

MONTHLY

Business Review

FEBRUARY 1954

CONTENTS

The 1953 Surge in Construction . . . 1

Farm Housing and Market Potentials . 4

Banks in the Farm Price Support Program 8

FINANCE • INDUSTRY • AGRICULTURE • TRADE

FOURTH FEDERAL RESERVE DISTRICT

Vol. 36—No. 2

Federal Reserve Bank of Cleveland

Cleveland 1, Ohio

The 1953 Surge in Construction

FOURTH DISTRICT

CONSTRUCTION contract awards topped old records in the Fourth District during 1953, reaching new highs that may stand for many years to come. Contract awards for the Pike County atomic energy plant and the Ohio turnpike, combined with a very large volume of awards for other kinds of construction, pushed the District total to nearly \$3.1 billion or two-thirds more than the previous record 1952 dollar volume. A rough estimate of the physical volume of work put under contract during the year (see chart) indicates that the 1953 total was more than half again as large as the old 1950 high.

If construction cost changes in the District parallel national trends, building costs advanced about 3 percent during 1953. Most of the cost advance was due to higher wages in the building trades, as building-material prices edged up only about one percent at the wholesale level. Nationally, average hourly earnings of workers employed in building construction increased 7 percent. Average weekly hours were reduced about 3 percent, however, so that average weekly earnings advanced only about 4 percent.

In Ohio, despite the large volume of work placed under contract last year, employment in contract construction remained at about 1952 levels. According to the figures compiled by the Division of Research and Statistics of the Ohio Bureau of Unemployment Compensation, about 150,000 workers were employed by construction contractors during 1953, only slightly fewer than in 1952. Their hourly rates rose about 6 percent during the year, however, so that payrolls increased over the preceding year.

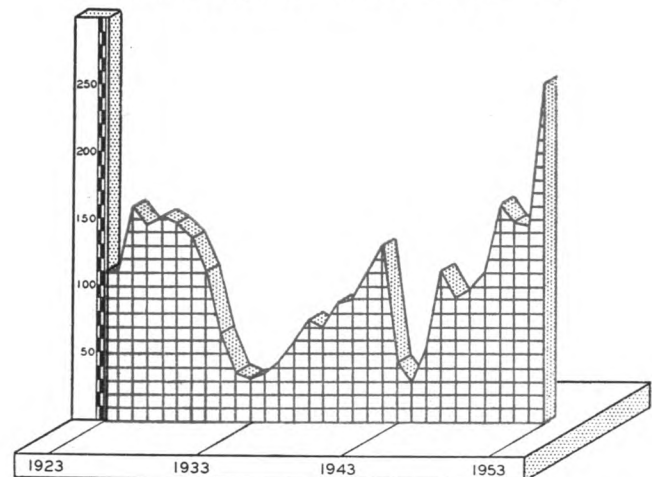
A-Plant Work Progressing Rapidly

Work on the Pike County gaseous diffusion plant during the past year progressed in line with timetables envisioned in late 1952. Grading and site clearance is virtually completed. Steel erection for the main buildings is now being pushed.

CONSTRUCTION CONTRACT AWARDS

Fourth District, 1923-1953

Index of Physical Volume*, 1947-49 = 100



. . . an estimate of the physical volume of construction put under contract in the Fourth District places the 1953 total more than 50 percent ahead of the previous 1950 record.

* Physical volume estimated by adjusting F. W. Dodge Contract award figures for changes in the Department of Commerce composite construction cost index.

Equipment has begun to arrive at the site and is being installed. The plant operator has stated that some "inside" operation at the facility will start this year, but the exact date and the amount of production was not divulged.

Year-end employment at the plant totaled 13,536 workers—12,296 construction workers and 1,240 operations personnel. Employment is expected to double by fall when about 26,000 construction workers plus about 2,400 operating employees are expected to be working on the site. Following the fall peak, the building force will taper off and the contractor's payrolls will continue to dwindle until construction is completed early in 1957. Payroll totaled about \$1½ million per week at the end of 1953.

Major construction contracts directly traceable to the Atomic Energy Commission installation aggregated about \$568 million during the past year—\$476 million for the gaseous diffusion plant and the balance for the Kyger Creek electric power plant and transmission lines to serve the Pike County plant. Additional millions were spent in the Portsmouth-Chillicothe area on highways, homes and community facilities.

Nonresidential Building Activity At New Highs Contract awards for the atomic energy plant merely sweetened an already rich construction cake, however. Practically every type of nonresidential building in the District reached new dollar highs during the year. A record volume of awards was made for industrial, commercial, school, public, and religious buildings. Dollar volume fell short of record levels only in the hospital, social and recreational building categories, but even in these groups, gains were posted over the previous year. Altogether, nonresidential building awards were nearly double the 1951 dollar high if the A-plant awards are included, and about one-third above this previous high if they are excluded.

