

What Future Has Farming?

By Walter W. Liggett

If the American farmer is to survive, some immediate change in his situation is necessary. Is peonage on "food factory" farms the answer, or can farmers unite to preserve their independent status?

DESPITE the modern emphasis on manufacturing, with the consequent over-development of our great cities and a decline in rural population, agriculture still remains the primary industry upon which all other occupations must depend. The world could at a pinch get along without labor-saving machinery, sky-scrapers, railroads, automobiles, steamships, telephones or the radio, but it cannot get along without food—and food can only be produced upon farms. Literally, the farmer is "the backbone of the nation," for it is an axiom of historians that no civilization can long endure unless it is founded upon a contented farming class.

Far-reaching social implications also are involved in the successful solution of this world-old problem. The decline of the Roman Empire dated from the destruction of its sturdy home-owning farmers by imported slave labor. Farmers undoubtedly lend political stability to any country, yet they cannot fairly be accused of always throwing their weight to conservative causes. There is a long list of successful agrarian revolts—Mexico and Russia in recent years—while in the United States the Middle Western farmers always have been in the very vanguard of political progressiveness.

Today the plight of the farmers everywhere is desperate and this accounts for much of the world-wide unrest. Conceivably the ultimate victory between the warring systems of capitalism and communism may be determined by the manner in which the United States, China, India, and Russia achieve success—or failure—in allaying the distress and discontent among their farmers.

Evidences multiply that something definite will be done by the new administration toward allaying the rising tide of farmers' discontent. Mr. Roosevelt is not unmindful of the fact that he carried all the traditionally Republican western farm states and he already has had many conferences with accredited leaders of the organized farmers who profess confidence that he will support their efforts to lift farm prices by the parity bill and to ease the burden of farm mortgages, probably

through the issuance of long-term bonds. It is difficult at this time to predict just what form the agricultural legislation will take when it emerges from Congress after undergoing all the necessary compromises, but Mr. Roosevelt has announced in no unmistakable terms that something must be done to restore farm prosperity, and the farmers themselves, for the first time in two decades, really look to the new incoming administration with real confidence.

Curiously, it is in communist Russia that the peasants are tending towards conservatism by strenuously resisting the Soviet programme for the complete socialization of land through the establishment of great collectivized "food factories"; while in capitalistic United States the farmers, as the result of wholesale foreclosures and tax evictions, are making really radical demands and today offer the only substantial nucleus for an independent third party. It is also a sharply contrasting and ironic fact, that in Russia the "liquidation" of the *kulaks* or wealthier peasants was ruthlessly carried out because the Soviet authorities thought the system of individual farming did not produce enough; whereas in the United States our home-owning farmers are being dispossessed—by legal means instead of by military might—because they produced a huge surplus—a surplus that rots in the fields while hungry men walk the streets of our cities in the vain search for jobs.

Modern society has known three distinct systems of farming: The first is the individual method where the farmer owns his land. Under normal conditions the individual farmer who knows his business is capable of making a good living. This method came to its fullest flower in the United States, Canada and Australia about the turn of the century. It also prevails in France, Germany and Denmark, where thrifty peasant proprietors wrest a fairly comfortable living from their small holdings, and it was gaining headway in Russia before the revolution, with the *kulaks* gradually increasing their acreage and improving methods of production. All things considered, this method in farming is perhaps better than any other for both the individual and the

state. The home owner conserves his land, has an incentive for industry, and politically is independent.

The second great system of farming is peonage or tenantry. While in theory the tenant is a free agent, even in the United States repressive debt laws keep the average renter in virtual servitude—particularly if he is colored—and hundreds of thousands of white cotton croppers in the South hardly have more independence either economically or politically than South American peons. Not only does the average tenant barely eke out a subsistence for himself and his family, but ordinarily he is an unskilled farmer and the land itself almost always deteriorates under tenantry. Too often the tenant farmer is a poor citizen, a thriftless individual, and his purchasing power is necessarily low.

