

CHAPTER XII

IS THE COLONY PRACTICABLE?

Is the colony feasible? Can it be made accessible to the man with little capital or the soldier with no capital at all? Can farmers be induced to act together? Will people go to such a colony? Will they accept guidance and control? Does the project involve too staggering an outlay to permit of its trial?

We are so accustomed to leave in private hands those activities that contain any possibility of profit and to turn over to private philanthropy all those activities wherein private agencies find no profit that we reject as impractical any suggestion that looks to the people themselves or the government venturing into new relations which interfere with private profit or private philanthropy. Even playgrounds, public baths, widows' pensions, employment insurance, the new activities of the schools, were opposed but a few years ago as

socialistic. The Federal Farm Loan Boards and the Postal Savings Fund were assailed as fraught with grave danger. Only the most urgent war necessities forced the housing programme of the United States Fleet Corporation and the Department of Labor through Congress. The government operation of railroads, of the telephone and the telegraph, the United States Fleet Corporation, and the banking institutions under the control of the government were limited to the duration of the war or a short period thereafter as a result of such fears.

Yet these activities, involving billions of dollars and the most intricate administrative organization, have proved a success. They have been taken over with but little friction, and the gain in economies, in efficiency, and in other lines has been prodigious. There has been no graft, no corruption, no spoils, no discrimination—none of the catastrophes so freely and confidently promised have come to pass. The government is apparently as efficient as private business. At least it effects many economies and brings about equality of treatment to all classes. These gains with the new

motives of administration that prevail go a long way, and in the minds of many far more than offset the alleged evils that government action involves.

Financial Consideration.

Let us examine the proposal from a financial point of view. How will it be organized and financed? What will be the cost to the individual farmer? What are to be his relations to the government?

Let us assume that the individual farms would range from five to fifty acres, and that the average size would be thirty acres. There would be many smaller holdings for artisans, workers and persons of small means or more advanced in years. These holdings would be from one to four acres in extent. The early farms of New England and the Eastern States were small, for in colonial days each man worked his farm with such aid as he got from his children. There was no labor surplus from which he could draw, for the agricultural worker and the tenant moved on to the new lands and took up holdings of their own. So, too, did the boys and girls as soon as they

were able to leave the parental roof. For two hundred years the American farmer made a living on a small farm of from thirty to sixty acres. And this is adequate for a single man to cultivate and maintain in its proper condition of fertility.

Let us assume that the government acquires, either at private sale or by condemnation proceedings, 10,000 acres of land in Massachusetts, Connecticut, New York, Virginia, North Carolina, Texas, Minnesota, Wisconsin, or the Western Pacific coast States. Good land can be bought in these sections not far from the best of markets at from \$30 to \$100 per acre. It is in Iowa, Illinois, Kansas, and California that farm values are highest. In other States any quantity of land can be had in abundance at a cost no greater than the labor cost involved in bringing swamp-land and cut-over land under cultivation. This is one reason why the colonies should be developed on land already under cultivation.

Opening the Colony to Settlement.

When the estate has been brought to a proper state of fertility the allotment would be thrown

open. Only men with some agricultural experience would be accepted. Probably they should be required to have a certain amount of capital. The planning experts would locate the village. They would select the most attractive site, with water, trees, and a pleasing outlook on the surrounding country. There would be generous allotments of land for schools, playgrounds, and public buildings. Possibly a substantial acreage would be set aside for common forests and pastures. Through these the individual farmer would secure firewood and pasturage for his cows under by-laws issued by the community.

Let us assume an average holding of 30 acres for each farmer, including the site of a homestead in the village, and that the land brought into cultivation has cost the government \$80 per acre. Here is a financial outlay of \$2,400 for land for a fair-sized farm, which has been put in the best of condition. In some colonies the average would be smaller; in others larger, depending on the type of colony. The aim would be to adjust the size of the farm to the kind of farming and the market.

