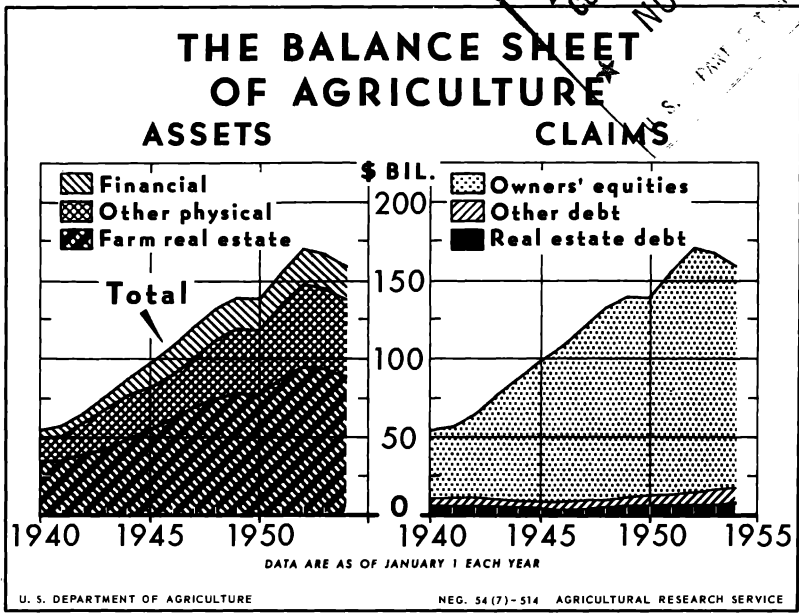


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THE BALANCE SHEET OF AGRICULTURE 1954

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Agriculture Information Bulletin No. 134

UNITED STATES DEPARTMENT OF AGRICULTURE

Agricultural Research Service

Washington, D. C., August 1954

EXPLANATION

This is the tenth in a series of annual reports that carry forward the comparative balance sheet of agriculture first prepared for 1940. Each balance sheet is as of January 1 of the year it is issued.

The balance sheet views agriculture as though it were one large enterprise. It is an aggregate of individual series of farm assets and the claims to those assets. In effect, it is comparable to a consolidated balance sheet of all farms, but it is not restricted to the assets and debts of farm operators. It includes, in addition, the farm assets owned, and the farm-mortgage debt owed, by nonoperators.

The balance sheet, formulated by the then Bureau of Agricultural Economics for each year from 1940 to 1944, was first issued in processed form in September 1944, in a publication entitled "The Impact of the War on the Financial Structure of Agriculture." In August 1945, a printed report of this study under the same title was issued as Miscellaneous Publication No. 567 of the United States Department of Agriculture. In that report the nature and significance of the financial structure of agriculture were analyzed, and the meaning, use, and limitations of the balance sheet and its individual items were considered.

Many of the considerations in that publication are still pertinent. They may be referred to with profit by those who examine the balance sheet of agriculture for the first time. The reader will recall that in a country as vast and diversified as ours, financial changes are never entirely uniform, either for geographic areas or for individuals. Thus, even when the balance sheet accurately reflects the aggregate, it does not reveal the differences that are found in different States and regions and among individual farmers.

The report for 1953 was issued as Agriculture Information Bulletin No. 115 of the United States Department of Agriculture, The Balance Sheet of Agriculture, 1953.

Data relating to the inventories of livestock, crops, machinery, and household equipment were prepared under the direction of the following persons: Livestock--A. V. Nordquist; crops--C. E. Burkhead, J. J. Morgan, George D. Harrell; machinery--E. W. Grove, Margaret F. Cannon; household equipment--Barbara B. Reagan.

Data relating to farm income and expenditures were compiled under the direction of E. W. Grove.

CONTENTS

| | Page | | Page |
|--|------|---|------|
| The 1954 balance sheet in general..... | 1 | Crops..... | 15 |
| Agricultural Income..... | 5 | Household furnishings and equipment..... | 18 |
| Influence of the general economic situation..... | 7 | Bank deposits, currency, and United States savings bonds..... | 18 |
| The 1954 balance sheet in detail..... | 10 | Net worth of farmers' cooperatives..... | 20 |
| Assets..... | 10 | Claims..... | 21 |
| Farm real estate..... | 10 | Farm real estate debt..... | 21 |
| Livestock on farms..... | 12 | Non-real-estate debt..... | 25 |
| Machinery and motor vehicles on farms..... | 15 | Total farm debt..... | 28 |

THE BALANCE SHEET OF AGRICULTURE--1954

Under the direction of Norman J. Wall, Head, Agricultural Finance Section, Production Economics Research Branch, Agricultural Research Service

By F. L. Garlock, L. A. Jones, R. W. Bierman, and W. H. Scofield

THE 1954 BALANCE SHEET IN GENERAL

Farm assets again dropped in value during 1953, continuing a decline started in 1952. The value of these assets at the beginning of the year, however, was higher in 1954 than in any other year except 1952 and 1953.

The decline in value of farm assets in 1953 was \$6.8 billion, or about 4 percent. This was almost double the decline of \$3.5 billion in 1952. In both years the chief causes of decline were lower prices of farm real estate and livestock. Taken together, these assets fell in value \$5.8 billion in 1952 and \$8.0 billion in 1953. Increases in other assets partly offset these declines.

Farm borrowing for production purposes declined in 1953 for the first time since 1944. But farm-mortgage debt continued to rise, and 1953 brought a sharp increase in price-support loans made or guaranteed by the Commodity Credit Corporation. The increase in price-support loans was even greater than that in 1949, which was the largest of record to that date. Including these price-support loans, the total farm debt rose more than \$1 billion in 1953. As a result of falling asset values and rising debts, equities of farmers and other owners of farm property dropped about \$7.9 billion, or 5 percent, in 1953.

Because of declining income and prices, farmers in 1953 further reduced their expenditures for building materials, tractors, and farm machinery. But they continued to maintain their holdings of bank deposits and currency at record levels.

Assets

Total assets of agriculture in this country, including financial assets owned by farmers, amounted to \$159.8 billion on January 1, 1954. They had reached a peak value of \$170.1 billion on January 1, 1952 (table 1). Falling prices of farm real estate and livestock were the chief cause of the decline. The sharp drop in value of these assets--\$5.8 billion in 1952 and \$8.0 billion in 1953--was offset partly by increases in other assets.

In 1953, the value of farm real estate declined about \$5.1 billion, or 6 percent, and the value of livestock decreased \$2.9 billion, or 20 percent. Farmers' holdings of bank deposits and currency were unchanged. All other types of assets rose in value. However, increases in these other assets--machinery and motor vehicles, crops, and household goods, United States savings bonds, and equities in cooperatives--aggregated only \$1.2 billion.

The physical quantity of farm assets changed little in 1953 (table 2). Numbers of hogs, horses, mules, and sheep declined, but because of the increased numbers of cattle and poultry, the livestock

TABLE 1.--Comparative balance sheet of agriculture, United States, January 1, 1940 and 1945-54

| Item | 1940 | 1945 | 1946 | 1947 | 1948 | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | Net change ¹ | | |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------------|----------------|----------------|
| | | | | | | | | | | | | 1940-54 | 1953-54 | |
| ASSETS | | | | | | | | | | | | | | |
| Physical assets: | <i>Billion dollars</i> | <i>Billion dollars</i> | <i>Billion dollars</i> | <i>Billion dollars</i> | <i>Billion dollars</i> | <i>Billion dollars</i> | <i>Billion dollars</i> | <i>Billion dollars</i> | <i>Billion dollars</i> | <i>Billion dollars</i> | <i>Billion dollars</i> | <i>Billion dollars</i> | <i>Percent</i> | <i>Percent</i> |
| Real estate----- | 33.6 | 54.0 | 61.8 | 68.8 | 73.9 | 76.8 | 75.3 | 85.8 | 93.7 | 92.7 | 87.6 | +160 | -6 | |
| Non-real-estate: | | | | | | | | | | | | | | |
| Livestock----- | 5.1 | 9.0 | 9.7 | 11.9 | 13.3 | 14.4 | 12.9 | 17.1 | 19.6 | 14.8 | 11.9 | +131 | -20 | |
| Machinery and motor vehicles----- | 2 3.2 | 2 6.4 | 6.3 | 2 7.0 | 2 9.2 | 2 12.0 | 2 14.3 | 2 15.2 | 2 17.5 | 2 18.5 | 18.7 | +490 | +1 | |
| Crops stored on and off farms ³ ----- | 2 2.7 | 6.7 | 6.3 | 7.1 | 9.0 | 8.6 | 7.6 | 7.9 | 8.8 | 2 9.0 | 9.1 | +242 | +1 | |
| Household furnishings and equipment ⁴ ----- | 4.3 | 4.7 | 4.8 | 5.3 | 6.1 | 6.9 | 7.7 | 8.6 | 9.3 | 10.0 | 5 10.6 | +149 | +6 | |
| Financial assets: | | | | | | | | | | | | | | |
| Deposits and currency----- | 3.9 | 10.6 | 12.9 | 14.4 | 14.4 | 13.9 | 13.3 | 13.3 | 13.8 | 2 13.9 | 13.9 | +256 | 0 | |
| United States savings bonds----- | .3 | 3.4 | 4.1 | 4.1 | 4.4 | 4.6 | 4.8 | 4.9 | 4.9 | 5.0 | 5.1 | +1,600 | +2 | |
| Investments in cooperatives----- | .8 | 1.2 | 2 1.4 | 1.5 | 1.7 | 1.9 | 2.1 | 2.3 | 2.5 | 2.7 | 2.9 | +250 | +6 | |
| Total ⁶ ----- | 2 53.9 | 2 96.8 | 2 107.3 | 2 120.1 | 2 132.0 | 2 139.1 | 2 138.0 | 2 155.1 | 2 170.1 | 2 166.6 | 5 159.8 | +196 | -7 | |
| CLAIMS | | | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | | | |
| Real estate debt----- | 6.6 | 4.9 | 4.8 | 4.9 | 5.1 | 5.3 | 5.6 | 6.1 | 6.6 | 7.2 | 7.7 | +16 | +7 | |
| Non-real-estate debt: | | | | | | | | | | | | | | |
| To principal institutions: | | | | | | | | | | | | | | |
| Excluding loans held and guaranteed by Commodity Credit Corporation----- | 1.5 | 1.6 | 1.7 | 2.0 | 2.3 | 2.7 | 2.8 | 3.4 | 4.1 | 4.2 | 3.8 | +150 | -11 | |
| Loans held and guaranteed by Commodity Credit Corporation ⁷ ----- | .4 | .7 | .3 | .1 | .1 | 1.2 | 1.7 | .8 | .6 | 1.2 | 2.4 | +438 | +101 | |
| To others ⁸ ----- | 1.5 | 1.1 | 1.2 | 1.5 | 1.8 | 2.2 | 2.4 | 2.8 | 3.2 | 3.4 | 3.2 | +113 | -6 | |
| Total liabilities ⁶ ----- | 10.0 | 8.3 | 8.0 | 8.5 | 9.3 | 11.4 | 12.5 | 13.1 | 14.5 | 16.0 | 17.1 | +70 | +7 | |
| Proprietors' equities ⁶ ----- | 2 43.9 | 2 88.5 | 2 99.3 | 2 111.6 | 2 122.7 | 2 127.7 | 2 125.5 | 2 142.0 | 2 155.1 | 2 150.6 | 5 142.7 | +165 | -5 | |
| Total ⁶ ----- | 2 53.9 | 2 96.8 | 2 107.3 | 2 120.1 | 2 132.0 | 2 139.1 | 2 138.0 | 2 155.1 | 2 170.1 | 2 166.6 | 5 159.8 | +196 | -7 | |

¹ Computed from unrounded data.

² Revised.

³ Includes all crops held on farms for whatever purpose and crops held off farms as security for Commodity Credit Corporation loans. The letter on January 1, 1954, totaled \$1,560 million.

⁴ Estimated valuation for 1940, plus purchases minus depreciation since then.

⁵ Preliminary.

⁶ Total of rounded data.

⁷ Although these are nonrecourse loans, they are included as liabilities because borrowers must either pay them in cash or deliver the commodities on which they are based. The values of the underlying commodities are included among the assets; hence the loans must be included as liabilities to avoid overstating the amount of proprietors' equities.

⁸ Includes individuals, merchants, dealers, and others. Estimates based on fragmentary data.

