

Two Depressions Between 1921 And 1940

There were two depressions between 1921 and 1940 — a junior mortgage depression during the years 1921-1930 and a senior or first mortgage depression during the years 1931-1940. To understand the nature of these two depressions it will be helpful to follow through the financial history of Farmer A who bought the 240 acre farm for \$95,000 in 1920.

The first blow which came in 1921 was the drop in prices of farm products. Corn which had been averaging over \$1 a bushel and actually selling for \$2 a bushel in the summer of 1919 plunged to 41 cents in 1921. The land boom was definitely over.

The second blow was the interest payment on the mortgage debt which hit like a "ton of brick" in 1921. In the actual case of Farmer A with a \$90,000 mortgage debt, the required interest payment of \$5,000 was more than the value of all the corn produced on both of his farms that year. Some farm owners borrowed money from banks, relatives, and any other sources available in order to meet their required payments, hoping that next year would see corn above \$1 a bushel. But the hoped-for did not happen, the average corn price for 1921-1925 was only 63 cents a bushel.

Foreclosures and bank failures began to occur in the early 1920's. Those buyers who had made only a small down payment and owed a large debt were the first to lose their farms, usually to the holder of a junior mortgage, that is a second or third mortgage. In the case of Farmer A, who had paid over half the purchase price in cash, the foreclosures did not occur until 1927 and 1928 when the farmer lost both of his farms. Up to this time our farmer had hopes that conditions might improve, but they did not. In the meantime he had borrowed all he could to stave off foreclosure only to give in finally when he had exhausted his borrowing ability and could meet neither his property taxes nor the interest on his debts. Farmer A was typical of a particularly unfortunate group of land boom victims who had invested a large amount of their own resources only to see them evaporate with the continued low level of corn-hog prices after 1920.

The foreclosures of the 1920's were largely the foreclosure of junior mortgages, in most cases second mortgages but in some cases, even third and fourth mortgages. When the farm owners were unable to pay the interest, they usually stopped paying all obligations including property taxes. In a situation like this the junior mortgage holder had to step in, pay up the property taxes and the interest on the first mortgage, and foreclose his mortgage to obtain title, otherwise the

first mortgage holder could do this and cut the junior mortgage holder out entirely. In cases where the value of the farm had declined below the amount of the first mortgage, there was no point in the junior mortgage holder doing anything because he had no equity, but during the 1920's the farm in most cases was worth more than the first mortgage so the junior mortgage holder almost always stepped in, foreclosed, and took title.

In our example of Farmer A one of the second mortgages was for \$16,000 on 160 acres representing part of the profit made by the seller of the farm in 1920. At the time of the foreclosure in 1928 the amount of back interest and penalties due on the \$16,000 mortgage brought the total up to \$19,200. At the foreclosure sale the farm was bid in by the second mortgage holder for \$12,000 subject to an existing first mortgage of \$16,000 or \$100 an acre. The sale left a deficiency of \$7,200 which the second mortgage holder used to have a receiver appointed so that he was entitled to rent from the farm during the year of redemption. About this time the second mortgage holder dropped out of the picture giving up all his rights to the farm to a local bank which obtained title to it. The bank sold the farm to a farmer, who will be designated as Farmer B, for \$27,000 or \$170 an acre. Farmer B paid \$11,200 cash and took on a mortgage debt of \$16,000.

Farm values during the junior mortgage de-

pression declined steadily. They started at \$255 an acre at the top of the boom in 1920. In 1921 they were down only to \$235 but this was a nominal figure because there were few farms being bought, no one was interested in buying. By 1930 the average value per acre had dropped to \$135.

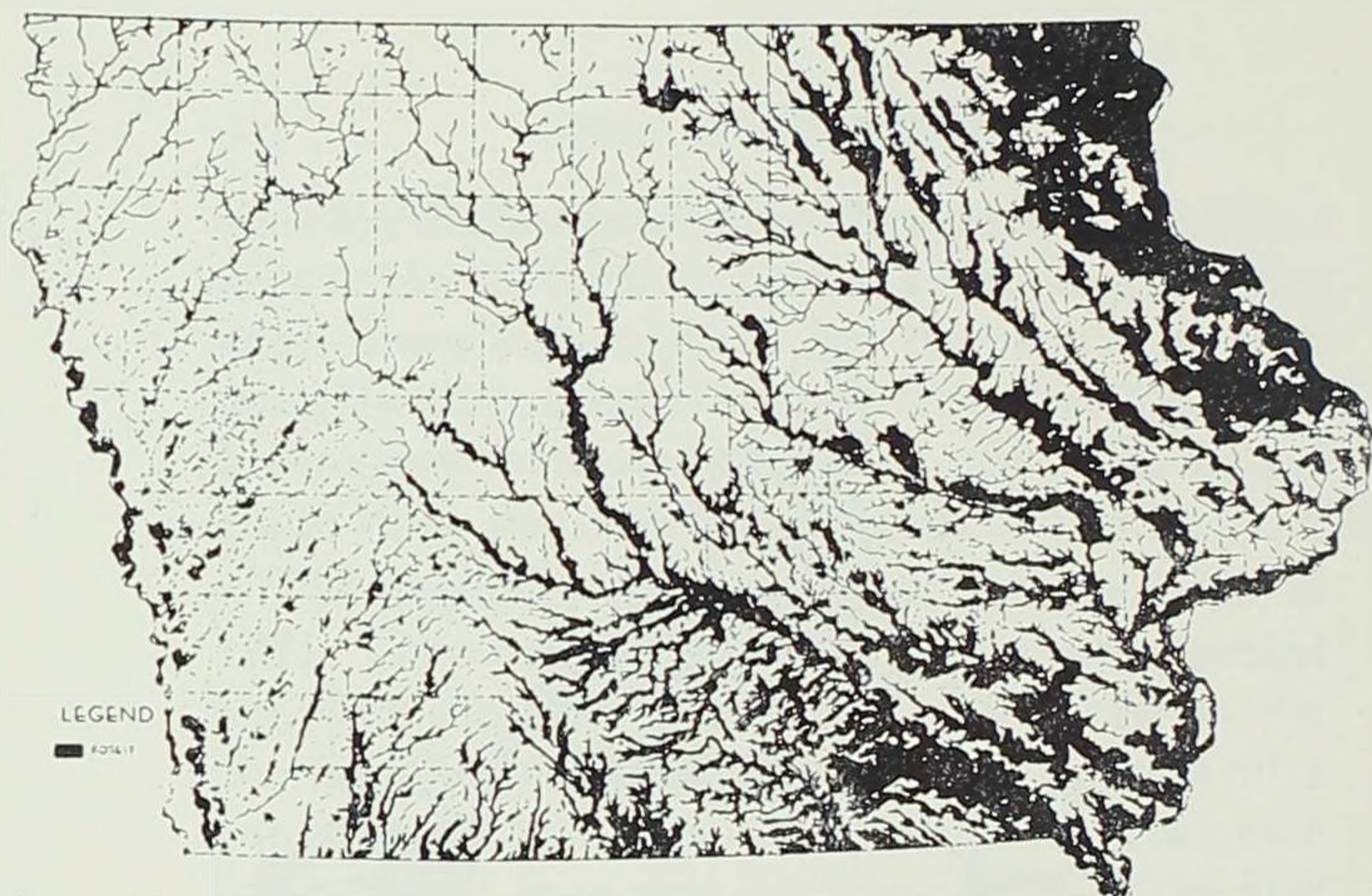
The senior or first mortgage depression hit in 1931. Corn prices were down to 43 cents a bushel and they dropped to 23 cents in 1932. Hogs, the proverbial mortgage lifter, declined from \$8.80 a hundred in 1930 to \$3.20 in 1932. A low price for corn and hogs was the basic cause of the first mortgage depression which saw farm owners having trouble paying their property taxes and the interest on their first mortgages. Those owners who had only a first mortgage against their land during the 1921-1930 period had been able to get by and in some cases make some progress financially. But the decline in corn and hog prices, which came in 1931 and 1932, made it virtually impossible to do much more than pay property taxes and current operating expenses with nothing left to pay the interest on the first mortgage.

The property tax burden was particularly heavy in the depression years and was one of the important causes of financial distress. Here are average figures for Iowa which show the slow adjustment of property taxes to changes in product prices:



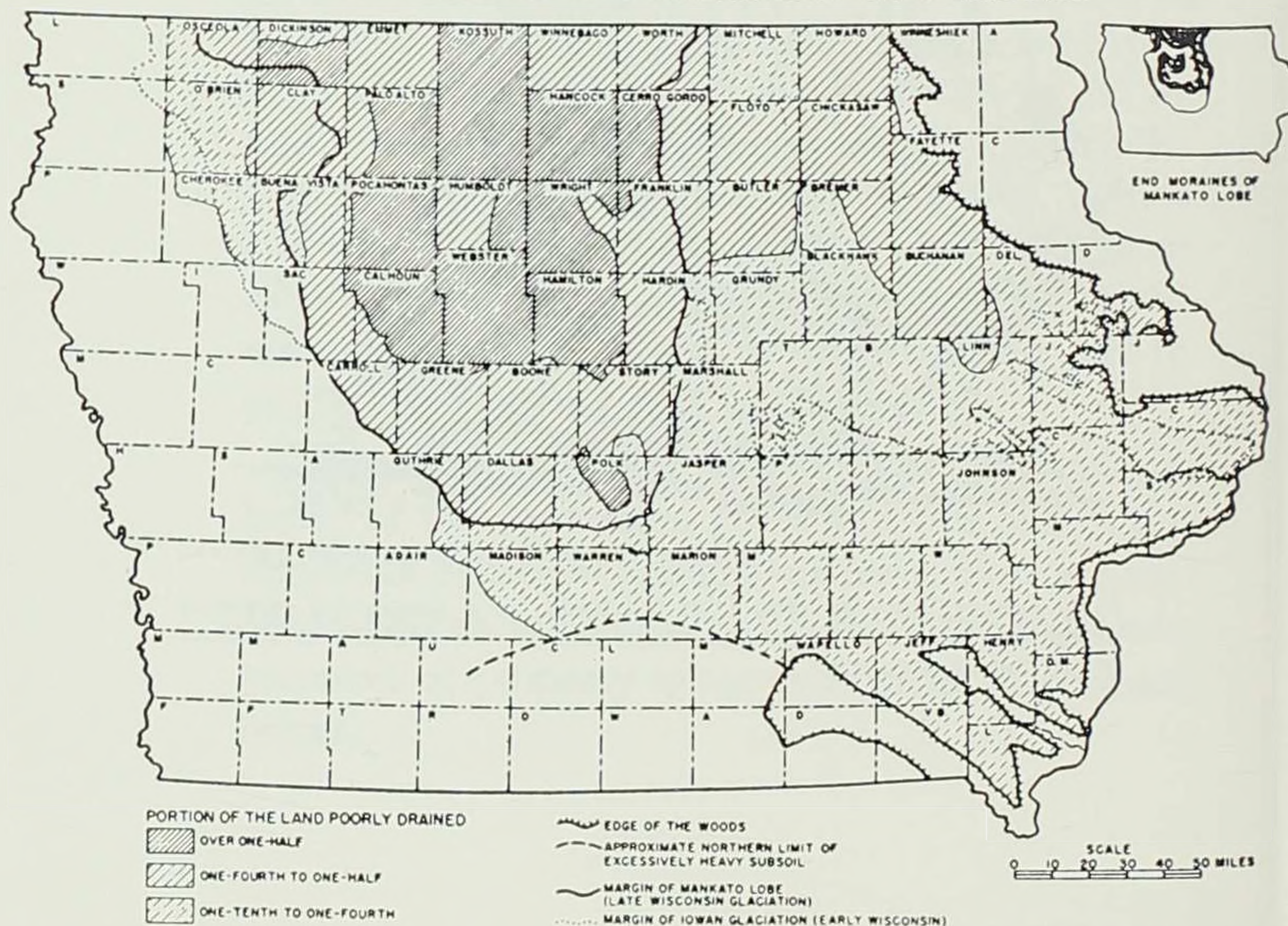
— FROM IOWA AND PROUD OF IT —

Iowa farmers have in their land the basis for a sound and enduring prosperity provided land speculation and severe declines in product prices can be prevented.



Original forest cover in Iowa. Based on original land surveys in Iowa which started in 1836 and were completed in 1859. Map by Iowa State Planning Board.

IOWA PORTION OF THE NORTHERN WET PRAIRIE



From a map by Leslie Hewes

Circular (No. 4)

IOWA GENERAL LAND AGENCY:

by LE GRAND BYINGTON

AT IOWA CITY, IOWA.