The third system of farming attempted by modern society was the corporation farm. Big-scale farming with power machinery, as might have been anticipated, was first tried in the United States, but after forty years of experimentation in all parts of the United States and Canada it has been well established that big-scale machine farming cannot produce as cheaply or efficiently as small individual ownership. Considering the small returns and the extreme hazards caused by crop failures and fluctuating prices, it is fairly certain that capital will not be attracted into corporation farming under present conditions.

It remained for Russia to inaugurate a fourth method of farming. Although big-scale power farming has proved unprofitable in the United States, the Soviet authorities with the purpose of "pulverizing the peasant masses" have launched an ambitious programme of collective farming which has no counterpart in history. They have set up approximately 150 great "food factories" ranging from 100,000 to nearly 1,000,000 acres each with the announced intention of raising wheat, corn, cotton, fruits, vegetables, livestock and other farm commodities by mass-production methods. Approximately one-half of the peasants and three-fourths of all the agricultural land in Russia are now included in the collectives.

All students of agrarian economics have realized from the very first that the success or failure of the Soviets' attempt to introduce factory methods of farming was bound to affect the whole future of American agriculture. If the Russian "food factories" even approximate the enthusiastic predictions of their sponsors, it is safe to predict that they will be a predominant factor in bringing about revolutionary changes everywhere in the status of the farmer. If the Russian plan succeeds it is more than likely the individual farmer is doomed—and with him may perish a social system.

Reports of a serious food shortage in Russia indicate, however, that after five years of collectivization, crop production has slumped below its pre-war level and also below the point it had attained in 1927 under individual

ownership. Wide-spread dissatisfaction exists among the peasants. Bureaucratic mismanagement and mass sabotage by dispossessed *kulaks* are responsible for this set-back—a set-back which is certain materially to slow up the entire tempo of Soviet planning.

Perhaps it is too early to declare positively that collective farming has failed in Russia, just as corporation farming failed in the United States, yet most competent agriculturists in this country—some of whom are in sympathy with the Soviet aims—have predicted that wholesale collectivization would not succeed. Their predictions were based on two very definite reasons. First, the experience over a long period of years in the United States and Canada, where skilled managers and capable mechanics are available, has proved that big-scale farming is not economical.

The second reason is extremely potent although purely psychological. Farmers everywhere have a strong desire to own the soil which they make productive. Admittedly the Russian peasants have resorted to mass sabotage in retaliation for forcible dispossession from their individual holdings. Communist leaders claim that with a generation of education they can eradicate these deep-rooted instincts. This remains to be seen. The peasant is traditionally stubborn and in Russia he has a tremendous numerical advantage over the city proletariat. He looks upon compulsory collectivization as an attempt to return him to virtual serfdom and it is within the bounds of possibility that the Soviet experiment will be wrecked on the rocks of peasant resistance—a resistance that could have been avoided had the communist chiefs been less doctrinaire in their insistence upon socialization of the land.



But the United States no less than Russia is in the throes of an agricultural crisis which may have far-reaching economic and political repercussions. For more than a decade our politicians and industrialists have let matters drift until the bulk of our home-owning independent farmers are perilously close to peonage. We must make up our minds whether we as a nation care to restore the system of individual farming; whether we will further lapse into tenantry; or whether we intend to follow the example of Russia and submerge our home-owning farmers into the status of hired seasonal migratory laborers. The final settlement cannot much longer be postponed.

The collapse in prices of agricultural commodities in the United States occurred in 1920 and our farmers—especially those who raised such staples as wheat, cotton, wool and livestock—never fully recovered from the effects of that drastic post-war deflation. Not a few economists warned then that the sharply depreciated

purchasing power of the farmers was bound to result in a slowing down of the wheels of industry, and no competent observer doubts that the long world-wide decline in agricultural prices was one of the primary causes of the existing depression.

The steady decrease of rural population with the consequent curtailment of rural purchasing power represents one of the gravest problems facing this nation. Upon its correct solution the welfare of our people probably depends. We cannot lift ourselves by our economic boot-straps—in spite of efforts in high places to do so—and it is folly to suppose that we can bring about a permanent return of prosperity until we have first put back farming on a paying basis and restored the proper balance between industry and agriculture both as regards population and purchasing power.