TABLE 2.--Physical assets of agriculture valued at 1940 prices, January 1, 1940, and 1945-54

| Asset | 1940 | 1945 | 1946 | 1947 | 1948 | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | Net change ¹ | |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------------|----------------|
| | | | | | | | | | | | | 1940 to 1954 | 1953 to 1954 |
| | <i>Billion dollars</i> | <i>Billion dollars</i> | <i>Billion dollars</i> | <i>Billion dollars</i> | <i>Billion dollars</i> | <i>Billion dollars</i> | <i>Billion dollars</i> | <i>Billion dollars</i> | <i>Billion dollars</i> | <i>Billion dollars</i> | <i>Billion dollars</i> | <i>Percent</i> | <i>Percent</i> |
| Real estate ² ----- | 33.6 | 34.4 | 34.5 | 34.7 | 35.1 | 35.5 | 35.8 | 36.2 | 36.5 | 36.7 | 36.8 | +9.5 | +0.40 |
| Livestock----- | 5.1 | 5.6 | 5.4 | 5.1 | 4.9 | 4.8 | 4.8 | 4.9 | 5.1 | 5.2 | 5.1 | +2 | -1.00 |
| Machinery and motor vehicles ³ ----- | 3.2 | 4.9 | 4.9 | 5.0 | 5.7 | 6.6 | 7.7 | 7.9 | 8.4 | 8.7 | 8.7 | +176.0 | -.01 |
| Crops stored on and off farms----- | ³ 2.7 | ³ 3.2 | 2.9 | 2.9 | 2.6 | ³ 3.3 | 3.2 | 3.0 | 2.9 | 3.1 | 3.4 | +27.9 | +8.90 |
| Household furnishings and equipment ⁴ ----- | 4.3 | 4.4 | 4.4 | 4.6 | 4.9 | 5.1 | 5.4 | 5.7 | 6.0 | 6.2 | ⁵ 6.4 | +49.0 | +3.30 |
| Total----- | 48.9 | 52.5 | 52.1 | 52.3 | 53.2 | 55.3 | 56.9 | 57.7 | 58.9 | 59.9 | 60.4 | +23.7 | +1.00 |

¹ Computed from unrounded data.

² This new series is based on data for census years developed by Alvin S. Tostlebe in cooperation with the National Bureau of Economic Research, and takes into account changes in the area in farms, acreage of improved land, and number and condition of farm structures. (See Agricultural Finance Review, November 1952.) Data for intercensal years, and for 1951-54, are extensions from census benchmarks based on net investment in farm structures (gross investment minus depreciation). All data adjusted to a 1940 price base.

³ Revised.

⁴ New series in which purchases since 1940 are deflated by an index of prices paid by farmers for housefurnishings.

⁵ Preliminary.

inventory as a whole on January 1, 1954, was only slightly below the level of a year earlier. No significant change occurred in numbers of machines and motor vehicles on farms or in farmland and buildings. But crop inventories (including crops under price-support loans) increased nearly 9 percent in 1953, because of continued large production and reduced export markets. Also, farmers appear to have increased the value of their household furnishings and equipment by about 3 percent. All told, these changes increased the physical assets of agriculture by about 1 percent.

Financial assets owned by farmers increased about \$300 million during 1953 to a total of \$21.9 billion on January 1, 1954. Currency and demand deposits each dropped about \$100 million during 1953, but these declines were offset by an increase of \$200 million in farmer-owned time deposits. Increases of about \$200 million each occurred in United States savings bonds and equities in cooperative associations that were owned by farmers.¹ In 1953, for the first time in several years, farmers bought more United States savings bonds than they cashed; and the value of their bond holdings was further increased by accrual of interest.

The purchasing power of the liquid financial reserves owned by farmers (currency, bank deposits, and United States savings bonds) increased about 1 percent in 1953. This resulted from a small increase in the amount of such assets and a slight decrease in prices of the things farmers buy.

Debts

The total farm debt increased to \$17.1 billion on January 1, 1954, from \$16.0 billion a year earlier. This growth in farm debt resulted mainly from an increase of \$1.2 billion in price-support loans of the Commodity Credit Corporation. Other non-real-estate debt of farmers dropped about \$600 million in 1953, but farm-mortgage debt increased about \$500 million.

Non-real-estate debts of farmers are incurred chiefly for items needed in current production. This type of farm debt increased each year from 1944 to 1952. The decline in 1953 reflects decreasing use of production credit. Farmers were able to get along with less production credit because costs of feeder cattle and replacement stock declined and because expenditures were curtailed for building materials, tractors, and farm machinery. Part of the decrease in non-real-estate debt probably resulted from refinancing of such debt into longer term farm-mortgage debt and from increased use of price-support loans for production purposes.

Farm-mortgage debt continued to increase in 1953 despite a drop in farmland values and fewer farm transfers. The increase resulted partly from the fact that buyers of farms reduced the amounts of their downpayments in cash and that a larger proportion used credit. Refinancing of non-real-estate debt and a reduction in payments on the principal of mortgage loans also accounted for part of the increase.

Price-support loans of the Commodity Credit Corporation increased by a record amount in 1953 because of large supplies and because market prices of supported commodities were below support levels. Major increases in amounts occurred in loans on cotton, corn, and wheat.

¹Because of rounding of data, the \$200 million increase in United States savings bonds appears in table 1 as only \$0.1 billion.

Proprietors' Equities

Because of lower farm asset values and increased farm debts, equities of farmers and other owners of farm property declined by \$7.9 billion, or about 5 percent, in 1953.

AGRICULTURAL INCOME

The decline in farm income which began in 1952 and continued into 1953 has had far-reaching effects on the Balance Sheet of Agriculture. It has been one of the basic forces causing the decline in land values. Also, it has strongly influenced farmers' attitudes toward investment in livestock and machinery, toward family expenditures, and toward the handling of debts and financial assets.

Total gross farm income in 1953--\$34.3 billion--was about 8 percent below that of 1952 but it was still a record high except for 1952, 1951, and 1948. All the items that constitute gross income, except rental value of dwellings, were smaller in 1953 than in 1952 (table 3). The decline in income was mainly the result of lower

TABLE 3.--Comparative income statement for agriculture, United States, selected years, 1940-53

| Item | 1940 | 1945 | 1950 ¹ | 1951 ¹ | 1952 ¹ | 1953 ² |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| HOW NET INCOME WAS OBTAINED | | | | | | |
| Total gross farm income: | <i>Million dollars</i> | <i>Million dollars</i> | <i>Million dollars</i> | <i>Million dollars</i> | <i>Million dollars</i> | <i>Million dollars</i> |
| Cash receipts from farm marketings----- | 8,332 | 21,383 | 28,328 | 32,799 | 32,373 | 30,975 |
| Government payments to farmers----- | 724 | 742 | 283 | 286 | 275 | 213 |
| Home consumption of farm products----- | 1,239 | 2,218 | 2,007 | 2,243 | 2,144 | 2,081 |
| Rental value of farm dwellings----- | 625 | 980 | 1,448 | 1,634 | 1,734 | 1,751 |
| Net change in inventory ³ ----- | 270 | -462 | 923 | 1,404 | 654 | -675 |
| Total----- | 11,190 | 24,861 | 32,989 | 38,366 | 37,180 | 34,345 |
| Production costs, other than wages, rent, and interest on mortgages: | | | | | | |
| Feed bought----- | 998 | 2,738 | 3,388 | 3,970 | 4,278 | 3,729 |
| Livestock bought, except horses and mules----- | 530 | 1,043 | 2,051 | 2,513 | 2,009 | 1,421 |
| Fertilizer and lime bought----- | 261 | 562 | 938 | 1,061 | 1,165 | 1,222 |
| Vehicle operation----- | 584 | 1,048 | 1,900 | 2,048 | 2,131 | 2,312 |
| Depreciation and maintenance----- | 1,085 | 1,953 | 4,037 | 4,443 | 4,755 | 4,852 |
| Taxes on farm real estate and personal property----- | 446 | 554 | 919 | 992 | 1,052 | 1,075 |
| Seed bought----- | 197 | 435 | 536 | 646 | 722 | 670 |
| Miscellaneous----- | 766 | 1,103 | 1,792 | 2,139 | 2,274 | 2,299 |
| Total----- | 4,867 | 9,436 | 15,561 | 17,812 | 18,386 | 17,580 |
| Net income from agriculture----- | 6,323 | 15,425 | 17,428 | 20,554 | 18,794 | 16,765 |
| HOW NET INCOME WAS DISTRIBUTED | | | | | | |
| Wages to hired labor (cash and perquisites)- Net rent and Government payments to land- lords not living on farms ⁴ ----- | 1,031 | 2,308 | 2,724 | 2,920 | 2,996 | 3,052 |
| Interest to holders of farm mortgages----- | 431 | 1,073 | 1,155 | 1,294 | 1,326 | 1,237 |
| Net income of farm operators----- | 293 | 220 | 264 | 291 | 319 | 349 |
| Net income of farm operators----- | 4,568 | 11,824 | 13,285 | 16,049 | 14,153 | 12,127 |
| Net income from agriculture----- | 6,323 | 15,425 | 17,428 | 20,554 | 18,794 | 16,765 |
| REALIZED NET INCOME OF FARM OPERATORS | | | | | | |
| Net income of farm operators----- | 4,568 | 11,824 | 13,285 | 16,049 | 14,153 | 12,127 |
| Net change in inventory ³ ----- | 270 | -462 | 923 | 1,404 | 654 | -675 |
| Realized net income of farm operators----- | 4,298 | 12,286 | 12,362 | 14,645 | 13,499 | 12,802 |

¹ Revised.

² Preliminary.

³ Market value, in terms of prices at end of year, of increase or decrease in physical quantities of crops and livestock.

⁴ After subtraction of taxes, mortgage interest, and other expenses paid by such landlords.

prices received by farmers. The physical volume of farm marketings and home consumption of agricultural products rose from 1952 (table 4). Cash receipts from farm marketings--the major source of income--were \$31.0 billion, or about 4 percent less than in 1952. By regions, the largest decline in cash receipts (11 percent) occurred in Texas-Oklahoma. Declines of 7 percent each occurred in the Great Plains and Mountain regions (table 5). Drought and lower prices of livestock were important factors in these regions. The Delta was the only region in which cash receipts showed an increase in 1953--2 percent. This may have resulted partly from an increase in 1953 over 1952 in the quantity of cotton that was marketed or put under price-support loan during the year.

Although expenses of production declined in the aggregate in 1953, all items of expense continued to rise except purchases of livestock, feed, and seed. The decrease in production expenses as a whole did not fully offset the shrinkage in income. Net income from agriculture was \$2 billion less in 1953 than in 1952, a decline of nearly 11 percent.

TABLE 4.--Volume of farm marketings and home consumption of agricultural products and prices received by farmers, 1940-53
(Indexes 1947-49 = 100)

| Year | All commodities | | Crops | | Livestock and products | |
|-------------------------|-----------------|---------------------|------------|---------------------|------------------------|---------------------|
| | Production | Prices ¹ | Production | Prices ¹ | Production | Prices ¹ |
| 1940----- | 80 | 37 | 74 | 36 | 84 | 37 |
| 1941----- | 82 | 46 | 76 | 44 | 86 | 47 |
| 1942----- | 90 | 59 | 83 | 59 | 95 | 59 |
| 1943----- | 94 | 71 | 81 | 76 | 104 | 68 |
| 1944----- | 99 | 73 | 87 | 81 | 107 | 67 |
| 1945----- | 99 | 76 | 89 | 82 | 106 | 72 |
| 1946----- | 97 | 87 | 87 | 92 | 104 | 83 |
| 1947----- | 100 | 102 | 96 | 106 | 103 | 99 |
| 1948----- | 97 | 106 | 98 | 103 | 97 | 108 |
| 1949----- | 103 | 92 | 106 | 91 | 101 | 93 |
| 1950----- | 99 | 95 | 96 | 94 | 102 | 96 |
| 1951----- | 100 | 111 | 94 | 107 | 104 | 115 |
| 1952----- | 104 | 106 | 99 | 108 | 108 | 105 |
| 1953 ² ----- | 109 | 95 | 106 | 98 | 112 | 93 |

¹ Revised

² Preliminary.

