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S. E. Johnson
South Dakota State University

H. A. Steele
South Dakota State University

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Circular 9 April, 1933

Some Aspects of the Farm Mortgage Situation in South Dakota and Their Relation to a Future Land Use Policy

by

Sherman E. Johnson and Harry A. Steele

Agricultural Economics Department
Agricultural Experiment Station
South Dakota State College of Agricultural and Mechanic Arts
Brookings, South Dakota

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Some Aspects of the Farm Mortgage Situation in South Dakota and Their Relation to A Future Land Use Policy

by

Sherman E. Johnson and Harry A. Steele*

Introduction

Purpose

The purpose of this circular is to bring together in more available form some facts and figures regarding the development of the present farm mortgage situation in South Dakota and to point out their relationship to a future land use policy. It is hoped that each topic covered in the discussion will contribute something to a better understanding of farm mortgage credit conditions in the state. More knowledge of the present situation is essential if an intelligent attack is to be made on this important problem.

It has not been possible to analyze thoroughly each problem considered. Such conclusions as are offered will therefore have to be considered as more or less tentative. If the discussion that follows will be of assistance in furnishing some background for intelligent action on these timely and most important problems the undertaking will have served its main purpose.

Sources of Material

Information has been assembled from numerous sources. The material for the first section has been taken largely from the South Dakota bulletins of the United States Census of Agriculture for 1930. Information on farm foreclosures has been furnished by the register of deeds offices in the counties for which this information is given. Figures on tax delinquency were furnished by county treasurers. The various lending institutions such as the Federal Land Bank of Omaha, the South Dakota Rural Credit Board and the South Dakota Department of School and Public Lands have furnished information from their files in addition to what was available from their annual reports. The material for the section on lending experiences of life insurance companies was obtained largely from the annual reports of life insurance companies submitted to the state department of insurance. The figures showing the concentration of land ownership for Brookings county were obtained from the office of the register of deeds. Other sources of information are indicated by footnotes.

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* The second named author is entirely responsible for the section dealing with the lending experiences of life insurance companies. He also collected, compiled and analyzed the data on land ownership in Brookings county, and has worked with the first named author in compiling most of the material for other parts of the circular.

Part I. The Present Situation and Its Development

Mortgage Information From the United States Census of South Dakota Agriculture

Percentage of farms mortgaged.—Figure 1 shows the per cent of all owner-operated farms on which mortgage indebtedness was reported for the census years 1900-1930. It will be noted that the percentage which were mortgaged increased with each census period up to 1925, but that the greatest increase in the percentage of owner-operated farms mortgaged came between 1910 and 1920.

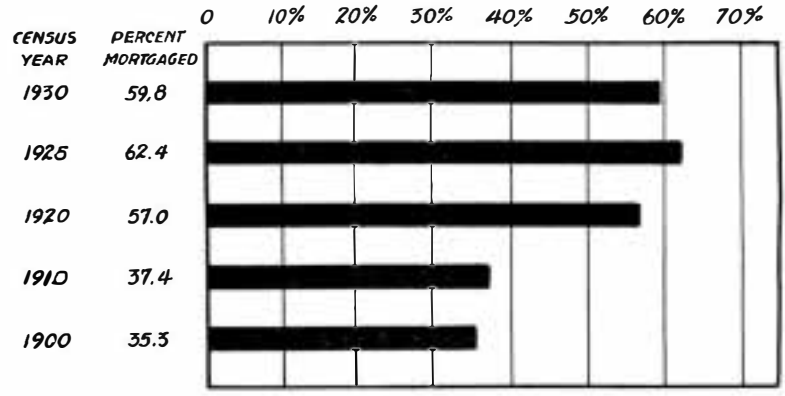

Fig. 1.—Per cent of all owner-operated farms reporting mortgage indebtedness in each census year 1900-1930. Data from U. S. census reports.

The census of 1930 shows a decrease in the percentage of owner-operated farms mortgaged compared with the figures for 1925. Such a decrease is difficult to explain except on the basis that farmers who had their farms heavily mortgaged have been forced to liquidate, and in that way the number of farms in the mortgaged group has been reduced to a smaller proportion of the total of owner-operated farms. This possible explanation is supported by the fact that the number of owner-operated farms actually decreased between the two census periods whereas the total number of farms in the state showed an increase of 3,620 farms. Naturally this means an increase in the number of farms operated by tenants.

Figures 2a, 2b, and 2c show the per cent of all owner-operated farms on which mortgage debt was reported for each county in the census years 1910, 1920 and 1930 respectively. A study of these county figures gives some clue as to the reason for the large increase in the per cent of owner-operated farms mortgaged between the 1910 and 1920 census periods. In 1910 most of the territory west of the Missouri river was in the " new settlement" stage. A glance at the county figures in this part

of the state reveals only one county—Gregory, a Missouri river county on the southern border—had over 40 per cent of the owner-operated farms mortgaged in 1910. Of the 15 counties west of the river for which figures were given at that time, only three reported more than 20 per cent of the owner-operated farms mortgaged.

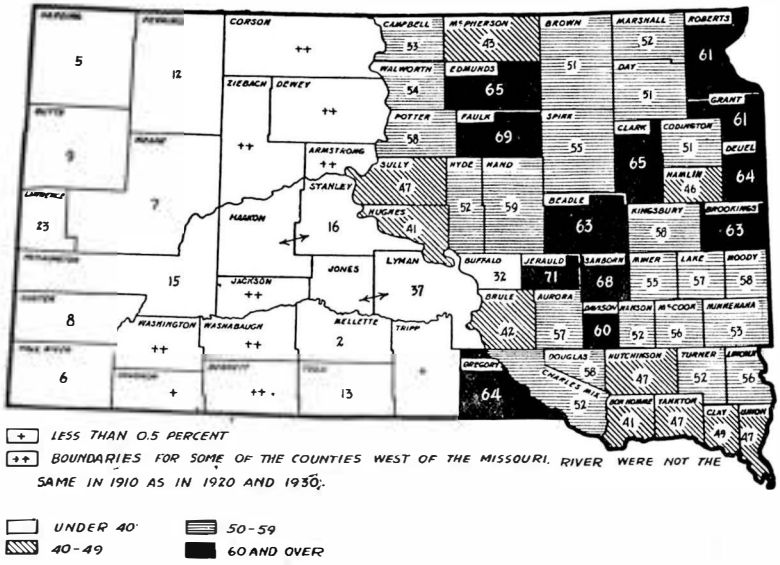

Fig. 2a.—Per cent of the owner-operated farms in each county which were mortgaged as of April 15, 1910. Data from U. S. census.

If the situation which prevailed west of the Missouri river in 1910 is compared with 1920 as shown in Figure 2b, an entirely different situation is found. Of the 25 counties west of this river only the four least developed counties show less than 30 per cent of the owner-operated farms mortgaged. Jones county has over 80 per cent mortgaged, and 14 counties report over 50 per cent of the owner-operated farms mortgaged. Undoubtedly the high prices of the war period which created a market for the farm products of this area, and brought about higher land values, also were responsible for a considerable expansion on borrowed capital which caused the tremendous change in the percentage of owner-operated farms mortgaged between 1910 and 1920.

No such marked change during this decade is evident for the counties east of the Missouri river. While 30 counties showed an increase in the per cent of owner-operated farms mortgaged, there were 14 counties on which a decrease was reported. The increases in the percentage of farms mortgaged were by no means as marked as in the west of the river counties.

In the decade between the 1920 and the 1930 census enumerations, 47 counties showed an increase in the percentage of owner-operated

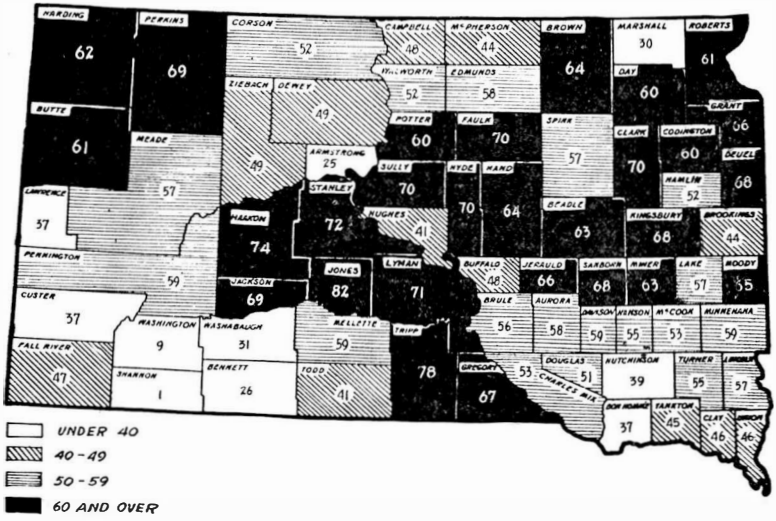

Fig. 2b.—Per cent of the owner-operated farms in each county which were mortgaged as of January 1, 1920. Data from U. S. census.

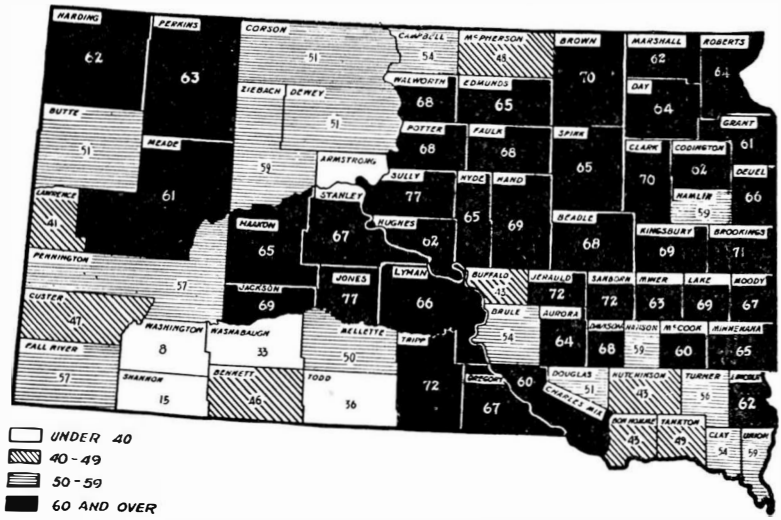

Fig. 2c.—Per cent of owner-operated farms in each county which were mortgaged as of April 1, 1930. Data from U. S. census.

farms mortgaged. There were 19 counties on which a decrease was reported and two counties showed no change. Reports from Armstrong county were too few to be included. Of the 19 counties reporting a decrease in the percentage of farms mortgaged 11 were located west of the Missouri river.

While a map by counties is not shown for the 1925 census, a comparison of the percentage of owner-operated farms mortgaged with those shown for 1930 reveals that 20 counties west of the Missouri river show decreases in 1930 compared with 1925 and only 4 report increases (Armstrong county is not included). The increases reported are from Todd, Bennett, Shannon and Washabaugh. A considerable amount of new land was brought into farm use in these counties even as late as 1930. In the territory east of the Missouri river 25 counties showed decreases in the percentage of farms mortgaged and 18 showed increases, with no change reported in one county. The above comparison supports the previous statement that the major reason for a decrease between 1925 and 1930 in the percentage of owner-operated farms mortgaged is to be found in the forced liquidation of mortgaged farms during this period. Further evidence on this point will be presented later in this report.

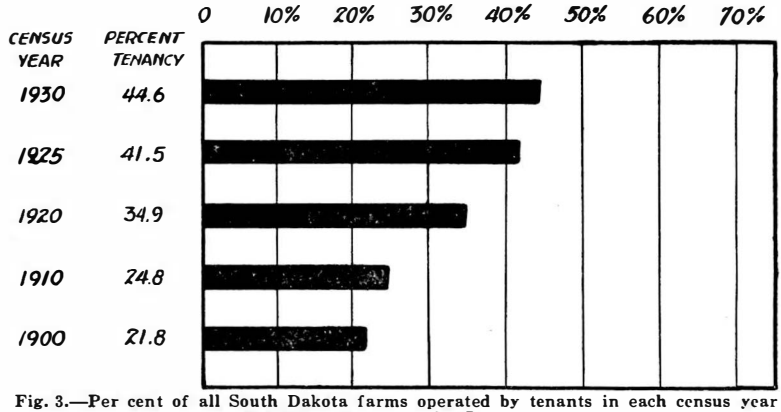

Fig. 3.—Per cent of all South Dakota farms operated by tenants in each census year 1900-1930. Data from U. S. census.

Percentage of tenancy.—Figure 3 shows the per cent of all South Dakota farms which were operated by tenants in each census period 1900-1930. It is evident that the percentage of tenant-operated farms has increased in each period since 1900. The increase in the per cent of tenancy which occurred between 1910 and 1920 about equalled the increase in the decade between 1920 and 1930. It is likely however, that the forces causing increases in tenancy were quite different during the two decades. In general, the period betwen 1910 and 1920 was one of rising farm prices, rising land values and rapid agricultural development in the state. It is probable that land values rose so rapidly in expectancy of still greater farm incomes that farm tenants did not find it possible to become owners at the same rate as in earlier years. During this period also some of the land which was homesteaded in the previous decade

either passed out of its original ownership or was rented by adjoining farmers, thus reducing the number of tracts formerly classed as owner-operated farms.

The decade between 1920 and 1930 however, experienced declining prices for farm products, rapidly declining land values and much forced liquidation of farm indebtedness. The evidence at hand seems to justify the conclusion that one of the major reasons for increased tenancy during this period has been the forced liquidation of owner-operator farmers who subsequently have become tenant farmers as their next best alternative. It is also likely that the movement of young tenant farmers into the owner-operator class has been considerably retarded during this period.

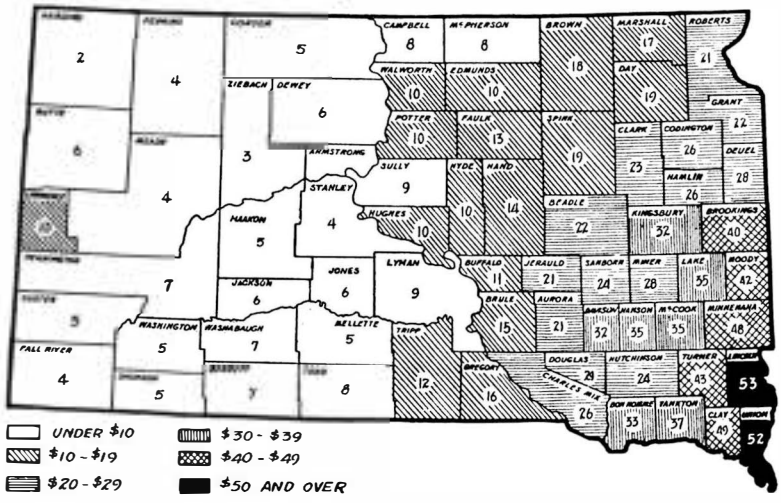

Fig. 4.—Average mortgage debt per acre on the farms operated by full owners which reported mortgage indebtedness as of April 1, 1930. Data from U. S. census.

Mortgage debt per acre and ratio of debt to value.—Figure 4 shows by counties the average amount of mortgage debt per acre on the mortgaged farms operated by full owners on April 1, 1930. In general the mortgage debt per acre is highest in the southeastern counties and decreases as one goes north and west from the southeast corner of the state. Lincoln and Union counties report the highest mortgage debt with averages of over $50 per acre. The lowest debt per acre is in Harding county with an average of $2. The average mortgage debt per acre for the state is $18.

Considerable variation in mortgage debt per acre between the different counties is to be expected because of differences in all of the factors which determine the economic productivity of the land in the different parts of the state. If average land values per acre can be taken as rough measures of the differences in land productivity it is possible to get a

relative measure of the debt burden in each county. Figure 5 illustrates an attempt to arrive at such a measure. It shows the ratio of the mortgage debt to the farmers' estimate of the value of land and buildings. In counties with a high ratio of debt to value the debt burden presumably is high in relation to the earning power of the land. This assumes, of course, that the land values reported reflect the differences between counties in earning power of the land. Only four counties west of the Missouri river report ratios of debt to value above 40 per cent, and six counties out of the 24 on which reports are available show ratios of less than 30 per cent. Such low ratios compared with the counties east of the Missouri river may be due in part to lack of adequate knowledge of the productivity of this section and therefore a hesitancy on the part of lending agencies to extend loans which represent as large a portion of the appraised value as they have done in the counties east of the river. The high rate of foreclosures in the area west of the Missouri river indicates however, that the debt burden has been fully as difficult to carry as in the area east of the river.

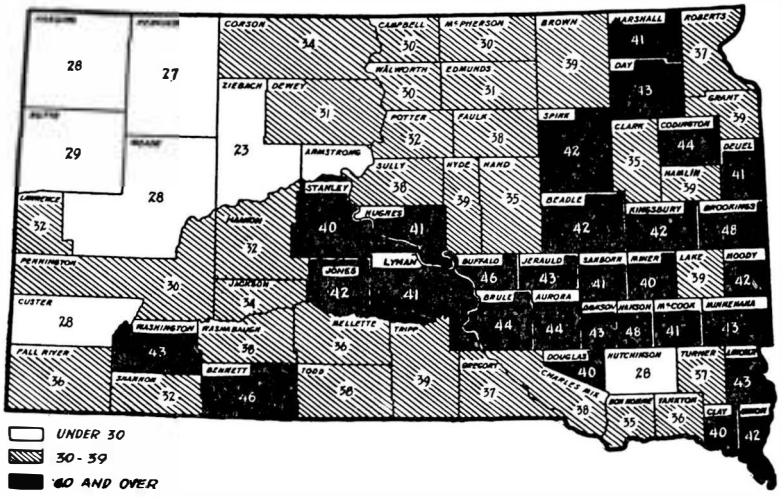

Fig. 5.—The ratio of mortgage debt to value on the full owner farms which reported mortgage indebtedness as of April 1, 1930. Data from U. S. census.

Nearly half of the counties east of the Missouri river show a ratio of debt to value of over 40 per cent. The average ratio for the state is 39 per cent. With the very material decline in land values since 1930 this ratio has undoubtedly risen to a higher level at the the present time. A factor offsetting this tendency, however, would be the large number of foreclosures the past two years. Foreclosures are likely to be most frequent on loans representing a high debt in relation to value.

Rate of interest on mortgage debt.—Figures 6a and 6b show the average rate of interest paid on mortgage indebtedness for the years 1919 and 1929. The questions asked regarding the rate of interest paid on mort-

gages are not strictly comparable for the two census periods because in 1930 the questions included commissions, bonuses and premiums on loans as well as the rate of interest stated on the mortgage. This to some extent may have tended to increase the rate in 1930 over the reported figure for 1920.

With only a few exceptions for both periods, the rate of interest increases from southeast to the north and west across the state. The 1930 reports for some reason show higher interest rates in the three southeastern counties of Union, Clay and Yankton than for the counties immediately to the north and west of them. Although this showing may be somewhat accidental it is possible that some lending agencies charging somewhat higher rates have concentrated in this territory, perhaps making more liberal loans as an offsetting factor. It is possible that farms in this territory have a high percentage of junior mortgages which are usually written at higher interest rates.

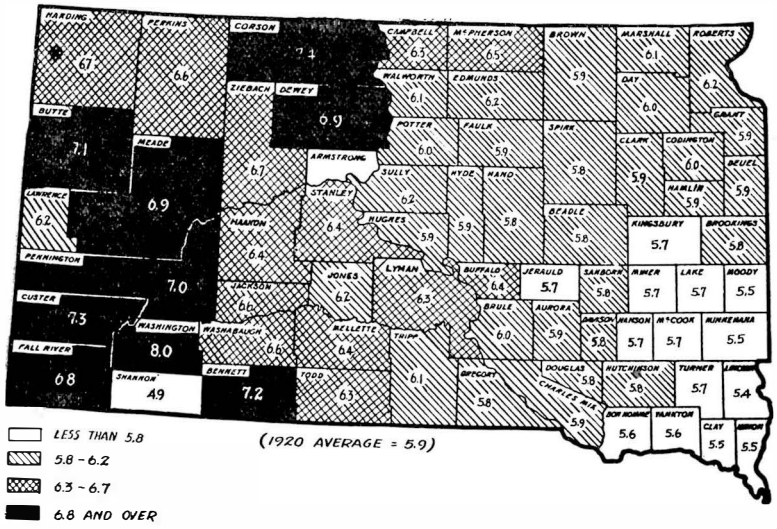

Fig. 6a.—Average rate of interest on mortgage debt as reported by counties in the U. S. census of 1920. The average rate for the state was 5.9 per cent.

