

TO Governor Evans

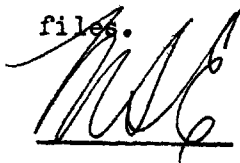
FROM Chairman Eccles

REMARKS:

1 - Dept of Agr. 2/20/43  
2 - John D. Patton 3/4/43

These two memos were discussed this morning at the Economic Stabilization meeting. Thought you might like to see them. Kindly return them to me for my

files.



Thank you very much  
W. E. C.

CHAIRMAN'S OFFICE



DEPARTMENT OF AGRICULTURE  
WASHINGTON

February 20, 1943

Mr. Robert Handschin  
National Farmers Union  
430 Munsey Building  
Washington, D. C.

Dear Mr. Handschin:

The reply to your letter of January 30, 1943 can best be based upon an analysis of some data from the 1940 Census of Agriculture, which we have recently made. There are no comprehensive data which would permit an entirely satisfactory classification of all farms according to the extent to which farmers are making full utilization of productive resources. The best available substitute is provided by an analysis of the gross farm income figures from the 1940 Census of Agriculture. On the basis of those figures we have classified the 6,096,734 farms into four groups as follows:

Group A	1,953,739	Higher farm income
Group B	1,824,279	Medium farm income
Group C	857,692	Low farm income
Group D	1,461,024	Very low farm income

No doubt considerable increases in production could be obtained in all of these groups. However, considering the factors limiting expansion in production, particularly manpower, it appears that the largest number of farmers who, with appropriate assistance, would be able to increase production substantially are to be found in Groups B and C. In these two groups the labor of the farm operators generally is not yet fully employed.

Group A represents the farms which provide full time employment for one or more workers. It includes 442,765 farm operators whose possibilities for substantial increases in production over present high levels are limited by their being 65 years old or over, by their working 100 or more days off the farm, or by their being sharecroppers. Among the others, there are many who are already producing at full capacity. Securing the maximum production from farms in Group A will require the provision of an adequate labor supply and of adequate credit.

Group B represents the farms which in the main provide less than full employment for one worker, but which could increase production through the addition of capital resources, thus making possible the more complete utilization of the labor of the operator and his family. On many farms in this group the improvement of farm management practices would be fully as important as the provision of additional credit. If we eliminate from consideration 636,147 farmers on account of age, off-farm work or sharecropper status, we have 1,188,132 who are situated favorably for increasing production.

Group C differs from Group B primarily in that the land and other resources for increasing production are considerably more limited, and the need for improved farm management practices is still greater. Nearly half of the farmers in this group are limited by age, off-farm work, or sharecropper status, leaving 446,026 farms with opportunities for increasing production, although some of the operators might be in position to make a greater contribution to the war effort by seeking employment on better farms or in industry.

Group D includes farms where, due to very limited resources, the opportunities for increasing production are much less. The total of 1,461,024 includes 822,527 farmers who are 65 years of age or over, who work 100 days or more off the farm, or who are sharecroppers. A large portion of the remaining 638,497 could contribute more to the war effort by working on better farms or in industry, although some of them with the proper assistance could increase production.

It seems to us that "farmers who are so situated that adequate farm management and credit could allow them to make the most substantial and quick increases in their production", to quote your question, will be found most frequently in Groups B and C. There are about 1,200,000 such farmers in Group B and 450,000 in Group C.

There are in round numbers about one and one-half million among farmers in these two groups who should be able to increase production substantially with the types of assistance which you mention. Of these, approximately 1,200,000 in Group B are probably somewhat more favorably situated for increasing production than the 450,000 in Group C.

A special program providing very small loans for the production of one or two food enterprises would enable many farmers who are not included in the 1.5 million to increase their contribution to agricultural production. Such a program would be applicable to some of the farmers in Group D and also to some of the part-time and the semi-retired farmers in Groups B and C. While the production resulting from an additional brood sow or two, a flock of chickens or a truck patch would not be large on any one farm, the aggregate contribution would be far from negligible. Because of the transportation situation or for other reasons, such a program might be particularly significant in some local areas.

More than three fourths of the sharecroppers are included in Groups B, C, and D. They are not included in the 1.5 million favorably situated for increasing food production. However, they too offer possibilities for increasing food production, if programs similar to those mentioned above, but recognizing the special status of sharecroppers, are developed. Experience has shown that this is entirely feasible.

The classification of farms given above is based on data from the 1940 Census of Agriculture. Full employment for at least one worker is represented by an income level which is dependent on type of farming and location. Consequently, the income limits for the several groups are not uniform throughout the country. The groups used were defined as follows:

VALUE OF ALL PRODUCTS SOLD, TRADED OR USED BY FARM FAMILY, 1939

<u>REGIONS</u>	<u>GROUP A</u>	<u>GROUP B</u>	<u>GROUP C</u>	<u>GROUP D</u>
I. Mass., Conn., R. I., Del., Maine, Md., Vt., N. H., N. J., N. Y., & Penna.	\$1000 & over	\$400-999	\$250-399	Less than \$250
II. Wis., Mich., Minn.	\$1500 & over	\$600-1499	\$400-599	Less than \$400
III. Ohio, Ind., Ill., Ia., & Mo.	\$1500 & over	\$600-1499	\$400-599	Less than \$400
IV. Ky., N. Car., Tenn., Va., & W. Va.	\$ 750 & over	\$400-749	\$250-399	Less than \$250
V. Ala., Fla., Ga., & S. Car.	\$ 750 & over	\$400-749	\$250-399	Less than \$250
VI. Ark., La., & Miss.	\$ 750 & over	\$400-749	\$250-399	Less than \$250
VII. Kansas, Neb., N. Dak. & S. Dak.	\$1500 & over	\$600-1499	\$400-599	Less than \$400
VIII. Okla. & Texas	\$1000 & over	\$400-999	\$250-399	Less than \$250
IX. Cal., Nev., & Utah	\$1500 & over	\$600-1499	\$400-599	Less than \$400
X. Colo., Mont., & Wyo.	\$1500 & over	\$600-1499	\$400-599	Less than \$400
XI. Idaho, Oreg., & Wash.	\$1000 & over	\$400-999	\$250-399	Less than \$250
XII. N. Mex., & Ariz.	\$1000 & over	\$400-999	\$250-399	Less than \$250

The distribution of farms in Groups A, B, C, and D by these regions follows: <sup>1/</sup>

Region	GROUP A		GROUP B	
	Limited Possibil-	All	Limited Possibil-	All
	ities for Expand-	Other Farms	ities for Expand-	Other Farms
	ing Production 2/	In Group	ing Production 2/	In Group
U. S.	442,765	1,510,974	636,147	1,188,132
I	59,010	180,845	59,821	62,423
II	25,385	180,782	41,438	153,972
III	46,905	339,182	78,086	236,099
IV	111,445	207,376	122,336	150,281
V	60,838	103,349	89,884	113,246
VI	53,126	83,822	120,226	105,822
VII	15,087	119,144	21,229	133,333
VIII	32,083	135,946	59,936	153,623
IX	15,457	51,710	14,808	23,569
X	5,152	35,483	5,181	23,297
XI	15,461	62,129	20,545	23,711
XII	2,816	11,206	2,657	8,756

Region	GROUP C		GROUP D	
	Limited Possibil-	All	Limited Possibil-	All
	ities for Expand-	Other Farms	ities for Expand-	Other Farms
	ing Production 2/	In Group	ing Production 2/	In Group
U. S.	411,666	446,026	822,527	638,497
I	34,023	19,877	77,116	41,279
II	18,697	29,978	70,744	50,679
III	42,863	65,143	164,866	128,045
IV	100,196	86,132	169,079	106,109
V	58,126	68,718	82,154	71,270
VI	84,175	64,186	85,591	60,825
VII	9,458	36,422	31,685	57,447
VIII	37,516	50,725	65,264	62,596
IX	7,316	6,510	24,363	17,909
X	3,287	6,397	13,727	15,753
XI	13,334	7,369	29,255	15,374
XII	2,675	4,569	8,683	11,211

<sup>1/</sup> Estimates by the Bureau of Agricultural Economics. These estimates are based in part on data secured in a cooperative project with the Bureau of the Census in which a 2 percent sample of the 1940 Agriculture Census returns were used.

<sup>2/</sup> Farms with operators 65 years old or over, with operators who worked off the farm 100 days or more in 1939, or with operators who are sharecroppers.

It is difficult to estimate just how much additional production could be obtained from the approximately one and one half million farmers indicated above as being so situated that adequate farm management and credit would enable them to increase production. No doubt some of them could increase production much more than others. As a group they are particularly well situated in so far as manpower, one of the principal obstacles to production in 1943, is concerned. As a rule they have ample manpower available since so many of them are not yet utilizing fully or efficiently their own labor or that of the members of their families.

In the amount and quality of land and other resources at their disposal, a great many of them are in about the same situation as were FSA supervised borrowers before obtaining their loans, and might reasonably be expected to equal their performance. The following table, taken from a USDA press release of February 3, 1943 shows the remarkable increases in production obtained by FSA borrowers in 1942 as compared with the increases obtained by all farmers:

INCREASES IN PRODUCTION OF ESSENTIAL CROP AND  
LIVESTOCK PRODUCTS BETWEEN 1941 and 1942  
BY ALL FARMERS AND BY ACTIVE FARM  
SECURITY ADMINISTRATION BORROWERS

Product	All Farmers		FSA Borrowers		Percent of in- crease by all farmers con- tributed by FSA Borrowers
	Amount	Percent	Amount	Percent	
	Increase	Increase	Increase	Increase	
	1941 to 1942	1941 to 1942	1941 to 1942	1941 to 1942	
Milk (lbs.)	3,914,000,000	3	1,419,000,000	20	36
Pork (lbs. livewgt.)	2,252,000,000 <sup>1/</sup>	13	192,400,000	36	9
Eggs (doz.)	516,000,000	15	49,800,000	31	10
Beef (lbs. livewgt.)	1,767,000,000 <sup>1/</sup>	11	124,300,000	38	7
Chickens (lbs. livewgt.)	366,365,000 <sup>1/</sup>	14	37,100,000	36	10
Peanuts (lbs.)	1,028,000,000	70	101,700,000	88	10
Soybeans (bu.)	104,000,000	98	3,360,000	106	3
Dry beans (lbs.)	110,500,000	6	30,100,000	34	27
Sugar beets (tons)	1,616,000	16	113,000	24	7

Total number of all farms . . . . .	6,097,000
Number of actively supervised FSA borrowers producing in 1942 . . . . .	463,941
Proportion of all farmers who were actively supervised FSA borrowers. . .	7.6%

<sup>1/</sup> Preliminary unpublished BAE estimates of commercial slaughter, plus home use.  
Chicken figures include commercial broilers.

