equity.

Table 19—Proprietors' equity in farm real estate and non-real estate assets, January 1, 1940-72
(48 States)

Year (Jan. 1)	Farm real estate				Farm non-real estate			
	Value	Debt outstanding	Equity	Debt-to-asset ratio	Value	Debt outstanding ¹	Equity	Debt-to-asset ratio
	Million dollars		Percent		Million dollars		Percent	
1940	33,636	6,586	27,050	19.6	19,389	3,449	15,940	17.8
1941	34,400	6,494	27,906	18.9	20,456	3,976	16,480	19.4
1942	37,547	6,376	31,171	17.0	25,428	4,092	21,336	16.1
1943	41,604	5,956	35,648	14.3	32,270	3,944	28,326	12.2
1944	48,200	5,396	42,804	11.2	36,362	3,475	32,887	9.6
1945	53,884	4,941	48,286	9.2	40,256	3,403	36,853	8.5
1946	61,046	4,760	56,186	7.8	42,437	3,145	39,292	7.4
1947	68,463	4,897	63,566	7.2	47,936	3,516	44,420	7.3
1948	73,664	5,064	68,600	6.9	54,163	4,174	49,989	7.7
1949	76,623	5,288	71,335	6.9	58,222	6,082	52,140	10.4
1950	75,256	5,579	69,677	7.4	57,113	6,875	50,238	12.0
1951	86,586	6,112	80,474	7.1	64,912	6,938	57,974	10.7
1952	95,078	6,662	88,416	7.0	71,922	7,981	63,941	11.1
1953	96,535	7,241	89,294	7.5	67,937	8,859	59,078	13.0
1954	95,038	7,740	87,298	8.1	66,259	9,194	57,065	13.9
1955	98,172	8,245	89,927	8.4	66,948	9,415	57,533	14.1
1956	102,934	9,012	93,922	8.8	66,624	9,780	56,844	14.7
1957	110,421	9,822	100,599	8.9	67,488	9,523	57,965	14.1
1958	115,934	10,382	105,552	9.0	69,824	10,029	59,795	14.4
1959	124,393	11,091	113,302	8.9	77,737	12,558	65,179	16.2
1960	130,169	12,074	118,095	9.3	73,321	12,687	60,634	17.3
1961	131,752	12,812	118,940	9.7	72,441	13,351	59,090	18.4
1962	137,956	13,891	124,065	10.1	74,865	14,769	60,096	19.7
1963	143,834	15,160	128,674	10.5	77,543	16,549	60,994	21.3
1964	152,121	16,792	135,329	11.0	77,129	18,111	59,018	23.5
1965	160,942	18,880	142,062	11.7	76,257	18,672	57,585	24.5
1966	172,214	21,169	151,045	12.3	81,540	20,386	61,154	25.0
1967	181,818	23,283	158,535	12.8	84,960	22,406	62,554	26.4
1968	192,037	25,465	166,572	13.3	88,092	24,929	63,163	28.3
1969	201,485	27,118	174,367	13.5	93,344	27,529	65,815	29.5
1970	207,052	28,387	178,665	13.7	98,703	29,720	68,983	30.1
1971	212,991	29,507	183,484	13.9	101,673	31,614	70,059	31.1
1972 ²	228,575	31,353	197,222	13.7	110,680	35,533	75,147	32.1
1973								
1974								
1975								

¹ Includes CCC loans.

² Preliminary.

Most of the gain in equity in 1971 accrued to farm real estate; only one-fifth was due to non-real estate items. Equity in farm real estate makes up nearly three-fourths of total proprietors' equity. In the 1940's and 1950's this ratio was around 60 percent. In more recent years, dollar growth in farm real estate debt has not kept pace with advances in farmland values. On the other hand, loans not secured by farmland have grown faster than the value of farm non-real estate assets.

Fluctuations in equity may be caused by changes in either asset values or in debts. The debt-to-asset ratio climbed steadily from 7.2 percent in 1947 to 19.7 percent at the start of 1972. The debt-to-asset ratio has been lower for farm real estate than for the non-real estate assets since 1947, when the ratios were about equal (table 19 and fig. 12). For real estate, the ratio did not quite double over the 1948-72 period, while for non-real estate it was over 4 times as large.

