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Corporate-Owned Farm Land in Minnesota, 1936-1940

A. A. Dowell

University of Minnesota
Agricultural Experiment Station

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A. A. DOWELL

ACQUISITION of a large number of Minnesota farms by various corporate agencies during recent years has created widespread interest in this type of ownership. Owner operators who lose their farms through foreclosure or voluntary transfer of title to lending agencies and who wish to remain on the land are forced into the tenant class at least temporarily. Conditions which cause many owner operators to lose their farms also tend to make it difficult for tenants and farm laborers to accumulate sufficient capital to purchase farms.

Lending agencies have been confronted with numerous problems as a result of the acquisition of a substantial volume of farm land. They have been obliged to expand their activities to include the management of the acquired properties until the farms are sold.

Many questions have been raised as a result of this development. For example, what is the extent of corporate ownership of farm land in Minnesota? What has been the trend of corporate ownership over a period of years? What factors were responsible for the increase in corporate ownership? Are corporate-owned farms likely to be returned rather promptly to private ownership or are they more likely to remain under corporate control? These are some of the questions studied here.

Source and Character of Data

The data on corporate holdings of farm real estate in Minnesota, other than that owned by the Minnesota Department of Rural Credit, were obtained from the files of the Minnesota Agricultural Conservation Committee, Agricultural Adjustment Administration, United States Department of Agriculture. County committees are required to file with the Minnesota Agricultural Conservation Committee specific information regarding each farm in the county on "listing sheets" supplied by the Federal Government. The information includes the name of the owner, total acres in the farm, acres of crop land, and a classification of the crop land according to use. The "listing sheets" for each county are revised on or about January 1 each year.

The names of the corporate owners of farm land together with the total acres in each corporate-owned farm were transcribed from the "listing sheets" to special corporate ownership sheets prepared for this purpose. These data were transcribed by types of corporate agencies for each county by years beginning January 1, 1936, and ending January 1, 1940.

[1] Assistance in the preparation of these materials was furnished by the personnel of Work Projects Administration, Official Project No. 65-1-71-140, Sub-project 480.
The author is indebted to the Minnesota Agricultural Conservation Committee, AAA, United States Department of Agriculture, for its cooperation in supplying data for this study.

For this study a farm was defined:

"Farm means all adjacent or nearby farm land under the same ownership, whether operated by one person or field-rented in whole or in part to one or more persons, and constituting a unit with respect to the rotation of crops."[2]

"A farm is regarded as located in the county in which the principal dwelling is situated, or if there is no dwelling on the farm, it is regarded as located in the county in which the major portion of the farm is located."[3]

The "listing sheets" indicated that many farms owned by public agencies and most of the small holdings of religious organizations contained relatively little crop land. These farms are not likely to be sold to prospective farmers, and, hence, have little bearing upon the problem of corporate ownership of farm land. Consequently, farms owned by public agencies, other than public lending agencies, were excluded if they contained less than 5 acres of crop land, and farms owned by religious organizations were excluded if they contained less than 10 acres of crop and noncrop land combined.

The data on farms owned by the Minnesota Department of Rural Credit were obtained from the annual reports published in "The Liquidator." These reports give the number of farms and total acreage of farm land owned by the Department of Rural Credit in each county of Minnesota as of December 31 of the year preceding the report. Farms in process of foreclosure and farms sold on contract for deed were not included.

[2] "1940 Agricultural Conservation Program North Central Region," NCR-401, Agricultural Adjustment Administration, North Central Division, United States Department of Agriculture, March 15, 1940, p. 2.

[3] *Ibid.*, p. 3.

The corporate-owned farm land was segregated into eight different classes or groups on the basis of corporate types. These included: (1) Federal Land Bank and Federal Farm Mortgage Corporation, (2) Minnesota Department of Rural Credit, (3) joint stock land banks, (4) insurance companies, (5) open and closed banks, (6) trust and mortgage investment companies, (7) educational, religious, and fraternal organizations, and (8) other corporate agencies. The holdings classified under the heading of "other corporate agencies" included land owned by land companies, other private corporations, and various local, state, and federal agencies not included in the other corporate types.

Method Employed

The first step was to determine the number of farms and acreage of farm land owned on January 1 each year from 1936 to 1940 by each of the eight types of corporate agencies in each county of the state. The summation of these figures gave the combined holdings of all corporate agencies by counties for each year. From the county data, it was possible to determine the holdings of each type of corporate agency and of all agencies combined for each of the nine type-of-farming areas and the whole state.

The next step was to calculate for each year the proportion of farms and of farm land owned by the various corporate agencies and by all agencies combined for each county, each type-of-farming area, and for the state. The data on total number of farms and total land in farms in each county were obtained from the 1935 Census, and these figures were used in calculating the proportion of corporate-owned farms and farm land for each of the five years included in the study. For example, the total number of corporate-owned farms in a given county for a given year was divided by the total number of farms in the county as reported in the 1935 Census to obtain the proportion of farms owned by all corporations combined.

Likewise, the total farm land owned by all corporations in a given county for a given year was divided by the total land in farms as reported in the 1935 Census to obtain the proportion of all land in farms owned by all corporations combined. The same method was followed in calculating the proportion of farms and of farm land owned by the various corporate agencies and by all agencies combined for the various type-of-farming areas and for the state as a whole.

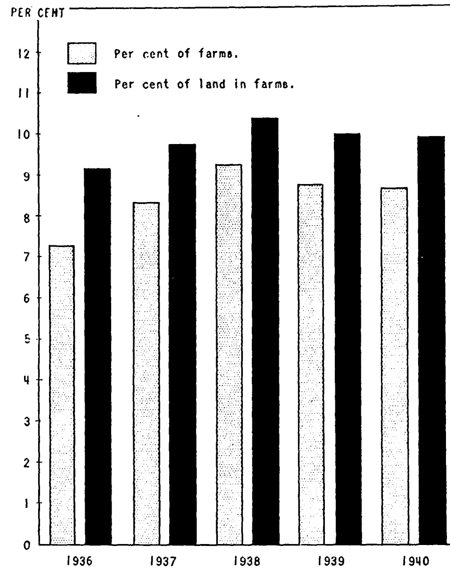

FIG. 1. PER CENT OF FARMS AND FARM LAND IN MINNESOTA OWNED BY CORPORATIONS ON JANUARY 1, 1936-1940

Importance and Nature of Corporate Holdings

EXTENT OF HOLDINGS

Corporate agencies owned 3,002,035 acres of farm land in Minnesota, or 9.1 per cent of all land in farms, on January 1, 1936. The trend in corporate holdings was upward during the next two years, and a peak of 3,400,852 acres, or 10.4 per cent of all land in farms, was reached on January 1, 1938. Thereafter the combined holdings of all corporate agencies declined slightly to 3,259,810 acres, or 9.9 per cent of all land in farms, on January 1, 1940.

The trends in the number of farms and in the proportion of all farms owned by corporations tended to follow the trends in the total acreage and in the proportion of all farm land owned by these agencies (Table 1 and Fig. 1). The number of farms and the proportion of all farms owned by corporations increased from January 1, 1936 to January 1, 1938 and then declined slightly during the next two years. However, the relationship

Table 1. Number of Farms, Acreage of Land in Farms, and Proportion of Farms and of Farm Land in Minnesota Owned by Corporations, January 1, 1936-1940

January 1	Number of farms	Acreage of land in farms	Per cent of all: Farms	Per cent of all: Land in farms
1936	14,911	3,002,035	7.33	9.15
1937	16,927	3,192,821	8.33	9.72
1938	18,758	3,400,852	9.23	10.36
1939	17,740	3,278,340	8.73	9.98
1940	17,665	3,259,810	8.69	9.94

Table 2. Average Size of All Farms and of Corporate-Owned and Other Farms in Minnesota in Specified Years

Year	All farms	Corporate-owned farms*	Other farms†	Difference in size of corporate and other farms
	(acres)	(acres)	(acres)	(acres)
1936	161.4‡	201.3	158.3	43.0
1937	....	188.6	....	....
1938	....	181.3	....	....
1939	....	184.8	....	....
1940	165.2§	184.5	163.3	21.2

* Total number of acres owned by corporate agencies on January 1 each year divided by the number of corporate-owned farms on the corresponding date.

