

Sixth District Agriculture in 1945

UNLIKE industry, which can meet the excessive demands that war places upon it by expanding its physical means of production, agriculture in wartime must meet its goals with little or no increase in the total quantities of the factors of production available for such a purpose. Whereas industry can to a large extent replace the men lost to the armed forces by drawing on other classes of workers, as well as by lengthening the working day and increasing the number of shifts, farmers have no such avenues of escape. Depletion of the ranks of farm labor can be offset only in part by the harder work of all remaining members of farm families.

The tight labor supply in agriculture prevents any large expansion of acreages devoted to crop and livestock production. Moreover, the farm-labor shortage can be compensated only in part by an increased use of farm machinery. The enormous demands made upon industry in modern times for the weapons of mechanized warfare make it impossible for farmers to secure all the additional farm machinery needed. Indeed, the depreciation of existing machines and buildings compels agriculture to work with a gradually decreasing supply of capital equipment.

As among the various agricultural products, of course, it is possible to increase some by restricting the production of others. Any large increase in the total output of agriculture, therefore, is more likely to be the result of exceptionally favorable growing conditions and technological improvements in soil management and cultivation, such as those that increase yields, than the result of any great enlargement of the physical assets of agriculture.

▶ The United States was blessed during the war with a series of years marked by generally favorable weather conditions and, hence, by bountiful crops. The crop production of the United States in 1945 was the third largest on record despite adverse weather conditions in that year. The spring planting season was one of the worst ever experienced for late-planted crops. The late spring and early summer season, the coolest in more than twenty years, was marked by damaging frosts. Further frost damage occurred in the early fall. On the other hand, moisture reserves and rainfall were adequate and there was consequently no damage from drought. Aggregate crop production in that year was 21 percent above the average for the predrought period of 1923-32. It fell short of the record output of 1942 by only 2 percent and was only 1½ percent below the total for 1944. These crops were made under conditions of an extremely reduced labor supply and an almost unrelieved shortage of machinery. They were made, too, with relatively little increase in acreage.

▶ In the period 1928-32 the acreage of 52 leading crops harvested ranged between 351 and 362 million acres. The crop restriction programs of the 1930's reduced this figure to an average of 329 million acres for the period 1934-43. This reduction thus allowed a certain margin that could be recovered during the war even with a reduced farm-labor supply. In spite of the calling back into production of a large part of the acreage earlier taken out of production, the 1945 crop was made on 347 million acres. This was not only less than the acreage in 1928-32; it was also four million less than the number of acres harvested in 1944.

What was true for the nation as a whole was also true for the Sixth District. In 1944 the crop acreage harvested in those states lying wholly or in part within the Sixth District amounted to 34.0 million acres. The corresponding number of acres harvested in these states in 1945 was 32.8 million — over a million less.

▶ With respect to the South's most important cash crop, cotton, not only was a smaller acreage planted during 1945 but the crop was the smallest since 1921. For the nation as a whole the cotton acreage shrank from 20.4 million to 18.4 million between 1944 and 1945, and in Sixth District states it declined almost a third of a million acres, from 6.8 million to 6.5 million, in the same period. The largest cotton-acreage reduction for the year occurred in Georgia, which lost 110,000 acres as compared with the 1944 acreage. The smallest decrease was that of 10,000 acres in Florida. The 1945 cotton crop was 9.2 million bales, which was 3.0 million bales less than the 1944 crop.

The smallness of the 1945 cotton crop was attributable to reduced acreage only in part. In large part it was the result of smaller yields to the acre because of unseasonable weather that made this one of the latest crops ever known. For the nation as a whole the lint yield per acre had been 293.5 pounds in 1944, but in 1945 it was only 249.6 pounds. In Georgia the yield fell from 286 pounds an acre in 1944 to 256 pounds; in Alabama it fell from 339 pounds to 321 pounds, in Florida from 192 to 167 pounds, in Tennessee from 409 to 377 pounds, in Mississippi from 400 to 343 pounds, and in Louisiana from 321 to 224 pounds.