Large manufacturing building awards were the rule rather than the exception last year, with activity centering around the Pike County plant and Cleveland's automotive parts industry. Industrial building contracts awarded in Ohio, for example, aggregated \$710 million and included at least \$476 million for the A-plant plus \$99 million in the Cleveland area. At least half of the latter amount was for new buildings to house facilities for the production of transportation equipment. For the District as a whole, manufacturing building awards came to \$797 million, or nearly 3¾ times the 1952 volume and about 2½ times above the 1942 high.

Commercial building activity in the District bounced back to new highs after being restricted by material controls in 1952. About \$194 million worth of offices, stores, restaurants and warehouses were contracted for last year. This was 40 percent above

the 1951 high, and two-thirds more than the 1952 volume.

School building awards also reached new dollar highs as the bumper baby crops of the years immediately following World War II continued to overtax existing facilities. Last year's award volume aggregated \$224 million in the District, as compared with \$174 million in 1952 and about \$143 million in 1950 and 1951. This uptrend in school construction should continue as the large number of babies born in the past five years come of school age.

Turnpike Boosts Heavy Construction Public works and utilities projects were placed under contract in twice the dollar volume of any previous year. Almost all of the contracts for the Ohio turnpike were awarded during the year (\$212 million) and highway contracts were also heavy in Western Pennsylvania. Electric utility construction to supply Ohio's atomic energy plant also got under way during the year. It all added up to a record year in heavy engineering work, with public works awards totaling \$553 million and utility awards coming to \$227 million, or 110 percent and 86 percent, respectively, ahead of previous highs.

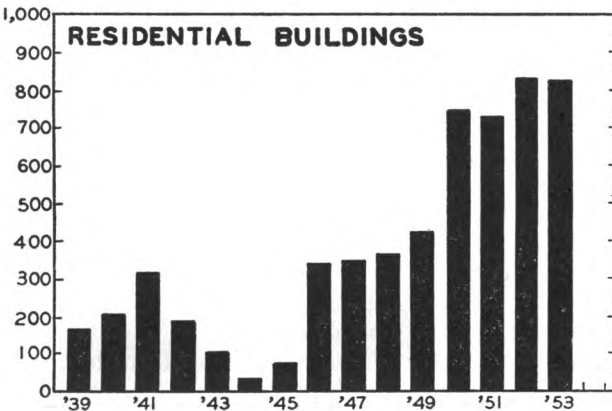
Homebuilders Stay Busy Homebuilding remained near peak levels in the Fourth District during 1953. Residential work placed under contract during the year aggregated nearly \$825 million, less than one percent below the 1952 record dollar total. In physical volume, as measured by the floor area contained in contract awards, the year 1953 ranked as the third best on record—about one percent under 1952 and 5 percent less than the 1950 high. Contract awards for single-family homes and private homebuilding in general continued at high levels, while multi-family dwelling awards and publicly-financed construction dipped sharply.

Private residential building activity established new dollar highs in 1953, chiefly on the continued strong demand for one-family dwellings. Homebuilders complained during the summer and fall months about the difficulty of obtaining home-mortgage financing and construction-loan commitments. Judging by the volume of contract awards for speculatively-built single-family homes during the period, there may have been some basis for such complaints at the time. For example, the volume of for-sale homes placed under contract during the third quarter did fall below the high 1952 rate. The volume bounced back in the final quarter, however, to set a new record for that season of the year. This gain was probably a reflection of the increased availability of mortgage loan funds in the latter part of the year. Consequently, for the year as a whole, awards for speculatively-built units topped the previous 1952 dollar record by about 4 percent.

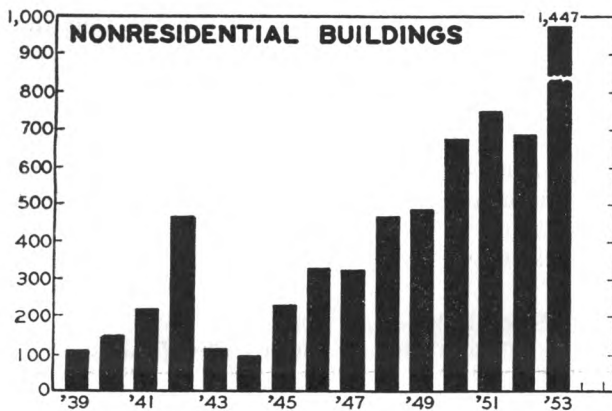
CONSTRUCTION CONTRACT AWARDS

Fourth District, 1939-53

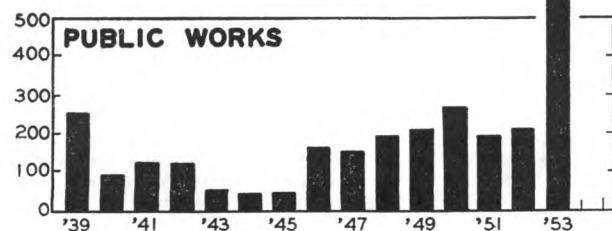
(Millions of Dollars)