† The total acreage and number of farms owned by corporate agencies on January 1, 1936 were subtracted from the total land in farms and number of farms in Minnesota as reported in the 1935 Census. Likewise the total acreage and number of farms owned by corporate agencies on January 1, 1940 were subtracted from the total land in farms and number of farms in Minnesota as reported in the 1940 Census. The average size of other farms was obtained by dividing the difference between all land in farms and all corporate-owned land by the difference between all farms and all corporate-owned farms as calculated for 1936 and 1940.

‡ Average size of all farms in Minnesota in 1935 as reported in the 1935 Census.

§ Average size of all farms in Minnesota in 1940 as reported in the 1940 Census.

between the proportion of all farms and the proportion of all land in farms owned by corporations varied considerably during the five-year period. This was due primarily to the year-to-year variations in the average size of the corporate-owned farms.

As shown in table 2, the average size of corporate-owned farms was 201 acres on January 1, 1936 compared with 158 acres for other farms. The average size of corporate farms declined sharply to 181 acres on January 1, 1938, increased slightly by January 1, 1939, and remained fairly constant the following year. On the other hand, the average size of other farms increased slightly during the five-year period, from 158 acres in 1936 to 163 acres in 1940. As a result corporate-owned farms averaged only 21 acres larger than other farms on January 1, 1940 compared with a difference of 43 acres on January 1, 1936.

VARIATIONS BY AREAS

The proportion of the land in farms in the different type-of-farming areas (Fig. 2) which was owned by all corporations combined varied greatly from area to area.[4] As shown in table 3 and figure 3, these agencies owned a higher proportion of all land in farms in Area 7, in the extreme northwestern part of the state, than in any other area. The proportion in this area varied from 19.3 per cent on January 1, 1936 to 16.7 per cent on January 1, 1940. Area 4, in west-central Minnesota, ranked second, and Area 6, lying to the east of areas 7 and 4, advanced from fourth during 1936 and 1937 to third during the next three years. Area 3, in southwestern Minnesota, ranked third during 1936 and 1937, fourth in 1938, and fifth in 1939 and 1940, while Area 5, in east-central Minnesota, advanced from fifth to fourth place during 1939 and 1940. The rank in the proportion of corporate-owned land in the other type-of-farming areas was as follows: Area 8, sixth; Area 1, seventh; Area 2, eighth; and Area 9, ninth. Corporate agencies

[4] In this study it was necessary to modify slightly the standard type-of-farming areas as presented in Minnesota Agricultural Experiment Station Bulletin 347, "Agricultural Production and Types of Farming in Minnesota," by Selmer A. Engene and George A. Pond. The data on corporate ownership were recorded by counties, while, in a few cases, the standard type-of-farming areas cut across county lines.

Table 3. Proportion of Farms and Farm Land Owned by Corporate Agencies in Each of the Nine Type-of-Farming Areas of Minnesota on January 1, 1936-1940

Type-of-farming area	1936		1937		1938		1939		1940	
	Farms	Land in farms	Farms	Land in farms	Farms	Land in farms	Farms	Land in farms	Farms	Land in farms
	Per cent									
1	3.94	4.62	4.54	5.27	4.88	5.51	4.69	5.25	4.61	5.27
2	2.31	3.06	2.80	3.34	2.97	3.68	2.70	3.29	2.75	3.52
3	10.46	10.24	11.74	11.26	10.31	10.15	9.23	9.29	8.26	8.28
4	13.25	12.49	16.07	14.44	17.37	15.68	16.19	15.01	16.48	15.20
5	4.77	6.37	6.05	7.18	8.48	9.24	8.98	9.91	9.86	10.80
6	7.96	9.26	9.54	10.00	12.71	12.88	12.03	12.24	11.49	12.42
7	22.19	19.31	21.97	18.51	21.94	17.51	20.47	17.30	20.20	16.68
8	4.11	6.25	4.66	6.35	6.35	8.13	6.21	7.94	6.21	7.88
9	0.71	2.21	1.21	2.01	1.41	2.42	0.86	1.62	1.44	2.77

owned only 2.2 per cent of all land in farms in Area 9 on January 1, 1936.

The wide variation in the proportion of all land in farms owned by corporate agencies in the different type-of-farming areas suggests the importance of analyzing the data on an area rather than on a state-wide basis. Figures for the whole state do not reveal the situation existing in the smaller areas.

The proportion of all land in farms owned by corporate agencies was much greater in areas 7, 4, and 6 than for the state as a whole. In areas 3 and 5 the proportion more nearly approached the state average, while it was considerably below the state average in areas 1, 2, 8, and 9.

The trend in the per cent of land in farms owned by corporations in areas 1, 2, 4, 6, and 8 corresponded closely to the state trend. The proportion increased considerably from January 1, 1936 to January 1, 1938, and thereafter declined slightly.

Considerable variation occurred, however, in the other areas. In Area 5 the trend was sharply upward while in Area 7 it was downward. In Area 3 the peak was reached in 1937, declining sharply thereafter. In Area 9 the proportion of land in farms owned by corporations was greater January 1, 1940 than January 1, 1938.

The corporate-owned farms were considerably larger on the average than other farms in areas 1, 2, 5, 8, and 9 and slightly larger in Area 6 (Table 3). On the other hand, the corporate-owned farms were considerably smaller than other farms in

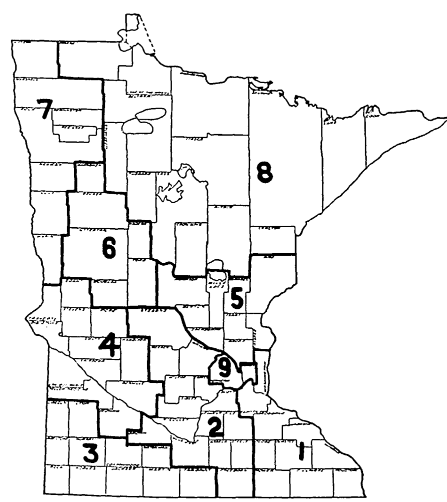

FIG. 2. TYPE-OF-FARMING AREAS IN MINNESOTA

1. Southeast: dairy and livestock
2. South-central: dairy and livestock
3. Southwest: livestock and cash grain
4. West-central: livestock and cash grain
5. East-central: dairy and potatoes
6. Northwestern: dairy and livestock
7. Red River Valley: small grain, potatoes, and livestock
8. Northern cutover: dairy, potatoes, and clover seed
9. Twin City: suburban truck, dairy, and fruit

areas 4 and 7 and slightly smaller from 1936-1938 but about the same size during the next two years in Area 3. In other words, the corporate-owned farms were considerably smaller than other farms in the two areas where the greatest concentration of corporate holdings occurred and considerably larger in the areas of least concentration of corporate holdings. As farms are larger on the average in Area 7 than in any other part of the state, with Area 4 ranking second, the greatest concentration of corporate holdings occurred in the areas where the average size of farms is greatest. The least concentration occurred in Area 9 where the average size of farms is smallest. However, this relationship did not hold for many other areas.

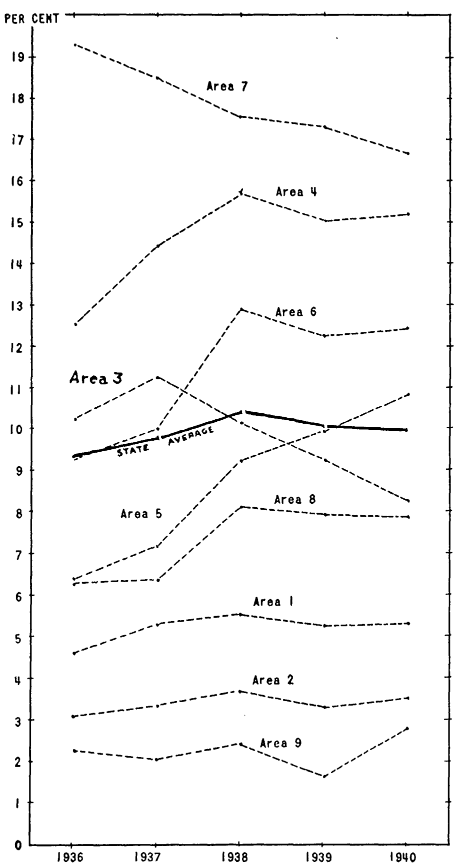

FIG. 3. PROPORTION OF FARM LAND OWNED BY CORPORATE AGENCIES IN THE VARIOUS TYPE-OF-FARMING AREAS OF MINNESOTA ON JANUARY 1, 1936-1940

There are two possible reasons for the fact that the average size of corporate-owned farms was smaller than the average size of other farms in the western one third of the state and larger in the eastern two thirds of the state. First, there may have been a tendency on the part of some lending agencies to restrict loans to farms within a rather limited range as to size. That is, they may have made relatively few loans on the smaller farms in the eastern part of the state where many farms are much below the state average and relatively few loans on the larger units in the western areas where farms averaged considerably above the state as a whole.