While the average rate of interest for the state of 5.9 per cent was the same for both periods, the average rate for some of the counties west of the Missouri river has been reduced considerably. In 1919 eight of the counties (all west of the Missouri river) reported average interest rates of over 6.8 per cent whereas in 1929 only one county in the state (Buffalo) reported a rate of over 6.8 per cent. With the average rate the same for the state as a whole, it is apparent that some increases in the rate of interest must have occurred in the counties east of the Missouri river. A comparison of Figures 6a and 6b will show that such increases have occurred especially in the first two tiers of counties east of the Missouri river.

While any attempt at an explanation of this situation is largely speculative, it is probable that the large number of Rural Credit loans made in the territory west of the Missouri river from 1919 to 1925 at rates of interest lower than the then prevailing rate helped to reduce the average rate for that territory. Loans from the state school fund and from the Federal Land Bank were also made in this territory. It is much more difficult to find a reason why such loans did not also reduce the average rates for the counties immediately east of the Missouri river. One probable explanation would be that the rates in these counties were much lower to begin with than in the counties west of the Missouri river. This statement however, does not explain at all the increase in the rate in these counties during the ten-year period. It is possible that an increase

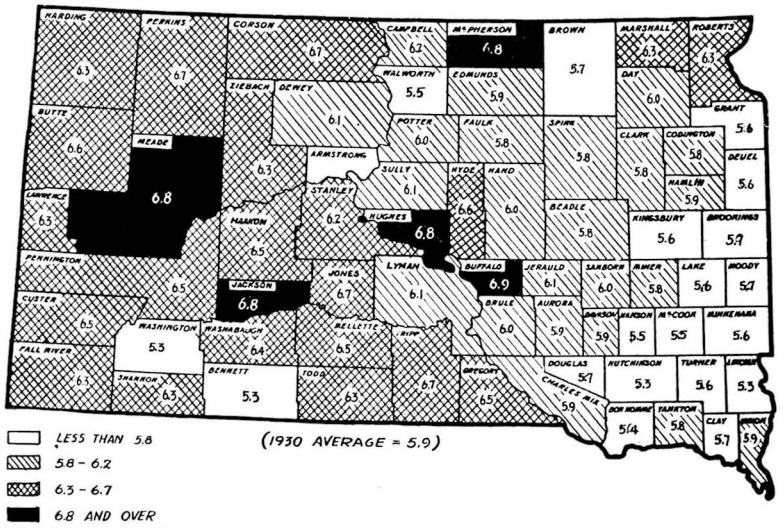

Fig. 6b.—Average rate of interest on mortgage debt as reported by counties in the U. S. census of 1930. The average rate for the state was 5.9 per cent, the same as in 1920.

in junior mortgages drawn at higher rates partly accounts for this. There may also have occurred a gradual withdrawal from these counties of the lending agency charging lower rates but lending only on what is considered as low risk land.

Summary of the situation in 1930—Table I gives a summary of the tenure status of South Dakota farms as of April 1, 1930. As previously noted 44.6 per cent of the total number of farms are operated by tenants who do not own any of the land they operate. Such tenant farms however, constitute only 35.7 per cent of the total acreage of land in farms. Full owner farms constitute 26.9 per cent of the total number but only 17.9 per cent of the total acreage. Part owner farms, that is, farms operated by owners who rent additional land, make up only 27.9 per cent of the total number of farms but constitute 43.8 per cent of the total acreage.

Farms operated by hired managers constitute only 0.6 per cent of the total number and 2.6 per cent of the total acreage.

If the full owner and part owner groups are added they constitute 54.8 per cent of the total number of farms and 61.7 per cent of the total land in farms. Of this combined owner group, or a total of 45,609 farms, 33.8 per cent, or 15,394, were reported free from mortgage debt in 1930. While no specific figures are given in the census reports, it is likely that about 17 per cent of the total land in farms was operated by owners who had no mortgage debt.

TABLE I.—Tenure status of South Dakota farms in 1930

Tenure status	Number of farms	Per cent of total	Acreage of farm land	Per cent of total
All farms	83,157	100.0	36,470,083	100.0
Full owner	22,372	26.9	6,513,167	17.9
Part owner*	23,237	27.9	15,960,478	43.8
Manager†	454	0.6	961,501	2.6
Tenant	37,094	44.6	13,034,937	35.7

* By part owner farms is meant farms where the operator owns a part of the land but rents other land in addition to what he owns.

† By manager farms is meant farms operated by a hired manager.

TABLE II.—Mortgage status of South Dakota farms in 1930 according to United States census

Mortgage status	Number of farms	Per cent of total
All farms	83,157	100.0
Tenant farms (no mortgage report)	37,094	44.6
Manager farms (no mortgage report)	454	0.6
Owner farms reporting no mortgage*	15 394	18.5
Owner farms mortgaged*	27,287	32.8
Owner farms not reporting on mortgage debt*	2,928	3.5

* Including both full owner and part owner farms.

Table II shows that 44.6 per cent of the farms are operated by tenants who do not own any of the land they operate. Although this land may be mortgaged the tenant operator is not directly affected. Of the owner group 32.8 per cent reported mortgage debt, 18.5 per cent reported that they had no mortgage debt and 3.5 per cent made no statement regarding mortgage debt. In 1930 then, 18.5 per cent of all the farmers in South Dakota owned the land they operated and were free of mortgage debt, 44.6 per cent of the farmers had no mortgage debt because they rented their land, and 32.8 per cent of all the farmers reported mortgage indebtedness on land that they owned.

Because of low incomes and the large number of foreclosures in the last two years, it is likely that these percentages are somewhat different at the present time. There is now perhaps a larger percentage of tenants than in 1930, and possibly a smaller percentage of the owner-operators are free from mortgage debt.

From the standpoint of analyzing the ability of farmers to stay in the business under conditions of agricultural depression it should be remembered that all the mortgaged farms do not carry the same debt burden. Some farms undoubtedly are mortgaged for only a small amount in

comparison to their value, whereas the opposite is true in other instances. Such variations in debt burden have considerable significance when the working out of a program to survive the depression is attempted. In the discussion which follows it is well to bear in mind however, that when we speak of the farm mortgage problem it does not directly concern all farmers in South Dakota. Nearly half the farms are operated by tenants, and about 40 per cent of the owner-operated farms are free of mortgage debt or have only relatively low mortgage indebtedness. This the mortgage problem at the present time affects more directly about one-third of the farmers in South Dakota. However, the conditions which have made the mortgage situation acute are not confined to the mortgaged farms. All farmers, regardless of their tenure and mortgage status, have suffered from the low incomes which have brought about the large number of mortgage deliquencies and farm foreclosures to be discussed later in this report.

Farm Prices, Farm Income, Land Values, and their Relation to Debt Burdens and to Forced Sales

Farm prices and farm income—Every one is aware that the present distress in the field of farm mortgage credit in South Dakota is the result of more than a decade of low prices of farm products. By low prices of farm products is meant a level of prices received for products sold by farmers below that of prices paid for the goods bought by farmers as compared with the years just previous to the World war; and a level of farm product prices much below that prevailing when the present fixed charges of taxes and interest on indebtedness were incurred.

Figure 7 shows the index of prices received by South Dakota farmers for the products sold beginning with 1915 as a percentage of the average prices received in the period 1910-1914. The chart also shows an index of prices of goods bought by farmers of the United States for living and production as a percentage of the same period.[1] The lower line on the chart is a ratio between these two indexes or what is often termed "the purchasing power" of South Dakota farm products. It will be noted that except for the "war years", including 1919, this ratio or "purchasing power" has been below 100 per cent (that is, below the ratio which prevailed in the years 1910-14) for every year. Although final figures for 1932 are not yet available the indications are that the average will be about 48 per cent, or less than half of the pre-war exchange relationship.

With such a discrepancy between prices of commodities sold and goods bought for farm operating expenses and for family living, it is no wonder that farmers have found it difficult to pay fixed charges in the way of mortgage interest. A large part of the mortgage indebtedness has been carried over from the war expansion period when the level of farm prices was more than three times as high as it is at the present time. Some indebtedness has also been incurred because of failure to meet operating expenses and family living in the post-war years. Such indebtedness still further aggravates the problem of balancing income and outgo.

1. Index as computed by the Bureau of Agricultural Economics. This index does not include taxes, interest payments, or hired labor.

Table III brings out the increased burden of indebtedness which results from falling prices. The second column gives the index of prices of South Dakota farm products with the year 1920 as a base, or 100 per cent. The three succeeding columns show for the year 1920 the actual mortgage debt per acre for three typical townships in each county as taken from the courthouse records in Brookings, Hyde and Haakon counties. The actual mortgage debt in 1920 is then divided by the farm

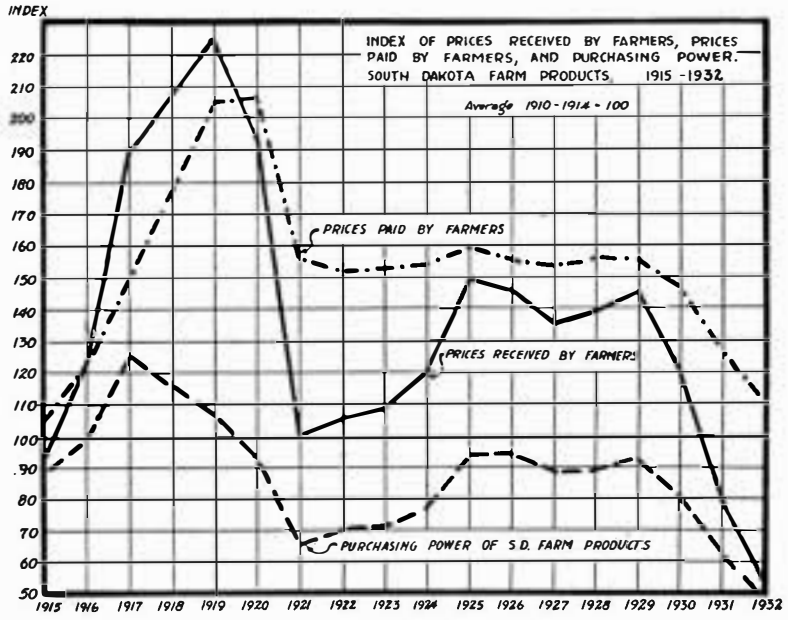

Fig. 7.—Index numbers of prices received by farmers in South Dakota, as computed by Professor R. E. Post of the Department of Agricultural Economics at South Dakota State college; index numbers of prices paid by farmers for goods used in living and production, as computed by the Bureau of Agricultural Economics; and the ratio between these two index numbers, or what is popularly known as the "purchasing power" of farm products; for the years 1915-1932.

price index for each year to show the fluctuation of the mortgage debt in terms of prices of farm commodities for each of the succeeding years. This table brings out the fact that whenever prices of farm commodities decline it virtually means that a mortgage given for a fixed number of dollars has actually increased in the same proportion as the amount of decline in the prices of the commodities which are sold to pay it. With farm prices now less than one-third as high as they were in 1920 the burden of a mortgage debt of the same amount as in 1920 is over three times as great as it was at that time. If a farm was mortgaged close to the limit of its debt-paying power on the basis of the 1920 price level it has of course become impossible to meet the obligations with continuously lower prices since that time.

TABLE III.—Table showing fluctuations in real debt per acre in terms of 1920 farm commodity values of the mortgage per acre reported in 1920 for Brookings, Hyde and Haakon counties, South Dakota

Year	South Dakota farm price index 1920 = 100%	Real debt per acre for each year in terms of 1920 farm commodity values of mortgage per acre as reported in 1920*		
		Brookings	Hyde	Haakon
1920	100.0	$ 59.64	$15.24	$ 9.49
1921	52.0	114.69	29.31	18.25
1922	55.2	108.04	27.61	17.19
1923	56.5	105.55	26.97	16.80
1924	62.8	94.96	24.27	15.11
1925	77.6	76.85	19.64	12.23
1926	76.4	78.06	19.95	12.42
1927	71.5	83.41	21.31	13.27
1928	72.4	82.37	21.05	13.11
1929	74.7	79.83	20.40	12.70
1930	61.9	96.34	24.62	15.33
1931	42.2	141.32	36.11	22.49
1932	28.1	212.24	54.23	33.77

* Actual mortgage debt per acre in 1920 as shown in South Dakota Experiment Station circulars 4 and 5 and Agricultural Economics circular No. 15, studies by Professor Gabriel Lundy, Department of Agricultural Economics. South Dakota farm price index computed by Professor R. E. Post, Department of Agricultural Economics, South Dakota State College, converted to base of 1920 equals 100%. The debt per acre in 1920 is divided by index of farm prices for each year to show increase in real debt burden resulting from declining prices.

Land values.—The customary basis for extending mortgage credit is a certain percentage — usually somewhat less than 50 per cent — of the appraised value of the land. The assumption involved from the creditor's standpoint is that with a loan of only 50 per cent of the value of the land the mortgage is adequately secured and even in case of default on interest or principal the farm can be taken over on foreclosure and sold for more than the amount of the mortgage and the foreclosure costs.

This assumption is no doubt valid in a period of more stable farm incomes than have been experienced in the war and post-war years. Land values however, are based upon expected land incomes and the expectancy is formulated quite largely in terms of current conditions. Hence in a low income period the land values previously used as a basis for loans may be altogether too high and what was thought to be a 50 per cent margin may have been reduced to 10 per cent or have disappeared entirely.

Figure 8 and Table IV give the index of the estimated value of land per acre in South Dakota when the years 1912-14 are taken as a base, or 100 per cent. It should be noted that these figures are averages for the state, and that during the period shown, much land has been in the process of development and that therefore the natural land value trend would be upward.

The year 1927 is the first one in the post-war period in which the index falls below the pre-war base. Each year since that time has shown a decline below the previous year. The index fell most rapidly between 1931 and 1932 however, when it dropped 16 points, or a decline of nearly 20 per cent in one year.

According to this index a loan amounting to 50 per cent of the current value of the land made in any year between 1918 and 1923 would

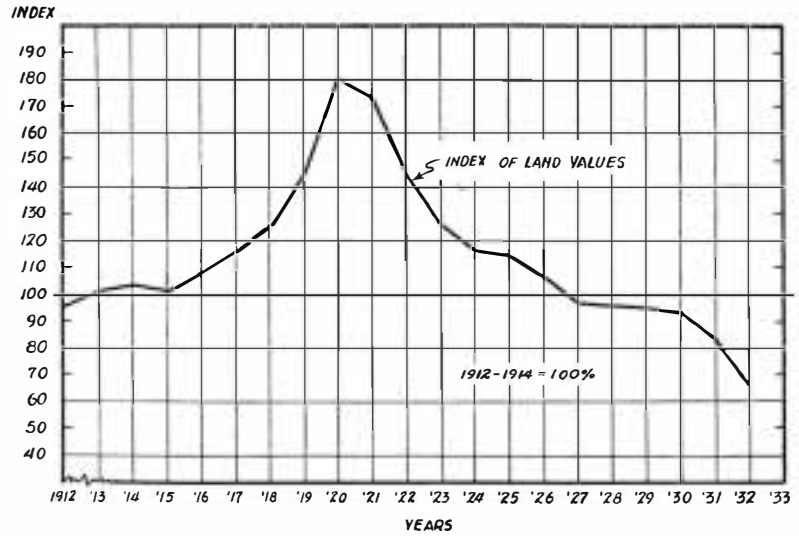

Fig. 8.—Index of estimated value per acre of farm land in South Dakota 1912-1932, year beginning March 1st.

now equal or exceed the present value of the land. In such a case the owner-operator's equity has disappeared and the creditor's investment has no margin of security.

TABLE IV.—Index number of estimated value per acre of farm land in South Dakota* (1912-14 = 100%)

Year	Index	Year	Index
1912	96	1922	146
1913	101	1923	126
1914	103	1924	117
1915	101	1925	115
1916	108	1926	107
1917	116	1927	97
1918	126	1928	96
1919	145	1929	95
1920	181	1930	93
1921	173	1931	83
		1932	67

* U.S.D.A. Circular No 261, page 7.

Voluntary and forced sales of land. —Table V gives the estimated number of farms per 1,000 in South Dakota changing hands by voluntary and by forced transfers for each year beginning with 1926. A period of agricultural distress naturally slows down the activity in voluntary sales whereas the number of forced transfers would be increased under such conditions. The last column in Table V, showing the ratio of forced to voluntary land transfers, indicates that the bulk of the land changing hands in recent years has been sold for taxes, or has passed into the hands of former mortgage holders who in a sense are "unwilling owners" of farm land. Nevertheless they are not able to dispose of their holdings

because of the weak demand for land by people in a position to purchase. Many of the larger holders also hesitate to place their land on the market for what it will bring, fearing a further slump in land values; and as a consequence, the surrender of even more mortgaged land by owner operators. This situation in the land market means that farm real estate cannot be moved in any appreciable volume, and that at the present time it is in the class of "frozen assets."

TABLE V.—Number of farms per 1,000 changing ownership by voluntary and by forced transfers and ratio of forced to voluntary transfers 1926-1932*

Year ending March 15th	Voluntary transfers (per 1,000 farms)	Forced transfers (per 1,000 farms)	Ratio of forced to voluntary transfers (per cent)
1926	16.7	66.1	395.8
1927	20.8	66.1	317.7
1928	26.9	57.9	215.2
1929	21.1	35.0	165.8
1930	21.1	35.0	165.8
1931	18.1	43.4	239.7
1932	9.8	67.3	686.8

* Data from U.S.D.A. Circular No. 209, pages 45 and 46 and Circular No. 261, pages 37 and 38. Ratio computed by dividing forced transfers by voluntary transfers for each year. Voluntary sales include trades but do not include inheritance or gift transfers. Forced sales include tax delinquency sales, mortgage foreclosures, bankruptcies, etc.

Volume of Foreclosures on Farm Land

Total volume of foreclosures in the post-war period.—The previous section, which compared voluntary and forced transfers of farm land, indicated the large volume of forced sales in recent years. Direct evidence of the increased volume of one type of forced transfer—the farm mortgage foreclosure—may be had from county courthouse records of farm foreclosures instituted.

To obtain information on farm foreclosures a questionnaire was sent to the county register of deeds in each of the 64 organized counties in the state. While replies were received from a large number of counties in response to the first inquiry, quite a few counties were missing and to these counties a second, and even third request was sent out. In a few instances where a member of the department was visiting the county on other business the information was secured directly. In some counties the information was obtained by the county extension agent.

As a result of these attempts to secure information on farm foreclosures by years for the period 1921-1931, figures were obtained on the number of foreclosures instituted from 58 counties, and on the acreage involved in foreclosure from 44 counties. As a basis for comparison with the pre-war and war periods, the same information was obtained for the years 1913 and 1918.

A summary of the information on farm foreclosures instituted in the years 1921-31 shows very clearly the financial distress in South Dakota agriculture during this period. A farm is not only a business but a home for the farm family, and ordinarily, farmers will bend every effort to save the farm home from foreclosure. Recognizing this situation, it is indeed disturbing to find such a large volume of farm foreclosures during the 11 year period covered by this study.

Table VI gives the total number and acreage of farm foreclosures by years for the 44 counties from which complete information is available. From these figures indexes are computed (as shown in the last four columns of the table) both for the number of foreclosures and for the acreage involved in foreclosure. One set of indexes is computed on the basis of the average number and acreage of foreclosures in the years 1921-31. Such an index shows, on the basis of the average for this period, the years of relatively high and low volume of foreclosures. The indexes of number and acreage of farm foreclosures using 1913 as a base compare the foreclosures in each year with the volume in 1913.

