

AGRICULTURAL NEWS LETTER

THE FEDERAL RESERVE BANK OF DALLAS

Vol. II

Dallas, Texas, July 15, 1947

Number 7

BETTER BUILDINGS NEEDED FOR BETTER FARMS

The need for increased construction, both residential and nonresidential, in urban communities has been given so much publicity since the end of the war that it is not generally realized that rural communities also are poorly supplied with homes and other necessary farm buildings. There is a shortage of adequate housing on the farms. Estimates indicate that only a third of the houses farmers lived in at the time of the 1940 census are in fair to good shape today. Another third need extensive repair and renovation. The final third are so far gone that repairing them would cost more than they are worth. There is also need for repair and construction of barns, sheds, poultry houses, and many other buildings, due partly to the lack of repair of such buildings during the war period and partly to recent changes in the pattern of agriculture which have increased the number of these buildings needed.

Although the urgent need for improved rural dwellings was relieved somewhat by the migration of about five million people from farms during the war years, rural housing facilities are still far from adequate. Construction and renovation of farm houses since 1940 have not been sufficient to increase or even maintain the number of habitable dwellings, and the return of many farm families since the end of the war has increased the demand for more and better houses.

An adequate supply of comfortable, attractive farm dwellings would aid in stabilizing the farm population and in increasing the efficiency of the farms. This fact was emphasized in a recent address by Mr. R. L. Thornton, Dallas banker, before the Dallas Agricultural Club. Mr. Thornton pointed out

that houses on farms are in very poor condition, as compared with the average city or town dwelling, and that the unpainted farm houses with cracked walls, leaky roofs, and without the modern conveniences of light and water and sanitary installations, offer little inducement to young people to stay on the farm. As a result, many of those who would make the best farmers desert the farms and leave the most poorly qualified to till the land.

Poor housing also makes it difficult, if not impossible, for the farm owner to obtain desirable tenants or laborers, since the quality of housing usually is closely related to the quality and efficiency of the tenant or farm worker. Therefore, in addition to the long-run benefit of encouraging more ambitious youths to remain on farms, better housing should be of immediate aid to many landowners in securing more satisfactory tenants. It has been frequently demonstrated, particularly during the war period when the shortage of farm labor was severe, that the landlord with good houses to offer has less difficulty in securing the best tenants that are available. Such tenants farm the land more efficiently and thus secure a larger return for both themselves and the landlord.

The trend toward greater diversification and mechanization in many areas, which was accelerated by the war, has created the need for a great number of new farm structures other than houses. The addition of livestock enterprises to numerous farms has made it necessary to provide buildings for them. The inclusion of feed crops in the expanded production plans of many farms has created the need for barns, cribs, and granaries so that the feed may be stored without loss or waste.

Tool sheds and storage barns also are needed to house the greatly increased number of farm machines. Installation of stationary equipment, such as feed mills, power plants, milking machines, and cooling equipment, is also required to handle efficiently the increased and diversified production of modern farms.

Mr. Thornton, in the address above mentioned, raised a significant question regarding the financing of farm construction. The Government does much, he said, for the benefit of the farmer, but there is no governmental agency which assists farmers specifically in financing home construction in the manner that the Federal Housing Administration helps the urban dweller who wishes to build a home. If there were, it could do much to alleviate the present serious shortage of adequate farm dwellings. Referring to the government-guaranteed loans now offered through the F.H.A. for erection of homes in the cities, Mr. Thornton expressed the belief that "hundreds of millions of dollars in city banks would be invested in new, well equipped, modern farm residences if banks and other lending agencies were given a similar guarantee." Doubtless banks in rural communities would respond in like manner.

Shortages and high costs of labor and materials have been serious obstacles to undertaking extensive construction of all types of farm buildings. As these obstacles are overcome, needs will remain for credit adapted to the requirements of builders of rural homes and other farm structures. The supplying of such needs will afford commercial banks and other private lending institutions an opportunity to invest idle funds safely even without government guarantees and, at the same time, to contribute to the betterment of living conditions on the farm.

