

# FARM AND RANCH BULLETIN

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## BUSINESS VOLUME OF FARMER COOPERATIVES CONTINUES UPTREND

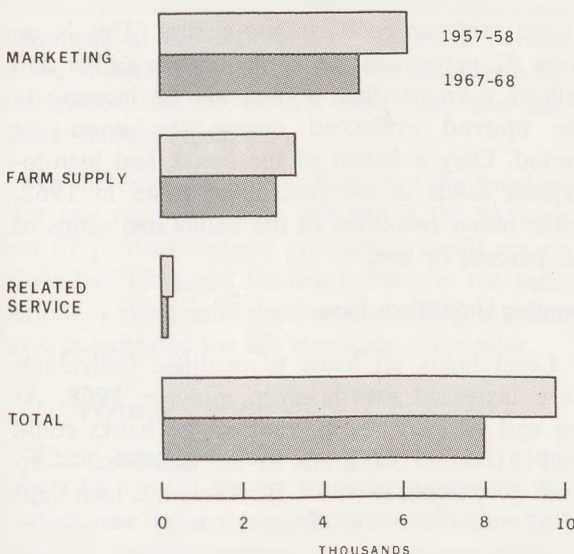
The 1967-68 annual survey of marketing, farm supply, and related service cooperatives showed a continuing uptrend in total business volume but a decrease in the number of memberships and organizations between July 1, 1967, and June 30, 1968. A recent USDA report, *Statistics of Farmer Cooperatives, 1967-68*, shows that total business volume amounted to \$22.4 billion. This was an increase of 2.4 percent over the \$21.9 billion reported in the previous fiscal year. After adjusting the \$22.4 billion figure for business done between cooperatives, total business volume amounted to over \$17 billion, a gain of 2.9 percent above 1966-67 and 58 percent over 1957-58.

### Number of Cooperatives Down

There were 9,735 farmer cooperatives in 1957-58 but only 8,125 by 1966-67. By 1967-68 the number had fallen to 7,940, a 2.3-percent decrease from a year earlier and an 18-percent drop during the ten-year period. The decline reflects a continuing reorganization trend involving merger, consolidation, and acquisition.

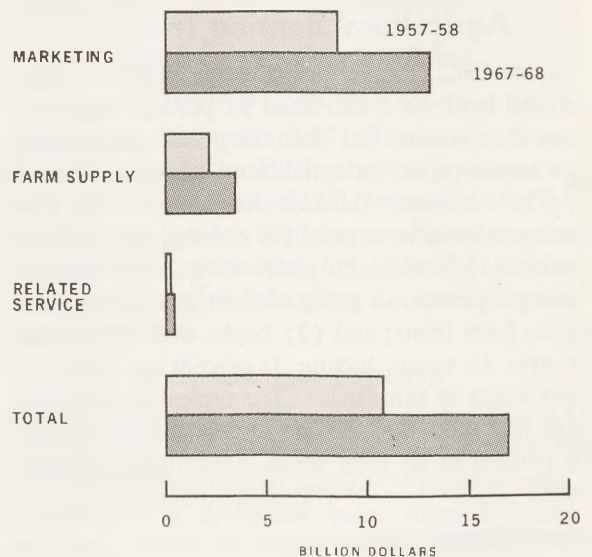
Cooperative memberships totaled 6,445,410 in 1967-68, a fractional decline from 6,501,700 memberships reported for 1966-67. The decrease continues the long-term trend of fewer cooperative memberships due to the declining number of

**NUMBER OF FARMER COOPERATIVES, 1957-58 AND 1967-68**  
United States



SOURCE: U.S. Department of Agriculture.

**VOLUME OF BUSINESS OF FARM COOPERATIVES, 1957-58 AND 1967-68**  
United States



SOURCE: U.S. Department of Agriculture.

farmers in the United States, according to the USDA.

### Business Volume Up

The \$17 billion business volume of farmer co-operatives is divided into three categories: marketing farm products, handling farm supplies, and related services. The value of farm products marketed in 1967-68 totaled \$13.2 billion, a 2.3-percent increase over the previous year. Dairy and livestock products and grain were the major commodities marketed. The volume of farm supplies

handled amounted to \$3.5 billion — a 5.4-percent gain from 1966-67. Leading farm supplies handled were feed, petroleum, and fertilizer. Receipts for services related to marketing farm products and handling farm supplies amounted to \$316 million, slightly less than in the preceding year.