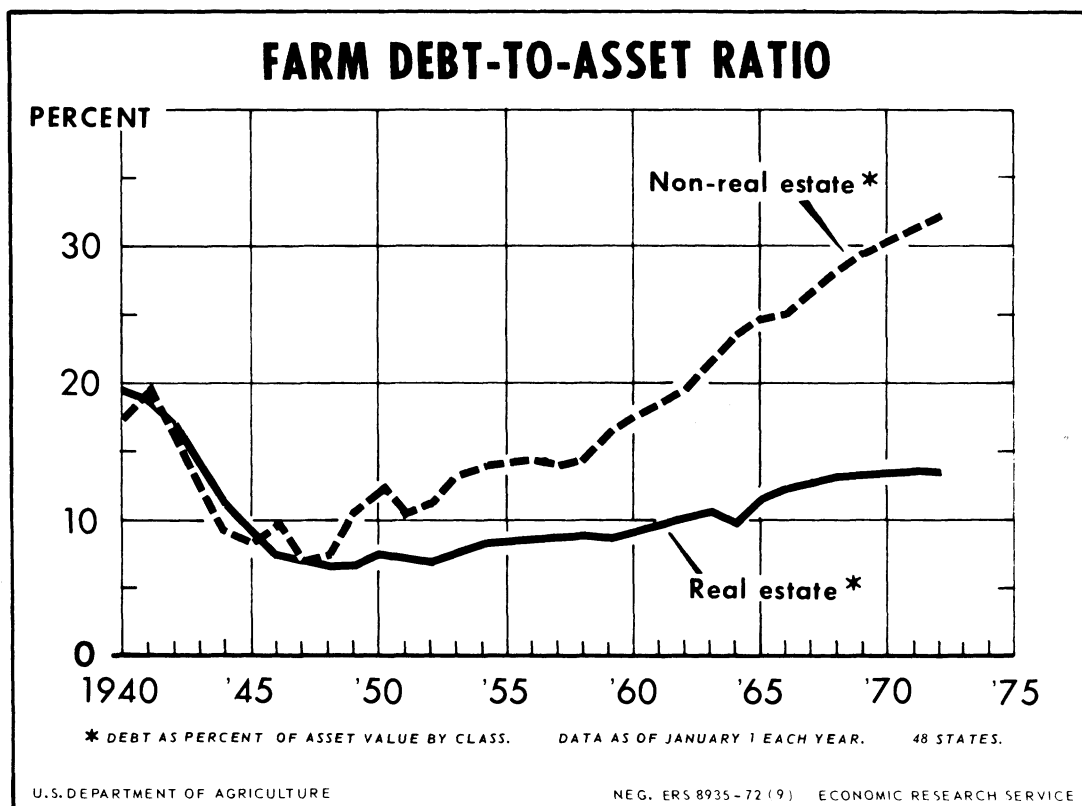


Figure 12

There were probably several causes for the more rapid rise in the farm non-real estate debt-to-asset ratio. (1) While real estate and non-real estate debt were roughly equal over the 25-year period, the value of real estate assets increased much more rapidly than the value of farm non-real estate assets. (2) In the last decade more farm loans were made on the soundness of production and management ability rather than on collateral, showing up as debt not secured by real estate. (3) The increasingly capital-intensive farm production practices cause many farmers to seek more borrowed money for ordinary operating expenses.

The debt-to-asset ratios in table 19 are calculated as the proportions of total assets represented by total debts. These components have their limitations. Much farm real estate has no debt against it. Likewise, many farmers do not use borrowed money for operating purposes. If the ratios were calculated using the values of only indebted farmland and indebted non-real estate assets, the ratios would be higher. Data are not available to supply accurate comparisons. However, special census surveys in 1960 and 1966 indicate that considering only indebted

farmland, the debt-to-asset ratios in both years for farm real estate were about 17 percent.

Farm Production Assets and Earnings

The market value of assets used in farm production was \$273.8 billion at the beginning of 1972, an increase of \$20.3 billion from a year earlier (table 20). Approximately \$14 billion of the increase resulted from an increase in the market value of farm real estate. The value of the livestock inventory jumped sharply as livestock prices increased during 1971, adding \$3.6 billion, and purchases of new machinery and rising prices for used equipment added \$2.3 billion to the stock of machinery and motor vehicles on farms.

Per-farm asset values rose a tenth as farm numbers continued declining and production-asset values increased. Likewise, larger assets per worker reflected fewer farm workers and increased assets.

