

# AGRICULTURAL

# NEWS LETTER

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## CAUTION URGED IN THE PURCHASE OF LAND

The old adage, "Let the buyer beware," never had more meaning than it does today for prospective buyers of farm land. Ever since the present boom in farm land values began, the United States Department of Agriculture and many other agencies have issued repeated warnings of the risks involved in purchasing such land at inflated prices. But all these warnings seem to have had little effect, in view of a continued large volume of purchases of farm land at sharply rising prices. The upward movement of the farm real estate market brought land values in the United States as a whole on November 1, 1946, to a level 79 per cent above that of 1941, while in the Eleventh Federal Reserve District values were 65 per cent above those existing in 1941. Current values in this district are only six per cent below the 1920 peak, which preceded a long decline in land values that continued into the early thirties. Moreover, preliminary reports indicate that the volume of land sales throughout the country in 1946 was higher than in the preceding year and well above the peak of World War I, reached in 1919. According to the Bureau of Agricultural Economics, cash transactions accounted for a large proportion of the sales made in 1946, but heavy debts were built up on many farms and the long downward trend in the farm-mortgage debt appears to have been reversed. The total farm-mortgage debt for the United States increased \$80 million between January 1 and July 1, 1946—almost offsetting the decline which occurred in the full calendar year 1945, and bringing the total debt on July 1 to \$5,160 million.

There is a feeling in some quarters that the rise in land values may now be reaching a

peak and that a downward trend may be expected in the near future. Secretary of Agriculture Clinton P. Anderson, in stressing the dangers which exist in buying land at present inflated prices, stated that the only sound basis for determining the value of land is its long-term earning capacity and that, although higher incomes of farmers may continue for some time, current abnormally high demand and prices for farm products must, in time, be adjusted to the long-run situation at home and abroad. He warned that land purchased now at inflated prices may have to be paid for after the period of adjustment has begun, when smaller demand and lower prices prevail. Therefore, present inflated land values based on recent high returns may have to be revised downward as the earning capacity of the land, in terms of money, declines.

The ill effects of such adjustments may be cushioned somewhat by the relatively strong position of farmers as exemplified by their large holdings of liquid assets and by the still low general level of mortgage debt. Other factors considered favorable to the attainment of an orderly adjustment are the Government price-support program and the strong demand for farm products at home and abroad, which is expected to continue for some time at least. On the negative side, however, the establishment of very heavy mortgages on many individual farms and the overall increase in the mortgage debt mentioned above are elements of danger. Moreover, a threat to the continuation of the current high level of farm incomes lies in the fact that prices of many farm commodities could decline drastically before reaching support levels.

Therefore, in the opinion of those who take a long-term view of farm land values,

farmers contemplating the purchase of land in the near future and lending agencies which may be called upon to finance such purchases will do well to consider the fact that the number of high-income years remaining may be very limited. They may recall that following World War I the prices of agricultural commodities dropped sharply after a brief postwar upswing. Between 1919 and 1922, beef cattle in the United States dropped 44 per cent in annual average prices, wheat 55 per cent, cotton 37 per cent, and cottonseed 54 per cent. Moreover, the decline in prices of farm products was much more rapid than the decline in production costs, with the result that net farm incomes were sharply squeezed. Due to inability of many farmers to meet their heavy mortgage obligations, farm foreclosures increased rapidly.

Recognizing the possibility of a repetition of those unhappy experiences, the United States Department of Agriculture has recommended that farmers postpone the purchase of land and use current high incomes to retire debts, purchase savings bonds, build up financial reserves, replace worn-out equipment, or make farm improvements. It advises present owners who wish to expand their operations to lease land from others, and cautions those who do purchase farm lands at present prices to make heavy cash payments and to avoid short-term mortgages and inflexible mortgage provisions. It further suggests that these purchasers reduce their indebtedness as rapidly as possible while incomes and prices remain at relatively high levels. Elderly farmers and others wishing to dispose of farm lands are urged to consider the advantages of sale in the present market, which will net the owners a high return. Finally, the Department advises all lending agencies, including commercial banks and private investors, to use long-time earning capacity of the land as the controlling consideration in making farm real estate loans.