TABLE 5.--Cash receipts from farm marketings, 1952 and 1953

| Region ¹ | 1952 | 1953 | Change |
|---------------------|-----------------|-----------------|---------|
| | Million dollars | Million dollars | Percent |
| Northeast----- | 2,905 | 2,805 | -3.4 |
| Appalachian----- | 3,030 | 2,856 | -5.7 |
| Southeast----- | 1,967 | 1,945 | -1.1 |
| Lake States----- | 3,138 | 3,012 | -4.0 |
| Corn Belt----- | 7,483 | 7,311 | -2.3 |
| Delta States----- | 1,579 | 1,611 | +2.0 |
| Great Plains----- | 3,407 | 3,180 | -6.7 |
| Texas-Oklahoma----- | 2,845 | 2,541 | -10.7 |
| Mountain----- | 2,327 | 2,158 | -7.3 |
| Pacific----- | 3,692 | 3,556 | -3.7 |
| United States----- | 32,373 | 30,975 | -4.3 |

¹ In this table and elsewhere in this report the regions used and the States in each are as follows: Northeast (Maine, N. H., Vt., Mass., R. I., Conn., N. Y., N. J., and Pa.); Appalachian (Del., Md., Va., W. Va., N. C., Ky., and Tenn.); Southeast (S. C., Ga., Fla., Ala.); Lake States (Mich., Wis., Minn.); Corn Belt (Ohio, Ind., Ill., Iowa, Mo.); Delta States (Miss., Ark., La.); Great Plains (N. Dak., S. Dak., Nebr., Kans.); Texas-Oklahoma (Tex., Okla.); Mountain (Mont., Idaho, Wyo., Colo., N. Mex., Ariz., Utah, Nev.); Pacific (Wash., Oreg., Calif.).

Deductions from total net income from agriculture (to arrive at the net income of farm operators) did not change much between 1952 and 1953. Wages paid to hired labor and interest paid on mortgages increased, but net rent paid to landlords not living on farms decreased. The net income of operators in 1953 was \$12.1 billion, or about 14 percent less than in 1952. But because farm operators drew down their crop and livestock inventories during the year, the net income they actually realized was \$12.8 billion, or only 5 percent less than that of 1952.²

As prices paid by farmers for goods and services used in family living changed little between 1952 and 1953, the decline in purchasing power and in actual amount of net income were the same--14 percent for total and 5 percent for realized net income (table 6). The pur-

TABLE 6.--Purchasing power of total and realized net income of farm operators in terms of commodities and services used for family living, United States, 1940-53¹
(Indexes 1940 = 100)

| Year | Net income of farm operators | |
|-------------------------|------------------------------|-----------------------|
| | Total ² | Realized ² |
| 1940----- | 100 | 100 |
| 1941----- | 133 | 131 |
| 1942----- | 179 | 168 |
| 1943----- | 182 | 196 |
| 1944----- | 175 | 194 |
| 1945----- | 173 | 191 |
| 1946----- | 184 | 199 |
| 1947----- | 163 | 200 |
| 1948----- | 178 | 176 |
| 1949----- | 139 | 158 |
| 1950----- | 144 | 142 |
| 1951----- | 159 | 155 |
| 1952----- | 139 | 141 |
| 1953 ³ ----- | 119 | 134 |

¹ Total and realized net income were deflated by 1940 prices paid for commodities and services used for family living.

² Revised.

³ Preliminary.

chasing power of realized net income in 1953 was only 68 percent of the average for 1943-47, but it was 134 percent of that for the pre-war year 1940.

During the first 5 months of 1954, prices of agricultural products averaged slightly lower than a year earlier, and cash receipts from marketings were down about 3 percent. Although farm expenses may decline somewhat, the decline is not expected to be large enough to prevent a small decrease for 1954 in realized net income.

INFLUENCE OF THE GENERAL ECONOMIC SITUATION

General economic activity, which had moved steadily upward since 1949, turned downward in 1953 (table 7). The gross national product reached an alltime peak of \$369.9 billion (seasonally adjusted annual rate) in the second quarter of 1953. In the last half of 1953, and

² This statement may appear to conflict with table 2 and the related statement that the livestock inventory changed little but crop inventories increased about 9 percent in 1953. In computing farm income, crops placed under price-support loan and not redeemed during the year are counted in cash receipts from marketings and consequently are deducted from inventory. The quantity of crops placed under price-support loan or sold before the end of the year was much greater in 1953 than in 1952. Therefore, the inventory of crops, as computed in accounting for income, decreased notwithstanding the increase in the quantity of crops actually owned by farmers.

continuing in the first quarter of 1954, gross national product decreased in each quarter. Major factors contributing to this decline were reductions in defense spending by the Federal Government and a reduction in business inventories. Investment in new construction and State and local government purchases of goods and services continued to expand.

Despite the decrease in gross national product, disposable personal income increased slightly in the first quarter of 1954 because of the reduction in rates of Federal income taxes. This sustained flow of disposable income was an important factor in maintaining the demand for food products.

Domestic consumer demand for food was well maintained in 1953 and early 1954. However, the farmer's share of the retail cost of the farm-food market basket, which was 47 percent in 1952, decreased to 45 percent in 1953 and the first quarter of 1954.

The export demand for farm products was lower in 1953 than in 1952. This reduced demand, with agricultural output at a level exceeded only in 1948 and 1952, led to further accumulation of surplus stocks. Although receipts of \$14 billion from crops in 1953 were about the same as in 1952, approximately a fourth of this total represented Government loans and purchases for price-support purposes. The sharp increase in crop carryovers led to the imposition of acreage controls in 1954 on wheat, cotton, and corn. Peanuts and several major types of tobacco were already restricted.

The decrease in agricultural exports in 1953 was caused primarily by reduced exports of wheat. The large crops harvested in most of the major importing areas, particularly western Europe, reduced the usual wheat import requirements. Since July 1, 1953, agricultural exports, other than wheat, have been above the comparable period of a year earlier. An active foreign demand was in effect, particularly for fats and oils, tobacco, and rice. Industrial production in foreign countries continued to expand in 1953. Of particular importance was the recovery of textile activity from the depressed levels of a year earlier. This development has improved the export demand for raw cotton.

Contributing to an improved foreign demand situation has been the substantial improvement in the dollar position of most importing countries. During 1953 the gold and short-term dollar assets of the free world increased by \$2.5 billion. At the beginning of 1954, these assets totaled \$22.7 billion, or about 50 percent larger than in 1949, when widespread foreign-currency devaluations occurred. Countries with inconvertible currencies are still facing a dollar problem. Nevertheless, the improvement in their financial position has enabled some of these countries, such as the United Kingdom, Germany, and the Netherlands, to take steps toward trade liberalization involving our major agricultural products.

Monetary developments in 1953 and early 1954 included a tightening of credit in the first half of 1953 and an easing of credit thereafter. The continued rise of interest rates in the first half of 1953 increased the costs of borrowed funds for such agricultural lending agencies as Federal land banks, production credit associations, and banks for cooperatives, which depend upon the money market for loanable funds. Open-market purchases of Federal securities by the Federal Reserve System in the late spring of 1953 and subsequent reductions in member-bank reserve requirements contributed materially to easing of money-market interest rates.

TABLE 7.--Gross national product (expenditure), United States, annually 1939 and 1946-53, and seasonally adjusted annual rates, by quarters, 1952-53, and first quarter 1954¹

| Period | Gross national product or expenditure | Personal consumption expenditures | | | | Gross private domestic investment | | | | Net foreign investment | Government purchases of goods and services | | |
|------------------|---------------------------------------|-----------------------------------|-------------------------------|--------------------------------|--------------------------------|-----------------------------------|-------------------------------|-------------------------------|--------------------------------|-------------------------------|--|-------------------------------|-------------------------------|
| | | Total | Durable goods | Nondurable goods | Services | Total | New construction | Producers' durable equipment | Change in business inventories | | Total | Federal | State and local |
| 1939----- | <i>Billion dollars</i> 91.1 | <i>Billion dollars</i> 67.6 | <i>Billion dollars</i> 6.7 | <i>Billion dollars</i> 35.1 | <i>Billion dollars</i> 25.8 | <i>Billion dollars</i> 9.3 | <i>Billion dollars</i> 4.8 | <i>Billion dollars</i> 4.2 | <i>Billion dollars</i> 0.4 | <i>Billion dollars</i> 0.9 | <i>Billion dollars</i> 13.3 | <i>Billion dollars</i> 5.2 | <i>Billion dollars</i> 8.2 |
| 1946----- | 209.2 | 146.6 | 15.9 | 84.5 | 46.2 | 27.1 | 10.3 | 10.7 | 6.1 | 4.6 | 30.9 | 20.9 | 10.0 |
| 1947----- | 232.2 | 165.0 | 20.6 | 93.1 | 51.3 | 29.7 | 14.0 | 16.7 | -1.0 | 8.9 | 28.6 | 15.8 | 12.8 |
| 1948----- | 257.3 | 177.6 | 22.2 | 98.7 | 56.7 | 41.2 | 17.9 | 19.1 | 4.2 | 2.0 | 36.6 | 21.0 | 15.6 |
| 1949----- | 257.3 | 180.6 | 23.6 | 96.9 | 60.1 | 32.5 | 17.5 | 17.8 | -2.7 | .5 | 43.6 | 25.4 | 18.2 |
| 1950----- | 285.1 | 194.0 | 28.6 | 100.4 | 65.0 | 51.2 | 22.7 | 21.1 | 7.4 | -2.2 | 42.0 | 22.1 | 19.9 |
| 1951----- | 328.2 | 208.3 | 27.1 | 111.1 | 70.1 | 56.9 | 23.3 | 23.2 | 10.4 | .2 | 62.8 | 41.0 | 21.8 |
| 1952----- | 346.1 | 218.4 | 26.8 | 116.0 | 75.6 | 50.7 | 23.7 | 23.3 | 3.6 | -.2 | 77.2 | 54.0 | 23.2 |
| 1953----- | 364.9 | 230.1 | 29.7 | 118.9 | 81.4 | 51.4 | 25.5 | 24.4 | 1.5 | -1.9 | 85.2 | 60.1 | 25.1 |
| 1952: | | | | | | | | | | | | | |
| 1st quarter----- | 340.3 | 213.5 | 25.8 | 114.2 | 73.5 | 50.7 | 23.3 | 24.0 | 3.4 | 2.3 | 73.7 | 50.9 | 22.8 |
| 2d quarter----- | 341.4 | 216.7 | 27.0 | 114.9 | 74.8 | 47.2 | 23.7 | 24.5 | -.9 | -.7 | 78.1 | 55.1 | 23.0 |
| 3d quarter----- | 344.2 | 218.2 | 25.4 | 116.6 | 76.2 | 50.2 | 23.7 | 22.0 | 4.6 | -1.5 | 77.3 | 54.1 | 23.1 |
| 4th quarter----- | 358.5 | 225.3 | 29.1 | 118.4 | 77.8 | 54.4 | 24.2 | 22.8 | 7.5 | -.8 | 79.6 | 55.7 | 23.9 |
| 1953: | | | | | | | | | | | | | |
| 1st quarter----- | 361.8 | 228.6 | 30.4 | 118.8 | 79.4 | 51.9 | 25.0 | 24.1 | 2.8 | -1.8 | 83.0 | 58.1 | 24.9 |
| 2d quarter----- | 369.9 | 230.8 | 30.3 | 119.6 | 80.9 | 55.9 | 25.9 | 24.6 | 5.4 | -3.3 | 86.6 | 62.2 | 24.4 |
| 3d quarter----- | 367.2 | 231.2 | 30.3 | 118.6 | 82.3 | 52.4 | 25.6 | 24.8 | 2.0 | -1.8 | 85.4 | 60.3 | 25.1 |
| 4th quarter----- | 360.5 | 229.7 | 28.0 | 118.7 | 83.0 | 45.5 | 25.7 | 24.0 | -4.2 | -.6 | 86.0 | 59.8 | 26.2 |
| 1954: | | | | | | | | | | | | | |
| 1st quarter----- | 355.8 | 230.5 | 28.0 | 118.8 | 83.6 | 44.5 | 26.0 | 22.7 | -4.2 | -1.1 | 81.9 | 55.0 | 26.9 |

¹Because of rounding, items do not always add to total. U. S. Department of Commerce.

In the last half of 1953 less than the usual seasonal demand for commercial loans and a slackened growth in consumer credit contributed to the easing tendencies. Long-term interest rates declined appreciably, and in early 1954 some reduction in farm-mortgage interest rates occurred in selected areas.

In the first quarter of 1954, industrial production reached a point about 10 percent below the peak in 1953; in the second quarter of 1954 it leveled out. The decrease represented largely a reduction in output of durable goods.

Prices received by farmers, which declined from 268 (1910-14 = 100) at the beginning of 1953, to 249 in October and November 1953, averaged about 258 during the first 5 months of 1954.

THE 1954 BALANCE SHEET IN DETAIL

The foregoing pages have provided a summary analysis of the balance sheet in general terms, an account of the income position of agriculture, and an analysis of the influence of the general economic situation on the financial status of farmers. In this section each item of the 1954 balance sheet is treated in detail.

Assets

Assets fall into two general classes: (1) Physical assets, both real estate and tangible personalty, and (2) financial assets, which include cash, bank deposits, United States savings bonds, and farmers' investments in cooperative associations.