SIR: - The assignability of the Bounty Land Warrants issued under the act of 1850, has rendered the forms and instructions which accompanied my former circulars unnecessary, and induced me to modify the propositions therein submitted. I have also increased my facilities, with a view to more extensive operations. I will now receive these warrants, (assigned in blank) at my residence in Iowa City, Iowa, and, as directed by the sender, either-

I. Locate them upon the choicest land in the state (when the warrant holder desires the land for his own use, or for speculation) for the following fees in advance: for 40 acres, \$5; 80 acres, \$7; 160 acres, \$10; paying thereout all land office and other charges of selection and location; or-

II. Purchase them at 15 per cent. above their current price in the city New York; or-

III. Sell them to actual settlers, for cash or on time, for a commission of ten per cent. upon the amount realized, besides conveying fees; or-

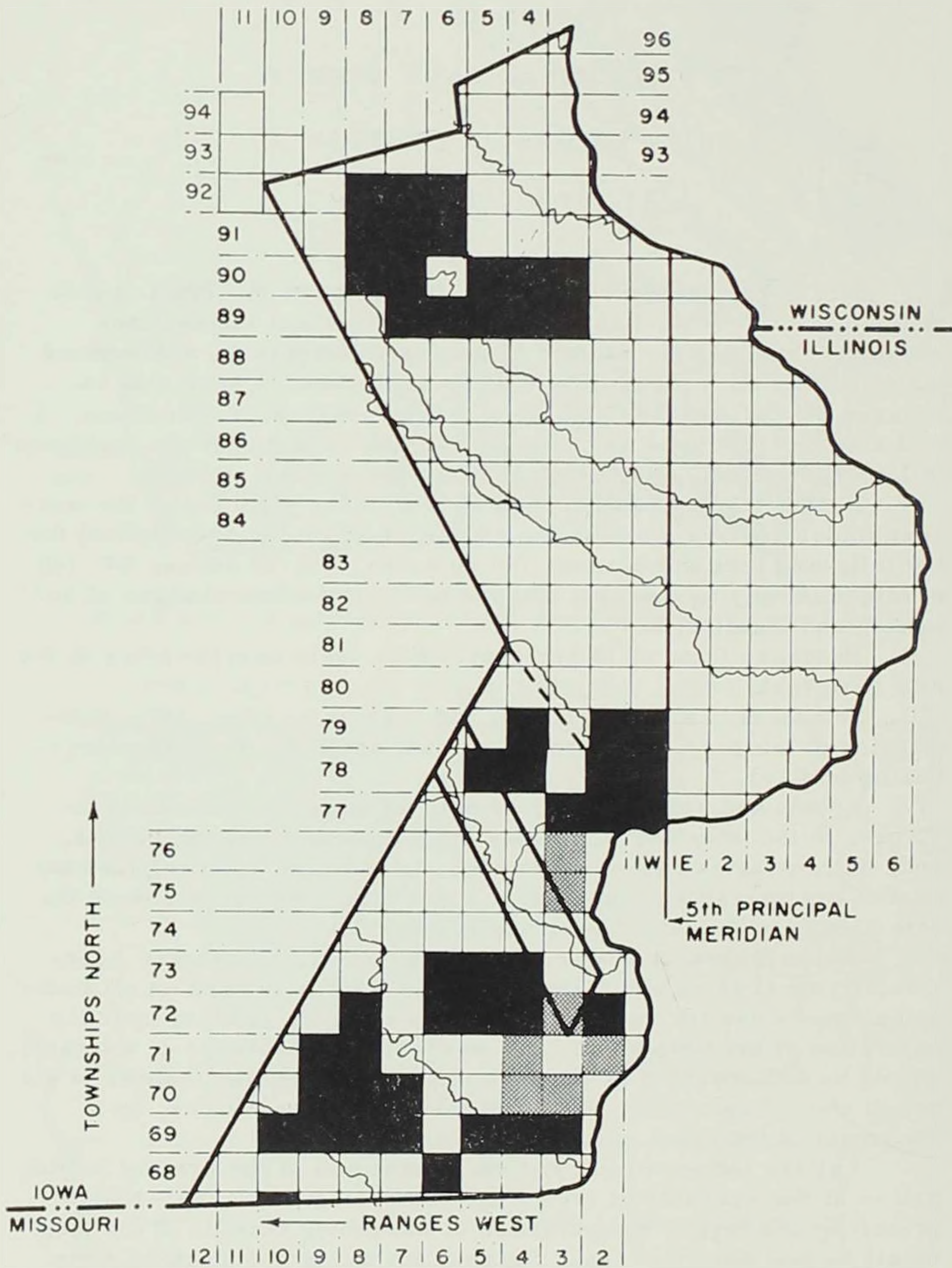
IV. Locate and sell the land, or sell the warrant in the first instance, to the very best advantage for a moiety of the net profits, and, on time sales, allow the sender, in addition, interest upon the cost of his warrants at the rate of 6 per cent. per annum, from the date of sale to the time his money is remitted.

Where warrants are sent to me regularly, by Eastern Agencies, I report sales and make settlements monthly, and on all time sales, guarantee the payment of the money to the sender, upon the expiration of the time given. All warrants, or packages of warrants, should be accompanied by specific directions as to the manner of disposal; and, if sent under the 4th of the above propositions, by a statement of the exact cost of each warrant.

I attach for your information, a schedule of the present selling prices of the warrants at Iowa City; remarking, however, that prices for the larger denomination of warrants, cannot, in my judgment, be maintained at these figures, for any great length of time.

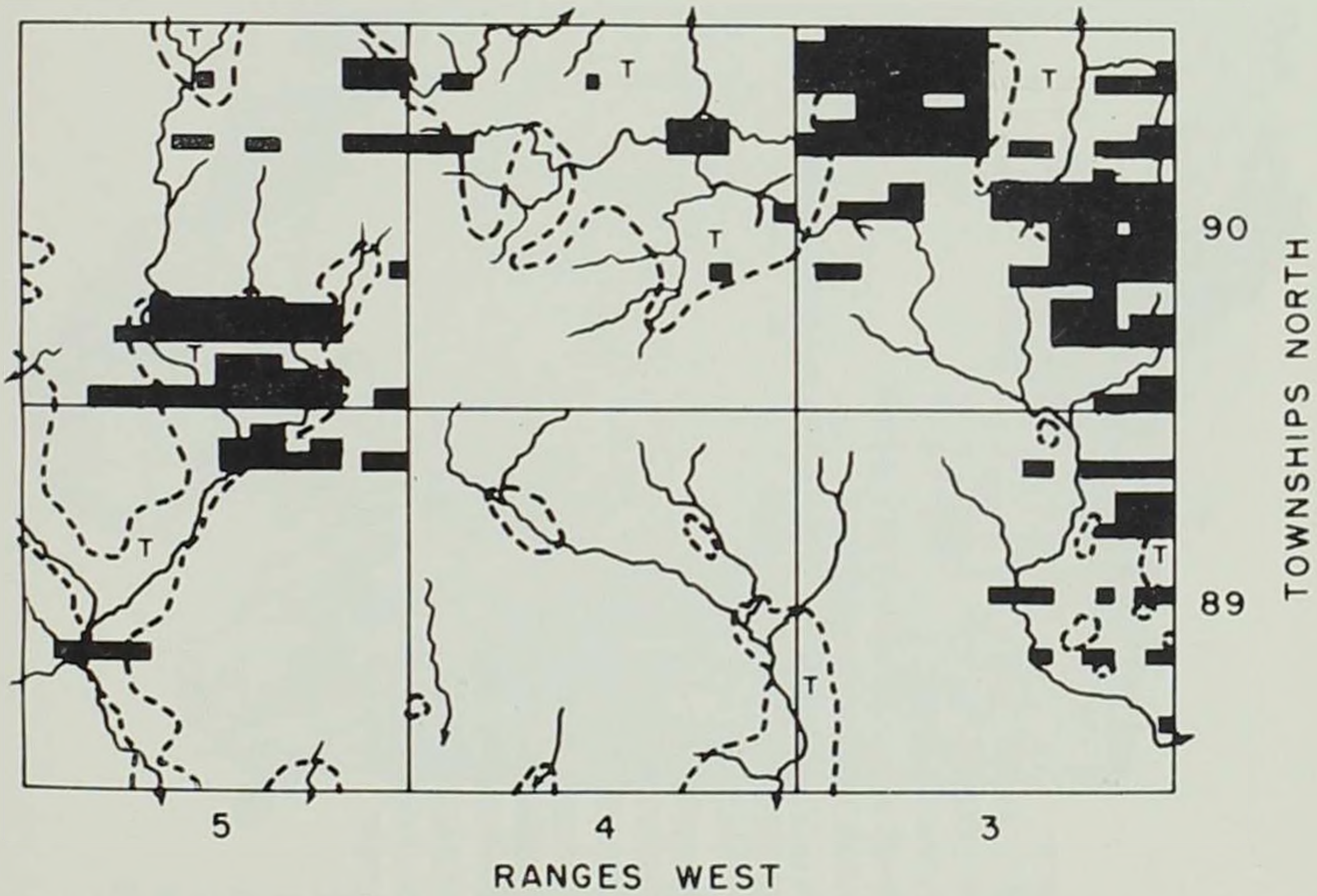
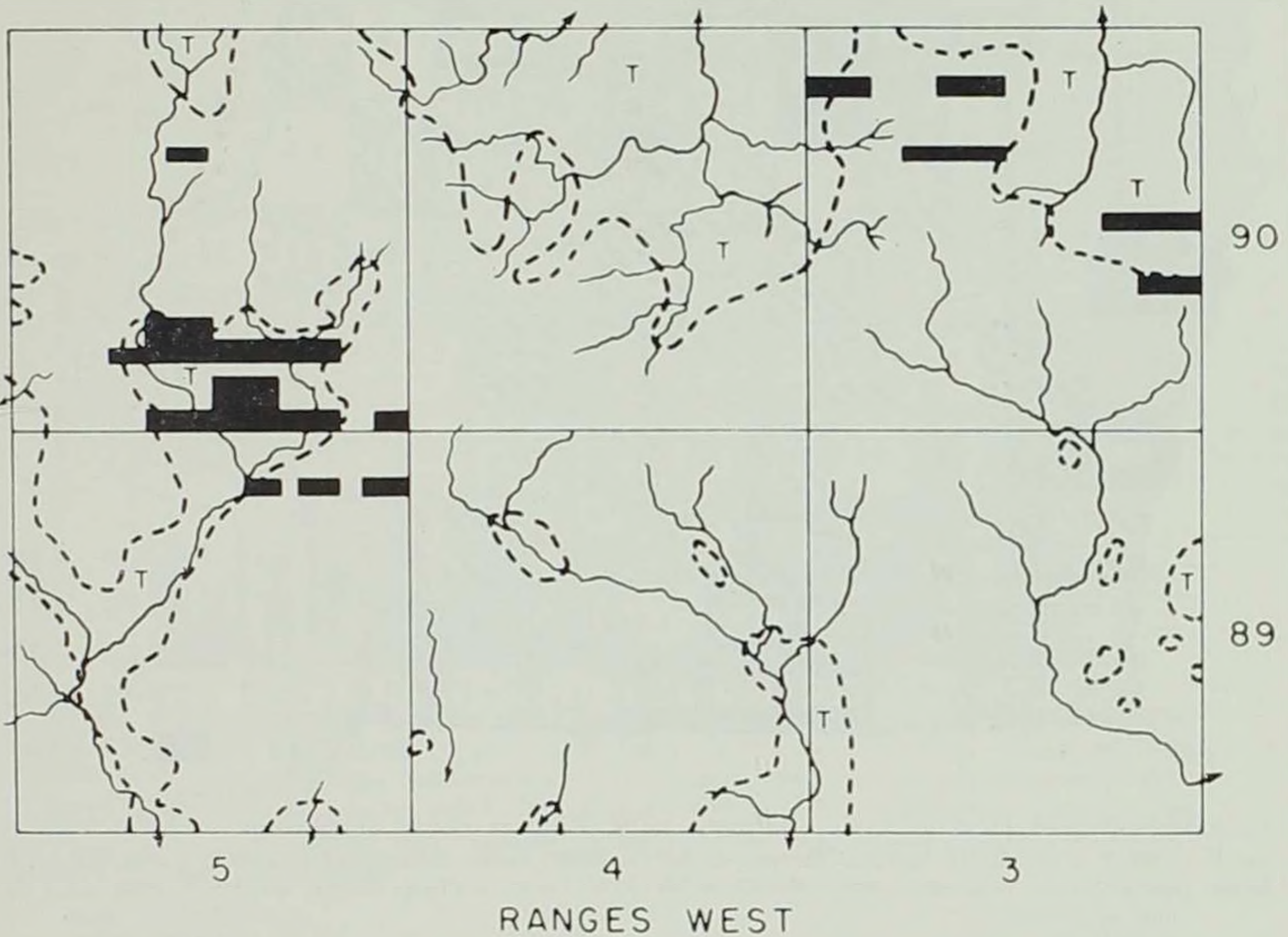
Warrants for 160 acres,	Cash	\$135;	On one year's time,	\$200;						
"	"	80	"	"	75;	"	"	"	"	110;
"	"	40	"	"	40;	"	"	"	"	55;

Part of an advertisement sent out in the 1850's by Le Grand Byington, an Iowa City land agent. Byington, a successful farmer and real estate agent, helped in bringing the Rock Island Railroad to Iowa City.

