

Still More Inflation Ahead?

THERE'S been a lull in inflation since February. But it's about over. Arms spending is moving steadily upward. In July 1950 it was at the rate of about \$13 billion yearly. By March 1951 it was up to the yearly rate of almost \$30 billion. In October it hit \$40 billion. And by mid-1952 it is scheduled to reach \$65 billion.

What's more, businessmen are spending more money for new plants and equipment: The yearly rate of spending the last 3 months of 1951 is over \$25 billion—compared with a rate of \$20 billion during the first 3 months of 1951.

Wholesale prices are stiffening. After a slack summer, retail sales showed more than a normal fall seasonal upturn. Stores now expect a brisk Christmas trade. Some think it may set a new record.

By next spring the nation's economy should be humming in high gear. Industrial production and personal income may hit a new post-war peak by then. Last spring businessmen feared the large stocks of durable goods on inventory as a possible cause of recession. Those fears are disappearing. Today they're viewed more as a bulwark against the inroads of demand in the months ahead.

Does this mean that we're about to take off on another inflationary binge? (The consumers' price index [cost-of-living] shot up 9 percent from June 1950 to February 1951—and half of that rise came in the 3 months just preceding February.)

The Federal Reserve Bank of Chicago thinks not: "To the extent that the inflationary forces reassert themselves this fall and winter, the course of events is likely to be smoother and saner than in the earlier months." Another stabilizer will be the trend in consumer saving. Savings have been about double the rate of the first few months of the year. This has been an important cause of the easing in inflationary pressures since February.



Who Gets the Family Farm?

Will your farm make trouble for your children after your death? Take the necessary action now to make sure it remains a going concern.

by John F. Timmons

WHO WOULD own and operate your farm if you died today?

Would your surviving wife or husband be provided a living during their remaining years?

How would your son or daughter remaining on the home farm fare?

Would your farm property benefit or bring troubles to your family?

It's time to work out answers to these kinds of questions in the best interests of your family's future welfare and happiness.

Sooner or later, all farm-owning parents and their children must face problems of transferring the home farm within the family. These problems arise out of the continuity of rights in farm property beyond the lives of present owners.

Some parents work out a farm property transfer program adapted to the needs and resources of the

family. Many more parents fail to plan for the distribution of their property. Quite often this leads to unsatisfactory—and sometimes serious—results for the heirs.

Growing Concern

Fortunately, an increasing number of Iowa farm families are becoming concerned with what will happen to their farm property. Most of them are earnestly searching for ways and means of getting their property transferred to the next generation with the least expense and difficulty in the process. There are several reasons for this.

First, more Iowa farmers than ever before own their farms. Second, Iowa farm owners have larger equities in their farms than ever before. Third, more farm estates are being subjected to higher estate and inheritance taxes as a result of higher taxes and higher farm values. Fourth, increasing income taxes frequently mean that the owner can expect for his family

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considerable savings by distributing property among members of his family. Fifth, parents are interested in avoiding some of the errors made by their parents which have meant trouble and expense for them.

Divide Farm?

Difficult questions face farm-owning parents in their efforts to plan transfers of their farms to their children. Most Iowa parents have only one farm, but they have two, three or more children and they want to treat all their children alike. At the same time, they don't want to divide up the farm or leave the child on the farm with an excessive debt. The problem is even more complicated if parents must depend upon their farm for income during old age.

Faced with these kinds of conflicts, parents frequently are confused as to what can be done and as a result do nothing. Or, equally serious, they keep putting off making plans until it is too late. Less than 3 percent of Iowa's farm owners have transferred land to their children, and less than one owner in three has a will.

The Consequences

Here are examples of problems that arise where parents do nothing about planning for the distribution of their property after death.

One, the son or daughter remaining on the home farm may make expensive improvements on the farm in anticipation of owning it some day. Yet, the value of these improvements may be shared with brothers and sisters according to the state laws if parents make no provision for protecting investments of the child on the farm. Almost one-third of Iowa's tenants are related to their landlords, who in most cases are their fathers and mothers.

Two, uncertainties of just who will get the home farm may keep children from farming or prevent them from making needed improvements.

Three, the surviving wife or husband may not be left with sufficient income for her or his remaining years.

Four, expensive and drawn-out estate settlements plus estate and inheritance taxes may seriously reduce the value of property going to your heirs.

Five, in the process of settling the estate, the farm may disintegrate as a going concern and pass out of your family.

Six, the son or daughter remaining on the home farm may be forced hopelessly into debt in paying off other heirs. Present high land prices make their problem particularly serious.

Many of these problems are unnecessary—providing parents decide what they want to do and put these decisions into a concrete plan for transferring their property within the family.

Possible Approaches

You can take a number of steps to make sure your farm doesn't cause trouble for your children. Under state property laws, you have a wide range of choice. Here are the two main limitations: (1) *the spouse's legal share can't be cut out*; and (2) *the property can't be entailed into future generations*.

The law allows you many choices in transferring your farm within the family. We can divide these choices into three general groups:

- Parents may transfer the farm, during their lifetimes, to their children. If they wish they can reserve interests in the property to assure themselves an old-age income.

- Through wills, trusts or similar arrangements, parents may provide for transfer of the farm at the time of death.

- Parents can let Iowa's laws of descent take care of the property distribution problem. One-third of the farm property would go to the surviving spouse, two-thirds to the children or their heirs in equal shares.

Ten General Rules

We've discussed these problems with many farm-owning parents and children in Iowa. And from our talks with them and our studies, we've worked out 10 general rules that may help you in working out

solutions to your farm transfer problems:

1. Parents should make sure they will have enough income and a comfortable home for their remaining years.

2. Provisions should be made to compensate the child who remains on the farm and improves it and to take care of parents during their declining years.

3. Provide for equitable rather than equal treatment of children. If certain children make special contributions to the farm or parents—or if the parents or the farm make special contributions to certain children—they should receive a proportionately larger or smaller share of the property.

4. Avoid arrangements that will saddle children remaining on the farm with excessive debts, especially when land prices are high as they are at present.

5. Try to preserve the farm as a productive unit in bridging the farm transfer gap between generations.

6. Build a satisfactory farm property transfer foundation underneath the father-son operating agreement.

7. If you decide to make no transfer arrangements, be sure you are familiar with the state laws that will govern settlement of your estate.

8. Study the different ways in which you can make the transfer arrangements you desire; then select the one that best fits your situation.

9. Consult a lawyer in working out final plans.

10. Get all members of the family together and discuss your plans with them so they will know what to expect and plan for. Many families are reluctant to talk over transfers made in anticipation of death. This reluctance frequently causes much financial trouble and heartache for remaining members of the family.

In the interests of the entire family, it's better to plan and arrange for the transfer of your farm within your family before it's too late.