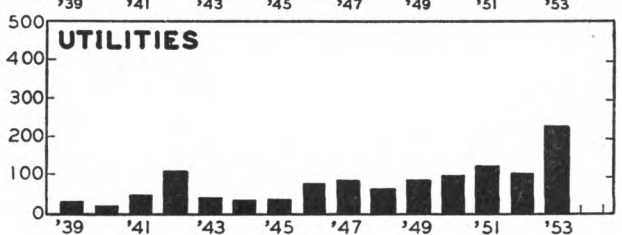
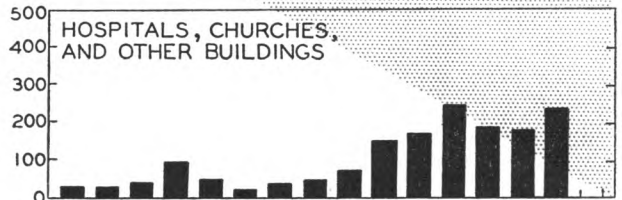
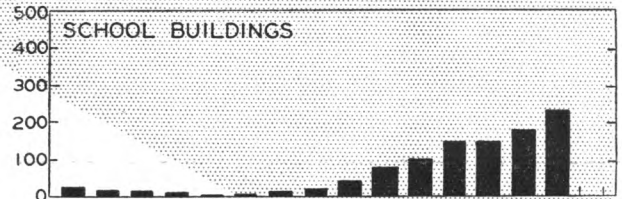
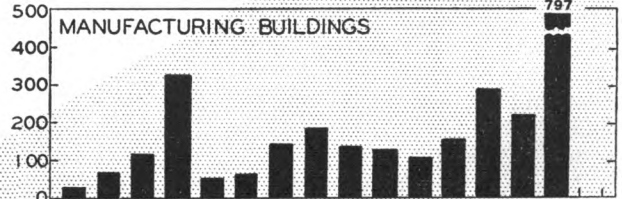
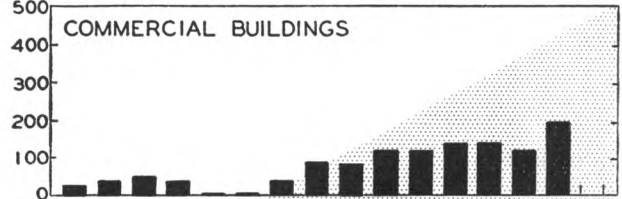
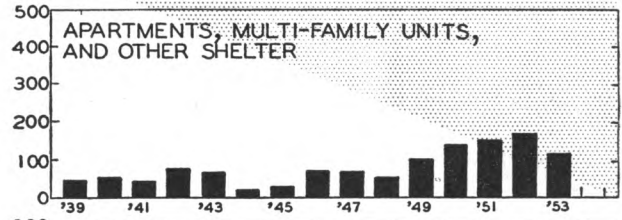
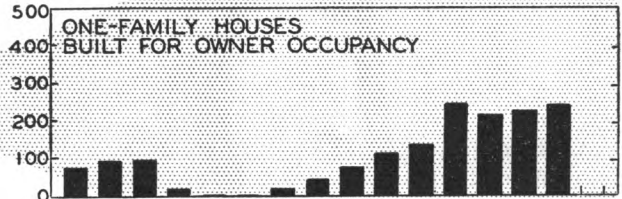
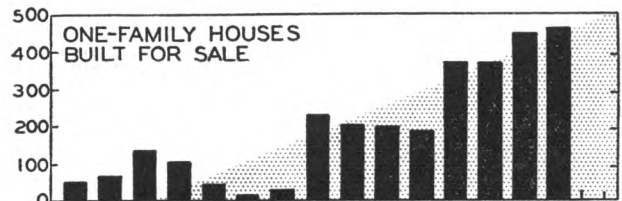
... despite the new record volume of contracts awarded for one-family homes, total residential building awards were pulled slightly below the 1952 high by the sharp drop in multi-family dwelling awards.



... contract awards for Ohio's atomic energy plant plus a record volume of commercial, manufacturing and school building awards added up to a record volume of nonresidential building awards.



... contract awards for the Ohio turnpike, on top of an already record volume of public works awards, pushed the public works total to unprecedented levels.



... the utility contract award total, already large, was boosted by the inclusion of contracts for electric power facilities to serve the Pike County A-plant.