Over the last 10 years, the value of farmland and service buildings increased 69 percent, livestock

**Table 20—Value of farm production assets,
January 1, selected years, 1940-72¹
(48 States)**

Year	Farm real estate ²	Livestock ³	Machinery and motor vehicles ⁴	Other ⁵	Total ⁶
<i>Billion dollars</i>					
1940 ...	27.9	3.9	3.8	2.2	37.7
1945 ...	45.5	8.0	6.9	5.1	65.6
1950 ...	63.6	12.4	11.2	6.7	94.0
1955 ...	84.1	11.0	15.8	7.4	118.3
1960 ...	114.1	15.2	19.1	7.1	155.6
1961 ...	115.9	15.6	18.6	6.8	156.9
1962 ...	121.8	16.4	18.8	7.0	164.0
1963 ...	127.5	17.3	19.1	7.0	170.9
1964 ...	135.3	15.5	19.9	7.3	178.0
1965 ...	143.5	14.4	21.2	7.2	186.3
1966 ...	154.1	17.6	22.5	7.5	201.6
1967 ...	163.1	18.9	24.3	7.7	213.8
1968 ...	172.7	18.8	26.3	7.6	225.3
1969 ...	180.2	20.3	27.6	7.8	235.9
1970 ...	186.1	23.4	28.5	8.0	246.0
1971 ...	191.4	23.7	30.2	8.2	253.5
1972 ⁷ ..	205.4	27.3	32.5	8.6	273.8
1973 ...					
1974 ...					
1975 ...					

¹ Data for 1966 and later years are revised.

² Farmland and service buildings, excluding operator's dwellings, as of March 1.

³ Excludes horses and mules.

⁴ Includes horses and mules through 1960. Includes 40 percent of the value of automobiles on farms. Beginning in 1950, a small but increasing proportion of the value of motortrucks was allocated to farm household use.

⁵ Includes one-half of the January 1 inventory value of feed crops (excluding crops under CCC loans), hay and forage stored on farms, and working capital needed to meet farm production expenses.

⁶ Detail may not add to total because of rounding.

⁷ Preliminary.

values increased 66 percent, and machinery, 73 percent. Farm numbers dropped 22 percent and number of farm workers declined 35 percent. As a result, production assets per farm increased from \$47,500 on Jan. 1, 1962, to \$102,100 on Jan. 1, 1972 (table 21), and production assets per farm worker increased from \$23,700 to \$61,500 (table 22).

Returns to market value of asset equities in 1971 averaged 3.6 percent, down from 3.7 percent in 1970 and below the average 3.9-percent return for 1962-72 (table 23). A significant factor influencing returns to equity was the steady increase in interest charges from \$1.5 billion in 1962 to \$3.7 billion in 1971. In addition, despite declines in the number of farmers and farm workers, labor and management charges

**Table 21—Average value of production assets per farm,
January 1, selected years, 1940-72¹
(48 States)**

Year	Farm real estate ²	Livestock ³	Machinery and motor vehicles ⁴	Other ⁵	Total ⁶
<i>Dollars</i>					
1940 ...	4,600	600	600	400	6,200
1945 ...	7,800	1,300	1,200	900	11,200
1950 ...	11,800	2,200	2,000	1,200	17,200
1955 ...	18,400	2,400	3,400	1,600	25,800
1960 ...	31,700	3,800	4,800	1,800	42,100
1961 ...	33,200	4,000	4,900	1,800	43,900
1962 ...	36,100	4,400	5,100	1,900	47,500
1963 ...	39,000	4,800	5,400	2,000	51,200
1964 ...	42,900	4,500	5,800	2,100	55,300
1965 ...	46,600	4,300	6,300	2,300	59,500
1966 ...	51,200	5,400	6,900	2,500	66,000
1967 ...	55,500	6,000	7,600	2,500	71,600
1968 ...	61,700	6,200	8,600	2,500	79,000
1969 ...	65,100	6,800	9,300	2,600	83,800
1970 ...	66,500	8,000	9,700	2,700	86,900
1971 ...	71,500	8,100	10,300	2,800	92,700
1972 ⁷ ..	77,900	9,700	11,500	3,000	102,100
1973 ...					
1974 ...					
1975 ...					

See footnotes to table 20.