TABLE VI.—Number, acreage and indexes of farm foreclosures in 44 counties; 1913, 1918 and 1921-1931

Year	Number of foreclosures instituted	Acreage involved in foreclusure	Indexes of number of foreclosures instituted		Indexes of acreage involved in foreclosure	
			Average for 1921-31 = 100%	1913 = 100%	Average for 1921-31 = 100%	1913 = 100%
1913	346	67,065	21	100	20	100
1918	272	48,646	17	79	14	73
1921	740	152,301	46	214	45	227
1922	1,484	306,518	92	429	91	457
1923	1,998	436,324	124	577	130	651
1924	2,211	453,967	137	639	135	677
1925	2,000	425,606	124	578	126	635
1926	1,723	357,593	107	498	106	533
1927	1,793	375,522	111	518	112	560
1928	1,460	281,551	91	422	84	420
1929	1,149	230,148	71	332	68	343
1930	1,123	231,505	70	325	69	345
1931	2,034	450,469	126	588	134	672
Total 1921-31	17,715	3,701,504				

Table VII gives information on number of foreclosures by years for the 58 counties from which this information was available. This table includes the 44 counties of Table VI as well as the number of foreclosures from 14 counties for which complete information on acreage involved in foreclosures was not available.

Figure 9 is a graph showing: the index of number of foreclosures, and the index of acreage involved in foreclosure, in 44 counties as given in Table VI; and the index of number of foreclosures from Table VII. These indexes have as their base, or 100 per cent, the average foreclosures for the period 1921-31. Thus years of high and low volumes of foreclosure can be easily distinguished.

The years 1922-25 had a large volume of foreclosure—perhaps very largely as the result of the post-war liquidation of 1920-21. A temporary increase in volume of foreclosures occurred in 1927, following the very poor crop year of 1926. From 1927 to 1930 the volume of foreclosures decreased, but in 1931 there was a large increase, and although complete

TABLE VII.—Number and indexes of farm foreclosures in 58 counties; 1913, 1918 and 1921-1931

Year	Number of foreclosures instituted	Indexes of number foreclosures instituted	
		Average for 1921-31 = 100%	1913 = 100%
1913	641	27	100
1918	437	18	68
1921	1,120	47	175
1922	2,202	92	344
1923	3,023	127	472
1924	3,417	143	533
1925	3,038	127	474
1926	2,502	105	390
1927	2,632	110	411
1928	2,153	90	336
1929	1,630	68	254
1930	1,628	68	254
1931	2,948	123	460
Total 1921-31	26,293		

figures are not available there is much evidence to indicate that this increase was continued in 1932.[2]

It should be noted in passing that there are only slight differences in the three indexes plotted in Figure 9. This indicates that the figures on which they are based are very stable and that the direction of change shown can confidently be taken as portraying the situation for the whole

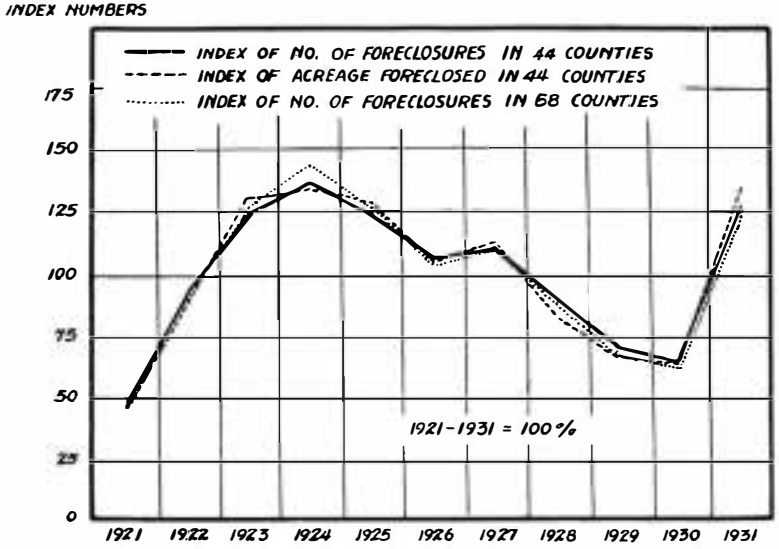

Fig. 9.—Index numbers of farm foreclosures 1921-1931. The average for years 1921-1931 equals 100 per cent.

2. A check on a few counties indicates a large increase in foreclosures in 1932 as compared with 1931.

state. In fact, the index of number of foreclosures in 58 counties includes all except 6 of the organized counties in the state.

Figure 10 is shown in order to give a comparison of the foreclosure situation in the post-war period with that of the pre-war year 1913. The three indexes (taken from Tables VI and VII) show the tremendous increase in volume of foreclosures during the years 1921-31 as compared with the pre-war year 1913.

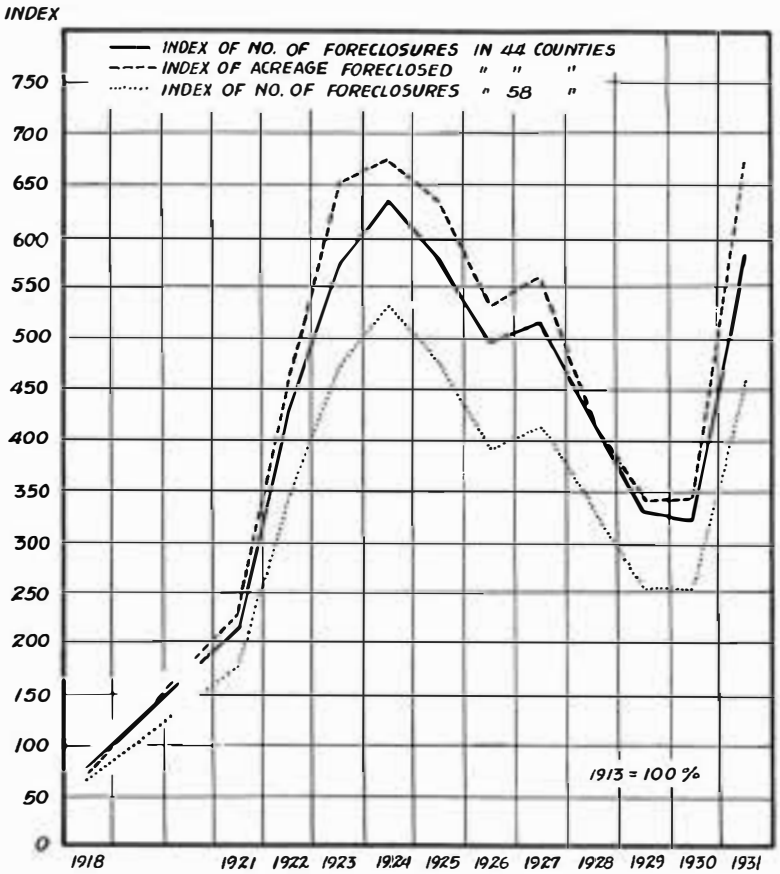

Fig. 10.—Index numbers of farm foreclosures 1921-1931. The year 1913 equals 100 per cent.

Table VIII gives a summary of the farm foreclosure situation for the state. The figures in the first column are for the 44 counties from which complete information was available for the years 1921-31. The figures in the second column are for all the counties in the state. Estimates have been made for some counties as explained in the footnote

to the table. It is believed that all estimates are on a conservative basis. Enough information was available so that the figures in the last column of Table VIII should be fairly reliable.

According to Table VIII, 30,700 farm foreclosures were instituted in South Dakota in the period 1921-31. It should be noted that not all of these foreclosures represent entire farms. The average size of tract foreclosed upon was 223 acres, whereas the average size of farm in the state at the time of the 1930 United States census was 439 acres. It is evident therefore that foreclosures were often instituted on tracts which constituted only a part of a farm unit. In a number of instances also, the same tract was involved in more than one foreclosure proceeding. Hence it should not be understood that 30,700 farms were involved in foreclosures during this period. However, if only half of this number of farms were involved in foreclosure it would still mean that about 18 per cent of the total number in the state had been foreclosed upon during this period.

TABLE VIII.—Summary of farm foreclosure information for years 1921-1931 from complete information for 44 counties and as estimated from partially complete information for remaining counties

	In 44 counties (complete information)	All counties (partly estimated*)
Number of foreclosures instituted, 1921-1931	17,715	30,700
Acreage involved in foreclosure, 1921-1931	3,701,504	6,841,000
Total acreage assessed in 1931†	23,154,374	37,709,475
Ratio of foreclosed acreage 1921-1931 to acreage assessed in 1931	16%	18%

* Estimates of acreage foreclosed for the 14 counties from which numbers of foreclosures were available were made on the basis of number of foreclosures, and the relationship of the average size of tract foreclosed in surrounding counties as compared with the average size of farm for these counties as reported by the United States census of 1930. In some other counties information on number of foreclosures was available for a part of the period. Where no information was available, estimates were made on the basis of foreclosures in surrounding counties as compared with the number of farms and the average size of farms as reported by the United States census of 1930. Where estimates have been made they perhaps under-state rather than exaggerate the situation.

† The figures given for assessed acreage include Rural Credit lands and agricultural lands within corporate limits. Figures are taken from the 1930-1931 report of the Division of Taxation.

The total acreage involved in foreclosure from 1921-1931 was estimated at 6,841,000 acres or 18 per cent as large an acreage as the total acreage assessed in the state in 1931. Here again it is possible that some tracts figured in more than one foreclosure proceeding during the period, and that hence the actual area involved in foreclosure was somewhat smaller than 18 per cent. However, even after allowing for duplication of area because of two or more foreclosures on the same tract, the total acreage foreclosed upon is large enough to involve perhaps 15 per cent of the farm area.

Foreclosures by farming areas—The above discussion has dealt with figures on farm foreclosures for the entire state. Since both natural and economic conditions differ considerably in different parts of the state one would expect that the volume of foreclosures also would differ.

That this is actually the case is indicated in Figure 11 where the ratio of total acreage involved in foreclosure from 1921-1931 to the total acreage assessed in 1931 is shown for each county in the state.

In general the southeastern counties have had a relatively small proportion of their total farm area involved in foreclosure. The northeastern part of the state has had more foreclosures in proportion to area than the north central section lying immediately east of the Missouri river. The area west of the Missouri river, with the exception of the Black Hills counties, has had a relatively large percentage of its farm area involved in foreclosure.

In a previous study published by the Agricultural Economics department of this experiment station[3] an attempt was made to segregate different types of farming areas in the state. Following in a general way

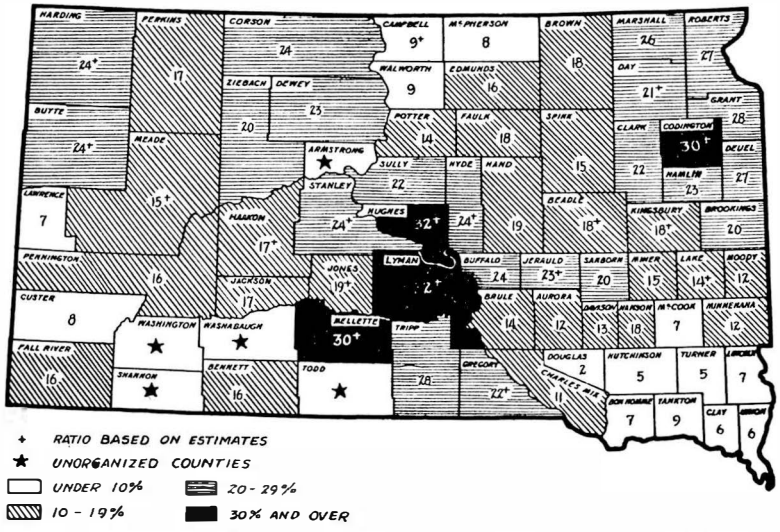

Fig. 11.—Map showing by counties the ratio or per cent of the total acreage involved in foreclosure during years 1921-1931 to the total acreage assessed in 1931.

the area boundaries outlined in that study, indexes of the number of farm foreclosures by years were computed for different areas of the state. These indexes are shown in Figure 12 within the boundaries of each area. They are computed with the average number of foreclosures per year from 1921-1931 in each area as a base period or 100 per cent.

A comparison of the trend of foreclosures in the different areas shown in Figure 12 brings out the fact that in the areas west of the Missouri river the largest volume of foreclosures during the whole period came in the years 1922-1926. The number of foreclosures then subsided somewhat, and while there was a considerable increase again in 1931, the volume of foreclosures in the latter year was not as great as in the previous period.

3. Rogers, R. H. and Elliott, F. F.; Types of Farming in South Dakota, South Dakota Experiment Station Bulletin No. 238. The areas outlined in this bulletin cut across county lines which was not possible in the present study. Some of the areas west of the Missouri river have been combined in Figure 12.

In Areas IV and VI east of the Missouri river the trend in number of foreclosures is somewhat similar to the west river areas. In Area VII the high point of foreclosures came in 1927 following the dry year of 1926. In Areas I, III and V the peak of foreclosures for this period came in 1931. It is probable that in these areas at least, the foreclosures in 1932 exceeded the number in 1931. In Area II the number of foreclosures

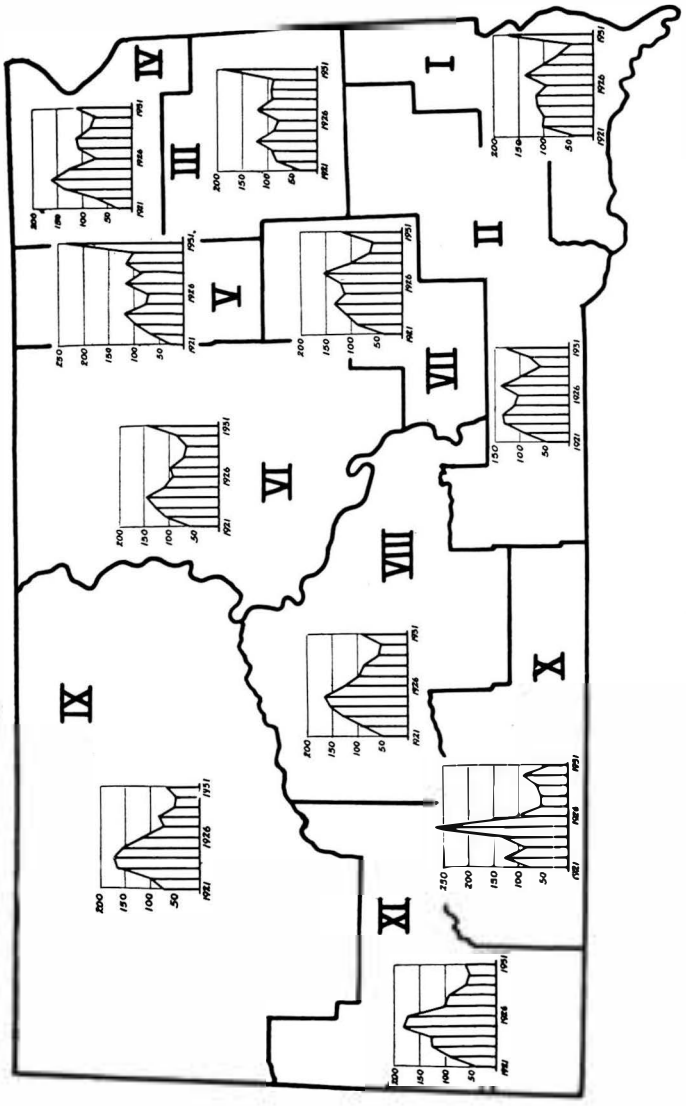

Fig. 12.—Index numbers of the number of farm foreclosures in different types of farming areas. The average number per year in each area 1921-1931 equals 100 per cent.

in 1931 was not as high as in 1932, 1924 and 1927. In all the areas of the state the number of foreclosures had been decreasing from 1928 to 1930, and in all areas except No. X,[4] the foreclosure curve turned upward sharply in 1931. Areas I, III and V showed the most marked increases for 1931.

The indexes in Figure 12 seem to indicate that the impact of the 1920-21 deflation did not cause as great a volume of foreclosures in Areas I and III as in the other sections of the state. It is possible that since this is the older settled section, the reserves were sufficient to carry over this first deflation period. Somewhat the same situation seems to have existed in Area V.

In all three areas west of the Missouri river the deflation of 1920-21 brought forth the largest volume of foreclosures during the period. It is reasonable to expect that in this newer area, not only the farmers, but also the agencies supplying credit to farmers, had less reserves to carry them over emergency situations. It seems to be quite a general experience that in a period of credit stringency loans are first withdrawn from the newer and supposedly higher risk areas. It is also probable that the products produced in the western part of the state were more affected by the 1920-21 price deflation than some of the products which are a part of the more diversified income of farmers in the eastern and southeastern part of the state.[5]

Situation in 1921-31 compared with earlier depression periods.—The large volume of foreclosures in the post-war period raises a question as to whether the same situation has prevailed in earlier depression periods. In order that some evidence might be available on this question, the foreclosure records in Brookings county were studied over a period of 52 years beginning in 1881.[6] Information was obtained on the number and the acreage of farm foreclosures instituted, of foreclosure redemptions, and of completed foreclosures. The information on foreclosures instituted as well as the total acreage of agricultural land assessed each year, is given in detail on page 62, Table II of the appendix to this circular.

From the figures obtained as explained above, a ratio of acreage on which foreclosure was instituted to the total assessed acreage was computed for each year of the 52 year period. This ratio is shown graphically in Figure 13. In order to facilitate reading, the figures are given as acres of foreclosures instituted per 1,000 acres of assessed land in the county. It will be noted that such a ratio enables one to compare the situation in the earlier years with the more recent period when there has been a larger acreage of assessed land in the county than in the earlier period.

This graph reveals that between 1882 and 1896 there was a period in which a very large volume of foreclosures was instituted. While there were not as many foreclosures in relation to assessed land as in the 1921-1932 period it was undoubtedly a period of great financial distress. When it is considered that Brookings county was in the process of settlement during this earlier period; and that agriculture was not nearly as commercialized as it is today; and also that, because of the newness of the coun-

4. Bennett county is the only organized county in this area. The figures therefore represent only one county and perhaps do not show the same stability as the indexes for the other areas.

5. Table I in the appendix gives figures on foreclosures for each county from which complete information was obtained.

6. This material was compiled in cooperation with the Department of Rural Sociology.

try, credit perhaps had not been so readily available, it is rather surprising to find such a large volume of farm foreclosures. Perhaps, considering the situation at that time, the liquidation was nearly as severe as it has been in the post-war period.