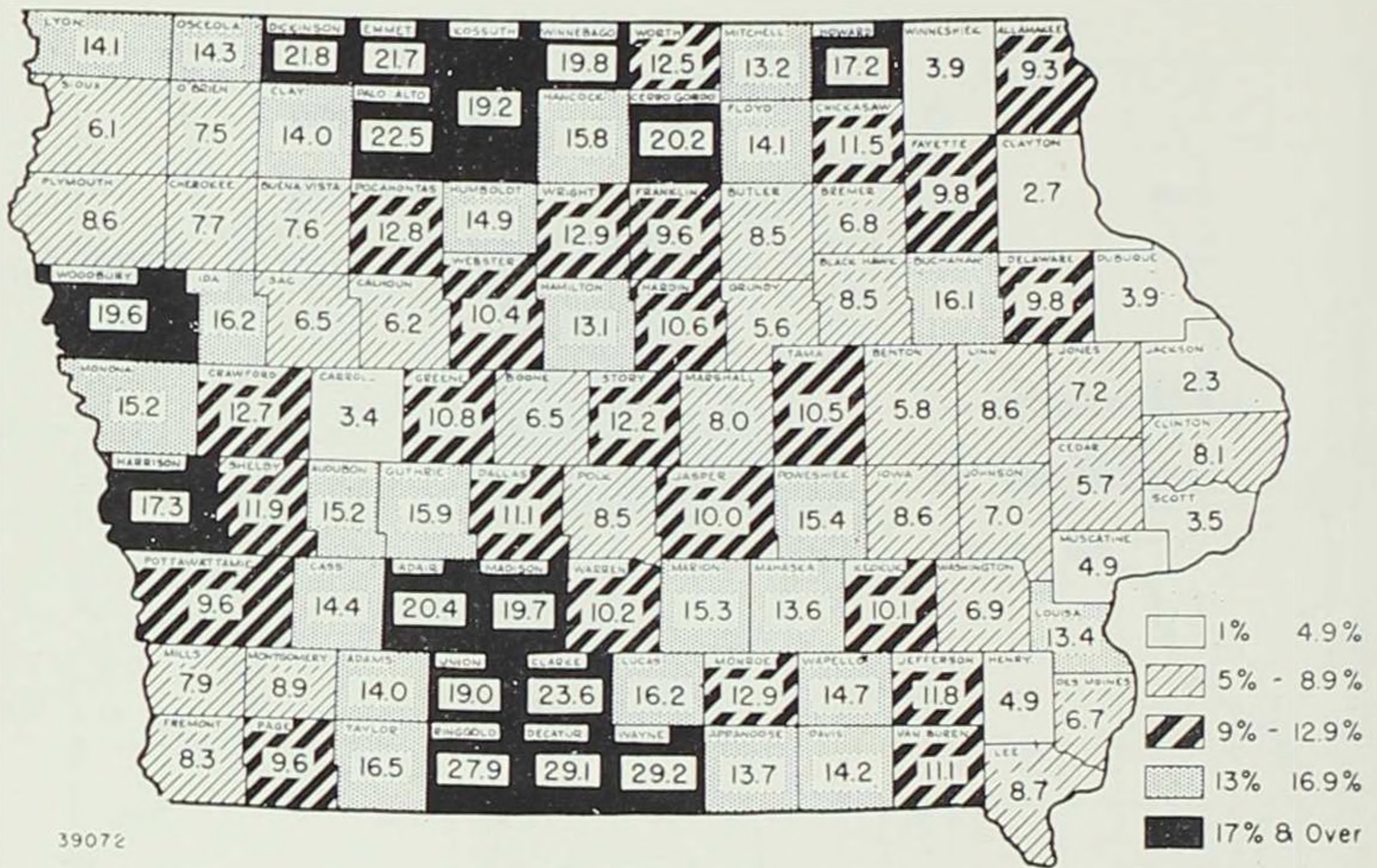


Location of 48 townships (in black) offered for sale by the U. S. Government in 1838, and the 7 townships (cross-hatch) offered in 1839.

(Opposite page, top) Timber, streams, and original entry sales of public lands through 1839 in a block of 6 townships in northeastern Iowa are shown. This is the location of original entry sales in 1839. Timber (T) is enclosed within dash lines, streams are solid lines, and original entry sales are in black. Most sales, it is evident, were located in or near timber.



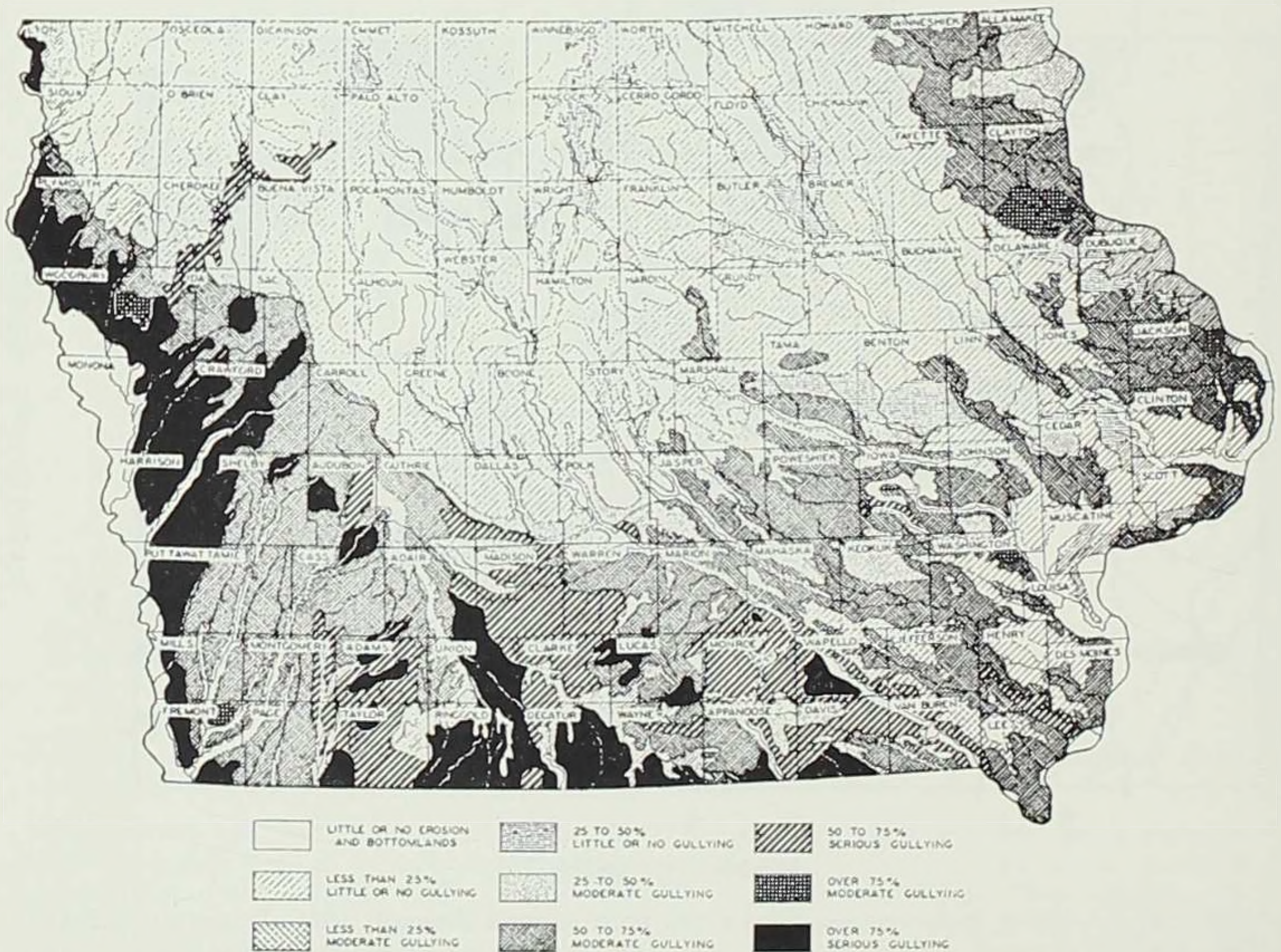
Same map as above, but with original entry sales shown through 1846. In the period, 1838-1846, settlers showed a definite preference for lands in or near timber and water. Out of 130,778 acres offered for sale in the 6 townships, 14,007 acres, or 11 per cent, were sold through 1846.



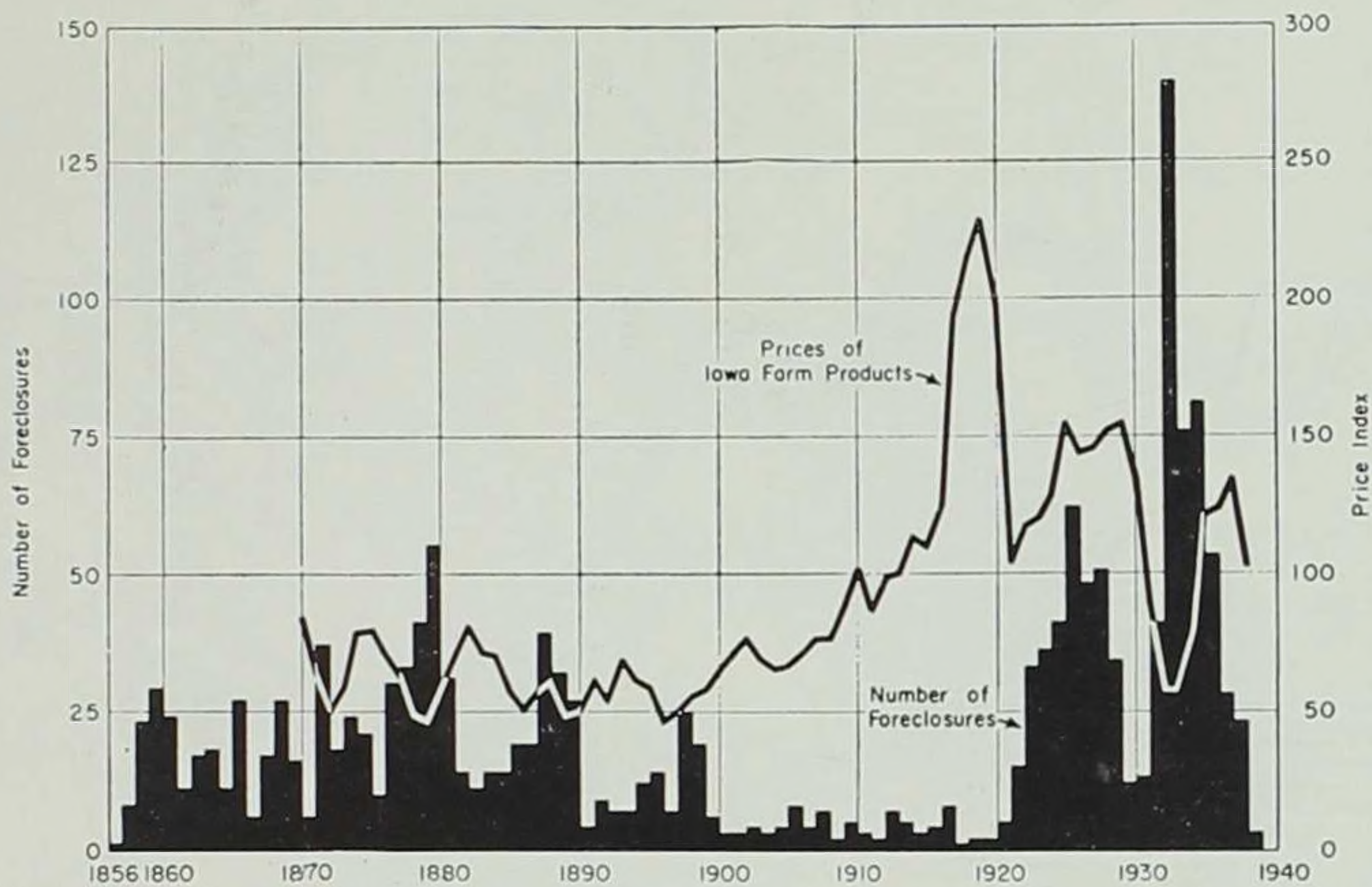
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Iowa State College