Farm Real Estate

The total value of all farm real estate (land and buildings) was estimated at \$87.6 billion as of March 1, 1954. This is a decline of \$5.1 billion, or 5.5 percent, from that of a year earlier and 6.5 percent from the record peak of March 1952. Buildings on farms accounted for \$23 billion of the current estimate, or 26 percent of the value of land and buildings.

The decline in the inventory value of farm real estate during the year ended March 1, 1954, reflects lower values per acre in all States.³ Nationally, the average value per acre declined from \$80.02 as of March 1, 1953, to \$75.59 for the current date. Although regional differences in the amount of decline were relatively small, most of the States in which farm income was affected by drought and lower cattle prices in 1953 showed declines somewhat larger than average. Thus, per acre values declined 8 to 10 percent in Colorado, New Mexico, Arizona, Oklahoma, and Missouri, whereas declines of 3 to 5 percent were typical in most of the North Central States (figs. 1 and 2).

Although farm real estate values drifted moderately lower throughout 1953 and early 1954, the rate of decline was accentuated from July through November 1953. The combination of drought throughout considerable areas of the country, the sharp break in

³Changes in the aggregate value of farm real estate shown in the Balance Sheet for years since 1950 reflect only changes in market value per acre. Acreage of land in farms is interpolated for intercensal years before 1950. The 1950 census acreage is used for 1951 and later years.

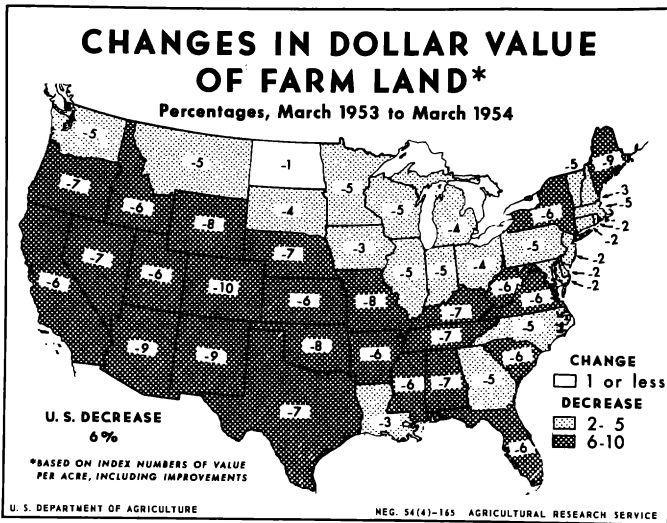


FIGURE 1.--Farm real estate values declined in every State during the year ended March 1, 1954. At 120 (1947-49 = 100), the national index for March was 2 percent below last November and 6 percent below a year earlier. However, values are still 15 percent above the level in mid-1950 before the Korean outbreak.

Larger-than-average declines in values occurred in most of the States in which farm income was affected by drought and the sharp break in cattle prices during 1953. Thus, Colorado, Arizona, Oklahoma, and Missouri had declines of 8 to 10 percent, whereas values were down only 3 to 5 percent in most of the North Central States.

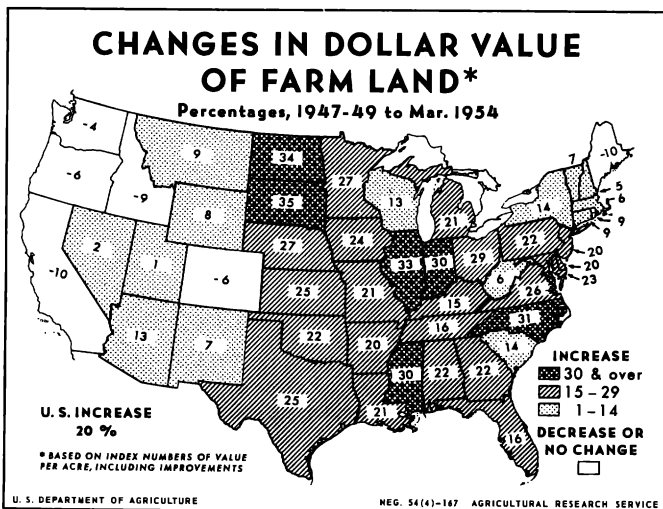


FIGURE 2.--Despite the gradual downtrend in farm real estate values since July 1952, the March 1954 level in most States was still substantially above the 1947-49 average. Values were 30 percent or more above that level in 6 States, with South Dakota leading at 35 percent, followed by North Dakota, Illinois, and North Carolina at 34, 33, and 31 percent, respectively. Most of the 6 States in which current values are below the earlier period are in the West, although Maine shows the same decline as California--10 percent.

cattle prices, and the general decline in prices of most farm products during the fall marketing season contributed to general weakness in the farm real estate market during that period. Also, price-support levels for most 1954 crops had not yet been announced and prospective buyers hesitated to buy farms and to assume the long-term financial obligations associated with purchase of land until future cost-price relationships and farm income became more certain. Possible effects of acreage allotments for wheat and cotton on farm income also contributed to the general uncertainty.

Gradual strengthening in farm commodity prices following the low point in November 1953 and a more favorable outlook for the 1954 crop year helped to slow the rate of decline in land values from November 1953 to March 1954. Hog prices rose sharply during this period and returns from cattle feeding improved materially. As a result, land values showed no significant change in many Midwestern States and the declines in many other States were generally less than those that occurred in the last half of 1953.

The volume of voluntary sales of farm property continued to decline during the year ended March 1, 1954. At about 30 farms per 1,000, the rate was 13 percent below that of the previous year and only half as high as during the peak years 1946-47. The number of farm foreclosures increased slightly from the previous year but it was still below that of any year before 1945.

The low level of farm sales activity results from a general reluctance of prospective buyers to pay current asking prices, as well as from the unwillingness of many owners to offer property for sale. Some tightening in the supply of available credit early in 1953 restricted purchases by prospective buyers who had limited cash available for a downpayment. Many lenders became more selective in making loans in view of the less favorable outlook for farm income; they emphasized more the financial strength of the individual and the debt-paying capacity of the property offered as security. Recent developments in central money markets have led to some easing in availability and cost of credit.

Livestock on Farms

On January 1, 1954, the total value of livestock and poultry was \$11.9 billion, 20 percent less than a year earlier and 39 percent less than on January 1, 1952 (table 8). Most of this decline was the result of lower cattle prices. On January 1, 1954, the average value per head of all cattle was \$92, the lowest since 1946. The 1953 value per head was \$128, and that for 1952 was \$179. Numbers of cattle, chickens, and turkeys increased during 1953, but numbers of hogs, sheep, horses, and mules declined.

At 1940 prices, the total value of livestock and poultry on farms January 1, 1954, was \$5.1 billion, about the same as in 1940. The highest value in 1940 prices was the 1944 value of \$5.9 billion, and the lowest was the \$4.8 billion value in 1949.

From February 1952 through April 1954, the average price received by farmers each month for beef cattle was under that of the same month a year earlier. Prices of beef cattle averaged \$27.30 per 100 pounds in December 1951, \$19.00 in December 1952, and only \$14.80 in December 1953.

The weaker cattle prices of the last 2 years reflect the increased marketings of cattle from the record inventories that have been built

TABLE 8.--Livestock on farms: Number, value per head, and total value by classes, United States, January 1, 1953 and 1954

| Class | 1953 ¹ | | | 1954 | | |
|--------------------------------|-------------------|----------------|-----------------|------------|----------------|-----------------|
| | Number | Value per head | Total value | Number | Value per head | Total value |
| | 1,000 head | Dollars | Million dollars | 1,000 head | Dollars | Million dollars |
| Cattle----- | 93,637 | 128.00 | 11,998 | 94,677 | 92.40 | 8,746 |
| Milk cows ² ----- | 24,094 | 202.00 | 4,863 | 24,735 | 146.00 | 3,614 |
| Hogs----- | 54,294 | 26.00 | 1,410 | 48,179 | 36.60 | 1,764 |
| Horses----- | 3,798 | 47.20 | 179 | 3,432 | 48.80 | 167 |
| Mules----- | 1,753 | 65.30 | 115 | 1,603 | 61.40 | 98 |
| All sheep ³ ----- | 31,861 | 15.92 | 507 | 30,902 | 13.98 | 432 |
| Stock sheep ⁴ ----- | 27,700 | 15.80 | 437 | 26,905 | 13.90 | 373 |
| Chickens----- | 429,731 | 1.41 | 607 | 439,271 | 1.43 | 629 |
| Turkeys----- | 5,305 | 6.16 | 33 | 5,323 | 6.31 | 34 |
| Total----- | | | 14,849 | | | 11,870 |

¹ Revised.² Subclass; included in cattle.³ Includes sheep and lambs on feed for market.⁴ Subclass; included in all sheep.

up, the decision of many farmers and ranchers not to increase their herds further, and poor pasture and feed conditions in large parts of the range area which forced some liquidation. Total production of beef in 1953 was a record 12.4 billion pounds, 28 percent higher than in 1952, and 2.0 billion pounds above the previous high point in 1947. The 1953 commercial slaughter of cattle and calves totaled 35.4 million head, 32 percent above that of 1952, and 43 percent higher than that of 1951.

In 1953 the value per head of milk cows declined from \$202 to \$146, or 28 percent. Prices received by farmers for milk each month in 1953 were lower than those for the same months in 1952, and the average price received by farmers for milk sold to plants and dealers for the year 1953 was \$4.36, compared with \$4.85 in 1952. Chief causes of the lower average milk prices were increased production and a decline in the proportion of milk used in fluid form. In 1953 the price of milk declined in relation to the price of dairy feed. As a result production of milk tended to be less profitable.

Cattle numbers on January 1, 1954, were at a new record of 94.7 million head (fig. 3). This was 1 million head more than the number a year earlier. Cattle numbers have increased since 1949, when they were at a cyclical low of 76.8 million head. The relatively small increase in 1953 may indicate that the current cyclical rise in cattle numbers is nearly over.

Hog numbers continued to decline in 1953. The 48.2 million head on farms on January 1, 1954, was the smallest number since 1938. Total value of hogs increased from \$1.4 billion to \$1.8 billion in 1953, reflecting a rise in average value per head from \$26.00 to \$36.60. Average value per head had been exceeded in only 2 previous years--1948 and 1949. In contrast to the behavior of cattle prices, hog prices in 1953 recovered strongly from their weakness in 1952. The average price received by farmers in December 1953 was \$22.80 per hundredweight, 42 percent above the \$16.10 received in December 1952. Commercial slaughter of hogs in 1953 was 67 million head, about 11 million less than in 1952, and the lowest commercial slaughter since 1949.

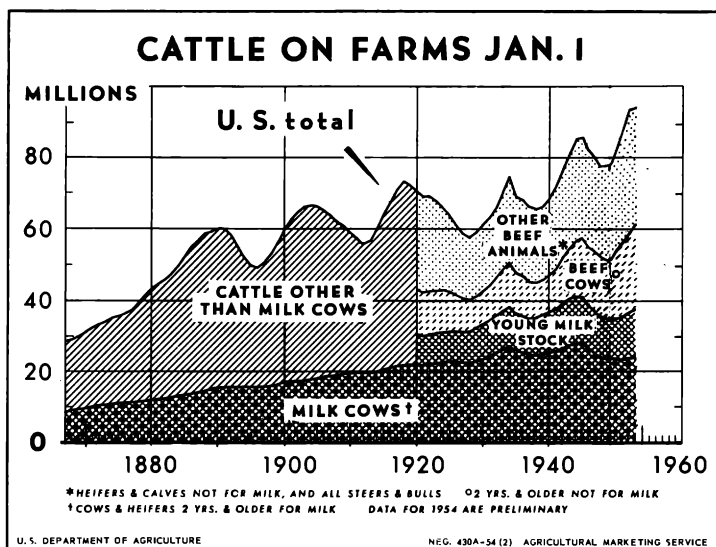


FIGURE 3.--Cattle numbers on January 1, 1954, totaled 94.7 million head, a record high. This represents an increase of 1 million head since January 1, 1953, and nearly 18 million head since January 1, 1949.

Numbers of horses and mules continued to decline in 1953. Value per head showed little change, but total value of horses fell from \$179 million to \$168 million, and the value of mules on farms decreased from \$114 million to \$98 million.

Numbers of both chickens and turkeys on farms increased in 1953, and values per head rose slightly. Total value of chickens (excluding commercial broilers) on January 1, 1954, was \$629 million, as compared with \$607 million a year earlier. At the beginning of 1954, turkeys were valued at \$34 million as compared with the 1953 value of \$33 million. The average price of farm chickens in 1953 was 22.3 cents per pound, the same as in 1952, while the price of broilers was 27.1 cents per pound in 1953 and 28.8 cents in 1952. Turkey prices were 34.4 cents per pound in December 1953, about the same as a year earlier.