The corn crop in Sixth District states in 1945 amounted to 246.2 million bushels. This exceeded the 1944 crop by 29.0 million bushels. Florida was the only state in the District that produced less corn in 1945 than it did in 1944. Every state, however, showed an increase in yield per acre in 1945 as compared with 1944, except Florida where the yield remained the same. The increases in yield ranged from one bushel an acre in Alabama to 5.0 bushels in Louisiana and Tennessee.

During the war oil crops were of peculiar importance because of the overrunning of Asiatic sources of supply by Japan. Peanuts along with soybeans and cottonseed had to fill the gap, and extraordinary efforts were made to increase the acreages of the first two. During the period 1934-43 the average acreage of peanuts harvested amounted to 2.1 million acres for the nation. By 1944 this acreage had increased to 3.2 million acres, and in 1945 it was 33,000 acres more. In the Sixth District 1.7 million acres of peanuts were harvested in 1944. In 1945, however, there was a decline of 47,000 acres. In 1945 the United States produced 2,079.6 million pounds of peanuts, picked and threshed. Over half of this — 1,138.0 million pounds — was produced in the states of the Sixth District. Of these states Georgia was by far the heaviest producer, its 1945 crop amounting to 704.7 million pounds. Alabama ranked second with a crop of 339.3 million pounds. The smallest crop in 1945 was found in Louisiana, where it amounted to 2.8 million pounds.

Of the 12 early-potato states, half are states of the Sixth District. In 1944 the Sixth District produced a potato crop of

16.4 million bushels, or 28 percent of the total for the 12 states. The Sixth District potato crop in 1945 was 20.5 million bushels, approximately 33 percent of the 12-state total. Yields per acre were greater in 1945 than they were in 1944 in every Sixth District state, the increases ranging from a low of three bushels to the acre in Mississippi to a high of 46 bushels an acre in Alabama.

Although 22 states produce sweet potatoes, in 1944 approximately 49 percent of the nation's crop was produced in the states of the Sixth District, where the crop amounted to 34.8 million bushels. The 1945 crop in the District was a little higher, 36.2 million bushels, but this was 54 percent of the crop for the nation in that year. Decreased yields were experienced in 1945 as compared with 1944 in Alabama, Florida, and Tennessee, but increases were recorded in Georgia, Louisiana, and Mississippi. The largest increase in yield was 14 bushels an acre in Mississippi. The next largest was 13 bushels an acre in Louisiana, followed by one of two bushels an acre in Georgia.

In the state of Florida, the most important single crop is the citrus-fruit crop. The 1945 crop of oranges amounted to approximately 50 million boxes, an increase of 7.2 million boxes over 1944. The grapefruit crop in 1945 filled 32 million boxes, an increase of 9.7 million. The output of tangerines in 1945 was 4 million boxes, the same as that in 1944, but the production of limes declined from 250,000 boxes in 1944 to 200,000 in 1945.

The production of sugar cane for sugar and seed is a virtual monopoly of the Sixth District, in which it is produced in two states—Louisiana and Florida. Of these two states Louisiana is the oldest producing area and is overwhelmingly the most important at present. Of the 5.7 million short tons of cane produced in 1944, Louisiana accounted for 4.9 million tons, and of the 6.7 million tons produced in both states in 1945, Louisiana accounted for 5.6 million. In both states the yield per acre was higher in 1945 than it was in 1944, the yield in Louisiana rising from 20.0 short tons an acre in 1944 to 22.5 in 1945. In Florida the increase in yield was almost twice as great, rising from 28.5 short tons an acre in 1944 to 33.0 short tons in 1945.

States of the Sixth District produce roughly half of all the pecans grown in 12 states. The 1944 crop in the District amounted to 70.8 million bushels out of 140.2 for all pecan-growing states. In the following year the District produced a smaller pecan crop—65.3 million bushels out of a total of 132.6 for the 12 states. The smaller crop for 1945 was the result of serious declines in Louisiana, Mississippi, Alabama, and Florida that were not fully offset by the gain of 3.4 million bushels in the Georgia crop.