Normally at least half of our entire population should live on farms or in towns and villages of less than 2500 persons. Up to 1900 more than 60 per cent of our population was rural, but since then there has been a rapid drift from the farms to the cities. Today less than 44 per cent of our people live in rural regions, while a trifle more than 56 per cent reside in cities. Not only has the *percentage* of people living on farms continuously grown smaller, but since 1910 there has been an actual decline in the *number* of our rural population. During the decade between 1910 and 1920 nearly half a million persons actually left the farms, and between 1920 and 1930 approximately 4,000,000 persons have been forced to abandon farming and thus have directly contributed to the unemployment in our cities. In the last two years unemployment has temporarily reversed this tendency and approximately 700,000 people have returned to the farms.

With the decline in farm population has come an even greater drop in the farmer's purchasing power. Farm income in the United States has fallen from \$16,000,000,000 in 1919 to \$13,000,000,000 in 1929—and in 1932 it will not exceed \$5,500,000,000. Even in years of so-called prosperity the farm income on a per-capita basis never compared with the average income in other lines of industry. The entire national income in 1929 was roughly 90 billion dollars. Inasmuch as the population actually living on farms constitutes about 30 per cent of the nation, the farmers should have received, on a fair basis, at least 27 billion dollars income instead of the 13 billion they actually received. In this year of depression the farmers should have gotten approximately 15 billion dollars income instead of a little more than one-third of that amount.

In the last twelve years the value of all farm property in the United States has shrunk from 79 to 55 billion dollars. During the same period farm mortgages have increased from 6 billion dollars in 1920 to a total of 11½ billion dollars today. The decrease in farm values and

the increase in farm indebtedness have been accompanied by an alarming growth of farm tenantry. In 1880 only one-fourth of our farms were operated by renters, but in 1930 more than 42 per cent of all American farmers were mere hired hands—and the ratio has increased by leaps and bounds since the last census.



It is almost impossible to describe the distress that exists today among farmers in the Middle West, the Far West and the South. In Mississippi 60,000 cotton raisers have had their farms sold for taxes. In North Dakota nearly 60 per cent of the farmers have been dispossessed by mortgage foreclosures or tax sales. In Minnesota more than 12,000,000 acres have reverted to the state through tax delinquency. In Oklahoma it is estimated that the entire value of the corn, wheat and cotton crop is not sufficient to pay the farmers' tax bill.

In Illinois 47 per cent of the farm land is mortgaged for \$400,000,000, and Iowa—admittedly the richest agricultural State in the Union—has 65 per cent of its 214,000 farms mortgaged for \$450,000,000. Since 1920 no less than 29,000 Iowa farmers have been dispossessed for debt. In North and South Dakota, Oklahoma, Nebraska and Montana nearly 125,000 farmers have been on the Red Cross relief rolls, while countless thousands more have been receiving charity from relatives and friends. In the South whole counties are reduced to a barter basis. At present prices there is hardly a farm commodity which is not selling for less than its actual cost of production. Agriculture is a bankrupted industry.

Contrary to the generally accepted opinion, the theory that farm prices have been depressed by world-wide over-production may be dismissed as baseless. It is perfectly true that more wheat, cotton, livestock and other staples are produced now than in 1910, but it also is true that the population of the world has increased from an estimated 1,570,000,000 persons in 1910 to 1,940,000,000 in 1932 and the production of farm products has just about kept pace with the increased population.

For instance, between 1910 and 1914, according to the best available statistics of the Department of Agriculture, the world wheat production averaged 3,041,000,000 bushels, or 1.94 bushels per capita. In the years 1928–1932, according to the same figures, world wheat production averaged 3,778,000,000 bushels, which amounts to 2.02 bushels per capita.

Secretary of Agriculture Hyde in his 1931 annual report made much of the fact that for the last seven years the world wheat production had averaged 43,000,000 bushels more than world consumption. These figures lose their significance when it is shown that the surplus was a trifle less than one-forty-fifth of a bushel per

capita. About two extra loaves of bread a year for every individual would more than wipe out this surplus.