In the Eleventh Federal Reserve District, Texas accounted for more than 50 percent of the \$1.3 billion total for the five states. (Totals for individual states include some adjustments in individual and group totals in order not to reveal volume data for individual associations.)

### COOPERATIVE BUSINESS VOLUME, 1967-68<sup>1</sup>

Five Southwestern States and United States

(In thousands of dollars)

Area	Total farm products marketed	Total supplies	Services	Total
Arizona .....	103,405	5,264	2,467	111,136
Louisiana .....	103,649	19,488	2,449	125,586
New Mexico .....	29,060	3,277	2,853	35,190
Oklahoma .....	223,918	49,940	16,143	290,001
Texas .....	645,876	73,520	37,503	756,899
Total .....	1,105,908	151,489	61,415	1,318,812
United States .....	13,197,246	3,520,385	316,014	7,034,394

<sup>1</sup> Excludes intercooperative business.

SOURCE: U.S. Department of Agriculture.

## Agricultural Banking Trends

Since 1962, total deposits at the "typical" agricultural bank have increased 91 percent and total farm loan volume has risen 78 percent, according to a recent report on agricultural banking released by The American Bankers Association. The following criteria were used for defining agricultural banks: (1) banks with under \$5 million in assets having 5 percent or more of their assets outstanding as farm loans; and (2) banks with \$5 million or over in assets having 1 percent or more of their assets in farm loans. The typical agricultural bank has about \$13 million in deposits with about 10 percent of its total assets outstanding in farm loans.

### Loan-to-Deposit Ratio Increases

In 1969 almost half of the agricultural banks had loan-to-deposit ratios of 60 percent or more

at the midyear peak lending period. This is up from 42 percent of the banks a year earlier and reflects a greater-than-normal annual increase in the uptrend evidenced during the seven-year period. Only a fourth of the banks had loan-to-deposit ratios of 60 percent or more in 1962, while about two-fifths of the banks had ratios of 50 percent or less.

### Lending Limitations Ease

Legal limits on loans to qualified individuals have increased greatly since midyear 1968. At the end of 1969, 42 percent of the banks could lend \$150,000 or more to an individual — up from 37 percent in 1968. Banks with a loan limit of less than \$50,000 decreased from 23 percent in 1968 to 15 percent in 1969. Almost half of the banks reporting a limit of \$50,000 or less had a loan-to-deposit ratio of less than 40 percent.



Thirty percent of the banks reporting received one or more agricultural loan applications which exceeded their legal loan limit. More than half of the banks with less than \$5 million in deposits reported loan requests that exceeded their limit, compared with less than 21 percent of banks with deposits over \$10 million. Of the loan applications exceeding the limit of individual banks, 88 percent were handled by participation with other banks, while 3 percent were handled through correspondent banks alone. The remaining 9 percent went to lenders outside the banking system.

### **Lending Activity Grows**

At the end of 1969, 21 percent of the banks surveyed — up from 13 percent at midyear 1968 — had a greater loan demand than their available supply of funds. Another 13 percent met their loan demands but at a higher loan-to-deposit ratio than desired. Seventy percent of the banks with excess loan demand sought additional funds. City correspondent banks assisted 75 percent of the banks with funds. In addition, 47 percent discounted paper with the Federal Reserve System and 12 percent of the banks placed loans with insurance companies.

The bankers felt that 75 percent of the farmers would have no financial problems in 1970 but that 22 percent would have some difficulty. Bankers surveyed expected three percent of the farmers to quit farming because of financial difficulties. Bankers reported 1.26 percent of their farm loans delinquent at the end of 1969. Eighteen percent of the responding bankers reported real-estate delinquencies, and 35 percent had some non-real-estate delinquencies.

An increase in farm lending over the previous year was reported by 61 percent of the bankers, and 67 percent thought production credit associations had increased lending activity in the same period. A substantial decrease in lending to farmers was indicated for life insurance companies.

### **Wheat Exports Up 7 Percent**

Wheat exports by the five major export countries (the United States, Canada, Australia, Argentina, and France) totaled 33.3 million tons during July 1969-May 1970, up 7 percent from a year earlier. U.S. shipments, at 11.9 million tons, were 11 percent above a year ago.

### **New Procedures in Selection of Community Committeemen**

On May 15 the USDA announced several procedural changes in the election of Agricultural Stabilization and Conservation community committeemen. Local candidates will now be nominated by petitions submitted by farmers. This change provides individual farmers the opportunity to have first choice in nominating candidates for ASC community committees. The incumbent community committees can submit names of candidates only if fewer than six people have been nominated by petition.