► Throughout the war period as field hands became scarce and the difficulty of planting, cultivating, and harvesting field crops increased, there was a tendency in all the states of the District to shift to some extent from crops to livestock, especially cattle. This tendency was apparently still at work throughout 1945. On January 1, 1944, the cattle population of District states amounted to 7.9 million, and on January 1, 1945, this number had increased to approximately eight million. The net increase was 104,000 for the Six States, all states having recorded increases except Tennessee, which experienced a decline of 68,000 in its cattle population. The largest gain in cattle numbers for the year was 95,000 in Louisiana. Next in rank was Mississippi where the increase

was 30,000, and third was Florida with an increase of 23,000.

On the other hand, the number of hogs and pigs in Sixth District states was less by 1.6 million on January 1, 1945, than it was on the same date in 1944, declining from 8.3 million to 6.7 million. The greatest decrease was registered in Tennessee, where the number of hogs and pigs fell off by 462,000. Mississippi and Georgia ranked next with decreases of 315,000 and 300,000, respectively. With 1.6 million hogs on January 1, 1945, however, Georgia continued to rank first in the total number.

► Although readjustments of acreages among various crops and other farm projects account for relative increases or decreases, the total 1945 agricultural output in the Sixth District was large. The reckoning of the financial prosperity of agriculture must start with the volume of commodities that farmers have to sell, whether it be large or small.

In normal times, however, because of the inelasticity of demand for farm products, prices are likely to be disproportionately low as output increases. As a result farmers on the whole tend to receive a smaller total amount of money for a large output than they do for a small one. During the war, however, the situation was quite different. Substantial increases in individual incomes made possible large increases in the consumption of food. This increased demand together with the necessity of feeding an army of 11 or 12 million men with a larger per capita ration of food than they were accustomed to in peacetime and the necessity, as well, of feeding our allies under lend-lease agreements tended to sustain farm prices at an abnormally high level. Although some decline in the demand for farm commodities may be expected as the military establishments are reduced, the food and fiber requirements of the liberated countries of Europe as well as the emergency feeding of former enemy countries will tend to keep farm prices high until foreign agriculture is restored to productivity. Sixth District farmers, in common with those of the rest of the country, therefore, will continue to profit by the favorable conjunction of large agricultural output and high prices for farm products.

► On October 15, 1944, the index of prices for all farm products was, for the nation as a whole, 194 percent of the average for the period August 1909 to July 1914. On the same date in 1945 the index had risen to 199 percent of the average for the base period. Every state in the District for which figures are available also showed a higher index value on October 15, 1945, than it showed on the same date in the previous year. In Alabama the index rose from 178 to 187, in Florida from 209 to 211, in Georgia from 178 to 182, in Louisiana from 176 to 185, and in Tennessee from 189 to 200. Figures for Mississippi are unavailable. Only incomplete figures for the District are available for the last two months of 1945, but from what evidence there is, the index of prices for all farm products has risen still further for the District as a whole, although in some states it may have merely held steady.

Favorable prices and large agricultural output in 1945 combined to give Sixth District farmers in the four states where comparable figures are available a value for their crops that was 55.3 million dollars greater than the 1944 figure. The value of crops was highest in Georgia, where it amounted to 387.3 million dollars in 1945, compared with 371.4 million dollars in 1944. The state showing the second highest available figures was Tennessee, where the value of

crops in 1945 was 318.3 million dollars, compared with 285.8 million in 1944. Data on the value of crops are not available for Florida and Mississippi.

► Further evidence of the volume of money flowing into District agriculture is provided by cash receipts from farm marketings. Such cash receipts for the six states of the District in 1940 amounted to 677.1 million dollars. Cash receipts from farm marketings in the Sixth District in 1944, however, were 1.9 billion dollars. Similar figures for the whole of 1945 have not yet been received, but for the first nine months of the year cash receipts from farm marketings amounted to 1.2 billion dollars. By the end of the year they probably equaled, if they did not exceed, the 1944 figure.