Cotton production, too, has merely kept abreast of the needs of an increasing population. The world's population has increased almost exactly 20 per cent since 1910 and during the same period cotton production has only grown from 21,000,000 to 26,000,000 bales.

There actually has been a marked falling off in the per-capita production of corn, oats and barley. Flaxseed has almost exactly paralleled the increase in population. Livestock production has not increased nearly so rapidly as the world population.



"Over-production" and glib reference to "the law of supply and demand" are serviceable alibis for politicians, speculators, high-tariff advocates and others engaged in "farming the farmer," but cold statistics prove that the real explanation of the agricultural deflation must be sought elsewhere. Yet there is nothing mysterious about the bankruptcy of the American farmer. It can be accounted for by the following very definite reasons:

1. *The tariff.* A large part of the farmer's difficulties is due to the fact that everything he buys is purchased in a protected domestic market and everything he sells is sold in a free-trade world market in competition with the cheap labor and cheap land of Russia, India, and Argentina. Over a long period this condition alone would bankrupt any industry.

It is true that many agricultural products are protected by tariffs, but most of these are ineffective for various reasons. For instance, the 42-cents-a-bushel tariff on wheat is virtually nullified by the milling-in-bond provision; while Western sugar-beet growers face unfair competition from the Philippines, whose sugar comes in duty-free.

Obviously, in all products where we raise a large exportable surplus, tariff duties are more useful as political campaign arguments than in giving any real protection to American producers. A glaring example of this is the fact that wheat recently sold in Chicago for less than the 42-cents-a-bushel tariff. Probably the only way in which tariffs can be made effective for most farm products would be through the imposition of a debenture on all exports—a measure that was vetoed by President Hoover.

2. *Increased taxation.* While few farmers pay any direct Federal taxes, in many communities they bear almost the entire burden of local government and also are called upon to pay a disproportionate share of the cost of state administration. Farm taxes have increased 150 per cent since 1910, while the value of farm lands has dropped sharply. Farm taxes now average about \$1.50 annually for each \$100 of the full value of farm real estate.

In other words, taxes equal the interest which farmers would pay at 6 per cent on a mortgage amounting to 25 per cent of the value of their land. Tens of thousands of farmers in all parts of the country are finding themselves unable to meet this additional burden.

3. *Excessive interest rates.* Farms of the United States are mortgaged for 11½ billion dollars. Interest averages more than 6 per cent. This means annual charges of approximately \$700,000,000—or just about \$115 per farm family—before the farmer can collect wages for his services, to say nothing of profits. The interest charge is far too heavy. If it could be reduced to 4 per cent it would mean a saving of \$230,000,000 annually, and this could be applied to amortization of farm indebtedness. Cheaper money is one of agriculture's prime needs.

4. *High freight rates.* Freight rates from various Mid-Western points to the nearest terminal markets average 10 cents a bushel more for wheat than Canadian farmers pay for the same distances on Canadian railroads. Rates for corn, cotton, livestock and other farm commodities show similar discrimination. The American farmer pays the freight—and pays it both ways. When he ships livestock or grain to market the freight is deducted from the price he receives and when he buys farm machinery it always is on an f. o. b. basis. Economists declare that agriculture is paying a transportation tax at least one-third larger than it should be. Some experts estimate this excess transportation tax may run to half a billion dollars annually. That the railroads themselves are losing revenue only proves the policy short-sighted as well as selfish.

5. *Unfair grain grading.* Unfair grain grading and dishonest dockage have taken as much as \$10,000,000 in a year from farms in the State of North Dakota alone—an average of \$650 per farm family. When it is considered that practically all the Middle Western grain-growing States suffer from similar practices the magnitude of the graft becomes apparent. Cotton and tobacco buyers frequently take advantage of individual sellers in grading, and livestock prices often are manipulated to the disadvantage of the producer.