Sheep numbers, values per head, and total value all declined in 1953. Value per head on January 1, 1954, averaged \$14, nearly \$2 less than a year before. The total number of all sheep declined 3 percent in 1953, and the total value of \$432 million on January 1, 1954, represented a decrease of 15 percent during the year. December 1953 prices received by farmers for sheep were \$6.64 per hundredweight, the lowest for that month since 1945. This compares with \$7.36 in December 1952, and \$14.10 in December 1951. Comparable declines occurred in lamb prices--from \$28.60 per hundredweight in December 1951 to \$17.30 in December 1953. Commercial production of lamb and mutton in 1953 totaled 718 million pounds, 13 percent more than in 1952, and the highest production since 1948.

Machinery and Motor Vehicles on Farms

At the beginning of 1954 the value of machinery and motor vehicles on farms was \$18.7 billion (table 9). This was about 1 percent above the value of a year earlier, and 31 percent above that of 1950.

In terms of 1940 prices, the value of machinery and motor vehicles on farms was about \$8.7 billion on January 1, 1954, compared with \$7.7 billion on January 1, 1950, and \$3.2 billion on January 1, 1940. The increase in terms of 1940 prices is a rough measure of the increasing numbers of machines and motor vehicles on farms.

Purchases of machinery and motor vehicles by farmers declined about 4 percent in 1953, reflecting a decline in cash farm income. But total purchases in 1953 were still about \$4.0 billion, and the fourth highest on record. In 1952 purchases amounted to \$4.2 billion. The record year was 1951, when farmers bought \$4.5 billion of farm machinery and motor vehicles. Farmers' expenditures for machinery and motor vehicles were only about \$60 million more than the amount needed to offset depreciation charges, and they were about 13 percent of the total cash income of \$31.2 billion from farm marketings and Government payments.

In 1953 the upward movement of prices of motor vehicles and farm machinery largely ceased; prices paid by farmers for these items during 1953 averaged only slightly higher than those of a year earlier.

Crops

Total crop production in 1953 was almost equal to the near-record volume of 1952. Crop acreage in 1953 was smaller than the 10-year average for 1942-51, but yields per acre, on the whole, were at a record high. Total production was larger than average for corn, wheat, cotton and cottonseed, hay, dry beans, soybeans, and tobacco. A record production of rice was attained. Production of oats, barley, rye, buckwheat, dry peas, sorghum, peanuts, and potatoes was below average.

TABLE 9.--Farm machinery and motor vehicles: Value by classes, United States, January 1, 1940-54

| Year | Tractors | Automobiles | Motortrucks | Other farm machinery | Total ¹ |
|-------------------------|-----------------|-----------------|-----------------|----------------------|--------------------|
| | Million dollars | Million dollars | Million dollars | Million dollars | Million dollars |
| 1940----- | 501 | 2 941 | 301 | 1,358 | 2 3,159 |
| 1941----- | 557 | 2 1,018 | 340 | 1,650 | 2 3,623 |
| 1942----- | 720 | 2 1,318 | 426 | 2,062 | 2 4,587 |
| 1943----- | 880 | 2 1,356 | 581 | 2,621 | 2 5,508 |
| 1944----- | 871 | 2 1,188 | 672 | 2,984 | 2 5,792 |
| 1945----- | 1,014 | 2 1,124 | 701 | 3,432 | 2 6,352 |
| 1946----- | 1,069 | 2 924 | 650 | 3,562 | 2 6,285 |
| 1947----- | 1,233 | 2 1,169 | 698 | 3,831 | 2 7,010 |
| 1948----- | 1,729 | 2 1,635 | 950 | 4,838 | 2 9,235 |
| 1949----- | 2,346 | 2 1,980 | 1,212 | 6,334 | 2 11,954 |
| 1950----- | 2,929 | 2 2,280 | 1,431 | 7,577 | 2 14,291 |
| 1951----- | 2 3,123 | 2 2,622 | 1,462 | 2 7,964 | 2 15,241 |
| 1952----- | 2 3,665 | 2 3,061 | 1,622 | 2 9,089 | 2 17,505 |
| 1953----- | 2 3,770 | 2 3,391 | 1,705 | 2 9,573 | 2 18,504 |
| 1954 ³ ----- | 3,710 | 3,518 | 1,694 | 9,670 | 18,652 |

¹ Also includes harness and saddlery.² Revised.³ Preliminary.

The total value of crops stored on farms, and those owned by farmers stored off farms under Commodity Credit Corporation loans was \$9.1 billion on January 1, 1954, compared with \$9.0 billion a year earlier, an increase of only 1 percent (table 1). If prices had remained stable during the year, the value of stored crops would have risen 9 percent. This increase in physical quantity is indicative of the slower rate at which some crops moved to market during 1953. Inventories included a larger quantity of crops that were pledged as security for price-support loans made or guaranteed by the Commodity Credit Corporation. If crops under CCC loan were excluded, the value of crop inventories in current prices would have declined rather than increased in 1953.

Crops stored on farms.--The physical quantity of crops stored on farms January 1, 1954, including crops sealed under loan to the Commodity Credit Corporation, was almost the same as that of a year earlier. But because of lower prices the value of these stocks declined 9 percent, to \$7.6 billion (table 10). Prices of most of the crops on farms at the beginning of 1954 were lower than at the beginning of 1953. Prices received by farmers for feed grains and hay declined about 13 percent. Prices of oil crops, food grains, and cotton declined 10, 7, and 4 percent, respectively. Tobacco prices showed little change during the year.

TABLE 10.—Crops stored on farms: Value by classes, United States, January 1, selected years, 1940-54¹

| Class | 1940 | 1945 | 1946 | 1950 | 1953 ² | 1954 |
|-----------------------------|--------------------|-----------------|-----------------|-----------------|-------------------|-----------------|
| | Million dollars | Million dollars | Million dollars | Million dollars | Million dollars | Million dollars |
| Food grains | ² 205 | 578 | 572 | 633 | 874 | 879 |
| Wheat | 188 | 553 | 552 | 614 | 850 | 856 |
| Other ³ | ² 17 | 25 | 20 | 19 | 24 | 23 |
| Feed grains | 1,219 | 2,901 | 2,861 | 3,269 | 4,034 | 3,756 |
| Corn | 944 | 2,191 | 2,012 | 2,563 | 3,216 | 3,009 |
| Other ⁴ | 275 | 710 | 849 | 706 | 818 | 747 |
| Hay and forage ⁵ | 666 | 1,805 | 1,742 | 1,757 | 2,175 | 1,946 |
| Oil crops | ² 70 | 171 | 153 | 245 | 339 | 348 |
| Soybeans | 36 | 87 | 91 | 130 | 230 | 224 |
| Other ⁶ | 34 | 84 | 62 | 115 | 109 | 124 |
| Dry beans and peas | ² 6 | 12 | 8 | 19 | 16 | 16 |
| Vegetables ⁷ | 72 | 157 | 155 | 191 | 224 | 84 |
| Miscellaneous ⁸ | 122 | 440 | 531 | 453 | 664 | 542 |
| Total | ² 2,360 | 6,064 | 6,022 | 6,567 | 8,326 | 7,571 |

¹ Includes crops sealed on farms under Commodity Credit Corporation loan programs.

² Revised.

³ Rye, rice, and buckwheat.

⁴ Oats, barley, and sorghum grain.

⁵ All hay, corn silage and forage, and sorghum silage and forage.

⁶ Flaxseed, peanuts, and cottonseed.

⁷ Potatoes, cabbage, and onions.

⁸ Broomcorn, cotton, tobacco, and seeds for hay and pasture crops - including red clover, alfalfa, lespedeza, alsike clover, timothy, and sweetclover.

Feed grains, hay, and forage accounted for about \$500 million of the \$755 million decline in the value of crops stored on farms. Lower prices caused the decline. These crops, however, continued to be the most important part of the inventory. Their value was \$5.7 billion, or 75 percent of the value of all crops stored on farms. Stocks of feed grains on January 1, 1954, were about equal to those of a year earlier, but in relation to the number of grain-consuming animal units they were a little larger than a year earlier. Stocks of hay on farms were slightly larger than at the beginning of 1953, but they did not change much in relation to the number of roughage-consuming livestock. Hay stocks on January 1, 1954, were near record highs in the North Central (except in Missouri) and Western regions but they were short in most of the Southern States.

The value of food grains stored on farms increased slightly between January 1, 1953, and January 1, 1954, from \$874 million to \$879 million. As prices declined during this period, the increase was due solely to larger stocks. Farm stocks of wheat, the major food grain, were the third largest of record for any January 1 date. They were larger than those of a year earlier in all regions except the South Central and the South Atlantic.

Oil-bearing crops still stored on farms on January 1, 1954, were valued at \$348 million, an increase of about 2 1/2 percent over a year earlier. The physical quantity of these oil stocks increased about 8 percent. Stocks of flaxseed and cottonseed increased sufficiently to more than offset the declines in peanuts and soybeans. The 1953 production of soybeans--the chief oil crop--was 12 percent less than in 1952 and the lowest since 1949. Soybean stocks of 80 million bushels on January 1, 1954, were 4 million less than those of a year earlier and 24 million less than the record high on January 1, 1952.

Stocks of Irish potatoes on farms at the beginning of 1954 were about 6 percent larger than those of a year earlier, but because of a sharp decline in prices their value was 63 percent less. Of the miscellaneous crops, the value of tobacco on farms declined 13 percent and the value of cotton declined about 20 percent. These two crops constituted more than 90 percent of the value of the "miscellaneous" crop inventory.

Crops stored off farms under CCC loans.--No estimates are made of the value of all crops in off-farm storage that are owned by farmers. But a substantial proportion of crops stored off farms are those pledged as security for price-support loans. At the beginning of 1954 the value of these crops was \$1.6 billion, or more than double the \$705 million value of a year earlier (table 11). The jump in value was largely the result of increased price-support activity for cotton. The value of cotton stored off farms under CCC loan (excluding cotton pledged by cooperatives) increased from \$81 million on January 1, 1953, to \$848 million on January 1, 1954.

TABLE 11.—Estimated value of crops owned by farmers but stored off farms under Commodity Credit Corporation loans, United States, January 1, selected years, 1940-54¹

| Class | 1940 | 1945 | 1946 | 1950 | 1953 | 1954 |
|----------------------------|------------------|------------------|------------------|--------------------|------------------|-----------------|
| | Million dollars | Million dollars | Million dollars | Million dollars | Million dollars | Million dollars |
| Food grains | 128 | 176 | 40 | ² 453 | 573 | 571 |
| Wheat | 128 | 176 | 40 | 449 | 573 | 566 |
| Other ³ | 0 | (⁴) | 0 | ² 4 | (⁴) | 5 |
| Feed grains | 0 | 1 | (⁴) | ² 207 | 8 | 49 |
| Corn | 0 | 0 | 0 | 173 | 2 | 3 |
| Other ⁵ | 0 | 1 | (⁴) | ² 34 | 6 | 46 |
| Oil crops | (⁶) | (⁴) | (⁴) | 26 | 19 | 70 |
| Soybeans | (⁶) | 0 | 0 | 7 | 11 | 38 |
| Other ⁷ | (⁶) | (⁴) | (⁴) | 19 | 8 | 32 |
| Cotton ⁸ | 178 | 441 | 212 | 310 | 81 | 848 |
| Miscellaneous ⁹ | (⁶) | (⁴) | (⁴) | 27 | 24 | 22 |
| Total | 306 | 618 | 252 | ² 1,023 | 705 | 1,560 |

¹ Market value or loan value, whichever is higher.

² Revised.

³ Rye, rice.

⁴ Less than \$500,000.

⁵ Oats, barley, and sorghum grain.

⁶ No loan program.

⁷ Flaxseed.

⁸ Cotton pledged by cooperatives excluded.

⁹ Dry peas and beans, hay and pasture seeds, tung oil.

Cotton became the chief commodity in off-farm storage; it constituted more than half of the value of all crops stored off farms under CCC loan. Wheat, the second most important crop in off-farm storage, was valued at \$566 million--only \$7 million less than the value a year earlier. Feed grains and oil crops stored off farms increased in value, whereas the value of miscellaneous off-farm crops decreased slightly.

Household Furnishings and Equipment

The value of household furnishings and equipment on farms at the beginning of 1954 was estimated at \$10.6 billion, about 6 percent larger than that of a year earlier (table 1). The dollar amount of increase during 1953 was only slightly smaller than the increases that occurred during 1951 and 1952. At constant 1940 prices, the value of household goods increased 3 percent during 1953; on January 1, 1954, it was 49 percent above that on January 1, 1940. The increase in the quantity of furnishings and equipment in farm households since 1940 occurred mainly during the postwar years.