**Table 22—Average value of production assets per farmworker,
January 1, selected years, 1940-72¹
(48 States)**

Year	Farm real estate ²	Livestock ³	Machinery and motor vehicles ⁴	Other ⁵	Total ⁶
<i>Dollars</i>					
1940 ...	2,500	300	300	200	3,300
1945 ...	4,500	800	700	500	6,500
1950 ...	6,400	1,200	1,100	700	9,400
1955 ...	9,700	1,300	1,800	900	13,700
1960 ...	15,500	2,000	2,600	1,000	21,100
1961 ...	16,400	2,200	2,600	1,000	22,200
1962 ...	17,600	2,400	2,700	1,000	23,700
1963 ...	19,000	2,600	2,900	1,000	25,500
1964 ...	20,800	2,400	3,100	1,100	27,400
1965 ...	23,500	2,400	3,500	1,200	30,600
1966 ...	27,500	3,100	4,000	1,300	35,900
1967 ...	31,300	3,600	4,600	1,500	41,000
1968 ...	35,200	3,800	5,300	1,600	45,900
1969 ...	38,400	4,200	5,800	1,600	50,000
1970 ...	40,500	5,100	6,200	1,700	53,500
1971 ...	42,300	5,200	6,700	1,800	56,000
1972 ⁷ ..	46,200	6,100	7,300	1,900	61,500
1973 ...					
1974 ...					
1975 ...					

See footnotes to table 20.

Table 23—Return to equity in farm production assets from production income,
selected years, 1950-71
(48 States)

Year	Net income from production ¹	Imputed return to- -		Interest on debt ⁴	Residual earnings to equity in production assets	Equity in production assets ⁵	Ratio of earnings to asset equity ⁶
		Labor ²	Management ³				
	----- Million dollars -----						Percent
1950 ...	17,285	10,445	1,437	544	5,399	86,437	6.2
1955 ...	15,399	10,503	1,486	782	2,628	107,279	2.4
1960 ...	16,568	9,501	1,735	1,257	4,075	133,458	3.1
1961 ...	17,692	9,306	1,820	1,349	5,217	133,694	3.9
1962 ...	18,064	9,069	1,896	1,491	5,608	138,853	4.0
1963 ...	18,185	9,097	1,945	1,575	5,568	142,962	3.9
1964 ...	17,394	8,850	1,961	1,849	4,734	146,922	3.2
1965 ...	20,308	8,864	2,081	2,012	7,351	152,358	4.8
1966 ⁷ ..	21,960	9,079	2,318	2,266	8,297	163,719	5.0
1967 ⁷ ..	20,600	9,668	2,276	2,560	6,096	171,668	3.5
1968 ⁷ ..	21,022	10,017	2,368	2,885	5,752	178,954	3.2
1969 ⁷ ..	23,529	9,641	2,586	3,194	8,108	188,458	4.3
1970 ⁷ ..	24,103	10,696	2,701	3,552	7,154	193,479	3.7
1971 ⁸ ..	24,908	11,171	2,799	3,674	7,264	197,278	3.6

¹ Total net income of farm operators from farming plus cash wages and perquisites of hired labor, interest on real estate and non-real estate debt, and net rent to nonfarm landlords, minus the imputed interest portion of the rental value of farm dwellings.

² Number of manhours needed for farm production times the average wage of hired workers without room and board.

³ Five percent of the total of cash receipts from farm production and Government payments.

⁴ Interest on real estate and non-real estate debt excluding debt on dwellings.

⁵ Market value, January 1.

⁶ Calculated on the market value of equity in production assets, January 1.

⁷ Revised.

⁸ Preliminary.

have increased (table 23). Labor and management thus received significantly higher returns per person in 1971 than 10 years earlier. The increased management charge reflected higher cash receipts from farm marketings and higher Government payments, and the labor charge reflected increased wage rates paid to hired labor.

From 1962 through 1971, labor's share of net income from production declined from 50.2 percent to 44.8 percent. Management's share increased slightly from 10.4 to 11.2 percent, and the claim of interest charges rose, from 8.2 percent in 1962 to 14.7 percent in 1971.

Because equity returns are a residual, equity earnings as a percentage of the total net income from production fluctuate rather widely, and over the last 20 years have ranged from a high of 37.7 percent in 1966 to a low of 27.2 percent in 1964. In 1971, equity's share represented about 29.2 percent of net income from production.

Farm Income

Farmers had realized gross farm income of \$59.8 billion², \$2.1 billion over the 1970 record (table 24 and fig. 13). However, realized net farm income of \$16.0 billion³, was less than in 1970 because of a sharp rise in production expenses. Even with fewer farms than in 1970, the realized net income per farm dropped slightly to \$5,560.

Cash receipts from farm marketings reached a record \$52.8 billion in 1971, \$2.5 billion above a year earlier. Receipts from marketings of crops accounted for \$1.7 billion of the increase, while livestock and livestock products contributed the other \$0.8 billion.