Farm Housing and Market Potentials

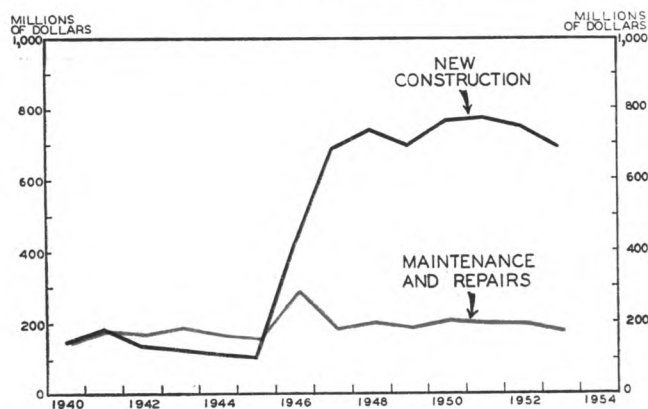
A **SIZEABLE** market potential exists on Fourth District farms for utilities, electrical appliances, plumbing equipment, home maintenance, repair or remodeling, and many other goods and services. Despite stepped-up building and modernization activity in the postwar years, most of the farm homes are over 30 years old and still lack many of the conveniences of modern living. Probably no more than one of four farm homes has the combination of electricity, hot and cold running water, bath and inside toilet facilities which are standard equipment in an urban dwelling.

The degree to which an era of unprecedented farm prosperity has been incorporated into a basic economic goal of more comfortable living is revealed by the 1950 Census of Housing and Agriculture.

Level-of-Living Substantial improvement has been shown over the years in the level-of-living of farm operators' families in the Fourth District (see map) despite the still prevalent and widespread lack of modern facilities. A gain was registered in the 5-year interval ending in 1950, for example, which amounted to 6 percent in the western part of the District, 10 percent in the northeastern part, and 28 percent in the southern area, according to a measure devised by the U. S. Depart-

CONSTRUCTION AND MAINTENANCE EXPENDITURES

Farm Operator Dwellings, United States
(1940-1953, Annually)



... immediately following World War II, new construction expenditures for farm housing increased several fold, partly due to higher prices. Since 1950, this spending has leveled out and headed downward. Maintenance expenditures have been relatively steady.

Source of data: *Construction and Building Materials*, U. S. Department of Commerce, N.P.A.; 1953 partly estimated.

ment of Agriculture.¹ This compares with a 22 percent improvement nationally.

In terms of gain over a longer period, since 1940, it is estimated that within the District as a whole, the level-of-living has increased about one-third, with the greatest strides again shown in the southern portion. Western Ohio at the opposite extreme showed the smallest rate of increase over the ten-year period, although the gain was from a more advanced level. The U. S. average gain during the decade of the 1940's amounted to over one-half.

In total the level-of-living of District farm families still compared favorably in 1950 with the situation portrayed for the nation in general, but the margin was narrowed. In 1945 (as shown on the map) farm operators' families in western Ohio enjoyed a level of living 54 percent better than that of the average farmer in the country. In the northeastern area of the District the relative advantage amounted to 30 percent. A contrasting situation was shown for the southern part of the District, however, with the level-of-living indicated as 14 percent below the U. S. average.

Although the national situation for 1950 is not indicated on the map, it can be computed that the relative margin of comforts over the national average had been narrowed to 34 percent in western Ohio and 17 percent in the northeast, due in both areas to their showing a slower rate of gain than the national average. The southern part of the District showed a more rapid gain, however, bringing the margin for this area up to within 10 percent of the national average.

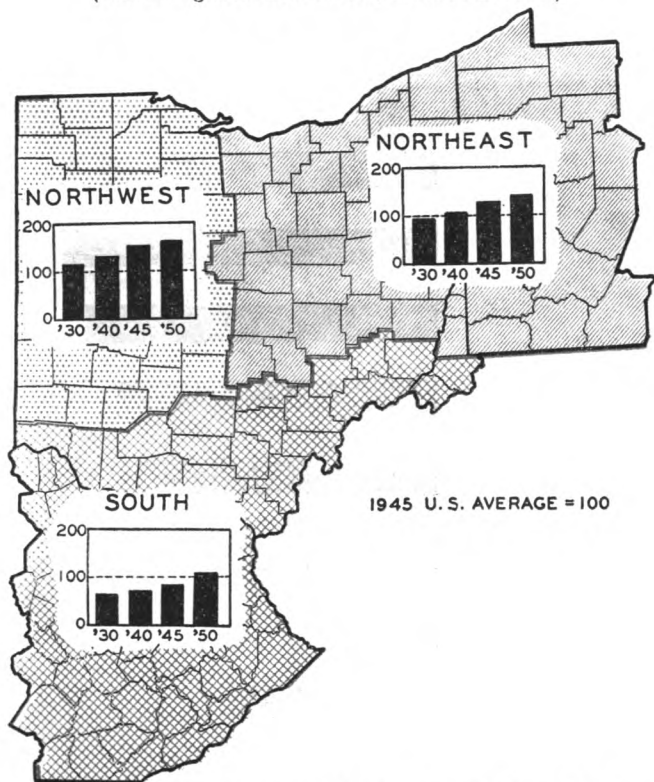
Water, Electricity and other Facilities Installations of electric power and of pressure or gravity systems for piped running water are prerequisites to nearly all facilities for modern living. Progress in this direction in farm housing has varied geographically.