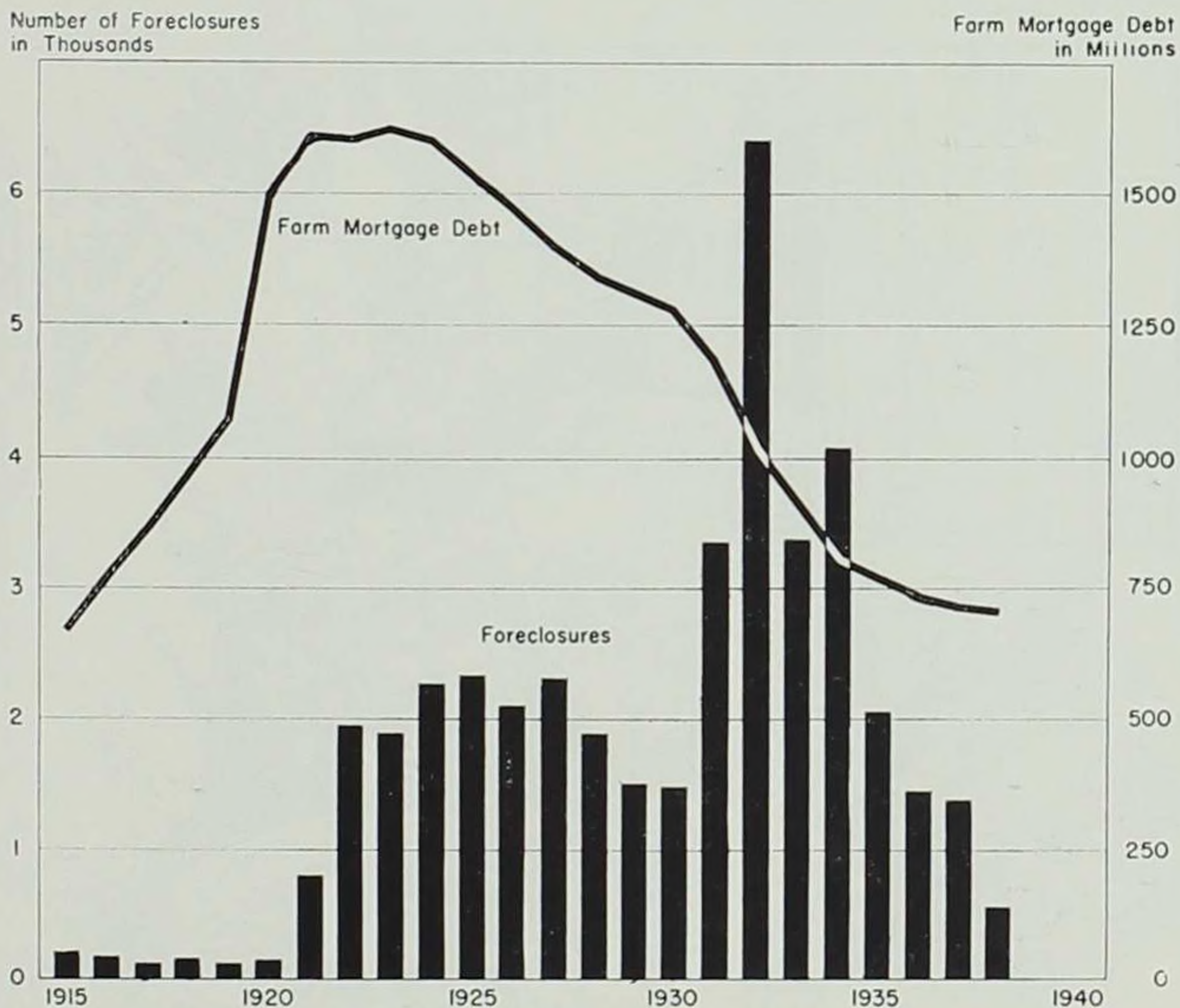
Corporate-owned land in Iowa, January 1939. Figures show percentage of farm land in each county owned by corporations—most of them farm mortgage lenders. Counties with high percentages are generally those with low farm values. State average was 11.9%.



Areas of highest erosion in southern and western Iowa are also areas where foreclosures and corporate land holdings were especially high. Prior to 1930, such areas were frequently over-valued. Poor drainage, not erosion, was a serious problem in northern Iowa.

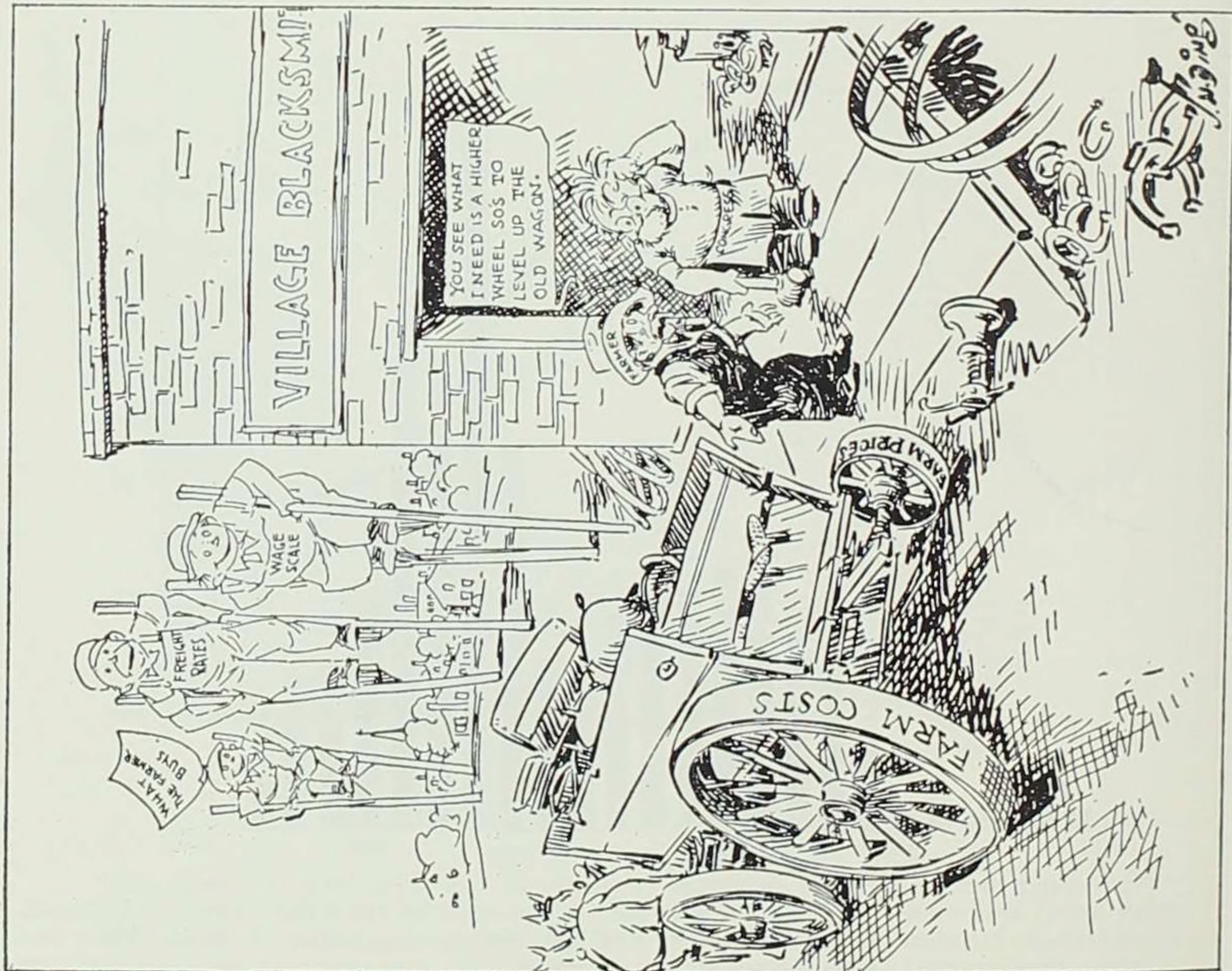
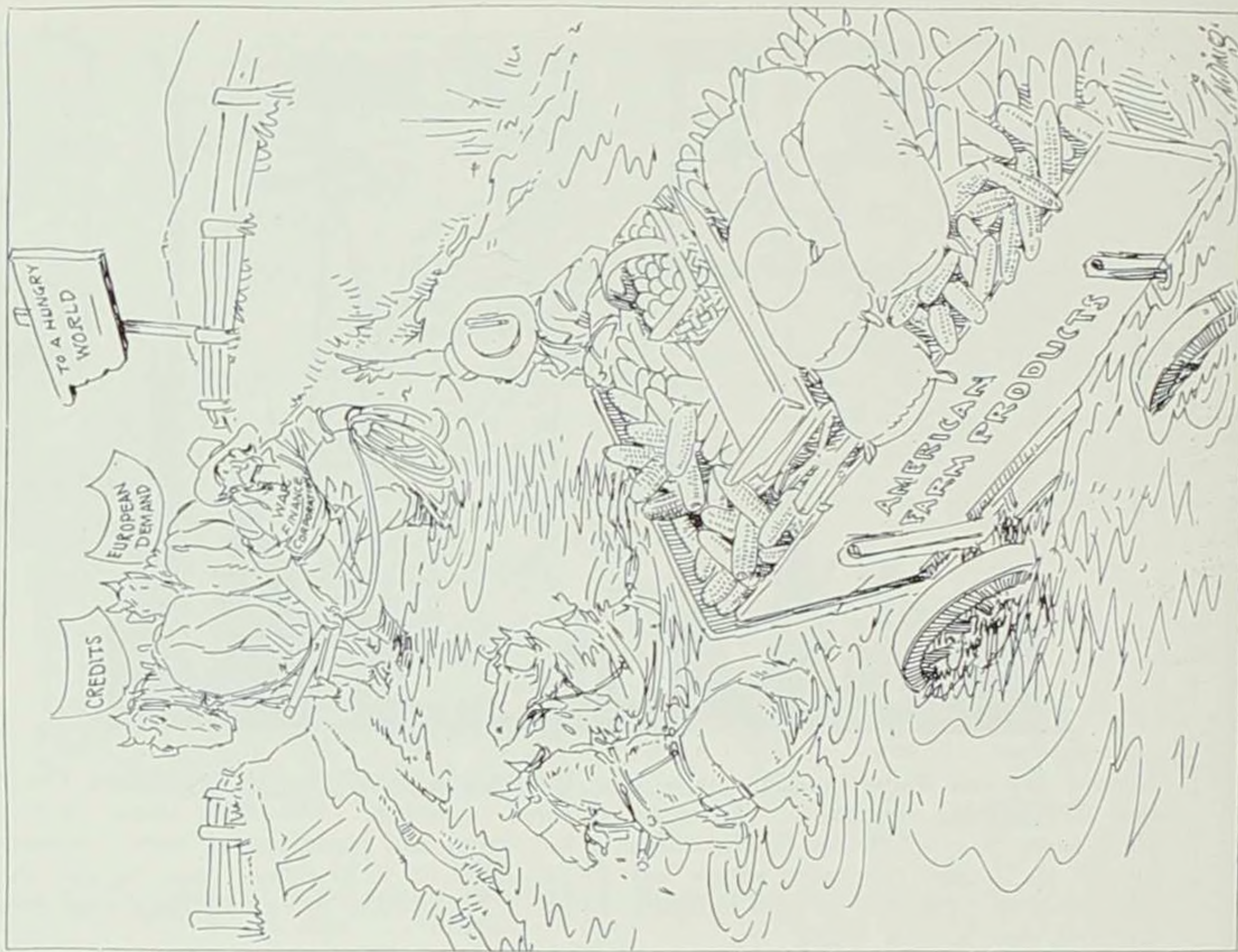


Shown are the number of farm mortgage foreclosures in Boone and Story Counties, 1856-1938, and index of prices of farm products, 1870-1938. From 1870 to 1900 farm product prices fluctuated at a low level and foreclosures were relatively heavy each time the price index fell. From 1900 to 1920 prices rose rapidly and foreclosures were almost non-existent. From 1921 to 1938 prices slumped and foreclosures rose to new highs.