### HIGH LEVELS OF PRODUCTION ASKED FOR 1947

Another year of near wartime levels of production has been called for by the United States Department of Agriculture in an-

nouncing the production goals for 1947. These goals are suggested in spite of the fact that this year may bring some reduction in the demand for farm products for export and for use at home and amid apprehension on the part of many farmers over the prospects of price declines in the coming months. Secretary of Agriculture Clinton P. Anderson states, however, that there are several sound reasons in justification of the announced goals. First, a strong domestic demand, stimulated by high industrial employment while industry is catching up with the backlog of demand for its products, is expected to continue, although abating somewhat in the latter part of 1947. Second, many foreign countries still are critically short of food and other farm products, and it is believed that through the United Nations or some other organization, these needs will be met in spite of discontinuation of UNRRA. Third, depleted stocks of certain farm products need to be replenished. The stocks of such commodities as cottonseed, soybeans, flaxseed, milk products, and rice are reported as critically short, and stocks of cotton, wheat, corn, and others are low relative to demand. In the opinion of the Secretary of Agriculture, considerations of national safety warrant the building up of stocks of these commodities well above present levels in order that the danger of serious shortages may be avoided. Finally, he points out that the nation's farmers must allow for the possibility of less favorable growing weather and lower yields than have prevailed in recent years.

Though the 1947 goals are intended to keep farm production in general at high levels, the Secretary warns, nevertheless, that present domestic and world conditions do not indicate that an unlimited or equally strong demand exists for all farm products. In fact, the goals suggest a downward adjustment from 1946 in the production of many commodities. The point is stressed, also, that cooperation of all farmers is needed in conforming to these goals as closely as possible in order to avoid serious difficulties in marketing, ease the burden on the price-support commitments of the Government,

and, at the same time, relieve shortages of many commodities, such as fats and oils and sugar.

The application of these goals to the 1947 farm production of the Southwest is of especial interest to farmers in this district. There is a request for a small increase in the production of feed grains and hay, a substantial increase in the production of cotton and flaxseed, but a reduction in the acreage devoted to peanuts and truck crops. The goals call for little change in the acreage of wheat, rice, Irish and sweet potatoes. A reduction in the number of beef cows on farms is suggested for each of the states in the district, as well as for the United States as a whole. The goals contemplate an increase in the amount of milk produced on farms in these states in 1947, despite the fact that the number of cows kept for milk is expected to continue to decline, though at a reduced rate. Therefore, if the proposed milk production goal is to be achieved, it will be necessary to increase the production per cow. The goal recommended for stock sheep and lambs on farms at the end of 1947 involves a slight reduction in the number from the beginning of the year in all states of the Southwest and in the United States as a whole. An increase over last year is recommended in the number of sows to farrow in the spring in Texas and Oklahoma; in Arizona no change is called for, while a sharp reduction is suggested for New Mexico. An increase in the number of turkeys to be raised in 1947 is recommended for Texas, Arizona, and Louisiana, while a reduction is called for in Oklahoma and New Mexico.

That the program for 1947 calls for a larger production than is desirable from the standpoint of proper use and conservation of the land was realized by the Department of Agriculture and the State Production and Marketing Administration committees, who approved the goals, but it was felt that the needs of the nation and of the world justified such a course of action. It was also believed that achievement of these goals will give farmers an opportunity to dispose of another very large crop at relatively high prices and thus enjoy one more year of high

incomes. In order to offset as far as possible the drain on the soil resulting from continued heavy production, the Department of Agriculture urges that every farmer carry out as complete a conservation program as he can. It believes that such conservation farming can tide the land over until a better balance between soil-depleting and soil-preserving crops can be restored.

## TECHNOLOGICAL DEVELOPMENTS

### Spraying Methods Recommended for Livestock

Some valuable suggestions for ranchers in the Southwest regarding the use of livestock sprays were given by Ray L. Cuff of the National Live Stock Loss Prevention Board in the December issue of the *Chemurgic Digest*. Experiments conducted in 1945 and 1946 by the United States Bureau of Entomology and Plant Quarantine, in cooperation with various state groups in Kansas and Oklahoma, indicated that properly treated cattle will make an average gain per head of one-half pound per day more than like untreated cattle during the 90 to 100 days when flies are most numerous. These experiments also demonstrated that protecting cattle from flies and other insects will aid in preventing the spread of such diseases as Anthrax and Anaplasmosis and in controlling tabanids and other blood-sucking insects which, by puncturing the skin of cattle, provide ideal spots for the screw worm fly to lay its eggs.