FARM MANAGEMENT

Assets of Farmers Show Wide Disparities

According to a full and final report of a study of the financial conditions of American farmers made by the United States Department of Agriculture, farmers' equities in farm real estate and other farm assets, both physical and financial, on January 1, 1946,

amounted to \$93,185 million, or 92 per cent of the total value of all their assets.* This compares with equities of \$43,682 million in 1940, or 81 per cent of total assets. The value of all physical assets of farmers at the beginning of 1946 was \$81,472 million, or nine per cent above that of 1945. The increase has been due largely to a rising price level, however. The liquid assets of persons living on farms increased during 1945 to \$20,050 million. Deposits and currency amounted to nearly \$14 billion and United States Savings Bonds to more than \$5 billion, each showing a gain of approximately 25 per cent during the year. Farm debts were reduced by \$668 million during 1945, with the aggregate mortgage indebtedness on real estate falling to \$5,081 million, or nearly four per cent for the year.

Such statements based on the composite or average, however, do not reveal the wide disparity of financial conditions among farmers, and the Department warns against an unduly favorable interpretation of these data. It points out that liquid assets were concentrated in the hands of a comparatively small segment of the farm population. About 10 per cent of the farm operators held 70 per cent of the farmer-owned demand deposits and about 75 per cent of the United States Savings Bonds, while about half of them had neither deposits nor bonds to their credit. It calls attention also to the probability that farmers who have heavy debts have low cash reserves and that those who have high cash reserves have small debts.

President Proclaims July 20-26 as Farm Safety Week

The President has named the week beginning July 20 as National Farm Safety Week and has urged farm people to observe the week by giving serious consideration to methods of preventing accidents. Proving the need for greater safety on the farm are certain rather startling facts. Every day more than 50 farm inhabitants in the United States die as a result of accidents; every minute some farmer is disabled by an accident; each year

*United States Department of Agriculture, *Miscellaneous Publication No. 620.*

there is an accidental death in one out of every 350 farm families. On the basis of a survey made in January 1947 by the Bureau of Agricultural Economics regarding losses resulting from farm accidents, it is estimated that the 210,000 accidental injuries suffered by persons on farms during the last three months of 1946 cost a total of \$8,750,000 for medical, dental, and hospital services and accounted for a loss of 4,500,000 man-days from usual activities.

FARM PRICES

Price Support Programs

The United States Department of Agriculture has announced that prices of oats, wheat, and grain sorghums will be supported by government loans and purchases during 1947. Oats grading No. 3 or better will be supported at 63 cents per bushel. The loan and purchase rates for the 1947 wheat crop will vary with location, grade, and quality. For No. 1 wheat the terminal market rate will be \$2.11 per bushel at Galveston, Houston, and New Orleans. The loan and purchase rates for grain sorghums will vary also, with \$2.58 per 100 pounds as the rate announced for No. 2 grade or better at these three markets.

Loans on oats and wheat will be available until December 31, 1947, and on grain sorghums until February 28, 1948. All loans will mature on April 30, 1948, or earlier on demand.

President's Conference on Land Values

The dangers inherent in the present high level to which farm land values have risen, and the degree of responsibility for this situation shared by both public and private credit agencies through their lending policies, have become quite generally recognized. For the purpose of reviewing the current inflationary trends in land values, Secretary of Agriculture Anderson, at the request of the President, recently called a national conference of representatives of farm lenders, farm organizations, and government agencies. This group, meeting in Washington June 9, adopted the following resolution:

Recognizing the unusual character of the farm income and the farm land price situation at the present time, it is agreed that the Department of Agriculture, the State Colleges, farm organizations, lending agencies, and their associations should discourage borrowing to speculate in farm land or borrowing to buy land at prices which are not justified by long-term income prospects.

Lending agencies represented at the meeting agreed that loans on farm land should be based on an appraisal of the normal earning capacity of the farm over a long period of years.

Further it is urged that educational efforts call particular attention to the more rapid rise which has occurred in the prices of farm lands of low productivity and land which is hazardous for crop and grazing uses. Also emphasis should be placed upon the favorable weather in recent years which cannot be expected to continue indefinitely.