Second, corporate-owned farms represent ownership units while farms, as reported in the Census, represent operating units. A larger proportion of the farm operators in western Minnesota farm more land than they own or rent from more than one owner than is the case in the eastern areas. Of the two, it is probable that the latter was the more important causal factor.

VARIATIONS BY COUNTIES

The proportion of all land in farms owned by corporations varied greatly from county to county within a type-of-farming area. For example, in Area 7, where corporate agencies owned 19.3 per cent of all land in farms on January 1, 1936, the proportion varied from 25.9 per cent in Kittson County to 13.2 per cent in Red Lake County (Fig. 4). In Area 2, where 3.1 per cent of the farm land

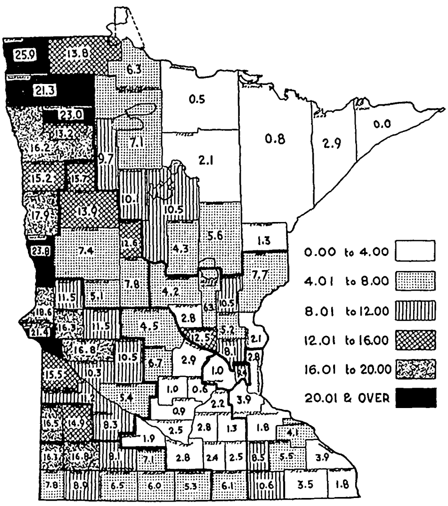

FIG. 4. PER CENT OF FARM LAND OWNED BY CORPORATIONS IN THE VARIOUS COUNTIES OF MINNESOTA, JANUARY 1, 1936

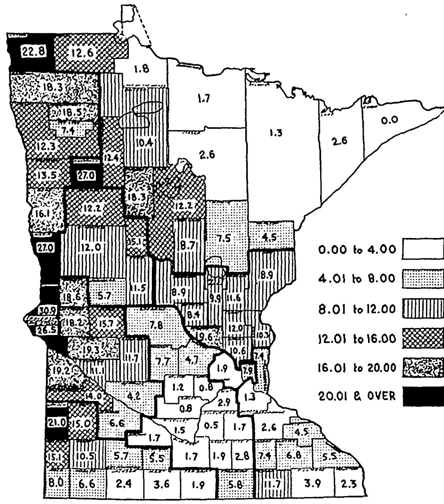

FIG. 5. PER CENT OF FARM LAND OWNED BY CORPORATIONS IN THE VARIOUS COUNTIES OF MINNESOTA, JANUARY 1, 1940

was corporate owned, January 1, 1936, the proportion varied from 6.7 per cent in Meeker to 0.6 per cent in Carver County. Similar variations among counties occurred in the other areas.

The amount of corporate-owned land in the individual counties also varied from year to year (Figs. 4 and 5). The five counties with the highest proportion of corporate-owned land in the state on January 1, 1936 included: Kittson, 25.9 per cent; Wilkin, 23.8 per cent; Pennington, 23.0 per cent; Big Stone, 21.4 per cent; and Marshall, 21.3 per cent. The five highest ranking counties on January 1, 1940 were Traverse, 30.9 per cent; Wilkin, 27.0 per cent; Mahnomen, 27.0 per cent; Big Stone, 26.5 per cent; and Kittson, 22.8 per cent. All these counties are in western and northwestern Minnesota.

The five counties with the lowest proportion of corporate-owned land on January 1, 1936, exclusive of Cook County where relatively little land is in farms, were Koochiching, with 0.5 per cent; Carver, 0.6 per cent; St. Louis, 0.8 per cent; Sibley, 0.9 per cent; and Hennepin, 1.0 per cent. On January 1, 1940, the five lowest ranking counties included: Le Sueur, 0.5 per cent; Carver, 0.8 per cent; Sibley, 0.8 per cent; McLeod, 1.2 per cent; and St. Louis and Dakota, 1.3 per cent each. All of the lowest ranking counties are in the south-central or extreme northeastern part of the state.

The changes in the proportion of corporate-owned land between January 1, 1936 and January 1, 1940 are shown for each county in figure 6. The greatest increases occurred in Traverse County with 12.3 per cent; Mahnomen, 11.3 per cent; Hubbard, 8.2 per cent; Chisago, 8.2 per cent; Grant, 7.2 per cent; Sherburne, 7.1 per cent; and Isanti, 6.9 per cent. The greatest decreases occurred in Murray County with 6.3 per cent; Red Lake, 5.8 per cent; Lake of the Woods, 4.5 per cent; Pennington, 4.4 per cent; Jackson, 4.1 per cent; and Polk, 3.9 per cent. The most important increases occurred in west-central (areas 4 and 6) and east-

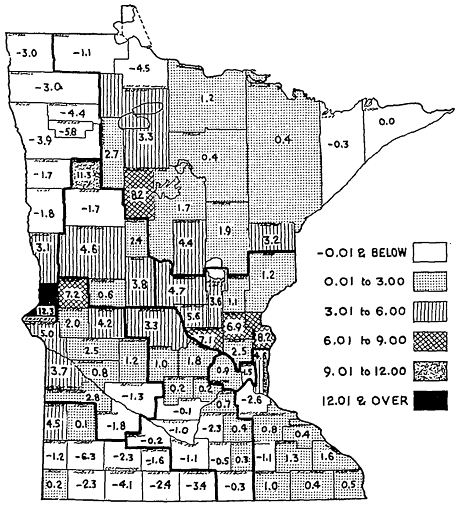

Fig. 6. Changes in Per Cent of Farm Land Owned by Corporations in the Various Counties of Minnesota, January 1, 1936 to January 1, 1940

central (Area 5) Minnesota while the most important decreases occurred in the northwestern (Area 7) and southwestern (Area 3) areas.

AGENCIES HOLDING LAND

State as a Whole

Insurance companies owned more farm real estate in Minnesota throughout the five-year period covered by the data than any other type of corporation (Fig. 7). These institutions owned slightly more than one third of the combined holdings of all corporations from 1936 to 1939, and exactly one third on January 1, 1940 (Table 4). The Minnesota Department of Rural Credit ranked second with over one fifth of the total corporate holdings from 1936 to 1938, but slightly less than one fifth in 1939 and considerably less than one fifth in 1940. Insurance companies and the Minnesota Department of Rural Credit together owned over one half of all corporate-owned farm land in Minnesota throughout the five-year period although the proportion declined after 1937.