² Includes cash receipts from farm marketings, Government payments, value of home consumption of farm products, and rental value of farm dwellings for 48 contiguous States.

³ Gross farm income less all production expenses including depreciation.

Table 24—Comparative income statement of U.S. agriculture, selected years, 1940-71
(48 States)

Item	1940	1950	1960	1967	1968	1969 ¹	1970 ¹	1971 ²	1972	1973	1974
<i>Million dollars</i>											
Realized Net Farm Income of Farm Operators											
Realized gross farm income:											
Cash receipts from farm marketings	8,382	28,461	33,999	42,488	47,939	47,939	50,304	52,838			
Government payments to farm operators and landlords ..	723	283	693	3,070	3,450	3,783	3,706	3,134			
Home consumption of farm products	1,210	2,063	1,248	744	731	749	772	730			
Rental value of farm dwellings	744	1,464	1,975	2,473	2,578	2,854	2,906	3,111			
Total	11,059	32,271	37,915	48,775	50,666	55,325	57,688	59,813			
Production costs:											
Feed bought	998	3,283	4,911	6,458	5,881	6,588	7,174	7,938			
Livestock bought, except horses and mules	517	2,004	2,500	3,390	3,675	4,217	4,343	4,757			
Fertilizer and lime bought	306	975	1,305	2,111	2,117	2,071	2,207	2,504			
Repairs and operation of capital items	1,038	2,975	3,957	4,484	4,818	4,883	5,018	5,223			
Depreciation and other consumption of farm capital ..	797	2,665	4,237	5,736	6,195	6,548	6,710	7,175			
Taxes on farm real estate and personal property	451	919	1,500	2,271	2,511	2,728	2,952	3,087			
Seed bought	197	518	509	678	671	736	828	977			
Wages to hired labor (cash and perquisites)	1,029	2,811	2,864	2,807	2,978	3,225	3,562	3,734			
Net rent and Government payments to landlords not living on farms ³	448	1,233	1,007	1,301	1,303	1,294	1,298	1,324			
Interest on farm mortgage debt	293	264	627	1,341	1,476	1,597	1,715	1,847			
Miscellaneous	784	1,763	2,825	4,062	4,445	4,727	5,126	5,280			
Total	6,858	19,410	26,242	34,639	36,070	38,614	40,933	43,846			
Realized net farm income of farm operators⁴	4,201	12,861	11,673	14,136	14,596	16,711	16,755	15,967			
Realized net farm income per farm (dollars)⁴	660	2,280	2,950	4,500	4,790	5,660	5,740	5,560			
Realized Net Farm Income of Proprietors											
Realized net farm income of farm operators⁴	4,201	12,861	11,673	14,136	14,596	16,711	16,755	15,967			
Net rent and Government payments to landlords not living on farms³	448	1,233	1,007	1,301	1,303	1,294	1,298	1,324			
Realized net farm income of proprietors⁴	4,649	14,094	12,680	15,437	15,899	18,005	18,053	17,291			

¹ Revised.

² Preliminary.

³ After subtraction of taxes, mortgage interest, and other expenses paid by landlords.

⁴ Realized net farm income excludes net changes in farm inventories.