Bank Deposits, Currency, and United States Savings Bonds

Farmers increased their liquid financial reserves during 1953 by about \$100 million. This increase brought the total of such reserves to about \$19.0 billion--a new record (table 12). Currency and demand deposits owned by farmers each decreased by less than \$100 million during the year, but farmer-owned time deposits and United States savings bonds each increased nearly \$200 million.⁴

TABLE 12.--Liquid financial assets owned by farmers, January 1, 1940, 1945 and 1950-54

| Year | Currency | Deposits | | United States savings bonds ² | Total |
|-----------|------------------|---------------------|------------------|--|-------------------|
| | | Demand ¹ | Time | | |
| | Billion dollars | Billion dollars | Billion dollars | Billion dollars | Billion dollars |
| 1940----- | 1.0 | 1.5 | 1.4 | 0.3 | 4.2 |
| 1945----- | 3.3 | 5.0 | 2.3 | 3.4 | 14.0 |
| 1950----- | 3.3 | 6.8 | 3.2 | 4.8 | 18.1 |
| 1951----- | 3.1 | 7.0 | 3.2 | 4.9 | 18.2 |
| 1952----- | 3.2 | 7.3 | 3.3 | 4.9 | 18.7 |
| 1953----- | ³ 3.1 | 7.3 | ³ 3.5 | 5.0 | ³ 18.9 |
| 1954----- | ³ 3.0 | 7.2 | 3.7 | 5.1 | 19.0 |

¹ Federal Reserve estimates, adjusted to a January 1 basis, are used for 1944-54. The Federal Reserve estimates are in process of revision but data on new basis are now available only for 1953 and 1954. Old series is used for 1940-53; estimate for 1954 obtained by applying to unrevised estimate for 1953 the percentage change from 1953 to 1954 in revised Federal Reserve estimates.

² Redemption value.

³ Revised.

Deposits and currency.--Demand deposits of farmers, as estimated by the Board of Governors of the Federal Reserve System, dropped about 1.1 percent during the year ended January 30, 1954 (table 13). This percentage decrease was slightly larger than that which occurred in the demand deposits of other individuals and it contrasted with a small increase shown for nonfinancial businesses. Farmer-owned demand deposits decreased in all Federal Reserve districts except Atlanta, Chicago, and San Francisco.

⁴ Because of rounding, the increase for United States savings bonds appears as only \$0.1 billion in table 1.

TABLE 13.--Percentage change in demand deposits of individuals and nonfinancial businesses, by Federal Reserve districts, year ended January 30, 1954¹

| District | Individuals | | Nonfinancial businesses |
|--------------------|-------------|---------|-------------------------|
| | Farmers | Others | |
| | Percent | Percent | Percent |
| Boston----- | -4.8 | +6.7 | -0.3 |
| New York----- | -8.2 | -3.1 | +1.1 |
| Philadelphia----- | -1.7 | -5.1 | +2.8 |
| Cleveland----- | -1.8 | -1.9 | -1.7 |
| Richmond----- | -2.3 | -4.1 | -1.5 |
| Atlanta----- | +7.6 | +5.9 | +3.4 |
| Chicago----- | +4.6 | +2.0 | +2.4 |
| St. Louis----- | -4.6 | -1.3 | +3.2 |
| Minneapolis----- | -4.4 | +4.4 | +1.6 |
| Kansas City----- | -3.3 | -3.5 | +1.8 |
| Dallas----- | -4.8 | +1.9 | +3.0 |
| San Francisco----- | +1.8 | -3.3 | +1.5 |
| All districts----- | -1.1 | -1.5 | +1.1 |

¹ Data compiled by Federal Reserve banks.

Farmer-owned time deposits are estimated to have increased about 7 percent in 1953. This is less than the 8.5-percent increase shown for time deposits of all individuals, partnerships, and corporations in insured commercial banks in agricultural counties (table 14). Farm population decreased in 1953, but nonfarm population increased. Moreover, it is believed that time deposits of farmers on a per capita basis may have increased less than time deposits of the urban population in agricultural areas.

Currency held by farmers is estimated to have decreased about \$100 million during 1953.

The total of demand and time deposits and currency owned by farmers appears to have been about the same on January 1, 1954, as a year earlier--\$13.9 billion. This amount is slightly more than that held at the beginning of 1952.

That the volume of farmer-owned deposits and currency was not reduced during 1952 and 1953, which were years of declining farm income, is probably explained by several factors. Farmers reduced their aggregate expenditures for motor vehicles, farm machinery and building materials, and they probably economized on family expenditures. Also, particularly in drought areas of the Southwest, many farmers are reported to have reduced herds of cattle and placed the sales proceeds on deposit, pending improvement in pastures and markets.

In addition, the great increase in price-support loans since 1951 probably helped farmers to maintain their holdings of deposits and

TABLE 14.--Percentage change in demand and time deposits of individuals, partnerships, and corporations during 1953, by class of county¹

| Class of county | Demand deposits | Time deposits | Demand and time deposits |
|--|-----------------|---------------|--------------------------|
| | Percent | Percents | Percent |
| All counties----- | +0.3 | +6.9 | +2.2 |
| Counties that contain: | | | |
| Major trade and financial centers----- | -1.5 | +6.4 | +1.1 |
| Secondary trade and financial centers----- | +1.6 | +6.5 | +3.2 |
| Small trading centers----- | +1.6 | +8.0 | +2.9 |
| Selected agricultural counties----- | +1.4 | +8.5 | +2.9 |

¹ Prepared from county data for insured commercial banks supplied by Federal Deposit Insurance Corporation.

currency. Through such loans many farmers receive the proceeds of their crops earlier than they would if they sold their crops at the normal marketing time. Because of the great increase in price-support loans, it seems probable that more farmers held proceeds of the crops of the preceding year on January 1, 1954, than on the same date 2 years earlier.

The rapid increase of time deposits during recent years is a development in which metropolitan as well as agricultural areas have shared. With farmers, the increase occurred while demand deposits were declining. It may reflect a tendency to build up financial reserves, or to convert other assets into time deposits. It may have been stimulated by an increase in rates of interest paid by banks on time deposits.

United States savings bonds.--Purchases of United States savings bonds by farmers during 1953 are estimated at \$369 million; redemptions at \$322 million; making net purchases \$47 million. Accrued interest of \$139 million, added to net purchases, raised the redemption value of the bonds owned by farmers by \$186 million to a rounded total of \$5.1 billion. In most regions purchases and redemptions were almost equal (table 15). But in the Corn Belt and Great Plains purchases by farmers greatly exceeded redemptions. Redemptions were considerably larger than purchases in the Pacific region.

TABLE 15.--United States savings bonds: Purchases and redemptions for farmers, by regions, 1953¹

| Region 2 | Purchases ³ | Redemptions ⁴ |
|---------------------|------------------------|--------------------------|
| | Million dollars | Million dollars |
| Northeast----- | 28 | 31 |
| Appalachian----- | 43 | 45 |
| Southeast----- | 18 | 22 |
| Lake States----- | 37 | 37 |
| Corn Belt----- | 115 | 79 |
| Delta States----- | 18 | 18 |
| Great Plains----- | 61 | 30 |
| Texas-Oklahoma----- | 25 | 24 |
| Mountain----- | 12 | 13 |
| Pacific----- | 12 | 23 |
| United States----- | 369 | 322 |

¹ Estimates based on data supplied by the United States Treasury Department.

² For regional groupings of States see table 5, footnote 1.

³ Series E and H only; series F and G are no longer available for purchase, and it is believed that farmers do not buy a significant volume of series J and K bonds.

⁴ Series A through H.

Net Worth of Farmers' Cooperatives

The net worth of cooperatives represents investments in organizations that are important adjuncts to farm businesses. On January 1, 1954, the net worth of farmers' cooperatives was \$2.9 billion--more than double the \$1.4 billion of January 1, 1946 (table 16). The increase in the net worth of these associations was at a slightly lower rate in 1953 than in several preceding years.

Farmers' marketing and purchasing associations, which number nearly 10,000 for the United States, had net worths aggregating \$1.7 billion on January 1, 1954. During recent years, heavy marketings of farm products and large purchases of supplies by farmers through cooperatives have caused a marked expansion of the business of these associations. The cooperatives having the next largest net worth--\$563 million--were those in the credit system of the

TABLE 16.--Net worth of selected types of cooperatives, United States, selected years, January 1, 1940-54

| Type of cooperative | 1940 | 1945 | 1946 | 1950 | 1953 | 1954 ¹ |
|---|-----------------|-----------------|-----------------|-----------------|--------------------|-------------------|
| | Million dollars | Million dollars | Million dollars | Million dollars | Million dollars | Million dollars |
| Marketing associations ² ----- | 256 | 393 | 470 | 779 | ¹ 1,040 | 1,100 |
| Purchasing associations ² ----- | 74 | 194 | 229 | 369 | 1,530 | 555 |
| Farmers' mutual telephone companies ³ ----- | 23 | 23 | 23 | 23 | 23 | 23 |
| Farmers' mutual irrigation companies ⁴ ----- | 197 | 230 | 237 | 264 | 284 | 291 |
| Farmers' mutual fire insurance companies ⁵ ----- | 42 | 63 | 71 | 122 | 163 | 180 |
| Rural electric cooperatives ⁶ ----- | 7 | 7 | 7 | 39 | 92 | 187 |
| Production credit system ⁷ ----- | 31 | 61 | 68 | 122 | 171 | 179 |
| Federal land bank system ⁸ ----- | 203 | 224 | 241 | 298 | 366 | 384 |
| Total----- | 7 829 | 7 1,219 | 7 1,378 | 2,069 | 2,735 | 2,899 |

¹ Preliminary.

² Excludes intercooperative investments. Estimates based on data from Farm Credit Administration.

³ Net investment for January 1, 1938, used for each date. Census of Electrical Industries, 1937.

⁴ Data for 1940 and 1950 from Census of Irrigation; data for other years estimated.

⁵ Surplus and reserves. Estimates.

⁶ Estimates before 1948. Beginning 1948 data reported by Rural Electrification Administration.

⁷ Revised.

⁸ Excludes capital owned by production credit corporations. From Farm Credit Administration.

⁹ Excludes capital and surplus paid in by Federal Government. From Farm Credit Administration.

Farm Credit Administration. The increase in net worth of these cooperatives was less in 1953 than in 1952 mainly because of higher costs--particularly of funds for lending--and a slower expansion of loans, which are the basis for both earnings and the issuance of capital stock. The continued rapid rise in the net worth of rural electric cooperatives to \$187 million is believed to have been caused largely by the repayment of indebtedness. The net worth of these electric cooperatives in 1940 has recently been estimated at only \$3 million. The net worth of mutual irrigation companies, important only in the Western States, increased only about 2 percent during 1953, to \$291 million. The increase for mutual fire insurance companies from \$163 million to \$180 million was at about the same rate as in other recent years.

Claims

Claims on agricultural assets are of two general classes: (1) Liabilities, which are divided into real estate and non-real-estate debt; and (2) equities, which represent the value of the residual rights in agricultural assets belonging to the proprietors--owner-operators, tenants, and landlords. Included among these proprietors are individuals, financial institutions and other corporations, and Federal, State, and local government agencies.

Farm Real Estate Debt

Farm-mortgage debt rose again in 1953, for the eighth consecutive year. On January 1, 1954, total debt secured by farm real estate mortgages was \$7.7 billion--7 percent higher than that of a year earlier (fig. 4). The increase for 1953 was at a somewhat slower rate than in the previous 3 years. Farm-mortgage debt is now 61 percent above that of January 1, 1946, the postwar low point, and is higher than in any other year since 1934.

As a partial result of lower farm income in 1953, the rate of repayment of farm mortgages declined somewhat, and there was some increase in the refinancing of non-real-estate debt and of farm mortgages written for short terms into long-term, farm-mortgage debt. Cash payments of principal during 1953 on farm

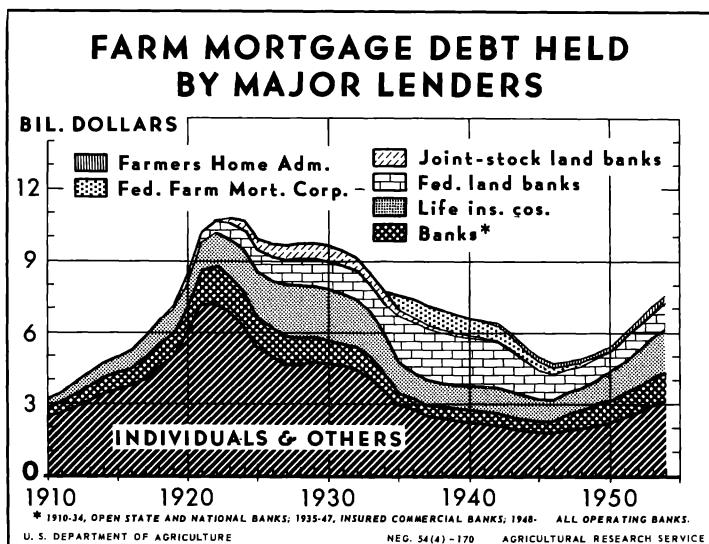


FIGURE 4.--Farm-mortgage debt increased 7 percent during 1953, and totaled \$7.7 billion on January 1, 1954. This was 37 percent above the total on January 1, 1950, and 61 percent higher than on January 1, 1946.

mortgages held by 16 life insurance companies averaged 11.6 percent of principal outstanding at the beginning of the year, whereas in 1952 payments on principal averaged 12.0 percent. About 14 percent of the loan proceeds of limited samples of Federal land bank loans closed in 1953 were used to refinance non-real-estate debt, compared with 12 percent a year earlier.