It should be kept in mind, of course, that many of the borrowers whose increases are reported here have been given farm management assistance by the FSA for several years. The experience of the FSA last year indicated that first year borrowers were not able to increase production quite as much as the average borrower who had been in their program longer.

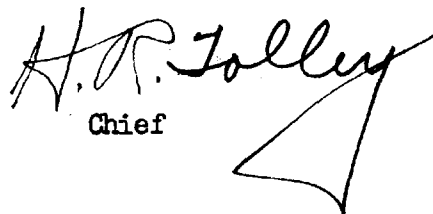
If one makes allowance for the fact that the group of a million and a half farmers referred to probably includes around a quarter of a million or more FSA borrowers who have already increased production by high percentages of their former production, and that it also includes some farmers who might be in position to increase production with credit, but without farm management assistance, it would appear that at least half of the group, or approximately three quarters of a million, would be so situated that they could increase their production very substantially.

While it is impossible, without a careful appraisal farm by farm, to say exactly what would result if farm management assistance and credit for capital goods were made available to these farmers, it is known that there are unused resources on these farms about as great as on farms of FSA borrowers. It therefore would be reasonable to assume that increases in line with the increases already obtained on farms of FSA borrowers would be possible on these farms.

The attached table contains data furnished us by the FSA which shows a regional distribution of the increases obtained by their borrowers last year. This gives a rough indication of where increases might be obtained by a larger number of similarly situated farmers next year and in 1944. No doubt there are also possibilities of getting additional production increases on many of the farms already in the FSA program. Taking it all in all you can see that it is possible to obtain substantial increases in production on a lot of farms, with farm management and credit help, increases which small farmers are not likely to obtain at all without such assistance.

In addition to the sizeable increases which might be obtained from the three quarters of a million farmers referred to above, the increases which can be obtained on other farms should not be overlooked. As you well know, the food situation is such that the maximum possible increases in food production on all farms, whether they be large or small, are greatly needed. Although the increases obtainable on many farms may be quite small, the need for food is so great that even the small "bits and pieces" are of great importance.

Sincerely,

  
Chief

Attachment

Increases in production of essential crop and livestock products between  
1941 and 1942 by active standard borrowers, by regions

Products	R e g i o n											
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.
FSA borrowers	19,016	29,358	62,041	62,024	92,361	67,870	41,928	43,294	9,688	13,784	12,214	10,363
Milk increase												
Pounds (000)	95,537	207,575	185,438	113,381	83,970	117,562	228,572	140,337	65,877	53,903	97,374	29,453
Percent	17	15	15	25	34	35	22	25	22	16	21	19
Pork, increase												
Pounds (000)	1,139	21,093	55,712	15,179	16,286	8,378	38,833	15,364	1,982	9,153	4,128	5,153
Percent	12	34	30	32	36	33	57	45	21	58	19	62
Beef, increase												
Pounds (000)	1,255	13,086	18,400	8,476	4,380	4,982	26,092	17,315	5,799	14,417	5,447	4,650
Percent	24	43	32	43	93	69	30	43	50	38	42	40
Eggs, increase												
Dozen (000)	4,333	5,246	9,059	4,183	5,870	3,524	7,206	5,154	674	1,649	1,382	1,521
Percent	29	40	28	29	46	31	32	31	08	30	28	37
Chickens, increase												
Pounds (000)	2,561	1,938	6,380	4,700	5,500	3,228	7,409	2,136	1,056	1,103	430	660
Percent	24	29	35	35	50	38	47	25	43	31	19	40
Soybeans, increase												
Bushels (000)	221	195	2,181	184	137	296	105	12		-		29
Percent	454	196	89	81	253	138	332	35	<u>1</u> /	-	<u>1</u> /	339
Peanuts, increase												
Pounds (000)	-	-	-	6,112	38,060	14,234	-	41,608	-	-	-	1,686
Percent	-	-	-	29	59	162	-	210	-	-	-	114
Dry beans, increase												
Pounds (000)	254	2,015	196	712	3,294	1,184	1,039	521	-135	15,354	2,722	2,943
Percent	5	16	15	17	40	21	66	18	-17	55	39	26
Sugar beets, increase												
Tons (000)	2	14	10	<u>1</u> /	<u>1</u> /	3	10	3	1	35	35	<u>1</u> /
Percent	0	32	59	<u>1</u>	<u>1</u>	53	46	151	2	13	47	<u>1</u>

/ Less than 1,000 units