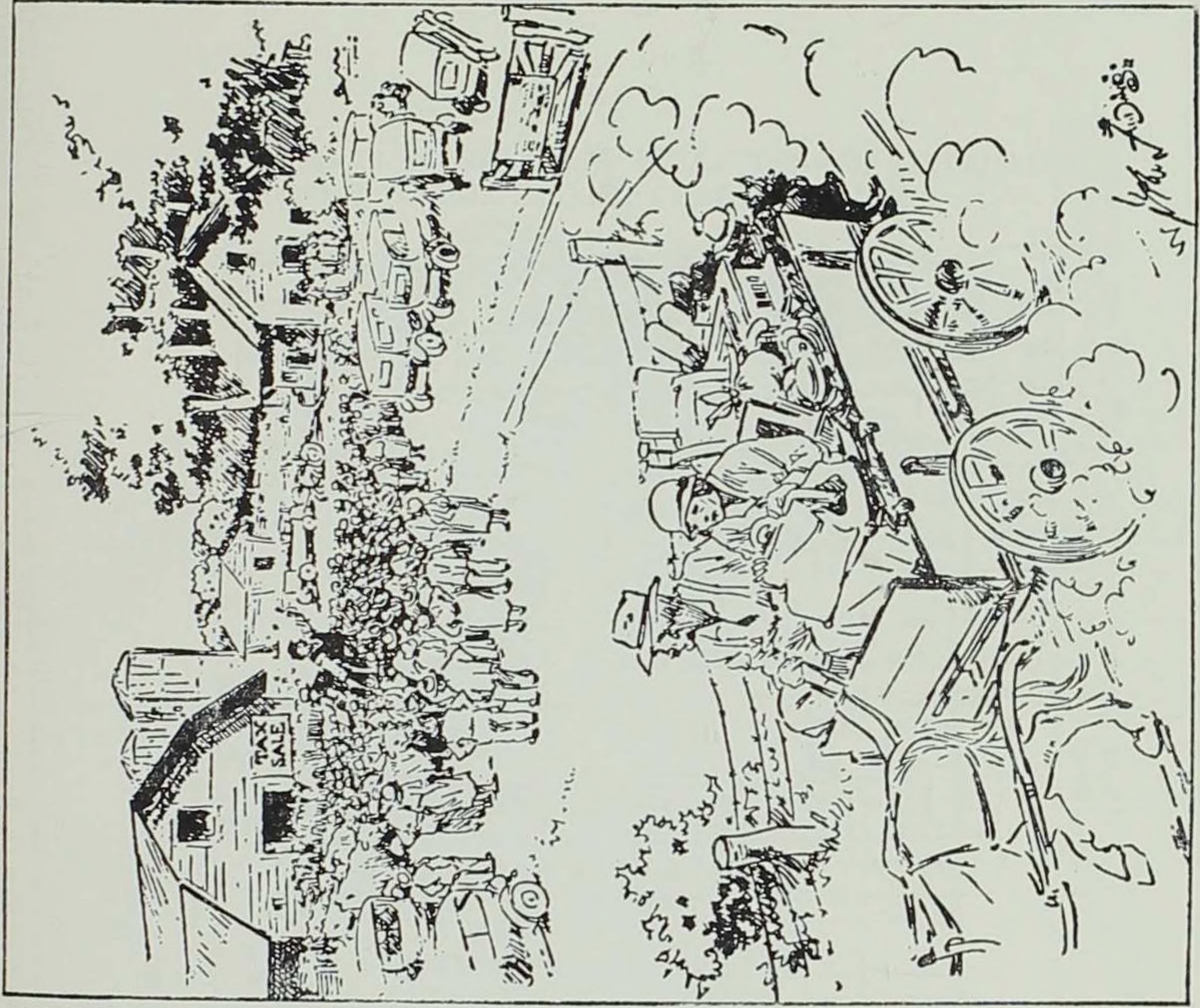
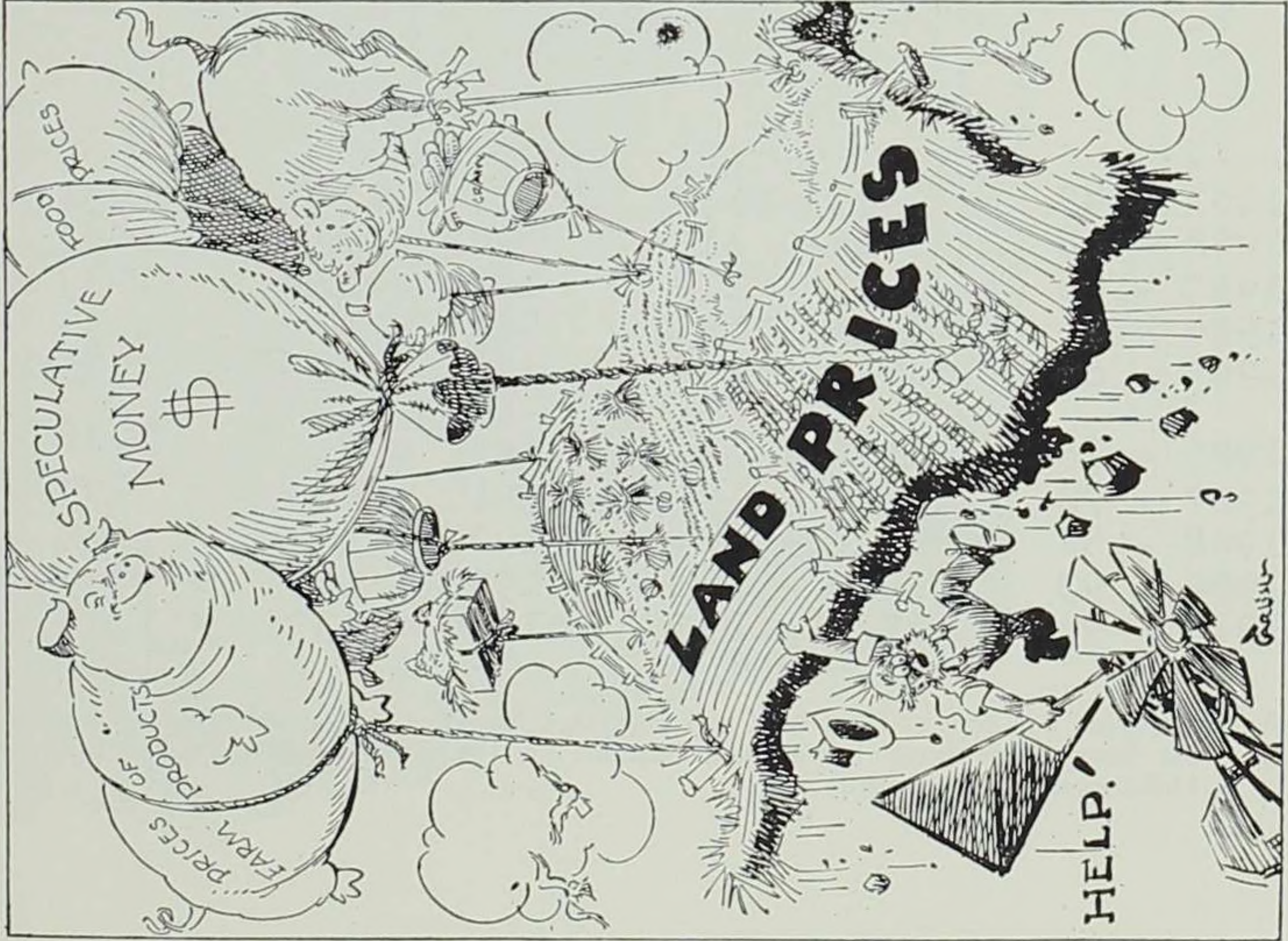


Estimated number of farm mortgage foreclosures and total farm mortgage debt in Iowa, 1915-1939. Chart shows two depressions—that of 1921-1930 when junior mortgage foreclosures predominated, and the deeper depression of 1931-1939 when first mortgage foreclosures were common.

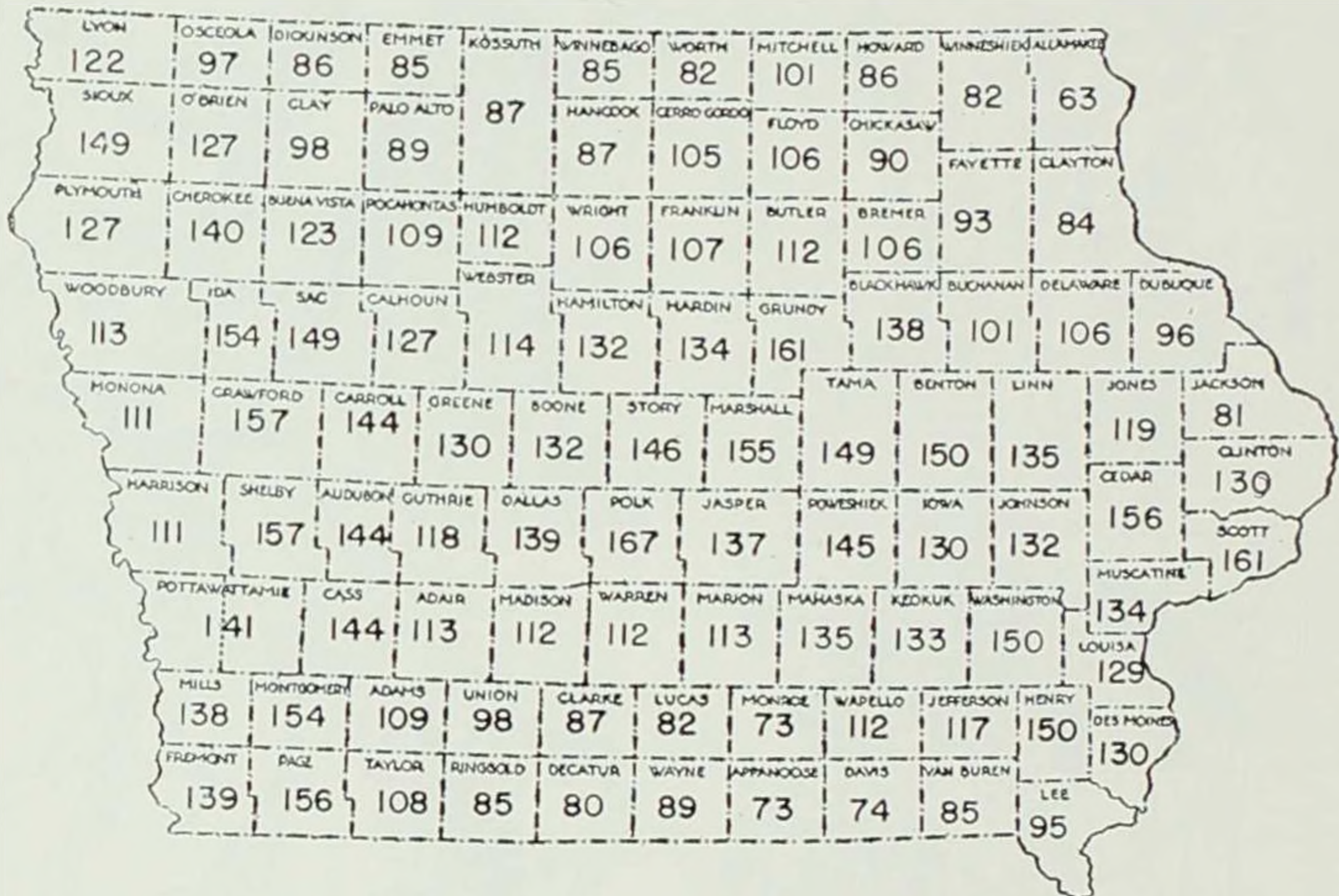
IT'S ABOUT TIME SOMEBODY GAVE HIM A LIFT



HEADED FOR THE STRATOSPHERE.



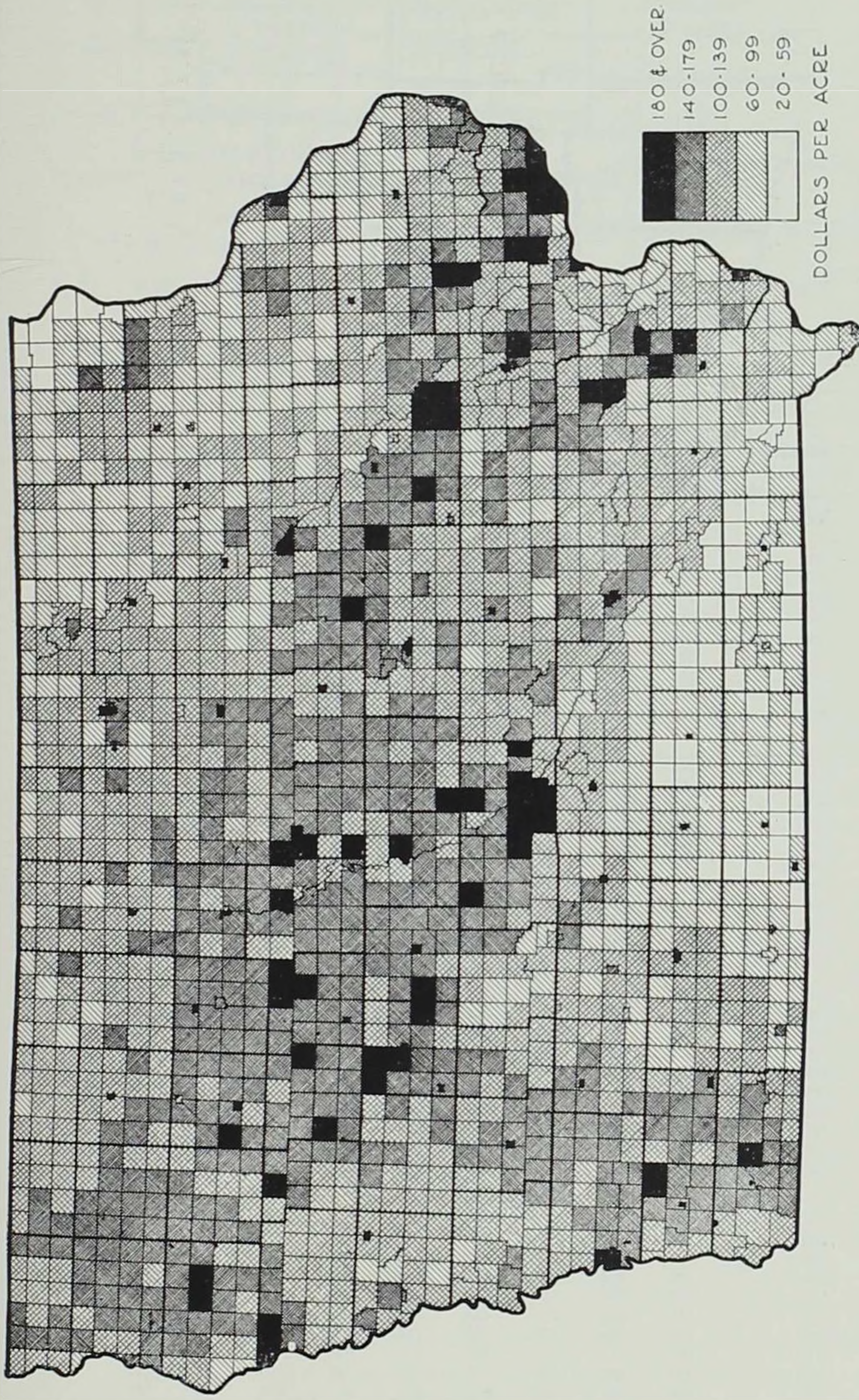
ESTIMATED MARKET VALUE PER ACRE OF FARM LAND AND BUILDINGS BY COUNTIES, MARCH 1, 1913