Trust and mortgage investment companies ranked third in the proportion of corporate-owned land on January 1, 1936 and 1937, with "other corporate agencies" fourth. However, the relative position of these agencies was reversed during the next three years. This was due to a decline in the holdings of trust and mortgage investment companies and to an upward trend in the holdings of "other corporate agencies." Banks, open and closed, ranked fifth on January 1, 1936, 1937, and 1938, with the Federal Land Bank and Federal Farm Mortgage Corporation ranking sixth. The upward trend in holdings of the Federal Land Bank

Table 4. Proportion of Farm Land in Minnesota Owned by Specified Corporate Agencies, January 1, 1936-1940

Corporate agency	1936	1937	1938	1939	1940
	Per cent				
Federal Land Bank and Federal Farm Mortgage Corporation	0.38	0.50	0.75	0.81	1.00
Minnesota Department of Rural Credit	2.07	2.13	2.15	1.95	1.79
Joint Stock Land Banks	0.36	0.37	0.36	0.35	0.32
Insurance companies	3.22	3.63	3.58	3.41	3.31
Banks, open and closed	0.71	0.81	0.84	0.78	0.74
Trust and mortgage investment companies	1.30	1.19	1.10	1.03	0.97
Educational, religious, and fraternal organizations	0.14	0.17	0.21	0.21	0.22
Other corporate agencies	0.97	0.92	1.37	1.44	1.59
All corporate agencies	9.15	9.72	10.36	9.98	9.94

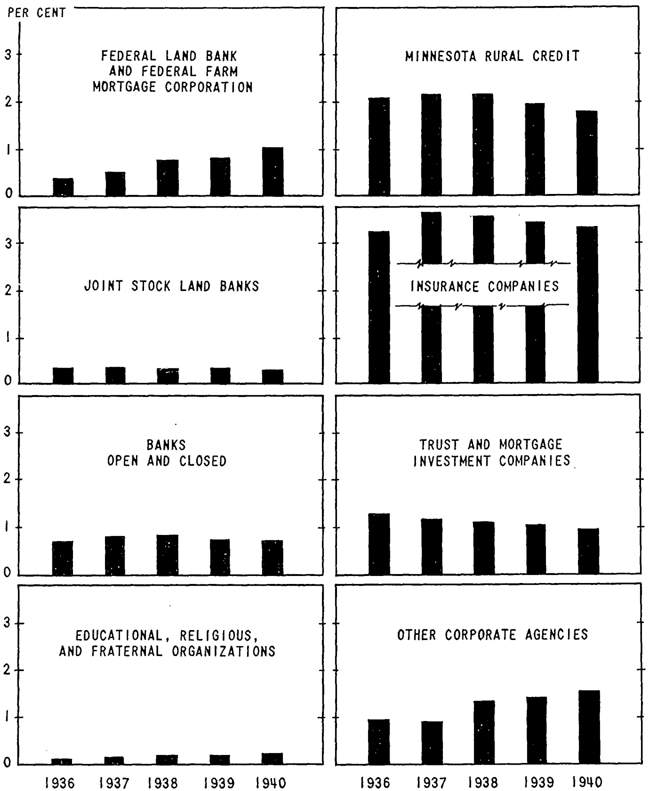

FIG. 7. PROPORTION OF FARM LAND IN MINNESOTA OWNED BY SPECIFIED CORPORATE AGENCIES, JANUARY 1, 1936-1940

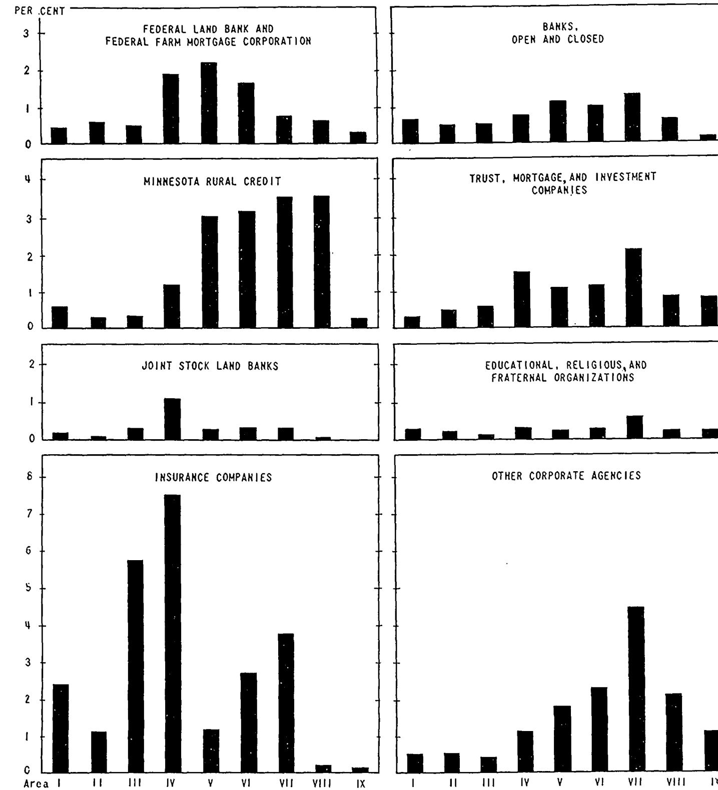

FIG. 8. PROPORTION OF FARM LAND OWNED BY SPECIFIED CORPORATE AGENCIES IN THE NINE TYPE-OF-FARMING AREAS OF MINNESOTA, JANUARY 1, 1940

and Federal Farm Mortgage Corporation, together with a slight decline in holdings of open and closed banks, reversed the rank of these agencies during 1939 and 1940. Joint stock land banks ranked seventh and educational, religious, and fraternal organizations eighth throughout the five-year period.

The Minnesota Department of Rural Credit and open and closed banks were the only agencies where the trends in holdings followed the trend of all corporations combined, the peak having been reached on January 1, 1938 followed by a gradual decline during the next two years. Maximum holdings of trust and mortgage investment companies occurred on January 1, 1936 and of insurance companies and joint stock land banks on January 1, 1937, while maximum holdings of the Federal Land Bank and Federal Farm Mortgage Corporation, educational, religious, and fraternal organizations, and "other corporate agencies" occurred on January 1, 1940. The trends in holdings of the Federal Land Bank and Federal Farm Mortgage Corporation, and educational, religious, and fraternal organizations were upward while those of trust and mortgage investment companies were downward throughout the period. Holdings of "other corporate agencies" increased sharply after January 1, 1937.

The decline in combined holdings of all corporate agencies in the state after January 1, 1938 was due primarily to the decline in the holdings of insurance companies, the Minnesota Department of Rural Credit, and trust and mortgage investment companies. The decline in the combined holdings of these agencies was greater than the increase in the combined holdings of the Federal Land Bank and Federal Farm Mortgage Corporation and of "other corporate agencies."

Holdings in Various Areas

The proportion of all land in farms owned by each of the eight different types of corporate agencies in the various type-of-farming areas on January 1, 1940 is shown in figure 8. The principal holdings of the Federal Land Bank and Federal Farm Mortgage Corporation were in areas 4, 5, and 6 in the central part of the state, and of the Minnesota Department of Rural Credit in areas 5, 6, 7, and 8 in central and northern Minnesota. Insurance company holdings, on the other hand, were concentrated in areas 3 and 4 in the southwestern part of the state, followed by the northwestern and west-central areas. The holdings of open and closed banks and of trust and mortgage investment companies tended to be concentrated in northwestern and central Minnesota, while "other corporate agencies" were especially important in Area 7 with substantial holdings in other areas in the northern half of the state. The holdings of educational, religious, and fraternal organizations were relatively unimportant in all areas and of joint stock land banks in all except Area 4 in west-central Minnesota.

Factors Responsible for Corporate Holdings

LAND VALUES

It may be assumed that all of the farm real estate holdings of (1) the Federal Land Bank and Federal Farm Mortgage Corporation, (2) Minnesota Department of Rural Credit, (3) joint stock land banks, (4) insurance companies, (5) open and closed banks, and (6) trust and mortgage investment companies, and a considerable part of the holdings of (7) educational, religious, and fraternal organizations, and (8) of "other corporations" were acquired as a result of mortgage foreclosure or of voluntary transfer of title by borrowers who were unable or unwilling to meet the terms of their mortgage contracts. Corporate lending agencies do not make investments in farm mortgages with a view to acquiring title to the properties. They seek investments that give promise of yielding regular returns. It is for this reason that first mortgage loans usually are limited to about one half the land's appraised value plus a smaller proportion of the buildings' appraised value.

In the event that principal or interest payments are not met, lending agencies are obliged either to revise the mortgage contract or take title to the property. A revision of the mortgage contract may involve an extension of principal or interest payments. However, it usually involves cancellation of part or all of the past due interest or a reduction in the face of the mortgage or both. This means an immediate loss to the lending agency. Furthermore, if concessions are granted to one borrower, other borrowers may demand similar treatment, and these demands may not be limited to those in distress. Consequently, the most usual procedure, in the case of default in payments, is for the lending agency to take title to the property either through foreclosure proceedings or voluntary transfer. Taking title to the properties may result in ultimate profit or loss to the lending agency depending upon the prices obtained when the farms are sold.