Use of electricity has become nearly universal on farms in western Ohio, and the northeastern area has been close behind. In the southern section, however, about one-fourth of the farm homes were still without electricity in 1950.

¹ *Farm-Operator Family Level-of-Living Indexes*, U. S. Department of Agriculture, May 1952. Index numbers are provided which combine the proportion of farms with electricity, telephone and automobiles, and the value of products sold or traded after adjustment for purchasing power. Although availability of historical data limits coverage to these items, the latter are allegedly associated to a considerable extent with other goods, services and satisfactions that make up the level-of-living of families. The index serves to evaluate change over time and to facilitate comparison between areas; it does not indicate in any way a comparison of standards between farm and urban families nor the degree of fulfillment of any theoretically ideal level-of-living.

**CHANGE IN LEVEL-OF-LIVING INDEX,
FARM OPERATOR FAMILIES**

(Three Agricultural Areas, Fourth District)



... substantial improvement in the farmer's level-of-living has occurred over the years in each of three agricultural areas of the Fourth District.

Source of data: *Farm-Operator Family Level-of-Living Indexes*, U. S. Department of Agriculture.

Piped running water is lacking in a far greater number of farm homes than is electricity. In the areas where this improvement is most advanced, only about one-half of the homes have both hot and cold running water, and roughly a fourth to a third of the homes have neither. With the installation of each water system, a potential market is opened for hot water heaters (primarily electric heaters in rural areas) as well as the whole gamut of bathroom and other plumbing fixtures. Similarly, with the wiring of a house for electricity, a market possibility is created not only for lighting fixtures but for a wide range of electrical appliances.

That such markets are not assured, however, is suggested by the fact that even where electricity and running water installations are present, many are not completely utilized. In both the eastern and the western areas of the Fourth District most homes have electricity, but one of every four or five lacks an electric washing machine. Over this same area about one of four homes that have running water does not have toilet and bath facilities. Mechanical refrigeration is likewise still to be introduced into many farm homes.

The advent of electrification has already brought the electric range into prominence as the leading source of heat for cooking both in the northwestern and northeastern sections of the District. Between one-third and one-fourth of the farm homes cook with electricity. Bottled gas has become the second leading source of cooking heat in western Ohio. Utility gas is prevalent in many homes in the north-east. Less than a third of farm homes rely upon coal and wood as a cooking fuel in these northern regions. In the south, however, coal is the major cooking fuel; coal or wood is used in two-thirds of the homes.

Central heating systems for farm homes are far less commonplace than are the more modern cooking appliances. Less than half of the farm homes in the District have this type of heating system. Coal is by far the leading fuel used in house heating, whether or not a central heating system is utilized. In some homes, however, fuel oil or utility gas has replaced coal as a fuel. Many homes, including modernized older homes, have replaced noncentral heating stoves with thermostatically controlled blower-type furnaces comparable to those found in urban areas. The proportion of homes so equipped is still small, however, as indicated by the charts.

The increasing business nature of agriculture, together with distance factors associated with sparse population in rural areas, has also brought tremendous increases in farmer demand for telephone service over the past decade. Yet telephones remain to be introduced into half or more of the farm homes in each of the three District areas under discussion.

