

May 20, 1965.

Note to Readers

This paper, together with the attached tables, figures, and appendix tables, comprises about 40 per cent of a planned publication that will present a least-squares analysis of farm operator debt data from the 1960 Sample Survey of Agriculture. Because it is a fairly self-contained segment of the total work, and because according to present plans it is representative of the remainder of the publication, I am eager to receive comments and suggestions on this segment. Hopefully, they will point out errors and undesirable features before I am able to repeat them in the rest of the work, and will also provide new ideas that can be incorporated into the future work as well as into the final version of the enclosed material.

The enclosed draft is Chapter III, dealing with real estate debt. The contents and status of the remainder of the publication is as follows:

Chapter I. Introduction. Brief discussion of the survey and the study.

Chapter II. The Method of Analysis. Discussion of the least-squares method of analysis, definitions of terms, and other technical information needed by the reader is to be concentrated in this chapter. Primarily to provide data for use as examples in this discussion, the results of four analyses will be presented. These analysis, which are to be discussed from a technical rather than economic viewpoint, are as follows:

- a) Who was indebted? Base of investigation is all commercial farms, dependent variable is presence or absence of debt, independent variables are 12 farm characteristics.
- b) Who was indebted to commercial banks? Base of investigation is all commercial farms with operator debt, and dependent variable is presence or absence of debt to commercial banks.
- c) Which farmers were heavily or lightly indebted? Base of investigation is all commercial farms with operator debt, and two dependent variables are used: ratio of total debt to operator's share of farm products sold, and ratio of total debt to the value of land and buildings operated.

The analyses for Chapter II have been run, the figures drawn, and the tables typed. Some reviewers of Chapter III may feel that they need the type of information that is to be presented in Chapter II. As a stopgap measure, a brief paper based on that material is also enclosed.

Chapter III. Real estate debt.

Chapter IV. Non-real-estate debt. The contents and organization of this Chapter, according to present plans, are to be exactly similar to Chapter III. In the study of relative indebtedness, the ratio of non-real-estate debt to operator's share of farm sales is to be used as the dependent variable. Some of the regressions for this chapter have been run.

I realize that the volume of the enclosed material makes any request for review a sizable imposition on the reader. Needless to say, however, I will be most grateful for comments and suggestions of any kind, even those that may deal with only one part or aspect of this work.

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