Freight rates, tariff schedules, interest charges, dockage and taxes all take a heavy toll from the farm producer, but he suffers even more from archaic and wasteful marketing methods. Too many middlemen stand between the producer and the consumer and there is far too much unnecessary duplication in distribution. Producer and consumer alike would benefit by the simplification of this system.

The average farm producer in the United States gets approximately one-third of the final selling price of his product. In Denmark, where the farmers have formed co-operatives, it is estimated that they get two-thirds of the price paid by the ultimate consumer. That extra

one-third—which the Danish farmer gets and the American farmer does not get—explains why Danish farmers are prospering and why our own agriculturists are being forced off their farms.

Even if we eliminated unnecessary middlemen, much would remain to be done to improve our marketing system. Seasonal gluts of early vegetables and fruits, and even of grains and livestock and cotton, unduly depress prices when they flood the primary terminals. Wheat, cotton, wool, meat and eggs could be kept in warehouses during years of plenty and sold at a profit during the lean years which always follow. Instead of haphazard means of distributing farm crops, which entails fearful waste to both producer and consumer, it would be fairly easy to provide a scientific system where products would arrive at markets when needed, in response to the orders of a central marketing bureau, which would be in touch with weather conditions and the buyers' requirements.



An overhauling of our marketing methods should be accompanied by the development of regional industries. The only real hope of getting a larger proportion of our population from the cities to the rural regions is to establish packing plants, canneries, co-operative creameries, factories to make paper and fibre-board from straw, and distilleries to render industrial alcohol from waste farm products, in the heart of the agricultural West and South so that the sons and daughters of farmers may have gainful employment close to their homes, and also be available for work on the farms during the height of the seasonal activity. Such development also would eliminate the wasteful long hauls which now are such a heavy tax upon agriculture.

After unrestrained "rugged individualism" has exhausted our coal and oil and lumber and paper-pulp timber, the by-products from farm waste, such as alcohol, straw paper and fibre board, will be essential to carry on our industrial machine. Extension of super-power—developed at hydro-electric plants or at the coal mines—will make feasible the establishment of these farm factories and their utilization of what now are waste products will go far toward putting agriculture back on a profitable basis.

This is not a utopian dream. The garden city already has been worked out in Holland, Belgium, and Czechoslovakia, where it has materially raised the standard of living among the workers, to say nothing of greatly lessening the suffering caused by unemployment.

Another rank injustice from which the American farmer suffers is that he is the one producer who has practically nothing to say about fixing the selling price of his product. The price of wheat, for instance, is determined by the world price at Liverpool, although three-

quarters of the American crop is consumed in the United States.

To remedy this the organized farmers are demanding that Congress enact the so-called voluntary-allotment plan whereby that portion of the crop consumed within the United States will be guaranteed the cost of production plus a reasonable profit, while the exportable surplus will be sold abroad for whatever it brings in the world market. Each staple is to bear the cost of administering this plan through an excise tax on that portion of the crop domestically consumed. In return all farmers benefiting by this plan would agree to limit their acreage. The plan is somewhat complicated and possibly would encounter many difficulties in administration, but at the same time it promises to advance the domestic price and in most respects it appears far more feasible than the ill-advised Federal Farm Board Act. It certainly would increase the purchasing power of the farmers and at the same time it might be successful without materially increasing prices for city consumers.

Since it is absolutely impossible for the farmers to pay off their existing debt burden at present price levels, some method will have to be adopted to refinance farm mortgages. Bills establishing an efficient credit system at reduced rates of interest are now pending in Congress. The one supported by organized farm leaders provides for a two-billion-dollar bond issue to take up farm mortgages, which will be at $1\frac{1}{2}$ per cent interest, the principal also to be repaid at $1\frac{1}{2}$ per cent per annum. If we want to give the dispossessed farmers a chance to get back their farms, legislation of this sort must be passed. Otherwise the ownership of the majority of our Western farms inevitably will pass to banks, insurance companies and mortgage houses. The farmers' only choice will be between peonage and swelling the breadlines.

In the last analysis, however, farmers must help themselves instead of looking to Congress. Congress can—and should—remedy certain flagrant inequalities in tariff, taxes, interest and railroad rates, and possibly create machinery which will simplify distribution, storage and marketing of agricultural products, but the real hope for restoration of farm prosperity lies in the formation of co-operative buying and selling associations.