The year 1932 however, had by far the highest volume of foreclosures in proportion to assessed acreage of any year in the 52 year period. About 4.5 per cent of the total assessed acreage was foreclosed upon in this one

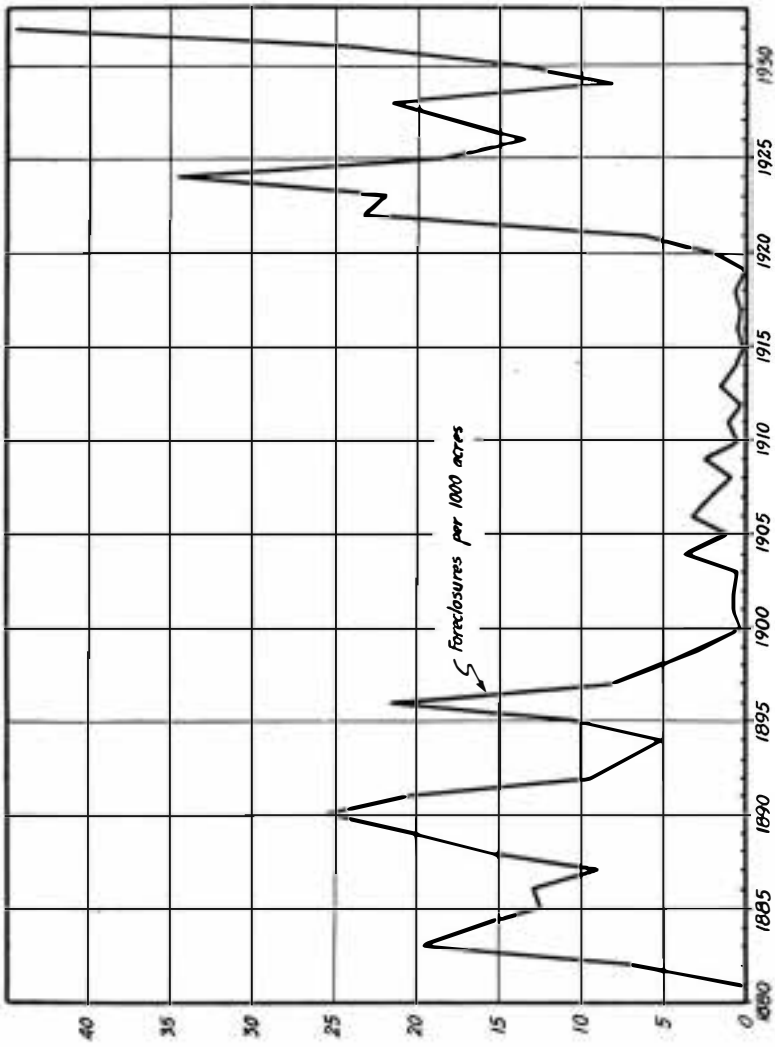

Fig. 13.—The number of acres on which foreclosure was instituted for each 1,000 acres of assessed land in Brookings county, by years 1881-1932.

year. The year 1924 showed the next largest volume of foreclosures, with about 3.5 per cent of the assessed land foreclosed upon. During the 12 year period 1921-1932 about 24.5 per cent as much land as the total assessed area in 1931 was involved in foreclosure. If we take a period of similar length in the early depression years we find that in the years 1885-1896 there was about 14.6 per cent as much acreage involved in foreclosure as was assessed in 1895. The assessed acreage had been steadily increasing during this period however, so that if the comparison were made with the assessed acreage at the beginning of the period the acreage involved in foreclosure amounted to 23.7 per cent as much as the total area assessed in 1885.

Between these two periods of financial distress is an interval of over twenty years with very few farm foreclosures. The years from 1900 to the beginning of the World war have been recognized as years of genuine agricultural prosperity for this section of the country.

From the evidence available in this section it appears that the volume of foreclosures is ordinarily a fairly reliable index of agricultural distress. The effects, however, are likely to show up in increased farm foreclosures for some time after the greatest stress and strain has passed. This is apparent following the 1920-1921 deflation, and also in the high volume of foreclosures which continued in the late nineties following the depression of 1893-1897.

Part II. Mortgage Experience of Different Lending Agencies

In this section an attempt will be made to bring together the available information on the mortgage experience of some of the agencies which have loaned money in South Dakota. It will not be possible to cover the experience of all agencies because adequate information is not available. Outside the eastern part of the state a considerable percentage of the farm mortgage funds has been furnished by individual lenders and very little information is available on their experiences. Figures on the mortgage experience of commercial banks and of mortgage companies are not readily available, and it has not been feasible to collect special information from those agencies to be included in this study.

Because of differences in records and in methods of reporting it is not possible to secure strictly comparable figures for the different lending agencies. An attempt will be made, however, to give such information for each agency as will indicate how it has fared in the last few years.

The Federal Land Bank

Volume of loans closed.—The Federal Farm Loan Act of 1916 provided for a dual system of farm mortgage banks—the Federal Land banks (one to be established by the Federal government in each of 12 districts) and Joint Stock Land banks, to be established by private enterprise, but supervised by the Federal Farm Loan Board. The latter type of banks will be discussed in the next section. South Dakota was placed in the 8th Federal Land Bank district and therefore affiliated with the Federal Land Bank of Omaha.

The first Federal Land Bank loans were made in South Dakota in 1917. Table IX shows the number and amount of loans placed each year in South Dakota which were submitted to the Federal Farm Loan Board for approval as collateral for bonds. Up to December 31, 1931 there had been 291 more loans actually closed than are shown in this table. This discrepancy arises because there is some carry-over of loans by the issuing bank which have not been submitted to the Farm Loan Board for approval as collateral for bonds. The trend of lending operations as shown in this table would not be materially affected by the omission of these loans, however.

TABLE IX.—Number, amount and size of loans originating in South Dakota submitted each year to the Federal Farm Loan Board by the Federal Land Bank for approval as collateral for bonds 1917-1931*

Year ending	Number of loans	Amt. loaned (dollars)	Index of amt. loaned 1924=100%	Average size of loan (dollars)
November 30, 1917	1,216	$ 527,100	11	$3,435
November 30, 1918		3,650,150	77	
November 30, 1919	432	2,516,200	53	5,824
November 30, 1920	No loans made†			
October 31, 1921	248	2,168,500	46	8,744
October 31, 1922	1,345	4,811,900	101	3,578
October 31, 1923	826	3,624,400	76	4,388
October 31, 1924	874	4,765,000	100	5,452
October 31, 1925	572	3,283,800	69	5,741
October 31, 1926	714	4,074,700	86	5,707
December 31, 1927	918	4,875,000	102	5,310
December 31, 1928	365	2,109,200	44	5,779
December 31, 1929	231	1,262,000	27	5,463
December 31, 1930	182	866,360	18	4,760
December 31, 1931	221	1,037,932	22	4,696

* Data compiled from the annual reports of the Federal Farm Loan Board for the years given. The figures shown in this table may not quite correspond with the number and amount of loans actually closed in any one year because some loans may be held over by the bank before they are submitted to the Farm Loan Board. The series on loans actually closed each year is not available for this long a period, but for the years which those figures are published they indicate the same trend as shown in the above table.

† Loans were held up pending the decision on constitutionality of the Farm Loan Act.

The third column in Table IX shows the amount of loans made each year as a percentage of the loans in 1924. The largest amount loaned in any one year was loaned in 1927. From that year to 1930 the amount loaned decreased materially. The year 1931 shows a small increase in the amount loaned.

The last column in the table gives the average size of loans in each year. While the amount loaned per tract is no doubt affected by the part of the state in which the loans are concentrated as well as by economic conditions, it should be noted that the average size has declined for each year since 1928. It seems doubtful that the loans made in the last three years have been more concentrated in the low land value sections than in past years.

Table X gives the acreage loaned on for each year, the acres per tract, and the average loan per acre. The decided decrease in total acreage loaned on since 1927 corresponds with the decrease in the amount of loans since that time as shown in Table IX. It should also be noted that the average loan per acre has decreased since 1927.

From the time of its organization to December 31, 1931 the Federal Land Bank of Omaha had closed 8,435 loans in South Dakota and a total of $42,698,150 had been loaned.[7] Since these loans are made on a long term amortization basis, a considerable portion of these loans are still in force. At the end of 1931 there were 6,579 loans in force in South Dakota and the net amount of principal outstanding was $30,114,613.[8]

TABLE X.—Acres loaned on, average acres per loan and average loan per acre for South Dakota loans submitted to the Federal Farm Loan Board by the Federal Land Bank*

Year	Total acres loaned on	Average acres per loan	Ave. loan per acre (dollars)
Previous to October 31, 1921	467,119	246	18.97
Year ending October 31, 1922	302,217	225	15.92
1923	240,741	291	15.05
1924	257,965	295	18.49
1925	139,047	243	23.62
1926	159,701	224	25.52
Year ending December 31, 1927	195,113	213	24.99
1928	98,995	271	21.31
1929	69,401	300	18.18
1930	50,260	276	17.24
1931	58,149	263	17.85
All loans	2,038,728	250	19.41

* Compiled from the Annual Reports of the Federal Farm Loan Board.

Delinquent mortgages.—A letter from the secretary of the treasury in response to a senate resolution gave the number of federal land bank loans in each state which had installments delinquent as of November 30, 1931.[9] Out of a total of 6,601 loans in force in South Dakota, 1,080 or 16.4 per cent were delinquent less than 90 days and 915 or 13.8 per cent were delinquent over 90 days. This makes a total of 1,995 delinquent loans or 30.2 per cent of the number in force on that date. Although figures for South Dakota are not available for a later period a comparison of quarterly statements of the Farm Loan Board indicate that delinquencies in this district have been increasing since that time.

Mortgage delinquency is a signal of distress. When a farm once becomes delinquent because the income has not been sufficient to meet contractual payments on interest and amortized principal it is exceedingly difficult to restore it to a paid up basis unless the income increases materially. The delinquency figures quoted above are especially disturbing because farm incomes in South Dakota have not shown the improvement for 1932 that would be necessary to restore these loans to good standing. It should be understood however, that the amount involved in delinquent installments either in South Dakota or in other states constitutes a very small fraction of the total assets of the bank.

Farm foreclosures.—Table XI gives the number of tracts and the dollar amounts involved in foreclosures instituted in South Dakota by the Federal Land Bank of Omaha from its organization to December 31, 1931. It should be noted that these figures are for foreclosures instituted and that not all of them resulted in acquisition of real estate.

7. Annual Report of the Federal Farm Loan Board for 1931, Table 21, page 126.
8. Ibid Table 22, page 127.
9. Senate Document Number 36, 72nd Congress, 1st Session.

TABLE XI.—Farm foreclosures instituted in South Dakota by the Federal Land Bank of Omaha from its organization to December 31, 1931*

Year	Numbers of foreclosures instituted	Amount involved in foreclosures
1924	59	$ 267,235
1925	48	215,854
1926	31	142,212
1927	88	465,521
1928	80	370,297
1929	54	289,206
1930	77	362,991
1931	157	811,712
Total foreclosures	594	2,925,028
Per cent of loans†	7.04%	6.85%

* Figures obtained by correspondence from the Federal Land Bank of Omaha.
† Percentage of the total number and amount of loans closed from organization to December 31, 1931.

At the bottom of the table is shown the per cent of foreclosures to the total loans closed, both in terms of numbers and amount loaned. These percentages serve as an index of the land bank loans which have been distressed to the extent of foreclosures being instituted. If these percentages were computed on the basis of net loans outstanding as of December 31, 1931 they would run a little over 9 per cent both for numbers foreclosed and amount involved in foreclosure. Since these loans are made on the amortization basis however, it would seem more accurate to compute an index of their foreclosure experience on the basis of all the loans which they have made. Considering the period of stress through which we have been passing the record shown is quite conservative.

Joint Stock Land Banks

Volume of loans closed.—Only two joint stock land banks have been chartered to do business in South Dakota. Table XII shows the number, amount and average size of loans made by these two agencies from their organization to October 31, 1923, and by years since that time. Annual information is not available from the reports of the Federal Farm Loan Board for the earlier period. From the figures in this table it appears that

TABLE XII.—Number, amount and size of loans originating in South Dakota and submitted to the Federal Farm Loan Board by joint land banks for approval as collateral for bonds*

Year ending	Number of loans	Amt. loaned (dollars)	Index of amt. loaned 1924=100%	Average size of loan (dollars)
Prior to October 31, 1923	1,446	$12,317,650	—	$8,518
October 31, 1924	56	469,800	100	8,389
October 31, 1925	235	2,136,900	455	9,093
October 31, 1926	130	1,020,000	217	7,846
December 31, 1927	112	861,000	183	7,688
December 31, 1928	46	307,000	65	6,673
December 31, 1929†	6	6,500	1	1,083
December 31, 1930	4	28,000	6	7,000
December 31, 1931	26	163,500	34.8	6,288

* Data compiled from the annual reports of the Federal Farm Loan Board. Loans closed in any given year may be held for a time before they are submitted and hence not be shown in above table for the year actually closed. See footnote Table IX.
† Six loans were reported but only 280 acres was reported as security for these loans.

1925, 1926 and 1927 were the heavy loan years. Since that time only a relatively small number of loans have been made. The average size of loans has also decreased considerably.

On December 31, 1931 a total of 2,138 loans amounting to $18,200,775 had been closed in South Dakota by the joint stock land banks.[10] These totals are somewhat larger than the figures in Table XII indicate for the reason explained in the footnote to that table. There is only a difference of 77 loans however, and the trend of loans from year to year are not greatly affected by this discrepancy.

The loans of the joint stock land banks, like those of the federal land bank, are made on a long term amortization basis and therefore, except for repayments and foreclosures, one would expect to find a large percentage of the loans made still in force. It is therefore somewhat surprising to find only about 50 per cent of the number of loans still in force. The number of loans outstanding on December 31, 1931 was 1,074 and the net amount of principal outstanding was $7,621,949.[11]

Delinquent mortgages.—In the same letter of the secretary of the treasury which was quoted in the discussion of the Federal Land bank the number of delinquent loans in South Dakota of the joint stock banks is given.[12] On November 30, 1931 there were 1,084 loans outstanding, 234 of which had delinquent installments of less than 90 days and 185 had installments delinquent for more than 90 days. The report thus showed a total of 419 loans delinquent or 38.7 per cent of the total number of loans in force in South Dakota.

Farm foreclosures and real estate owned.—The annual reports of the Federal Farm Loan Board show the number of foreclosures instituted by joint stock land banks but the figures are not separated for each state. One of the banks operating in this state, according to its annual reports, had had no foreclosures, and no real estate owned as the result of foreclosure, during its entire lending experience up to the end of 1931. The other bank is now in receivership and the statement of condition as of June 30, 1932 gives some of its operations by states.[13] A total of 712 tracts in South Dakota were held in one of the following ways by this bank as of the above date: in process of foreclosure, 61; sheriff's certificates subject to redemption, 140; real estate owned outright, 437; and tracts sold on purchase contract or mortgage, 74. It is possible that these holdings do not represent quite all of the land taken over during this bank's period of operation but they perhaps cover most of the forced transfers.

The 712 tracts enumerated above constitute 33.3 per cent of the total loans made in South Dakota by both joint stock land banks up to December 31, 1931. In this connection it should be remembered that one of the two banks had not acquired any farm real estate up to the end of the year 1931.

10. Annual Report of the Federal Farm Loan Board for 1931, Table 21, page 126.
11. Ibid, Table 22, page 127.
12. Senate Document Number 36, 72nd Congress, 1st session.
13. See Federal Farm Loan Bureau, Statements of Condition of Federal Land Banks, Joint Stock Land Banks, Federal Intermediate Credit Banks, as of June 30, 1932.

As of June 30, 1932 the joints stock land bank in receivership owned outright 437 tracts of land in South Dakota, or a total of 107, 657 acres. It held sheriffs certificates subject to redemption on 140 tracts or 30,751 acres. The number of tracts owned outright and not subject to redemption constitute 20.4 per cent of the total loans by joint stock land banks in South Dakota.

The South Dakota Rural Credit Board

Volume of loans placed.—The South Dakota Rural Credit Board made its first farm loan October 20, 1917 and continued lending until it was stopped by legislative action March 14, 1925. By that time a total of 12,116 loans had been made on a total of 3,193,312 acres of land and $46,624,665 had been loaned.[14]

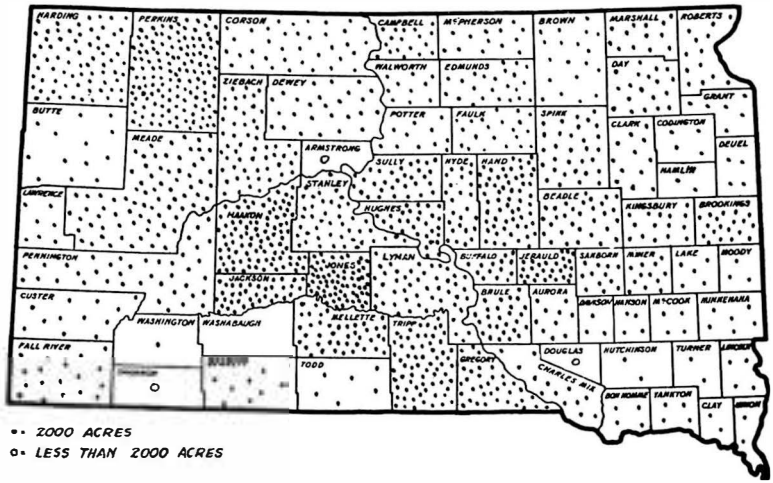

Fig. 14.—Acreage of loans made by the South Dakota Rural Credit Board from July 1, 1917 to July 1, 1924. (Due to an oversight, 10 dots were left out of Washabaugh county.)

Figure 14 will give some idea of how extensive these lending operations were. This map does not include the loans made between July 1, 1924 and cessation of lending in the spring of 1925 as the location of these was not readily available by counties. The distribution as shown on the map however, covers 11,693 loans or 96.5 per cent of the total loans made by the Rural Credit Board. Loans were made in every county of the state. Figure 14 shows the relative concentration of loans in different counties as indicated by one dot for each two thousand acres loaned on. Since the average loan per acre was much higher in some counties than in others a map based on the amount loaned per county would show a somewhat different distribution. The acreage distribution illustrated in Figure 14 however, gives a better idea of the relative im-

14. The information on the activities of the South Dakota Rural Credit Board has been taken from its published reports, supplemented by some unpublished data available in the office of the Board.

portance of the loans in each area. When lending operations ceased in 1925 the total number of Rural Credit loans amounted to over 15 per cent of the number of farms in South Dakota as reported by the U. S. Census of Agriculture for 1925.

As no new loans have been made since 1925 the net amount of farm mortgages held has decreased each year since that time. Table XIII shows the net amount of mortgages held by the Rural Credit Board from

TABLE XIII.—Amount of farm real estate mortgages held by South Dakota Rural Credit Board as of June 30 each year 1918-1932*

Year ending June 30	Amount of mortgages held	Per cent of 1924
1918	2,394,350	5.9
1919	13,189,971	32.3
1920	25,395,114	62.1
1921	32,700,299	80.0
1922	35,942,183	87.9
1923	40,431,385	98.9
1924	40,878,683	100.0
1925	40,470,829	99.0
1926	36,391,536	89.0
1927	30,781,649	75.3
1928	26,705,329	65.3
1929	23,756,943	58.1
1930	21,487,977	52.6
1931	20,023,295	49.0
1932	16,610,230	40.6

* No new loans have been made by the Rural Credit Board since 1925.

1918 to 1932. It will be noted that the amount outstanding in 1932 is only slightly over 40 per cent of the amount held in 1924. This decrease is due in part to repayments and in part to foreclosures on delinquent loans.

Delinquent mortgages.—On June 30, 1932, there were 5,838 of the Rural Credit Board loans still in force. Of this total, 4,674 or 80.1 per cent had delinquent installments due. Over half were delinquent for a period longer than one year and a few delinquencies had run for as long as 7 and 8 years.

This showing is indeed an unfortunate one both from the standpoint of the borrower and the lending agency. In order to appraise the situation fairly however, one must remember that the loaning period of the Rural Credit Board extended from 1917 to 1925—a period of high land values, and the loans therefore were negotiated on high land value levels. It is probable also that greater leniency has been shown, and expected; both in granting original loans and in handling delinquencies, than would be extended by a private lending institution.

Farm foreclosures and real estate owned.—On June 30, 1932 a total of 4,067 tracts had been foreclosed upon or were in process of foreclosure. This constitutes 33.6 per cent of all the original loans. Title had been acquired to 3,474 tracts, comprising 968,207 acres of land and a total investment, including interest and taxes, of $21,217,822. Thus at that time the Rural Credit Board owned nearly a million acres of land representing an investment of over twenty-one million dollars.

Table XIV gives the amount of farm land acquired through foreclosure and held on June 30 each year, and also the acreage acquired

during the previous year. These figures show that the present situation has been developing over a period of years, as over 45 per cent of the number of tracts held were acquired previous to June 30, 1928.

