

The Problem of Low Income Groups in Southeastern Agriculture

TO AN overwhelming extent the problem of rural poverty is a problem of the southeastern part of the country. This is not to say that poor farmers may not be found in any other section of the country: it merely means that the greatest concentration of rural poverty is found in the Southeast.

The fundamental elements of the South's problem of rural poverty are: (1) a high ratio of population to land resources; (2) the overshadowing importance of the cash cropping of cotton and tobacco in the region's economy; and (3) a land tenure system that represents a more or less incomplete adjustment of the antebellum system of slave labor to the condition of legal freedom imposed upon the South's labor system as a result of the Civil War. These fundamentals, obvious as they may be, are not independent of each other. On the contrary, they condition and reinforce each other while giving rise to certain ancillary problems.

The apparent simplicity of the problem, however, does not make its solution any easier. Indeed, just because these fundamentals are mostly historical products and involve elements of social lag, and, in addition, are colored by prevailing racial attitudes, the problem becomes extremely obdurate.

Population and Land

The relative overpopulation of rural areas is not a condition confined to the South. That 50 per cent of the nation's farmers produce 90 per cent of all farm products sent to market is sufficient evidence that there is a large surplus farm population in the nation as a whole. More people are evidently trying to get a living from the land than can be supported by it on any reasonably satisfactory level of living.

In the South, however, overpopulation is especially acute. With the exception of a few scattered states, the states in the Southeast comprise the only major geographical area in which the reproduction rate of the population exceeds unity, i. e., where more children are being reared than are necessary to maintain a stationary population. With one quarter of the nation's population, the South before the war was furnishing one half of the nation's natural increase in population. Inasmuch as the urban reproduction rate is no higher in the South than in other regions, the conclusion is clear that Southern farms have become the major source of the nation's population.

With respect to farm population, two thirds of the natural increase for the nation in the period 1930-34 occurred in the South where only one half of the farm families were living. Migration out of the region and from farms to cities within the region has served to relieve the pressure of population on land resources to some extent, but not enough to remedy the serious maladjustment implicit in the situation. With approximately 40 per cent of the nation's farm population, the South has only 17 per cent of the total land in farms. Under such circumstances, unless the land be exceptionally fertile and be tilled with exceptional skill, the result can only be a lower-than-average level of living for its cultivators.

The high man-land ratio is naturally reflected in the small average size of farm in the South. Whereas, in 1940, the average size of farm for the United States was 174.0 acres, in the South Atlantic States it was only 90.8 acres, and in the East South Central States it was 75.3 acres. Within the 12 Southeastern States, the average size of farm varied from a high of 127 acres in Florida to a low of 66 acres in Mississippi and Louisiana.

Actually the situation is worse than these figures indicate, for in the South Atlantic States in 1940 nearly half of all the farms were less than 50 acres, and in the East South Central States more than half of the farms were under this size. Moreover, not all farm land is available for cultivation, some of it being in wood lots, some existing as waste land, and some lying fallow. The result is that farms of 15 or 20 acres of crop land per farm family are very numerous throughout the region, and this amount of land does not, in most cases, provide a decent standard of living for a family, under present cropping practices, and where soils are low in fertility.

Cash Cropping

Another fundamental reason for the low farm incomes of the Southeast is the predominance of cash cropping—chiefly of cotton and, to a lesser extent, of tobacco.

It should be said at the outset that there is nothing inherently uneconomic in commercial farming or in specialization in one or more crops. On the contrary, many economies are possible where there is such specialization.

The evils of cash cropping in the South grow out of the relation of such a system to the man-land ratio. In one sense, cash cropping can be said to be the cause of the man-land ratio, and in another sense, it is an effect of that ratio. The two things are parts of a single whole that has its roots in the failure of a historic pattern to adjust to technological and social changes.

Historically, the South was the nation's first great commercial farming area. The cultivation of cotton and tobacco on a commercial basis to satisfy the demands of a world market dates from colonial times. These two crops had one characteristic in common; namely, they were both large consumers of labor time at certain peak seasons.