Borrowers, on the other hand, ordinarily would not give a voluntary transfer of title or permit title to pass to the lending agency through foreclosure if the properties could be sold for more than the mortgage indebtedness plus unpaid taxes and other assessments. This suggests that the explanation of the extensive corporate holdings of farm land in Minnesota from 1936 to 1940 is to be found in an unfavorable market for farm real estate prior to and at the time of acquisition.

Studies made by the Division of Agricultural Economics[5] indicate that the average sale price of farm real estate in the state as a whole increased from \$41 per acre during 1910-11 to \$104 per acre during 1920-21 and thereafter declined to \$35 per acre during 1938-39. This severe decline wiped out the equities of many borrowers and resulted in the acquisition of many farms by the lending agencies.

There was a tendency for corporate holdings to be relatively high in areas where land prices had declined most severely, and to be relatively low in areas where the least relative declines had occurred. This was indicated by a comparison of the per cent of decline in sale prices of farm real estate in different parts of the state between 1920-21 and 1932-33 with the proportion of all land in farms owned by corporations on January 1, 1936. This allowed for a lag of two years between the period of decline and the determination of the amount of corporate ownership. The greatest relative decline in land prices occurred in northwestern Minnesota, the region of highest corporate ownership. The least relative decline occurred in the northeastern followed by the southeastern part of the state. These were the areas of least corporate holdings.

[5] A. A. Dowell, "The Trend in Sale Prices of Farm Real Estate in Minnesota," Minn. Agr. Expt. Sta. Bul. 338, September, 1938; and Minnesota Farm Business Notes, No. 212, August, 1940.

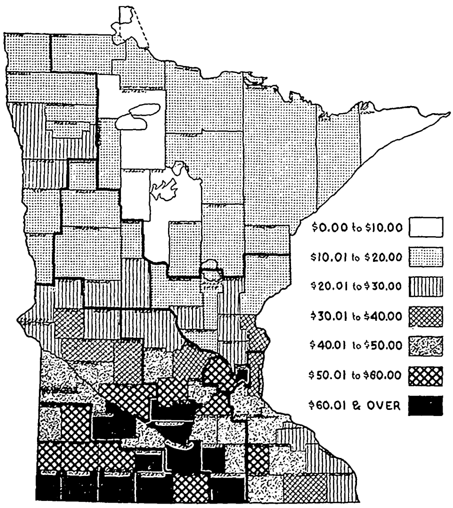

FIG. 9. AVERAGE SALE PRICES OF FARM REAL ESTATE PER ACRE IN VARIOUS COUNTIES OF MINNESOTA, 1938-39

However, corporations owned a somewhat higher proportion of land in farms in northeastern than in southeastern Minnesota. The per cent of decline in land prices as well as the proportion of land in farms owned by corporations in the other districts fell between these extremes, but the relationship was not entirely consistent.

There also was a tendency for corporate holdings to be relatively low in the high land value areas and relatively high in the low land value areas. This inverse relationship is revealed by a comparison of the average sale prices of farm real estate per acre in the various counties during 1938-39 (Fig. 9) with the proportion of all land in farms owned by corporations on January 1, 1936 (Fig. 4) and on January 1, 1940 (Fig. 5). Land values were much higher and corporate holdings lower in the southern one third than in the northern two thirds of the state. However, this relationship was not entirely consistent either within a given area or between the different areas. For example, the proportion of all land in farms owned by corporations varied considerably among the counties in the high land value areas in southern Minnesota. Similar variations occurred in the lower land value areas in the northern part of the state. Furthermore, the sale prices of farm real estate were higher and the concentration of corporate holdings much greater in the northwestern Area 7 than in the northeastern Area 8.

The relationship between the relative decline in land prices and corporate holdings and between the level of land values and corporate ownership no doubt would have been more consistent if the loans of all corporate agencies had been uniformly distributed over the state. It is probable that private farm mortgage investments constituted a higher proportion of all farm mortgage investments in the areas with low corporate holdings than in the areas with high corporate holdings, that the proportion of all farms mortgaged varied from area to area, that some lending agencies confined their activities largely to the higher land value areas while the mortgages of others tended to be concentrated in the lower land value areas, and that lending and foreclosure policies varied somewhat among the different corporate agencies. It also is probable that a more consistent relationship would have been found if the districts had been smaller and hence more uniform in crop yields.

The fact that there was some tendency for corporate holdings to be relatively greater in the low than in the high land value areas suggests that a somewhat more conservative lending policy was followed in the better areas. Either the appraised values of farms were more in keeping with the productivity of the land or loans constituted a smaller proportion of the appraised value in the high land value areas than in the low land value areas.

The decline in sale prices of farm real estate which resulted in extensive corporate holdings was due to a number of factors. These included (1) relatively low prices for farm products, (2) unfavorable crop yields, and (3) the unfavorable relationship between prices received and prices paid by farmers.

PRICES OF FARM PRODUCTS

The ability of farmers to meet such fixed expenses as taxes and principal and interest payments is influenced greatly by the amount of gross cash income obtained from the sale of farm products. The amount of the gross cash income, in turn, is determined both by the price obtained per unit and the number of units sold. In the event of extremely low prices for farm products or of crop failure it is difficult if not impossible to meet these obligations. Taxes and principal and interest on loans are paid out of the surplus above living and other current production expenses.

The gross cash income obtained by farmers of Minnesota, from the sale of 16 principal commodities which account for about 95 per cent of the total cash farm income, declined from 384 million dollars in 1929 to 155 million dollars in 1932 (Fig. 10). This decline of almost 60 per cent, together with the relatively low incomes that were obtained during 1933 and 1934, was largely responsible for the extensive holdings of farm land by corporate agencies in 1936. Many borrowers were unable to fulfill the terms of their mortgage contracts or to sell their properties for more than the total amount of indebtedness.

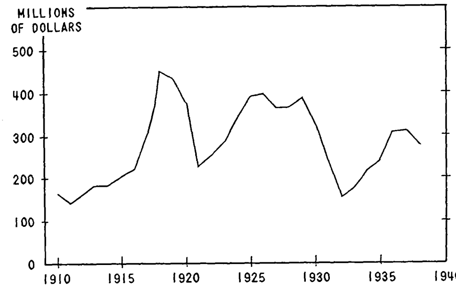

FIG. 10. GROSS CASH INCOME OF FARMERS OF MINNESOTA, 1910-1938

Data for 1910-1927 from Minn. Agr. Expt. Sta. Tech. Bul. 72, p. 24; 1928-1938 from Division of Agricultural Economics, University of Minnesota. Data based upon 16 principal commodities which account for about 95 per cent of total cash farm income. Data for 1933-1938 do not include government benefit payments.

The decline in gross cash farm income in Minnesota from 1929 to 1932 was due primarily to a sharp decline in prices obtained for farm products rather than to unfavorable yields. The decline was due to many contributing factors. These included: (1) the world wide depression which affected both domestic and foreign demand, (2) the spirit of nationalism that prevailed throughout the world and led to the erection of barriers that tended to strangle international trade, and (3) changes in technique that increased the economic supply of land either by (a) bringing new lands under the plow, (b) increasing the output per unit of land, such as through the use of hybrid seed corn, or (c) releasing the product of the soil for other uses, such as the shift from horses to mechanical power.