Iowa state average—1913—\$118

1901	-\$48	1911	-\$110	1921	-\$235	1931	-\$117
1902	- 58	1912	- 115	1922	- 194	1932	- 96
1903	- 66	1913	- 118	1923	- 186	1933	- 69
1904	- 66	1914	- 124	1924	- 171	1934	- 75
1905	- 67	1915	- 134	1925	- 162	1935	- 80
1906	- 75	1916	- 153	1926	- 155	1936	- 87
1907	- 78	1917	- 160	1927	- 145	1937	- 87
1908	- 82	1918	- 174	1928	- 140	1938	- 88
1909	- 93	1919	- 192	1929	- 139	1939	- 88
1910	- 96	1920	- 255	1930	- 135	1940	- 88
						1941	- 88

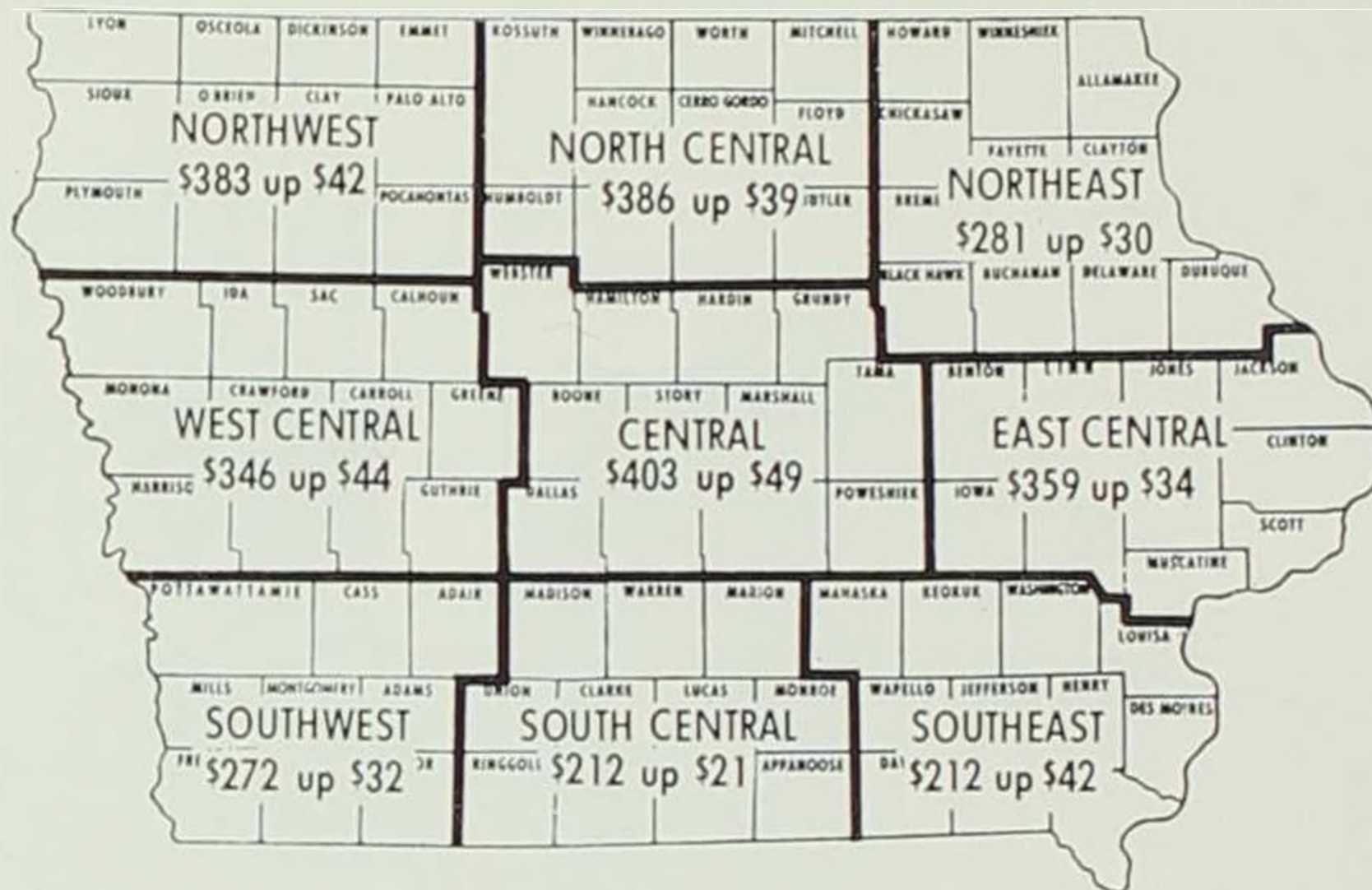
Average value per acre of farm land and buildings, March 1, 1901-1941. Figures for 1901-1911 from the Iowa Agricultural Experiment Station; for 1912-1941 based on index figures of the U. S. Department of Agriculture.



Value per acre of farm land and buildings shown by townships from data supplied by the Federal Census of 1930. The Census of 1930 is the only one providing farm values by townships. Those with the highest values are located in or near the larger cities and in an area extending from northwest to southeast Iowa. Low-value townships are located mainly in southern and northeastern parts of the state where timber and permanent pasture are more prevalent.

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IOWA FARM VALUES BY CROP REPORTING DISTRICTS

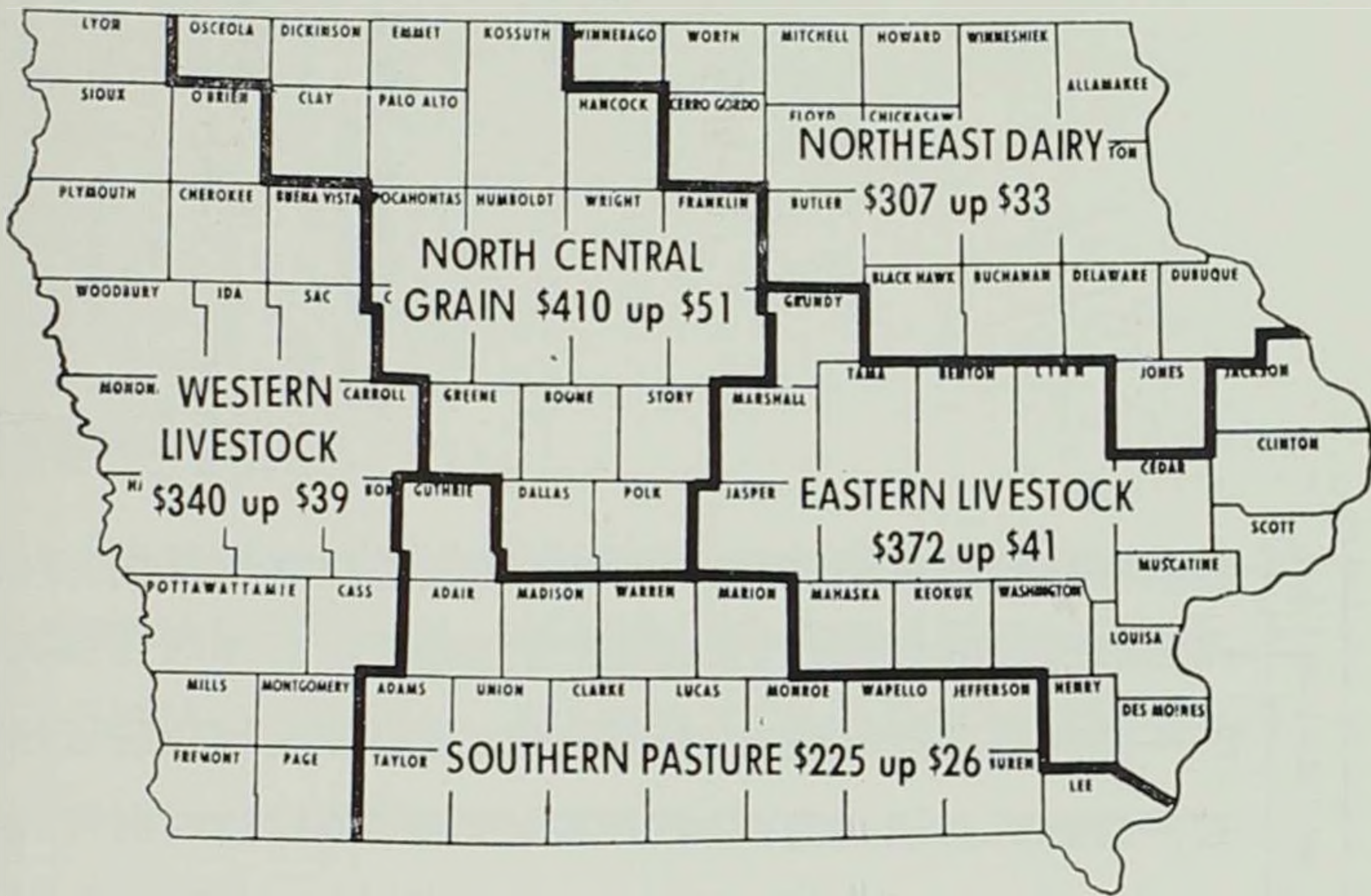


Average Iowa farm land values on November 1, 1966, and amount of increase over the previous year.

Year	All Grades Land								
	North-west	North Central	North-east	West Central	Central	East Central	South-west	South Central	South-east
1957	\$274	\$263	\$193	\$226	\$277	\$262	\$184	\$138	\$211
1958	289	286	213	244	293	286	202	153	226
1959	292	279	225	256	305	305	200	160	227
1960	270	271	214	238	287	280	191	149	224
1961	270	268	224	243	283	276	192	153	226
1962	277	279	214	250	293	277	197	155	232
1963	284	291	231	262	295	283	211	154	239
1964	307	311	229	277	324	292	213	171	252
1965	340	346	250	302	354	325	239	191	276
1966	383	386	281	346	403	359	272	212	318
High Grade Land									
1957	370	350	272	330	393	407	270	223	359
1958	388	375	306	347	411	440	292	248	376
1959	392	348	326	368	427	445	292	256	373
1960	359	362	317	350	403	416	281	238	366
1961	363	361	324	355	397	409	272	247	369
1962	374	370	316	364	405	409	286	249	378
1963	384	378	334	378	413	419	299	245	391
1964	412	401	332	396	443	432	309	267	402
1965	454	452	358	422	481	478	339	297	436
1966	509	506	400	497	550	525	392	328	498
Medium Grade Land									
1957	275	261	193	219	272	254	178	129	191
1958	291	285	207	243	291	276	195	141	210
1959	291	291	219	251	301	310	192	150	210
1960	271	272	205	235	283	277	184	140	208
1961	274	266	216	235	281	274	189	142	214
1962	280	279	205	243	293	273	193	145	219
1963	287	288	220	254	292	278	210	143	220
1964	308	313	221	271	322	288	210	161	239
1965	337	348	241	299	349	319	236	185	263
1966	379	383	272	331	402	352	260	200	301
Low Grade Land									
1957	178	178	113	129	166	126	102	61	83
1958	189	196	126	143	177	143	119	71	93
1959	191	198	131	149	183	158	118	75	98
1960	178	180	200	131	175	148	107	70	97
1961	172	177	131	139	170	145	108	71	94
1962	176	189	121	144	180	148	112	71	98
1963	182	206	138	153	180	153	123	73	106
1964	202	218	135	163	206	156	120	83	114
1965	230	238	153	185	232	180	143	91	130
1966	261	268	169	212	256	201	162	108	155

Average value per acre of Iowa farm land and buildings, by crop reporting districts and grades of land, November 1, 1957-1966.