Measured by the value of crops and by cash receipts from farm marketings, both 1944 and 1945 have been very prosperous years for agriculture in the Sixth District. Even when the small average size of Southern farms is taken into account the picture remains bright. In 1929, for example, cash receipts from farm marketings *per farm* amounted to \$1,009 on an average in the Sixth District. By 1944 this figure had more than doubled reaching \$2,320. For the United States as a whole, however, the average cash receipts from farm marketings per farm was \$1,809 in 1929 and \$3,632 in 1944. The average for the Sixth District was thus \$1,312 below that for the nation in the latter year. Apparently Southern farms were not profiting from the war to the same extent that farms in the nation as a whole were, although their position had indeed greatly improved. In 1939 the average for the Sixth District was only \$494 below that for the nation, and in 1943 the difference was \$1,319.

► If it is true that the war has favored other agricultural areas more in dollars and cents per farm than it has the South, a natural assumption might be that any deflation in agriculture is likely to strike other regions with greater force. The vulnerability of cotton, however, in a deflationary situation may invalidate any such assumption. In any case in a region where agriculture yields so much less per farm than it does elsewhere the old problem of a high ratio of men to land will probably remain despite the influence of the war. It can be solved only in ways that have been apparent for some time — the enlargement of farms and the adoption of more extensive forms of agriculture, accompanied by the absorption of the excess farm population into industry, or by a shift to crops of higher value that will bear the cost of intensive cultivation.

Except for crops in which the South has an absolute advantage because of climate, soil, and similar factors, the second of the foregoing alternatives offers but a partial solution. If Southern agriculture is to prosper in the future after the war boom has waned, such prosperity will have to come about as a by-product of industrial development. Unless this development occurs, Southern farmers may again find themselves relying upon Government payments of one sort or another and upon politically supported prices to make good the deficit in their earnings from agriculture.

► Temporarily, American agriculture is protected against the full brunt of the reconversion problem by the sustained spending of liquid assets in the domestic market and by the foreign requirements for agricultural products. How well agriculture will be able to meet the shock of reconversion when it actually comes depends a great deal upon the use that

is made of current high earnings. It would clearly be disastrous if farmers were struck by a sharply falling demand and low prices while heavily in debt. Inability to support an increasingly burdensome debt would result in a wave of foreclosures and general distress such as that which followed the first world war.

Fortunately farmers seem to be using a part of their current income to reduce the total volume of farm-mortgage debt. The mortgage debt on American farms in 1930 amounted to 9.6 billion dollars. This figure has been so reduced in every subsequent year that it amounted to only 5.3 billion dollars in 1945.

In the Sixth District the total farm-mortgage debt fell from 546 million dollars in 1930 to 424 million dollars in 1934. Contrary to the national tendency, however, it increased again thereafter. By 1942 the volume of mortgage debt had risen to 465 million dollars. This peak was then followed by reductions in each succeeding year to 384 million dollars in 1945. Of this amount 23 percent was in Mississippi, 21 percent in Georgia, 19 percent in Alabama, 17 percent in Tennessee, 13 percent in Louisiana, and 7 percent in Florida.

As important as the reduction of farm-mortgage debt in this District has been since 1930, it fell short of the reduction for the nation as a whole. Total farm-mortgage debt for the nation in 1945 was only 55 percent of what it had been in 1930. In the Sixth District, however, the 1945 debt was 70 percent of what it had been in 1930.

In the case of non-real-estate debt the situation is different. The total amount of this kind of debt held by insured commercial banks and Government agencies in the Sixth District amounted to 255.9 million dollars on July 1, 1939. Although farmers tended to pay an increasing proportion of their production costs out of current income during the war years, the volume of non-real-estate debt in the District increased to 321.1 million dollars on July 1, 1945. Both in 1939 and in 1945 the largest part of this debt was held by insured commercial banks — 64 percent in 1939 and 67 percent in 1945.