TABLE XIV.—Farm land acquired through foreclosure and held by the Rural Credit Board at the end of each year 1924-1932

Year ending June 30	Number of tracts	Total acreage held	Acreage acquired each year	Cost, including interest and taxes	Cost per acre
1924*	**	**	**	$ 303,857	--
1925	**	**	**	522,118	--
1926	531	167,801	--	2,818,866	$16.80
1927	1,189	373,249	205,448	7,064,686	18.93
1928	1,573	455,165	81,916	9,442,859	20.75
1929	2,186	625,937	170,772	13,336,139	21.31
1930	2,674	755,628	129,691	16,203,532	21.44
1931	2,973	825,956	70,328	17,943,713	21.73
1932	3,474	968,207	142,251	21,217,822	21.91

* 1924 figures are for December 31.
** Number of tracts and acreage not given for these years.

The cost per acre of the land held has been constantly increasing. This may be due in part to taking over a larger percentage of high value land, but the major reason is undoubtedly the fact that the longer this land is held, either as delinquent loans or as real estate owned, the larger will be the sum of interest and taxes to be charged against it. Thus the average cost per acre for 1932 was $5.11 higher than in 1926.

Figure 15 shows the acreage distribution by counties of the farm real estate owned by the Rural Credit Board as of June 30, 1932. As would be expected, the concentration of land held follows quite closely the loan concentration as shown in Figure 14. Figure 16 shows the percentage of the acreage on which Rural Credit loans were made up to July 1, 1924

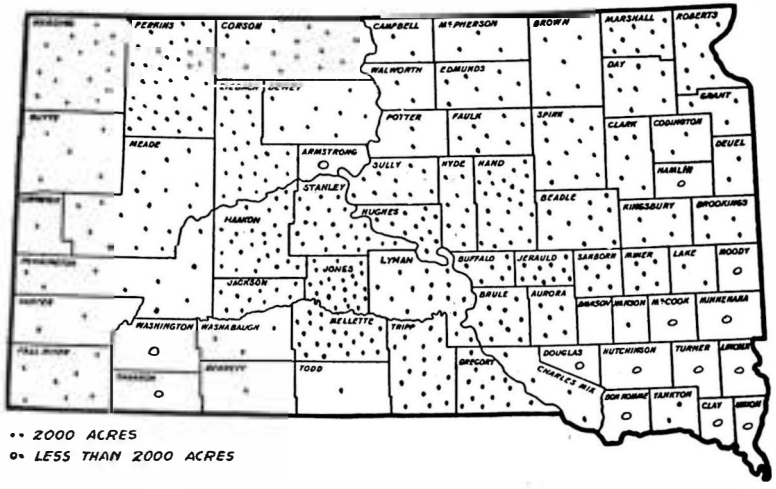

Fig. 15.—Real estate owned by the South Dakota Rural Credit Board on June 30, 1932.

which had been foreclosed on June 30, 1932. As previously mentioned (page 31) not quite all of the loans made are included as a base and therefore the percentages are slightly higher than they would be if all loans were included. The difference is not likely to be more than 2 to 3

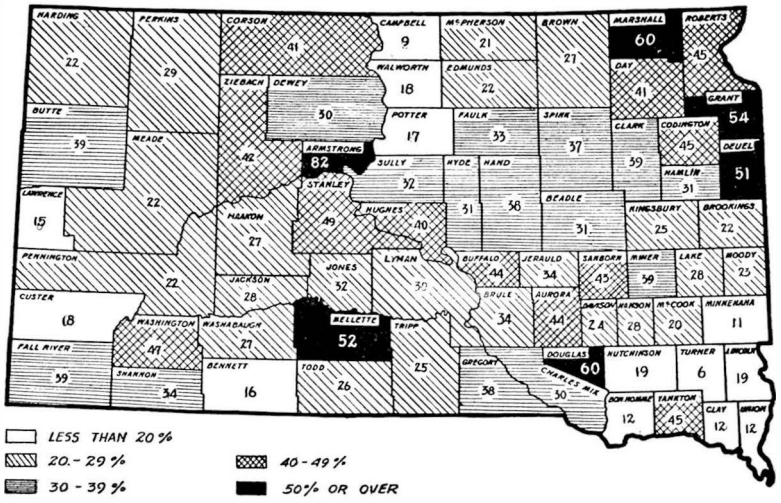

Fig. 16.—Per cent of the acreage on which loans were made up to July 1, 1924 which had been foreclosed upon by the South Dakota Rural Credit Board on July 1, 1932.

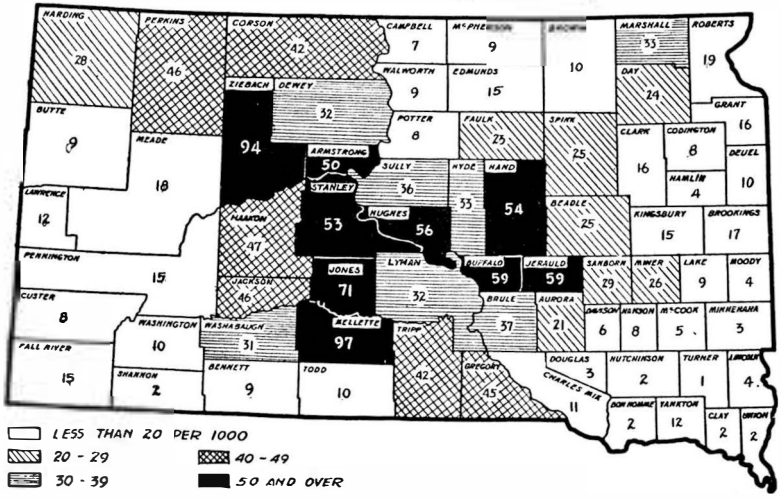

Fig. 17.—Number of acres of land owned by the South Dakota Rural Credit Board on July 1, 1932 for each 1,000 acres of assessed land in each county in 1931.

per cent, however. There are 16 counties in which the land acquired through foreclosure amounts to over 40 per cent of the acreage loaned on.

Figure 17 shows the number of acres of land owned by the Rural Credit Board (acquired through foreclosure) per 1,000 acres of land assessed in each county in 1931. In 15 counties the Rural Credit land amounts to more than 40 acres per 1,000 acres assessed in 1931. In two counties, Mellette and Ziebach, the Rural Credit land constitutes over 90 acres per 1,000, or over 9 per cent of the assessed land in the county. In counties where such a large proportion of the land is held by this agency it becomes a considerable factor in shaping the land use policy of the county. In some counties the Rural Credit land constitutes only a negligible proportion of the total farm land. For the state as a whole however, the number of tracts foreclosed upon by the Rural Credit Board up to June 30, 1932 represent nearly 5 per cent of the total number of farms in the state.

Department of School and Public Lands

Volume of loans closed.—The Department of School and Public Lands does not make any loans direct to farmers. School funds are apportioned to the different counties in the state to be invested in farm mortgages, and in county, school and municipal bonds at the discretion of the county administration. The county is directly liable to the Department of School and Public Lands for any losses sustained on their investments. Each county administration is the loaning agent for school fund loans and payment of the loans is guaranteed by the county.

During the year 1931 the county auditors submitted statements to the Department of School and Public Lands regarding the amount and status

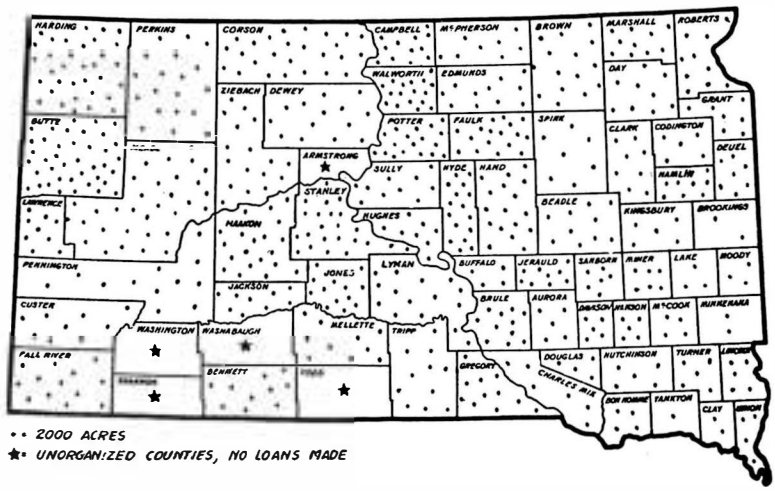

Fig. 18.—Acreage of loans made by counties from the state school fund according to information gathered during 1931.

of farm mortgage loans in their counties.[15] While this information is not strictly comparable as to date submitted it can be taken as showing approximately the situation for the year 1931. A total of 7,047 loans are reported with $13,830,127 loaned in all counties of the state. Loans were secured by approximately 1,365,600 acres of land.[16]

Figure 18 shows the acreage distribution by counties of the loans made from state school funds. As would be expected from the method of apportioning these funds, they are distributed quite evenly over the state except in the unorganized counties which receive no allotment.

Delinquencies, foreclosures and real estate owned.—Information as to delinquencies on school fund loans is not available for the different counties. However, the number, acreage and amount involved in foreclosures on these loans have been supplied for all except three counties. A total of 894 foreclosures were reported involving approximately 168,000 acres and loans to the amount of $1,471,000. This means that about 13 per cent of the acreage loaned on and 11 per cent of the principal loaned had been taken over on foreclosure in 1931.

Figure 19 shows the distribution of the acreage taken over on foreclosure. A large percentage of the acreage taken over is found west of the Missouri river. Harding, Stanley and Mellette counties show the greatest concentration. Figure 20 shows the percentage of the acreage on which school fund loans were made which has been foreclosed on in each county. There are three counties east of the Missouri river and nine

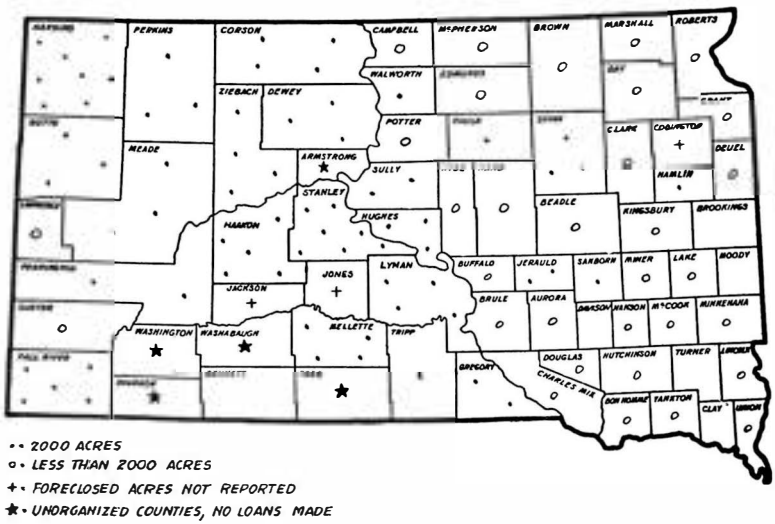

Fig. 19.—Real estate owned by counties as result of foreclosures on school fund loans.

15. Information in this section was obtained largely from unpublished data from the Department of School and Public Lands.

16. Acreage was not always reported for all the loans in the county and this total therefore includes acreage for some counties which was estimated on the basis of average acreage loaned on for the loans on which acreage was reported.

counties west of the river with more than 20 per cent of the original loans foreclosed. While the number of foreclosures has no doubt increased since these reports were made, the record shown is better than the experiences of some other lending agencies, especially considering that these loans have been distributed over the whole state. [17]

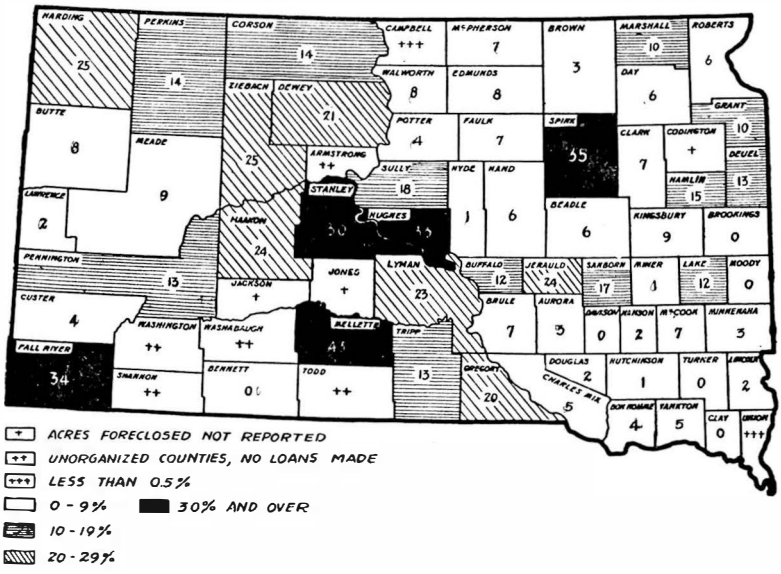

Fig. 20.—Per cent of acreage on which school fund loans were made which had been taken over on foreclosure in 1931.

Life Insurance Companies[18]

Volume of loans closed.—Thirty-nine of the 77 legal reserve life insurance companies licensed to sell insurance in South Dakota in 1931 held farm mortgages in the state. In addition, two fraternal companies licensed in South Dakota and two legal reserve companies not licensed in South Dakota held farm mortgages in the state. Sixteen of these

17. A February, 1933 report from the state auditor's office gives figures compiled by the Division of Audits and Accounts during 1932. It lists a total of 7,577 school fund loans outstanding, amounting to $14,522,514, not including the loans in Minnehaha and Spink counties for which the information was not available. Of these loans 918 had been foreclosed upon or were in process of foreclosure in 1932, and the amount of principal involved in foreclosure was $1,574,480, or 10.8 per cent of the total principal loaned. This report also lists "loans that should be foreclosed" which includes loans on which interest is delinquent for two or more years or, in a few instances, loans on which a large amount of taxes are unpaid even though the loan is not delinquent for a full two year period.

There are 1,130 loans of this type, amounting to a total of $2,127,322 or 14.6 per cent of the total principal loaned. Adding together the principal of the loans which have been foreclosed or are in process of foreclosure and those which "should be foreclosed," we find that 25.4 per cent of the money outstanding in loans is tied up in foreclosure or badly in arrears on interest payments.

18. A complete analysis of the lending experiences of life insurance companies has been published as South Dakota Experiment Station Circular No. 7. This section is an abstract from this study and is inserted here for comparative purposes.

companies submit their annual statements to the New York Insurance department. Data on the farm mortgage experience of these 16 companies are available over a period of years from the New York Insurance Reports.

In Table XV the farm mortgages held by these 16 companies are shown for the years 1914 and 1919-1931. The holdings of the above 16 companies comprised 90.2 per cent of the total farm mortgages held by life insurance companies in South Dakota at the end of 1931. These companies increased their farm mortgage holdings every year up to 1928. In 1928 their holdings decreased slightly. The decrease in the farm mortgage holdings of these companies was more rapid during 1929, 1930,

TABLE XV.—Farm mortgages held in South Dakota by sixteen life insurances companies*

Year ending December 31	Farm mortgages held	Index of farm mortgages held 1924=100%
1914	$ 22,818,367	25.1
1919	39,822,733	43.9
1920	50,470,695	55.6
1921	59,741,473	65.8
1922	68,613,063	75.6
1923	81,911,259	90.3
1924	90,740,075	100.0
1925	94,723,977	104.4
1926	100,900,410	111.2
1927	104,406,812	115.1
1928	104,007,442	114.6
1929	102,878,233	113.4
1930	98,367,869	108.4
1931	95,715,433	105.5

* New York Insurance Reports, Part II, Life Insurance, 1914, 1919-1931. Index numbers of mortgages held computed from table.

and 1931, and by the end of 1931 the holdings were only slightly larger than in 1925. The companies are collecting old loans where possible and are making very few new loans. This practice, together with the heavy foreclosures, has been responsible for the rapid decrease in their farm mortgage holdings since 1928.

Figures are available on both number and amount of farm mortgages outstanding for 36 companies at the end of 1931. These companies held 17,178 loans with principal outstanding amounting to $103,595,951. The average size of loan held was $6,031. Seven other companies held $2,479,-529 at the end of 1931. The total volume of farm mortgages outstanding for all 43 companies lending in South Dakota was $106,075,480 on December 31, 1931.

Delinquent mortgages.—The life insurance companies reported 4,479 mortgages on which interest, principal, or taxes were delinquent over three months on December 31, 1931. These mortgages represented a total delinquent principal of $31,173,800, or 29.4 per cent of the total amount of farm mortgages held by life insurance companies on that date.

The delinquent farm mortgages held by the different companies were distributed over 61 counties. However, the greatest share of the delinquent loans are located in the eastern part of the state, the heaviest concentration being in the east central section. This is shown in Figure 21.

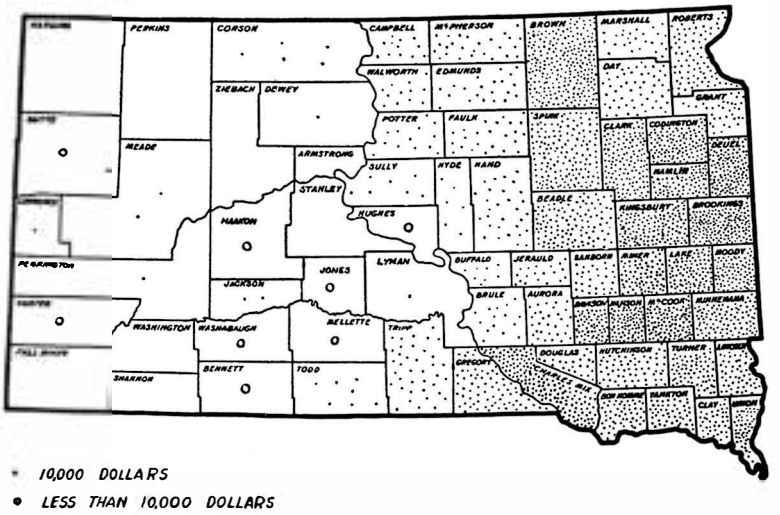

Fig. 21.—Amount of delinquent farm mortgages held in South Dakota by life insurance companies December 31, 1931.

In Brown county the total amount of delinquent principal was over two and one-half million dollars. In eleven counties the total principal delinquent was between one and two million dollars per county. In thirteen counties the total principal delinquent ranged from $500,000 to $1,000,000 per county. In the remaining 36 counties the total delinquent principal was less than $500,000 per county.

Farm foreclosures.—Of the 4,479 loans that the life insurance companies reported as delinquent December 31, 1931, 1,197 or 27.6 per cent were in process of foreclosure. These 1,197 loans were for a total principal of $8,585,404. The total principal being foreclosed on represented 27.5 per cent of the total delinquent principal and 8.1 per cent of the total amount in outstanding mortgages. The principal was overdue on 563, or 47 per cent of the delinquent loans that were in the process of foreclosure;

TABLE XVI.—Farm real estate acquired by life insurance companies 1924-1931 and owned December 31, 1931

Year acquired	Number of tracts	Acreage	Actual Cost
Year not given*	55	12,919	$ 566,807
1924	29	9,012	399,349
1925	65	17,249	726,367
1926	83	21,019	967,920
1927	107	24,418	1,014,734
1928	230	72,647	2,862,864
1929	265	61,251	2,168,051
1930	371	103,623	3,678,508
1931	474	117,957	3,908,970
Total held Dec. 31, 1931	1,679	440,095	16,293,570

* Includes 4 tracts acquired before 1924.

and 634, or 53 per cent, of the loans were being foreclosed on delinquent interest or taxes.

Real estate owned.—In Table XVI the farm real estate owned on December 31, 1931 is classified by the year in which it was acquired. This does not represent all of the real estate acquired, because the companies have made a few sales every year. However, the number of sales has been so small that the figures in Table XVI do give a good indication of the amount of real estate acquired. The number of tracts acquired has increased every year since 1924 and the acreage acquired and the cost incurred has increased every year except for the year 1929.