IOWA FARM VALUES BY TYPE OF FARMING AREAS



Average Iowa farm land values on November 1, 1966, and amount of increase over the previous year in various type areas.

Year	State Average	North Central Grain	Eastern Livestock	Western Livestock	Northeast Dairy	Southern Pasture
1941	\$ 88	\$106	\$101	\$ 90	\$ 87	\$ 58
1942	100	118	115	103	95	67
1943	119	141	138	119	110	83
1944	130	158	151	136	115	89
1945	140	168	167	148	118	98
1946	149	180	177	161	127	103
1947	167	196	200	187	138	117
1948	176	207	204	198	146	124
1949	177	213	203	197	151	122
1950	197	240	226	217	168	135
1951	212	258	244	238	174	148
1952	209	258	240	224	182	143
1953	198	246	226	212	171	134
1954	205	258	236	222	180	126
1955	215	270	242	231	190	140
1956	220	279	251	231	197	144
1957	226	278	264	228	212	147
1958	244	305	282	246	231	158
1959	252	306	290	253	244	165
1960	237	284	277	237	230	158
1961	237	282	273	241	229	159
1962	241	292	273	247	228	162
1963	250	307	281	257	237	167
1964	265	328	297	272	248	180
1965	293	357	331	301	274	199
1966	331	410	372	340	307	225

Average value per acre of Iowa farm land and buildings, by type of farming area on November 1, 1941-1966.

FARM REAL ESTATE VALUES IN IOWA BY COUNTIES, 1850-1964

County	:1850	:1860	:1870	:1880	:1890	:1900	:1910	:1920	:1925	:1930	:1935	:1940	:1945	:1950	:1954	:1959	:1964
Adair	--	10	17	19	23	36	92	211	112	110	58	53	76	113	143	167	190
Adams	--	9	21	21	24	41	89	189	114	103	59	53	77	111	131	150	162
*Allamakee	71	9	17	17	19	29	51	111	93	75	39	44	55	69	92	117	127
Appanoose	3	10	20	17	22	31	59	123	84	63	29	32	44	58	73	102	128
Audubon	--	8	20	18	24	41	117	264	147	134	80	75	102	166	192	225	245
Benton	4	13	27	26	35	55	122	266	179	149	88	104	145	204	257	324	326
Blackhawk	2	14	30	24	32	52	112	242	169	130	81	99	119	198	249	339	358
Boone	--	12	21	21	27	46	107	273	179	152	91	103	145	222	262	320	370
Bremer	4	10	28	18	31	49	86	170	135	112	78	83	96	152	187	267	279
Buchanan	--	12	25	20	29	44	82	184	123	99	57	70	92	126	167	245	283
Buena Vista	--	4	10	15	29	47	100	312	186	155	95	106	146	221	279	317	329
Butler	--	8	21	20	26	46	91	200	146	112	68	82	98	154	188	265	284
Calhoun	--	8	11	13	22	42	103	313	201	166	98	112	154	242	291	364	376
Carroll	--	5	9	19	31	45	120	293	189	164	99	100	135	217	265	301	348
Cass	--	9	22	22	31	45	117	264	144	134	74	71	97	146	164	209	222
Cedar	6	16	36	35	42	59	127	270	170	151	88	108	140	205	272	343	347
Cerro Gordo	--	8	19	18	24	44	85	213	152	115	69	84	105	178	208	307	337
Cherokee	--	5	11	19	23	45	73	163	115	92	50	57	76	107	134	205	238
Chickasaw	--	6	21	19	28	44	114	302	167	140	90	90	119	207	284	295	303
Clarke	--	10	17	18	21	33	71	156	95	78	37	36	56	80	105	105	125
Clay	--	5	6	11	19	38	80	245	145	131	85	96	128	207	248	305	307
Clayton	5	13	25	24	28	39	68	148	121	107	62	69	81	122	122	167	167
Clinton	5	14	33	36	42	56	106	206	152	126	74	86	105	165	220	295	303
Crawford	--	6	21	17	25	41	104	260	152	134	76	74	92	144	179	211	241
Dallas	--	10	24	24	29	46	113	261	175	156	84	93	137	198	237	297	310
Davis	4	11	21	16	20	30	60	122	86	61	30	30	42	61	78	108	131
Decatur	6	9	17	16	21	31	65	142	83	62	32	32	43	65	71	95	104
Delaware	5	8	29	29	34	50	86	186	138	109	63	80	97	136	167	241	265
Des Moines	9	22	39	38	39	49	106	201	141	109	65	72	112	182	225	296	342
Dickinson	--	6	7	10	19	32	70	214	143	109	69	84	106	165	214	297	263
Dubuque	5	13	29	31	39	47	78	150	120	112	67	73	84	122	155	215	245
Emmet	--	2	11	12	17	33	69	224	141	110	72	91	120	180	249	293	305
Fayette	6	7	21	21	26	43	76	173	122	95	53	64	82	117	144	213	224
Floyd	--	11	23	22	26	46	86	199	136	116	60	80	100	151	194	275	298
Franklin	--	9	19	17	24	44	87	230	151	136	83	96	122	193	253	330	344
Fremont	7	13	29	24	30	48	113	233	160	143	82	82	98	159	203	218	246
Greene	--	6	18	19	26	42	106	298	185	157	92	106	154	233	266	351	363
Grundy	--	11	20	23	35	57	131	277	186	150	89	116	151	241	283	374	406
Guthrie	--	9	18	19	23	37	96	220	134	113	61	63	81	128	152	197	204
Hamilton	--	11	20	18	24	43	107	283	192	163	88	110	155	218	289	351	391
Hancock	--	12	15	9	18	38	71	214	155	125	80	91	122	195	242	323	338
Hardin	--	10	27	19	27	45	109	254	168	145	85	99	130	203	248	322	346
Harrison	--	1	19	20	24	36	90	208	143	122	70	58	86	129	159	182	198
Henry	9	11	33	31	32	49	122	224	145	124	73	77	116	166	215	271	273
Howard	--	7	21	20	20	40	70	139	101	85	49	50	66	97	119	198	195
Humboldt	--	5	15	11	22	42	91	286	180	149	88	108	147	215	285	358	388
Ida	--	5	9	16	25	45	125	307	176	154	82	83	123	197	246	263	280
Iowa	13	10	23	24	29	45	106	223	153	121	62	78	94	144	182	232	237
Jackson	5	11	25	24	29	38	66	137	103	81	47	56	65	95	118	177	200
Jasper	4	13	29	27	32	48	111	254	163	129	66	81	107	155	202	245	279
Jefferson	7	18	31	26	28	42	95	192	126	95	51	55	80	110	148	181	198

Dates at which the Federal Census were taken follow:

1850-1900	.....	June 1
1910	.....	April 15
1920-1925	.....	January 1
1930	.....	April 1
1935	.....	January 1
1940	.....	April 1
1945	.....	January 1
1950	.....	April 1
1954-1964	.....	November 1

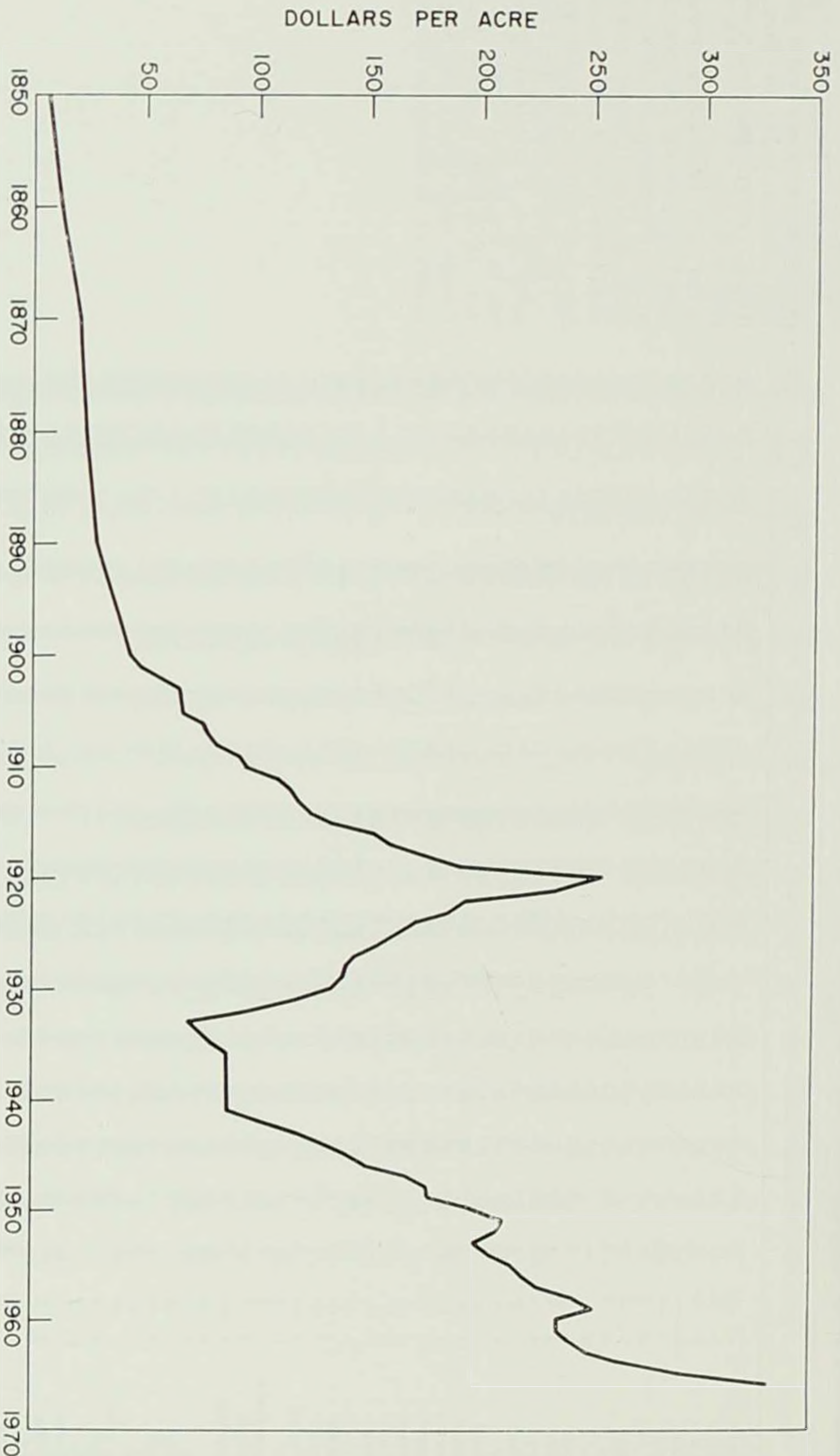
In every Census the value is understood to mean "estimated current market value of farm land, fences, permanent improvements, and buildings."

Up until 1950 every farmer was asked to give an estimate of farm value. Beginning in 1950 and in each Federal Census since only about one-fifth of the farmers have been asked the farm value question.

This table, except for 1964, was taken from "Farm Real Estate Values in the United States by Counties, 1850-1959," edited by T. J. Pressly and W. H. Scofield, University of Washington Press, 1965.