Considering the combined total of farm-mortgage debt and non-real-estate debt, the position of the Sixth District was less favorable in 1945 than it was in 1939. In 1939 the total of both kinds of debt amounted to 701.6 million dollars for the District, and in 1945 the total was 705.3 million dollars. As long as the present favorable relation between income and production expenses continues, the debt position need cause little worry. Although data for production expenses are not available for 1945, the relation between these and cash receipts from farm marketings in 1944 are at least indicative of the current position. Cash receipts from farm marketings in 1944 were 266 percent of the 1939 average whereas production expenses were only 175 percent of the 1939 average.

► A favorable income position, of course, tends to be reflected in higher land values. The index of the value per acre of farm real estate for the nation as a whole was 42 points higher in 1945 than it was in 1939, the 1912-14 average being taken as the base. Every state in the Sixth District exceeded this increase during the same period. In Alabama the index rose 58 points between 1939 and 1945, in Florida 54 points, in Georgia 52, in Louisiana 55, in Mississippi 59, and in Tennessee 73.

If a farmer continues to hold his land, a rise or fall in land values leaves him unaffected. On the other hand, if he invests any substantial part of his high current income in land at inflated prices he will merely be laying up trouble for

himself when farm income declines. If purchases have been made for cash, he may find that he has dissipated his savings. If purchases have been made on mortgages, he may find himself with an insupportable debt when his income position worsens.

There is some evidence in the state of Alabama, Florida, Georgia, South Carolina, and Mississippi that farmers are engaged in such activity in the land market, and presumably this would be true elsewhere in the South. This activity, however, lessened somewhat in 1945. The number of transfers in 1945 was 42 percent greater than in 1941 but was only 80 percent of those in 1944. Approximately 60 percent of all tracts sold in 1945 were sold by farmers, and 80 percent of all buyers were farmers. Fortunately, however, 72 percent of all sales were made for cash.

Although inflation in farm-land values is therefore not especially dangerous at the moment, it bears watching, and farmers would be wise to use their savings to liquidate their debts, improve their buildings, replace worn-out machinery, and adjust their various farm programs to peacetime demands rather than dissipate them in what could develop into a disastrous land boom.

► In summary, then, it may be said that 1945 was a very favorable year for agriculture in the Sixth District. Output was again large, and prices of farm products continued their upward trend. Cash receipts from farm marketings were high and exceeded production expenses by a wide margin. Increased liquid assets in the hands of farmers were used to improve their equity position in the land although the total burden of farm debt had grown because of an increase in non-real-estate loans. A favorable income position was being reflected in higher land values, and there was some evidence that farmers had been contributing to a land boom, but their activity was beginning to be curtailed in 1945.

How well Southern agriculture's wartime experience has fitted it to meet successfully its future problems of adjustment will be revealed in the next year or two. Although changes in the agricultural pattern that have been brought about by the war have generally been in the direction of freeing the South from its traditional dependence upon cotton and so have been in the right direction, cotton will undoubtedly still be the major cash crop for some time.

The future of cotton, however, is far from certain. The expansion of foreign growths that was occurring before the war will undoubtedly continue in the postwar period. Synthetic fibers and other substitutes for cotton have received great stimulation during the war, and they now more than ever threaten many of cotton's traditional markets. The continued political support of cotton prices will delay the desirable adjustments of cotton acreage, will necessitate some form of subsidy if American cotton is to enter foreign markets, and will thus affect international economic relations adversely. Moreover, the increasing mechanization of cotton culture is almost certain to affect adversely the smaller cotton farms and thus to accentuate the population problem. The way in which the cotton problem is handled may easily determine the future of Southern agriculture for years to come. For the region as a whole a vigorous industrial development will provide the best cushion against the shocks the older agrarian economy may be subjected to in the future.