All of the principal farm products were involved in the price decline although the extent of the decline varied considerably among the different commodities. As shown in figure 11, the index of grain prices in the United States declined to 44 (1909-1914 = 100) in 1932 compared with 63 for meat animals, 82 for chickens and eggs,

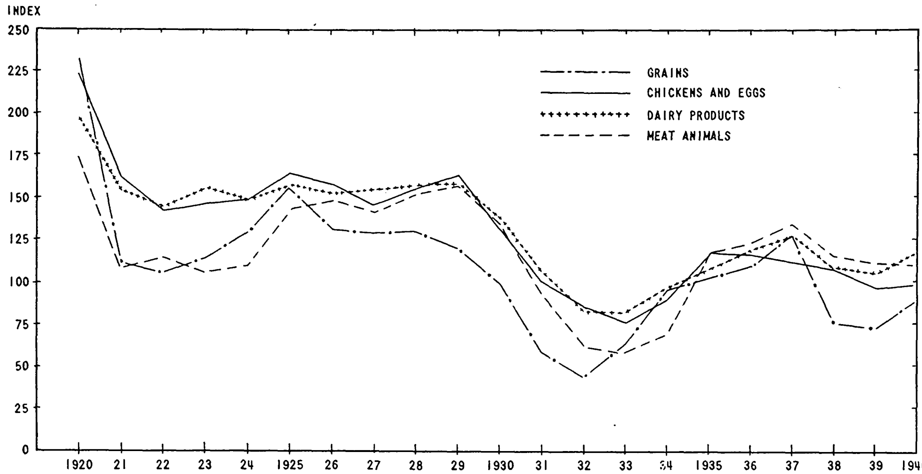

FIG. 11. INDEX NUMBERS OF FARM PRICES IN THE UNITED STATES, 1920-1940
(AUGUST 1909 TO JULY 1914=100)
Data from "The Agricultural Situation," May 1938 and May 1941.

and 83 for dairy products. In other words, farmers who depended upon the sale of grain crops for a considerable part of their cash income suffered more severely than those who depended largely upon the income obtained from the sale of meat animals, while producers of meat animals suffered more severely than those who depended more upon income from dairy products or poultry and eggs.

The variations in prices obtained for farm products were reflected in variations in the amount of corporate-owned land in different parts of the state. The most extensive corporate holdings on January 1, 1936 were in Area 7 where grain crops are an important source of income, with the west-central livestock and cash grain Area 4 ranking second, followed by the southwest livestock and cash grain Area 3 (Fig. 3). Corporate holdings were less extensive in the areas in which greater dependence was placed upon the income obtained from dairy and poultry products and from truck crops than in the areas that were dependent chiefly upon income derived from the sale of grains or of meat animals.

Not all of the decline in sale prices of farm real estate that resulted in extensive corporate holdings during the period covered by this study can be attributed to a decline in farm income. A considerable part of the sale value of farm real estate at the peak of the boom immediately following the First World War was based upon the expectation that land values would continue to advance. In other words, sale values at that time were based partly upon current earnings and partly upon an anticipation of an increase in earnings. Some recession in land values would have taken place even if there had been no change in farm income after the boom. There would have been a tendency, over a period of time, for land values to become adjusted more closely to long run farm earnings. The decline in land values, therefore, was due both to reduced farm income and to the growing conviction by prospective purchasers that sale prices should be based upon a more conservative estimate of prospective earnings.

Land values continued to decline throughout the 1920's even though prices of farm products were reasonably stable from 1922 to 1929 (Fig. 11). Corporate holdings were relatively unimportant throughout this period; the decline in land values was reflected largely in shrinking owner equities and in the liquidation of second, third, and fourth mortgages. On the other hand, corporate holdings increased sharply during the early 1930's following the severe decline in prices of farm products and hence in the cash income available for interest and principal payments.

CROP YIELDS

The acquisition of farm land by corporate agencies also was influenced by the average level of crop yields and by the variability of yields from year to year. Crop yields are dependent upon many physical, biological, and economic factors. Physical factors include soil, topography, and climate. Biological factors include rust, wilt, insect pests, and weeds. Anticipated returns from different crops and livestock products influence crop selection and the level of intensity adopted.

Studies made by the Division of Agricultural Economics[6] indicate that the highest average crop yields for nine major crops during the period 1917-36 were obtained in the south-central part of the state, while the lowest yields occurred in the west-central, northwest, and central areas. There was a distinct tendency for the variability of crop yields to be high in those areas where the average crop yields were low and to be low in the high yielding areas. The greatest variability occurred in west-central Minnesota followed by the central and east-central parts of the state. The least variability occurred in the south-central and in the extreme north-central counties. The lowest average crop yields and the greatest variability of yields occurred in the areas that were most severely affected by drouth and insect pests during 1934 to 1936. The combination of unfavorable yields and low prices for farm products resulted in extensive corporate holdings in these areas.

[6] Engene, Selmer A. and Pond, George A., "Agricultural Production and Types of Farming in Minnesota," Minn. Agr. Expt. Sta. Bul. 347. May, 1940. pp. 11-12.

PRICE RELATIONSHIPS

The ability of farmers to meet farm mortgage interest and principal payments is determined by the amount of cash income available after current living and production expenses, taxes, insurance, maintenance, and other items have been paid. In other words, a first mortgage on farm real estate does not have first claim on the income from the farm. The current living and production expenses of the farm operator stand in a preferred position. Next in order come taxes and other assessments, if any, against the property. Upkeep of buildings and fences may be discontinued temporarily by a

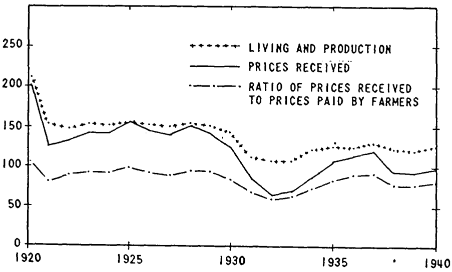

FIG. 12. INDEX NUMBERS OF PRICES PAID AND PRICES RECEIVED AND RATIO OF PRICES RECEIVED TO PRICES PAID BY FARMERS IN THE UNITED STATES, 1920-1940 (1910-14=100)

Data from "The Agricultural Situation," May 1938 and May 1941.

distressed borrower in favor of interest or interest and principal payments, but in the long run these also take precedence over mortgage commitments. The amount available for interest and principal payments, therefore, is the difference between the gross cash farm income and the total cash outlay for these items.

Since 1921, the relationship between prices received for farm products and prices paid by farmers for commodities used in living and production have been less favorable than during the years immediately preceding, and this has contributed to the difficulties of heavily encumbered borrowers. As shown in figure 12, the ratio of prices received to prices paid fell from 95 during 1929 to 61 in 1932.[7] Thereafter the ratio advanced to 93 in 1937 and then declined to 77 in 1939. Farmers were disadvantaged both by greatly reduced cash income and by the failure of prices of goods and services required in living and production to decline relatively as much as prices of farm products. The relationship between prices received and prices paid prevented tenants from accumulating savings toward the purchase of farms and also tended to discourage others from investing in farm real estate both of which helped depress land values.

The upward trend in farm real estate taxes which continued for a decade after land values began to decline also contributed to the difficulties that confronted farmers with heavy mortgage indebtedness by making it increasingly difficult for them to meet their mortgage commitments and by exerting a depressing effect on land values. As shown in figure 13, the index of land taxes per acre in Minnesota advanced from 100 during 1909-13 to 375 in 1930. While the index thereafter declined to 252 in 1934, it remained far above the index of prices received by farmers. It will be observed that the index of taxes per acre advanced more rapidly and to a higher peak in 1930 and since then has remained at a relatively higher level in Minnesota than in the United States as a whole.

The sharp decline in prices of farm products from 1929 to 1932, the unfavorable crop yields in many parts of the state during the severe and prolonged drouth that began in 1934, and the wide disparity between prices received and prices paid by farmers were largely responsible for the extensive holdings of farm land by corporate agencies on January 1, 1936 and the years immediately following. Other contributing factors included soil erosion in a few rather limited areas and lack of managerial ability on the part of some farm operators.

Disposal of Corporate-owned Farms

METHODS of handling or of disposing of corporate-owned farm land are of interest not only to the corporations involved, but to other owners, prospective purchasers, tenants, and the general public.

Lending agencies which acquire farms as a result of foreclosure or deed naturally are interested in recovering their original mortgage investments plus the unpaid interest, taxes, and other expenses that were incurred in obtaining title to the properties, and the expense, if any, of re-

[7] The data presented in figure 12 are used to illustrate relative changes which have taken place. They do not mean that there necessarily are any fixed permanent relationships between prices. Changes in technique which lead to lower per unit production costs should be reflected in lower prices.