County	:1850	:1860	:1870	:1880	:1890	:1900	:1910	:1920	:1925	:1930	:1935	:1940	:1945	:1950	:1954	:1959	:1964
Johnson	6	16	27	32	35	50	107	228	155	136	72	91	118	186	216	308	328
Jones	6	11	27	29	36	50	97	196	151	118	69	81	93	141	193	230	262
Keokuk	6	13	26	25	30	45	108	223	146	120	59	68	93	143	159	206	226
Kossuth	--	4	14	14	19	35	71	227	155	125	84	98	126	186	240	324	342
Lee	7	23	30	30	30	38	77	143	117	91	51	52	69	100	146	175	199
Linn	6	15	32	32	38	54	110	227	171	143	83	96	118	178	222	323	341
Louisia	6	20	31	29	31	44	105	209	143	115	57	67	85	154	183	261	302
Lucas	3	8	19	21	22	33	67	143	93	69	35	35	52	68	85	110	126
Lyon	--	4	4	9	22	37	99	308	165	135	85	89	115	203	255	303	299
Madison	3	4	18	21	25	39	91	200	128	106	54	56	75	110	136	175	191
Mahaska	6	14	29	30	36	50	110	247	159	138	67	75	109	170	184	251	264
Marion	4	14	30	24	28	40	92	193	123	104	49	56	73	116	148	174	218
Marshall	5	9	29	28	35	51	126	278	187	142	82	101	135	199	239	299	327
Mills	--	13	24	24	32	50	112	255	166	150	87	80	95	165	201	244	249
Mitchell	--	1	18	22	25	47	82	187	129	103	67	71	91	135	189	259	302
Monona	--	5	8	22	23	34	77	185	133	115	66	62	79	125	152	195	218
Monroe	5	14	23	17	21	35	59	115	84	65	30	32	40	57	68	92	103
Montgomery	--	10	19	23	33	52	125	261	182	145	82	77	103	173	188	233	225
Muscatine	6	21	37	35	41	53	109	239	151	134	73	92	120	182	208	303	332
O'Brien	--	5	5	12	24	44	103	317	175	149	98	107	136	232	295	344	368
Oceola	--	5	5	8	20	37	79	258	153	124	80	95	128	198	259	304	325
Page	9	18	24	24	33	52	127	265	170	144	82	76	100	165	182	221	209
Palo Alto	--	3	8	12	19	32	72	228	158	119	72	90	116	188	245	272	308
Plymouth	--	6	8	13	27	40	103	265	170	142	80	80	120	190	226	270	278
Pocahontas	--	3	9	10	21	43	89	282	193	153	99	111	148	233	273	332	352
Polk	5	16	29	31	45	61	136	284	205	171	95	108	146	219	272	372	391
Pottawattamie	7	8	24	21	34	49	115	255	174	150	93	82	109	176	199	249	271
Poweshiek	4	10	26	23	31	49	118	274	158	129	69	79	105	146	193	243	261
Ringgold	--	8	16	16	21	34	69	148	97	75	38	37	52	72	84	112	120
Sac	--	12	11	16	27	45	121	334	191	159	99	104	137	224	280	323	344
Scott	7	23	45	52	57	68	131	251	206	173	104	123	145	235	288	402	435
Shelby	--	7	20	20	39	44	128	312	173	149	90	84	118	189	234	261	275
Sioux	--	--	4	10	28	45	121	342	179	157	105	99	152	238	299	351	358
Story	--	9	25	21	20	52	119	310	165	154	89	107	142	224	278	351	385
Tama	--	19	24	23	31	49	121	252	173	138	75	93	113	180	231	281	308
Taylor	7	7	20	20	25	40	88	204	113	101	54	51	74	105	110	143	146
Union	--	9	19	19	24	38	80	170	105	100	47	45	72	108	121	148	148
Van Buren	4	13	25	24	22	34	69	135	100	68	31	33	52	68	93	122	137
Wapello	6	14	28	25	28	43	91	192	122	99	50	54	74	110	139	191	188
Warren	3	13	30	23	29	40	91	188	118	101	52	54	79	126	139	192	196
Washington	6	15	31	28	34	51	122	256	162	139	80	87	120	188	202	263	297
Wayne	2	9	20	18	23	35	72	160	98	68	37	35	46	72	81	112	129
Webster	--	8	19	18	22	42	93	274	184	155	88	104	151	223	286	351	389
Winnebago	--	3	12	16	16	37	69	192	150	112	74	85	107	166	227	301	331
Winneshieck	--	10	23	22	27	42	67	148	119	104	60	60	75	99	118	162	188
Woodbury	--	9	17	14	26	37	92	233	147	134	73	69	97	139	182	205	220
Worth	--	6	14	15	19	42	67	176	126	103	64	75	97	130	194	264	286
Wright	--	7	14	15	21	42	86	246	175	140	91	101	147	218	270	347	376
State	6	12	20	23	28	43	96	227	149	124	72	79	105	161	199	254	269

*Value for Allamakee in 1850 was \$7 **The 1964 state average was \$271.77



Average value per acre of Iowa farm land and buildings from 1850 through November 1, 1966. From 1850 to 1900 values shown are from Federal Census figures. From 1900 annual figures are from U.S.D.A. and the Ia. Ag. Exp. Sta.

State comparisons, farm values per acre. (From Ia. Ag. Exp. Sta., Fed. Cen., U.S.D.A.)

Year	Iowa	Ill.	Ind.	Minn.	Mo.	Nebr.
Mar. 1920	\$255	\$188	\$126	\$109	\$ 88	\$ 88
Mar. 1935	80	70	51	42	31	34
Nov. 1966	331	429	362	196	169	123

Property Tax Per Acre on Farms

Year	Tax	Year	Tax	Year	Tax
1918	\$.72	1926	\$1.14	1934	\$.85
1919	.90	1927	1.14	1935	.94
1920	1.10	1928	1.15	1936	.97
1921	1.12	1929	1.22	1937	.99
1922	1.12	1930	1.24	1938	.99
1923	1.13	1931	1.13	1939	1.04
1924	1.14	1932	1.02	1940	1.00
1925	1.15	1933	.90	1941	1.01

Local commercial banks, along with farm owners, had hard sledding in the 1920's and early 1930's. In 1920 there were 1,703 state and national banks operating in Iowa. By 1930, largely as a result of bank failures and mergers to avoid failure, the total had declined to 1,212, and by 1935 the total was down to 656 banks.

The low point in farm values came in 1933 at \$69 an acre as the average value for farm land and buildings in Iowa. Every year from 1920 to 1933 farm values had dropped—a total decline of \$186 in 13 years or an average of \$14 a year.

The contrast between the situation before and after 1920 was striking. From the beginning of the state's history to 1920 there is no record of any decline in farm values for the state as a whole. All of the Federal Census values reported to 1900 show increases, and all the annual values reported from 1900 to 1920 show an increase, with the exception of 1904, when values remained stationary. The farm family in 1920 which looked back

could see nothing but rising farm values for three generations back to the original settlers in the 1840's and 1850's. On the other hand, this same family in 1933 could look back 13 years and see nothing but declining values with each year bringing a new low to the value of its farm.

It is no wonder that farm owners with mortgages were discouraged in the early 1930's. Some of these owners, like Farmer B, had purchased their farms in the depressed years of the 1921-1930 period and had invested substantial amounts in their farms. Other owners had bought their farms before the land boom, had weathered the junior mortgage depression of 1921-1930, and were now about to lose their farms through no speculation on their part. With close to one-half of the land in Iowa being under mortgage at an average debt of \$75 an acre, it was evident in 1931 that a serious financial crisis existed.

The crisis in 1931 which became worse in 1932 can be illustrated in simple terms by referring to the farm which Farmer B purchased only a few years earlier for \$170 an acre. This was part of the same farm which sold for \$396 an acre in 1920. Now, in 1931, Farmer B was in trouble with his first mortgage debt of \$100 an acre. Besides he was in debt for loans on livestock and equipment.

There were only two ways Farmer B could go in 1933—one was to give up and the other was to hang on by using emergency financial measures

voted by Congress and the State Legislature.

If he gave up, as many did, his first mortgage would have been foreclosed and he would have lost his farm, or he might have agreed to deed his farm to the holder of the mortgage for a small amount provided he could give a deed that the lender would consider satisfactory. The fact that corporate lenders owned nearly 12 per cent of the farm area in the state in 1939 is sufficient evidence to indicate the large number of farm owners who lost their farms to first mortgage holders.

Farmer B, however, like many other farmers took the other route—hung on by using emergency aids in the hope that farm product prices would eventually bail him out. As it turned out, Farmer B and others, who hung on, lived to see the value of their farms rise substantially above the 1933 level, and lived to see themselves move from a bankrupt condition to one of solvency and a sizeable net worth.

What actually happened to Farmer B is typical of the success story of the depression in the 1930's. First, he applied for relief under the Iowa Mortgage Moratorium Act which froze any foreclosure actions for the duration of the emergency which eventually ended in 1939. This made it impossible for the holder of the first mortgage on B's farm to foreclose and take title. Under this Moratorium Act Farmer B was required to pay the mortgage holder a rental share of the crop pro-

duced which had to be applied on the mortgage interest due, and if there were anything left over, which was unlikely, it had to be applied to the principal of the mortgage.

Another emergency aid at this time was a refinancing program provided by the Federal Land Banks and the Farm Credit Administration. If the mortgage holder was pressing for payment and willing to take a discount on his loan in order to get cash, it was possible through the combined financing of a first mortgage Federal Land Bank loan and a second mortgage Land Bank Commissioner loan to pay off all the creditors. This allowed the distressed farm owner a new start with all of his old debts cancelled and a new debt load which was adjusted to what his farm would support under current price conditions.

The Federal refinancing was assisted by county debt conciliation committees who used the refinancing offer to scale existing debts to a level which the farmer could carry. For example, Farmer B, in 1933, had total debts of more than \$19,000 and total assets including his farm of \$16,000. B became discouraged and tentatively decided to give up, deed the farm to the mortgage holder, and try to rent the farm from him. As a last resort he came to the county debt conciliation committee before deeding the farm. The committee, after extended negotiations, arranged an agreement with the bank and other creditors to

give Farmer B time to work out his difficulties. There was no scale down of debt; neither was there any refinancing through the Federal Land Bank and the Land Bank Commissioner. Farmer B held on to his farm, did well in the next ten years accumulating \$26,000 of net worth in his land when it sold in 1943 for \$206 an acre.

Another actual example, this one involving refinancing, shows how many financially distressed farm owners were able to hold on to their farms. In this case the farmer had a \$30,000 first mortgage on a half-section farm and owed the local bank and other creditors \$10,000 on machinery and livestock. All that he owned was his farm worth \$28,000 and machinery and livestock worth \$6,000. In short, he was \$6,000 in the "hole."

Although this farmer considered his farm worth \$28,000, actually there was no one willing to pay him that much for it. It was a nominal value in the sense that if there had been more buyers it could have been sold for that figure. There were, to be sure, a few buyers, enough to set a market price but that was all. In Story County, there were only 19 farm sales in 1932 compared to 70 in 1930 and 516 in 1920.

The Federal Land Bank and Land Bank Commissioner offered to lend \$26,000 on this farm and the Regional Agricultural Credit Corporation offered to advance \$5,000 on the machinery and livestock. With these offers totalling \$31,000 the

county debt conciliation committee went to work. They obtained a settlement of \$26,000 on the first mortgage and an agreement with the bank and other creditors to take \$5,000 in cash for their \$10,000 in claims. The creditors did not get paid in full but they did get cash which at this time was at a premium and could be invested in many places to good advantage. The farm owner who had been hopelessly insolvent with \$40,000 of debt was now able to make a fresh start with his debts at a manageable level of \$31,000. This assumed, of course, that product prices did not go any lower. If they had declined even the \$31,000 would have been too high. As events worked out, product prices and values did not go down, they went up instead. This farmer saved his farm.

Between the depth of the depression in 1933 and 1940 there was some recovery but not much. Farm values which hit their lowest point at \$69 in 1933 had recovered to \$87 by 1936. Part of this recovery was the support which the refinancing loans of the Federal Land Bank and Land Bank Commissioner gave to the land market. This was the extent of the recovery. In the next four years there was practically no change in average farm values. In 1940 farm values were still \$88 an acre, far below the average of \$135 in 1930.

One reason why farm values failed to rise more than they did in the late thirties was the large supply of farms in the hands of corporate lenders.

As pointed out earlier, the total acreage held in 1939 was nearly 12 per cent of the farm area of the state, with a major portion of the total, roughly two-thirds, owned by insurance companies who had been heavy lenders on first mortgages in Iowa prior to 1930. Other lenders included joint stock land banks, Federal Land Bank of Omaha, and local banks. By law most of these lenders were required to sell any farms they acquired within five years. Consequently, even though there was no rigid enforcement of the five-year rule, there was an active campaign to sell the farms they had acquired through foreclosure of loans and through deeds in place of foreclosures.

Some of the insurance companies provided excellent terms in their efforts to sell their farms. Contract sales were common, and down payments as low as 10 per cent were also common. The prevailing policy of most lenders was to sell their farms at current prices and not try to hold for an increase in price.

Considerable resistance to the buying of farms was evident in the 1936-1940 period when lenders had a large supply of farms to sell and were making a determined effort to sell them. It was the reverse of the situation in 1920 when every one was eager to buy. How strange! When the price of an Iowa farm was \$255 an acre there was a stampede to buy, when it was down to \$88 an acre it was difficult to get anyone interested in buying.

An explanation of the low interest in buying in the 1936-1940 period is not hard to find. Farmers had just been through a continuous 13-year decline in farm values which had wrecked the hopes and dreams of countless farm families. Many a farmer, who was tempted to buy a good quarter section at \$100 an acre with only a small down payment required, decided against it. Some of those who got "burned" in the land boom vowed "never again." There was a current attitude commonly expressed that you could make more money by investing in livestock and machinery than you could in land, by renting rather than owning. Fortunately, there were a number of farm operators who did yield to the temptation and bought one of the best farm bargains between 1909 and 1967.

The irony of the situation in 1936-1940 is illustrated by the excess of sales in 1920 and the relatively few sales in 1939. In Story County, the 516 sales in 1920 averaged \$289 an acre while the 95 sales in 1939 averaged only \$99 an acre. Those who bought in 1920 in many cases lost everything while those who bought in 1939 made a small fortune.

For the future the moral of the 1919-1940 period is clear. If we can avoid the speculative excess of the land boom we can avoid the tragic consequence of financial distress. This means we may never again have farms on the bargain counter as they were in the 1936-1940 period.