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Sixth District Statistics

RETAIL JEWELRY STORE OPERATIONS		
Item	Number of Stores Reporting	Percent Change November 1945 to December 1945
Total sales.....	30	+ 148
Cash sales.....	28	+ 135
Credit sales.....	28	+ 164
Accounts receivable, end of month	30	+ 77
Collections during month.....	30	+ 62

	Adjusted* *			Unadjusted		
	Dec. 1945	Nov. 1945	Dec. 1944	Dec. 1945	Nov. 1945	Dec. 1944
DISTRICT.....	288	298	258	466	348	417
Atlanta.....	295	378	248	476	403	400
Baton Rouge.....	300	328	254	489	348	415
Birmingham.....	275	293	245	447	339	398
Chattanooga.....	291	302	259	470	338	419
Jackson.....	268	279	231	435	328	375
Jacksonville.....	345	394	332	579	426r	557
Knoxville.....	287	343	283	488	368	480
Macon.....	286	318	253	501	365	444
Miami.....	259	305	206	479	341	380
Montgomery.....	279	317	234	497	368	417
Nashville.....	311	358	264	524	392	445
New Orleans.....	243	250	227	399	291	373
Tampa.....	347	370	308	588	438	520

	Adjusted* *			Unadjusted		
	Dec. 1945	Nov. 1945	Dec. 1944	Dec. 1945	Nov. 1945	Dec. 1944
DISTRICT.....	184	193r	180	155	203r	151
Atlanta.....	272	260	274	221	300	222
Birmingham.....	120	126	127	105	149	111
Montgomery.....	165	183	187	140	213	158
Nashville.....	304	301	291	258	349	248
New Orleans.....	124	115	127	108	130	111

	COTTON CONSUMPTION*			COAL PRODUCTION*		
	Dec. 1945	Nov. 1945	Dec. 1944	Dec. 1945	Nov. 1945	Dec. 1944
TOTAL.....	136	156	150	150	169	146
Alabama.....	141	165	158	158	177	152
Georgia.....	136	155	149			
Tennessee.....	114	134	124	133	152	127

	MANUFACTURING EMPLOYMENT**			GASOLINE TAX COLLECTIONS		
	Nov. 1945	Oct. 1945	Nov. 1944	Dec. 1945	Nov. 1945	Dec. 1944
SIX STATES.....	110	112	156	136	132	104
Alabama.....	129	132	182	140	140	109
Florida.....	85	86	164	127	118	92
Georgia.....	104	103	147	125	127	100
Louisiana.....	118	129	171	125	129	101
Mississippi.....	118	116	145	145	116	108
Tennessee.....	102	102	133	159	164	119

	CONSUMERS' PRICE INDEX			ELECTRIC POWER PRODUCTION*			
	Nov. 1945	Oct. 1945	Nov. 1944	Nov. 1945	Oct. 1945	Nov. 1944	
ALL ITEMS..	134	134	132	SIX STATES..	232	232	277
Food.....	147	147	144	Hydro-generated	216	213	230
Clothing...	144	144	139	Fuel-generated	253	256	338
Rent.....	114	114	114	ANNUAL RATE OF TURNOVER OF DEMAND DEPOSITS			
Fuel, electricity, and ice..	111	111	109		Dec. 1945	Nov. 1945	Dec. 1944
Home furnishings	145	145	139	Unadjusted..	19.0	16.0	20.6
Miscellaneous..	131	131	126	Adjusted* ..	16.5	15.1	17.9
CRUDE PETROLEUM PRODUCTION IN COASTAL LOUISIANA AND MISSISSIPPI*				Index**.....	63.8	58.4	69.3
	Dec. 1945	Nov. 1945	Dec. 1944	*Daily average basis			
Unadjusted..	208	207	202	**Adjusted for seasonal variation			
Adjusted**..	216	204	209	***1939 monthly average = 100, other indexes, 1935-39 = 100			
				r=Revised			