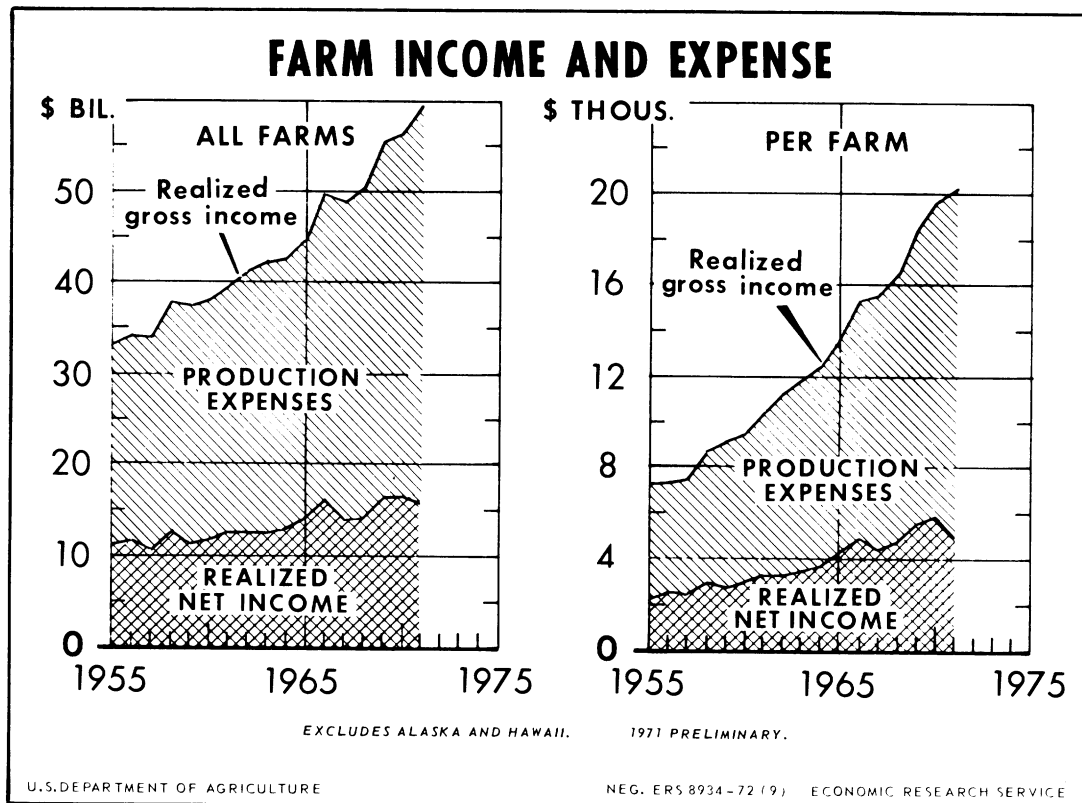


Figure 13

Prices received for crops improved about 8 percent, and marketings, 9 percent.

Increases in prices of livestock and volume of livestock product marketings trailed those for crops. Cattle and calf receipts rose about \$1.2 billion due higher prices; the volume of marketings was similar to 1970. Receipts from hogs and pigs undermined some of that gain, dropping \$0.4 billion from a year earlier. A 10-percent increase in hog marketings could not offset an average price drop of 20 percent. Dairy-product receipts were up about \$0.3 billion, but depressed prices caused poultry and eggs receipts to fall by the same amount.

Direct Government payments to farmers were about \$0.6 billion less than in 1970, reflecting lower payments under the cotton and feed grain programs.

Higher farm production expenses in 1971 more than offset the increase in marketing receipts. The

index of prices paid by farmers for production inputs, interest, taxes, and wage rates went up 5 percent in 1971. If not for the wage-price freeze and record feed grains production, the expense rise might very well have been larger.

The Pacific and Mountain regions had the highest realized gross farm incomes and the highest production expenses per farm, but also, the highest realized net farm incomes per farm (table 25). The Appalachian region had the lowest figures per farm for all three items.

Production expenses per farm in 1971 were equal to nearly three-fourths of realized gross per farm income (table 26). This ratio has been rising in the last several years for most regions and for the United States. The Southern Plains and Northern Plains showed the only deviations during 1969-71.

Table 25—Realized gross farm income, production expenses, and realized net farm income per farm, by region, 1969-71
(48 States)

Region	1969			1970			1971		
	Realized gross farm income ¹	Production expenses ²	Realized net farm income ³	Realized gross farm income ¹	Production expenses ²	Realized net farm income ³	Realized gross farm income ¹	Production expenses ²	Realized net farm income ³
	<i>Dollars</i>								
Northeast	20,800	14,800	6,000	21,600	15,700	5,900	22,000	16,700	5,300
Lake States	15,500	10,900	4,600	16,700	11,800	4,900	17,600	13,000	4,600
Corn Belt	20,000	13,900	6,100	20,700	14,800	5,900	21,300	15,900	5,400
Northern Plains	25,100	18,100	7,000	27,700	19,800	7,900	29,900	22,200	7,700
Appalachian	8,500	5,400	3,100	9,100	5,900	3,200	9,300	6,400	2,900
Southeast	16,400	10,400	6,000	16,900	11,400	5,500	18,300	12,400	5,900
Delta States	13,700	8,500	5,200	14,900	9,500	5,400	15,900	10,100	5,800
Southern Plains	17,200	12,300	4,900	18,700	12,900	5,800	19,000	14,200	4,800
Mountain	32,800	24,600	8,200	35,900	27,200	8,700	39,100	29,800	9,300
Pacific	43,200	32,100	11,100	44,600	34,400	10,200	48,700	37,400	11,300
United States	18,700	13,040	5,660	19,810	14,070	5,740	20,880	15,320	5,560

¹ Realized gross farm income includes cash receipts from farm marketings, Government payments, value of farm products consumed in the home, and rental value of farm dwellings.

