

Tenant Farming and National Prosperity

By FRANCIS C. GRIMAN

One evening in 1933 I attended a lecture at the New York Times given for the benefit of those in the newspaper advertising business. The President of a large New Orleans department store was the speaker. The substance of one remark made a forceful impression—"There can be no prosperity in the United States until the farmer becomes a consumer."

While I had heard such comments before, these specific words were called more and more to my attention by succeeding economic developments in the following years. The Federal Government, by its actions, has indicated full belief in this credo.

Farm Relief was given impetus under President Hoover through the Reconstruction Finance Corporation which alleviated mortgage distress by means of substantial advances to banks, loan, and insurance companies. These types of lending institutions were at a grave financial crisis due to the over-inflation of farm property in World War days. No successful plan of land valuation adjustment had been conceived since the farm expansion period of 1914-1918. When farms were seized or sold at auction after default in mortgage payments, open revolt occurred and sales were stopped with

force of arms.

In 1933 the new Congress passed in rapid succession many farm benefit bills and reorganized existing agencies under the famous Alphabet Acts of the New Deal: PWA, EHFA, FHA, FHLBE, FDIC, AAA, SMA, FCA, CCC, REA. Still others gave indirect assistance but most of these listed rendered direct aid through their many subsidiary agencies.

The present false basis of land tenure caused untold financial loss and suffering to all farmers. Re-adjustments were costly and disastrous. Farm land values dropped from \$54,829,563,059.00 in 1920 to

\$34,929,844,584.00 in 1930 and by 1935 were estimated at less than twenty billions. According to the Department of Agriculture, the index value of the average farm acre in 1935 was 79 against 170 for the year 1920. This index included improvements which would suffer little depreciation in comparison with land. Despite these drastic losses improved acreage rose from 503,073,007 in 1920 to 1,031,814,370 acres in 1935, an increase of over 100%.

The far-reaching effects of farming upon American economic life can be shown by the size of farm population. On Jan. 1, 1935 the total was 31,800,907 persons, 27,767,230 white and 4,033,677 colored, an average of 4.67 persons per farm. There were 10,482,323 persons actually engaged in farming and 6,812,350 farms with an average acreage of 154.8.

Only about half of United States farms are operated by owners. Of 5,956,795 white operators only 3,036,910 were full owners and of 855,555 colored operators only 173,314 were full owners. Only 37.4% of total land in white farms was owned by the operators.

Considering that much farm land is of so little value that it can hardly be mortgaged, the unstability of the entire tenure problem is further



accentuated by the number and amount of farm mortgages. In 1935, 2,350,313 farms were encumbered to the amount of \$7,654,091,000.00, an average of \$3,253.00 per farm and equal to 34.5% of all farm tenures. The United States Farm Credit Administration alone lists for 1935, 11,438 farm foreclosures for \$36,209,951.96 and lists the amount of \$399,589,441.38 as delinquent.

With an estimated 127,000,000 population for the continental United States in 1935, the farm population represents over one-quarter of our people and is the largest single group affecting the economic life of the country. Since one-half of farm operators are not owners and less than 40% of United States farm land is owned by the operator it is easily apparent that thirteen of every one hundred people are existing in a state of land slavery that affects all of us. The financial problems and income of these persons are even worse.

The index value of the farmer's dollar as computed by the United States Bureau of Agricultural Economics based on 1910-1914 as par, showed a ratio of 86% in 1935. It was as low as 61 in 1932 and fell to 77 in 1939.

These figures mean that the farmer received, for instance, in 1939 an average of 93 against a cost to him for living and production commodities of 121. Only the fact that the farmer receives certain values from his farm such as room and board, enables him to continue at all. If such impossible conditions are long continued it is difficult to foretell what may happen to our way of life. There is no "foreign dictator" who offers as much danger to democracy.

Henry George says in "Protection or Free Trade" (1886), "The dangers to the Republic come not from without but from within. What menaces her safety is no armada launched from European shores, but the gathering cloud of tramps in her own highways. That Krupp is casting monstrous cannon, and that in Cherbourg and Woolwich projectiles of unheard-of destruc-

tiveness are being stored, need not alarm her, but there is black omen in the fact that Pennsylvania miners are working for 65 cents a day. No triumphant invader can tread our soil till the blight of 'great estates' has brought 'failure of the crop of men'; if there be danger that our cities blaze, it is from torches lit in faction fight, not from foreign shells."

What foresight had this man! Miners are still shedding blood in their fight for better conditions. Farmers by the thousands have been wandering our highways unable to find land on which to produce.

The total cash income of farmers in 1939 was \$8,539,602,000. Of this, \$807,065,000 or almost 10% represents payments by the government, or payments contributed largely by urban taxpayers in addition to the original cost of farm products that they must pay. The only period of prosperity for the farmer, or the years in which the ratio of prices received to prices paid for commodities exceeded the par of 1910-1914 were the years 1917-1920 inclusive. Some individual farmers and some individual products have shown better than average earnings at times, but it is the median average that shows the trend and the model average that shows the condition of the class as a whole.

Against an average wage in manufacturing in 1937 of \$1,376.00 per worker, the average farmer showed an estimated cash income of under \$800.00. With exports now greatly eliminated real farm income will drop still further though with inflation it may show an apparent dollar increase. Evidence of this is shown by the drop in cotton exports from 66.2% of production in 1932-3 to 28.6% of production in 1938-9, the lowest figure in our times and far below the 38.1% for 1917-8, the year of unrestricted submarine warfare and shortage of cargo ships.

These statistics indicate but one thing. The whole farm problem in general and farm tenancy in particular are fraught with danger—danger to our economy and to our democracy. Danger here and now. Dictatorial control by government

has appropriated the wages of industry in order to pay the financial losses of agriculture. It has been dictatorial in the sense that it was brought about and exercised by conditions about which the people never have been truly and intelligently enlightened.

All the artificial controls that may be devised, however, cannot stop the functioning of natural economic law. Yet action taken to avert disaster for 25% of our people has very evident reactions upon the remaining 75%. A rapidly increasing population has previously hidden our basic economic faults through spurts of prosperity. The future can promise no continuance of this. Statisticians and economists have been and are warning us that the population trend is towards stabilization. If we are to exist with a constant population we must maintain an economy that will support all men in justice and equality. Today many see their only hope in a completely socialized state. No matter what the name of that socialized state may be; Communist, Fascist, Nazi, or New Deal, it means sacrifice of our liberties, of the freedoms for which, through the years of struggle, we have fought and died.

There is but one efficient remedy for this state of affairs, and it is an economic fact which has always been a fact, which cannot be disabled or proved false by any population trend. Only freedom can make men free. Our freedom to speak and write, to worship and assemble, must be augmented by the freedom to produce and exchange. The savage, without benefit of education and technology, still maintains himself because he is free to address himself to the resources of nature for the satisfaction of his desires. In our ignorance, we have given to a few of us the authority to shut us out from this same storehouse. But those who gave the authority can take it back, if they will. If we permit an archaic system of landownership and the "vested rights" of monopoly to continue to deprive us of access to the bounty of the Creator, we have only ourselves to blame.