Age, Condition and Occupancy of Homes

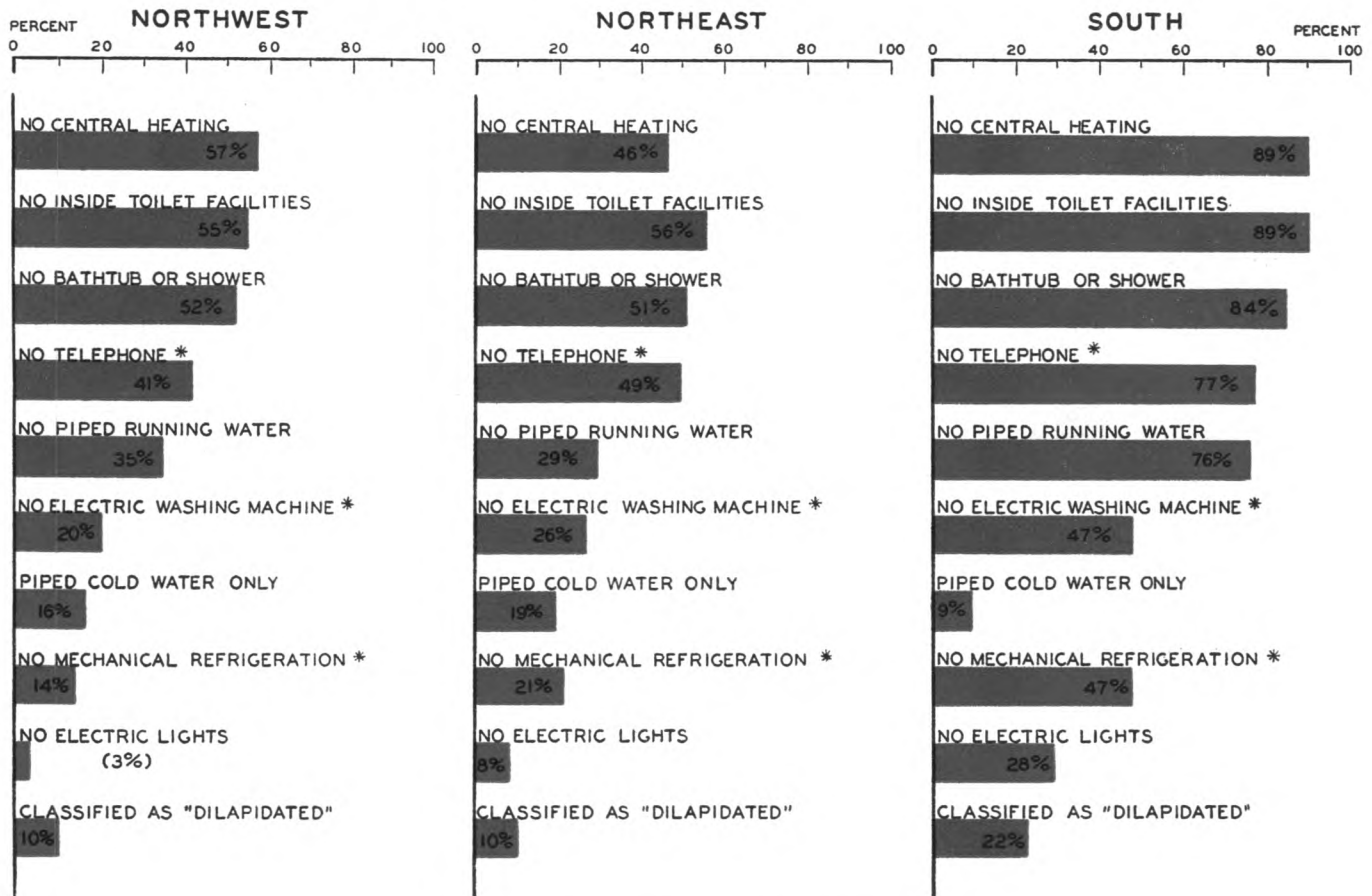
Between 10 percent and 15 percent of the farm dwellings in the District have been built since 1940. Three-fourths or more, however, were built prior to 1919 in the northern part of the District, and about one-half before this date in the South. Of the total number of farm homes in the District slightly over 70 percent are owner-occupied.² From 4 percent to 6 percent had no occupants at the time of the Census.

If all of the farm homes in the Fourth District were lumped together as they are in a city, a quite extensive "poor housing area" would become evident. About one in ten of the farm dwelling units in the two northern sections of the District are classed by the Census as "dilapidated" indicating that they are clearly below generally accepted standards of housing and should be extensively repaired or rebuilt or torn down. In the southern area the proportion classed as dilapidated is over twice as great. In both cases about 90 percent of the dilapidated homes are occupied.

² This is not to be confused with farm ownership data used in computing the farm tenancy ratio as there are 20 percent more farm homes than there are farms in the District.

PROPORTION OF FARM HOUSES WITHOUT STATED FACILITIES

(Three Agricultural Areas, Fourth District)



... the farm market for modern conveniences and better homes was still far from saturated at the time of the 1950 Census.

Source of data: Census of Housing and Census of Agriculture (1950), U. S. Department of Commerce.
 * Percentage applies to occupied houses only.

A home was defined as dilapidated in the Census if: (1) it had one or more critical deficiencies such as in the foundation, roof, floors, ceilings or walls (2) if it had a combination of minor repairable deficiencies which were present in such number and extent that the unit did not provide adequate shelter or protection against the elements, or was physically unsafe or (3) if the original construction was inadequate, examples of which would be lack of foundation, dirt floors and makeshift walls.

It may appear contradictory at first sight that in the southern section of the Fourth District a smaller proportion of the homes is represented by houses over thirty years of age than in the other two areas, while a much larger proportion is classed as dilapidated. The number of homes newly built, however, has been higher in the southern area than in the North, both in absolute numbers and as a proportion of total homes, during each of the Census periods since

1920. Since change in the total number of homes does not seem to account fully for the higher building rate, a considerable part of the latter should probably be attributed to a less permanent character of construction, with consequent requirement for more frequent replacement.

Factors Related to Better Housing It would perhaps be unrealistic to visualize complete modernization of farm homes as even a potential market. At the same time, however, due weight should be given to the sweeping wave of farm electrification which has occurred as recently as the past decade or so. Equally important as factors in any such major movement are the existence of adequate purchasing power in the hands of the farmer and the desire to possess new comforts and conveniences; the latter can be stimulated by alert merchandising.