Values of farm real estate moved lower during 1953, and on March 1, 1954, the total market value was 5.5 percent below that of a year earlier. Voluntary transfers of farm real estate also declined. But the proportion of farm sales that involved credit financing increased; they were 71 percent of the total in the year ended March 15, 1954, compared with 67.5 percent a year earlier. The average proportion of the selling price of farm real estate financed by credit was slightly higher in 1953.

The dollar amount of farm mortgages recorded during 1953 totaled \$1.9 billion, 4 percent above that of 1952, and the highest amount recorded in any year since 1926. Recordings of Federal land banks and of insurance companies each increased 14 percent in 1953, but the total amount of farm mortgages recorded by commercial banks in 1953 was about the same as in 1952, and recordings by individuals declined 5 percent. Part of the decline in farm-mortgage recordings by individuals probably was due to the decline in farm real estate transfers. The average size of farm mortgage recorded in 1953 was \$5,910; and in 1952 it was \$5,630. Percentages of the total amount of farm mortgages recorded by Federal land banks, insurance companies, and miscellaneous lenders increased in 1953; individuals and commercial banks accounted for smaller percentages of the total.

Largely as a result of the high volume of farm-mortgage recordings and some decline in repayments of principal, all active lenders increased their farm-mortgage holdings in 1953. By lenders, the

increases were: Federal land banks, 9 percent; life insurance companies, 11 percent; Farmers Home Administration, 4 percent; insured commercial banks, 3 percent; and individuals and miscellaneous lenders, 6 percent. On January 1, 1954, Federal land banks and life insurance companies were the only lenders who held larger shares of total farm-mortgage debt than a year earlier (table 17). Life insurance companies--the chief institutional lender group--held 25 percent of the total farm-mortgage debt at the beginning of 1954. Federal land banks and the Federal Farm Mortgage Corporation combined held 16 percent, and insured commercial banks had 14 percent.

TABLE 17.--Farm-mortgage debt: Amount outstanding, January 1, 1940 and 1945-54, and percentage change, 1940-54, 1950-54, and 1953-54, by lenders, United States

| Year | AMOUNT OUTSTANDING | | | | | | |
|-----------|--------------------|---------------------------------|--|--|---------------------------------------|--------------------------|--|
| | Total debt | Federal land banks ¹ | Federal Farm Mortgage Corporation ^{1 2} | Farmers Home Administration ³ | Life insurance companies ¹ | Insured commercial banks | Individuals and miscellaneous ⁴ |
| | Million dollars | Million dollars | Million dollars | Million dollars | Million dollars | Million dollars | Million dollars |
| 1940----- | 6,586 | 2,010 | 713 | 32 | 984 | 534 | 2,313 |
| 1945----- | 4,941 | 1,210 | 347 | 193 | 938 | 450 | 1,803 |
| 1946----- | 4,760 | 1,079 | 239 | 182 | 891 | 507 | 1,862 |
| 1947----- | 4,897 | 977 | 146 | 189 | 889 | 683 | 2,013 |
| 1948----- | 5,064 | 889 | 107 | 195 | 960 | 793 | 2,120 |
| 1949----- | 5,288 | 868 | 78 | 189 | 1,036 | 848 | 2,269 |
| 1950----- | 5,579 | 906 | 59 | 189 | 1,172 | 879 | 2,374 |
| 1951----- | 6,071 | 947 | 44 | 214 | 1,356 | 943 | 2,567 |
| 1952----- | 6,588 | 994 | 33 | 233 | 1,541 | 980 | 2,807 |
| 1953----- | ⁵ 7,154 | 1,071 | 24 | 258 | ⁵ 1,715 | 1,033 | ⁵ 3,053 |
| 1954----- | ⁶ 7,660 | 1,169 | 18 | 268 | ⁶ 1,896 | 1,060 | ⁶ 3,249 |

| | PERCENTAGE CHANGE | | | | | | |
|--------------|-------------------|---------|---------|---------|---------|---------|---------|
| | Percent | Percent | Percent | Percent | Percent | Percent | Percent |
| 1940-54----- | 16.3 | -41.8 | -97.5 | 739.6 | 92.6 | 98.4 | 40.4 |
| 1950-54----- | 37.3 | 29.1 | -69.9 | 41.9 | 61.7 | 20.5 | 36.8 |
| 1953-54----- | 7.1 | 9.2 | -26.2 | 3.9 | 10.6 | 2.6 | 6.4 |

¹ Also include purchase-money mortgages and sales contracts.

² Loans were made for the Corporation by Land Bank Commissioner. Authority to make new loans expired July 1, 1947.

³ For 1940 tenant-purchase loans only. 1945-54 includes tenant-purchase, farm-enlargement, farm development, and project-liquidation loans, and, beginning 1951, farm-housing loans. Data also include similar loans from State Corporation trust funds.

⁴ Estimates of farm-mortgage debt held by individual and miscellaneous lenders for 1951 and later years should be regarded only as general indicators of trend.

⁵ Revised.

⁶ Preliminary.

Increases in farm-mortgage debt in 1953 ranged from 9 to 12 percent in the Southeast, Delta, Texas-Oklahoma, Mountain, and Pacific States. The smallest increases were in the Lake States and in the Corn Belt States, where farm-mortgage debt increased only 4 percent in 1953 (table 18). The relatively larger increases in the Southern and Western States resulted partly from effects of drought and lower prices of cattle in parts of these regions, development of irrigation farming, and increasing availability of mortgage credit from private lenders such as life insurance companies.

Although farm-mortgage recordings decreased slightly, farm-mortgage debt continued to increase in early 1954. Holdings of Federal land banks and life insurance companies increased about 3 percent in the first quarter of 1954; total farm-ownership and farm-housing loans of the Farmers Home Administration rose 1 percent between January 1 and May 1, 1954. Federal Reserve

TABLE 18.--Farm-mortgage debt: Amount outstanding, January 1, 1940 and 1945-54, and percentage change, 1940-54, 1950-54, and 1953-54, by regions¹

AMOUNT OUTSTANDING

| Year | United States | North-east | Appalachian | South-east | Lake States | Corn Belt | Delta States | Great Plains | Texas-Oklahoma | Mountain | Pacific |
|-----------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | <i>Million dollars</i> | <i>Million dollars</i> | <i>Million dollars</i> | <i>Million dollars</i> | <i>Million dollars</i> | <i>Million dollars</i> | <i>Million dollars</i> | <i>Million dollars</i> | <i>Million dollars</i> | <i>Million dollars</i> | <i>Million dollars</i> |
| 1940----- | 6,586 | 523 | 441 | 248 | 907 | 1,829 | 228 | 863 | 585 | 397 | 605 |
| 1945----- | 4,941 | 409 | 348 | 201 | 712 | 1,337 | 196 | 574 | 440 | 262 | 462 |
| 1946----- | 4,760 | 404 | 348 | 204 | 672 | 1,248 | 200 | 516 | 422 | 265 | 481 |
| 1947----- | 4,897 | 441 | 383 | 228 | 666 | 1,218 | 215 | 481 | 434 | 296 | 535 |
| 1948----- | 5,064 | 472 | 415 | 248 | 674 | 1,200 | 224 | 446 | 456 | 341 | 588 |
| 1949----- | 5,288 | 497 | 435 | 264 | 687 | 1,232 | 230 | 435 | 484 | 382 | 642 |
| 1950----- | 5,579 | 515 | 443 | 271 | 715 | 1,296 | 239 | 460 | 517 | 425 | 698 |
| 1951----- | 6,071 | 539 | 496 | 313 | 755 | 1,400 | 266 | 493 | 570 | 482 | 757 |
| 1952----- | 6,588 | 574 | 548 | 358 | 792 | 1,506 | 289 | 522 | 618 | 534 | 847 |
| 1953----- | 7,154 | 619 | 601 | 404 | 834 | 1,596 | 323 | 551 | 697 | 590 | 939 |
| 1954----- | 7,660 | 661 | 646 | 442 | 864 | 1,663 | 351 | 584 | 762 | 659 | 1,028 |

PERCENTAGE CHANGE

| | <i>Percent</i> | <i>Percent</i> | <i>Percent</i> | <i>Percent</i> | <i>Percent</i> | <i>Percent</i> | <i>Percent</i> | <i>Percent</i> | <i>Percent</i> | <i>Percent</i> | <i>Percent</i> |
|--------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 1940-54----- | 16.3 | 26.6 | 46.5 | 78.2 | -4.8 | -9.1 | 54.1 | -32.3 | 30.2 | 84.4 | 69.9 |
| 1950-54----- | 37.3 | 28.4 | 45.9 | 62.8 | 20.7 | 28.3 | 47.2 | 27.0 | 47.3 | 55.1 | 47.2 |
| 1953-54----- | 7.1 | 6.9 | 7.4 | 9.3 | 3.5 | 4.2 | 8.9 | 6.0 | 9.4 | 11.6 | 9.5 |

¹ For regional grouping of States see table 5, footnote 1.² Revised.³ Preliminary.

member banks reported an increase of about 3 percent in their farm-mortgage holdings between December 31, 1953, and April 15, 1954.

The average interest rate payable on farm-mortgage debt outstanding on January 1, 1954, was 4.7 percent--only slightly higher than that of a year earlier. Total farm-mortgage interest charges payable during 1953 were \$347 million, 9 percent above those of 1952.

Non-Real-Estate Debt

Non-real-estate debt owed by farmers to various lenders and creditors (excluding price-support loans made or guaranteed by the Commodity Credit Corporation) declined nearly 9 percent during 1953, from \$7.6 billion to \$7.0 billion (table 19). During all other postwar years non-real-estate debt increased. But the debt on January 1, 1954, was still a record high for that time of year except for 1952 and 1953.

TABLE 19.--Farmers' non-real-estate debt, United States, January 1, 1940-54

| Year | Price-support loans made or guaranteed by Commodity Credit Corporation ¹ | Other loans by banks and federally sponsored agencies | Loans and book credits by miscellaneous lenders ² | Total excluding Commodity Credit Corporation loans | Total including Commodity Credit Corporation loans |
|-----------|---|---|--|--|--|
| | <i>Billion dollars</i> | <i>Billion dollars</i> | <i>Billion dollars</i> | <i>Billion dollars</i> | <i>Billion dollars</i> |
| 1940----- | 0.4 | 1.5 | 1.5 | 3.0 | 3.4 |
| 1941----- | .6 | 1.6 | 1.7 | 3.3 | 3.9 |
| 1942----- | .6 | 1.8 | 1.7 | 3.5 | 4.1 |
| 1943----- | .8 | 1.7 | 1.5 | 3.2 | 4.0 |
| 1944----- | .6 | 1.7 | 1.2 | 2.9 | 3.5 |
| 1945----- | .7 | 1.6 | 1.1 | 2.7 | 3.4 |
| 1946----- | .3 | 1.7 | 1.2 | 2.9 | 3.2 |
| 1947----- | .1 | 2.0 | 1.5 | 3.5 | 3.6 |
| 1948----- | .1 | 2.3 | 1.8 | 4.1 | 4.2 |
| 1949----- | 1.2 | 2.7 | 2.2 | 4.9 | 6.1 |
| 1950----- | 1.7 | 2.8 | 2.4 | 5.2 | 6.9 |
| 1951----- | .8 | 3.4 | 2.8 | 6.2 | 7.0 |
| 1952----- | .6 | 4.1 | 3.2 | 7.3 | 7.9 |
| 1953----- | 1.2 | 4.2 | 3.4 | 7.6 | 8.8 |
| 1954----- | 2.4 | 3.8 | 3.2 | 7.0 | 9.4 |

¹ Although these are nonrecourse loans, they are treated as debts because borrowers must either pay them in cash or deliver the commodities on which they are based.