² Farm production expenses include current farm operating expenses (including interest on non-real estate debt), depreciation of farm capital items, taxes on farm property, interest on farm mortgage debt, and net rent to nonfarm landlords (including Government payments to nonfarm landlords).

³ Realized net income of farm operators.

Table 26—Per farm production expenses as percent of realized gross income per farm, by region, 1969-71
(48 States)

Region	1969	1970	1971 ¹
	<i>Percent</i>		
Northeast	71	73	76
Lake States	70	71	74
Corn Belt	70	71	75
Northern Plains	72	71	74
Appalachian	64	65	69
Southeast	63	67	68
Delta States	62	64	64
Southern Plains	72	69	75
Mountain	75	76	76
Pacific	74	77	77
United States	70	71	73

¹ Preliminary.

Table 27—Balance Sheet of the Farming Sector, January 1, 1940-72¹
(48 States)

Item	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955
ASSETS	<i>Billion Dollars</i>															
Physical assets:																
Real estate	33.6	34.4	37.5	41.6	48.2	53.9	61.0	68.5	73.7	76.6	75.3	86.6	95.1	96.5	95.0	98.2
Non-real estate:																
Livestock ²	5.1	5.3	7.1	9.6	9.7	9.0	9.7	11.9	13.3	14.4	12.9	17.1	19.5	14.8	11.7	11.2
Machinery and motor vehicles	3.1	3.3	4.0	4.9	5.4	6.5	5.4	5.3	7.4	10.1	12.2	14.1	16.7	17.4	18.4	18.6
Crops stored on and off farms ³	2.7	3.0	3.8	5.1	6.1	6.7	6.3	7.1	9.0	8.6	7.6	7.9	8.8	9.0	9.2	9.6
Household equipment and furnishings	4.2	4.2	4.9	5.0	5.3	5.6	6.1	7.7	8.5	9.1	8.6	9.7	10.3	9.9	9.9	10.0
Financial assets:																
Deposits and currency	3.2	3.5	4.2	5.4	6.6	7.9	9.4	10.2	9.9	9.6	9.1	9.1	9.4	9.4	9.4	9.4
U.S. savings bonds .....	.2	.4	.5	1.1	2.2	3.4	4.2	4.2	4.4	4.6	4.7	4.7	4.7	4.6	4.7	5.0
Investments in cooperatives .....	.8	.9	.9	1.0	1.1	1.2	1.4	1.5	1.7	1.9	2.1	2.3	2.5	2.7	2.9	3.1
Total ⁴	52.9	55.0	62.9	73.7	84.6	94.2	103.5	116.4	127.9	134.9	132.5	151.5	167.0	164.3	161.2	165.1
CLAIMS																
Liabilities:																
Real estate debt	6.6	6.5	6.4	6.0	5.4	4.9	4.8	4.9	5.1	5.3	5.6	6.1	6.7	7.2	7.7	8.2
Non-real estate debt to:																
CCC ⁵ .....	.4	.6	.6	.8	.6	.7	.3	.1	.1	1.2	1.7	.8	.6	1.2	2.4	2.2
Other reporting institutions ⁶	1.5	1.6	1.8	1.7	1.7	1.6	1.7	2.0	2.3	2.7	2.8	3.4	4.1	4.2	3.7	4.0
Nonreporting creditors ⁷	1.5	1.7	1.7	1.5	1.2	1.1	1.2	1.5	1.8	2.2	2.3	2.8	3.3	3.5	3.1	3.2
Total liabilities ⁴	10.0	10.4	10.5	10.0	8.9	8.3	8.0	8.5	9.3	11.4	12.4	13.1	14.7	16.1	16.9	17.6
Proprietors' equities	42.9	44.6	52.4	63.7	75.7	85.9	95.5	107.9	118.6	123.5	120.1	138.4	152.3	148.2	144.3	147.5
Total ⁴	52.9	55.0	62.9	73.7	84.6	94.2	103.5	116.4	127.9	134.9	132.5	151.5	167.0	164.3	161.2	165.1
	<i>Percent</i>															
Debt to asset ratio ⁸	18.9	19.1	16.6	13.4	10.5	8.9	7.6	7.2	7.2	8.4	9.4	8.6	8.8	9.8	10.5	10.7

See footnotes at end of table.