In a new country, where land is abundant and cheap and where labor is in short supply, it would be natural to expect a large amount of land to be used per unit of labor and to expect that farming would become extensive rather than intensive. These expectations did not materialize in the South as they did in other areas because the character of the labor supply under conditions of slavery made supervision a necessity and prevented the dispersal of labor over very large areas of land. Labor thus came to be concentrated in the form of plantation gangs. A combination of land and labor that would have been uneconomic in a system of free labor, in view of their respective supplies and costs, could be made to pay the landowner financially under a slave system by shifting the cost of the inherent wastefulness of the system

to labor and land—to labor in the form of a subsistence standard of living and to land in the form of the exhaustion of soil fertility. The exhaustion of the soil, however, did not represent any real cost to the individual so long as new land was available to replace that which had been worn out. The entrepreneur planter could shift the labor supply to its most profitable use. This geographical mobility of labor, plus the fact that the remuneration of labor was arbitrarily fixed at a subsistence level and represented no equilibration of supply and demand, made the concentration on cotton and tobacco financially profitable to the entrepreneur planters.

With the legal freeing of the slaves, the planters lost their power to shift the labor supply in accordance with their own interests. Indeed, since slaves had been capital, their emancipation left the planters without capital except for their land. When entrepreneurs who possessed nothing but land confronted a labor supply destitute of land and capital, a way of living was reached in the form of a tenure system that resulted in small tenant holdings. If anything, this system was more exploitive than that of slavery, for the former geographic mobility of labor was lost and the high man-land ratio became more or less frozen into an institutional pattern.

Having lost geographic mobility, the labor supply was compelled, by the economics of its small holdings as well as by the terms under which access to land was secured, to continue the production of cash crops. These crops were still the traditional staples of the South. Cotton remained the crop having the greatest comparative advantage, for any other crop or combination of crops would have implied a more extensive type of agriculture and, consequently, a lower money yield per acre. The immediate economic interest of any individual operator lies in securing the highest net returns per acre. Whether he gets enough to maintain a desirable level of living, however, depends upon how many acres he has at his disposal.

For example, the gross value of farm products per acre is higher in the Old Cotton South than it is in the newer cotton-producing areas in the Southwest. In Alabama in 1940, this figure was \$6.25 per acre—the lowest in the Southeast. In Texas, the value of farm products per acre was \$3.70; in New Mexico, it was \$1.23; and in Arizona, it was \$1.64. Nevertheless, the value of farm products per farm amounted to only \$522 in Alabama in 1940 as compared with \$1,246 in Texas, \$1,455 in New Mexico, and \$2,370 in Arizona. The higher money yield per acre in the Old South was more than offset in its influence on the level of living by the small average size of farm which, in turn, was the result of the disproportion of population to land resources.

Cotton and tobacco, as well as the corn that is commonly raised for stock feed and farm consumption, have another characteristic in common that works to the disadvantage of the Southern farmer—their tendency to impoverish the soil. These three crops are all intertilled and facilitate a rapid runoff of water in rainy seasons. The top soil, never having been very thick in the South, is thus subject to a heavy annual loss through erosion. The "Report to the President" by the National Emergency Council in 1938 called attention to the fact that 61 per cent of the nation's badly eroded soil is found in the Southern States. At least 22 million acres of once fertile soil, it was estimated, has been ruined beyond repair. In order to make such abused and worn-out lands

produce, heavy applications of fertilizer must be made. In 1942, the South Atlantic States and the South Central States purchased nearly 6 million tons of commercial fertilizers—three fourths of the nation's total. Meanwhile, it is estimated, 27.5 million tons of nitrogen and phosphorus compounds are leached out of the soil annually.