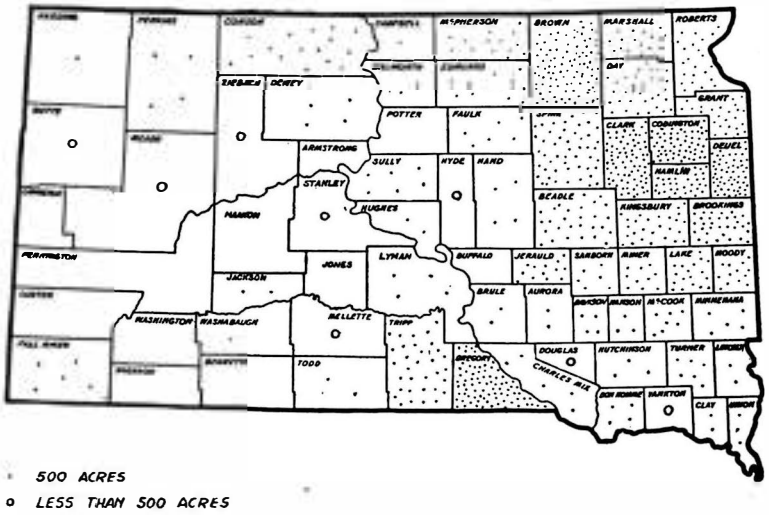

Fig. 22.—Farm real estate owned December 31, 1931 by life insurance companies lending in South Dakota.

The 440,095 acres of land owned by the life insurance companies at the end of 1931 was distributed over 57 counties. This distribution is shown in Figure 22. The heaviest concentration is in Deuel ,Codington, Clark, Gregory, and Hamlin counties.

Relative Importance of Different Lending Agencies in Supplying Mortgage Credit

It is not possible to secure information from one authoritative source as to the amount of outstanding mortgage loans held by each lending agency operating in the state. Neither is it possible to obtain more than an estimate of the total farm mortgage debt outstanding. The best estimate available on the total farm mortgage debt in South Dakota is that made by the Division of Agricultural Finance of the Bureau of Agricultural Economics as of January 1, 1930.[19] This estimate shows a total

19. Preliminary mimeographed release December 31, 1931.

of approximately $295,000,000 of outstanding mortgages on the above date.

From the totals of outstanding mortgages of the agencies which have been discussed in this section and from other studies of the importance of the various lending agencies[20] the estimates presented in Table XVII are arrived at. This table gives the approximate percentage distribution of the holdings of the principal lending agencies in the state. While these percentages are only approximate, it is believed that they are sufficiently

TABLE XVII.—Approximate percentage distribution of farm mortgage holdings of the principal lending agencies in South Dakota as of the year 1931

Agency	Per cent of total loans held
Insurance companies	38.0
Federal Land Bank	10.5
Joint Stock Land Banks	2.5
South Dakota Rural Credit Board	5.5
School Fund Loans	5.0
Commercial Banks	5.0
Savings Banks	2.0
Individuals	25.0
Other Agencies*	6.5

* Mortgage banks, endowed educational and charitable institutions, etc.

accurate to rank the relative importance of each agency and to give approximate differences between them.

In spite of some decreases in outstanding loans in recent years, life insurance companies are by far the largest single source of farm mortgage funds in South Dakota. As previously shown however, their loans are largely confined to the eastern one-third of the state. The Federal Land Bank in recent years has increased in relative importance as a source of mortgage funds. On the other hand, the South Dakota Rural Credit Board has made no loans since 1925 and with repayments and the large amount of foreclosures necessary, its relative importance in the farm mortgage field has been decreasing.

From other studies which have been made it is evident that commercial banks constitute a much more important source of farm mortgage funds in the section of the state west of the Missouri river than they do east of the river. Individuals also hold a large share of the farm mortgages in the section west of the river. Although no information is available on the proportionate amount, farmers and ranchers (both active and retired) undoubtedly hold a considerable number of the farm mortgages owned by individuals.

20. Studies made by Professor Gabriel Lundy of the Department of Agricultural Economics, South Dakota State college of farm mortgage loans in typical counties of the state, and studies by David L. Wickens of the Department of Agricultural Finance, Bureau of Agricultural Economics.

Part III. Concentration of Land Ownership and Its Probable Relation to a Future Land Use Policy

Land Held by Various Agencies

Private agencies.—In this part an attempt will be made to analyze the amount and location of the land held by various agencies which has been taken over as the result of the financial distress in the post-war period. The effect of such land holdings on a land use policy for South Dakota agriculture will also be considered. The agencies holding "distressed" land may logically be divided into private and public agencies.

Public agencies include the federal government, the state, and the individual counties. Land is also held by the Federal Land Bank which may be considered a semi-public agency, and perhaps should not be definitely placed in either of the two classes. They owned only a relatively small amount of land in 1931, however.

Among the private agencies which are holding distressed land it is natural that those which have been most active in placing loans in the state would now be in possession of the largest amount of land. As shown in Table XVI, page 39, life insurance companies held 440,095 acres of farm land in the state at the end of the year 1931. The acreage owned has no doubt increased considerably during 1932. The receivership statement of one of the joint stock land banks showed that it owned 107,657 acres outright and held an additional 30,751 acres subject to redemption on June 30, 1932.[21] Farm land in South Dakota owned by state banks in liquidation totaled 256,441 acres on November 3, 1932.[22] No information is available on the amount of real estate held by closed national banks, or by any commercial banks still in operation. It is probable that individuals own more foreclosed land than any other type of private agency except the insurance companies. No information is available as to the amount owned, however.

The land owned by the private agencies for which the amount held is available, as given in the previous paragraph, totals 834,944 acres. While no information is available on the amount of land held by many types of private lenders, it is perhaps safe to estimate that over half of such holdings are represented by the above total. Perhaps the total private holdings of distressed land at the beginning of the year 1932 would not equal, or at least not greatly exceed, 1,500,000 acres. This would be somewhat less than 4 per cent of the assessed acreage in the state in 1931. In the section which follows this one it will develop that the amount of land held by public agencies represents a much greater problem. The land held by private agencies however, is perhaps more concentrated in the eastern part of the state and therefore represents a larger proportion of the total land investment in the state than the acreage figures as estimated above would indicate.

Public agencies.—Agricultural land in South Dakota is being held by several public agencies at the present time. While only a part of the land

21. See page 31.
22. Information obtained by correspondence with the State Superintendent of Banks.

thus held has been acquired as the result of the financial distress in the post-war period; all publicly owned land should be considered from the standpoint of the question of concentration of land ownership as it affects the future of South Dakota agriculture. No matter how the land was acquired it will have an influence in the development of a future land use policy for the state.

Table XVIII gives a summary of the amount of land in South Dakota which is held by different public agencies. The unentered public land open for private entry is largely what remains of the land open to homestead entry. In other words, it is the land which up to the present time no one has found worth while to acquire under the various public land laws. The land held by the Department of School and Public Lands is a part of the area originally reserved as an endowment for the support of the educational and charitable activities of the state. The amount remaining unsold is perhaps to a considerable extent the less desirable

TABLE XVIII.—Acreage of land held by various public agencies

Agency	Acreage (all figures given in even thousands)
Land foreclosed by South Dakota Rural Credit Board*	968,000
Land foreclosed by counties on School Fund Loans†	186,000
Land taken over by counties on tax deed‡ (as reported by county treasurers)	483,000
Land subject to tax deed by counties January 1, 1933‡ (as reported by county treasurers)	2,222,000
Land held by State Department of School and Public Lands§	2,795,000
Federal land open for private entry#	419,000
Total land held by above public agencies	7,073,000
Total acreage assessed in 1931 plus school land and federal land open to entry	40,924,000
Ratio of public land held to above total	17.3%

* Figures from annual report of South Dakota Rural Credit Board as of June 30,1932.

† Figures obtained during 1931 as previously explained on page 35.

‡ Figures obtained from questionnaire sent to all county treasurers as explained on page 3, and estimates based on the situation in surrounding counties for the five organized counties from which complete information was not available. No estimates were made for the five unorganized counties.

§ Figures as given in statement No. 1 of the twenty-second biennial report of the Commissioner of School and Public Lands as of June 30, 1932.

Figures as given in Department of Interior Circular No. 1282, Vacant Public Lands on July 1, 1932.

land. The amount of land held by the two above-named agencies has not been increased by the post-war distress, except insofar as reduced returns from farming have lessened the incentive for homesteading, or for the purchase of school lands.

The land held by the other agencies listed in Table XVIII has been acquired either through mortgage foreclosure or tax delinquency and is therefore definitely in the class of "distressed" land. This constitutes over half of the land held by public agencies. It perhaps represents much more than half of the total investment, as a large portion of it is improved land whereas the federal land and most of the school land is unimproved.

The distressed land held by public agencies represents perhaps at least twice as large an area as the land held by private agencies which

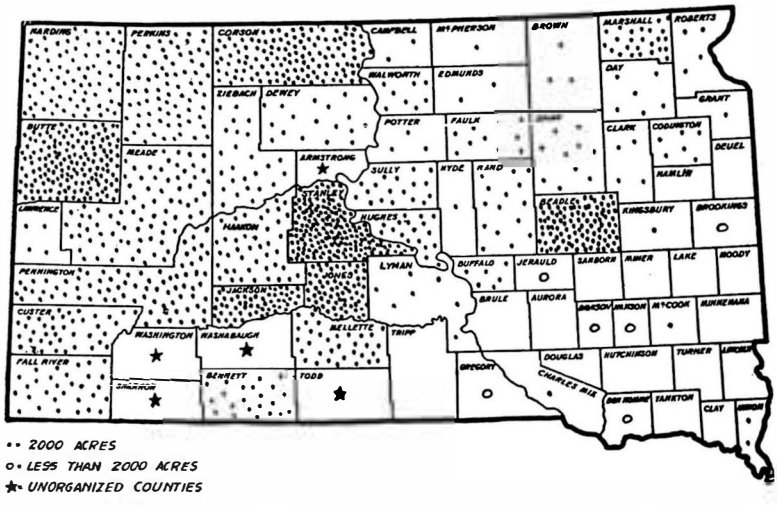

Fig. 23.—Acreage in each county which has been taken over by the county on tax deed or which has been delinquent for a period long enough to make it subject to tax deed as of January 1, 1933. Figures for Lake, Perkins, Yankton, and Ziebach counties are based partly on estimates. (Due to a misinterpretation of the questionnaire the acreage shown for Beadle county includes all land which was delinquent in the fall of 1932.)

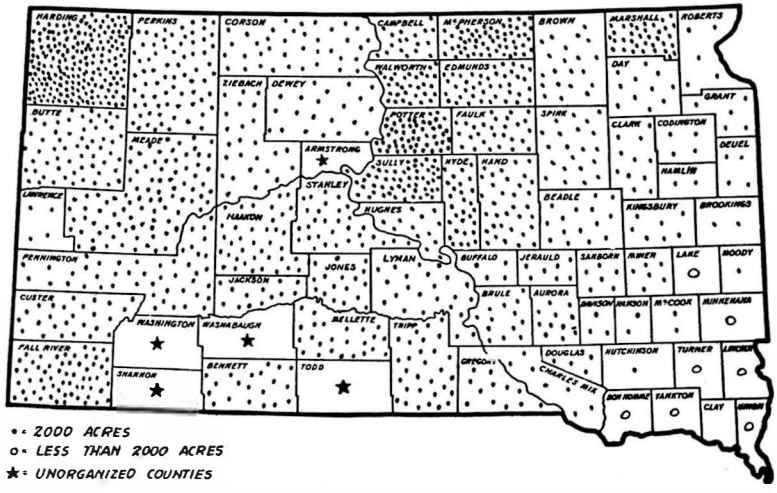

Fig. 24.—Map showing the acreage in each county of the land held by the Department of School and Public Lands.

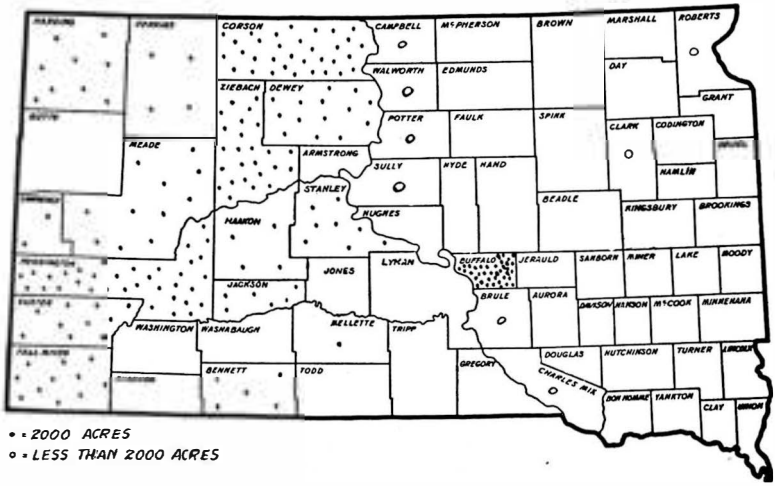

Fig. 25.—Map showing location by counties of the unentered federal land which is still subject to private entry under the various homestead and land laws of the United States.

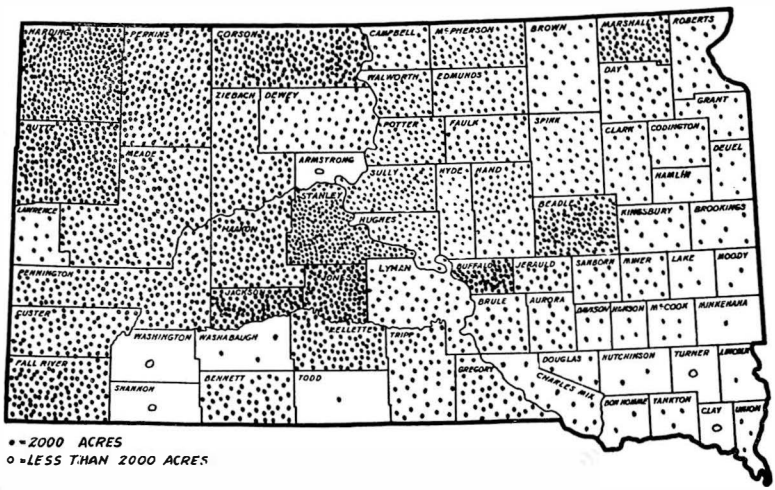

Fig. 26.—Location by counties of the combined acreage of publicly controlled land including: land held by the South Dakota Rural Credit Board; land taken over by counties on foreclosure of school fund loans; land taken over by counties on tax deed, or subject to tax deed; land held by the Department of School and Public Lands; and unentered federal land subject to private entry. Indian reservations, forest and mineral reserves, and other public land withdrawn from private entry is not included. Figures for Codington, Jackson, Jones, Lake, Perkins, Yankton and Ziebach counties are based partly on estimates. (See footnote to Figure 23, page 44.)

was discussed in the previous section. However, while no comparative figures are available, it is not at all likely that the publicly controlled land represents that large a proportion of the total distressed land investment.

The land held by public agencies is concentrated in the part of the state west of the Missouri river to a much greater extent than the "distressed land" privately owned. The location by counties of the land taken over on tax deed or subject to tax deed, the land held by the Department of School and Public Lands, and the unentered federal land is shown in Figures 23, 24, and 25 respectively. The same information is given for the Rural Credit lands in Figure 15, page 33; and for land taken over by counties on foreclosure of school loans in Figure 19, page 36. The concentration of all of these lands in the part of the state west of the Missouri river is evident from a study of these maps.

Figure 26 gives the location by counties of the combined acreage of Rural Credit land, land taken over by counties on foreclosure of school fund loans, land taken over on tax deed or subject to tax deed, land held

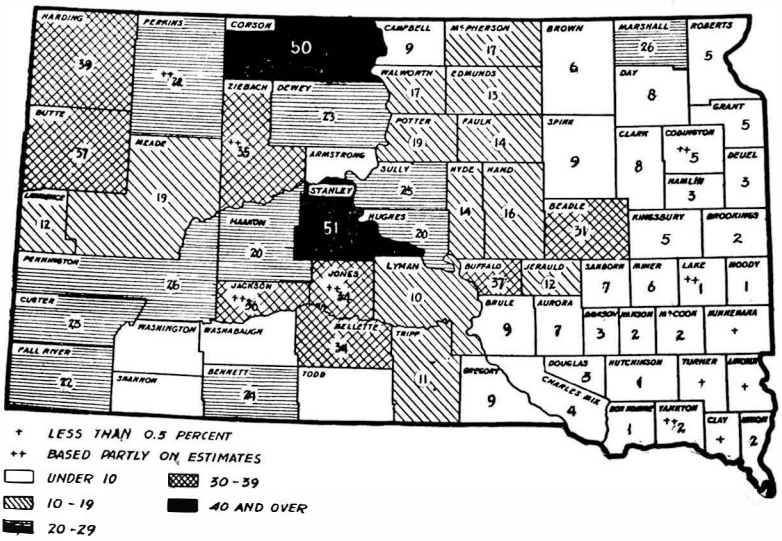

Fig 27.—Map showing for each county the ratio or per cent of the publicly controlled land to the total assessed land and public land of the county. This map brings out the importance of the publicly controlled land in the formulation of a land use policy for some of the western counties of South Dakota. (See footnote to Figure 23, page 44.)

by the Department of School and Public Lands, and unentered federal land. About 70 per cent of the land held by the above named agencies is located west of the Missouri river. About 17 per cent is located east of the Missouri river, but west of an irregular north and south line represented, by the western borders of Brown, Spink, Beadle, Jerauld, Aurora, Douglas and Bon Homme counties. The remaining 13 per cent is located in what is sometimes called the eastern one-third of the state.

From the standpoint of its importance in the determination of a future land use policy it is obvious that the land held by the various public agencies will exercise a much greater influence in the western two-thirds of the state than in the eastern part, where this land is a relatively small proportion of the total. Figure 27 shows by counties the percentage, or ratio, of the land held by the above mentioned public agencies to the total of the assessed acreage in 1931 plus the school land and unentered federal land.[23] From Table XVIII it will be noted that this ratio averages about 17 per cent for the whole state. In a good many of the counties west of the Missouri river over 30 per cent of the land enumerated above is held by these public agencies. In addition to the land held by the public agencies given in Table XVIII, some of the counties west of the Missouri river have large forest reserves and Indian reservations within their borders. Such reservations further influence the land use policy of the area.[24]

It becomes evident from a study of the amount of land held by public agencies that a "new public domain" is being established in the western part of the state. This "new public domain" does not consist of a solid block of land in one area, neither is it held by a single governmental unit. It consists of widely scattered tracts of land well interspersed with private holdings and its control is divided among six different agencies pursuing widely different policies for the use and protection of this publicly controlled land.

Concentration of Land Ownership in Brookings County

Extent of land concentration.—A detailed study was made of land ownership in Brookings county to determine the effect of the post-war financial distress on the concentration of land holdings in the hands of large private and public agencies. This study was made in Brookings county because the records there were available without incurring expense for travel. No attempt was made to ascertain the amount of land taken over by individuals on foreclosures or tax deeds, since it was impossible to segregate such holdings from those acquired by voluntary sale. The study therefore was confined to the acreage of land held by public agencies, by private lending agencies, and by other types of private corporations.

While the majority of these agencies have acquired their land as the result of the post-war financial distress in agriculture, some holdings are not directly traceable to that cause. This is true of the land held by the Department of School and Public Lands. It may also be true of some of the land held by private corporations. In the case of the latter agencies however, as with individual owners, it was not possible to segregate the land acquired by voluntary sale from that acquired on foreclosure or tax sale.

23. The school land and the unentered federal land open to entry has been added to the total assessed land in order to obtain a figure with which the land held by public agencies could be compared.

24. In December, 1932 there were 1,296,508 acres included in forest reserves, mineral reservations and other withdrawals of land from public entry located in South Dakota, according to a statement from the Assistant Commissioner of the General Land Office. The gross area of Indian reservations in the state is 6,671,906 acres, but of this amount only 263,111 acres remains unallotted. No figures are available on the amount of allotted land held under trust patents. The major portion of the above lands are also in the counties west of the Missouri river. Indian reservation land constitutes a very important part of the unorganized counties.