The farms would radiate out from the village and might be some distance away. A plot of land three miles square contains 5,760 acres, or enough land for a colony of from 1,500 to 2,000 persons. The most distant farm would be not more than a mile and a half from the community centre.

The Individual Balance-Sheet.

Houses far superior to the average farmhouse could be properly designed and erected at wholesale for from \$1,500 to \$2,000. Cottages for artisans and small cultivators could be built for less. The outbuildings would cost \$500 more, if materials were bought at wholesale. The lumber would be cut to lengths and a great part of the building would be performed at the mills in accordance with specifications laid down by the architect. At the outside \$2,000 would be needed for cattle, machinery, and working funds sufficient to carry the farmer through the first season. This last would be in the nature of a banking loan, to be repaid as soon as possible.

Here, then, is the balance-sheet of the farmer with a good-sized farm, when he opens his

accounts, according to a standardized system introduced by the government:

Land.....	\$2,400
House.....	1,800
Outbuildings.....	500
Actual working capital.....	<u>2,000</u>
Total.....	\$6,700

There would be small allotments costing from \$2,500 to \$3,000.

The farmer might be expected to be provided with from \$1,000 to \$2,000, which he would be required to invest. This would safeguard the government. In Denmark, where \$18,000,000 have been advanced by the state for the promotion of small holdings, the settler is required to advance 10 per cent of the cost. In California his advance is considerably more, being about one-third of the total cost. No advance payment need be required of the artisans and workers.

We may assume, then, that the net capital investment of the government is \$5,500 for each of the 300 farms, or \$1,650,000 for the colony. An additional outlay which might aggregate \$200,000 more would still be required, since roads would have to be built, school-

houses erected, cottages provided for artisans and workers, and farm-machinery acquired. To this total should be added a possible \$360,000 more contributed by the farmers themselves.

This would be a very different equipment from that of the average farmer. It would include efficient machinery and many conveniences. There would be good roads, a comfortable house and proper outbuildings. The farmer would have sufficient capital to carry him over a season. The land would have been put in good condition. It would be drained and fertilized. The credit advanced would be on easy terms and the experts provided would protect the farmer from mistakes, while his horses and cattle would be guarded against disease.

Financing.

Government funds for the purpose would be raised by the sale of bonds, as in the case of the Federal Farm Loan bonds. They would be real liberty bonds for a new kind of democracy—a democracy of economic freedom. They would bear a low rate of interest, and be re-

deemed year by year out of the payments by the settlers.

The colonist would be given every aid at the start, and would not be required to repay anything on the principal for one or two years. Possibly the interest payments would be suspended for a limited period while the land is being brought into intensive use. Then the farmer would begin to reduce the principal by annual payments extending over from thirty to sixty years. The advance for working capital would be first repaid. The housestead and other improvements should be paid for during their estimated lifetime, while, if the land is sold outright, the term of payment can be made longer. The interest rates as well as the annual repayment charge would be low. And as the government has no desire to make money out of the colonists, relief can be extended in case of emergency.

The charge then against the individual farmer would be from \$150 to \$300 a year. This would include his rent, the payment on the farm and the interest on his purchases of live stock, machinery, etc. As time went on the annual payments would be reduced. Ultimately they would disappear.

Such financing is so foreign to our experience that we can hardly treat it as a practical proposal. But this is what is being done every day all over the country. There are thousands of farms that have been bought in this way. The purchaser makes a cash payment for a part of the cost price, and gives a purchase-money mortgage for the balance. It is the commonest transaction in the world.

This, too, is the general method employed in Ireland, where the British Government has advanced \$550,000,000 with which to buy out large estates and distribute them in small holdings to the tenants. The Danish system is the same. In Germany, where farm colonization has been carried on for years, upward of \$200,000,000 has been advanced by the state to aid purchasers, and 1,000,000 acres of land subdivided; and in none of these countries has there been any loss on these investments.