Exhaustion of the soil and the necessity for heavy fertilization implies higher costs of production, and rising costs place the Old South at a disadvantage in competition with newer producing regions where land is fresh and fertilization is less necessary. In South Carolina, for example, the yield of cotton in 1941 was 166 pounds per acre and the cost of production was 16.6 cents per pound of lint, the cost having risen from 8.7 cents per pound of lint in 1934. In Arkansas, by way of contrast, the 1941 yield was 342 pounds of cotton per acre—double that of South Carolina—and the cost of production per pound of lint had fallen from 9.9 cents in 1934 to 7.9 cents in 1941.

The Tenure System

If population pressure on the land and the system of cash cropping are two aspects of the strait jacket in which the Southern rural economy finds itself, the land-tenure system is a third aspect growing out of, but at the same time reinforcing, the others.

The predominant characteristic of this tenure system is the high tenancy rate. Tenancy, as has often been pointed out, is not necessarily bad in itself. It may represent a stage in a farmer's climb up the ladder to full ownership of his farm. On the other hand, it may represent a step downward from full ownership to a lower status.

In 1935, 41.4 per cent of all farm tenants in the United States were to be found in the cotton belt and 8.9 per cent in the tobacco belt. Tenants in these areas are of two kinds—cash tenants who pay a fixed cash rent or a fixed amount of cotton lint, and croppers who pay rent in the form of a share of the crop, the size of the share varying widely from one case to another and depending upon the amount of feed, fertilizer, and equipment that is furnished by the landowner.

There is a marked difference in the distribution of these classes of tenants as between white and colored farmers. In 1935, 44 per cent of white cotton-belt farmers were owners or part owners, 15 per cent were croppers, and the remainder were mostly cash tenants. Of Negro farmers in the cotton belt, however, only 16 per cent were owners or part owners, while 50 per cent were croppers, and the remainder were cash tenants.

Theoretically, cash tenants partake of the nature of entrepreneurs, as do owner-operators, in that it is possible for them to control the disposition of their labor and land as among various alternative uses. Practically, however, this freedom of action is limited by the small average size of tenant holdings. The necessity of raising the cash to pay rent, taxes, and other fixed charges, as well as to provide items in the family living that are not produced on the farm, causes the small tenant farmer to squeeze his few acres for their maximum cash yield. Since cotton still possesses the greatest comparative advantage for the small farmer, the cash cropping of cotton comes to be perpetuated. Where acres are few, none can be spared for crops that involve more extensive forms of agriculture.

Economically speaking, the share cropper partakes more of the nature of a wage laborer—a laborer, however, who, while being assured of a year's employment, is assured of no definite wage for his year's work. His wage—his share of the crop—is sharply affected by the yield of the crop and the price at which it is sold, as well as by the rate of interest charged by furnishing merchants and landlord on any advances that have been made to him. Moreover, since the landlord usually wants his return in the form of an easily marketed commodity, and no other Southern commodity so readily lends itself to a division between owner and tenant as does cotton, the cropper must perforce plant his land to cotton. Thus, without an entrepreneur's freedom of choice, the cropper is really a wage worker who must share entrepreneurial risks.

Since leasing arrangements are typically made for a year at a time and are often merely verbal agreements, there comes about a restless milling about from farm to farm by the tenants at this lower end of the scale. Tenants move more frequently than do owners, and croppers move more frequently than do cash tenants. In 1940, 22 per cent of the croppers in the 12 Southern States had moved to the farms they then occupied within the three months preceding April 1; 41 per cent had been on their farms less than 15 months.

This instability of tenure, of course, involves a social cost. A tenant moving from one farm to another each year has little incentive to maintain the tenant house or other farm buildings in good repair. He has little incentive to care for the land beyond his own short-run needs. He has no incentive to plant and cultivate a year-round garden that might serve to improve the quality of the family diet.