TECHNOLOGICAL DEVELOPMENTS

Crossbred Dairy Cows Produce More Milk

Crossbred dairy cows produce more milk and butterfat than their purebred mothers. That is the conclusion to be drawn, at least tentatively, from results of experiments with cross-breeding conducted by the Bureau of Dairy Industry at its Beltsville, Maryland, Experiment Station. Milk production data for a year indicate that 42 dairy cows of two-breed crosses produced an average of 12,970 pounds of milk, compared with an average of 10,636 pounds for their purebred mothers. Likewise, the two-breed crosses produced an average of 588 pounds of butterfat, compared with an average of 460 pounds for the purebreds. Of the 42 two-breed crosses in the experiment, 33 produced more milk than their purebred mothers, and 38 produced more butterfat.

A further increase in average production per cow was obtained in the second generation of crossbred cows. Fourteen daughters of two-breed cows and purebred bulls of a third

breed produced during a year an average of 14,376 pounds of milk and 644 pounds of butterfat, compared with 12,874 pounds of milk and 598 pounds of butterfat for their two-breed mothers. Eleven of the fourteen three-breed cows produced more milk than their two-breed mothers, and twelve of them produced more butterfat.

Iceless Refrigerator Car Developed

Tests conducted by the Department of Agriculture indicate that an iceless refrigerator car can maintain temperatures of approximately 0° F. under conditions of summer heat. It is claimed that this car can be used for transporting frozen foods and maintaining them in prime quality. A ten-day test with frozen tangerines demonstrated the ability of the car to keep frozen foods in good condition. Such a car, when available for general use, should be of immense help in transporting to eastern and northern markets the large crops of fresh fruits and vegetables produced in the Southwest.

The car in which the tests were conducted is equipped with a split-absorption system of refrigeration. Cooling is achieved by the passage of anhydrous ammonia through cooling coils located in the ceiling of the car. There are no moving parts in the cooling system.

ANNOUNCEMENTS

Meetings

The Fourth Annual Texas Peach and Fruit Show will be held at Stephenville, August 1 and 2. Information concerning awards for entries in competitive exhibits may be secured from the county agricultural agent at Stephenville.

The Tenth Annual New Mexico Ram Sale will be held in the sheep barn at the State Fair grounds in Albuquerque, August 12 and 13. The sale is primarily a grower's sale, conducted for the improvement of the sheep and wool industry of the State. Rambouillet, Debouillet, Corriedale, Panama, Hampshire, and Suffolk rams will be offered for sale.

The first postwar Farm and Home Week in Louisiana will be held at the State Uni-

versity in Baton Rouge, August 12, 13, and 14. During that time the National Cotton Council plans to hold a state-wide meeting; the Louisiana Poultry Improvement Association will conduct its annual training school for flock testers; garden clubs will meet; and there will be a marketing clinic and other activities of interest to farmers.

Recent Publications

Oklahoma Agricultural Experiment Station, Oklahoma Agricultural and Mechanical College, Stillwater:

The Oklahoma Small Grain Testing Program, Bulletin B-308, by Roy M. Oswalt and A. M. Schlehuber.

Conservation and Land Use Investigations, Bulletin B-309, by Harley A. Daniel and others.

Brush and Tree Removing Machinery, Bulletin B-310, by Maurice B. Cox.

Methods Used in Planting Bermuda Grass Roots at Coalgate Pasture Fertility Station, Miscellaneous Publication No. 10, by Horace J. Harper.

Progress Reports; Feeding Tests with Sheep, Swine, and Beef Cattle, 1946-47, Miscellaneous Publication No. MP-11, by O. B. Ross and others.

Will It Grow in Oklahoma? A Summary of Tests and Observations on the Oklahoma Adaptation of New and Unusual Crops, Bulletin B-307, by L. L. Ligon.

Texas Agricultural Experiment Station, Texas Agricultural and Mechanical College, College Station:

Cotton Varieties in the Lower Rio Grande Valley, 1946, Progress Report 1079, by W. H. Friend.

Wintering Steer Calves at the Amarillo Soil Conservation Station, Progress Report 1082, by C. J. Whitfield and others.

Mineral Supplements in Sorghum Rations, Progress Report 1083, by J. M. Jones and others.

Fattening Steers in the El Paso Valley, Progress Report 1084, by R. G. White and others.

Copies of these bulletins may be secured by request to their respective publishers.