If 8 percent or more of the eligible voters are minority group members and none have been nominated by petition, at least one of the candidates added to the slate by the incumbent committee must be a minority group member. A farmer who is an owner, tenant, or sharecropper is eligible to sign a nominating petition and to vote for ASC community committeemen. Any six eligible voters may nominate one or more eligible farmers. A voter may sign as many petitions as he wishes. The nominating petition must contain at least six signatures and be submitted from July 28 through August 17.

The annual election day will be the second Friday in September (September 11 this year). To reduce the number of ties, voters this year will be instructed to vote for three or fewer candidates instead of five or fewer as in prior years.

### **Large Farms Account for Bulk of Receipts**

Although there were 2,971,000 farms operating in the nation in 1969, about 19 percent of them accounted for nearly 73 percent of all cash receipts from farming. Slightly more than 7 percent of these farms accounted for about 51 percent of all cash receipts, according to the Economic Research Service.

### **U.S. Cotton Exports**

Exports of U.S. cotton during the first 11 months (August 1969-June 1970) of the 1969-70 marketing season totaled 2,582,000 running bales, compared with 2,453,000 bales shipped during the same period in 1968-69. The USDA now expects that 1969-70 exports will equal the 2.7 million bales exported in 1968-69.

## Japan — First Billion Dollar U.S. Farm Customer

Secretary of Agriculture Clifford M. Hardin has reported exports of farm products to Japan totaled almost \$1.1 billion in fiscal year 1970. This makes Japan the nation's first billion dollar farm customer.

Japan was an important outlet for a number of U.S. products, as shown in the following table on farm exports in the first 11 months of fiscal 1970. With this heavy volume of farm products, Japan strengthens its position as the foremost customer for U.S. food and fiber. During the 1969-70 fiscal year, Japan purchased about one-sixth of U.S. agricultural products exported.

Total U.S. farm exports rose 16 percent in the fiscal year ended June 30, reaching more than \$6.6 billion, the third highest level on record. The latest export total reversed a two-year decline in farm exports, gaining \$900 million over last year's total of \$5.7 billion. Total farm exports reached \$6.8 billion in fiscal 1967.

Secretary Hardin reported that shipments under the Food for Peace Program were expected to be about \$1 billion, with commercial sales for dollars reaching a record of about \$5.6 billion in fiscal 1970. The previous high commercial export totals had been \$5.5 billion in fiscal 1967, \$5.0 billion in fiscal 1968, and \$4.7 billion in fiscal 1969, according to the USDA.

### U.S. AGRICULTURAL EXPORTS TO JAPAN COMPARED WITH TOTAL EXPORTS, JULY 1969-MAY 1970

(Dollar amounts in millions)

Commodity	U.S. agricultural exports		Japanese share as a percent of total
	Total	To Japan	
Feed grains .....	\$ 929.5	\$ 321.2	34.6
Soybeans .....	964.3	221.2	22.9
Wheat .....	755.3	122.4	16.2
Cotton .....	318.1	69.8	21.9
Hides and skins .....	143.5	55.6	38.7
Tobacco .....	500.9	49.2	9.8
Tallow, inedible .....	132.6	27.8	21.0
Alfalfa (pellets) .....	20.7	18.3	88.4
Pork .....	59.9	16.7	27.9
Lemons .....	24.5	11.0	44.9
Safflower seed .....	5.5	2.9	52.7
Other .....	2,198.1	91.2	4.1
Total .....	\$6,052.9	\$1,007.3	16.6

SOURCE: U.S. Department of Agriculture.

### Final Average Support Price for 1970-Crop Rice Announced

The final national average price support for 1970-crop rice will be \$4.86 per hundredweight — 65 percent of the August 1970 parity price of \$7.47. This is 5 cents per hundredweight higher than the preliminary support price of \$4.81 announced by the USDA on December 30, 1969. The final loan rate for 1970-crop rice is based by law on the August parity price.

### Americans Eat More Rice Than Ever

Per capita consumption of rice in 1969 rose to a record 8 pounds, a 33-percent increase over 1960 and a 63-percent gain since 1950. According to a recent USDA report, part of this advance is due to the increasing popularity of rice and the introduction of many new rice products. Although Americans are eating more rice, production is increasing at an even faster rate. Output has reached record levels in the past two years and has advanced about 50 percent since 1959.

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