The decade 1930-40 witnessed some spectacular changes in the institutional pattern of farm tenure in the South. In the first place, an increase in farm ownership occurred. This increase, however, was entirely in the ranks of white owners, for the number of Negro owners declined. A sharp decline in the number of tenants of all classes, both white and colored also took place. Since the decline in tenancy greatly overbalanced the increase in farm ownership, it did not represent any improvement in the position of Southern farmers. Indeed, the net effect of these changes was for the worse, for it meant that tenants and share croppers were being forced out of even such a tenuous connection with the land as they had previously possessed. In part these displaced tenants migrated to the cities, especially to Southern cities, where the urban growth between 1930 and 1940 was nearly three times as great as the national urban increase. In part, too, these dislodged tenants and croppers sank down into the class of farm labor where they were more "marginal" than they had been in their former status. In either case, casual and seasonal employment and Government relief became their chief means of support.

In large part, the cause of these changes lay in the Government's agricultural policy of the 1930's under which cotton acreage was retired in an effort to reduce the cotton surplus and to raise prices, and benefit payments were made to encourage certain soil-conserving practices. This policy, working within the traditional tenure system, gave landlords a direct economic incentive to reduce the

number of their tenants even though they were supposed not to do so, and the social cost of the policy was thus shifted to the weakest tenure groups, who were reduced to a still more precarious income status.

Programs and Policies

The fundamental reasons for low farm income in the South have been recognized for a long time. For a long time, too, a program has been advocated for dealing with some of the more unfavorable aspects of Southern agriculture—a program that has become almost a tradition of the "New South." There are three major items in this program: (1) soil conservation; (2) diversification of farm operations; and (3) farm ownership.

With regard to soil conservation, the ravages of erosion are so evident throughout much of the South that little argument is needed to justify all practicable measures to check it. Less obvious but equally deleterious is the exhaustion of the soil when planted year after year to the same soil-depleting crops. The plowing of rolling country along the contours of the hills instead of running furrows up and down the hill-sides where every furrow becomes a gully to carry off the rainfall seems like obvious good sense. Similarly, the terracing of hillsides to check the runoff of water is a necessary practice. The planting of winter cover crops and legumes is also necessary to check erosion and to restore plant food to the soil. Soil is the foundation of agriculture, and unless it be conserved, there will be no profitable agriculture in the future.

The diversification of enterprises on the individual farm has been advocated for a number of reasons. By diversification a farmer can make himself more self-sufficient; a larger part of the living requirements of himself and his family can be produced on the farm. By engaging in a variety of enterprises, a farmer spreads the risk of failure of any one of them over the whole group. By a combination of pasture for the grazing of livestock with crops properly rotated, much can be done to check soil exhaustion as well as erosion. Diversification also makes possible a fuller use of available labor time. In raising cotton, for example, the peak demand for labor comes in the spring and fall. For at least four months in the year, the cotton laborer is idle except for chores. Crops, therefore, that have somewhat different peak demands for labor can be raised at practically no labor cost, since they would be produced by labor that would otherwise be idle.

As the third part of this program, farm ownership and the family-size farm have been insisted upon. These are pre-conditions for carrying out the conservation and diversification parts of the program. Only a farmer who has the security of tenure that comes with ownership and who possesses a sufficiently large farm can be expected to engage in these better practices.

Not only has this general program been advocated for years, but the technical knowledge for carrying it into effect has been carried to the farm leadership of Southern States by county agents of the Extension Service with a great deal of missionary zeal and with the support of Federal and state agricultural authorities. It was expected that the improved farm practices would be adopted



by the leading farmers and by imitation would penetrate to the lower rungs of the agricultural ladder.

There is no gainsaying the general desirability of the practices advocated in this program, nor can it be said that its advocates have been entirely without success in winning a response. Nevertheless, it remains true that the results have been far from commensurate with the time and effort and talent that have gone into the propagation of the program.

The reason for this disappointing outcome is fairly clear; the program cannot be carried into effect in the face of the existing disproportion of population to land resources that keeps the average size of farm small. It is idle to preach the desirability of soil conservation practices and diversification to a share cropper who has little or no control over the use to which his land is put. It is almost equally futile to do so to a cash tenant or an owner-operator with but few acres at his disposal.