Small farms which provide low incomes even in periods of general prosperity exist to some degree in nearly all counties. Setting aside several hundred dollars or more from time to time for home modernization is nearly out of the question on many of these subsistence type units.

Trends during recent years toward fewer but larger farms, increased mechanization and other aspects of technological advance in agriculture seem to be associated quite closely with an improved level-of-living. Some of the measured improvement has probably been due directly to the absorption of small and inefficient farms into larger and higher-income units.

Tenure of the residents in farm homes no doubt also has some bearing on improvements requiring permanent additions to the structure. (As previously mentioned, somewhat over seven out of ten farm homes in the District are occupied by owners.) A tenant of uncertain tenure is not inclined to install facilities which cannot be removed easily. Many landowners, however, have found it desirable and even necessary to modernize the homes on tenant-operated farms in order to attract and hold high quality renters. To maintain a labor force against the competition of jobs in the city has likewise demanded better housing for hired workers as an offset to the many inducements offered by urban living.

A variety of other factors influence in one way or another the progress in farm home modernization. A location especially isolated from electric power lines or one where there is difficulty in establishing

an adequate water supply may seriously hinder modernization. A heavy debt burden incurred for acquisition of land and production goods may likewise serve as a serious barrier to improvement. It may be noted in this connection, however, that some farm enterprises appear top-heavy in service buildings and tools, along with quite primitive housing.

Contact with urban areas has had and will continue to have a marked effect on farmers' decisions to improve housing. Many facilities which are necessities in the city may be considered solely as conveniences in the country. Nonetheless, with a city only a fraction of an hour away from most farms and with the increased off-the-farm business and social activities of today's farm families bringing them continuously in contact with such conveniences, it would appear that desires for comparable housing conditions will be strengthened.

It should not by any means be inferred that *all* farm housing is below par by urban standards. Many farm homes would be the envy of a residential neighborhood. The fact remains, however, that most farm homes would need substantial improvement to meet the building code requirements of a metropolitan area. Such a situation exists to some extent in probably every county in the Fourth District, and it approaches rural slum conditions in some instances. It represents not merely a merchandising opportunity, but an economic and sociological challenge to the rural communities directly concerned and to the larger body politic.

1953 SURGE IN CONSTRUCTION

(CONTINUED FROM PAGE 2)

Building costs⁽¹⁾ of for-sale units advanced 3 percent during the year, and there was little change in the size of the average unit. As a result, the physical volume exceeded the 1952 record by just one percent. Since speculatively-built homes have accounted for 50 to 60 percent of the new dwelling units put under contract in the District since the end of World War II, the record level of activity in this sector was an important force sustaining the total level of residential building activity during 1953.

A large volume of contract awards for one-family homes built to the owners' specifications also helped materially in sustaining last year's residential building activity at high levels. Contracts let for these custom-built dwellings (as distinguished from the speculatively-built unit constructed for sale) increased nearly one-eighth from the 1952 total in

both physical and dollar volume, and inched ahead of the 1950 dollar high. Physical volume, however, fell 13 percent short of the 1950 peak due to the increase in building costs during the interval. Costs of single-family homes built for owner-occupancy remained unchanged during the year 1953, halting the upward trend evident since 1944.

Offsetting the gains posted in single-family building activity was a substantial drop in multi-family dwelling awards, which fell about 30 percent below the 1952 dollar peak to the lowest yearly totals since 1949. A sharp contraction in publicly-financed apartment projects during the past year, amounting to a 42 percent drop from the 1952 postwar high, explains about half of this decline. The remainder of the contraction in multi-family dwelling awards is traceable to the miscellaneous shelter group and reflects a cutting back from very high 1952 levels in the demand for tourist courts, resort cottages and boarding houses. On the other hand, awards for two-family homes and dormitories were let in new record volume during the year.

(1) Building costs were approximated by estimating the cost per square foot of one-family dwellings put under contract in the District during the year. Consequently, it may include improved materials, workmanship, and fixtures as well as increased material and labor costs.

Banks in the Farm Price Support Program

By J. J. SOMERS, *Controller, Commodity Credit Corporation*

FOR MANY YEARS commercial banks have cooperated closely with the Commodity Credit Corporation in carrying on the price support program. From the farmer's standpoint, the local "lending agency", usually a country bank, enables him to do business conveniently with people he knows. From CCC's standpoint, lending agencies furnish a broader, more flexible type of operation than otherwise possible.

In obtaining a loan on the various grains and several other commodities, the farmer's first point of contact is the county committee. If the farmer applies for a loan on farm-stored grain, for example, the committee sends a field inspector to the producer's farm to look over the storage facilities, check on the quantity stored, take a sample to test for grade, and affix a seal. If the storage facilities and collateral meet all requirements, the committee makes out a note and a chattel mortgage. The producer, after signing these documents, may obtain his loan from a lending agency approved by CCC, usually the local bank with which he normally does business. If he wishes, however, the farmer may obtain his loan direct from CCC.