Table XIX gives the acreage of land owned by public agencies and by private corporate agencies as of June 30, 1932. It will be noted that life insurance companies and private mortgage companies own by far the largest amount of land among the agencies listed. The total acreage held by these agencies amounts to 11.7 per cent of the total assessed land in 1932.

Table XX gives by townships the amount of land owned by public agencies and by private corporations. In Figure 28 this land is located on a map of Brookings county. The ratio of the land owned by these agencies to the total assessed land in the township as given in the last column of Table XX shows a considerable variation as between townships. It runs from as low as 4.5 per cent in Volga township, to as high as 21.2 per cent in Eureka township. It perhaps would be possible to explain a part of these variations between townships by differences in natural factors, such as soil and topography; by social factors, such as

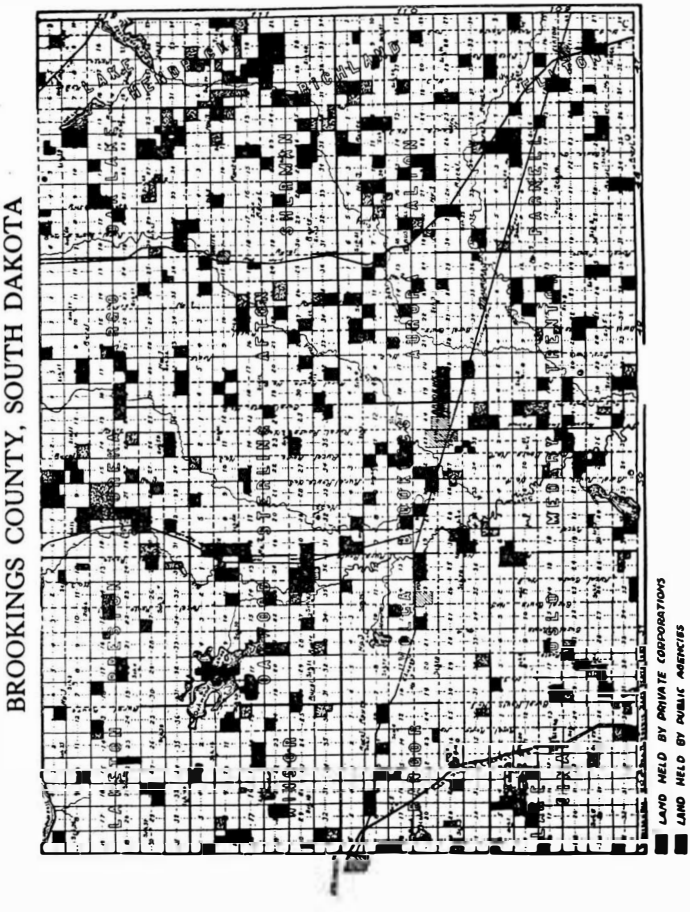

Fig. 28.—Map of Brookings county showing the location of the land held by public agencies and by private corporations as of June 30, 1932.

TABLE XIX.—Acreage of land held in Brookings county by public agencies and by private corporations as of June 30, 1932

Type of Agency	Acres owned	Per cent of total holdings
Life insurance companies	22,610	38.5
Mortgage companies	13,881	23.7
Commercial banks*	6,794	11.6
Joint Stock Land Bank	1,852	3.2
Federal Land Bank	160	.3
South Dakota Rural Credit Board	8,070	13.8
Department of School and Public Lands	3,322	5.6
Miscellaneous agencies†	1,956	3.3
Total held by above agencies	58,645	100.0
Total acreage assessed in 1932	500,101	
Per cent of total assessed land held by above agencies‡		11.7

* Includes banks located outside of Brookings county but owning real estate in county, and banks in liquidation as well as those in active operation.

† Land owned by private corporations not otherwise classified who might have acquired the land through foreclosure or tax deed.

‡ A slight inaccuracy is involved in this figure as the land held by the Department of School and Public Lands is not on the assessment roll.

TABLE XX.—Acreage of land held in Brookings County by public agencies and by private corporations as of June 30, 1932—listed by townships

Township and range number	Name of township	Total acreage owned 6-30-32	Total acreage assessed in 1932	Ratio to total assessed acreage
109 —47	Elkton	1,540	13,556	11.4
110, 111—47	Richland	2,679	21,184	12.6
111, 112—47	Lake Hendricks	2,362	19,663	12.0
109 —48	Parnell	2,316	22,739	10.2
110 —48	Alton	3,508	22,765	15.4
111 —48	Sherman	2,800	22,253	12.6
112 —48	Oak Lake	3,848	22,592	17.0
109 —49	Trenton	2,840	22,057	12.9
110 —49	Aurora	2,671	22,891	11.7
111 —49	Afton	2,856	22,998	12.4
112 —49	Argo	2,113	22,832	9.3
109 —50	Medary	2,674	22,313	12.0
110 —50	Brookings	3,597	20,689	17.4
111 —50	Sterling	1,847	22,687	8.1
112 —50	Eureka	4,705	22,189	21.2
109 —51	Oslo	2,116	22,585	9.4
110 —51	Volga	1,000	22,265	4.5
111 —51	Oakwood	3,645	20,209	18.0
112 —51	Preston	1,440	22,734	6.3
109 —52	Sinai	2,047	21,936	9.3
110 —52	Bangor	1,878	22,095	8.5
111 —52	Winsor	2,794	22,550	12.4
112 —52	Laketon	1,360	22,319	6.1
Total		58,645	500,101	11.7

nationality groups; and by local economic factors, such as access to markets, etc. The fact remains, however, that in all parts of the county a large amount of land is being acquired by lending agencies as the result of the inability of former owners to pay indebtedness with the prices and incomes which have prevailed.

Table XXI gives by townships the amount of land on which foreclosures were instiuted by public agencies and by private corporations between June 30, 1931 and June 30, 1932, but on which final action had not been taken on June 30, 1932. Figure 29 shows the location of this land on the map of Brookings county. After eliminating the foreclosures on land

TABLE XXI.—Acreage of land by townships in Brookings county on which foreclosures were instituted by public agencies or by private corporations from June 30, 1931 to June 30, 1932

Name of township	Acres in foreclosure*	Per cent of assessed land in township†
Elkton	320	2.4
Richland	320	1.5
Lake Hendricks	663	3.4
Parnell	0	0.
Alton	400	1.8
Sherman	320	1.4
Oak Lake	800	3.5
Trenton	840	3.8
Aurora	1,080	4.7
Afton	1,440	6.3
Argo	1,120	4.9
Medary	320	1.4
Brookings	880	4.3
Sterling	320	1.4
Eureka	800	3.6
Oslo	314	1.4
Volga	480	2.2
Oakwood	1,160	5.1
Preston	1,400	6.2
Sinai	760	3.5
Bangor	0	0.
Winsor	960	4.3
Laketon	240	1.1
Total	14,808	3.0

* Foreclosures on land already owned by one of the agencies as listed in Table XIX were not included.

† Assessed land in each township is given in Table XX.

already owned by one of the agencies listed, there were 14,808 acres in process of foreclosure. Adding this acreage to the land previously owned by public agencies and private corporations gives a total of 73,453 acres or 14.7 per cent of the total assessed land in the county. If the land held by the Department of School and Public Lands is eliminated from the total there are 70,131 acres held by the other agencies, or 14 per cent of the total land assessed in 1932.

Significance of land concentration.—Table XXII gives the combined total of land owned by public agencies and private corporations, and the land which they have in process of foreclosure as of June 30, 1932. This

TABLE XXII.—Acreage of land owned in Brookings county by public agencies and by private corporations, and land on which foreclosures were instituted by them between June 30, 1931 and June 30, 1933

Type of agency	Acres owned and in process of foreclosure	Per cent of total holdings
Life insurance companies	36,260	49.4
Mortgage companies	14,006	19.1
Commercial banks	6,124	8.3
Joint Stock Land Bank	1,852	2.5
Federal Land Bank	1,463	2.0
South Dakota Rural Credit Board	8,990	12.2
Department of School and Public Lands	3,562	4.9
Miscellaneous agencies	1,196	1.6
Total for above agencies	73,453	100.0
Total acreage assessed in 1932	500,101	—
Per cent of total assessed land held by above agencies	—	14.7

table shows that nearly half of the land held by these agencies is controlled by life insurance companies. The next largest holders are the mortgage companies. Of the private corporations the commercial banks rank third in amount of land held.

The South Dakota Rural Credit Board on June 30, 1932 owned or had in the process of foreclosure 8,990 acres. This amount added to the 3,562 acres of land held by the Department of School and Public Lands con-

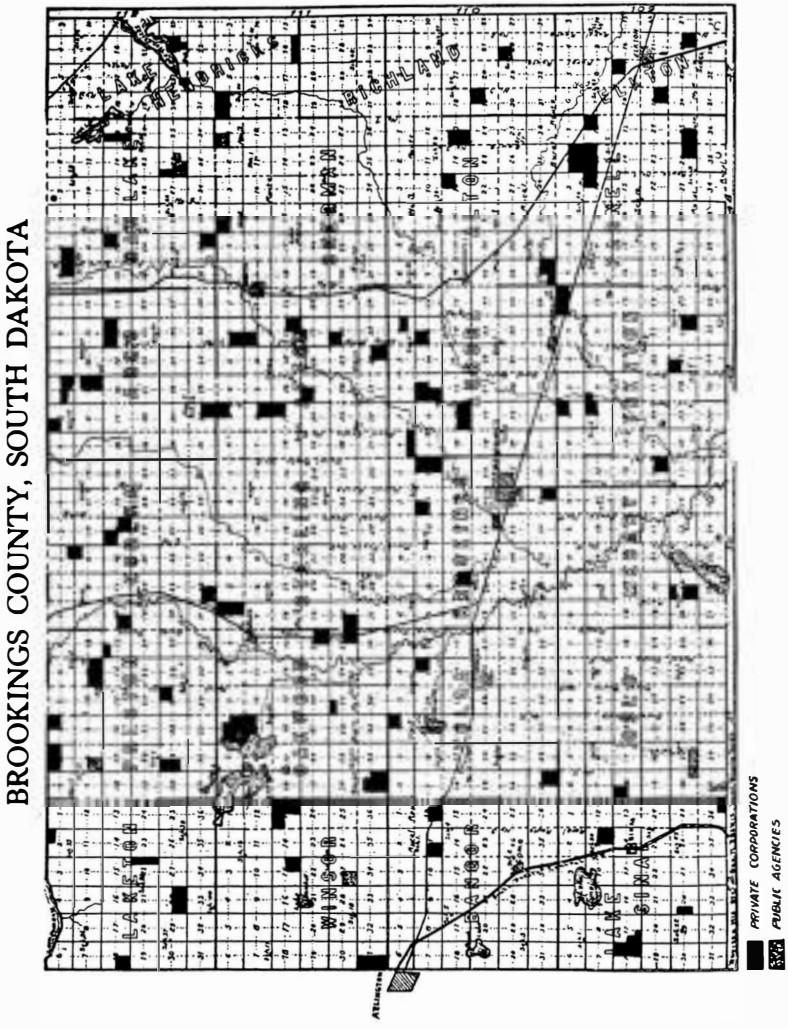

Fig. 29.—Map of Brookings county showing the location of land on which foreclosures were instituted by public agencies or private corporations from June 30, 1931 to June 30, 1932 but on which final action had not been taken on the latter date.

stitutes the total amount of land controlled by public agencies in Brookings county. This amounts to 12,552 acres or only 2.5 per cent as much as the total acreage assessed in 1932. The problems connected with land concentration in Brookings county are therefore not to any great extent those of utilizing or disposing of land held by public agencies.

The problem in Brookings county is largely that of utilization and disposal of the 60,900 acres of land held by private corporations, which constitutes over 12 per cent of the assessed acreage, and which was acquired largely as the result of foreclosure on loans. The above acreage of corporation-controlled land is perhaps not as great a proportion of the land in the county as is generally believed. It is large enough however, to exert a considerable influence on the farming of the county. The policy adopted with respect to the rental or sale of this land may be an important factor in the land market for several years.

Concentration of Land Ownership in Some Western Counties

Public lands the principal problem.—Unfortunately it was not possible to make detailed studies of the concentration of land ownership such as that described above for Brookings county in any of the western counties. No figures are available, therefore, of the concentration of land ownership in the hands of private corporations. From other studies however, it is known that private lending agencies such as insurance companies held very few loans in the area west of the Missouri river. The mortgage loans in this area were made largely by local banks and mortgage agencies; by individuals; by the Rural Credit Board; and by the counties, from the state school fund.

From a knowledge of the above situation with respect to the loans made it is perhaps safe to conclude that, in contrast with the eastern part of the state, the land concentration problem in the western part of the state is largely a public land problem. Figures 15 and 19 indicated that the land foreclosed upon by the South Dakota Rural Credit Board and by the counties on school fund loans is of relatively greater importance in this area. Figure 23 showed that the land reverting to the county because of unpaid taxes is also concentrated in this area. Finally, from Figures 24 and 25 it was made evident that the remaining school lands and the unentered federal lands are located in the western counties. As has already been noted in Figure 27 the combined land holdings of the above public agencies now constitutes a formidable part of the total land area in a large number of western counties.

Comparison of public land holdings in three counties.—Table XXIII gives a comparison of the land held by various public agencies in three western counties. Of these three counties Stanley has the largest percentage of its land controlled by public agencies. Over 70 per cent of the land under public control in Stanley county is land reverting to the county on account of tax delinquency. This county also has a large amount of land which has been foreclosed upon by the Rural Credit Board. Over 50 per cent of the assessed land, school land and federal land open to entry in Stanley county is controlled by public agencies.

In Mellette county the land reverting to the county, on account of tax delinquency is somewhat less than 40 per cent of the land controlled by public agencies. The land taken over by the Rural Credit Board on mortgage foreclosures is over 25 per cent of the total publicly controlled land in this county; and represents nearly 10 per cent of the assessed land of the county. There is also a large amount of land held in this county by the Department of School and Public Lands.

TABLE XXIII.—Acreage of land held in Stanley, Mellette and Butte counties by various public agencies

	Stanley County		Mellette County		Butte County	
	Acres	Per cent of total	Acres	Per cent of total	Acres	Per cent of total
Land foreclosure by South Dakota Rural Credit Board	43,815	9.5	42,899	25.5	9,903	2.3
Land foreclosed by county on school fund loans	13,600	3.0	8,560	5.1	6,317	1.4
Land taken over by county on tax deed	8,000	1.7	36,066	21.4	105,000	23.9
Land subject to tax deed by county January 1, 1933	320,000	69.4	30,000	17.8	200,000	45.6
Land held by Department of School and Public Lands	59,641	12.9	48,061	28.5	117,531	26.8
Federal land open for private entry	16,020	3.5	2,860	1.7	0	—
Total	461,076	100.0	168,446	100.0	438,751	100.0
Total acreage assessed in 1931, plus school land and federal land open to entry	907,860	.....	491,272	.....	1,193,010	.....
Ratio of public land to above total	.....	50.7	.....	34.3	.....	36.8

The foreclosed Rural Credit lands are only a small percentage of the publicly controlled land in Butte county. This county is similar to Stanley in that nearly 70 per cent of the publicly controlled land is that reverting to the county for non-payment of taxes. It is unlike Stanley county however, in that it has actually taken title to a large percentage of the land subject to tax deed. There is also a large amount of land in this county held by the Department of School and Public Lands. Table III in the appendix gives information on the amount of publicly owned land for all counties in the state.

The discussion of the above three counties is given here to show some of the details of the public land situation in individual counties west of the Missouri river. Attention must be focused on the growing importance of public agencies in the control of land in this part of the state if a sound and somewhat permanent land utilization policy is to be developed for this section.

Problems Arising From Concentration of Land Ownership

Means of avoiding further concentration.—Previous discussion has indicated that, as a result of the post-war distress in South Dakota agriculture, the ownership and control of large amounts of land has become concentrated in the hands of some private lending agencies and also in the hands of public agencies who have acquired land either by their foreclosure of loans extended, or through tax delinquency. It has also been

pointed out in previous discussion that the major cause of the distress has been the unfavorable relationship between prices of farm products and the prices of goods which farmers buy, including their payments on fixed obligations. The most effective means of avoiding further forced transfer of land ownership therefore, would be to deal with the causes of low prices for agricultural products. This, however, is a national and world problem, and while it is awaiting solution the process of liquidation is being continued.

Assuming that farm prices will recover to some extent in the not too far distant future it should be possible to avoid some foreclosures by postponement of payments, by temporarily scaling down payments, and by refinancing at lower rates of interest and amortization. It may as well be recognized, however, that some loans are so large in proportion to the earning power of the property that they cannot be repaid except under price conditions so favorable that they perhaps cannot be expected again this generation. In such cases both debtor and creditor are likely to benefit by frankly facing the situation, and by making so fair and equitable a settlement as possible without the necessity of foreclosure. Settlement between the borrower and lender according to the individual situation is more easily arranged when the lender is an individual than when the borrower is dealing with a lending institution, such as an insurance company; which must fulfill its contracts with policy holders as well as meet the requirements for sound assets which are set up by regulatory laws.

The two public agencies which have been engaged in lending money on mortgages have perhaps been somewhat more lenient with delinquencies than private lending agencies. The result, however, has been an accumulation of unpaid interest and principal payments which in the light of recent conditions has made repayment hopeless for many borrowers.[25] The delinquent loans held by these agencies which were originally made on a conservative basis perhaps could be refinanced to advantage at a lower rate of interest and a longer amortization period. However, in a good many instances the loans may still be too large in proportion to probable earning power and the only way for the lender to avoid foreclosure would be to reduce the principal of the loan. Unfortunately the losses incurred from such loan reductions have to be paid by the tax payers. However, if this method of handling the situation would result in less loss to taxpayers than would be incurred by taking title to the land, and at the same time be more equitable to the borrower, it is preferable to foreclosure.[26]

Since a large percentage of the total "distressed land" in the state is the result of tax delinquency the problem of how to avoid further wholesale tax delinquency merits considerable study. If the total taxes which are levied on the land in a county remain the same, and there is no increase in the income from the land, the problem becomes more and more acute because as an increasing amount of land goes off the tax list the

25. A bill passed by the 1933 Session of the State legislature provided for refinancing of Rural Credit loans at 3 per cent interest and amortization payments over a thirty year period.

26. It should be noted in passing that lowering the interest rates on mortgage loans below the rate which the state is paying on its bonds, as is the case with the refinancing provisions in the new Rural Credit legislation, also results in a deficit which has to be made up by taxation.

tax levy must be increased on the land remaining on the tax rolls. This, of course, makes the burden more and more unbearable. The only relief which the state or the local governmental units can apply is a reduction of taxes. Since under the present system of obtaining support for public institutions over three fourths of the property taxes go to the support of local institutions, tax reduction means either a drastic reduction in local units of government or a shifting of a part of the local tax burden to the larger state unit.

Many communities are burdened with heavy local taxes because of an over-zealous enthusiasm for rapid development. Thus a super-structure of public improvement has been acquired which cannot be supported by the community under the income conditions which are likely to prevail. In a good many instances it is possible also that the less intensive use to which the land will be put in the future does not justify such a high expenditure for public improvements. Thus, in order to avoid further tax delinquency, it may be necessary in some areas to reduce quite drastically the governmental services which are rendered. For instance, in areas where it is evident that land will eventually shift from a farming to a grazing use, the program of school maintenance and of road improvement should be reconsidered on that basis. In some instances township government could be abandoned and counties could be consolidated. Such a revamping of the governmental structure will meet with much opposition, however, because it involves a departure from a system to which the community has become accustomed.

Disposal of land now owned.—Disposal of the "distressed land" which has been acquired is likely to be a rather long time process. The large potential supply will be a serious drag on the land market even if farm prices show considerable recovery.

Decisions as to when and how to dispose of the "distressed land" held by private agencies no doubt will be made on the basis of the judgment of the holders as to when and how the greatest income can be secured or the least loss incurred. If a foreclosed farm is "paying its way" by returning an income sufficient to cover operating expenses, taxes, and sacrificed interest return, the length of time which it has to be held does not present a serious problem. If a farm is not "paying its way" the cost of holding it, both in actual cash outlay and sacrificed interest return, will have to be balanced against any possible future recovery in land values.