Best results, so far, have been obtained from the use of DDT suspensions or emulsions as sprays or dips. In the Southwest, Mr. Cuff recommends the use of a minimum of four pounds of 50 per cent wettable DDT powder to 100 gallons of water, or a 0.24 per cent mixture, applied with a power sprayer to the top line of cattle at the rate of one quart per animal. If a hand sprayer is used, it is recommended that the proportion of DDT be doubled. Treatments were found to be effective against most insects for a period up to three weeks. When the bottom line of the cattle was sprayed as well as the backs, it was found that the period of effectiveness was increased by approximately one week. In order that the spray may be most

effective, Mr. Cuff suggests that barns and sheds where cattle are housed be sprayed and that manure piles and other fly-breeding places near barns be removed.

The most practical method of treating large numbers of cattle so far devised requires herding the animals closely into an eight-foot alley. Spraying can then be done from catwalks built on either side of the alley, the nozzle of the sprayer being held close to the backs of the cattle, so that as little of the mixture as possible is wasted. Any spray failing to adhere to the cattle or lost in run-off is practically worthless.

#### Soil-Testing Laboratory Established at Texas A. & M.

A soil-testing laboratory has been set up at Texas A. & M. College to make chemical analysis of soil samples. This service is available to the public, and analysis will be made at fees ranging from 25 cents for a soil-acidity test to \$7.50 for a complete soil analysis. Those desiring soil analyses are urged to write to the Soil-Testing Laboratory, Texas Agricultural Experiment Station, College Station, and ask for directions for sending in samples. Soil samples must be accompanied by forms furnished by the laboratory giving necessary information concerning the use and location of the soil that is to be tested. After the soil analysis is completed, the results are referred to the Extension Service for recommendations to the landowner as to soil improvement.

#### Bag Grading Suggested to Improve Quality of Mohair

Bag grading of mohair would be an important contribution to the efforts of Texas goat raisers to improve the quality of their product and would, at the same time, aid in orderly marketing, according to Walker R. Nisbet, animal husbandman with the Texas Extension Service. Mr. Nisbet points out that substantial progress has been made since the inauguration in 1939 of a grading program aimed at developing a system of marketing mohair on its merits, but he finds that this program does not meet the needs of all grow-

ers, warehouses, or mills. For those who cannot use the present system satisfactorily, a simpler method of grading to be known as "bag grading" is suggested.

The new system would involve the establishment of several classes based on various specifications of condition and quality. Each bag of mohair would be examined upon arrival at the warehouse and placed in the proper class. Buyers interested in a particular grade of mohair then would have to inspect only a single class rather than a multitude of individual lots in order to find the desired grade. Mr. Nisbet believes that marketing would be speeded, and more attention could be given to variations in quality. Producers of high-quality mohair would be rewarded by a higher price, while low-quality producers would be penalized.

## ANNOUNCEMENTS

### Wildlife Conference

The 12th North American Wildlife Conference will be held in San Antonio February 3-5, to discuss problems of conservation of resources and the preservation of wildlife. More than 50 papers will be given at the conference on the general theme "Americans, Wildlife, and their Land." It is expected that the conference will be attended by technicians and research specialists from Canada and Mexico, as well as from all parts of the United States.

### New Mexico Feeders Meet

The 8th Annual Meeting of New Mexico Stock Feeders will be held at New Mexico A. & M. College on February 17. This annual meeting is sponsored jointly by the State Experiment Station and the State Extension Service. The program has been planned so that stock feeders can discuss their problems and hear reports on the progress of feeding experiments carried on by the experiment station. The program will include both talks and demonstrations of interest to feeders. Special subjects to be discussed include insect control, the market outlook, and results of recent feeding experiments at the college. Lunch will be served on the campus to visitors.