Continued

Table 27—Balance Sheet of the Farming Sector, January 1, 1940-72¹—continued
(48 States)

Item	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972
ASSETS	<i>Billion Dollars</i>																
Physical assets:																	
Real estate	102.9	110.4	115.9	124.4	130.2	131.8	138.0	143.8	152.1	160.9	172.2	181.8	192.0	201.5	207.1	213.0	228.6
Non-real estate:																	
Livestock ²	10.6	11.0	13.9	17.7	15.2	15.5	16.4	17.3	15.8	14.4	17.6	18.9	18.8	20.2	23.5	23.7	27.3
Machinery and motor vehicles	19.3	20.2	20.2	21.8	22.7	22.2	22.5	23.4	23.9	24.7	25.8	27.3	29.5	30.9	31.8	33.8	36.4
Crops stored on and off-farms ³	8.4	8.3	7.6	9.3	7.7	8.0	8.8	9.3	9.8	9.2	9.7	10.0	9.6	10.6	10.9	10.7	11.8
Household equipment and furnishings ..	10.5	10.0	9.9	9.8	9.6	8.9	9.1	9.0	8.8	8.6	8.6	8.4	9.0	9.6	9.7	10.1	10.3
Financial assets:																	
Deposits and currency	9.5	9.4	9.5	10.0	9.2	8.7	8.8	9.2	9.2	9.6	10.0	10.3	10.9	11.5	11.9	12.4	13.1
U.S. savings bonds	5.2	5.1	5.1	5.2	4.7	4.6	4.4	4.4	4.2	4.2	4.0	3.9	3.8	3.7	3.7	3.6	3.7
Investments in cooperatives	3.2	3.5	3.7	3.9	4.2	4.5	4.8	5.0	5.4	5.6	5.9	6.2	6.5	6.8	7.2	7.6	8.0
Total⁴	169.6	177.9	185.8	202.1	203.5	204.2	212.8	221.4	229.2	237.2	253.8	266.8	280.1	294.8	305.8	314.9	339.2
CLAIMS																	
Liabilities:																	
Real estate debt	9.0	9.8	10.4	11.1	12.1	12.8	13.9	15.2	16.8	18.9	21.2	23.3	25.5	27.1	28.4	29.5	31.3
Non-real estate debt to:																	
CCC ⁵	1.9	1.5	1.2	2.5	1.1	1.4	1.9	2.0	1.9	1.5	1.4	1.2	1.4	2.7	2.7	1.9	2.3
Other reporting institutions ⁶	4.4	4.5	5.0	5.7	6.7	7.0	7.5	8.5	9.5	10.0	11.1	12.4	13.7	14.5	15.8	17.4	19.6
Nonreporting creditors ⁷	3.5	3.5	3.8	4.3	4.9	5.0	5.4	6.0	6.7	7.2	7.9	8.8	9.8	10.3	11.2	12.3	13.7
Total liabilities⁴	18.8	19.3	20.4	23.6	24.8	26.2	28.7	31.7	34.9	37.6	41.6	45.7	50.4	54.6	58.1	61.1	66.9
Proprietors' equities	150.8	158.6	165.4	178.5	178.7	178.0	184.1	189.7	194.3	199.6	212.2	221.1	229.7	240.2	247.7	253.8	272.3
Total⁴	169.6	177.9	185.8	202.1	203.5	204.2	212.8	221.4	229.2	237.2	253.8	266.8	280.1	294.8	305.8	314.9	339.2
	<i>Percent</i>																
Debt to asset ratio ⁸	11.1	10.9	11.0	11.7	12.2	12.8	13.5	14.3	15.2	15.8	16.4	17.1	18.0	18.5	19.0	19.4	19.7

¹ Revised.

² Beginning with 1961, horses and mules are excluded.

³ Includes all crops held on farms and crops held off farms by farmers as security for CCC loans. On Jan. 1, 1972, the latter totaled \$881 million.

⁴ Totals of rounded data.

⁵ Nonrecourse CCC loans secured by crops owned by farmers. These crops are included as assets in this balance sheet.

⁶ Loans of all operating banks, production credit associations, the Farmers Home Administration, and discounts of the Federal intermediate credit banks for agricultural credit corporations and livestock loan companies.

⁷ Loans and credit extended by dealers, merchants, finance companies, individuals, and others.

⁸ Computed from unrounded data.