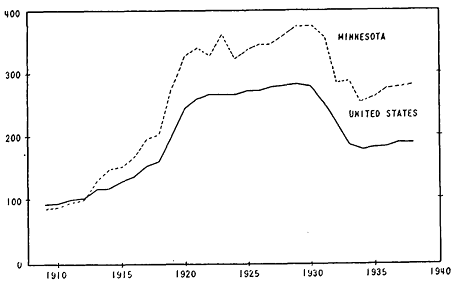

FIG. 13. INDEX NUMBERS OF TAXES PER ACRE IN MINNESOTA AND IN THE UNITED STATES, 1909-1938 (1909-13=100)

Data from "Agricultural Statistics," 1940, Table 705.

pairing buildings and fences subsequent to acquisition. If the greater part of the farms owned by corporations on January 1, 1940 were forced onto the land market over a relatively short period of time, it would have a depressing effect on land values. The effect naturally would vary from county to county and from area to area depending upon the amount of corporate ownership. For example, in Traverse County where 31 per cent of the land in farms was corporate owned on January 1, 1940 (Fig. 5), the liquidation of these holdings over a short period of time would be expected to result in a sharp reduction in land values. On the other hand, in Carver, Le Sueur, and Sibley counties where 0.8 per cent or less of the land in farms was corporate owned on January 1, 1940, the prompt liquidation of all corporate holdings would have relatively little effect on the level of land values.

Forced liquidation of corporate holdings in areas of high corporate ownership also would affect other owners of farm land. It would affect the prices that could be obtained by private owners who wished to dispose of their properties. The equities of owners whose farms were mortgaged would be reduced during the liquidation process. Consequently, too rapid liquidation of corporate-owned farms would be undesirable from the standpoint both of the corporate owners and of many private farm owners.

On the other hand, prospective purchasers would benefit from any temporary reduction in land values that might result from rapid liquidation of corporate holdings. Such benefits would accrue to the purchasers at the expense of the lending agencies. Losses suffered by life insurance companies ultimately fall upon the policy holders in the companies involved. Losses suffered by the Minnesota Department of Rural Credit fall upon the state as a whole, while losses suffered by closed banks come out of the pockets of the creditors of these institutions. The situation is much the same with respect to other lending agencies; the losses ultimately fall upon those who supply the original investment funds.

It is believed by many that owner operation leads to greater security of tenure, to greater interest in the long-run maintenance of the physical plant, and to greater participation in community affairs than tenant operation. To the extent that these objectives are attained through owner operation it is desirable that the greater part of the corporate holdings be sold to tenants or others who expect to operate the land. However, care should be exercised with respect to encouraging tenants to move into the farm owner class. In times of stress, an owner operator who is laboring under a heavy burden of debt may have less security of tenure than if he were renting from a financially solvent landlord. To meet pressing obligations he may be forced to postpone the upkeep of buildings and fences and to strive for present cash income even at the expense of the long-run productivity of the farm. A tenant may be better off to remain as a tenant on a well-improved productive farm of sufficient size for efficient operation than to become the full owner of a poor farm, or the full owner of a well-improved, productive farm too small for economical operation, or a heavily encumbered owner of a farm similar to the one he is now renting.

Corporate-owned farms that are purchased by private investors who do not expect to operate the land themselves will continue to be operated by tenants. The corporate landlord is replaced by the private landlord. If this results in greater security of tenure or in the adoption of improved farm management practices, both the tenants and the general public will be benefited thereby. However, if it leads to less desirable landlord-tenant relationships it will be detrimental to both tenants and society.

The acquisition of a large number of farms during the 1930's forced the lending agencies to assume the management of these properties until they could be sold. In many cases they employed trained farm managers to supervise the handling of the farms. Their duties include the selection of tenants, development of suitable crop rotations, repair of buildings and fences, control of weeds, and maintenance of soil fertility. In general, the lending agencies have sufficient capital to enable them to take a long-run view in matters relating to the upkeep of the properties which they acquire. Some also have attempted to develop lease arrangements satisfactory both to the corporation and the tenants.

Many variations are to be found in the methods and practices followed by private landlords. Some lay special stress upon the maintenance of the physical plant. Others strive for maximum current income even though this be at the expense of future productivity. In some cases, private landlords have attempted to develop landlord-tenant relationships that are advantageous to both parties. The fact that many tenants remain on the same farm for a relatively short time suggests that much remains to be done along this line. Under a satisfactory rental arrangement a tenant is likely to have greater security of tenure on a farm owned as a long-time investment by a private landlord than on a farm owned by a corporate agency which desires to sell it as soon as possible.

BY CORPORATIONS IN PROCESS OF LIQUIDATION

Some of the corporate agencies included in this study are in process of liquidation. These include the Minnesota Department of Rural Credit, joint stock land banks, and closed banks.

In 1933 the Legislature terminated the loaning activities of the Minnesota Department of Rural Credit and at the same time created the Conservator's office to facilitate liquidation. Farm mortgage loans were made on 13,566 farms from the time this agency was established in 1923 until loaning activities were terminated. Of these, the Department of Rural Credit had obtained title through foreclosure or deed to 8,504 farms by December 31, 1940. As shown in table 5, acquisitions reached a substantial volume by 1931 and 1932. Foreclosures were reduced greatly during the next two years as a result of an executive order issued in 1933 and of an act of the Legislature in 1933 which extended delinquent interest and principal for borrowers who paid taxes and insur-

Table 5. Acquisition of Farms by Foreclosure or Deed by the Minnesota Department of Rural Credit, 1923-1940*

Year	Number of farms	Year	Number of farms
1923	....	1933	379
1924	....	1934	220
1925	127	1935	747
1926	200	1936	978
1927	437	1937	1,278
1928	421	1938	559
1929	566	1939	517†
1930	408	1940	218†
1931	772		
1932	677	Total	8,504

* "The Liquidator," Minnesota Department of Rural Credit, December 31, 1938, p. 41.
† "The Liquidator," Minnesota Department of Rural Credit, December 31, 1940, p. 1.

ance. Many foreclosures also were withheld during 1933, 1934, and most of 1935 "pending outcome of efforts of delinquent borrowers to refinance through the Farm Credit Administration."[8] The Legislature at the 1935 session extended for two more years some of the concessions granted in 1933 and also authorized composition settlement of mortgages. The peak in acquisitions was reached in 1937 when 1,278 farms were acquired by foreclosure or deed. The peak in holdings, however, was not reached until 1938, as the number of farms sold was less than the number acquired up to that time. Thereafter sales increased and acquisitions declined sharply so that total holdings declined (Table 4 and Fig. 7). The number of farms owned declined from a maximum of 5,422 in 1938 to 2,336 on December 31, 1940. In the light of developments up to that time, the "Conservator" concluded that " . . . it is reasonable to expect that acquisitions during the next year will be even less than in 1940, and if sales continue at the pace set in 1940, the inventory of state owned farms will be reduced to slightly over 1,000 by the end of 1941."[9] The policy of the Minnesota Department of Rural Credit has been to sell the acquired properties, as far as possible, to tenants or others who expect to operate the land.

The Emergency Farm Mortgage Act of 1933 provided that, after May 12, 1933 " . . . no joint stock land bank shall issue any tax-exempt bonds or make any farm loans except such as are necessary and incidental to the refinancing of existing loans or bond issues or to the sale of any real estate now owned or hereafter acquired by such banks."[10] The effect of this act was to prohibit joint stock land banks from making new farm mortgage loans and to restrict their activities to the liquidation of existing assets.

Three joint stock land banks owned some farm real estate in Minnesota on March 31, 1941.[11] These include the Southern Minnesota Joint Stock Land Bank, Minneapolis-Trust Joint Stock Land Bank, and the Des Moines Joint Stock Land Bank. The Southern Minnesota Joint Stock Land Bank was placed in receivership on May 2, 1932; the Minneapolis-Trust Joint Stock Land Bank adopted a plan of voluntary liquidation on September 14, 1934;

[8] "The Liquidator," Minnesota Department of Rural Credit, December 31, 1938.

[9] "The 1940 Liquidator," Minnesota Department of Rural Credit, December 31, 1941, p. 1.