Moreover, such practices require capital that must be invested for some time before it begins to bear fruit in increased income. The small owner-operator or tenant, with little collateral to pledge for a loan, experiences difficulty in securing such capital in the first place. In the second place, he cannot afford to wait for the fruition of such an investment several years hence. The pressure to get a living in the immediate present is too insistent.

In 1930-40, the South experienced 44 per cent of the nation's increase in population. While the states west of the Mississippi River, except Louisiana, experienced a decrease in farm population, the South Atlantic States had a 2 per cent increase and the East South Central States, approximately a 4 per cent increase in farm population.

But what did not happen even under the stress of the economic depression of the 1930's has been brought to pass by the war. Farm labor has been drained off to the armed forces, to wartime construction work, to war industries, and into shipyards. The labor shortage has caused a great outburst of enthusiasm for cattle raising in the Southern States. Many an old cotton county in the Black Belt of Alabama and Mississippi is now green with pasture. War crops such as peanuts and soybeans, as well as other food crops, have expanded. Diversification has been given a great impetus. The demand for most crops is good and prices are high. Incomes are higher than they have been for a generation and even the Negroes—the lowest-income group of all—are enjoying a degree of prosperity never known before.

The end of the war will witness the return of many thousands of men from the armed services and from war industries. On their return they will find a radically altered pattern of land use—one in which much less labor is needed. There will literally be no place for them on Southern farms. As a banker put it, in a county that was once a good cotton county but which has been converted almost entirely to cattle raising. "When these people come back, they will have to march right on down the road. There will be no place for them here."

Under such conditions, the economic problem of low-income farm groups may be converted into a social problem of quite another order, especially since it will be complicated by the racial issue. The basic difficulty of the South—the high man-land ratio—will then stand out starkly demanding a solution.

To adjust the man-land ratio, certain steps are necessary:

1. Industrial expansion in the South itself sufficient to absorb the surplus rural population should be a prime objective, for there is a social cost to a region when it exports the people it has reared and educated.

2. To assist in local industrial expansion, businessmen should be alert to discover and develop all possible opportunities for industrial development, and banks should be prepared to finance such developments to the limit of their ability.

3. Vocational and technical training should be provided in order to fit rural labor to the requirements of modern industry. Access to such training as well as to industrial employment, both skilled and unskilled, should be given without regard to race; for the Negro, being on the lowest rung of the agricultural ladder, is likely to bulk large in the surplus population that must be drawn off from the land.

4. Thorough and systematic efforts should be made by Federal, state, and local governments to place men in jobs for which they are fitted and, if necessary, to assist them financially to move to such jobs.

If the farm population of the South could be reduced by such means to the point where there would be a large increase in the average size of farm, then the diversified forms of agriculture that have long been advocated would have a better chance of success. For the people remaining on the farms, four needs are paramount:

1. The system of tenure should be reformed so as to place tenants on a cash basis and under long-term leases with provision for the recovery of the unexhausted value of any improvements they may have made at the time the lease terminates.

2. Training in the techniques of new and unfamiliar farm projects, as well as for increasing yields in more familiar projects, should be widespread. Soil conservation practices should be urged especially.

3. Banks should stand ready to finance by long-term loans and at reasonable rates the radical shift from undiversified to diversified agriculture as well as the adoption of soil conservation practices, mechanization, and any other development that would have the effect of reducing costs.

4. Farmers should be encouraged to carry their product one or more processing stages beyond the harvest where this is possible. This processing might in some cases be accomplished on the farm; in other cases it might be done in small local plants, co-operatively or privately owned.

The key to the solution of low agricultural income in the South seems to lie outside the field of agriculture itself and in the whole field of the national economy. If industry fails, nationally or regionally, to provide employment for the people who are no longer needed on farms, because of the increased physical productivity in agriculture and the inelastic character of the demand for agricultural products, then the South faces a bleak future indeed. This is the South's dilemma: either a large fraction of its farm population must shift to nonfarm employment, within or outside the region, or the South must resign itself to being the most depressed rural area in the United States in the future as it has been in the past.

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