The General Manager,

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An International firm of accountants has completed an analysis of the farm mortgage situation. One of the interesting facts brought to light is that American farms are mortgaged for more than $9,000,000,000., or almost as much as the bonded indebtedness of American railroads. Half of these mortgages were placed around 1918-22, a period of peak values, and since then farm commodity prices have dropped more than 70%, while land values have dropped approximately 40%, thereby wiping out equities of thousands of farmers in their land. It is estimated that about 40% of the 6,000,000 farms in the United States are mortgaged, of which 14% are mortgaged for more than half their value, 6% for more than 3/4ths of their value, and 2% for more than their current value. The average mortgage is roughly $3,600. Individuals hold almost $3,000,000,000. of farm mortgages, insurance companies slightly more than $2,000,000,000., banks and mortgage companies $2,000,000,000., and Federal and Joint Stock Land Banks slightly less than $2,000,000,000. The lower price for farm products makes it difficult for the farmer to meet his obligations, and unfortunately he has no alternative under present conditions but to increase the production of commodities, of which there is already an over-supply. In doing so, he depreciates prices still further, and decreases both his own income and that of the debt free farmer. To illustrate this point, it is pointed out that 1929 farm income was $11,900,000,000., and the average