If many farms are thrown on the market at a sacrifice of even a part of the original mortgage investment, the land market may become so demoralized that something analogous to a run on a bank may develop—that is, a large number of farm mortgages in a community may go delinquent because the level of land values has been set below the owner's equity in the land. Undoubtedly the fear of such a situation developing has been a factor in the holding of some land off the market even though there were no prospects of increasing the returns from the land.

The economy of private agencies holding foreclosed land for a recovery in land values is considerably dependent upon the policy pursued by the state and local governmental units with respect to taxation, and also with respect to the means of disposing of the "distressed land" held by public agencies. If a high level of real estate taxes is maintained there will obviously be a smaller net gain from holding the land over a

period of years. If the policy of disposing of the land taken over on loans by public agencies, or on tax delinquency, is one of selling it for any price that it will bring this will have a tremendous influence on land values in areas where such publicly owned land is abundant.

While private agencies may be justified in basing their decisions as to when and how to dispose of their "distressed land" on the basis of the probable greatest net return to them, this should not be the sole criterion for the disposal of the land held by public agencies. Such land has been acquired with the expenditure of public funds. Disposal of the land should be made with due regard to its probable effect on a sound land development and use program. This involves disposal in such a manner that the land is likely to go into the use which it is best suited for in view of prospective economic conditions. Some attention should also be given to the purchaser and the possibility of his making an adequate return on his investment. Only by considering the above factors can some of the past mistakes in land development be avoided in the future.

Some Factors to Consider in Formulating a Policy for Disposal of Distressed Land

Since some of the factors to consider in formulating a policy for the disposal of "distressed lands" have already been considered, the discussion which follows is somewhat in the nature of a summary statement. "Distressed land" in private hands will naturally be disposed of in ways which can be expected to bring the largest net return to the present owners. The means of disposal can be largely influenced, however, by the policy of disposing of publicly owned land, by methods of taxation, and by regulations governing sales. The publicly owned land should be disposed of in ways which will result in the greatest long time social benefit.

Mistakes of past policies.—In handling the "new public domain" the mistakes of the past land development policies should be avoided if possible. If it can be said that this country has had a land development policy, it has been one of getting the land into private ownership as rapidly as possible regardless of its suitability for the use for which it was acquired. No attempt was made to establish records of its physical productivity in various uses before the land was privately acquired. Hence, the individual owner was forced to learn what the land would produce by costly trial and error methods. Often after years of futile effort he found that because of unfavorable natural and economic factors it was hopeless to pursue the type of farming which he had set up. The "new public domain" is partly the result of such mistakes in the past and every effort should be made to avoid their repetition.

Opportunity to correct past mistakes.—Years of costly trials on the part of individual farmers have furnished a background of knowledge regarding the productivity of the different areas of the state which should be drawn upon in formulating a policy for the disposal of the "new public domain". These experiences can be supplemented with yield records from the experiment stations located in some areas, and with the weather records, which are now available over a long period of years.

A long time program of reconstruction should be planned. It should be based on the type and size of farm business which will be most likely to succeed in each area. These types and sizes can best be determined

from the background of experience regarding the natural conditions, and a long time view of prospective economic conditions. An adequate analysis of this kind will require special studies in localized areas. Much of the information is already available, but it needs to be coordinated to show the prospective incomes on individual types and sizes of farms.

With fairly complete information of the kind mentioned in the previous paragraph the "new public domain" could be handled in such a way that the land would be devoted to its most economic use from a long time standpoint. This would mean that no land would be sold as crop land unless it had been fairly well established that a farmer could make a satisfactory living by devoting the land to such a use. Farmers should also be discouraged from buying units too small to produce an adequate income for a farm family.

If a policy of guidance in land use, as indicated above, were adopted it would necessitate courageous administration to make it effective. Prospective farmers would have to be informed that in certain areas the risk of crop failure is too great to be undertaken. Such information would not be popular with local agencies such as real estate promoters, who may be interested in rapid settlement regardless of its long time effect in the community. It should be apparent from our recent experience however, that a permanently prosperous community cannot be built up unless the individuals who constitute that community are prosperous.

A conscious policy is needed not only for guidance as to the proper uses of land, but also for the establishment and maintenance of public improvements corresponding to the intensity of land use. Part of our tax delinquency difficulties have arisen because we have not adequately recognized that indebtedness for public improvements represents a prior claim on the incomes from property in the area. Hence public debt was added to private debt until tax delinquency and mortgage foreclosure became inevitable.

In areas which are to be devoted largely to grazing there is obviously no need for a public road on each section line. Also a system of support for common schools needs to be worked out in such a way that it does not become too burdensome a charge on land suited only for extensive uses. Even though more state support to local schools in such areas may be justified, it should also be recognized that state expenditures should be made with the aim of the greatest welfare of all its citizens in mind, and that this will naturally place a limit to expenditures for schools in sparsely settled areas. A standard of public expenditure should be worked out for schools, roads, and local units of government which would be proportionate to income to be expected from the land, and to the number of people who can be adequately supported on this income, rather than to copy a standard of local public expenditure suited to a more densely populated and more intensively farmed area.

To some readers it may seem that the material presented in this circular gives an entirely too gloomy picture of the situation. It has been the aim of the authors to present the available facts on the topics discussed and to draw such conclusions as seemed to be warranted by the material presented—conclusions which would be of value in planning for the future. While there is no denying that South Dakota agriculture is at

present suffering from a severe depression, it is believed that recovery will be more rapid if the facts are faced squarely, and if plans for the future are made with a conscious effort to avoid the repetition of past mistakes.

Present low land value levels give opportunity for shifting uses of land, and types and sizes of farms, in accordance with the natural conditions of each area, and the economic conditions to be expected. Since public agencies have become large holders of "distressed land" the state and individual counties must assume considerable responsibility for the development of a future land use policy. It is not sufficient to attempt to get the land back into private ownership if there is no prospect of the new owner making a satisfactory return on his investment. The state, the county and the local community are dependent for permanent prosperity on the most economic utilization of available resources. It would seem therefore that considerable attention should be devoted to the problem of developing a land use policy.

Appendix

APPENDIX TABLE I.—Farm foreclosures instituted in 44 counties 1921-1931

	1921		1922		1923		1924		1925		1926	
County	No.	Acres	No.	Acres	No.	Acres	No.	Acres	No.	Acres	No.	Acres
Aurora	10	2,553	20	5,516	23	5,600	31	7,786	20	4,574	26	4,889
Bennett	14	3,915	24	4,929	16	4,347	24	7,305	49	13,722	20	4,820
Bon Homme	3	320	18	2,824	25	4,020	9	1,716	16	1,590	24	5,605
Brookings*	22	4,311	58	11,135	57	11,024	81	15,154	53	8,783	43	6,639
Brown	21	5,712	39	10,775	79	21,273	94	21,455	71	14,820	55	12,904
Brule	10	2,440	24	4,160	34	6,240	32	3,240	41	7,000	72	7,760
Buffalo	17	4,960	8	2,520	20	4,400	25	4,600	31	8,285	22	6,320
Charles Mix	32	5,103	50	8,199	30	6,739	21	4,687	24	3,645	27	4,790
Clark	13	3,280	46	10,040	60	11,320	76	15,680	49	11,240	40	6,080
Clay	7	1,379	14	1,904	7	820	5	700	6	1,080	4	590
Corson	48	14,132	60	13,121	126	22,837	129	28,341	113	22,097	86	16,041
Custer	3	232	4	483	12	6,519	26	8,331	29	7,729	34	8,574
Davison	7	951	20	5,051	20	3,498	34	6,420	28	6,404	12	1,841
Deuel	14	2,500	44	7,750	34	4,845	57	7,300	47	6,993	49	7,463
Dewey	30	6,413	38	10,360	66	15,800	55	11,290	65	14,400	59	16,632
Douglas	3	481	8	1,680	4	566	1	80	4	678	2	480
Edmunds	26	5,440	58	15,240	65	13,800	67	14,580	32	7,570	28	5,680
Fall River	20	2,100	74	6,080	68	11,060	77	24,720	106	23,740	123	27,200
Faulk	20	3,840	34	6,240	47	9,760	62	13,920	34	6,720	43	11,200
Grant	23	4,360	51	12,175	70	14,990	78	13,925	65	11,183	55	8,410
Hand	37	8,400	54	12,470	79	17,520	92	19,560	58	13,440	57	12,960
Hanson	3	560	15	8,085	19	11,991	20	5,885	10	1,875	13	2,779
Hutchinson	5	540	24	4,205	14	2,561	13	1,021	10	940	11	1,561
Jackson	19	3,358	32	8,653	43	9,560	42	8,148	76	11,520	33	8,344
Lawrence	2	169	2	245	3	520	5	840	3	1,227	4	1,642
Lincoln	4	320	11	1,436	8	1,692	11	1,540	10	1,387	19	4,021
McCook	0	0	2	480	16	1,600	19	3,316	24	3,580	28	3,804
McPherson	8	1,762	26	3,600	22	4,640	21	2,920	20	3,680	22	5,979
Marshall	13	2,173	30	4,216	80	15,160	98	16,564	90	16,940	54	7,830
Miner	2	193	15	3,996	44	7,863	43	7,142	54	7,503	63	8,866
Minnehaha	11	1,258	34	6,793	21	3,354	53	10,548	46	8,236	31	4,798
Moody	8	1,360	20	3,960	24	4,235	14	2,440	22	6,140	16	2,900
Pennington	26	5,317	46	11,410	89	27,482	65	18,508	109	39,207	76	21,902
Perkins	93	17,717	128	23,207	214	46,294	196	43,052	168	46,651	151	33,507
Potter	18	3,760	30	7,440	32	6,640	42	8,946	44	7,160	20	4,720
Sanborn	18	3,663	44	9,182	41	7,813	45	8,020	42	8,896	34	6,098
Spink	16	2,713	57	6,160	71	10,560	86	6,475	44	5,019	52	8,708
Sully	18	7,000	47	13,420	56	23,360	58	17,782	38	11,320	37	11,061
Tripp	36	7,560	92	22,680	143	30,240	156	33,840	109	23,360	93	22,520
Turner	4	480	6	887	12	2,220	17	2,600	14	2,520	13	2,560
Union	10	1,120	17	2,511	17	1,801	14	1,996	19	1,508	13	1,161
Walworth	13	2,160	18	3,880	14	3,920	29	6,210	18	4,080	7	1,420
Yankton	8	1,887	12	2,870	13	2,900	21	3,045	14	3,513	5	660
Ziebach	25	4,409	30	4,500	60	12,940	67	12,339	75	13,651	47	13,674

* The figures for Brookings county in above table were compiled from the records in the Register of Deeds office in the same way as the figures from other counties. They differ somewhat from the figures in Appendix Table II which were taken from private abstract books.

APPENDIX TABLE I. (continued).—Farm foreclosures instituted in 44 counties 1921-1931

	1927		1928		1929		1930		1931		Total 1921-31	
County	No.	Acres	No.	Acres	No.	Acres	No.	Acres	No.	Acres	No.	Acres
Aurora	41	7,356	18	2,560	16	1,864	11	1,834	33	8,040	249	52,572
Bennett	10	2,933	10	3,109	12	2,434	17	5,376	7	1,760	203	54,650
Bon Homme	18	3,671	11	1,684	7	1,040	1	160	17	2,617	149	25,247
Brookings	51	9,020	49	9,515	22	3,877	39	6,856	66	11,784	541	98,098
Brown	82	15,963	78	15,480	92	15,643	78	15,430	164	40,042	853	189,497
Brule	81	14,780	72	9,040	30	5,040	35	2,820	32	6,960	463	69,480
Buffalo	10	4,000	17	4,870	5	1,280	4	1,160	12	7,760	171	50,155
Charles Mix	49	9,648	31	6,022	21	3,774	33	6,195	89	17,827	407	76,629
Clark	67	12,400	58	9,600	47	10,720	53	10,560	118	27,840	627	128,760
Clay	3	880	12	1,818	8	1,245	6	624	27	4,179	99	15,219
Corson	83	16,347	54	11,347	43	9,277	41	9,133	48	11,077	831	173,750
Custer	18	4,354	15	3,879	7	1,577	10	2,679	11	3,499	169	47,856
Davison	23	4,640	13	2,620	6	1,300	4	880	8	2,240	175	35,845
Deuel	98	21,800	59	7,553	72	9,130	66	12,000	99	17,100	639	104,634
Dewey	22	4,590	41	8,233	37	6,792	28	4,900	40	11,147	481	110,557
Douglas	3	139	4	767	2	320	0	0	6	1,350	37	6,541
Edmunds	46	13,294	20	6,715	23	4,520	36	7,380	59	11,108	460	105,327
Fall River	62	18,560	48	9,700	21	2,240	33	10,400	30	9,900	662	145,700
Faulk	31	8,800	29	5,600	36	12,480	44	10,240	70	15,840	450	104,640
Grant	41	7,604	77	14,889	60	13,365	54	9,601	38	8,556	612	119,058
Hand	59	13,800	54	12,660	51	12,760	64	15,020	98	24,810	703	163,400
Hanson	30	5,800	11	1,957	7	1,723	9	2,398	36	6,333	173	49,386
Hutchinson	11	1,121	18	2,818	6	432	4	2,343	23	8,034	139	25,576
Jackson	35	7,228	26	4,989	33	6,417	16	1,900	25	5,476	380	75,593
Lawrence	5	1,562	8	2,471	5	2,003	1	120	4	1,059	42	11,858
Lincoln	32	5,882	22	2,982	8	1,266	8	1,277	18	3,268	151	25,121
McCook	15	2,589	24	2,424	12	1,234	12	1,520	35	5,124	187	25,671
McPherson	27	5,853	17	2,565	21	4,005	39	8.045	48	7,989	271	51,038
Marshall	86	16,512	73	11,514	44	7,973	44	7,565	59	10.920	671	117,367
Miner	44	5,714	26	2,936	17	4,300	14	1,292	30	3,143	352	52,948
Minnehaha	33	5,278	31	5,299	29	5,463	15	2,369	36	6,501	340	59,897
Moody	28	4,720	16	2.400	23	1,929	8	1,460	33	8,100	212	39,644
Pennington	53	15,928	54	11,882	44	10,793	26	7,350	35	10,234	623	180,013
Perkins	71	13,159	70	16,394	55	12,744	38	14,430	58	16,706	1,242	283,861
Potter	22	3,920	17	3,492	13	3,040	21	2.875	35	11,154	294	63,147
Sanborn	49	9,024	25	4,631	12	2,640	12	2,050	36	7,762	358	69,779
Spink	93	20,344	51	8,082	78	16,085	71	14,917	187	37,587	806	136,650
Sully	47	11,930	20	6,680	10	3.999	14	2,720	51	16,520	396	125,792
Tripp	118	28,320	82	19,680	48	11,520	59	12,160	59	15,300	995	227,180
Turner	24	3,990	7	1,280	2	280	4	460	16	2,404	119	19,681
Union	19	1,861	17	1,177	6	453	12	1,480	40	2,608	184	17,676
Walworth	18	3.660	8	1,900	12	2,040	9	2,900	24	6,100	170	38,270
Yankton	20	2.960	16	2,920	7	730	4	640	30	5,150	150	27,275
Ziebach	15	3,588	51	13,417	39	8,401	26	5,986	44	7,561	479	100,466
Total											17,715	3,701,504

APPENDIX TABLE II.—Farm foreclosures instituted in Brookings county 1881-1932

Year	Foreclosures instituted†		Assessed acreage*	Number of acres upon which foreclosures was instituted per 1,000 assessed acres
	Number	Acres		
1881	0	0	79,809	0
1882	8	1,074	157,747	6.8
1883	26	3,285	167,521	19.6
1884	30	3,588	215,739	16.6
1885	27	3,380	271,681	12.4
1886	29	3,880	297,925	13.0
1887	21	2,984	331,562	9.0
1888	43	5,667	348,121	16.3
1889	54	7,347	364,136	20.2
1890	68	9,621	378,155	25.4
1891	55	8,123	395,456	20.5
1892	28	3,920	416.633	9.4
1893	26	3,211	417,527	7.7
1894	18	2,179	436,163	5.0
1895	35	4,601	440,398	10.4
1896	67	9,594	445,891	21.5
1897	28	3,620	449,520	8.1
1898	17	2,385	456,527	5.2
1899	9	1,090	462,238	2.4
1900	2	160	474,098	0.3
1901	3	360	477,725	0.8
1902	2	320	485,532	0.7
1903	4	280	486,503	0.6
1904	13	1,800	485,245	3.7
1905	2	540	487,223	1.1
1906	6	1,513	487,844	3.1
1907	7	1,080	488,195	2.2
1908	7	440	486,885	0.9
1909	7	1,160	486,526	2.4
1910	2	190	487,046	0.4
1911	3	480	487,003	1.0
1912	1	160	487,103	0.3
1913	4	730	486.265	1.5
1914	3	291	489,184	0.6
1915	1	40	487,178	0.1
1916	2	240	492,752	0.5
1917	1	160	494,001	0.3
1918	2	320	494,477	0.6
1919	0	0	493,976	0.0
1920	4	840	494,802	1.7
1921	18	3,067	494,449	6.2
1922	70	11,431	494,022	23.1
1923	68	10,798	495,617	21.8
1924	102	17,116	495,219	34.6
1925	65	9,092	495.059	18.4
1926	48	6,664	495,056	13.5
1927	54	8.617	495,551	17.4
1928	62	10,588	495,478	21.4
1929	27	4,017	495,919	8.1
1930	41	6,952	495,022	14.0
1931	66	11,784	495,547	23.8
1932	116	22,063	495,281	44.5

* Assessed acreage includes only agricultural land outside of corporate limits.

† The figures for foreclosures instituted 1881-1930 in the above table were compiled from private abstract books. The figures for 1931-1932 were compiled from the records of the Register of Deeds office.

APPENDIX TABLE III.—Showing by counties the acreage of land held by various public agencies*

County	Acreage	County	Acreage
Armstrong	1,120	Jackson†	178,807
Aurora	31,357	Jerauld	38,401
Beadle	249,750	Jones†	210,727
Bennett	95,477	Kingsbury	23,384
Bon Homme	3,999	Lake†	5,283
Brookings‡	11,873	Lawrence	22,081
Brown	60,414	Lincoln	1,628
Brule	48,971	Lyman	96,420
Buffalo	109,470	McCook	8,548
Butte	438,751	McPherson	121,907
Campbell	44,261	Marshall	137,030
Charles Mix	23,328	Meade	396,048
Clark	46,340	Mellette	168,446
Clay	576	Miner	21,717
Codington†	23,460	Minnehaha	1,909
Corson	434,893	Moody	3,587
Custer	145,796	Pennington	338,489
Davison	7,505	Perkins†	385,670
Day	51,631	Potter	110,031
Deuel	13,597	Roberts	32,422
Dewey	128,679	Sanborn	24,644
Douglas	8,784	Shannon	164
Edmunds	93,798	Spink	89,057
Fall River	222,143	Stanley	461,076
Faulk	89,553	Sully	168,000
Grant	20,658	Todd	2,881
Gregory	56,473	Tripp	96,982
Haakon	225,049	Turner	279
Hamlin	8,365	Union	6,503
Hand	145,398	Walworth	80,084
Hanson	6,679	Washington	1,001
Harding	612,442	Washabaugh	5,286
Hughes	90,321	Yankton†	5,006
Hutchinson	3,595	Ziebach†	203,957
Hyde	71,293	Total	7,073,254

* The acreage of land shown in this table includes: land foreclosed by South Dakota Rural Credit Board, land foreclosed by counties on School Fund Loans, land taken over by counties on tax deed, land subject to tax deed by counties January 1, 1933, land held by the State Department of School and Public Lands, and federal land open for private entry.

† Figures for counties with this notation were derived partly from estimates.

‡ This figure for Brookings county is somewhat larger than is given in Table XIX of the text because of a difference in the date of assembling the information.