[10] Joint Stock Land Banks: Progress in Liquidation Including Statements of Condition as of March 31, 1941. Farm Credit Administration, United States Department of Agriculture, p. 3.

[11] *Ibid.*, pp. 9, 25, and 43.

and the Des Moines Joint Stock Land Bank adopted a plan of voluntary liquidation on December 21, 1940. The farm real estate and farm mortgage loans held in Minnesota by these agencies on March 31, 1941 were reported as follows: The Southern Minnesota Joint Stock Land Bank owned 212 farms and one sheriff's certificate with 70 loans outstanding, none of which was in process of foreclosure; the Minneapolis-Trust Joint Stock Land Bank owned 35 farms with no mortgage loans outstanding; and the Des Moines Joint Stock Land Bank held title or sheriffs' certificates on 22 farms with seven mortgage loans outstanding. These agencies held purchase money mortgages and real estate sales contracts on many farms which had been sold.

Farms that were acquired by closed banks must be sold to complete the liquidation process. Consequently, it is to be expected that the remaining farm real estate holdings of these institutions along with the farms owned by the Minnesota Department of Rural Credit and joint stock land banks will be disposed of rather promptly.

BY OTHER CORPORATE AGENCIES

Various federal and state laws place limitations upon the length of time that acquired farms can be held by some of the corporate agencies. For example, the Federal Land Banks are not permitted to hold title to farm real estate acquired in satisfaction of debts for more than five years unless written approval is obtained from the Farm Credit Administration. However, this applies only to farms acquired in satisfaction of Federal Land Bank loans and not to those acquired by the Land Bank Commissioner.

Under Minnesota law, banking corporations are permitted to hold acquired farm real estate for not more than five years unless an extension is granted by the commissioner of banks.[12] Farm mortgage debenture companies also are required to dispose of acquired farm real estate within five years of the date of acquisition, unless the time is extended by the public examiner upon application of the board of directors.[13] Savings banks are required to dispose of acquired farms within ten years after title has been obtained unless an extension is granted by the public examiner on application of the board of trustees.[14] Life insurance companies are prohibited from holding acquired farms more than five years unless an extension is granted by the commissioner of insurance.[15]

Requests for an extension of the period of ownership of farm real estate by commercial banks, savings banks, and trust companies have been frequently made and granted.[16] A considerable number of requests for an extension of the period of ownership have been made by and granted to the St. Paul Federal Land Bank. On June 30, 1941 the Federal Land Bank of St. Paul and the Land Bank Commissioner held title to 228 Minnesota farms that had been owned for five years or more.[17] Extensions also are

[12] Mason's Minnesota Statutes, Ch. 58, Sec. 7679.

[13] *Ibid.*, Ch. 58, Sec. 7814.

[14] *Ibid.*, Ch. 58, Sec. 7713.

[15] *Ibid.*, Ch. 19, Sec. 3385. While this statute applies specifically to domestic life insurance companies, that is life insurance companies incorporated under the laws of the State of Minnesota, the regulation with respect to the length of time acquired properties can be held also is applied to all other life insurance companies.

[16] Information supplied by F. A. Amundson, Commissioner of Banks, State of Minnesota, July 3, 1941.

[17] Information supplied by Dr. William L. Cavert, Director of Research, F.C.A., St. Paul, Minnesota, July 28, 1941.

frequently requested by insurance companies and such requests are, in most cases, granted.[18]

Two basic objectives may be involved in legislation aimed at restricting the length of time that corporations may hold title to acquired farm real estate. On the one hand, the objective may be to limit the types of ownership that are considered to be socially undesirable. On the other, it may be to maintain liquidity of assets of the lending agencies. A review of the regulations that apply in Minnesota suggests that the primary objective has been the latter.

Lending agencies should be allowed a reasonable length of time in which to dispose of acquired farms. This is especially true under conditions that prevailed during the 1930's. If too rapid liquidation is required, there might be a tendency on the part of these agencies either to lower the appraised value of the properties or to loan a smaller proportion of the appraised value as an additional precaution against the possibility of subsequent foreclosure. The general adoption of such a policy would result in higher interest charges on funds required by farmers over and above the amounts that would be acceptable as first mortgage loans.

It is to be expected that continuing corporations will proceed with the disposal of acquired properties somewhat more slowly than corporations that are in process of liquidation. This will permit more orderly sale of the relatively large number of farms now in corporate ownership. Such a procedure will be advantageous to the lending agencies, to those who supplied the original investment funds, and to private owners who wish to dispose of their farms. It also should result in a higher proportion of farms being purchased by tenants and other prospective farm operators than if the properties were forced onto the land market over a relatively short period of time.

Some of the corporate-owned farm land included under the heading of "educational, religious, and fraternal organizations" and a considerable proportion of that included under the heading of "other corporate agencies" was acquired through purchase, gift, tax delinquency, etc., rather than by foreclosure or voluntary transfer of title in satisfaction of mortgage debt. Such farms are likely to be held by their present owners over a period of time and, hence, will not add to the difficulties with which the regular lending agencies are confronted in their attempt to dispose of their properties. However, as shown in table 4 and figure 7, the holdings of these agencies represent a relatively small proportion of the land owned by all corporations combined.

TREND OF CORPORATE HOLDINGS

In general, the corporate-owned farms are in the hands of involuntary owners who are anxious to dispose of them as promptly as conditions justify. The downward trend of total acquisitions and the upward trend of sales, which have taken place since 1938, together with the desire on the part of most of the corporate agencies to dispose of the farms that have been acquired, suggest that much of the corporate ownership is of a temporary nature and may be expected to continue to decrease if net farm income does not decline below the level of the last few years.

[18] Information supplied by Richard B. Purcell, Deputy Commissioner of Insurance, State of Minnesota, July 17, 1941.

Summary

1. The proportion of all farm land in Minnesota owned by corporate agencies increased from 9.1 per cent on January 1, 1936 to 10.4 per cent on January 1, 1938, and then declined to 9.9 per cent on January 1, 1940.

2. The greatest concentration of corporate holdings occurred in northwestern and west-central Minnesota, followed by the east-central and southwestern areas.

3. The proportion of all land in farms owned by corporations varied greatly from county to county within a given type-of-farming area and also varied from year to year.

4. On January 1, 1940, corporate holdings varied from 0.5 per cent of all land in farms in Le Sueur County to 30.9 per cent in Traverse County.

5. Life insurance companies owned more farm real estate in Minnesota than any other type of corporation. The Minnesota Department of Rural Credit ranked second. These agencies together owned over half of all corporate-owned farm land in the state throughout the five-year period.

6. Maximum holdings of trust and mortgage investment companies occurred on January 1, 1936, of insurance companies and joint stock land banks on January 1, 1937, and of the Minnesota Department of Rural Credit and open and closed banks on January 1, 1938, while maximum holdings of the other corporate agencies occurred on January 1, 1940.

7. The proportion of all land in farms owned by each of the eight types of corporate agencies varied greatly in different parts of the state.

8. Corporate holdings tended to be relatively high in areas where land prices had declined most severely prior to acquisition and to be relatively low in areas where the least relative declines had occurred.

9. There was some tendency for corporate holdings to be relatively low in the high land value areas and relatively high in the low land value areas. This suggests that either the appraised values of farms were more in keeping with the productivity of the land or loans constituted a smaller proportion of appraised value in high land value areas than in low land value areas.

10. The decline in sale prices of farm real estate which resulted in extensive corporate holdings was due largely to (a) relatively low prices for farm products, (b) unfavorable crop yields, and (c) the unfavorable relationship between prices received and prices paid by farmers. Other contributing factors included soil erosion in a few rather limited areas and lack of managerial ability of some farm operators.

11. Some corporate agencies are in process of liquidation. The rest of the corporate lending agencies are required by law to dispose of acquired properties within a specified period of time after title has been obtained unless an application for an extension is granted by an officer of the state.

12. The downward trend in corporate holdings from January 1, 1938 to January 1, 1940, together with the desire on the part of most of the lending agencies to dispose of acquired properties as rapidly as conditions justify, suggest that corporate ownership of farm land in Minnesota is likely to continue to decrease if net farm income does not decline below the level of the last few years.