² Estimate based on fragmentary data.

The reduction in such short-term, non-real-estate debt was mainly the result of forces which began to develop in 1952. With increased marketings of livestock, many loans incurred in recent years during the rapid buildup in cattle numbers were reduced or repaid. The drop in prices reduced the credit needs of those who bought feeders and other cattle and discouraged some farmers from buying as many cattle as they otherwise might have bought. Also, caution in the expansion of credit, by both borrowers and lenders, became more general because of the decline in the prices of many farm products. Another factor is the increase in real estate and price-support loans, part of which may have been used for production purposes.

Non-real-estate loans of banks and federally sponsored agencies, which accounted for more than half of the total non-real-estate farm debt, decreased 11 percent during 1953 (fig. 5). Declines

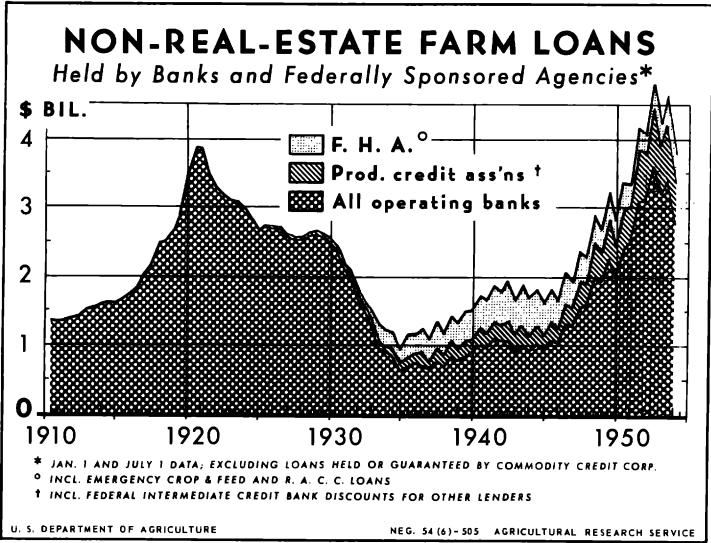


FIGURE 5.--Non-real-estate loans held by banks and federally sponsored lenders declined 11 percent during 1953--the first calendar year in the postwar period to show a decline. Loans of these lenders, which totaled \$3.8 billion on January 1, 1954, were 125 percent above January 1, 1946, and 296 percent above the low point of January 1, 1935.

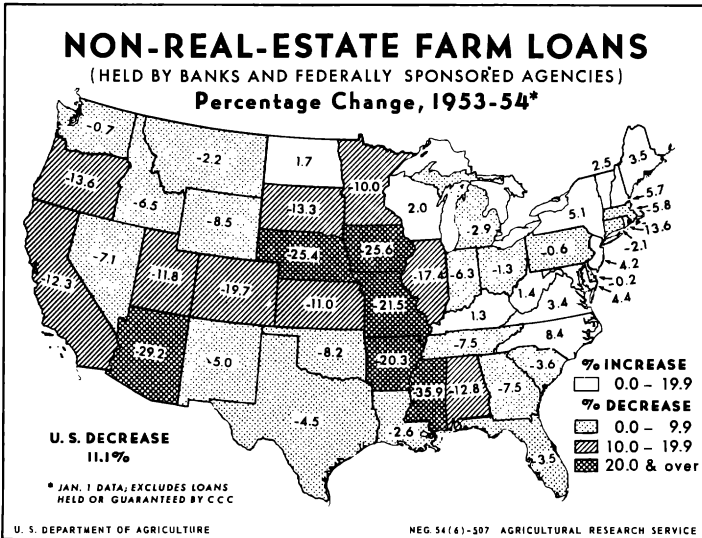


FIGURE 6.--During 1953 non-real-estate loans held by banks and federally sponsored agencies decreased 11 percent for the country as a whole. Decreases of 20 percent or more occurred in Iowa, Missouri, Nebraska, Mississippi, Arkansas, and Arizona. Increases in loans, most of which were small, occurred mainly in the Eastern and Northeastern States.

occurred in 35 States; these were largest in the West North Central region (fig. 6). In Iowa, Missouri, and Nebraska, where cattle feeding is important, loans of these institutions dropped 26, 22, and 25 percent, respectively. Iowa and Nebraska were among the few States which also showed declines in 1952. During 1953, non-real-estate loans decreased in all the Mountain and Pacific States, where ranching is important. The decreases of 20 percent in Arkansas and 36 percent in Mississippi are in sharp contrast to the unusually large increases of 26 and 54 percent which occurred in these States in 1952. Increases in non-real-estate debt during 1953, most of which were small, occurred mainly in the Eastern and Northeastern States.

By lender groups, the declines in non-real-estate loans during 1953 were: Banks, 14 percent; production credit associations, 9 percent; and livestock loan associations and agricultural credit corporations discounting with the Federal intermediate credit banks, 23 percent. The Farmers Home Administration was the only agency to show a rise in non-real-estate loans--12 percent. Largest increases in FHA loans were 58 percent in Texas and Arizona, 52 percent in New Mexico, and 35 percent in Colorado. Disaster and emergency loans, as a result of drought or the decline in cattle prices, largely accounted for the increases in these areas.

Non-real-estate farm loans of banks and federally sponsored agencies were about 125 percent higher on January 1, 1954, than at the beginning of the postwar period--January 1, 1946. Increases shown during this period were 168 percent for banks, 178 percent for production credit associations, and 140 percent for other lenders discounting with the Federal intermediate credit banks. The Farmers Home Administration, which liquidated many loans carried over from the 1930's, showed a decline of 6 percent. By regions, non-real-estate loans of the principal lenders increased 168 percent in the Northeast, 110 percent in the South, 124 percent in the Midwest, and 140 percent in the West (fig. 7).

For the first 4 months of 1954, the decline in non-real-estate loans appears to have been at a slower rate than in 1953. At the beginning of 1954, compared with a year earlier, loans of production credit associations and Federal Reserve member banks were down 9 and 15 percent, respectively. In April, however, loans of these two lender groups were down only 6 and 12 percent, respectively, from a year earlier. In the western Corn Belt States, where loans declined greatly during 1953, production credit associations--and possibly banks--showed a rise in the volume of new loans made in early 1954. Changes in that area are largely related to the feeder cattle situation. At the end of 1953, for the United States as a whole, 9 percent fewer cattle were on feed, but by April 1954, as a result of heavy cattle shipments, the number was nearly equal to that of a year earlier.

Price-support loans made or guaranteed by the Commodity Credit Corporation continued to expand during 1953, and by January 1, 1954, such loans outstanding to farmers totaled nearly \$2.4 billion.⁵ This compares with \$1.2 billion a year earlier, and \$0.6 billion 2 years earlier. Of the \$2.4 billion on January 1, 1954,

⁵ This amount does not include approximately \$650 million of loans to cooperative associations. Nearly all of these loans to cooperatives were held by the Commodity Credit Corporation, but banks held nearly \$500 million in certificates of interest which had been issued against them.

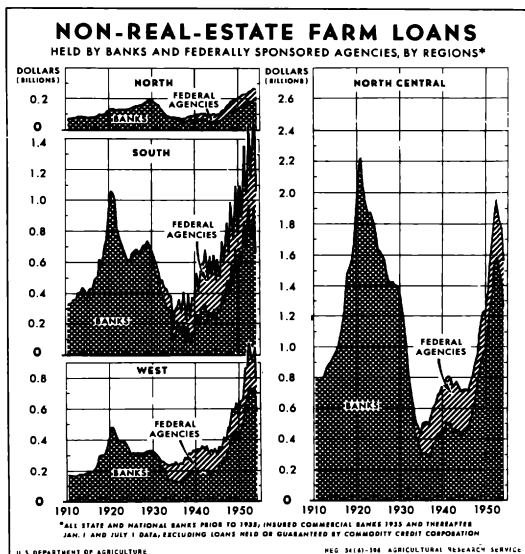


FIGURE 7.--All major regions, except the Northeast, showed decreases during 1953 in non-real-estate farm loans held by banks and federally sponsored lenders. Increases in loans between January 1, 1946, and January 1, 1954, were 168 percent in the Northeast, 110 percent in the South, 124 percent in the Midwest, and 140 percent in the West.

about \$1.4 billion were loans held by the Commodity Credit Corporation and \$1.0 billion were held directly by banks. In addition, banks held certificates of interest, amounting to \$0.7 billion, in loans held by the Commodity Credit Corporation. Certificates of interest, which are negotiable and bear rates of $2\frac{1}{8}$ to $2\frac{1}{2}$ percent, were issued to encourage banks to assume an increasing share of the heavy price-support financing that was necessary in late 1953. Of all price-support loans outstanding at the beginning of 1954, including loans to cooperatives as well as to individual farmers, 40 percent were cotton loans; 30 percent wheat; 12 percent corn; and 8 percent tobacco.

Total Farm Debt

Total farm debt (excluding price-support loans) rose continuously from \$7.7 billion on January 1, 1946, to \$14.8 billion on January 1, 1953. During 1953 it declined slightly, to \$14.7 billion.

Estimates of the total debt of farmers are not available by regions. But changes in the farm loans held by the principal institutional lenders--banks, life insurance companies, and federally sponsored agencies--may be indicative of regional changes in total farm debt. During 1953 total farm loans of these lenders declined about 6 percent in the Corn Belt, Great Plains, and Delta regions, and 3 percent in the Mountain and Pacific regions (table 20). Elsewhere total debt increased, with the largest increase (5 percent) in the Appalachian region. For the entire postwar period beginning 1946, the greatest expansion in debt--145 percent--was in the Mountain region. The Pacific region was next with a rise of 117 percent.

During the postwar years total farm debt increased the least in the Great Plains and the Corn Belt, where the rise was 37 and 58 percent, respectively.

TABLE 20.--Percentage change in total farm debt held by institutional lenders, by regions, January 1, 1946-54, and January 1, 1953-54¹

| Region | Percentage change | | Region | Percentage change | |
|-------------------|-------------------------------|-------------------------------|---------------------|-------------------------------|-------------------------------|
| | Jan. 1, 1946- Jan. 1, 1954 | Jan. 1, 1953- Jan. 1, 1954 | | Jan. 1, 1946- Jan. 1, 1954 | Jan. 1, 1953- Jan. 1, 1954 |
| | <i>Percent</i> | <i>Percent</i> | | <i>Percent</i> | <i>Percent</i> |
| Northeast----- | +112.6 | +3.9 | Great Plains----- | +37.3 | -5.8 |
| Appalachian----- | +107.1 | +4.8 | Texas-Oklahoma----- | +94.7 | +2.0 |
| Southeast----- | +87.6 | +2.8 | Mountain----- | +144.7 | -3.1 |
| Lake States----- | +62.7 | +6 | Pacific----- | +116.8 | -2.6 |
| Corn Belt----- | +58.3 | -5.9 | | | |
| Delta States----- | +71.8 | -6.2 | United States----- | +79.0 | -1.9 |

¹ For regional grouping of States see table 5, footnote 1.

On January 1, 1946, for the United States as a whole, nearly two-thirds of the total farm debt held by institutional lenders was secured by farm real estate. But in January 1953, the debt was about evenly divided between non-real-estate and real estate debt. By 1954, farm real estate debt again had become the more important, amounting to about 54 percent of the total.

For most of the period from 1946 to 1953, the growth of farm capital was chiefly in forms that are usually financed by short- or intermediate-term, non-real-estate credit. Farmers bought increased quantities of machinery and equipment. They expanded their herds and grew large acreages of crops with unusually heavy expenditures for labor, feed, fertilizer, and other supplies. They remodeled and improved their buildings, bought automobiles, and acquired many electrical appliances and other household goods at a relatively rapid rate. Debts could be repaid relatively fast during this period of high income; short-term, non-real-estate loans were sometimes used to buy farms and for other purposes that are usually financed with long-term, real estate credit.

Beginning in 1952, and continuing through 1953, changes occurred which shifted more of the total farm debt to real estate debt. Increased marketings of livestock permitted reduction of outstanding non-real-estate debt and lower cattle prices reduced needs for new credit. Purchases of farm equipment declined, and farmers probably were more careful in their family expenditures. The tendency toward reduced expenditures, particularly those involving short-term financing, resulted partly from caution generated by the widespread decline in farm cash receipts. This less favorable situation also caused difficulty in making payments and created a desire for longer term loans with smaller payments. In some areas increased refinancing of non-real-estate debts with longer term real estate mortgages has been reported. This same situation probably has slowed the rate at which real estate loans have been repaid. Although agriculture's needs for large amounts of short-term, non-real-estate credit will continue, trends in 1953 indicate that the unusually large expansion in non-real-estate debt of the early postwar years may be over.