A single farmer, unorganized, is at the mercy of the middlemen who control the marketing agencies. He must, perforce, sell his crop at whatever price is offered. Most farm commodities are perishable and the individual farmer cannot afford facilities which would enable him to store his crop—even if his creditors did not force him to sell by clamoring for early payment. Living on scattered farms, in more or less isolated regions, the farmer has always been victimized by the close-knit commercial associations which monopolize the marketing of grain, vegetables, fruit, wool, cotton and livestock.

When the individual farmer joins his fellow farmers in co-operative selling associations he automatically finds himself much more favorably situated in the marketing of his crop. If one farmer, or even small groups of farmers, withholds produce from market it does not affect prices; but when the Canadian wheat pool, the California Fruit Growers Association, or State-wide bands of wool producers or raisin growers, decide to withhold their joint crop, they usually can raise prices. Furthermore, if the supply temporarily exceeds the demand, they can build or rent storage facilities, and by employing their joint credit they also can lend money to hard-pressed individual members. Co-operative associations can afford to hire experts to handle their marketing problems and other experts to aid them in problems of production.

Co-operation among agricultural producers already has made considerable headway in the United States. Not less than 1,000,000 farmers now are the joint owners of more than 10,000 marketing associations, 2000 mutual insurance companies, 2000 purchasing agencies, and many thousand grain elevators, warehouses, cheese factories and creameries. Not a few local telephone companies are co-operatively owned and so are some country newspapers. Ever since the war economic pressure has tended more and more to bring farmers together for mutual profit and protection and the future of agricul-

ture lies in the extension of this principle. Personally, I look to see more and more co-operation in buying agencies as well as in marketing associations, and this development will in turn create a demand for co-operation in bank credit.

So far national and State laws have hamstrung the creation of co-operative farm credit associations. The necessity of changing these laws which now discriminate against them ultimately is bound to bring about closer farmer unity in the political field. This will be necessary to protect their co-operative activities. Heretofore the farmers have voted as individuals. But they will not put an end to unjust tariffs, excessive freight rates, high interest charges, extortionate taxes and other abuses until they cease thinking of themselves as Democrats and Republicans and vote together as fellow farmers.

Mass production, as a permanent policy, manifestly is bound to fail unless it is accompanied by mass consumption. This is precisely what the shiftless tenant farmer or migratory field hand cannot provide. We have encouraged conditions that have destroyed the purchasing power of the best of our rural population. Now we are paying for that mistake in wide-spread unemployment and general industrial distress. We will continue to pay until the adoption of saner economic policies restores the natural adjustment between agriculture and industry.

HORSES AT NIGHT

By Orrick Johns

SUDDENLY the horses crunching the leaves,
Circling the live-oaks, dark forms,
And no moon, rustling and snorting—
And we, sleeping, before we were awake,
Feeling the leaf-bed shakes,
The tramp of warning from the light
Field lying open at the top of the trail.
In a land of no storms
Horses that come like a tempest in the night,
Up from the watered roots of the streams,
Down from the brown hills
With a hammer of hail.

And in the morning,
Sending deep into the roots of our dreams
The shake of the tramped warning,
They come again
Circling the leaf-bed, snorting,
Sniffing at water in a land of no rain.

The ferns along the ground in the first flame,
With burning teeth bending beneath
The hooves, and a mule cavorting,
Tumbles, scratching his back on the spines
Of the leaves by the bed, stentorously whines
With the bone-pain,
With the shock of the rubbed earth,
Twisting himself insane, and suddenly heaves
Rolling up and runs
Heavily in a light shower of leaves.

She like a leaf
Blown up from the blankets leaping,
Brown of body tipped with gold,
Cries in the dawn at the mules and mares,
Half out of her sleeping,
Lifts a fan of branch and swears
Running at the red rumps of the flying pairs,
Stands on her brown stems and stares,
Loses her eyes in the beauty of running horses.