... The farmer may repay his loan at any time before his note matures and is charged interest at the rate of 4 percent per year only for the period the loan was in effect. ... If the producer does not repay his loan, the commodity is acquired by CCC and there is no interest charge to the producer.

Although CCC's loans are made without recourse to the borrower, the banks are fully protected in their investment in loan paper inasmuch as the bank can present the loan for purchase at any time and CCC is obligated to buy. A substantial portion of the loans made by banks are held until repaid by the producer or until maturity and many others are serviced by the banks without an investment of the bank's funds.

Certificates of Interest—Most recent example of teamwork has been in connection with CCC's sale to banks of "certificates of interest." These certificates, which had been used for many years for financing loan operations in cotton, have made it possible for commercial banks to participate, to a greater extent than ever before, in the over-all financing of the price support program. Here is a brief description of how the scope of certificate of interest plans was broadened:

As a first step, CCC placed in a "pool" a total of \$360,000,000 in outstanding loans on farm commodities other than cotton. These were loans which had been disbursed by CCC or had been sold to CCC by commercial banks and in which CCC's funds were invested, i.e., they represented an investment of funds borrowed from the Treasury. Then CCC gave commercial banks the opportunity to buy on October 28, 1953 "certificates of interest" in an amount equal to the pool total—\$360,000,000—the certificates to bear interest at the rate of 2½ percent per year and to be negotiable and payable upon demand. The certificates mature August 2, 1954.

From the banks' standpoint, the deal was highly satisfactory. They would collect interest at the rate of 2½ percent a year with no risk involved, because CCC not only had guaranteed to re-purchase the certificates at any time, plus accrued interest, but also had agreed to hold in reserve at all

times enough of its statutory borrowing authority to cover outstanding certificates. And it was a good deal for CCC, which was eager for private banks to assume a financial burden which would otherwise have to be taken care of through public borrowing.

[Editor's Note—On January 15, the CCC announced the final offering of certificates of interest for this season, amounting to approximately \$350 million and to bear interest at 2½ percent.]

Federal Reserve Part in CCC Operations—Since 1944, the Federal Reserve Banks have acted as direct fiscal agents of CCC in making disbursements and accepting deposits on all program activities. The Federal Reserve Banks make disbursements for CCC by drawing checks on an account CCC maintains with the Treasurer of the United States. CCC also issues drafts through county offices for most payments it makes directly to producers. These drafts clear through banking channels in the same manner as a check and are charged to CCC's account by the appropriate Federal Reserve Bank. Reserve Banks also accept receipts for CCC's account. Each day that proceeds from the sale of commodities and repayments of loans are exceeded by disbursements for the various program activities, CCC obtains additional funds to deposit with the Treasurer of the United States by borrowing from the Secretary of the Treasury against a statutory borrowing authority of \$6,750,000,000.

When program activities are not financed by private banks, CCC borrows directly from the Secretary of the Treasury. ... Funds are obtained on a day-to-day basis by issuing interim notes in favor of the Secretary of the Treasury, the proceeds of which are deposited with the Treasurer of the United States.

The successful operation of this method of financing on a day-to-day basis is dependent upon receipt in the Washington office of CCC of daily telegraphic advices from the 36 banks and branch banks of the Federal Reserve Bank system as to the amount of disbursements and receipts recorded for the account of CCC. These advices are tabulated daily and the net disbursement or deposit on an over-all basis is computed. If the summation shows need for borrowing, a note is executed and the amount borrowed is deposited with the Treasurer of the United States.

When the daily summation of the day's disbursements and receipts discloses a balance in excess of a million dollars in the account, a repayment in multiples of a million dollars is made to the Secretary of the Treasury on amounts previously borrowed. This daily method of borrowing or repaying in accordance with actual cash needs results in a minimum amount of cash on deposit with the Treasurer of the United States and consequent savings in interest costs on borrowed funds.

Number of Banks Participating — During the 1953 fiscal year approximately 7,500 banks participated in CCC loan programs. These banks disbursed approximately 76 percent of the total CCC loans made. Banks disbursed 96 percent of the wheat loans and 94 percent of the corn loans made under CCC programs during this period and retained their investment in a large percentage of such loans.

Under the terms of CCC lending agency agreements with banks, those banks that make loans under CCC price support programs and do not wish to retain their investment in the loans may sell the loans to CCC at any time and may elect to retain custody of the loan documents and service the loans for CCC on a fee basis.

EDITOR'S NOTE—Because of the current interest in this subject on the part of bankers and others affected, we are reprinting herewith in condensed form an article which appeared in the December issue of *Marketing Activities*, published by the U. S. Department of Agriculture.